Prospectus
Dated February 10, 2024
(Please read Section 26 of the Companies Act, 2013)
100% Book Built Offer

(Please scan this QR Code to view this Prospectus)

CAPITAL SMALL FINANCE BANK LIMITED

Corporate Identity Number: U65110PB1999PLC022634

REGISTERED AND CORPORATE OFFICE	CONTACT PERSON	EMAIL AND TELEPHONE	WEBSITE
MIDAS Corporate Park, 3rd Floor, 37, G.T. Road, Jalandhar 144 001, Punjab, India	Amit Sharma, *Company Secretary and Compliance Officer*	**Email:** cs@capitalbank.co.in **Telephone:** +91 181 5051111/2222	www.capitalbank.co.in

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

DETAILS OF THE OFFER

Type	Fresh Issue Size	Offer for Sale Size	Total Offer size	Eligibility and Reservations among QIBs, NIBs, and RIBs
Fresh Issue and Offer for Sale	Fresh Issue of 9,615,384^ Equity Shares of ₹ 10 each aggregating to ₹ 4,500.00^ million	Offer for Sale of 1,561,329^ Equity Shares of ₹ 10 each aggregating to ₹ 730.70^ million	11,176,713^ Equity Shares of ₹ 10 each aggregating to ₹ 5,230.70^ million	The Offer was made pursuant to Regulation 6(1) of the SEBI ICDR Regulations. For further details, see "*Other Regulatory and Statutory Disclosures – Eligibility for the Offer*" on page 410. For details in relation to share reservation among Qualified Institutional Buyers, Non-Institutional Bidders, and Retail Individual Investors, see "*Offer Structure*" on page 431.

DETAILS OF THE SELLING SHAREHOLDERS, OFFER FOR SALE AND THE WEIGHTED AVERAGE COST OF ACQUISITION

NAMES OF THE SELLING SHAREHOLDERS	TYPE	NUMBER OF SHARES OFFERED	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE ON A FULLY DILUTED BASIS (IN ₹)
Oman India Joint Investment Fund II	Investor Selling Shareholder	836,728^ Equity Shares of ₹ 10 each aggregating to ₹ 391.59^ million	252.00*
Amicus Capital Private Equity I LLP	Investor Selling Shareholder	151,153^ Equity Shares of ₹ 10 each aggregating to ₹ 70.74^ million	252.00*
Amicus Capital Partners India Fund I	Investor Selling Shareholder	17,544^ Equity Shares of ₹ 10 each aggregating to ₹ 8.21^ million	252.00*
Certain Other Persons Listed in this Prospectus	Other Selling Shareholders	555,904^ Equity Shares of ₹ 10 each aggregating to ₹ 260.16^ million	20.00

^Subject to finalization of Basis of Allotment.
**As certified by M/s VP Bhalla & Associates, by way of certificate dated February 10, 2024.*

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 each. 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 149 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 Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 27.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Bank, having made all reasonable inquiries, accepts responsibility for and confirms that this 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 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 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 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. Each of the Selling Shareholders, severally and not jointly, assume no responsibility for any other statement, including, inter alia, any of the statements made by or relating to the Bank or its business or any of the other Selling Shareholders in this Prospectus.

LISTING

The Equity Shares that will be offered through the Red Herring Prospectus and this Prospectus are proposed to be listed on the Stock Exchanges being BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**"). For the purposes of the Offer, BSE Limited is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS

NAMES AND LOGOS OF THE BRLMS		CONTACT PERSON	E-MAIL AND TELEPHONE
nuvama	Nuvama Wealth Management Limited (*Formerly known as Edelweiss Securities Limited*)*	Manish Tejwani	**E-mail:** capitalsfb.ipo@nuvama.com **Tel:** +91 22 4009 4400
DAM CAPITAL	DAM Capital Advisors Limited	Chandresh Sharma/ Akshay Bhandari	**E-mail:** capitalsfb.ipo@damcapital.in **Tel:** +91 22 4202 2500
equirus	Equirus Capital Private Limited	Mrunal Jadhav	**E-mail:** capitalsfb.ipo@equirus.com **Tel:** +91 22 4332 0734

REGISTRAR TO THE OFFER

NAME OF THE REGISTRAR	CONTACT PERSON	E-MAIL AND TELEPHONE
Link Intime India Private Limited	**Shanti Gopalkrishnan**	**E-mail:** capitalsfb.ipo@linkintime.co.in **Tel:** +91 810 811 4949

BID/ OFFER PERIOD

ANCHOR INVESTOR BID/ OFFER PERIOD PORTION OPENED/CLOSED ON	**TUESDAY, FEBRUARY 6, 2024**
BID/ OFFER OPENED ON	**WEDNESDAY, FEBRUARY 7, 2024**
BID/OFFER CLOSED ON	**FRIDAY, FEBRUARY 9, 2024**

** Pursuant to order passed by Hon'ble National Company Law Tribunal, Mumbai Bench dated April 27, 2023, the merchant banking business of Edelweiss Financial Services Limited has demerged and now transferred to Nuvama Wealth Management Limited and therefore the said merchant banking business is part of Nuvama Wealth Management Limited.*

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 243.

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 11,176,713^ 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 ₹ 468 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 458 PER EQUITY SHARE) ("OFFER PRICE"), AGGREGATING TO ₹ 5,230.70^ MILLION (THE "OFFER"), COMPRISING A FRESH ISSUE OF 9,615,384^ EQUITY SHARES AGGREGATING TO ₹ 4,500.00^ MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF 1,561,329^ EQUITY SHARES AGGREGATING TO ₹ 730.70 MILLION (THE "OFFER FOR SALE"), COMPRISING 836,728^ EQUITY SHARES AGGREGATING TO ₹ 391.59^ MILLION BY OMAN INDIA JOINT INVESTMENT FUND II ("OIJIF II"), 151,153^ EQUITY SHARES AGGREGATING TO ₹ 70.74^ MILLION BY AMICUS CAPITAL PRIVATE EQUITY I LLP ("ACPE"), 17,544^ EQUITY SHARES AGGREGATING TO ₹ 8.21^ MILLION BY AMICUS CAPITAL PARTNERS INDIA FUND I ("ACPIF", TOGETHER WITH ACPE, "AMICUS", AND TOGETHER WITH ACPE, AND OIJIF II, THE "INVESTOR SELLING SHAREHOLDERS"), AND 555,904^ EQUITY SHARES AGGREGATING TO ₹ 260.16^ MILLION BY CERTAIN PERSONS LISTED IN THIS 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").

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH AND THE OFFER PRICE IS 46.80 TIMES THE FACE VALUE OF THE EQUITY SHARES.

^Subject to finalization of Basis of Allotment.

The Offer was 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 was made available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") ("**QIB Portion**"). Our Bank, in consultation with the BRLMs, allocated 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 was reserved for domestic Mutual Funds, subject to valid Bids having been 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 were added to the Net QIB Portion. Further, 5% of the Net QIB Portion (excluding the Anchor Investor Portion) was made available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion was made available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids having been received at or above the Offer Price. Further, not less than 15% of the Offer was made available for allocation on a proportionate basis to Non-Institutional Bidders of which (a) one third was reserved for applicants with application size of more than ₹ 200,000 and up to ₹ 1,000,000; and (b) two third was reserved for applicants with application size of more than ₹ 1,000,000, provided that the unsubscribed portion in either of such sub-categories was allocated to applicants in the other sub-category of Non-Institutional Bidders, and not less than 35% of the Offer was made available for allocation to Retail Individual Bidders ("**RIBs**") in accordance with the SEBI ICDR Regulations, subject to valid Bids having been received at or above the Offer Price. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see "*Offer Procedure*" on page 435.

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 149 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, nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 27.

ISSUER'S AND THE SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Bank, having made all reasonable inquiries, accepts responsibility for and confirms that this 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 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 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 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. Each of the Selling Shareholders, severally and not jointly, assume no responsibility for any other statement, including, inter alia, any of the statements made by or relating to the Bank or its business or any of the other Selling Shareholders in this Prospectus.

LISTING

The Equity Shares offered through the Red Herring Prospectus and this Prospectus are proposed to be listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). Our Bank has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters each dated December 8, 2023 respectively. For the purposes of the Offer, the Designated Stock Exchange shall be BSE Limited. A signed copy of the Red Herring Prospectus and this 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 that were made 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 460.

BOOK RUNNING LEAD MANAGERS			**REGISTRAR TO THE OFFER**
Nuvama Wealth Management Limited (*Formerly known as Edelweiss Securities Limited*)* 801 - 804, Wing A, Building No 3, Inspire BKC, G Block Bandra Kurla Complex, Bandra East Mumbai – 400 051 Maharashtra, India **Tel:** +91 22 4009 4400 **E-mail**: capitalsfb.ipo@nuvama.com **Investor grievance email:** customerservice.mb@nuvama.com **Contact Person**: Manish Tejwani **Website:** www.nuvama.com **SEBI registration no:** INM000013004	**DAM Capital Advisors Limited** One BKC, Tower C, 15th Floor, Unit No. 1511, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Maharashtra, India **Tel:** +91 22 4202 2500 **E-mail**: capitalsfb.ipo@damcapital.in **Website**: www.damcapital.in **Investor Grievance ID:** complaint@damcapital.in **Contact Person:** Chandresh Sharma/ Akshay Bhandari **SEBI Registration Number:** MB/INM000011336	**Equirus Capital Private Limited** 1201, C Wing, Marathon Futurex, N.M. Joshi Marg, Lower Parel Mumbai 400 013, Maharashtra, India **Tel:** +91 22 4332 0734 **E-mail:** capitalsfb.ipo@equirus.com **Website**: www.equirus.com **Investor Grievance ID:** investorsgrievance@equirus.com **Contact Person:** Mrunal Jadhav **SEBI Registration Number:** INM000011286	**Link Intime India Private Limited** C-101, 1st Floor 247 Park Lal Bahadur Shastri Marg Vikhroli (West) Mumbai 400 083 Maharashtra, India **Tel:** +91 810 811 4949 **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	
ANCHOR INVESTOR BID/ OFFER PERIOD PORTION OPENED/ CLOSED ON	**TUESDAY, FEBRUARY 6, 2024**
BID/ OFFER OPENED ON	**WEDNESDAY, FEBRUARY 7, 2024**
BID/ OFFER CLOSED ON	**FRIDAY, FEBRUARY 9, 2024**

**Pursuant to order passed by Hon'ble National Company Law Tribunal, Mumbai Bench dated April 27, 2023, the merchant banking business of Edelweiss Financial Services Limited has demerged and now transferred to Nuvama Wealth Management Limited and therefore the said merchant banking business is part of Nuvama Wealth Management Limited.*

(This page is intentionally left blank)

TABLE OF CONTENTS

TABLE OF CONTENTS ..... **I**

SECTION I: GENERAL **1**
DEFINITIONS AND ABBREVIATIONS 1
OFFER DOCUMENT SUMMARY 14
CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION 23
FORWARD-LOOKING STATEMENTS 26

SECTION II: RISK FACTORS **27**

SECTION III: INTRODUCTION **78**
THE OFFER 78
SUMMARY OF FINANCIAL INFORMATION 80
GENERAL INFORMATION 84
CAPITAL STRUCTURE 93
OBJECTS OF THE OFFER 145
BASIS FOR OFFER PRICE 149
STATEMENT OF SPECIAL TAX BENEFITS 167

SECTION IV: ABOUT OUR BANK **174**
INDUSTRY OVERVIEW 174
OUR BUSINESS 203
KEY REGULATIONS AND POLICIES 231
HISTORY AND CERTAIN CORPORATE MATTERS 243
OUR MANAGEMENT 250
OUR PROMOTERS AND PROMOTER GROUP 269
OUR GROUP COMPANIES 274
DIVIDEND POLICY 275
SELECTED STATISTICAL INFORMATION 276

SECTION V: FINANCIAL INFORMATION **293**
FINANCIAL STATEMENTS 293
OTHER FINANCIAL INFORMATION 369
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS 370
CAPITALISATION STATEMENT 399
FINANCIAL INDEBTEDNESS 400

SECTION VI: LEGAL AND OTHER INFORMATION **402**
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS 402
GOVERNMENT AND OTHER APPROVALS 406
OTHER REGULATORY AND STATUTORY DISCLOSURES 409

SECTION VII: OFFER INFORMATION **424**
TERMS OF THE OFFER 424
OFFER STRUCTURE 431
OFFER PROCEDURE 435
RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES 454

SECTION VIII: DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION **455**

SECTION IX: OTHER INFORMATION **460**
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION 460

DECLARATION **463**

SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This 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, regulations, 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 that provision.

The words and expressions used in this 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, 2013 the SCRA, 1956 the Depositories Act, 1996 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 174, 231, 167, 293, 149, 243, 276, 400, 402, 409 and 455 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" or "Articles"	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, 2015, guidelines issued by the RBI from time to time, and as described in "*Our Management – Committees of the Board*" on page 258
"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" or "Executive Director"	Executive Director and Chief Financial Officer of our Bank, Munish Jain. For details, see "*Our Management - Key Managerial Personnel*" on page 266
Company Secretary and Compliance Officer	Company Secretary and Compliance Officer of our Bank, being Amit Sharma. For details, see "*Our Management - Key Managerial Personnel*" on page 266
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 250
CRISIL	CRISIL Limited
CRISIL MI&A	CRISIL Market Intelligence & Analytics
CRISIL MI&A Report	Report titled "*Report on Small Finance Banks and various loan products*" dated August, 2023, prepared and issued by CRISIL MI&A which was appointed by our Bank pursuant to an agreement dated August 16, 2021, as amended pursuant to an addendum dated July 11, 2023 and December 27, 2023, which has been commissioned and paid for by our Bank in connection with the Offer
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 2023	CSFB Limited – Employee Stock Option Plan 2023
ESOP MRT	CSFB Limited – Employees Stock Option Plan for Material Risk Takers
Investor Selling Shareholders	Oman India Joint Investment Fund II, Amicus Capital Private Equity I LLP and Amicus Capital Partners India Fund I
IPO Committee	The IPO committee of the Board of our Bank as described in "*Our Management – Committees of the Board*" on page 258
"Key Managerial Personnel" or	Key managerial personnel of our Bank in accordance with Regulation 2(1)(bb) of the SEBI ICDR

Term	Description
"KMP"	Regulations as described in "*Our Management – Key Managerial Personnel*" on page 266
Managing Director and Chief Executive Officer	Managing Director and Chief Executive Officer of our Bank, Sarvjit Singh Samra. For details, see "*Our Management*" on page 250
Max Life SSA	Securities Subscription Agreement dated May 2, 2023 entered into by and among our Bank, Max Life Insurance Company Limited, Promoters and Santokh Singh Chokkar
"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, 2015 and guidelines issued by the RBI from time to time and as described in "*Our Management - Committees of the Board*" on page 258
Independent Directors	Independent directors on the Board, as described in "*Our Management – Board of Directors*" on page 250
OIJIF II	Oman India Joint Investment Fund II
Part-Time Chairman / Chairman	Independent Director and Part – Time Chairman of our Bank, Navin Kumar Maini. For details, see "*Our Management*" on page 250
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 – Our Promoter Group*" on page 271
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, 1949
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, 1949
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 September 30, 2023, September 30, 2022, March 31, 2023, March 31, 2022 and March 31, 2021, the restated profit and loss account and restated statement of cash flows for the six months periods ended September 30, 2023, ended September 30, 2022 and for each of the years ended March 31, 2023, March 31, 2022 and March 31, 2021 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.
Senior Management	Senior management of our Bank in terms of Regulation 2(1)(bbbb) of the SEBI ICDR Regulations, as disclosed in "*Our Management – Senior Management*" on page 266
SHA	Shareholders' agreement dated November 7, 2019, read along with the waiver cum amendment agreement dated September 30, 2021, as amended by the amendment agreement dated July 28, 2023 and the SHA Amendment Agreement executed among our Bank, PI Ventures, SIDBI, Amicus, OIJIF II, Sarvjit Singh Samra, Amarjit Singh Samra, Navneet Kaur Samra, Surinder Kaur Samra, Dinesh Gupta, Amarpreet Kaur, Shahbaz Singh Samra, Dinesh Gupta HUF and Santokh Singh Chhokar and the SHA Amendment Agreement
SHA Amendment Agreement	Waiver cum amendment agreement dated September 27, 2023 executed among the SHA Parties read with the first amendment agreement dated January 15, 2024 to the SHA Amendment Agreement
SHA Parties	Our Bank, PI Ventures, SIDBI, Amicus, OIJIF II, Sarvjit Singh Samra, Amarjit Singh Samra, Navneet Kaur Samra, Surinder Kaur Samra, Dinesh Gupta, Amarpreet Kaur, Shahbaz Singh Samra, Dinesh Gupta HUF and Santokh Singh Chhokar
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, 2015 and as described in "*Our Management - Committees of the Board*" on page 258

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 regard
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
Allotment Advice	Note or advice or intimation of Allotment sent to all the Bidders who have Bid in the Offer after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares were Allotted
Anchor Investor	A Qualified Institutional Buyer, who applied under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations, the Red Herring Prospectus who had Bid for an amount of at least ₹ 100 million. For further details, see "*Offer Procedure*" on page 435
Anchor Investor Allocation Price	₹468 per Equity Share
Anchor Investor Application Form	Application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which was considered as an application for Allotment in terms of the Red Herring Prospectus and this 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 were submitted and allocation to Anchor Investors was completed, i.e. February 6, 2024.
Anchor Investor Offer Price	₹468 per Equity Share
Anchor Investor Pay-in Date	With respect to Anchor Investor(s), the Anchor Investor Bid/Offer Period, i.e., Tuesday, February 6, 2024.
Anchor Investor Portion	Up to 60% of the QIB Portion which has been 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 was reserved for domestic Mutual Funds, subject to valid Bids having been 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 includes applications made by UPI Bidders using the UPI Mechanism where the Bid Amount had been blocked upon acceptance of UPI Mandate Request by UPI Bidders
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 included the account of an RIB which was blocked upon acceptance of a UPI Mandate Request made by the UPI Bidders, 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 was considered as the application for Allotment in terms of the Red Herring Prospectus and this Prospectus
Bankers to the Offer	Collectively, Escrow Collection Bank(s), Public Offer Account Bank(s), Sponsor Bank 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 431
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.
Bid cum Application Form	Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	32 Equity Shares and in multiples of 32 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 were not accepting any Bids, being February 9, 2024
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries started accepting Bids, being February 7, 2024

Term	Description
Bid/ Offer Period	Except in relation to Anchor Investors, February 7, 2024 to February 9, 2024, inclusive of both dates
Bidder	Any investor who made 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 accepted 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 was made
"Book Running Lead Managers" or "BRLMs"	The book running lead managers to the Offer, namely, Nuvama Wealth Management Limited (*formerly known as Edelweiss Securities Limited*), DAM Capital Advisors Limited and Equirus Capital Private Limited.
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	The higher end of the Price Band, i.e., ₹468 per Equity Share
Cash Escrow and Sponsor Bank Agreement	Agreement dated February 1, 2024 entered into amongst our Bank, the Selling Shareholders, the BRLMs, the 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
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. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of the Stock Exchanges, as updated from time to time
Cut-off Price	Offer Price, i.e. ₹468 per Equity Share, finalised by our Bank, in consultation with the BRLMs. Only Retail Individual Bidders Bidding in the Retail Portion were entitled to Bid at the Cut-off Price. QIBs (including the Anchor Investors) and Non-Institutional Bidders were not entitled to Bid at the Cut-off Price
DAM Capital	DAM Capital Advisors Limited
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 submitted 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 UPI Bidders, 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 and this Prospectus following which Equity Shares will be Allotted in the Offer
Designated Intermediary(ies)	In relation to ASBA Forms submitted by UPI Bidders 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 UPI Bidders 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 (not using the UPI Mechanism), 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 (other than Anchor Investors) submitted the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs

Term	Description
	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	BSE Limited.
"Draft Red Herring Prospectus" or "DRHP"	The draft red herring prospectus dated September 28, 2023 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.
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 this 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 constituted an invitation to subscribe to or to purchase the Equity Shares
Equirus	Equirus Capital Private Limited
Escrow Account	Accounts to be opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors transferred 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 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, was opened, in this case being Axis Bank Limited.
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	The lower end of the Price Band, i.e., ₹445 per Equity Share
Fresh Issue	Fresh issue of 9,615,384^ Equity Shares aggregating to ₹ 4,500.00 million by our Bank. *^Subject to finalisation of Basis of Allotment.*
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
ICDR Master Circular	SEBI circular bearing reference no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023
Materiality Policy	The materiality policy of our Bank adopted by our Board pursuant to a resolution dated August 11, 2023, for identification of: (a) material outstanding litigation proceedings; (b) Group Companies; and (c) outstanding dues to material creditors, pursuant to the requirements of the SEBI ICDR Regulations and for the purposes of disclosure in the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus.
Mutual Fund Portion	5% of the Net QIB Portion, or 111,768^ Equity Shares which were made available for allocation to Mutual Funds only, subject to valid Bids having been received at or above the Offer Price *^Subject to finalisation of Basis of Allotment.*
NBFC	Non-banking financial company
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 - Net Proceeds*" on page 145.
Net QIB Portion	The QIB Portion less the number of Equity Shares allocated to the Anchor Investors
"Non-Institutional Bidders" or "NIB(s)" or "NII(s)"	All Bidders that are not QIBs (including the Anchor Investors) or Retail Individual Bidders and who had Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Offer comprising 16,76,507^ Equity Shares which were made available for allocation to Non-Institutional Bidders, subject to valid Bids having been received at or above the Offer Price, in the following manner: (a) one third of the portion available to Non-Institutional Bidders is reserved for applicants with application size of more than ₹ 200,000 and up to ₹ 1,000,000; (b) two third of the portion available to Non-Institutional Bidders is reserved for applicants with application size of more than ₹ 1,000,000: Provided that the unsubscribed portion in either of the sub-categories specified in clauses (a) or (b), may

<table>
<tr><th>Term</th><th>Description</th></tr>
<tr><td></td><td>be allocated to applicants in the other sub-category of Non-Institutional Bidders

^Subject to finalisation of Basis of Allotment.</td></tr>
<tr><td>Non-Resident</td><td>Person resident outside India, as defined under FEMA, 1999</td></tr>
<tr><td>Nuvama</td><td>Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)</td></tr>
<tr><td>Offer</td><td>The initial public offer of Equity Shares comprising the Fresh Issue and the Offer for Sale.</td></tr>
<tr><td>Offer Agreement</td><td>Agreement dated September 28, 2023 entered amongst our Bank, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements have been agreed to in relation to the Offer, as amended pursuant to the amendment agreement dated January 15, 2024</td></tr>
<tr><td>Offer for Sale</td><td>The offer for sale of 1,561,329^ Equity Shares aggregating to ₹ 730.70 million by the Selling Shareholders.

^Subject to finalisation of Basis of Allotment.</td></tr>
<tr><td>Offer Price</td><td>₹468 per Equity Share

The Offer Price has been 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</td></tr>
<tr><td>Offer Proceeds</td><td>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 145</td></tr>
<tr><td>Offered Shares</td><td>
<table>
<tr><th>Sr. No.</th><th>Name of the Selling Shareholder</th><th>No. of Offered Shares</th></tr>
<tr><td colspan="3">Investor Selling Shareholders</td></tr>
<tr><td>1.</td><td>Oman India Joint Investment Fund II</td><td>8,36,728^ Equity Shares aggregating to ₹ 391.59^ million</td></tr>
<tr><td>2.</td><td>Amicus Capital Private Equity I LLP</td><td>151,153^ Equity Shares aggregating to ₹ 70.74^ million</td></tr>
<tr><td>3.</td><td>Amicus Capital Partners India Fund I</td><td>17,544^ Equity Shares aggregating to ₹ 8.21^ million</td></tr>
<tr><td colspan="3">Other Selling Shareholders</td></tr>
<tr><td>1.</td><td>Vijay Kumar Bhandari (jointly with Sneh Bhandari)</td><td>50,000^ Equity Shares aggregating to ₹ 23.40^ million</td></tr>
<tr><td>2.</td><td>Rachna Monga</td><td>30,000^ Equity Shares aggregating to ₹ 14.04^ million</td></tr>
<tr><td>3.</td><td>Rashpal Singh (jointly with Surinder Kaur)</td><td>200,000^ Equity Shares aggregating to ₹ 93.60^ million</td></tr>
<tr><td>4.</td><td>Nalini Rampilla</td><td>37,000^ Equity Shares aggregating to ₹ 17.32^ million</td></tr>
<tr><td>5.</td><td>Kalyana Chakravarthy Pilla</td><td>49,000^ Equity Shares aggregating to ₹ 22.93^ million</td></tr>
<tr><td>6.</td><td>Darshna Devi</td><td>22,704^ Equity Shares aggregating to ₹ 10.63^ million</td></tr>
<tr><td>7.</td><td>Ramesh Kaur</td><td>167,200^ Equity Shares aggregating to ₹ 78.25^ million</td></tr>
<tr><td colspan="2">Total</td><td>1,561,329^ Equity Shares aggregating to ₹ 730.70^ million</td></tr>
<tr><td colspan="2">^Subject to finalisation of Basis of allotment</td><td></td></tr>
</table>
</td></tr>
<tr><td>Other Selling Shareholders</td><td>Vijay Kumar Bhandari (jointly with Sneh Bhandari), Rachna Monga, Rashpal Singh (jointly with Surinder Kaur), Nalini Rampilla, Kalyana Chakravarthy Pilla, Darshna Devi and Ramesh Kaur.</td></tr>
<tr><td>Price Band</td><td>Price band of a minimum price of ₹ 445 per Equity Share (Floor Price) and the maximum price of ₹ 468 per Equity Share (Cap Price) including any revisions thereof.</td></tr>
<tr><td>Pricing Date</td><td>Date on which our Bank, in consultation with the BRLMs, finalised the Offer Price</td></tr>
<tr><td>Prospectus</td><td>This Prospectus dated February 10, 2024 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 hereto</td></tr>
<tr><td>Public Offer Account</td><td>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</td></tr>
<tr><td>Public Offer Account Bank(s)</td><td>A bank which is a clearing member and registered with SEBI as a banker to an issue and with which the Public Offer Account was opened, in this case being HDFC Bank Limited.</td></tr>
<tr><td>QIB Portion</td><td>The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer consisting of 5,588,356^ Equity Shares which was made available for allocation to QIBs (including Anchor Investors, in which allocation shall be on a discretionary basis, as determined by our Bank in consultation with the BRLMs), subject to valid Bids having been received at or above the Offer Price or Anchor Investor Offer Price.</td></tr>
</table>

Term	Description
	^Subject to finalisation of Basis of allotment.
"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"	The Red Herring Prospectus dated February 1, 2024 issued by our Bank in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which did not have complete particulars of the Offer Price and the size of the Offer, including corrigendum dated February 5, 2024.
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 was opened, in this case being Axis Bank Limited.
Registered Brokers	Stock brokers registered under Securities and Exchange Board of India (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, and other applicable circulars issued by SEBI.
Registrar Agreement	Agreement dated September 28, 2023 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, as amended pursuant to the amendment agreement dated January 15, 2024
"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
Resident Indian	A person resident in India, as defined under FEMA, 1999
"Retail Individual Bidder(s)" or "RIB(s)" or "RII(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 Offer consisting of 3,911,850^ Equity Shares which was made available for allocation to Retail Individual Bidders (subject to valid Bids having been received at or above the Offer Price) *^Subject to finalisation of Basis of Allotment.*
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 were 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 could revise their Bids during the Bid/ Offer Period and withdraw their Bids until Bid/Offer Closing Date
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 was 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 UPI Bidders 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 September 28, 2023 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, as amended pursuant to the amendment agreement dated January 15, 2024
Specified Locations	Bidding Centres where the Syndicate accepted 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	HDFC Bank Limited and Axis Bank Limited, being Bankers 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 UPI Bidders using the UPI Mechanism and carry out other

Term	Description
	responsibilities, in terms of the UPI Circulars
"Syndicate" or "Members of the Syndicate"	Together, the BRLMs and the Syndicate Members
Syndicate Agreement	Agreement dated January 31, 2024 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, Nuvama Wealth Management Limited (*formerly known as Edelweiss Securities Limited*), Equirus Securities Private Limited and Sharekhan Limited.
Sub-Syndicate Member(s)	The sub-syndicate members, if any, appointed by the Book Running Lead Managers and the Syndicate Members, to collect ASBA Forms and Revision Forms
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	BRLMs and the Syndicate Members
Underwriting Agreement	Agreement dated February 10, 2024 entered amongst our Bank, the Selling Shareholders and the Underwriters
UPI	Unified payments interface which is an instant payment mechanism, developed by NPCI
UPI Bidders	Collectively, individual investors who applied as (i) Retail Individual Bidders in the Retail Portion; and (ii) Non-Institutional Bidders with an application size of up to ₹ 500,000 in the Non-Institutional Portion, and Bidding under the UPI Mechanism through ASBA Form(s) submitted with Syndicate Members, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents. Pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022 issued by SEBI, all individual investors applying in public issues where the application amount is up to ₹ 500,000 shall use UPI and shall provide their UPI ID in the bid-cum-application form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity)
UPI Circulars	SEBI circular no. CFD/DIL2/CIR/P/2018/22 dated February 15, 2018, SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR /2022/75 dated May 30, 2022 and the SEBI RTA Master Circular (to the extent pertaining to UPI) along with the circular issued by the National Stock Exchange of India Limited having reference no. 25/2022 dated August 3, 2022 and the circular issued by BSE Limited having reference no. 20220803-40 dated August 3, 2022, and any subsequent circulars or notifications issued by SEBI or the Stock Exchanges 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 UPI Bidders) by way of a notification on the UPI linked mobile application and by way of an SMS on directing the UPI Bidders to such UPI linked mobile application to the UPI Bidders initiated by the Sponsor Banks 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 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 or a Fraudulent Borrower	An entity or person categorized as a wilful defaulter or a fraudulent borrower by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters or a fraudulent borrowers issued by the RBI and 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 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

Term	Description
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 Advances	Average advances is average of daily balances of advances
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
Average Credit/Deposit Ratio	Ratio of average advances to average deposits for the period
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
Lower Tier-II Bonds	Lower Tier-II Bonds refer to debt securities issued by the Bank through private placement as Tier-II capital instruments and as per the framework laid down under the RBI's Master Circular on Prudential Guidelines on Capital Adequacy and Market Discipline, as applicable from time to time, which sets out the following terms and conditions, including (i) an initial maturity period of at least five years or with a remaining maturity period of more than one year, (ii) amount and coupon rate as decided by the board of directors of the Bank (iii) not issued with a 'put option', however, they may be issued with a call option subject to strict compliance with certain conditions, as specified (iv) fully paid-up, unsecured, subordinated to the claims of other creditors, free of restrictive clauses and not redeemable at the initiative of the holder or without the consent of the RBI (iv) necessary permission from the Foreign Exchange Department has to be obtained for issuing the instruments to non-resident Indians/foreign institutional investors, (v) rated and/or unrated (vii) listed and/or unlisted (viii) are limited to 50 % of Tier-I capital of the Bank, and such other criteria as specified by the RBI from time to time, to qualify for inclusion as lower Tier-II capital. These instruments, together with other components of Tier-II capital, do not exceed 100% of Tier-I capital. For more details, please refer to the Master Circular on Prudential Guidelines on Capital Adequacy and Market Discipline issued by the RBI and as amended from time to time.
MCLR	Marginal cost of funds based lending rate

Term	Description
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
Operating Profit	Operating profit is defined as total earnings less total expenses excluding provisions and contingencies
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” or “Return on Average Advances”	Return on Average Advances, 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
Upper Tier-II Bonds	Upper Tier-II Bonds refer to debt capital instruments issued by the Bank through private placement as Tier-II capital instruments and as per the framework laid down under the RBI’s Master Circular on Prudential Guidelines on Capital Adequacy and Market Discipline, as applicable from time to time, which sets out the following terms and conditions, including (i) a minimum maturity period of 15 years, (ii) amount as decided by the board of directors of the Bank (iii) not issued with a 'put option', however, they may be issued with a call option subject to strict compliance with certain conditions, as specified (iv) the interest payable to the investor may be either fixed rate or at a floating rate referenced to a market determined rupee interest benchmark rate, (v) subject to lock-in clause in terms of which the Bank is not liable to pay either interest or principal, even at maturity, if (a) the Bank’s capital to risk assets ratio (CRAR) is below the minimum regulatory requirement prescribed by RBI or (b) the impact of such payment results in Bank’s CRAR falling below or remaining below the minimum regulatory requirement

Term	Description
	prescribed by RBI, (vi) claims of investors in Upper Tier-II instruments is superior to the claims of investors in instruments eligible for inclusion in Tier-I capital and subordinate to the claims of all other creditors, (vii) fully paid-up, unsecured, free of restrictive clauses and not redeemable at the initiative of the holder or without the consent of the RBI, and such other criteria as specified by the RBI from time to time, to qualify for inclusion as Upper Tier-II capital. These instruments along with other components of Tier-II capital do not exceed 100 per cent of Tier-I capital. For further details, please refer to Master Circular on Capital Adequacy and Market Discipline issued by the RBI and as amended from time to time.
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
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
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
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, 1996
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, 1999	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

Term	Description
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
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, 1949, 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, 1961	The Income-tax Act, 1961
KYC	Know your customer
Listing Regulations, 2015	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, 1999. 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, 1934	The Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act of 1933
RTA Regulations, 1993	Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
RTGS	Real Time Gross Settlement
SARFAESI Act, 2002	The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
SCORES	SEBI Complaints Redress System
SCRA, 1956	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act, 1992	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
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992

Term	Description
SEBI RTA Master Circular	SEBI master circular bearing number SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023
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
SFB Operating Guidelines	Reserve Bank of India's Operating Guidelines for Small Finance Banks dated October 6, 2016
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, 1933	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

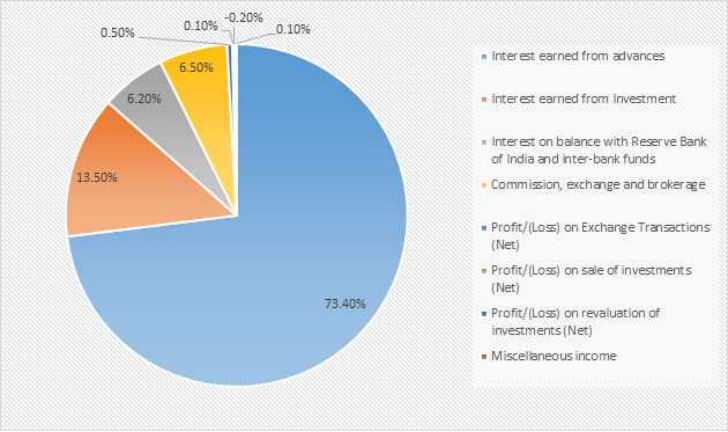
OFFER DOCUMENT SUMMARY

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 Prospectus or all details relevant to 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 27, 78, 93, 145, 174, 203, 269, 293, 435, 402 and 455, respectively.

Summary of Business

We are regulated by RBI and commenced operations as India's first small finance bank in 2016 pursuant to RBI's approval dated March 4, 2016. We offer a range of banking products on the asset and liability side, in all the states we operate in, i.e., Punjab, Haryana, Delhi, Rajasthan, Himachal Pradesh and Union Territory of Chandigarh, with our asset products primarily including agriculture loans, MSME and trading loans and mortgages. We focus primarily on the middle-income customer segments through our presence primarily in Punjab, Haryana, Rajasthan, Delhi, Himachal Pradesh and Union Territory of Chandigarh. We have an experience of over two decades in the banking industry, having been incorporated in 1999. As on the date of this Prospectus, our Bank does not have any subsidiaries.

Sources of revenue contribution of our Bank for the year ended March 31, 2023:



Summary of Industry

Despite various measures taken by the government to boost financial penetration in India, a significant percentage of the country's population is still without access to financial services. The objectives of setting up of small finance banks were to further financial inclusion by provision of savings vehicles, 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. With a similar objective to encourage competition and enhance the easy availability of financial services to the population, RBI introduced various guidelines such as the 'Guidelines for Licensing of Payment Banks', in November 2014, the 'Operating Guidelines for Payment Banks', in October 2016 and the 'Guidelines for 'on-tap' Licensing of Small Finance Banks in the Private Sector', in December 2019. As of July 2021, the RBI had awarded SFB licenses to 12 institutions. For details on the applicable governing laws, see "*Key Regulations and Policies*" on page 231.

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 269.

Offer Size

Offer	11,176,713^ Equity Shares aggregating to ₹ 5,230.70^ million
of which	
Fresh Issue[(1)]	9,615,384 ^ Equity Shares aggregating to ₹ 4,500.00^ million
Offer for Sale[(2)]	1,561,329^ Equity Shares aggregating to ₹ 730.70^ million by the Selling Shareholders

^Subject to finalization of Basis of Allotment

(1) The Offer has been authorized by resolution of our Board dated August 11, 2023 and the Fresh Issue has been authorized by a special resolution of our Shareholders dated September 25, 2023. Further, the Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated January 15, 2024.

(2) 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 the 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 409.

The Offer constitutes 24.79% of the post-Offer Equity Share capital of our Bank (on a fully diluted basis). For further details, please refer to the sections titled "*The Offer*" and "*Offer Structure*" on pages 78 and 431 respectively.

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	4,240.77
Net Proceeds	**4,240.77**

For details, see "*Objects of the Offer*" beginning on page 145.

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	11.78%
2.	Amarjit Singh Samra	1,640,864	4.63%
3.	Navneet Kaur Samra	884,800	2.50%
4.	Surinder Kaur Samra	936,486	2.64%
5.	Dinesh Gupta (jointly with Deepali Gupta)	295,920	0.84%
Sub Total (A)		**7,932,689**	**22.39%**
Promoter Group			
1.	Amarpreet Kaur Hayer	44,000	0.12%
2.	Shahbaz Singh Samra	475,513*	1.34%
3.	Dinesh Gupta HUF	29,333	0.08%
4.	Deepali Gupta	2,890	0.01%
5.	Minni Gupta	4,000	0.01%
6.	Raman Kumar Gupta	1,000	Negligible
Sub Total (B)		**556,736**	**1.57%**
Selling Shareholders			
Investor Selling Shareholders			
1.	Amicus Capital Private Equity I LLP	1,511,535	4.27%
2.	Amicus Capital Partners India Fund I	175,445	0.50%
3.	Oman India Joint Investment Fund II	3,346,914	9.45%
Other Selling Shareholders			
4.	Vijay Kumar Bhandari (jointly with Sneh Bhandari)	74,954	0.21%
5.	Rachna Monga	44,000	0.12%
6.	Rashpal Singh (jointly with Surinder Kaur)	822,729	2.32%
7.	Nalini Rampilla	37,000	0.10%
8.	Kalyana Chakravarthy Pilla	49,100	0.14%
9.	Darshana Devi	22,704	0.06%
10.	Ramesh Kaur	167,200	0.47%
Sub Total (C)		**6,251,581**	**17.65%**
Total (A) + (B) + (C)		**14,741,006**	**41.61%**

** Transmitted by the Depository Participant in the name of the second and third holder, i.e., Shahbaz Singh Samra and Sangram Singh Samra pursuant to the death of Swaran Singh, in accordance with the applicable law.*

Summary of Restated Financial Information

(in ₹ million other than share data)

Particulars	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021
Capital	353.51	342.52	342.52	340.44	339.10
Net worth[@]	7,117.58	5,565.12	6,106.10	5,157.81	4,507.90
Total income	4,152.16	3,428.08	7,254.82	6,324.03	5,572.73
Profit after tax	543.91	410.92	935.96	625.69	407.84
Basic and diluted earnings per share (₹ / share)					
- Basic (in ₹)	15.59*	12.02*	27.35	18.41	12.04
- Diluted (in ₹)	15.49*	11.97*	27.21	18.22	11.98
Net asset value per Equity Share^ (basic) (in ₹)	201.34	162.47	178.27	151.50	132.93
Net asset value per Equity	199.71	161.58	177.19	150.54	132.46

Particulars	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021
Share^ (diluted) (in ₹)					
Total borrowings (as per balance sheet)	5,727.60	7,832.98	7,213.83	4,984.30	6,167.20
EBITDA#	806.92	664.30	1,448.23	1,006.05	702.29

@ *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*

* *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 293.

Summary of Selected Statistical Information

The following sets forth certain of the key line items included in "*Selected Statistical Information*" on page 276:

(₹ in million, except percentages)

Particulars	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021
Gross Advances	58,659.37	51,927.28	55,072.67	46,887.03	37,629.87
Total Deposits	70,002.86	61,845.95	65,606.21	60,463.59	52,210.70
Net Interest Income	1,709.74	1,513.56	3,219.83	2,552.82	1,986.11
Average Total Assets	84,669.16	74,507.13	76,895.26	68,329.91	59,106.11
Cost to income ratio(1)	62.35%	61.23%	59.97%	63.42%	70.76%
Operating expense to average total assets(2)	2.95%	2.85%	2.90%	2.87%	2.93%
Return on average advances(3)	1.98%	1.73%	1.89%	1.56%	1.23%
Deposit to advances ratio(4)	119.34%	119.10%	119.13%	128.96%	138.75%
CASA to total deposit ratio(5)	37.76%	41.56%	41.88%	42.16%	40.08%
Retail deposit (% of total deposits)	93.59%	97.92%	97.90%	97.37%	97.60%
Secured assets (% of loan book)	99.85%	99.76%	99.82%	99.70%	99.39%
Interest spread%(6)	5.66%	5.72%	5.86%	5.87%	5.58%
Net interest margin%(7)	4.04%	4.06%	4.19%	3.74%	3.36%
GNPA%(8)	2.73%	2.60%	2.77%	2.50%	2.08%
NNPA%(9)	1.36%	1.35%	1.36%	1.36%	1.13%
CRAR%(10)	20.72%	18.61%	18.87%	18.63%	19.80%
RoA(11) (in %)	1.28%	1.10%	1.22%	0.92%	0.69%
RoE(12) (in %)	16.45%	15.33%	16.62%	12.95%	9.51%

Notes:

(1) *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).*

(2) *It represents ratios of total operating expense other than interest expended to average total assets. Annualised for September 2023 and September 2022.*

(3) *Return on average advances is ratio of Profit after tax to average advances.*

(4) *Deposit to advances ratio represents ratio of total deposits to total advances as at end of period.*

(5) *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.*

(6) *Interest spread is yield on advances minus cost of deposits.*

(7) *Net interest margin is the difference of interest earned and interest expended divided by the average total assets.*

(8) *GNPA is the ratio of gross NPAs to gross advances.*

(9) *NNPA is the ratio of net NPAs to net advances.*

(10) *CRAR represents total of Tier I and Tier II capital divided by risk weighted assets as per Basel II norms issued by RBI.*

(11) *ROA represents ratios of profit after tax to average total assets.*

(12) *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*

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 Prospectus, is provided below:

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulator y Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Mate rial Civil Litigation	Aggregate amount involved (₹ in million)^
Our Bank						
By the Company	207	Nil	NA	NA	6	633.89
Against the Company	Nil	1	Nil	Nil	1	12.21
Our Directors						
By our Directors	Nil	Nil	NA	NA	Nil	NA
Against the Directors	Nil	Nil	Nil	Nil	Nil	NA
Our Promoters						
By Promoters	Nil	Nil	NA	NA	Nil	NA
Against Promoters	Nil	Nil	Nil	Nil	Nil	NA

^To the extent ascertainable. As at September 30, 2023, the Bank has not made any provisions for outstanding litigation. Further, the Bank has recognised an amount of ₹12.21 million as contingent liabilities under the head 'Claims against the Bank not acknowledged as debts', as at September 30, 2023, in respect of outstanding income tax litigations. The amount of ₹12.21 million as a percentage of the Bank's net worth as of September 30, 2023 is 0.17%. See "- We have not made provisions in our Restated Financial Statements for the amount involved in respect of the direct tax dispute with the Income-Tax Department, i.e., ₹ 12.21 million." on page 45.

For further details of the outstanding litigation proceedings, see "*Outstanding Litigation and Material Developments*" beginning on page 402.

Risk Factors

The following are the top ten risk factors in relation to our Bank or the Equity Shares, or the industry in which we operate:

1. Our Bank has settled a matter with SEBI in the past in connection with allotment of Equity Shares to more than 49 investors.

2. We are required to ensure compliance with various regulatory requirements. 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.

3. We have certain contingent liabilities, including guarantees given by us on behalf of our customers in India which constituted 81.14% of the total contingent liabilities of our Bank as of September 30, 2023. If these contingent liabilities materialise, our financial condition, cash flows and results of operations may be adversely impacted.

4. There have been certain primary and secondary transactions involving our Equity Shares in the last three Financial Years.

5. We are subject to inspections by the RBI. Inspection by RBI is a regular exercise for all banks and financial institutions and RBI has observed various non-compliances by us in the ordinary course in the past and have required us to, among other things, take corrective actions. Non-compliance with the observations issued by RBI could adversely affect our business, financial condition, results of operations and cash flows.

6. 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.

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

8. Our current Statutory Auditors, M/s T R Chadha & Co., LLP, Chartered Accountants, have been found ineligible by RBI for undertaking the audit activities for the Financial Year 2024 of our Bank.

9. There may be conflict of interest between the BRLMs or their respective associates/ affiliates and our Bank.

10. We derive a significant portion of our revenue from our lending business and any adverse developments in the lending business could adversely affect our business, financial condition, cash flows and results of operations.

For details in relation to certain risks applicable to us, see "*Risk Factors*" beginning on page 27.

Summary of contingent liabilities of our Bank

The details of our contingent liabilities as at September 30, 2023 are set forth in the table below:

Particulars	As at September 30, 2023 (₹ in million)
Claims against the Bank not acknowledged as debts	12.21
Guarantees given on behalf of constituents	429.39
Acceptances, endorsements and other obligations	14.95
Other items for which Bank is contingently liable	72.63
Total	**529.18**

For details, see "*Financial Statements – Annexure 17 – Restated Statement of Contingent Liabilities*" beginning on page 311.

Summary of Related Party Transactions

(₹ in million)

Particulars	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021
Borrowings payable to KMPs					
Munish Jain	8.90	8.90	8.90	2.40	1.00
Borrowings payable to Relatives of KMPs					
Relatives of Munish Jain[(1)]	16.70	16.70	16.70	15.90	13.30
Relatives of Amit Sharma[(2)]	1.40	1.40	1.40	1.40	1.40
Relatives of Santosh Kumar Dhawan[(3)]	NA	1.40	1.40	1.40	NA
Relatives of Richa Mahajan[(4)]	NA	0.50	0.50	0.50	NA
Deposits held by KMPs-					
Sarvjit Singh Samra	0.86	0.72	0.05	0.08	0.27
Munish Jain	19.10	9.61	8.99	10.17	10.77
Amit Sharma	0.12	0.21	0.17	0.17	0.20
Santosh Kumar Dhawan	NA	2.88	4.13	2.79	NA
Richa Mahajan	NA	0.89	0.80	0.92	NA
Raghav Aggarwal	NA	0.17	0.16	0.17	NA
Deposits held by Relatives of KMPs					
Relatives of Sarvjit Singh Samra[(5)]	29.66	29.02	28.13	23.43	18.19
Relatives of Munish Jain[(6)]	11.15	5.47	7.92	6.02	10.41
Relatives of Amit Sharma[(7)]	6.73	4.61	5.62	1.83	3.17
Relatives of Santosh Kumar Dhawan[(8)]	NA	7.54	8.90	5.94	NA
Relatives of Richa Mahajan[(9)]	NA	1.69	2.33	1.78	NA
Relatives of Raghav Aggarwal[(10)]	NA	0.38	0.39	0.37	NA
Deposits held by Associates/ Joint Ventures/ Others (For CSR Expenses)					
Capital Foundation Trust	23.22	13.21	16.70	8.15	3.55
Advances to KMPs					
Amit Sharma	2.44	2.60	2.49	2.34	-

Santosh Kumar Dhawan	NA	0.77	0.24	0.84	NA
Richa Mahajan	NA	0.73	0.60	0.79	NA
Raghav Aggarwal	NA	4.00	3.93	4.13	NA
Advances to Relatives to KMPs					
Relatives of Raghav Aggarwal[11]	NA	0.16	0.17	0.15	NA
Interest Paid on borrowings/ deposits to KMPs					
Sarvjit Singh Samra	0.01	0.02	0.04	0.02	0.06
Munish Jain	0.86	0.65	1.37	0.67	0.65
Amit Sharma	-	-	0.01	0.01	0.00
Santosh Kumar Dhawan	NA	0.10	0.24	0.16	NA
Richa Mahajan	NA	0.03	0.06	0.06	NA
Raghav Aggarwal	NA	0.01	0.01	0.01	NA
Interest Paid on borrowings/ deposits to Relatives of KMPs-					
Sarvjit Singh Samra[5]	0.96	0.73	1.59	1.28	1.27
Munish Jain[6]	1.14	0.97	1.98	1.86	2.06
Amit Sharma[7]	0.31	0.16	0.39	0.26	0.33
Santosh Kumar Dhawan[8]	NA	0.25	0.53	0.48	NA
Richa Mahajan[9]	NA	0.08	0.17	0.16	NA
Raghav Aggarwal[10]	NA	0.01	0.03	0.02	NA
Interest paid on Deposits held by Associates/ Joint Ventures/ Others -					
Capital Foundation Trust	0.09	0.05	0.05	0.08	0.06
Interest received on advances made to KMPs-					
Amit Sharma	0.08	0.08	0.16	0.15	-
Santosh Kumar Dhawan	NA	0.04	0.06	0.05	NA
Richa Mahajan	NA	0.02	0.04	0.05	NA
Raghav Aggarwal	NA	0.12	0.24	0.23	NA
Interest received on advances made to Relatives of KMPs					
Raghav Aggarwal[11]	NA	0.01	0.01	0.01	NA
Lease Rentals paid to KMPs					
Sarvjit Singh Samra	2.53	2.38	4.79	4.54	4.53
Lease Rentals paid to Relatives of KMPs					
Relatives of Sarvjit Singh Samra[12]	8.86	8.33	16.77	15.89	15.85
Salary paid to KMPs					
Sarvjit Singh Samra	6.71	6.96	17.13	9.01	10.11
Munish Jain	10.68	9.98	16.76	16.38	12.68
Amit Sharma	0.76	0.64	1.28	1.07	0.76
Santosh Kumar Dhawan	NA	1.54	3.18	2.79	NA
Richa Mahajan	NA	1.08	2.14	1.79	NA
Raghav Aggarwal	NA	1.27	2.49	2.13	NA
Salary paid to Relatives of KMPs					
Relatives of Sarvjit Singh Samra[13]	1.40	1.21	2.54	2.32	1.70
CSR Expense through Trust					
Capital Foundation Trust	8.96	5.77	11.54	7.71	6.15

(1) Relatives of Munish Jain include Kimti Lal Jain, Vishal Jain, Usha Jain, Ruchi Jain and Munish Jain HUF.
(2) Relatives of Amit Sharma include Mangal Chand Sharma.
(3) Relatives of Santosh Kumar Dhawan include Jeewan Asha and Vijay Kumar Dhawan.
(4) Relatives of Richa Mahajan include Neelam Sehgal.
(5) Relatives of Sarvjit Singh Samra include Amarjit Singh Samra, Amardeep Samra, Surinder Kaur Samra, Navneet Kaur Samra, Amarpreet Kaur Hayer,

Shahbaz Singh Samra and Sangram Singh Samra.
(6) Relatives of Munish Jain include Kimti Lal Jain, Vishal Jain, Usha Jain, Ruchi Jain, Ritu Jain, Gaurish Jain, Aagam Jain and Munish Jain HUF.
(7) Relatives of Amit Sharma include Mangal Chand Sharma, Bimla Sharma, Gitika Sharma and Sheetal Sharma.
(8) Relatives of Santosh Kumar Dhawan include Jeewan Asha, Sujata Dhawan, Rajni Dhawan, Vijay Kumar Dhawan, Ashwani Kumar Dhawan, Arun Kumar Dhawan and Anil Kumar Dhawan.
(9) Relatives of Richa Mahajan include Gaurav Mahajan, Arshia Mahajan, Neelam Sehgal, R.K. Sehgal and Akhil Sehgal.
(10) Relatives of Raghav Aggarwal include Sunil Aggarwal and lndu Aggarwal.
(11) Relatives of Raghav Aggarwal include Sunil Aggarwal.
(12) Relatives of Sarvjit Singh Samra include Amarjit Singh Samra, Amardeep Samra, Surinder Kaur Samra and Navneet Kaur Samra.
(13) Relatives of Sarvjit Singh Samra include Shahbaz Singh Samra

Notes:
1. *Salary Paid shown above includes basic salary, allowances, performance bonus and taxable value of perquisites, if availed, computed as per Income. Tax rules but excludes gratuity, PF settlement, perquisite on ESOPs & superannuation perquisites*
2. *For a person being a KMP for a year or part thereof, the consideration paid during the complete financial year has been disclosed.*
3. *Salary paid to Sarvjit Singh Samra for Fiscal 2023 includes arrears amounting to ₹ 2.8 million paid for the previous years.*
4. *Salary paid to Sarvjit Singh Samra for Fiscal 2022 excludes arrears amounting to ₹ 1.5 million.*

For details of the related party transactions and as reported in the Restated Financial Information, see "*Financial Statements – Related Party Disclosure*" on page 350.

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 last one year preceding the date of this 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 during a period of six months immediately preceding the date of filing of this Prospectus.

Details of price at which Equity Shares were acquired in the last three years preceding the date of this Prospectus

Except as disclosed below, our Promoters, members of the Promoter Group, the Selling Shareholders, and Shareholder(s) with nominee director rights or other rights have not acquired any Equity Shares in the last three years preceding the date of this Prospectus:

Name of Acquirer/Shareholder	Date of Acquisition of Equity Shares	Number of Equity Shares acquired	Acquisition price per Equity Share (in ₹)
Promoters			
Dinesh Gupta (jointly with Deepali Gupta)	May 28, 2021	24,450	132
Promoter Group			
Deepali Gupta	May 28, 2021	5,390	132
Minni Gupta	May 28, 2021	4,000	132
Raman Kumar Gupta	August 20, 2021	1,000	150
Shahbaz Singh Samra	March 29, 2022	475,513	NA
Investor Selling Shareholders			
Amicus Capital Private Equity I LLP	Nil	Nil	Nil
Amicus Capital Partners India Fund I	Nil	Nil	Nil
Oman India Joint Investment Fund II	Nil	Nil	Nil
Other Selling Shareholders			
Darshna Devi	June 14, 2021	6,667	150
Shareholders with nominee director rights or other rights			
Max Life Insurance Company Limited	June 17, 2023	1,057,700	468

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 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 Prospectus is:

S. No.	Category of Shareholders	Number of Equity Shares acquired	Weighted average price per Equity Share (in ₹)*
Promoters			
Nil			
Investor Selling Shareholders			
Nil			
Other Selling Shareholders			
Nil			

***** *As certified by M/s VP Bhalla & Associates, by way of their certificate dated February 10, 2024.*

Weighted average cost of acquisition at which Equity Shares were acquired by our Promoters and the Selling Shareholders in the one year, eighteen months and three years preceding the date of this Prospectus

The weighted average cost of acquisition at which Equity Shares were acquired by our Promoters and the Selling Shareholders in (a) the one year preceding the date of this Prospectus; (b) the 18 months preceding the date of this Prospectus; and (c) the three years preceding the date of this Prospectus, are as follows:

i. Weighted average cost of acquisition at which Equity Shares were acquired by our Promoters and the Selling Shareholders in the one year preceding the date of this Prospectus:

Name of the Promoter	Number of Equity Shares acquired in last one year	Weighted average cost of acquisition per Equity Share (in ₹)*
Not applicable	Nil	Nil
Name of the Selling Shareholder	**Number of Equity Shares acquired in last one year**	**Weighted average cost of acquisition per Equity Share (in ₹)***
Not applicable	Nil	Nil

[*]As certified by M/s VP Bhalla & Associates, by way of their certificate dated February 10, 2024.

ii. Weighted average cost of acquisition of all shares transacted during the previous year, 18 months and three years from the date of this Prospectus:

Period	Weighted average cost of acquisition	Cap Price is 'x' times the weighted average cost of acquisition	Range of acquisition price: lowest price-highest price (in ₹)*
Last one year	Nil	NA	Nil
Last 18 months	Nil	NA	Nil
Last three years	135.86	3.44	132.00-150.00

As certified by M/s VP Bhalla & Associates, by way of their certificate dated February 10, 2024.
**Excluding Gift and Bonus transactions*

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 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	23.80
Investor Selling Shareholders			
1.	Amicus Capital Private Equity I LLP	1,511,535	252.00
2.	Amicus Capital Partners India Fund I	175,445	252.00
3.	Oman India Joint Investment Fund II	3,346,914	252.00
Other Selling Shareholders			
1.	Vijay Kumar Bhandari (jointly with Sneh Bhandari)	74,954	30.00
2.	Rachna Monga	44,000	21.14
3.	Rashpal Singh (jointly with Surinder Kaur)	822,729	15.91
4.	Nalini Rampilla	37,000	25.68
5.	Kalyana Chakravarthy Pilla	49,100	24.95
6.	Darshna Devi	22,704	150.00
7.	Ramesh Kaur	167,200	15.00

[*]As certified by M/s VP Bhalla & Associates, by way of their certificate dated February 10, 2024.

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 Prospectus.

Exemption from complying with any provisions of securities laws, if any, granted by SEBI

Our Bank has not made any application under Regulation 300(2) of the SEBI ICDR Regulations for seeking any exemption from strict compliance with any provisions of securities laws, as on the date of this Prospectus.

Other confirmations

No person connected with the Offer shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any person for making an application in the Offer, except for fees or commission for services rendered in relation to the Offer.

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

Certain Conventions

All references in this 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 Prospectus are to the page numbers of this Prospectus.

Financial Data

Unless stated otherwise or the context otherwise requires, the financial data in this Prospectus is derived from the restated statement of assets and liabilities as at September 30, 2023, September 30, 2022, March 31, 2023, March 31, 2022 and March 31, 2021, the restated profit and loss account and restated statement of cash flows for the six months period ended September 30, 2023 and September 30, 2022 and for each of the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021 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 293.

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 Prospectus have been compiled by the management from the audited financial statements as at and for the six months periods ended September 30, 2023 and September 30, 2022 and for the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021, prepared by our Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 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, 1949, 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 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 poorly represented, owing to the difference in the accounting techniques between Ind AS and Indian GAAP."* and "*Risk Factors – We have in this 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 63 and 67. Accordingly, the degree to which the financial information included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, 2013 and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this 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 Prospectus have been derived from the Restated Financial Information.

In this 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 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 203, 276, 369 and 399 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 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 Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Exchange Rates

This 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*				
	September 30, 2023	September 30, 2022	March 31, 2023	March 31, 2022	March 31, 2021
1 USD	83.06	81.55	82.22	75.81	73.50

Source: RBI reference rate and www.fbil.org.in

Note: Exchange rate is rounded off to two decimal places.

* *In case March 31 or September 30 of any of the respective years/ period 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 Prospectus has been obtained or derived from various industry publications and sources, including the CRISIL MI&A Report, issued by CRISIL MI&A (appointed by our Bank pursuant to an engagement letter dated August 16, 2021, as amended by way of an addendum dated July 11, 2023 and December 27, 2023) which has been exclusively commissioned and paid for by our Bank in connection with the Offer and has been obtained from publicly available information as well as other industry publications and sources and was available on the website of our Bank from the date of the Red Herring Prospectus till the Bid/Offer Closing Date.

This Prospectus contains data and statistics from the CRISIL MI&A Report which is subject to the following disclaimer:

"*CRISIL Market Intelligence and Analytics (MI&A), 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 MI&A operates independently of and does not have access to information obtained by CRISIL Ratings Limited which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL MI&A and not of CRISIL Ratings Limited. 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, Key Managerial Personnel or Senior Management in any manner and is not a related party of our Bank, Directors, Promoters, Key Managerial Personnel or Senior Management.

For risks in this regard, see "*Risk Factors – Statistical and industry data in this Prospectus is derived from the CRISIL MI&A Report commissioned and paid for by us for such purpose. The CRISIL MI&A Report is not exhaustive and is based on certain assumptions and parameters/conditions.*" on page 77.

The extent to which the market and industry data used in this 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 27.

In accordance with the SEBI ICDR Regulations, "*Basis for Offer Price*" on page 149 includes information relating to our peer group companies. Such information has been derived from publicly available sources. Such industry sources and publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base this information on estimates and assumptions that may prove to be incorrect. Accordingly, no investment decision should be made solely on the basis of such information.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements". All statements contained in this 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 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:

1. Our business is concentrated in North India, particularly in the state of Punjab;

2. We are subject to strict regulatory requirements and prudential norms;

3. 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;

4. We may be impacted by volatility in interest rates, which could cause our Net Interest Margin to decline;

5. We are involved in certain legal proceedings;

6. An increase in the Cost to Income Ratio will adversely affect our financial condition, results of operations and cash flows; and

7. Our business is significantly dependent on banking operations in rural and semi-urban areas.

Certain information in "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations* on pages 174, 203 and 370, respectively of this Prospectus has been obtained from the CRISIL MI&A Report, which was appointed by our Bank pursuant to an engagement letter dated August 16, 2021, as amended by way of an addendum dated July 11, 2023 and December 27, 2023.

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 27, 203 and 370 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 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 and this Prospectus until the date of Allotment.

SECTION II: RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. The investors should carefully consider all the information in the Red Herring Prospectus and this 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 174, 203, 276, 293 and 370, 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, 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 MI&A Report prepared and released by CRISIL MI&A which was appointed by our Bank vide an engagement letter dated August 16, 2021, read with the addendum dated July 11, 2023 and December 27, 2023 and commissioned and paid for by our Bank for the purposes of confirming our understanding of the industry in connection with the Offer. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL MI&A Report and included herein with respect to any particular year refers to such information for the relevant fiscal year. The CRISIL MI&A Report was made available on the website of our Bank at https://www.capitalbank.co.in/ipo-2023-documents.html. The data included herein includes excerpts from the CRISIL MI&A Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the Offer), that has been left out or changed in any manner. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL MI&A Report and included herein with respect to any particular year, refers to such information for the relevant financial 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 Prospectus.

This 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 Prospectus. See "Forward-Looking Statements" on page 26.

INTERNAL RISKS

1. Our Bank has settled a matter with SEBI in the past in connection with allotment of Equity Shares to more than 49 investors.

During the Financial Year 2004-2005, our Bank had made a total of 14 allotments 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.

Since the abovementioned allotments (on a consolidated basis) made by us were considered non-compliant with the applicable laws, in accordance with the circulars issued by SEBI, the Promoter made the exit offer in compliance with the circular CIR/CFD/DIL3/18/2015, dated December 31, 2015, circular CFD/DIL3/CIR/P/2016/53 dated May 3, 2016 and the press release dated November 30, 2015 ("**Exit Offer Circulars**").

The table below sets out certain details of the outcome of the invitation to offer dated August 24, 2020 made to identified shareholders pursuant to the Exit Offer Circulars, in respect of the aforementioned exit offer:

Number of identified shareholders to whom the invitation to offer was dispatched	470
Of the above, number of identified shareholders who agreed to tender the shares	Nil

Of the above, number of identified shareholders who refused to tender the shares	31
Number of identified shareholders where no reply was received on the invitation to offer and therefore, deemed to have rejected the option to tender	439

Subsequently, we had filed a compounding application before the National Company Law Tribunal, Chandigarh bench on June 2, 2021 (re-filed on July 5, 2021) ("**Compounding Application**"), 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, which was disposed of and the concerned proceedings were settled pursuant to a settlement order passed by SEBI on June 10, 2022 ("**Final Settlement Order**") and we have paid an amount of ₹ 0.58 million in terms of the Final Settlement Order. Further, the Compounding Application filed by us was disposed of vide order dated November 26, 2021 passed by the National Company Law Tribunal, Chandigarh bench and we paid a compounding fee of ₹ 0.80 million on December 2, 2021.

2. We are required to ensure compliance with various regulatory requirements. 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, 1949 and have to comply with circulars and directives issued by the RBI from time to time that apply to small finance banks. The Banking Regulation Act, 1949 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, the Recommendations of the Internal Working Group to Review Extant Ownership Guidelines and Corporate Structure for Indian Private Sector Banks dated November 26, 2021, Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 and Reserve Bank of India Guidelines on Acquisition and Holding of Shares dated January 16, 2023, require us to comply with certain restrictions relating to the Equity Shares, including, among others:

1. 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;

2. We are required to maintain a minimum paid-up Equity Share capital and a minimum net worth of ₹ 1,000 million;

3. No Shareholder will be entitled to exercise voting rights in excess of 26.00% of the total voting rights of all Shareholders; and

4. 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.

While we have not been a party to such non-compliance of the relevant regulatory requirements, 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. It may also impose additional conditions on us, and may terminate our SFB license, if we are unable to comply with applicable requirements. For instance, the RBI had imposed the following penalties on our Bank pursuant to its circular dated August 10, 2021 on Monitoring of Availability of Cash in ATMs:

Financial Year	**Penalty Imposed (₹ in million)**
2021-22	Nil
2022-23	0.61
From 01-04-2023 till December 31, 2023	0.13

The above penalties were imposed pursuant to the day to day operations of our branches in the ordinary course of business and not on account of non-compliance with any material RBI requirements.

For further details on these regulatory requirements, see "*Key Regulations and Policies*" on page 231. Further, for details of the compliance by our Bank with the prudential norms applicable on us, see "- *We are subject to certain prudential norms. If we are unable to comply with these norms it may have an adverse effect on our business, financial condition, results of operations and cash flows*" below.

3. We have certain contingent liabilities, including guarantees given by us on behalf of our customers in India which constituted 81.14% of the total contingent liabilities of our Bank as of September 30, 2023. If these contingent liabilities materialise, our financial condition, cash flows and results of operations may be adversely impacted.

As of September 30, 2023, our Restated Financial Information disclosed the following contingent liabilities:

Particulars	As at September 30, 2023 (in ₹ Million)
Claims against our Bank not acknowledged as debts	12.21
Guarantees given on behalf of constituents – In India	429.39
Acceptances, endorsements and other obligations	14.95
Other items for which our Bank is contingently liable	72.63
Total	**529.18**

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. Further, there is no guarantee that customers on whose behalf we have given the guarantees will honour their commitment and the guarantees given by our Bank will not be invoked in whose favour such guarantees have been issued by our Bank which could adversely impact our financial condition, cash flows and results of operations. For instance, as on September 30, 2023, our Bank has given guarantees, in the ordinary course of business, on behalf of the customers in India amounting to ₹ 429.39 million which constitutes 81.14% of the total contingent liabilities of our Bank and any default on the part of our customers could result in these guarantees being invoked. 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.

4. There have been certain primary and secondary transactions involving our Equity Shares in the last three Financial Years.

The following are the details basis the last five primary or secondary transactions (secondary transactions where Promoters or members of the Promoter Group or Selling Shareholders or Shareholder(s) having the right to nominate Director(s) on our Board, or any other right, are a party to the transaction), not older than three years prior to the date of this Prospectus irrespective of the size of transactions, based on certifications received from our Promoters, members of our Promoter Group, Selling Shareholders and Shareholders having the right to nominate Director(s) on our Board, or any other right:

Date of Acquisition of Equity Shares	Name of Acquirer/Shareholder	Number of Equity Shares acquired	Acquisition price per Equity Share (in ₹)
June 17, 2023	Max Life Insurance Co Ltd	1,057,700	468
March 29, 2022	Shahbaz Singh Samra*	475,513*	NA
August 20, 2021	Raman Kumar Gupta	1,000	150
June 14, 2021	Darshna Devi	6,667	150
May 28, 2021	Minni Gupta	4,000	132
	Deepali Gupta	5,390	132
	Dinesh Gupta	24,450	132

**Transmitted by the Depository Participant in the name of the second and third holder, i.e., Shahbaz Singh Samra and Sangram Singh Samra pursuant to the death of Swaran Singh, in accordance with the applicable law.*

5. We are subject to inspections by the RBI. Inspection by RBI is a regular exercise for all banks and financial institutions and RBI has observed various non-compliances by us in the ordinary course in the past and have required us to, among other things, take corrective actions. Non-compliance with the observations issued by RBI could adversely affect our business, financial condition, results of operations and cash flows.

We are subject to inspections by the RBI. Inspection by the RBI is a regular exercise for all banks and financial institutions. RBI has carried out five inspections of our Bank in Fiscals 2020, 2021, 2022 and 2023 and examination of our Bank's IT systems in 2021, 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, completion of e-KYC for the customers, review of AML process by the Board, 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, to ensure stronger advisory role of our Chief Risk Officer, to remedy the deficiencies in staff accountability framework, risk categorisation and in the outsourcing of information technology systems and functions. While we have responded, and will respond, to such observations, from time to time, 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. Further, while we have responded and complied with the observations issued by RBI pursuant to the inspections undertaken for Financial Years 2020,

2021 and 2022, and are in the process of responding to the observations issued by the RBI for Fiscal 2023, the following observations are in the process of being complied with by our Bank:

Observation	Compliance Status
RBI has directed our Bank to put in place a system for online submission and e-tracking of the MSME loans applications, their processing in accordance with our Bank's credit policy followed by communication of reasons for rejection and referral of Special Mention Accounts ("**SMA**") to MSME committee for effective monitoring. Further, the Bank has been directed to ensure that the restructuring is undertaken in strict conformity with the regulatory guidelines.	The Bank is currently working on the loan origination system vendor shortlisting and subsequently implementation of the same. Further, the Bank has restructured loans in accordance with RBI's resolution framework for Covid related stress and in case of any further restructuring, it shall be ensured that the regulatory guidelines are complied with.
Updation of the valuation dates of the properties which have been revalued by our Bank in the information technology systems of our Bank. The Bank has also been advised to share the action plan for the updation of legacy data in Core Banking System ("**CBS**") and update the monthly progress reports.	The status and action plan of record digitalization has been prepared by our Bank and our Bank is submitting monthly progress reports to RBI in this regard.
Details of guarantors in accordance with the loan sanction notes were found to be missing in CBS. Further, the Bank has been advised to submit the dates from which the guarantor details are being punched in the CBS.	Our Bank has captured guarantee details of approximately 96% of the accounts, w.e.f February 2020 in the CBS and our Bank is in the process of updating the legacy data in CBS.
Deficiencies in the post disbursal credit monitoring mechanism at branch level such as, inter alia, instances of delay in review / renewal of advances, creation of charge on security hypothecated by the borrower/ land revenue records. No monitoring/alert mechanism was evidenced to ensure timely completion of the requisite processes by the branches. Our Bank was advised to share the steps taken to strengthen post disbursal credit monitoring mechanism and submit the status of implementation of automated controls / MIS mechanisms in our core banking system to report deficiencies.	The internal audit department of the Bank is reviewing the deficiencies in the loan files of the branches to ensure stringent compliance. Further, in order to strengthen the post disbursal credit monitoring, our Bank has issued a circular on credit supervision on June 15, 2023, wherein all the branches were advised to follow the norms for monitoring of advances. Further, to implement automated control on renewal/review, our Bank has implemented renewal/review module in the MIS mechanism and the same is being followed up on a regular basis and simultaneously, the updation of the legacy data of pending valuation in CBS is in the process of being carried out.
The AML alerts on (a) customer providing different details to avoid linkage, and (b) multiple customers working together, were observed to be poorly managed by the Bank which resulted in deficiency in implementation of Unique Customer Identity Code ("**UCIC**") and the overall process of NPA identification. Further, RBI has directed for the creation of a single UCIC for all customers.	Our Bank has implemented alerts related to duplicate/multiple proof of identity ("**PID**"), as an integral check in the internal working module before on-boarding of new client, on real time basis and thus ensure single UCIC for all customers. Further, our dedicated operation risk department team is monitoring the alert related to multiple customers working together.
As on November 8, 2019, the Bank had an indicative list of 42 early warning signals ("EWS"), of which the Bank had implemented 18 manually monitored EWS. No formal approval regarding the implementation of these 18 EWS was evidenced during the audit. Further, during FY 2021-22, no detailed analysis for the concerned accounts were taken up by the Bank. This brought forth a deficiency in the EWS generation system of the Bank.	The EWS trigger for delay observed in outstanding dues is already implemented by our Bank and all eligible accounts that hit SMA-1 status are being monitored regularly. Further, the automation process for the identified EWS triggers have been developed and the working of the same is in the testing stage.
Pending registration for centralised KYC for 187,283 clients of the total 397,988 existing clients of our Bank as on March 31, 2022	Bank has completed the centralised KYC registration for 79.48% of the clients onboarded till March 31, 2022 and the registrations for 81,686 clients is pending.
The Bank had failed to comply with the RBI guidelines in relation to locker renewal agreements.	The timeline for renewal of agreements between banks and existing lockers holders has been extended to December 31, 2023 vide RBI circular bearing press release number 2022-2023/1594 dated January 23, 2023. Our Bank's operation risk department is working on the revised locker renewal agreements as per the RBI's guidelines and is creating awareness among its customers regarding the same vide SMS, letters and calls from the customer care team. Further, 2,993 locker accounts have been duly renewed as on August 31, 2023. The status of these compliances has been reported by our Bank

	on the DAKSH supervisory portal of the RBI on a monthly basis.

However, in the event there are any significant deficiencies identified by the RBI in a final inspection report that we are unable to rectify to the RBI's satisfaction, it 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.

While we attempt to be in compliance with all regulatory provisions applicable to us, we cannot assure you that the RBI will not find any deficiencies in future inspections or the RBI 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 during any future inspections may have a material adverse effect on our reputation, business, financial condition, results of operations and cash flows.

6. The Indian small finance bank 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.

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 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. This may increase competition within small finance banks operating in India, including our Bank. 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. Our inability to compete effectively may adversely affect our business, results of operations financial condition and cash flows. Set out below is the table of comparison of our Bank with the listed industry peers, as on March 31, 2023:

Name of the company	Total Income (₹ in million)	PAT (₹ in million)	Face Value per equity share (₹)	P/E	P/B	EPS (Basic) (₹)	EPS (Diluted) (₹)	RoNW (%)	NAV per equity share (₹)	GNPA (%)	ROA (%)	Gross Loan Portfolio (₹ in million)
Capital Small Finance Bank Limited*	7,254.82	935.96	10	17.11	2.63	27.35	27.21	15.32%	178.27	2.77%	1.22%	55,072.67
Listed Peers												
IDFC First Bank	271,950.91	24,371.35	10	21.76	2.30	3.91	3.84	9.44%	38.86	2.51%	1.13%	1,171,270.00
AU SFB	92,398.73	14,279.25	10	33.40	4.50	21.86	21.74	13.01%	164.64	1.66%	1.79%	591,580.00
Equitas SFB	48,314.64	5,735.91	10	24.13	2.49	4.71	4.67	11.12%	46.44	2.76%	1.85%	278,610.00
Ujjivan SFB	47,541.90	10,999.20	10	9.97	2.70	5.82	5.81	26.13%	21.53	2.88%	3.86%	240,850.00
Suryoday SFB	12,811.00	777.00	10	24.08	1.18	7.32	7.32	4.90%	149.28	3.13%	0.86%	61,140.00
ESAF SFB	31,415.72	3,023.33	10	10.33	2.09	6.73	6.71	17.63%	38.15	2.49%	1.59%	163,312.65

**Financial information for our Bank is derived from the Restated Financial Information for the year ended March 31, 2023.*

Source: All the financial information for listed industry peers mentioned above is on consolidated basis (unless otherwise available only on standalone basis) and is sourced from the annual reports/ financial results as available of the respective company for the year ended March 31, 2023 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, 2023.*
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, 2023.*
3. *P/E Ratio has been computed based on the closing market price of equity shares on NSE on November 21, 2023 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 31,2023.*
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, 2023.*
7. *GNPA as on March 31, 2023.*
8. *ROA represents ratio of profit after tax to average total asset.*
9. *Gross loan portfolio as on March 31, 2023.*

For details on key performance indicators of our Bank and comparison of KPIs with listed peers, see section titled "*Basis for Offer Price-Key Performance Indicators*" and "*Basis for Offer Price-Comparison of KPIs with listed peers*" beginning at page 151 and 154, respectively.

We also face competition from SCBs in northern India. The table below sets forth the contribution of the northern region of India to the overall credit, incremental credit, retail credit and incremental retail credit as on March 31, 2023:

	Contribution of northern region of India (%)
Overall credit	22%
Incremental credit	15%
Retail credit	16%
Incremental retail credit	20%

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 225. If we are unable to compete effectively, it would adversely affect our business, financial condition, results of operations and cash flows.

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

The Offer consisted of a Fresh Issue and an Offer for Sale. The Offer was for 11,176,713^ Equity Shares for cash at a price of ₹468 per Equity Share (including a premium of ₹458 per Equity Share) aggregating to ₹5,230.70^ million comprising a Fresh Issue of 9,615,384^ Equity Shares aggregating to ₹4,500.00^ million by our Bank and an Offer for Sale of 1,561,329^ Equity Shares aggregating up to ₹730.70^ million by the Selling Shareholders.

The Offer for Sale is 0.16 times of Fresh Issue. Details of Offered Shares offered in the Offer for Sale are as follows:

Name	**Number of Equity Shares as on the date of this Prospectus**	**Average cost of acquisition per Equity Share (in ₹)**	**Number of Offered Shares**
Investor Selling Shareholders			
Oman India Joint Investment Fund II	3,346,914	252.00	836,728^ Equity Shares aggregating to ₹ 391.59^ million
Amicus Capital Private Equity I LLP	1,511,535	252.00	151,153^ Equity Shares aggregating to ₹ 70.74^ million
Amicus Capital Partners India Fund I	175,445	252.00	17,544^ Equity Shares aggregating to ₹ 8.21^ million
Other Selling Shareholders			
Vijay Kumar Bhandari (jointly with Sneh Bhandari)	74,954	30.00	50,000^ Equity Shares aggregating to ₹ 23.40^ million
Rachna Monga	44,000	21.14	30,000^ Equity Shares aggregating to ₹ 14.04^ million
Rashpal Singh (jointly with Surinder Kaur)	8,22,729	15.91	200,000^ Equity Shares aggregating to ₹ 93.60^ million
Nalini Rampilla	37,000	25.68	37,000^ Equity Shares aggregating to ₹ 17.32^ million
Kalyana Chakravarthy Pilla	49,100	24.95	49,000^ Equity Shares aggregating to ₹ 22.93^ million
Darshna Devi	22,704	150.00	22,704^ Equity Shares aggregating to ₹ 10.63^ million
Ramesh Kaur	167,200	15.00	167,200^ Equity Shares aggregating to ₹ 78.25^ million

^*Subject to finalisation of Basis of Allotment.*

Further, 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 and for increasing business of our Bank which is primarily onward lending. Further, the proceeds from the Fresh Issue will also be used towards meeting the expenses in relation to the Offer. 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 145.

8. Our current Statutory Auditors, M/s T R Chadha & Co., LLP, Chartered Accountants, have been found ineligible by RBI for undertaking the audit activities for the Financial Year 2024 of our Bank.

RBI, vide email dated September 13, 2023, has found our current Statutory Auditors, M/s T R Chadha & Co., LLP, Chartered Accountants, ineligible for reappointment for Financial Year 2024, and has directed our Bank to recommend the name of another firm meeting the eligibility criteria prescribed under the '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. Further, RBI has vide email dated September 20, 2023 clarified that the approval from RBI for appointment/ reappointment/ removal of statutory auditors (SAs) is required to be obtained only in case of audit of annual accounts of the Bank in terms of Section 30 (1A) of the Banking Regulation Act, 1949, and that M/s T R Chadha & Co, LLP, Chartered Accountants can continue with the audit work of our Bank for the half yearly review for the period ending on September 30, 2023 and the filing of DRHP in connection with the Bank's proposed IPO. Thereby, while we are in the process of finalising other statutory auditors for the next fiscal year 2024, we cannot assure you that we will be able to appoint another firm as statutory auditors of our Bank within the stipulated time and that RBI will approve their appointment. In the event we are unable to appoint another firm as statutory auditors of our Bank within the stipulated time, and the RBI approval for such appointment is not received, it may cause a delay in the finalisation of our audited financial statements for Fiscal 2024. Further, such other firm may adopt different procedures than the ones adopted by our current Statutory Auditors.

9. We derive a significant portion of our revenue from our lending business and any adverse developments in the lending business could adversely affect our business, financial condition, cash flows and results of operations.

Given the industry we operate in, a majority of our revenue is derived from interest earned, discount on advances / bills. The table below sets out our revenue from interest earned for the six months period ended September 30, 2023 and September 30, 2022 and for Financial Years 2021, 2022, and 2023 and for:

(in million, except percentages)

Particulars	Six months ended September 30, 2023	Six months ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from interest earned	3,049.38	2,518.05	5,328.58	4,373.02	3,724.31
Percentage of total revenue (in %)	73.44%	73.45%	73.45%	69.15%	66.83%

The table below sets out the components of income earned out of interest earned and other income for the periods specified below:

Particulars (₹ in Mn)		Six months ended September 30, 2023	Six months ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
RESTATED STATEMENT OF INTEREST EARNED						
I	Interest/ discount on advances/ bills	3,049.38	2,518.05	5,328.58	4,373.02	3,724.31
II	Income on investments	530.15	468.16	976.18	860.23	846.81
III	Interest on balance with Reserve Bank of India and inter-bank funds	269.08	220.88	448.44	548.88	543.27
IV	Others	11.21	0.16	6.87	0.05	-
	Total	**3,859.82**	**3,207.25**	**6,760.07**	**5,782.18**	**5,114.39**
RESTATED STATEMENT OF OTHER INCOME						
I	Commission, exchange and brokerage	276.11	218.81	469.21	426.34	295.52
II	Profit/(Loss) on sale of investments (Net)	3.09	2.24	4.74	29.50	83.99
III	Profit/(Loss) on revaluation of investments (Net)	(7.95)	(17.49)	(13.40)	0.24	(0.24)
IV	Profit/(Loss) on sale of Land, building & other assets (Net)	(0.15)	(0.17)	0.10	(0.06)	0.02
V	Profit/(Loss) on Exchange Transactions (Net)	20.81	17.35	33.93	27.49	20.76
VI	Income earned by way of dividends etc.	-	-	-	-	-
VII	Miscellaneous income	0.43	0.09	0.17	58.34	58.29
	Total	**292.34**	**220.83**	**494.75**	**541.85**	**458.34**

Any adverse developments in the lending business could adversely affect our business, financial condition, cash flows and results of operations.

10. 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 filings made to RoC including the Form 2, the shareholders' resolution and the proof of payment for the allotments dated January 12, 2000 of 5,992,000 Equity Shares made by our Bank ("**Relevant Allotments**"). A search conducted by a practicing company secretary appointed by us to trace the missing records could also not find the records with the RoC. We have executed an affidavit dated January 13, 2024, confirming that (i) the due amounts in respect of the Relevant Allotments have been received by our Bank (ii) the allotted Equity Shares pursuant to the Relevant Allotments have been allotted to the concerned allottees / Promoters in compliance with applicable laws, and (iii) the filings required to be made, under applicable law, by the Bank in respect of the aforementioned allotments were made by our Bank with the RoC. For further details, see "*Capital Structure – Share Capital History of our Bank*" on page 93. Certain disclosures in this 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.

11. 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.

12. We have experienced negative cash flows in prior years.

We have experienced negative cash flows from operations in the recent past. Particularly, our cash used in operating activities for the Fiscals ended 2023, 2022 and 2021, was negative mainly on account of increase in advances, increase in investments and payment of direct taxes during this period in the ordinary course of business. For details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Cash flows from operating activities*" beginning at page 392 of this RHP. Our cash flow for six months ended September 30, 2023 and September 30, 2022 and the Fiscals ended 2023, 2022 and 2021 are set forth in the table below.

(₹ in million)

Particulars	Six months ended September 30, 2023	Six months ended September 30, 2022	Fiscal		
			2023	2022	2021
Net cash flow from/ (used in) operating activities	1,884.72	(1,603.61)	(1,074.44)	(2,107.41)	1,743.18
Net cash flows from/ (used in) investing activities	(67.43)	(109.33)	(196.63)	(131.54)	(124.21)
Net cash flow from/ (used in) financing activities	(1,030.81)	2,834.31	2,215.15	(1,197.03)	1,968.14

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

13. 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:

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulator y Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material Civil Litigation	Aggregate amount involved (₹ in million)*
Our Bank						
By the Bank	207	Nil	NA	NA	6	633.89

Against the Bank	Nil	1	Nil	Nil	1	12.21
Our Directors						
By our Directors	Nil	Nil	NA	NA	Nil	NA
Against the Directors	Nil	Nil	Nil	Nil	Nil	NA
Our Promoters						
By Promoters	Nil	Nil	NA	NA	Nil	NA
Against Promoters	Nil	Nil	Nil	Nil	Nil	NA

** To the extent ascertainable. As at September 30, 2023, the Bank has not made any provisions for outstanding litigation. Further, the Bank has recognised an amount of ₹12.21 million as contingent liabilities as at September 30, 2023, in respect of outstanding income tax litigations. The contingent liabilities of the Bank as a percentage of its net worth as of September 30, 2023 is 0.17%. See " - We have not made provisions in our Restated Financial Statements for the amount involved in respect of the direct tax dispute with the Income-Tax Department, i.e., ₹ 12.21 million." on page 45.*

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 402.

14. We have in the past entered into related party transactions which include borrowings payable to KMPs and their relatives, deposits held by KMPs and their relatives and advances to KMPs and their relatives, and may continue to enter into such related party transactions in the future, which may potentially involve conflicts of interest with the equity shareholders.

In the ordinary course of business, we enter into various related party transactions which include borrowings payable to KMPs and their relatives, deposits held by KMPs and their relatives, advances to KMPs and their relatives and interest paid on borrowings / deposits to KMPs and their relatives. While we believe that all our related party 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.

The table below sets out our Bank's related party transactions for each of the Fiscals 2023, 2022 and 2021 combined, also reflected as a percentage of total transactions of a similar nature for the same Fiscals:

Nature of transaction	**Amount paid to/ (received from) related party during the last three Fiscals (A) (₹ in million)**	**Total amount of transactions during the last three Fiscals (B) (₹ in million)**	**(A) As a percentage of (B)**
Lease Rent	52.86	518.31	10.20%
Interest paid on deposits and borrowings	15.97	9,850.63	0.16%
Interest received on loans and advances	1.00	13,425.91	0.01%
Salary	106.26	2,795.14	3.80%
CSR expense	25.40	25.40	100.00%

Further, as disclosed in the tables above, our Bank has given certain loans / advances to certain of its KMPs and their relatives. While such loans / advances are made in the ordinary course of business and on an arm's length basis, we cannot assure you that we will successfully recover the outstanding amounts in respect of such loans / advances from such KMPs or their relatives, or any other related parties to whom we may give loans / advances in the future. As on the date of this Prospectus, the outsanding amounts payable by our related parties in respect of loans / advances given to them will not have a material impact on our financial position.

The table below sets out the 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 six months ended September 30, 2023 and September 30, 2022 and the Fiscals ended March 31, 2023, 2022 and 2021:

Particulars	Six months ended September 30, 2023	Six months ended September 30, 2022	Fiscal 2023	Fiscal 2022	Fiscal 2021
Related party transactions entered into by our Bank (as a percentage of total income)	1.04%	1.24%	1.18%	1.09%	1.01%

A summary of the related party transactions entered into by our Bank for the six months ended September 30, 2023 and September 30, 2022 and Fiscals 2023, 2022 and 2021 has been set forth below:

Particulars	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021
Borrowings payable to KMPs					
Munish Jain	8.90	8.90	8.90	2.40	1.00
Borrowings payable to Relatives of KMPs					
Relatives of Munish Jain[(1)]	16.70	16.70	16.70	15.90	13.30
Relatives of Amit Sharma[(2)]	1.40	1.40	1.40	1.40	1.40
Relatives of Santosh Kumar Dhawan[(3)]	NA	1.40	1.40	1.40	NA
Relatives of Richa Mahajan[(4)]	NA	0.50	0.50	0.50	NA
Deposits held by KMPs-					
Sarvjit Singh Samra	0.86	0.72	0.05	0.08	0.27
Munish Jain	19.10	9.61	8.99	10.17	10.77
Amit Sharma	0.12	0.21	0.17	0.17	0.20
Santosh Kumar Dhawan	NA	2.88	4.13	2.79	NA
Richa Mahajan	NA	0.89	0.80	0.92	NA
Raghav Aggarwal	NA	0.17	0.16	0.17	NA
Deposits held by Relatives of KMPs					
Relatives of Sarvjit Singh Samra[(5)]	29.66	29.02	28.13	23.43	18.19
Relatives of Munish Jain [(6)]	11.15	5.47	7.92	6.02	10.41
Relatives of Amit Sharma[(7)]	6.73	4.61	5.62	1.83	3.17
Relatives of Santosh Kumar Dhawan[(8)]	NA	7.54	8.90	5.94	NA
Relatives of Richa Mahajan[(9)]	NA	1.69	2.33	1.78	NA
Relatives of Raghav Aggarwal[(10)]	NA	0.38	0.39	0.37	NA
Deposits held by Associates/ Joint Ventures/ Others (For CSR Expenses)					
Capital Foundation Trust	23.22	13.21	16.70	8.15	3.55
Advances to KMPs					
Amit Sharma	2.44	2.60	2.49	2.34	-

Particulars	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021
Santosh Kumar Dhawan	NA	0.77	0.24	0.84	NA
Richa Mahajan	NA	0.73	0.60	0.79	NA
Raghav Aggarwal	NA	4.00	3.93	4.13	NA
Advances to Relatives to KMPs					
Relatives of Raghav Aggarwal[11]	NA	0.16	0.17	0.15	NA
Interest Paid on borrowings/ deposits to KMPs					
Sarvjit Singh Samra	0.01	0.02	0.04	0.02	0.06
Munish Jain	0.86	0.65	1.37	0.67	0.65
Amit Sharma	0.00	0.00	0.01	0.01	0.00
Santosh Kumar Dhawan	NA	0.10	0.24	0.16	NA
Richa Mahajan	NA	0.03	0.06	0.06	NA
Raghav Aggarwal	NA	0.01	0.01	0.01	NA
Interest Paid on borrowings/ deposits to Relatives of KMPs-					
Sarvjit Singh Samra[5]	0.96	0.73	1.59	1.28	1.27
Munish Jain[6]	1.14	0.97	1.98	1.86	2.06
Amit Sharma[7]	0.31	0.16	0.39	0.26	0.33
Santosh Kumar Dhawan[8]	NA	0.25	0.53	0.48	NA
Richa Mahajan[9]	NA	0.08	0.17	0.16	NA
Raghav Aggarwal[10]	NA	0.01	0.03	0.02	NA
Interest paid on Deposits held by Associates/ Joint Ventures/ Others -					
Capital Foundation Trust	0.09	0.05	0.05	0.08	0.06
Interest received on advances made to KMPs-					
Amit Sharma	0.08	0.08	0.16	0.15	-
Santosh Kumar Dhawan	NA	0.04	0.06	0.05	NA
Richa Mahajan	NA	0.02	0.04	0.05	NA
Raghav Aggarwal	NA	0.12	0.24	0.23	NA
Interest received on advances made to Relatives of KMPs					
Raghav Aggarwal[11]	NA	0.01	0.01	0.01	NA
Lease Rentals paid to KMPs					
Sarvjit Singh Samra	2.53	2.38	4.79	4.54	4.53
Lease Rentals paid to Relatives of KMPs					
Relatives of Sarvjit Singh Samra[12]	8.86	8.33	16.77	15.89	15.85
Salary paid to KMPs					
Sarvjit Singh Samra	6.71	6.96	17.13	9.01	10.11
Munish Jain	10.68	9.98	16.76	16.38	12.68
Amit Sharma	0.76	0.64	1.28	1.07	0.76

Particulars	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022	As at and for the Financial Year ended March 31, 2021
Santosh Kumar Dhawan	NA	1.54	3.18	2.79	NA
Richa Mahajan	NA	1.08	2.14	1.79	NA
Raghav Aggarwal	NA	1.27	2.49	2.13	NA
Salary paid to Relatives of KMPs					
Relatives of Sarvjit Singh Samra[13]	1.40	1.21	2.54	2.32	1.70
CSR Expense through Trust					
Capital Foundation Trust	8.96	5.77	11.54	7.71	6.15

[1] Relatives of Munish Jain include Kimti Lal Jain, Vishal Jain, Usha Jain, Ruchi Jain and Munish Jain HUF.
[2] Relatives of Amit Sharma include Mangal Chand Sharma.
[3] Relatives of Santosh Kumar Dhawan include Jeewan Asha and Vijay Kumar Dhawan.
[4] Relatives of Richa Mahajan include Neelam Sehgal.
[5] Relatives of Sarvjit Singh Samra include Amarjit Singh Samra, Amardeep Samra, Surinder Kaur Samra, Navneet Kaur Samra, Amarpreet Kaur Hayer, Shahbaz Singh Samra and Sangram Singh Samra.
[6] Relatives of Munish Jain include Kimti Lal Jain, Vishal Jain, Usha Jain, Ruchi Jain, Ritu Jain, Gaurish Jain, Aagam Jain and Munish Jain HUF.
[7] Relatives of Amit Sharma include Mangal Chand Sharma, Bimla Sharma, Gitika Sharma and Sheetal Sharma.
[8] Relatives of Santosh Kumar Dhawan include Jeewan Asha, Sujata Dhawan, Rajni Dhawan, Vijay Kumar Dhawan, Ashwani Kumar Dhawan, Arun Kumar Dhawan and Anil Kumar Dhawan.
[9] Relatives of Richa Mahajan include Gaurav Mahajan, Arshia Mahajan, Neelam Sehgal, R.K. Sehgal and Akhil Sehgal.
[10] Relatives of Raghav Aggarwal include Sunil Aggarwal and lndu Aggarwal.
[11] Relatives of Raghav Aggarwal include Sunil Aggarwal.
[12] Relatives of Sarvjit Singh Samra include Amarjit Singh Samra, Amardeep Samra, Surinder Kaur Samra and Navneet Kaur Samra.
[13] Relatives of Sarvjit Singh Samra include Shahbaz Singh Samra

Notes:
1. Salary Paid shown above includes basic salary, allowances, performance bonus and taxable value of perquisites, if availed, computed as per Income-Tax rules but excludes gratuity. PF settlement, perquisite on ESOPs & superannuation perquisites.
2. For a person being a KMP for a year or part thereof, the consideration paid during the complete financial year has been disclosed.
3. Salary paid to Mr. Sarvjit Singh Samra for the year ended March 31, 2023 includes arrears amounting to ₹2.8 million paid for the previous years.
4. Salary paid to Mr. Sarvjit Singh Samra for the year ended March 31, 2022 excludes arrears amounting to ₹1.5 million.

15. 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.

The details of our borrowers and depositors for the six months periods ended September 30, 2023 and September 30, 2022 and Fiscals March 31, 2023, 2022 and 2021, is set forth in the table below:

(₹ in million, except percentages)

Sr. No.	Particulars	Six months period ended September 30, 2023	Six months period ended September 30, 2022	Fiscal 2023	Fiscal 2022	Fiscal 2021
1	No. of Advance clients (rural and semi-urban)	39,444	36,338	37,967	33,320	29,167
2	% total no. of Advance clients	70.85%	71.57%	71.21%	72.47%	74.80%
3	Total Advances (rural and semi urban) (**₹ i**n million)	34,890.25	31,050.53	33,076.84	28,177.26	22,663.77
4	% to total Advances	59.48%	59.79%	60.06%	60.10%	60.23%
5	No. of rural and semi urban Depositors	5,79,145	5,45,927	561,770	454,714	406,429
6	% to total number of Depositors	76.80%	77.11%	76.98%	77.61%	77.94%
7	Total Deposit (rural and semi urban)	53,540.75	48,910.87	51,610.53	47,150.07	40,994.27
8	% to total deposit	76.48%	79.08%	78.67%	77.98%	78.52%
9.	**GNPA from rural and semi-Urban Areas**	2.35%	2.12%	2.33%	1.55%	1.37%

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. While we have not experienced any adverse developments in the banking and finance sector in these areas, any decline in the demand for our loans would adversely affect our business, financial condition, results of operations and cash flows.

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.

16. 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.

The table sets forth the number of employees, attrition rate and the number of complaints received from employees for Fiscal 2023, 2022 and 2021:

Fiscal Year	Number of Employees	Attrition Rate (in %)	No. of complaints received from Employees
2023	1,808	19.82	Nil
2022	1,644	16.66	Nil
2021	1,614	12.18	Nil

The attrition rate in the banking sector has been relatively high and has also affected large private sector banks. This attrition is predominantly excessive at the entry level due to (i) faster growth opportunities at the entry level, and (ii) overseas migration.

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, so we are not 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.

17. As at six months ended September 30, 2023 and September 30, 2022 and Fiscals ended March 31, 2023, 2022 and 2021, our gross NPAs as a percentage of gross advances were 2.73%, 2.60%, 2.77%, 2.50% and 2.08% and our provision coverage ratio was 50.96%, 48.62%, 51.48% 46.02% and 46.14%, respectively. If we are unable to control the level of NPAs in our portfolio effectively or if we are unable to improve or maintain our provision coverage as a percentage of gross NPAs, our business, financial condition, results of operations and cash flows could be adversely affected.

The following table sets forth details on our NPAs, advances, provisions, technical write-offs and Provision Coverage Ratio as at and for the six months ended September 30, 2023 and September 30, 2022 and the fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021:

	Six months ended September 30, 2023	Six months ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance of Gross NPAs at the beginning of the period	1,526.25	1,171.34	1,171.34	782.43	585.07
Additions during the period	445.28	405.44	1,543.73	781.13	248.53
Less: Reductions during the period on account of recovery	68.73	98.61	207.05	61.87	34.49
Less: Reductions during the period on account of upgradations	298.51	126.64	980.58	329.69	16.53
Less: Reductions during	0.08	0.47	1.18	0.66	0.15

	Six months ended September 30, 2023	Six months ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
the period on account of write-offs (including technical write-offs)					
Gross NPAs [A]	1,604.21	1,351.06	1,526.25	1,171.34	782.43
Total provision towards NPAs [B]	817.52	656.86	785.78	539.03	361.01
Net NPAs [C= A- B]	786.69	694.20	740.47	632.31	421.42
Gross Advances [D]	58,659.37	51,927.28	55,072.67	46,887.03	37,629.87
Net Advances [E = D-B]	57,841.85	51,270.42	54,286.89	46,348.00	37,268.86
Gross NPAs as a percentage of gross advances [F = A/D] (%)	2.73%	2.60%	2.77%	2.50%	2.08%
Net NPAs as a percentage of net advances [G = C/E] (%)	1.36%	1.35%	1.36%	1.36%	1.13%
Provision for standard assets [H]	283.56	289.62	282.77	284.04	174.81
Total of provision towards NPAs and provision towards standard assets [I = B + H]	1,101.08	946.48	1,068.55	823.07	535.82
Total of provision towards NPAs and provision towards standard assets held as percentage of gross advances (%) [J=I/D]	1.88%	1.82%	1.94%	1.76%	1.42%
Total provision towards NPAs held as percentage of gross NPAs (%) [K=B/A]*	50.96%	48.62%	51.48%	46.02%	46.14%
Outstanding balance of technical written-off accounts [L]	-	-	-	-	-
Provision coverage ratio [M = (B+L)/(A+L)/(%)	50.96%	48.62%	51.48%	46.02%	46.14%

The table below sets forth, for the years indicated, the ratio of gross NPAs added during the year to the opening balance of standard advances at the beginning of the year ("**Slippage Ratio**").

	Six months ended September 30,		Year ended March 31,		
	2023	2022	2023	2022	2021
Particulars	(₹ in million, except percentages)				
Additions of NPAs during the year/ period [A]	445.28	405.44	1,543.73	781.13	248.53
Opening balance of standard advances at the beginning of the year [B]	53,546.42	45,715.69	45,715.69	36,847.44	32,670.59
Slippage Ratio [C = A/B](*)	1.66%	1.77%	3.38%	2.12%	0.76%

Note:
** Non-GAAP financial measure.*
Slippage ratio is annualised for half year

Our ability to manage the credit quality of our loans, is significant for our results of operations. The following table sets forth our Gross NPAs to gross advances and provision coverage ratio for the specified period:

Particulars	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	As at and for the financial year ended March 31, 2023	As at and for the financial year ended March 31, 2022	As at and for the financial year ended March 31, 2021
Gross NPA (%) - Outstanding	2.73%	2.60%	2.77%	2.50%	2.08%
Provision coverage ratio [M = (B+L)/(A+L)/(%)	50.96%	48.62%	51.48%	46.02%	46.14%

We could experience a further 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. 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. 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. Further, the expansion of our business may cause our NPAs to increase and the overall quality of our loan portfolio to deteriorate.

Further, 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. The table below sets forth the provision coverage ratio for the six-month periods ended September 30, 2023, September 30, 2022 and for Fiscal Years 2023, 2022 and 2021:

Particulars	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	As at and for the financial year ended March 31, 2023	As at and for the financial year ended March 31, 2022	As at and for the financial year ended March 31, 2021
Provision Coverage Ratio	50.96%	48.62%	51.48%	46.02%	46.14%

As at September 30, 2023, 99.85% of our gross advances were secured, out of which 84.26% were backed by collateral. The tables below set forth the ageing-wise provision coverage ratio of our Bank, for the periods indicated:

NPA Ageing	As at September 30, 2023				As at September 30, 2022			
	Portfolio Secured with Immovable Property	Portfolio Secured with less than 100 % Immovable Property	Unsecured	Total	Portfolio Secured with Immovable Property	Portfolio Secured with less than 100 % Immovable Property	Unsecured	Total
Above 5 Years	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2-5 Year	69.75%	100.00%	100.00%	77.36%	90.55%	99.89%	100.00%	94.17%
1-2 Year	35.00%	35.39%	100.00%	35.77%	42.12%	0.00%	100.00%	43.47%
upto 1 Year	21.78%	30.97%	38.56%	22.31%	15.00%	16.27%	93.59%	16.54%
Total	**45.04%**	**89.26%**	**88.85%**	**50.96%**	**40.58%**	**90.15%**	**98.19%**	**48.62%**

	Fiscal 2023	Fiscal 2022	Fiscal 2021

NPA Ageing	Portfolio Secured with Immovable Property	Portfolio Secured with less than 100 % Immovable Property	Unsecured	Total	Portfolio Secured with Immovable Property	Portfolio Secured with less than 100 % Immovable Property	Unsecured	Total	Portfolio Secured with Immovable Property	Portfolio Secured with less than 100 % Immovable Property	Unsecured	Total
Above 5 Years	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2-5 Year	71.59%	100.00%	100.00%	80.04%	68.08%	72.72%	100.00%	71.17%	56.23%	66.68%	100.00%	60.39%
1-2 Year	43.20%	0.00%	100.00%	44.02%	25.82%	41.13%	100.00%	29.11%	35.00%	51.00%	100.00%	45.63%
upto 1 Year	21.20%	21.23%	37.97%	21.42%	21.79%	0.00%	100.00%	23.80%	25.00%	0.00%	34.93%	25.18%
Total	**45.64%**	**84.37%**	**91.83%**	**51.48%**	**37.22%**	**74.53%**	**100.00%**	**46.02%**	**38.93%**	**58.00%**	**91.24%**	**46.14%**

As set out above, our provision coverage ratio has increased from 46.14% to 50.96% between March 31, 2021 and September 30, 2023. While we believe that our provision coverage ratio is adequate in view of our gross NPAs as a percentage of our gross advances, we cannot assure you that any future credit defaults will not impact our business, results of operations or financial condition. Further, 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.

18. We are subject to certain prudential norms. If we are unable to comply with these norms it may have an adverse effect on our business, financial condition, results of operations and cash flows.

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. While there have been no instances where we have not complied with the restrictions relating to advances in past, we cannot assure you that we will be able to ensure compliance with the restrictions relating to advances at all times. Set out below are the details of our credit exposures for the period indicated:

Particulars	As at September 30, 2023		As at September 30, 2022		As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
	Amount (₹ in million)	% of total Credit Exposure	Amount (₹ in million)	% of total Credit Exposure	Amount (₹ in million)	% of total Credit Exposure	Amount (₹ in million)	% of total Credit Exposure	Amount (₹ in million)	% of total Credit Exposure
Total credit exposure to the Bank's largest borrower	239.04	0.38%	228.22	0.40%	256.78	0.42%	250.00	0.47%	177.72	0.37%
Total credit exposure to the Bank's	3,410.07	5.38%	3,449.30	5.99%	3,276.67	5.39%	3,452.32	6.53%	2,738.50	5.70%

Particulars	As at September 30, 2023		As at September 30, 2022		As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
	Amount (₹ in million)	% of total Credit Exposure	Amount (₹ in million)	% of total Credit Exposure	Amount (₹ in million)	% of total Credit Exposure	Amount (₹ in million)	% of total Credit Exposure	Amount (₹ in million)	% of total Credit Exposure
20 largest borrowers										
Total credit exposure	63,405.87	100.00%	57,603.66	100.00%	60,817.88	100.00%	52,891.17	100.00%	48,063.39	100.00%

Note: *Credit exposure is computed as per the RBI Master Circular on Exposure Norms - DBOD. No. Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.*

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 4.50% 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. The details of our CRR and SLR as at six months ended September 30, 2023 and September 30, 2022 and the Fiscals ended March 31, 2023, 2022 and 2021 are provided in the table below:

	As at September 30, 2023 (in %)	As at September 30, 2022 (in %)	As at March 31, 2023 (in %)	As at March 31, 2022 (in %)	As at March 31, 2021 (in %)
CRR	4.89	4.67	4.60	4.07	3.56
SLR	24.19	21.47	23.20	23.96	32.37

While there have been no instances in the past where cash reserve ratio and statutory liquidity ratio were not met by the Bank, we cannot assure you that we will be able to meet the statutory ratios at all times.

As a scheduled commercial 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. While we are in compliance with the prescribed norms of RBI, if we fail to meet the prescribed norms in our banking operations, the RBI may take action against us 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 banks 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. The table below sets forth our CRAR, Tier I capital and Tier II capital, which were above the minimum CRAR and Tier I capital required by the RBI, as at the dates indicated:

	As at September 30, 2023	As at September 30, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
CRAR	20.72%	18.61%	18.87%	18.63%	19.80%
Of which:					

Tier I capital	15.26%	13.00%	13.69%	13.21%	14.27%
Tier II capital	5.46%	5.61%	5.18%	5.42%	5.53%

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. While we are in compliance with the applicable CRAR requirements as on the date of this Prospectus, 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. 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. While we are compliance with the applicable PSL requirements as on the date of this Prospectus 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 September 30, 2023, 173 branches, being 26.01% of our total branches were in unbanked rural centres. As on the date of this Prospectus, we are in compliance with the requirement of at least 25.00% of our total branches being located in unbanked rural centres.

19. As of December 31, 2023, we had total indebtedness of ₹ 5,295.10 million, which comprised of secured borrowings of ₹ 2,657.80 million and unsecured borrowings ₹ 2,637.30 million. If we are unable to secure funding on acceptable terms and at competitive rates when needed, or 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

Our business and results of operations depend on our ability to raise both, debt and equity from various external sources on suitable terms and in a timely manner, along with the costs associated therewith. Our financing requirements historically have been met from several sources, including subordinate debt, borrowings from other institutions and issuance of non-convertible debentures ("NCDs"), Our indebtedness comprises, inter alia, refinance facilities, overdraft facilities, money-market borrowings and non-convertible debentures. Set forth below are the details of our total outstanding borrowings as of December 31, 2023, September 30, 2023, September 30, 2022, March 31, 2023, 2022 and 2021:

(₹ in million)

Particulars	**As of December 31, 2023**	**As of September 30, 2023**	**As of September 30, 2022**	**As of March 31,**		
				2023	**2022**	**2021**
Money Market Borrowings	-	-	1,499.27	299.83	-	-
Interbank Overdraft	-	-	1,000.21	-	-	-
Non-convertible debentures	2,637.30	2,637.30	2,408.70	2,408.70	2,147.40	1,921.20
Refinancing from AIFIs	2,657.80	3,090.30	2,924.80	4,505.30	2,836.90	4,246.00
Total outstanding borrowings	**5,295.10**	**5,727.60**	**7,832.98**	**7,213.83**	**4,984.30**	**6,167.20**

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. The table below sets forth the ageing of various categories of borrowings, as per residual maturity, availed by our Bank:

(₹ in million)

Category of Borrowings	Secured/unsecured	Ageing Period	As at December 31, 2023	As at September 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Refinance	Secured	<1 Month	452.50	52.50	52.50	69.30	851.00
		>1 Month to 3 Months	380.10	380.00	130.00	138.60	102.00
		>3 Months to 6Months	363.80	832.60	1,232.50	607.90	653.00
		>6 Months to 1 Year	728.60	727.60	1,265.10	705.80	730.00
		>1 Year to 3 Years	732.80	1,097.60	1,825.20	1,315.30	1,910.00
		3 Years+	-	-	-	-	-
Tier II Borrowings	Unsecured	<1 Month	-	-	-	-	-
		>1 Month to 3 Months	-	-	81.30	-	87.30
		>3 Months to 6Months	94.70	-	-	60.40	-
		>6 Months to 1 Year	-	94.70	-	-	-
		>1 Year to 3 Years	279.00	120.00	214.70	176.00	141.70
		3 Years+	2,263.60	2,422.60	2,112.70	1,911.00	1,692.20
Money Market	Secured	<1 Month	-	-	299.83	-	-
Total Borrowings			**5,295.10**	**5,727.60**	**7,213.83**	**4,984.30**	**6,167.20**

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.

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.

20. We have not made provisions in our Restated Financial Statements for the amount involved in respect of the direct tax dispute with the Income-Tax Department, i.e., ₹ 12.21 million.

We are currently involved in a tax matter with the Income-Tax Department, with respect to the addition by the Department of certain amounts deducted by our Bank under the heads 'depreciation on investments' and 'broken period interest'. The matter is currently pending in appeal before the High Court of Punjab and Haryana. As on

September 30, 2023, the amount involved in this matter (excluding interest and penalty, if any, which may be levied at the time of final determination), is ₹ 12.21 million. For details on the matter, see "*Outstanding Litigation and Material Developments*" on page 402.

While we have recognised the aforementioned amount of ₹ 12.21 million as a contingent liability under the head 'Claims against the Bank not acknowledged as debts' as on September 30, 2023, we have not made provisions for this amount in our Restated Financial Information. Since similar matters in the past have been decided in our favour, we expect the outcome of this matter to be favourable. However, we cannot assure you that this matter will be decided in our favour, or that the recognition of the amount of ₹ 12.21 million as a contingent liability is adequate. Any adverse decision in any of these proceedings may impose a higher amount on our Bank and may have an adverse effect on our business, results of operations and financial condition.

21. 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 business and results of operations depend on our ability to raise both, debt and equity from various external sources on suitable terms and in a timely manner, along with the costs associated therewith. Our financing requirements historically have been met from several sources, including subordinate debt, borrowings from other institutions and issuance of non-convertible debentures ("**NCDs**"), Set forth below are the details of our total outstanding borrowings as of September 30, 2023, September 30, 2022, March 31, 2023, 2022 and 2021.

(₹ in million)

Particulars	As of September 30, 2023	As of September 30, 2022	As of March 31,		
			2023	2022	2021
Money Market Borrowings	-	1,499.27	299.83	-	-
Interbank Overdraft	-	1,000.21	-	-	-
Non-convertible debentures	2,637.30	2,408.70	2,408.70	2,147.40	1,921.20
Refinancing from AIFIs	3,090.30	2,924.80	4,505.30	2,836.90	4,246.00
Total outstanding borrowings	**5,727.60**	**7,832.98**	**7,213.83**	**4,984.30**	**6,167.20**

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.

22. Our Cost to Income Ratio was 62.35%, 61.23%, 59.97%, 63.42% and 70.76% for the six months ended September 30, 2023 and September 30, 2022 and the Fiscals ended March 31, 2023, 2022 and 2021 respectively. An increase in the Cost to Income Ratio will adversely affect our financial condition, results of operations and cash flows.

Cost to Income Ratio is an important parameter in measuring how the efficiency of a bank's operations. A higher Cost to Income Ratio results in lower profitability and vice-versa. Our Cost to Income ratio is the ratio of operating expenses divided by total operating income (total of net interest income and non-interest income).

The table below sets forth certain details of our Cost to Income Ratio for the periods indicated:

Particulars	Six months ended September 30, 2023		Six months ended September 30, 2022		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	₹ in million	% of Net Total Income	₹ in million	% of Net Total Income	₹ in million	% of Net Total Income	₹ in million	% of Net Total Income	₹ in million	% of Net Total Income
Operating Expenses *(A)*	1,248.24	62.35	1,061.90	61.23	2,227.54	59.97	1,962.53	63.42	1,729.59	70.76
Of which:										
*Payments to and provisions for employees**	613.97	30.67	562.17	32.41	1,179.82	31.76	1,065.6	34.43	904.30	36.99
Rent, taxes insurance and lighting	196.48	9.81	176.88	10.20	358.08	9.64	341.99	11.05	329.37	13.47
Depreciation and repairs to Bank's property	136.09	6.80	157.72	9.09	294.20	7.92	237.46	7.67	226.30	9.26
Interest earned [B]	3,859.82	-	3,207.25	-	6,760.07	-	5,782.18	-	5,114.39	-
Interest expended [C]	2,150.08	-	1,693.69	-	3,540.24	-	3,229.36	-	3,128.28	-
Net Interest Income [D = B – C]	1,709.74	-	1,513.56	-	3,219.83	-	2,552.82	-	1,986.11	-
Other income [E]	292.34	-	220.83	-	494.75	-	541.85	-	458.34	-
Net Total Income [F = D + E]	2,002.08	-	1,734.39	-	3,714.58	-	3,094.67	-	2,444.45	-
Cost to Income Ratio [G = A / F] (%)	**62.35%**	-	**61.23%**	-	**59.97%**	-	**63.42%**	-	**70.76%**	-

**Payment to and provisions for employees include (i) salary; (ii) incentives; (iii) provident fund; (iv) ESOP expenses; (v) leave encashment expenses; (vi) mediclaim insurance; (vii) gratuity expenses; (viii) car perks; (ix) sick leave expense; (x) contribution to labour welfare fund; and (xi) other employee related expenses. As on the date of filing of this Prospectus, there are no amounts which are overdue to our employees and which have not been paid. As on the date of filing of this Prospectus, there are no pending overdues for any employees.*

Our material fixed operating expenses are: (i) payments to and provisions for employees, (ii) rent, taxes, insurance and lighting and (iii) depreciation and repairs on our property. While we are able to estimate our operating expenses and have been successful in reducing these expenses as a result of operating efficiencies, 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.

For details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations*" on page 381.

23. 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 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 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 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.

24. Our Directors, Navin Kumar Maini, Rachna Dikshit, Nageswara Rao Yalamanchili and Mahesh Parasuraman 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.

Our Directors, Navin Kumar Maini, Rachna Dikshit, and Mahesh Parasuraman, 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 and Part-Time Chairman, is a director on the board of directors of Subhlakshmi Finance Private Limited, Rachna Dikshit, our Independent Director, is a director on the board of directors of India Shelter Finance Corporation Limited and Arthimpact Digital Loans Private Limited and Nageswara Rao Yalamanchili, our Independent Director, is an Independent Director on the board of directors of Ramaiah Capital Private Limited. Further, Mahesh Parasuraman is a director on the board of directors of Sundaram Home Finance Limited, a housing finance company. 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.

25. We are dependent on our key managerial personnel and members of 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 Key Managerial Personnel and members of Senior Management and other key personnel. We believe that the inputs and experience of our Key Managerial Personnel and members of 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 and Senior Management, see "*Our Management- Key Managerial Personnel*" and "*Our Management - Senior Management*" on pages 266 and 266. Though we did not experience attrition in our Key Managerial Personnel and Senior Management during the last three Fiscals, we cannot assure you that we will be renewing the terms of employment of our Key Managerial Personnel or Senior Management or that these individuals 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, 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.

26. Our business is concentrated in North India, with approximately 86.13% of our total branches i.e., 149 branches out of a total of 173 branches, as of September 30, 2023 are located in the state of Punjab. 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. As of September 30, 2023, we had a total of 173 branches out of which 149 branches, aggregating to an approximate of 86.13% of our total branches across the country are located in Punjab. Further, we do not have significant branches in NCT of Delhi presently. Due to this concentration, the success and profitability of our overall operations may be exposed to regional factors which include, among others, the growth in population, income and savings levels, increased competition as more players enter these geographies, financial health of borrowers in these areas, and the risk of their over-indebtedness, changes to local laws and regulations influx or efflux of migrant populations in these regions, civil, economic disruptions, political 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 wider geographic diversity. Any one of these events may require us to close our 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 the region-wise split of the interest earned on advances (which is the primary source of our revenue) for the period ended September 30, 2023, September 30, 2022, Fiscal 2023, 2022 and 2021:

S. No.	Region	% of interest earned on advances for the six months ended September 30, 2023	% of interest earned on advances for the six months ended September 30, 2022	% of interest earned on advances in Fiscal 2023	% of interest earned on advances in Fiscal 2022	% of interest earned on advances in Fiscal 2021
1.	Punjab	84.96	86.44	86.12	87.76	88.36
2.	Out of Punjab	15.04	13.56	13.88	12.24	11.64
	Total	**100**	**100**	**100**	**100**	**100**

The table below sets out the total number of our branches, as well as our total advances and deposits, along with the percentage contribution of our branches in Punjab:

Region	As at September 30, 2023	As at September 30, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Total Branches (Count)	173	165	170	161	158
% of Punjab Branches to Total Branches	86.13%	88.48%	87.06%	88.82%	88.61%
Total Advances (₹ in Million)	58,659.37	51,927.28	55,072.67	46,887.03	37,629.87
% of Punjab based Advance to Total Advance	83.97%	85.57%	85.19%	86.42%	87.91%
Total Deposits (₹ in Million)	70,002.86	61,845.95	65,606.21	60,463.59	52,210.70
% of Punjab based Deposit to Total Deposit	93.73%	96.30%	96.44%	96.45%	96.22%

The table below sets out the State-wise / Union territory-wise number of our branches across India as at September 30, 2023:

State / Union Territory	No. of branches as at September 30, 2023
Punjab	149
Haryana	16
Chandigarh	2
Delhi	3
Rajasthan	2
Himachal Pradesh	1
Total	**173**

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 September 30, 2023 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	2.68%	1,741.61	3.54%	1,168.67	1.78%
Barnala	1	0.67%	271.16	0.55%	190.52	0.29%
Bathinda	4	2.68%	950.72	1.93%	258.38	0.39%
Faridkot	2	1.34%	838.08	1.70%	380.18	0.58%
Fatehgarh Sahib	3	2.01%	715.86	1.45%	473.83	0.72%
Fazilka	2	1.34%	385.22	0.78%	285.15	0.43%
Ferozpur	4	2.68%	1,209.51	2.46%	528.93	0.81%
Gurdaspur	1	0.67%	285.10	0.58%	180.62	0.28%
Hoshiarpur	13	8.72%	4,312.91	8.76%	8,067.18	12.30%
Jalandhar	55	36.91%	18,471.04	37.50%	34,872.52	53.15%
Kapurthala	14	9.40%	4,763.45	9.67%	9,130.35	13.92%
Ludhiana	17	11.41%	6,432.26	13.06%	4,598.56	7.01%

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
Malerkotla	1	0.67%	443.08	0.90%	109.50	0.17%
Mansa	1	0.67%	411.19	0.83%	204.41	0.31%
Moga	3	2.01%	1,447.31	2.94%	755.47	1.15%
Mohali	4	2.68%	791.66	1.61%	587.08	0.89%
Muktsar	3	2.01%	935.60	1.90%	389.15	0.59%
Nawanshahr	8	5.37%	2,069.21	4.20%	1,810.06	2.76%
Pathankot	1	0.67%	308.24	0.63%	225.45	0.34%
Patiala	4	2.68%	1,161.02	2.36%	750.25	1.14%
Rupnagar	2	1.34%	533.55	1.08%	274.36	0.42%
Sangrur	2	1.34%	775.81	1.58%	369.91	0.56%
Total	**149**	**100.00%**	**49,253.59**	**100.00%**	**65,610.53**	**100.00%**

27. Any downgrade in our credit ratings could increase our borrowing costs, affect our ability to obtain financing, and adversely affect our business, results of operations and financial condition

The cost and availability of capital depends in part on our long-term and short term credit ratings. Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Our credit ratings as of the relevant dates indicated are set forth below:

Rating Agency	Instrument	Credit Ratings as of March 31,		
		2023	2022	2021
Brickwork Rating	Lower Tier –II Bond[(1)]	BWR A+ Stable	BWR A+ Stable	BWR A+ Stable
Brickwork Rating	Upper Tier-II Bond[(1)]	BWR A+ Stable	BWR A+ Stable	BWR A+ Stable
Brickwork Rating	Upper Tier –II Bond	BWR A+ Stable	BWR A+ Stable	BWR A+ Stable
CARE Rating	Lower Tier –II Bond	CARE A Stable	N.A.	N.A.
CARE Rating	Upper Tier-II Bond	CARE A- Stable	N.A.	N.A.
CARE Rating	Upper Tier –II Bond	CARE A- Stable	N.A.	N.A.

(1) Lower Tier II Bonds and Upper Tier II Bonds refers to debt securities issued by the Bank as Tier II capital instruments in compliance with the Basel norms issued by the RBI.

Note: For details on Lower Tier-II Bonds and Upper Tier-II Bonds, see "Definitions and Abbreviations- Technical/Industry Related Terms/Abbreviations" on page 8.

While we have not witnessed any downgrade in our credit ratings in the past, any downgrade in our credit ratings could adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business, results of operations, financial condition and cash flows. In addition, any downgrade in our credit ratings could increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future and adversely affect our business, results of operations and financial condition. Further, as rating agencies continue to evaluate the financial services industry, it is possible that rating agencies will heighten the level of scrutiny that they apply to financial institutions, increase the frequency and scope of their credit reviews, request additional information from companies that they rate, and potentially adjust their requirements employed in the rating agency models for maintenance of certain rating levels. It is possible that the outcome of any such review of us could adversely impact our ratings.

28. 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. The table below sets forth our Net Interest Income as a percentage of our net total income for the periods indicated:

(In ₹ million, except percentage data)

Particulars	September 30, 2023	September 30, 2022	March 31, 2023	March 31, 2022	March 31, 2021
Net total income (A)	2,002.08	1,734.39	3,714.58	3,094.67	2,444.45
Net Interest Income (B)	1,709.74	1,513.56	3,219.83	2,552.82	1,986.11
Net Interest Income as	85.40%	87.27%	86.68%	82.49%	81.25%

percentage of net total income (B/A) (in %)					

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, 2023, 44.86% of our advances and 100.00% of our investments were on fixed interest rates and 55.14% of our advances were on floating interest rates. As at March 31, 2023, 99.74% of our deposits and 91.68% of our borrowings were on fixed interest rates.

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. 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.

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 100% of our SLR portfolio as at March 31, 2023.

Although we have been able to maintain our Net Interest Income and Net Interest Margin in accordance with the prescribed margins, 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.

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

We have experienced growth in recent years and have expanded our business and operations. Set forth below are certain metrics showing our growth:

Particulars	For the year ended/As of March 31, 2023	For the year ended/As of March 31, 2022	For the year ended/As of March 31, 2021	CAGR (2023-2021) (%)
Total Gross Advances (*₹ in million*)	55,072.67	46,887.03	37,629.87	20.98
Deposits *(₹ million)*	65,606.21	60,463.59	52,210.70	12.10
Net Profit for the period (*₹ in million*)	935.96	625.69	407.84	51.49
Branches (*Nos.*)	170	161	158	3.73

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, and adding ATMs. For details, see "*Our Business - Our Strategies - Delivery Channels*" on page 220. 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.

30. 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 April 24, 2016, we have placed 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. Set out below are details of our CASA, total deposits, cost of average CASA and cost of average term deposits for the periods indicated:

Particulars	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
CASA (₹ in million)	26,433.61	25,702.39	27,478.96	25,494.01	20,926.34
CASA ratio (%)	37.76	41.56	41.88	42.16	40.08
Total deposits (₹ in million)	70,002.86	61,845.95	65,606.21	60,463.59	52,210.70
Cost of average CASA (%)	3.23	3.24	3.22	3.24	3.47
Cost of Average Term Deposits (%)	6.93	6.07	6.18	6.29	7.07

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 210.

Set out below is the CASA Ratio of our Bank against the listed industry peers for the periods indicated:

Name of the entity	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
Capital Small Finance Bank Limited	37.76	41.56	41.88	42.16	40.08
AU Small Finance Bank	34.00	42.00	38.40	37.29	23.00
Equitas Small Finance Bank	34.00	48.05	42.28	52.01	34.25
IDFC First Bank	46.40	51.28	49.77	48.44	51.75

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.

31. 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. The table below sets forth the details of our collateral as a percentage of secured lending and total lending, for the periods indicated:

Particulars	Six months ended September 30, 2023	Six months ended September 30, 2022	Fiscal 2023	Fiscal 2022	Fiscal 2021
Advances Backed by Collateral as a % to Secured Advances (A/B)	84.39%	87.05%	85.30%	86.83%	86.78%
Advances Backed by Collateral as a % to Gross Advances (A/C)	84.26%	86.85%	85.16%	86.57%	86.25%
% of Secured Advances to Gross Advances (B/C)	99.85%	99.76%	99.82%	99.70%	99.39%

However, the value of the collateral obtained by us, including from any third party valuers, 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. The table below sets out our direct exposure in relation to lending secured by commercial real estate, as at September 30, 2023, September 30, 2022 and Fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021:

(in million)

Particulars	As at September 30, 2023	As at September 30, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Exposure in relation to lending secured by commercial real estate	3,092.75	2,992.08	3,053.08	2,785.55	1,992.51

For further details, see "*Financial Statements – Exposures – Exposure to Real Estate Sector*" on page 345.

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. While we are yet to experience any material decline in the value of collateral, we cannot assure you that any decline in the value of collateral obtained as security in the future will not adversely affect our business, results of operations, financial condition and cash flows.

32. 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 IT 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 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). We have outsourced IT services to third party vendors and any failure by such third-party vendors to perform any of those functions could adversely affect the business, financial condition and results of operations of the Bank. The RBI carried out an examination of our Bank's IT systems and processes in March 2021 and has carried out online assessments of or Bank in May 2022 and November 2022 respectively, 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 the RBI. Inspection by RBI is a regular exercise for all banks and financial institutions and RBI has observed various non-compliances by us in the ordinary course in the past and have required us to, among other things, take corrective actions. Non-compliance with the observations issued by RBI could adversely affect our business, financial condition, results of operations and cash flows.*" on page 29. 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.

33. We utilize the services of third parties for our operations. Any deficiency or interruption in their services could adversely affect our business and reputation.

We enter into outsourcing arrangements with third party vendors and independent contractors, in compliance with the RBI guidelines on outsourcing which include, among others, ATM/ debit card related services such as ATM switching and card management, services provided by business correspondents and directed sales agents, field investigation which includes valuation and legal checks of the properties undertaken, facility management services, information technology and software services. We are also dependent on various vendors for elements of our operations including implementing IT infrastructure and hardware, banking outlets roll-outs, networking, managing our data centre, and back-up support for data recovery. As a result of outsourcing such services, we are exposed to various risks including strategic, compliance, operational, fraud, theft, embezzlement, legal and contractual risks. Though there have not been any material deficiencies or interruptions in the services of the vendors in the last three Fiscals, our ability to control the manner in which services are provided by third party service providers is limited and we may be held liable on account of any deficiency of services on the part of such service providers in the future. We cannot assure you that we will be successful in continuing to receive uninterrupted and quality services from our third-party service providers. Any disruption or inefficiency in the services provided by our third-party service providers could affect our business and reputation. The "Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by Bank" dated November 3, 2006, issued by the RBI places obligations on banks, its directors and senior management for ultimate responsibility for the outsourced activity. Legal risks, including actions being undertaken by the RBI, if our third-party service providers act unethically or unlawfully, could materially and adversely affect our business, financial condition, results of operations and cash flows.

34. 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.

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. We are also vulnerable to risks arising from the failure of employees to adhere to approved procedures, failures of security systems, information system disruptions, communication systems failure and data interception during transmission through external communication channels and networks. Failure to detect these security breaches may adversely affect our operations.

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.

35. We have engaged business correspondents for our business who work with us on a non-exclusive basis. If any of our business correspondents prefer to promote our competitors' loans over our loans or the agreements between us and them are terminated or not renewed, it would affect our business, financial condition, results of operations and cash flows.

As on date, we have onboarded three business correspondents for our business who, inter alia, source credit businesses and collect and verify primary information/data of customers.

The following table sets forth our dependence on business correspondents as at September 30, 2023, September 30, 2022, March 31, 2023, March 31, 2022 and March 31, 2021:

(₹ in million, unless otherwise specified)

Particulars	**As at**				
	March 31, 2021	**March 31, 2022**	**March 31, 2023**	**September 30, 2022**	**September 30, 2023**
Loan portfolio from business correspondents (A)	Nil	7.81	107.89	60.63	258
Total loan portfolio (B)	37,629.87	46,887.03	55,072.67	51,927.28	58,659.37
(A) as a percentage of (B)	0.00%	0.02%	0.20%	0.12%	0.44%

While we have not terminated the services of any of our business correspondents in the past and have put in place appropriate checks and balances to monitor the performance of these business correspondents, in the event any of our business correspondents prefer to promote our competitors' loans or our agreements with them are terminated or not renewed it would adversely affect our business, financial condition, results of operations and cash flows.

36. The Equity Shares have never been publicly traded, and, after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the Offer Price, market capitalization to total revenue multiple, price to total income ratio and price to earnings ratio based on the Offer Price of our Bank, may not be indicative of the market price of the Equity Shares on listing.

Set forth below are details of our gross revenue and profit for the six months ended September 30, 2023, September 30, 2022 and for Fiscals 2023, 2022 and 2021.

(₹ in million)

Particulars	**As of September 30, 2023**	**As of September 30, 2022**	**Financial Year**		
			2023	**2022**	**2021**
Gross revenue	4,152.16	3,428.08	7,254.82	6,324.03	5,572.73
Profit for the year	543.91	410.92	935.96	625.69	407.84

Our price to total income multiple for the Financial Year 2023 is 2.29 times at the upper end of the Price Band and

2.17 times at the lower end of the Price Band. Our market capitalization to total income for the Financial Year 2023 multiple is 2.29 times at the upper end of the Price Band and 2.17 times at the lower end of the Price Band, and our price to earnings ratio multiple for the Financial Year 2023 is 17.20 times at the upper end of the Price Band and 16.35 times at the lower end of the Price Band. The table below provides details of our price to earnings ratio, price to total income and market capitalization to total income at Offer Price for the last three Financial Years:

	Price to earnings ratio*	Price to total income*	Price to book value ratio*	Market capitalization to total income*
As of September 30, 2023	30.02	3.99	2.33	3.99
As of September 30, 2022	38.94	4.84	2.88	4.84
Financial Year 2023	17.11	2.29	2.63	2.29
Financial Year 2022	25.42	2.62	3.09	2.62
Financial Year 2021	38.87	2.98	3.52	2.98

**Non annualised for half year ended September 30, 2023 and September 30, 2022*
Note: For market capitalization and price, the upper cap of ₹468 has been considered for all the periods.

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation do not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity will be there for such market for the Equity Shares. The Offer Price of the Equity Shares is proposed to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results of our Bank, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors. In addition to the above, the current market price of securities listed on the Stock Exchanges pursuant to certain previous initial public offerings managed by the BRLMs is below their respective issue prices. For further details, see "*Other Regulatory and Statutory Disclosures – Price information of past issues handled by the BRLMs*" on page 416.

37. Our Statutory Auditors, namely T R Chadha & Co LLP and MSKC & Associates have issued certain emphasis of matters on our financials statements in the past.

While no qualifications, reservations or adverse remarks or emphasis of matter have been given by our Statutory Auditors in Fiscals 2023 and six months period ended September 30, 2023 respectively, the following emphasis of matters have been included by our Statutory Auditors in their audit reports for six months ended September 30, 2022 and financial years ended March 31, 2022 and March 31, 2021. These emphasis of matters were pertaining to the potential / inestimable impact of COVID-19. For further details, please refer to "*Management's Discussion and Analysis of Financial Condition and Results of Operations-Auditors' Qualifications, Reservations and Adverse Remarks*" beginning at page 374 of this Prospectus.

Period	Emphasis of Matter	Current Status
-September 30, 2022	We draw attention to Note 4.6 of the Schedule 18 to the financial statements, which describes that the extent to which any new wave of COVID-19 impact the Bank's results is uncertain as it depends upon the future trajectory of the pandemic. Our opinion is not modified in respect of this matter.	N.A. The emphasis was related to the potential / inestimable impact of the COVID-19 pandemic on our financial condition for the six months ended September 30, 2022.
March 31, 2022	We draw attention to Note 4.6 to the financial statements, which describes that the extent to which any new wave of COVID-19 impact the Bank's results is uncertain as it depends upon the future trajectory of the pandemic. Our opinion is not modified in respect of this matter.	N.A. The emphasis was related to the potential / inestimable impact of the COVID-19 pandemic on our financial condition for the Fiscal Year ended March 31, 2022.
March 31, 2021	We draw attention to Note 3.3 of the 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	N.A. The emphasis was related to the potential / inestimable impact of the COVID-19 pandemic on our financial condition for the

Period	Emphasis of Matter	Current Status
	depend on future developments, which are uncertain. Our opinion is not modified in respect of this matter.	Fiscal Year ended March 31, 2021.

The audit reports of the Statutory Auditors for the six months ended September 30, 2023 and September 30, 2022, and for Fiscals 2023, 2022 and 2021 are available at https://www.capitalbank.co.in/ipo-2023-documents.html.

38. 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 fresh and renewal applications for the shops and establishment registrations for certain of our branches at the following locations:

S. No.	Name of the branch	Address of the branch
1.	Fatehgarh Sahib	City Tower, Near Aam Khas Bagh Bassi Road, Fatehgarh Sahib-140 406 District Fatehgarh Sahib
2.	Lalheri	Village Lalheri PO Harion Kalan Tehsil Khanna-141 417 District Ludhiana
3.	Raikot	G T Road, Near Bus Stand Raikot – 141 109 Ludhiana
4.	Kaind	Ludhiana Malerkotla Road VPO Kaind Teshsil Dehlon District Ludhiana-141 116
5.	Kanakwal	Kalianwali Road, Kanakwal-151 301 Tehsil Talwandi Sabo District Bathinda Punjab
6.	Simbro	Patiala-Bhadson Road Simbro 147 001 District Patiala
7.	Jagraon	G.T. Road, Near Sherpur flyover, Jagraon – 142 026, Ludhiana

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. While we have not failed to obtain, renew or maintain any material approvals in the last three Fiscals, if we fail to obtain, renew or maintain the required permits, licences or approvals, or if any of our approvals are withdrawn, including those set out above, this may have consequences on our business and results of operations, and 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. For details on our statutory and regulatory permits, licenses and approvals, see "*Government and Other Approvals*" on page 406.

39. 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 September 30, 2023, see "*Selected Statistical Information –Asset Liability Gap*" on page 291. 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.

The asset liability gap is monitored through structured liquidity statement. The asset liability management policy of

our Bank prescribes prudential internal limits on net cumulative outflows under each maturity bucket.

As on September 30, 2023, the gap between asset and liability under various maturity buckets were within these tolerance limits as presented below:

Cumulative Time Frame	Tolerance Limit	Actual Cumulative Mismatch-Positive/(Negative)
1 Day	Not more than negative 5%	144.93%
2-7 Days	Not more than negative 10%	163.36%
8-14 Days	Not more than negative 15%	183.65%
15-30 Days	Not more than negative 20%	101.94%
31 days & up to 2 months	Not more than negative 25%	72.17%
Over 2 months & up to 3 months	Not more than negative 30%	68.88%
Over 3 months & up to 6 months	Not more than negative 30%	58.97%
Over 6 months & up to 1 Year	Not more than negative 40%	33.37%
Over 1 year & up to 3 Years	Not more than negative 40%	21.25%
Over 3 year & up to 5 Years	Not more than negative 40%	23.06%
Over 5 years	Not more than negative 20%	-1.09%

While there have been no instances of breach of the tolerance limits, as set out in the table above, and/or mismatches in the maturity of our assets and liabilities in the past, however, we cannot assure you that there will be no breaches of the tolerance limits and/or mismatches in the maturity of our assets and liabilities in the future.

40. There may be conflict of interest between the BRLMs or their respective associates/ affiliates and our Bank.

In the ordinary course of their commercial banking and investment banking activities, the BRLMs, their respective associates/ affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of their customers, in debt or equity securities or Equity Shares of our Bank or provide financing facilities to our Bank. The transactions referred to above, may influence our Bank's decisions regarding whether to undertake certain transactions with the BRLMs, their associates/ affiliates.

41. 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 September 30,			
	2021		2022		2023		2022		2023	
	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	14,232.11	37.82	17,807.45	37.98	21,374.52	38.81	19,916.76	38.36%	22,669.26	38.65%
Advances to MSME and trading Sector	9,730.45	25.86	10,926.22	23.30	11,204.61	20.35	11,295.51	21.75%	11,533.61	19.66%
Mortgage Loans	8,096.45	21.52	11,284.49	24.07	14,344.80	26.05	13,166.55	25.36%	15,288.06	26.06%
Others	5,570.86	14.80	6,868.87	14.65	8,148.74	14.79	7,548.46	14.53%	9,168.44	15.63%
Total Gross Advances	**37,629.87**	**100.00**	**46,887.03**	**100.00**	**55,072.67**	**100.00**	**51,927.28**	**100.00%**	**58,659.37**	**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.

42. 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 221. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. 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 risks. 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 market-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.

43. Our ability to pay dividends or undertake bonus issuances of Equity Shares 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. For details of the dividends paid by us for the Fiscal 2023, 2022 and 2021, see "*Dividend Policy*" on page 275. Further, our ability to undertake bonus issuances of Equity Shares in the future will also depend on certain factors, including among others, our future financial condition, results of operations, cash flows, capital requirements and business prospects. For details of the bonus issuances undertaken by us in the past, see "*Capital Structure – Notes to the Capital Structure – (a) Equity Share capital*" on page 93.

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, or undertake bonus issuances of 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. 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 the RBI circular dated May 4, 2005. We cannot assure you that we will be able to pay dividends or undertake bonus issuances of Equity Shares at any point in the future.

44. 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. Set out below are the details of our treasury segment revenue as a percentage of our total income for the six months ended September 30, 2023 and September 30, 2022 and Fiscals ended March 31, 2023, 2022 and 2021, respectively:

(In ₹ million)

Particulars	For six months ended September 30, 2023	For six months ended September 30, 2022	Fiscal 2023	Fiscal 2022	Fiscal 2021
Revenue from Treasury Segment	794.37	673.79	1,415.97	1,438.90	1,473.82
Total Income	4,152.16	3,428.08	7,254.82	6,324.03	5,572.73
Revenue from treasury segment as a percentage of total income	19.13%	19.66%	19.52%	22.75%	26.45%

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.

45. We receive complaints from our customers in the ordinary course of business. Any delay in resolving these complaints may impact our reputation and affect our operations.

The following table sets forth the grounds of complaints received by our Bank in the time periods mentioned below:

I. Customer complaints pertaining to Retail Payment Channels[(1)]

S. No.	Particulars	Six months ended September 30, 2023	Six months ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
1.	Number of complaints pending at beginning of the period	13	11	11	8	4
2.	Number of complaints received during the period[(2)]	1,042	616	1,305	1,439	762
3.	Number of complaints disposed during the period	1,041	615	1,303	1,436	758
	Of which, number of complaints rejected by the Bank	484	212	484	444	216
4.	Number of complaints pending at the end of the period	14	12	13	11	8

[(1)] Retail Payment Channels include RTGS/NEFT, Automated Teller Machine (ATM)/ Point of Sale (POS) Transactions/Ecommerce Transactions, Bharat Bill Payment System (BBPS), Immediate Payment Services (IMPS), etc.

*[(2)] Out of the above complaints, 950 complaints are related to acquiring banks, i.e., banks on the ATM/merchant end of the transaction ("**Acquiring Banks**") during the six months ending September 30, 2023 577] for six months ended September 2022; 1,212 for year ended*

March 31, 2023; 1,379 for year ended March 31, 2022; 722 for year ended March 31, 2021).

II. Customer complaints other than above[1]:

S. No.	Particulars	Six months ended September 30, 2023	Six months ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
1.	Number of complaints pending at beginning of the period	2	5	5	3	1
2.	Number of complaints received during the period	99	118	199	297	291
3.	Number of complaints disposed during the period	94	119	202	295	289
	Of which, number of complaints rejected by the Bank	46	29	52	86	52
4.	Number of complaints pending at the end of the period	7	4	2	5	3

1. Complaints other than those relating to Retail Payment Channels include levy of charges without prior notice/ excessive charges/ foreclosure charges, loans and advances, staff behaviour.

III. Top 5 grounds of complaints received by the Bank during the half year ended September 30, 2023

S. No.	Grounds of complaints	Number of complaints pending at the beginning of the period	Number of complaints received during the period	Number of complaints pending at the end of the period
1.	Internet/Mobile/Electronic Banking	8	817*	13
2.	ATM/Debit Cards	7	232*	2
3.	Levy of charges without prior notice/ excessive charges/ foreclosure charges	0	17	1
4.	Loans and Advances	0	12	2
5.	Staff Behavior	0	11	1
6.	Others (complaints not covered in above top 5 grounds)	0	52	2
	Total	**15**	**1,141**	**21**

**950 complaints of the total complaints of the corresponding grounds are related to Acquiring Banks.*

IV. Top 5 grounds of complaints received by the Bank during the half year ended September 30, 2022

S. No.	Grounds of complaints	Number of complaints pending at the beginning of the period	Number of complaints received during the period	Number of complaints pending at the end of the period
1.	Internet/Mobile/Electronic Banking	8	416*	5
2.	ATM/Debit Cards	5	197*	6
3.	Loans and Advances	0	27	2
4.	Account Opening/ Difficulty in operations	2	24	2
5.	Staff Behavior	0	21	0
6.	Others (Complaints not covered in above top 5 grounds)	1	49	1
	Total	**16**	**734**	**16**

**577 complaints of the total complaints of the corresponding grounds are related to Acquiring Banks.*

V. Top 5 grounds of complaints received by the Bank during the year ended March 31, 2023

S. No.	Grounds of complaints	Number of complaints pending at the beginning of the period	Number of complaints received during the period	Number of complaints pending at the end of the period
1.	Internet/Mobile/Electronic Banking	8	883*	8
2.	ATM/Debit Cards	5	421*	7
3.	Loans and Advances	2	49	-
4.	Account Opening/ Difficulty in operations	-	43	-

5.	Levy of charges without prior notice/ excessive charges/ foreclosure charges	-	23	-
6.	Others (Complaints not covered in above top 5 grounds)	1	85	-
	Total	**16**	**1504**	**15**

**1,212 complaints of the total complaints of the corresponding grounds are related to Acquiring Banks.*

VI. Top 5 grounds of complaints received by the Bank during the year ended March 31, 2022

S. No.	Grounds of complaints	Number of complaints pending at the beginning of the period	Number of complaints received during the period	Number of complaints pending at the end of the period
1.	Internet/Mobile/Electronic Banking	1	908*	8
2.	ATM/Debit Cards	6	551*	5
3.	Loans and Advances	-	58	2
4.	Levy of charges without prior notice/ excessive charges/ foreclosure charges	3	40	-
5.	Account Opening/ Difficulty in operations	-	33	-
6.	Others (Complaints not covered in above top 5 grounds)	1	146	1
	Total	**11**	**1,736**	**16**

**1,379 complaints of the total complaints of the corresponding grounds are related to Acquiring Banks.*

VII. Top 5 grounds of complaints received by the Bank during the year ended March 31, 2021

S. No.	Grounds of complaints	Number of complaints pending at the beginning of the period	Number of complaints received during the period	Number of complaints pending at the end of the period
1.	ATM/Debit Cards	4	483*	6
2.	Internet/Mobile/Electronic Banking	-	333*	1
3.	Foreclosure charges	1	43	3
4.	Loans and Advances	-	43	-
5.	Staff Behavior	-	35	-
6.	Others (Complaints not covered in above top 5 grounds)	-	116	1
	Total	**5**	**1,053**	**11**

**722 complaints of the total complaints of the corresponding grounds are related to Acquiring Banks.*

Further, we have incurred ₹ 0.01 million each in Fiscals 2023 and 2022, in the form of compensation paid to our customers for handling these complaints. While we have deployed appropriate mechanisms to resolve the complaints received by our Bank on a timely basis, we cannot assure you that such mechanisms will be fully effective at all times and that our reputation and results of operations will not be impacted in the event there is a delay in resolving the complaints received by our Bank.

46. 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 Non-Convertible Securities) Regulations, 2021 and SEBI Listing Regulations, in terms of our listed non-convertible debentures.

While we are in compliance with the applicable laws in relation to such NCDs, if we fail to comply with the applicable rules and regulations in the future 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.

47. 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 223. 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. For instance, one of our customers has sold the land mortgaged to bank worth ₹ 1.32 million without taking our no objection and we filed a first information report against the accused. For details, see "*Outstanding Litigation and Material Developments – Litigation by our Bank*" on page 402.

In addition, some of our transactions expose us to the risk of theft 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 402. 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.

48. 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 poorly represented, owing to the difference in the accounting techniques between Ind AS and 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. Therefore, our transition to Ind AS reporting could have an adverse effect on our business, financial condition, results of operations and cash flows.

49. 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. While we take due care and caution and have not breached any third party intellectual property rights, 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.

50. 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.

51. 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 September 30, 2023, we had 173 branches, all of which were located on leased premises. As at September 30, 2023, we had 175 ATMs, all of which are on leased/licensed premises. For further details in relation to our property, please see "*Our Business - Properties*" on page 227. 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. While there have been no instances of our eviction by the landlords of these properties and failure to renew lease or license agreements which required us to relocate our operations in the last three financial years, we cannot assure you that such events will not occur in the future.

52. RBI may remove any employee, managerial personnel or may supersede our Bank's Board of Directors in certain circumstances, which may materially affect our Bank's business, results of operations, and financial conditions.

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, the RBI being satisfied that such act is in public interest or required to prevent the affairs of our Bank from being conducted in a manner detrimental to the interests of the depositors. Further, the RBI, in consultation with the central government, 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. We are dependent on our management team comprising of qualified and experienced professionals and our professional senior management team having experience in the banking and financial services industry for our business and growth and 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.

53. 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.

54. 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.

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 such instances of negative publicity 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.

55. 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 class 36 (collectively, the "**Trademarks**"). We have also registered our logo '

under class 36 and the logo under class 9 and 36.

We have also registered the wordmark 'Capital Bank Mobile Connect' under classes 9, 36 and 42 and the wordmarks' Capital Mobile Plus' under classes 36 and 42 and applied for 'Capital Bank Mobile Connect', 'Capital Bank Mobile +', 'Capital Mobile +', trademarks under various classes. 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 logo 'capital small finance bank' was refused under class 36 in the past due to similarity with an already registered logo, which was registered with our Bank in the name of capital local area bank, and we had re-applied for registration which was subsequently approved. Further, 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. While there has been no third-party infringement of our trademarks in the past, we cannot assure you that any such infringement in the future will not adversely affect our business and prospects in the future.

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 408.

56. 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.

57. 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 99.30% of our fixed assets (excluding land) as at September 30, 2023 which stood at ₹ 743.08 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 226. 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.

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

Our Promoters, certain of our Directors, Key Managerial Personnel and Senior Management 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, Key Managerial Personnel and Senior Management 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 Amarjit Singh Samra, Surinder Kaur Samra, Navneet Kaur Samra, who are the promoters of our Bank, Amardeep Singh Samra and Gagan Samra (collectively, the "**Owners**"). The Owners are paid a monthly rent of ₹ 2.11 million with an increment ranging from 10% every two years to 15% every three years for the branch operated by us. Such rent is on an arm's length basis and is at par with the market rent. Further, except as disclosed in "*Financial Statements – Related Party Disclosure*" on page 350 there is no conflict of interest between any of our Promoters, members of our Promoter Group, Directors, KMPs or any of their relatives with any of the lessors of our leased premises. We cannot assure you that our Promoters, Directors, our Key Management Personnel and Senior Management 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 93, 257 and 270, respectively.

59. Increasing regulatory focus on personal information protection could impact our business and expose us to increased liability.

Regulators in various jurisdictions are increasingly scrutinizing how companies collect, process, use, store, share and transmit personal data. This increased scrutiny may result in new interpretations of existing laws, thereby further impacting our business. Recent regulations, such as the General Data Protection Regulation, which came into effect in the European Union ("**EU**") on May 25, 2018, applies to the collection, use, retention, security, processing, and transfer of personally identifiable information of residents of EU countries. The Supreme Court of India, in a judgment delivered on August 24, 2017, had held that the right to privacy is a fundamental right. Following this judgment, the Government of India enacted the Digital Personal Data Protection Bill, 2022 ("**Data Protection Bill**") on personal data protection for implementing organizational and technical measures in processing personal data and lays down norms for cross-border transfer of personal data including ensuring the accountability of entities processing personal data. The Data Protection Bill has been assented to by the President of India on August 11, 2023 ("**Data Protection Act 2023**") and we continue to analyse the impact of the Data Protection Act 2023 on our business and operations.. The RBI has also issued a circular on the procedure of storage of payment systems data, to ensure that data relating to payment systems operated by us is stored only in India. Any failure, or perceived failure, by us to comply with any applicable regulatory requirements, including but not limited to privacy, data protection, information security or consumer protection-related privacy laws and regulations, could result in proceedings or actions against us by government entities or individuals, subject us to fines, penalties, judgment or otherwise adversely affect our business, as our reputation could be negatively impacted.

60. We have in this 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 Prospectus. For information on the non-GAAP financial measures, see "*Selected Statistical Information*" on page 276. 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.

61. 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.

62. If inflation were to rise in India, we might not be able to increase the prices of our services at a proportional rate in order to pass costs on to our customers and our profits might decline.

Inflation rates could be volatile and we may face high inflation in the future as India had witnessed in the past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries, transportation and other expenses relevant to our business. Further, high inflation leading to higher interest rates may also lead to a slowdown in the economy and adversely impact credit growth. Consequently, we may also be affected and fall short of business growth and profitability. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our operating expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In such case, our business, results of operations, cash flows and financial condition may be adversely affected. While the Government of India has previously initiated economic measures to combat high inflation rates, it is unclear whether these measures will remain in effect, and there can be no assurance that Indian inflation levels will not rise in the future.

63. 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 231.

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.

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.

EXTERNAL RISKS

64. 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 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 effective 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.

65. 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, 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.

Further, our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating improved from Baa3 with a "negative" outlook to Baa3 with "stable" outlook by Moody's in October 2021 and improved from BBB – with "negative" outlook to BBB – with "stable" outlook by Fitch in June 2022. DBRS confirmed India's rating as BBB "low" in May 2023. India's sovereign ratings from S&P is BBB with a "stable" outlook. Any downgrading of India's sovereign debt rating by an international rating agency could have a negative impact on our business and results of operations. Any adverse revisions to credit ratings for India by international rating agencies may adversely impact our ability to raise additional financing. This could have an adverse effect on our ability to fund our growth on favourable terms and consequently adversely affect our business and financial performance and the price of the Equity Shares.

66. The outbreak of severe communicable disease, including resurgence of COVID-19 could have a potential impact on our business, financial condition, cash flows and results of operations.

The outbreak, or threatened outbreak or resurgence, of any severe communicable disease (particularly COVID-19) could adversely affect the overall business sentiment and environment, particularly if such outbreak is inadequately controlled. Our ability to meet our ongoing disclosure obligations might be adversely affected, despite our best efforts. 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.

67. 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.

68. 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.

69. Pursuant to listing of the Equity Shares, we may be subject to pre-emptive surveillance measures like Additional Surveillance Measure ("ASM") and Graded Surveillance Measures ("GSM") by the Stock Exchanges in order to enhance market integrity and safeguard the interest of investors.

SEBI and the Stock Exchanges have introduced various pre-emptive surveillance measures in order to enhance market integrity and safeguard the interests of investors, including ASM and GSM. ASM and GSM are imposed on securities of companies based on various objective criteria such as significant variations in price and volume, concentration of certain client accounts as a percentage of combined trading volume, average delivery, securities which witness abnormal price rise not commensurate with financial health and fundamentals such as earnings, book value, fixed assets, net worth, price / earnings multiple, market capitalization etc.

Upon listing, the trading of our Equity Shares would be subject to differing market conditions as well as other factors which may result in high volatility in price, low trading volumes, and a large concentration of client accounts as a

percentage of combined trading volume of our Equity Shares. The occurrence of any of the abovementioned factors or other circumstances may trigger any of the parameters prescribed by SEBI and the Stock Exchanges for placing our securities under the GSM and/or ASM framework or any other surveillance measures, which could result in significant restrictions on trading of our Equity Shares being imposed by SEBI and the Stock Exchanges. These restrictions may include requiring higher margin requirements, requirement of settlement on a trade for trade basis without netting off, limiting trading frequency, reduction of applicable price band, requirement of settlement on gross basis or freezing of price on upper side of trading, as well as mentioning of our Equity Shares on the surveillance dashboards of the Stock Exchanges. The imposition of these restrictions and curbs on trading may have an adverse effect on market price, trading and liquidity of our Equity Shares and on the reputation and conditions of our Bank.

70. 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.

71. 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

72. 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 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 149. 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 or Senior Management;
- 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.

73. 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. Investors' book entry, or 'demat' accounts with depository participants in India, are expected to be credited within one working day of the date on which the Basis of Allotment is approved by the Stock Exchanges. 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 two Working Days from the Bid 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 three Working Days of the Bid Closing Date. 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.

74. 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 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
May 26, 2023	12,850	10	10	Cash	Allotment under ESOP for MRT
May 26, 2023	27,632	10	98	Cash	Allotment under ESOP 2018
June 17, 2023	10,57,700	10	468	Cash	Private Placement
November 6, 2023	76,500	10	98	Cash	Allotment under ESOP 2018

For further information, see *"Capital Structure"* on page 93. The price at which Equity Shares have been issued by us in the preceding one year is not necessarily indicative of the Offer Price.

75. 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 145. 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 subject to compliance with applicable law. 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.

76. The proceeds to be raised from the Fresh Issue are proposed to be utilized by us for increasing the risk weighted assets of our Bank.

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 assets.

The risk weighted assets proposed to be achieved by us are subject to various considerations, including the market conditions, volatility in domestic and international markets, changes in economic, legal and regulatory landscape and other factors impacting the growth of the Bank in the future. Therefore, we cannot assure you that we will be able to achieve the desired risk weighted assets in the future.

77. 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 - (b) Details of Promoter's contribution and lock-in*" on page 127, an aggregate of (a) 17.60% of our fully diluted post-Offer paid-up equity share capital held by our Promoters; and (b) 2.40% of our fully diluted post-Offer paid-up equity share capital held by ICICI Prudential Life Insurance Company Limited and HDFC Life Insurance Company Limited 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.

78. 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 in an Indian company are generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any capital gain exceeding ₹ 100,000, realized on the sale of listed equity shares held for more than 12 months immediately preceding the date of transfer, may be subject to long-term capital gains tax in India at the rate of 10% (plus applicable surcharge and health and education cess). This beneficial provision is, *inter alia*, subject to payment of STT. Further, any gain realized on the sale of listed equity shares in an Indian company, held for more than 12 months, which are sold using any platform other than a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India at the rate of 10% (plus applicable surcharge and health and education cess), without indexation benefits.

Further, any gain realized on the sale of the 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 at the rate of 15% (plus applicable surcharge and health and education cess), subject to STT being paid at the time of sale of such shares. Otherwise, such gains will be taxed at the applicable rates.

While non-residents may claim tax treaty benefits in relation to such capital gains income, generally, Indian tax treaties do not limit India's right to impose tax on capital gains arising from the sale of shares of an Indian company. As a result, non-resident investors may be liable for tax in India as well as in their own jurisdiction on a gain realized upon the sale of the Equity Shares. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares.

The stamp duty for transfer of certain securities, other than debentures, on a delivery basis is currently specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount.

More recently, the Government of India announced the Union Budget for Fiscal 2023, pursuant to which the Finance Bill 2023 has proposed various amendments. The Finance Bill 2023 has received assent from the President of India on March 30, 2023 and has been enacted as the Finance Act 2023. We have not fully determined the impact of these recent and proposed laws and regulations on our business. We cannot predict whether the amendments made pursuant to the Finance Act, 2023 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.

79. 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 three 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.

80. 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.

81. 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 the Master Direction - RBI (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023, 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 DOR.HOL.No.95/16.13.100/2022-23 dated January 16, 2023, 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 231. 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.

82. 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 75.

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.

83. It may not be possible for investors outside India to enforce any judgment obtained outside India against our Bank 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.

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.

84. 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. 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 454. 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.

85. 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.

86. 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. No Shareholder will be entitled to exercise voting rights in excess of 26.00% of the total voting rights of all Shareholders.

87. Statistical and industry data in this Prospectus is derived from the CRISIL MI&A Report commissioned and paid for by us for such purpose. The CRISIL MI&A Report is not exhaustive and is based on certain assumptions and parameters/conditions.

This Prospectus includes information that is derived from the CRISIL MI&A Report, which was prepared by CRISIL Research appointed by our Bank pursuant to an agreement dated August 16, 2021 as amended pursuant to addendums dated July 11, 2023 and December 27, 2023. The CRISIL MI&A Report has been exclusively commissioned and paid for by our Bank in connection with the Offer. CRISIL Research is not in any manner related to us, our Directors or our Promoters. The CRISIL MI&A 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 MI&A 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 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*	11,176,713^ Equity Shares, aggregating to ₹ 5,230.70^ million
of which:	
Fresh Issue[(1)]	9,615,384^ Equity Shares, aggregating to ₹ 4,500^ million
Offer for Sale[(1)(2)]	1,561,329^ Equity Shares, aggregating to ₹ 730.70^ million by the Selling Shareholders
of which:	
A) QIB Portion[(4)(5)]	5,588,356^ Equity Shares
of which:	
Anchor Investor Portion[(6)]	3,353,013^ Equity Shares
Net QIB Portion (after allocation of Anchor Investor Portion)	2,235,343^ Equity Shares
of which:	
Mutual Fund Portion (i.e., 5% of the Net QIB Portion) [(6)]	111,768^ Equity Shares
Balance for all QIBs including Mutual Funds	2,123,575^ Equity Shares
B) Non-Institutional Portion[(4)(6)(7)(8)]	1,676,507^ Equity Shares
of which:	
One-third of the Non-Institutional Portion was available for allocation to Bidders with an application size of more than ₹ 0.20 million and up to ₹ 1.00 million	558,836^ Equity Shares
Two-thirds of the Non-Institutional Portion was available for allocation to Bidders with an application size of more than ₹ 1.00 million	1,117,671^ Equity Shares
C) Retail Portion[(4)(6)(8)]	3,911,850^ Equity Shares
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	35,427,136 Equity Shares
Equity Shares outstanding after the Offer	45,042,520^ Equity Shares
Use of Net Proceeds	See "*Objects of the Offer*" on page 145 for information about the use of the proceeds from the Fresh Issue. Our Bank will not receive any proceeds from the Offer for Sale

^ Subject to finalisation of Basis of Allotment.

* *Except with the prior approval from the RBI, and in terms of the Banking Regulation Act, 1949 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*

(1) The Offer has been authorised by our Board pursuant to the resolution dated August 11, 2023 and the Fresh Issue has been authorized by a special resolution of our Shareholders dated September 25, 2023. Further, our Board approved the Fresh Issue vide resolution dated August 11, 2023 and has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated January 15, 2024.

(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 the 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.	*Oman India Joint Investment Fund II*	*836,728 Equity Shares aggregating to ₹ 391.59 million*	*September 27, 2023*	*August 9, 2023*
2.	*Amicus Capital Private Equity I LLP*	*151,153 Equity Shares aggregating to ₹ 70.74 million*	*January 15, 2024*	*July 24, 2023*
3.	*Amicus Capital Partners India Fund I*	*17,544 Equity Shares aggregating to ₹ 8.21 million*	*January 15, 2024*	*July 24, 2023*
Other Selling Shareholders				
4.	*Vijay Kumar Bhandari (jointly with Sneh Bhandari)*	*50,000 Equity Shares aggregating to ₹ 23.40 million*	*August 11, 2023*	*August 11. 2023*
5.	*Rachna Monga*	*30,000 Equity Shares aggregating to ₹ 14.04 million*	*August 4, 2023*	*August 4, 2023*
6.	*Rashpal Singh (jointly with Surinder Kaur)*	*200,000 Equity Shares aggregating to ₹ 93.60 million*	*August 15, 2023*	*August 28, 2023*
7.	*Nalini Rampilla*	*37,000 Equity Shares aggregating to ₹ 17.32 million*	*August 3, 2023*	*August 3, 2023*
8.	*Kalyana Chakravarthy Pilla*	*49,000 Equity Shares aggregating to ₹ 22.93 million*	*August 3, 2023*	*August 3, 2023*
9.	*Darshna Devi*	*22,704 Equity Shares aggregating to ₹ 10.63 million*	*August 18, 2023*	*August 18, 2023*
10.	*Ramesh Kaur*	*167,200 Equity Shares aggregating to ₹ 78.25 million*	*August 24, 2023*	*August 24, 2023*

^Subject to finalisation of Basis of Allotment.

(1) Our Bank, in consultation with the BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor

Investor Allocation Price. For details, see "Offer Procedure" on page 435.

(2) *Subject to valid Bids having been received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion except in the QIB portion, was 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. Further, unsubscribed portion in either of the sub-categories in the Non-Institutional Portion was allocated to applicants in the other sub-category of Non-Institutional Bidders. In the event of an under-subscription in the Offer, Equity Shares offered pursuant to the Fresh Issue were 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 were allocated proportionately prior to the Equity Shares offered pursuant to the Fresh Issue.*

(3) *Allocation to Bidders in all categories, except Anchor Investors, if any, Non-Institutional Bidders and Retail Individual Bidders, were made on a proportionate basis subject to valid Bids received at or above the Offer Price. The allocation to each Retail Individual Bidders was not 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. Allocation to Anchor Investors shall be on a discretionary basis. For details, see "Offer Procedure" on page 435.*

(4) *The Equity Shares available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, is subject to the following: (i) one-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹ 0.20 million and up to ₹ 1.00 million, and (ii) two-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹ 1.00 million, provided that the unsubscribed portion in either of the aforementioned sub-categories is allocated to applicants in the other subcategory of Non-Institutional Bidders. The allotment to each Non-Institutional Bidder was not less than the minimum application size, subject to the availability of Equity Shares in the Non- Institutional Portion, and the remaining Equity Shares, if any, shall be allotted on a proportionate basis.*

(5) *SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2022/45) dated April 5, 2022, has prescribed that all individual investors applying in initial public offerings opening on or after May 1, 2022, where the application amount is up to ₹ 0.50 million shall use UPI. Individual investors bidding under the Non-Institutional Portion bidding for more than ₹ 0.20 million and up to ₹ 0.50 million, using the UPI Mechanism, shall provide their UPI ID in the Bid-cum-Application Form for bidding through Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.*

For further details, see "*Offer Structure*" on page 431. For details of the terms of the Offer, see "*Terms of the Offer*" beginning on page 424.

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 293 and 370.

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

SUMMARY RESTATED STATEMENT OF ASSETS AND LIABILITIES

(*in ₹ million, except for share data and if otherwise stated*)

PARTICULARS	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021
CAPITAL & LIABILITIES					
Capital	353.51	342.52	342.52	340.44	339.10
Reserve and Surplus	6,764.07	5,222.60	5,763.58	4,817.37	4,168.80
Deposits	70,002.86	61,845.95	65,606.21	60,463.59	52,210.70
Borrowings	5,727.60	7,832.98	7,213.83	4,984.30	6,167.20
Other Liabilities and provisions	1,058.86	909.88	981.60	933.51	826.58
Total	**83,906.90**	**76,153.93**	**79,907.74**	**71,539.21**	**63,712.38**
ASSETS					
Cash and Balances with Reserve Bank of India	5,024.63	4,433.20	4,626.52	3,639.95	7,217.24
Balances With banks and Money at call and Short Notice	3,501.40	5,495.05	4,182.09	6,550.61	5,686.99
Investments	15,494.55	13,359.72	14,885.81	13,570.63	12,122.52
Advances	57,841.85	51,270.41	54,286.88	46,348.00	37,268.86
Fixed assets	807.60	829.79	825.93	835.87	865.54
Other Assets	1,236.87	765.76	1,100.51	594.15	551.23
Total	**83,906.90**	**76,153.93**	**79,907.74**	**71,539.21**	**63,712.38**
Contingent Liabilities	529.18	483.36	564.74	456.21	383.51
Bills for Collection	-	-		-	-

SUMMARY OF RESTATED STATEMENT OF PROFIT AND LOSS

(*in ₹ million, except for share data and if otherwise stated*)

PARTICULARS	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
INCOME					
Interest Earned	3,859.82	3,207.25	6,760.07	5,782.18	5114.39
Other Income	292.34	220.83	494.75	541.85	458.34
Total	**4,152.16**	**3,428.08**	**7,254.82**	**6,324.03**	**5,572.73**
EXPENDITURE					
Interest Expended	2,150.08	1,693.69	3,540.24	3,229.36	3,128.28
Operating Expenses	1,248.24	1,061.90	2,227.54	1,962.53	1,729.59
Provisions and Contingencies	209.93	261.57	551.08	506.45	307.02
Total	**3,608.25**	**3,017.16**	**6,318.86**	**5,698.34**	**5,164.89**
PROFIT					
Net profit for the period	543.91	410.92	935.96	625.69	407.84
Profit brought forward	2,331.82	1,670.21	1,670.21	1,262.88	987.72
Total	**2,875.73**	**2,081.13**	**2,606.17**	**1,888.57**	**1,395.56**
APPROPRIATIONS					
Transfer to Statutory Reserves	-	-	233.99	156.42	101.96
Transfer to Special Reserve	-	-	34.54	18.04	6.92
Transfer (from)/to Investment Reserve Account	-	-	(7.57)	0.14	(0.14)
Transfer (from)/to Investment Fluctuation Reserve	-	-	(20.84)	16.56	23.94
Dividend	42.42	34.23	34.23	27.20	-
Balance carried over to Balance sheet	2,833.31	2,046.90	2,331.82	1,670.21	1,262.88
Total	**2,875.73**	**2,081.13**	**2,606.17**	**1,888.57**	**1,395.56**
EARNING PER SHARE					
Basic (₹)	15.59*	12.02*	27.35	18.41	12.04
Diluted (₹)	15.49*	11.97*	27.21	18.22	11.98
Face value (₹)	10.00	10.00	10.00	10.00	10.00

*non-annualized

SUMMARY RESTATED STATEMENT OF CASH FLOWS

(*in ₹ million, except for share data and if otherwise stated*)

PARTICULARS	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit before Taxes	721.32	549.07	1,241.56	844.89	537.37
Adjustments For-					
Depreciation Charge on Fixed Assets	85.61	115.23	206.67	161.16	164.92
Loan Loss Provision	32.52	123.41	245.48	287.25	177.49
(Profit)\Loss on Sale of Fixed Assets	0.15	0.17	(0.10)	0.06	(0.01)
Employee Stock Option Expense	12.14	10.77	26.71	38.35	22.12
Depreciation/(Reversal of Depreciation) on Investments	7.95	17.49	13.40	(0.24)	0.24
Operating profit before working capital changes	**859.69**	**816.14**	**1,733.72**	**1,331.47**	**902.13**
Adjustments For-					
Decrease/ (Increase) in Term Deposits with other Banks	1,069.07	1,383.70	2,326.03	(722.31)	(1,159.63)
(Increase)/ Decrease In Investments	(616.69)	193.42	(1,328.58)	(1,447.86)	(1604.02)
(Increase) In Advances	(3,586.70)	(5,040.24)	(8,185.63)	(9,257.16)	(4,374.22)
Increase In Deposits	4,396.65	1,382.36	5,142.62	8,252.89	7,744.47
(Increase)/ Decrease In Other Assets	(123.14)	(150.74)	(494.48)	(28.13)	81.03
Increase / (Decrease)/ In Other Liabilities & Provision	76.47	(3.12)	75.45	(28.39)	282.00
Cash Flow from Operating Activities	**2,075.35**	**(1,418.49)**	**(730.87)**	**(1,899.51)**	**1,871.76**
Direct Taxes Paid (net of refunds)	(190.63)	(185.12)	(343.57)	(207.90)	(128.58)
NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES	**1,884.72**	**(1,603.61)**	**(1,074.44)**	**(2,107.41)**	**1,743.18**
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Fixed Assets	(67.90)	(109.89)	(197.64)	(134.94)	(129.26)
Proceeds from Sale of Fixed Assets	0.47	0.56	1.01	3.39	5.05
NET CASH FLOW(USED IN) INVESTING ACTIVITIES	**(67.43)**	**(109.33)**	**(196.63)**	**(131.54)**	**(124.21)**
CASH FLOW FROM FINANCING ACTIVITIES					
Net Proceeds from equity shares issued under preferential allotment on private placement basis / ESOP allotment	497.84	19.86	19.85	13.07	10.14
Net proceeds from the new issue of Unsecured Redeemable Non-Convertible Bonds/ (Redemption of Bonds)	228.60	261.30	261.30	226.20	314.00
Net (Decrease)/ Increase in Borrowings/ Refinance	(1,714.83)	2,587.38	1,968.23	(1,409.10)	1,644.00
Dividend Payment	(42.42)	(34.23)	(34.23)	(27.20)	-
NET CASH FLOW (USED IN)/ FROM FINANCING ACTIVITIES	**(1,030.81)**	**2,834.31**	**2,215.15**	**(1,197.03)**	**1,968.14**
Net Increase/ (Decrease) in Cash & Cash Equivalent	786.48	1,121.37	944.08	(3,435.98)	3,587.11
Cash & Cash Equivalents in the beginning of the period	4,919.38	3,975.30	3,975.30	7,411.28	3,824.16
Cash & Cash Equivalents at the end of the period	5,705.86	5,096.67	4,919.38	3,975.30	7,411.28

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 Prospectus, the Board of Directors of our Bank comprises the following:

Name	Designation	DIN	Address
Navin Kumar Maini	Independent Director and Part – Time Chairman(1)	00419921	C – 122, Third Floor, Defence Colony South Delhi – 110 024, India
Sarvjit Singh Samra	Managing Director and Chief Executive Officer	00477444	House no. 182, New Jawahar Nagar, Jalandhar – I, Jalandhar 144 001, Punjab, India
Munish Jain	Executive Director and Chief Financial Officer	10132430	Ward No 31, House No. 21, Master Tara Singh Nagar, Jalandhar – 1, Jalandhar 144 001, Punjab, India
Srinath Srinivasan	Non-Executive Director(2)	00107184	2101, Two ICC (Island City Centre) G D Ambedkar Marg, Near MTNL Wadala, Dadar East, Mumbai City, Mumbai 400 014, India
Mahesh Parasuraman	Non-Executive Director(3)	00233782	Villa 51, Prestige Ozone Hagadur Main Road Whitefield, Bengaluru 560 066, Karnataka, India
Dinesh Gupta	Non-Executive Director	00475319	47, Defence Colony, Jalandhar – I, Jalandhar 144 001, Punjab, India
Gurpreet Singh Chug	Independent Director	01003380	House Number 327, Shaheed Udham Singh Nagar, Jalandhar – I, Jalandhar 144 001, Punjab, India
Sham Singh Bains	Independent Director	01537844	Jagrawan, Jalandhar 144 301, Punjab, India
Nageswara Rao Yalamanchili	Independent Director	06651230	Flat No. 12, Dharani Apartments, Near Sai Baba Temple, Shirdi Nagar,Vijayawada, Vijayawada (urban), Vj Polytechnic, Krishna 520 008, Andhra Pradesh, India
Balbir Singh	Non-Executive Director(4)	02284941	Village Gadauri, Mohal (35/84), Kullu 175 126, Himachal Pradesh, India
Rachna Dikshit	Independent Director	08759332	E - 3, Greenwood City, Sector- 46, Kanahi (73), Gurgaon 122 003, Haryana, India

Name	Designation	DIN	Address
Kamaldeep Singh Sangha	Independent Director	08242130	House–No. - 50 B, Rajguru Nagar, Ludhiana 141 012, Punjab, India
Sukhen Pal Babuta	Independent Director	01739016	House No. 240, Sector 21-A, Chandigarh 160 022, India

(1) *Pursuant to the resolution dated December 7, 2021 passed by the Nomination and Remuneration Committee, resolution dated December 9, 2021 passed by the Board of Directors and RBI approval dated April 21, 2022, Navin Kumar Maini was appointed as the Part-time Chairman of the Bank for a period of three years with effect from April 24, 2022.*

(2) *Nominee of Oman India Joint Investment Fund II.*

(3) *Nominee of Amicus Capital Private Equity I LLP and Amicus Capital Partners India Fund I.*

(4) *Nominee of SIDBI.*

For further details of our Directors, see "*Our Management*" on page 250.

Filing

A copy of the Draft Red Herring Prospectus has been filed electronically on the SEBI intermediary portal 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.*"

It has also been filed with the Securities and Exchange Board of India at:

Securities and Exchange Board of India
SEBI Bhavan, Plot No. C4 A, 'G' Block
Bandra Kurla Complex
Bandra (E)
Mumbai 400 051
Maharashtra, 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 has been filed with the RoC and a copy of this Prospectus will be filed under Section 26 of the Companies Act, 2013 would be filed with the RoC at its office.

Book Running Lead Managers

Nuvama Wealth Management Limited
(*Formerly known as Edelweiss Securities Limited*)
801 - 804, Wing A, Building No 3,
Inspire BKC, G Block
Bandra Kurla Complex, Bandra East
Mumbai – 400 051
Maharashtra, India
Tel: +91 22 4009 4400
E-mail: capitalsfb.ipo@nuvama.com
Investor grievance e-mail: customerservice.mb@nuvama.com
Website: www.nuvama.com
Contact Person: Manish Tejwani
SEBI Registration No.: INM000013004

DAM Capital Advisors Limited
One BKC, Tower C,
15th Floor, Unit No. 1511,
Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051
Maharashtra, India
Tel: +91 22 4202 2500
E-mail: capitalsfb.ipo@damcapital.in
Investor grievance e-mail: complaint@damcapital.in
Website: www.damcapital.in
Contact Person: Chandresh Sharma/ Akshay Bhandari
SEBI Registration No.: MB/INM000011336

Equirus Capital Private Limited
1201, C Wing, Marathon Futurex,
N.M. Joshi Marg, Lower Parel

Mumbai 400 013,
Maharashtra, India
Tel: 91 22 4332 0734
E-mail: capitalsfb.ipo@equirus.com
Investor grievance e-mail: investorsgrievance@equirus.com
Website: www.equirus.com
Contact Person: Mrunal Jadhav
SEBI Registration No.: INM000011286

Syndicate Members

Sharekhan Limited
The Ruby, 18th Floor,
29 Senapati Bapat Marg, Dadar (West)–
Mumbai - 400028, Maharashtra, India
Telephone: +91 22 6750 2000
Contact Person: Pravin Darji
Website: www.sharekhan.com
Email: pravin@sharekhan.com
Investor grievance e-mail: myaccount@sharekhan.com
SEBI Registration number: INB231073330/INB011073351

Nuvama Wealth Management Limited
(*Formerly known as Edelweiss Securities Limited*)
801 - 804, Wing A, Building No 3,
Inspire BKC, G Block
Bandra Kurla Complex, Bandra East
Mumbai – 400 051
Maharashtra, India
Tel: +91 22 4009 4400
E-mail: capitalsfb.ipo@nuvama.com
Investor grievance e-mail: customerservice.mb@nuvama.com
Website: www.nuvama.com
Contact Person: Manish Tejwani
SEBI Registration No.: INM000013004

Equirus Securities Private Limited
A –2102 B, 21st Floor, A Wing
Marathon Futurex, N.M. Joshi Marg
Lower Parel
Mumbai 400 013, Maharashtra, India
Tel: +91 22 4332 0600
E-mail: equirus_compliance@equirus.com
Investor grievance e-mail: contact@equirus.com
Website: www.equirussecurities.com
Contact Person: Shital Tamrakar
SEBI Registration No: INZ000251536

Legal Counsel to the Issuer

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

Statutory Auditors to our Bank

M/s 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: 014544

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

**Pursuant to the email dated September 13, 2023, the RBI has informed our Bank that our present Statutory Auditors, M/s T R Chadha & Co., LLP, Chartered Accountants are not eligible for reappointment for the annual audit for the year ended March 31, 2024. Further, RBI has, vide email dated September 20, 2023, clarified that the approval from RBI for appointment/ reappointment/ removal of statutory auditors (SAs) is required to be obtained only in case of audit of annual financial statements of our Bank.*

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: +91 810 811 4949
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 and Refund Bank

Axis Bank Limited
Axis House, Wadia International Center,
P.B. Marg, Worli
Mumbai, India
Telephone Number: 022 24253672
Email: vishal.lade@axisbank.com
Website: www.axisbank.com
Contact Person: Vishal Lade
SEBI Registration Number: INBI00000017
CIN: L65110GJ1993PLC020769

Public Offer Account Bank(s)

HDFC Bank Limited
FIG-OPS Department- Lodha
I Think Techno Campus O-3 Level
Next to Kanjurmarg railway station
Kanjurmarg (East) Mumbai – 400 042, India
Telephone Number: +91 22 30752927
Contact Person: Siddharth Jadhav/ Eric Bacha/ Vikas Rahate/ Tushar Gavankar
Website: www.hdfcbank.com
Email: Siddharth.jadhav@hdfcbank.com/ eric.bacha@hdfcbank.com/ vikas.rahate@hdfcbank.com/ tushar.gavankar@hdfcbank.com

Sponsor Bank

HDFC Bank Limited
FIG-OPS Department- Lodha
I Think Techno Campus O-3 Level
Next to Kanjurmarg railway station
Kanjurmarg (East) Mumbai – 400 042, India
Telephone Number: +91 22 30752927
Contact Person: Siddharth Jadhav/ Eric Bacha/ Vikas Rahate/ Tushar Gavankar
Website: www.hdfcbank.com
Email: Siddharth.jadhav@hdfcbank.com/ eric.bacha@hdfcbank.com/ vikas.rahate@hdfcbank.com/ tushar.gavankar@hdfcbank.com

Axis Bank Limited
Axis House, Wadia International Center,
P.B. Marg, Worli
Mumbai, India
Telephone Number: 022 24253672
Email: vishal.lade@axisbank.com
Website: www.axisbank.com
Contact Person: Vishal Lade
SEBI Registration Number: INBI00000017
CIN: L65110GJ1993PLC020769

Bankers to the Bank

HDFC Bank Limited
B-7/3 1st Floor
Asaf Ali Road,
Delhi – 110002, India
Telephone Number: +91 78273 32005
Contact Person: Pankaj Singh Gusain
Website: www.hdfcbank.com
Email: pankaj.gusain@hdfcbank.com
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 UPI Bidders 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, SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, UPI Bidders may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time. A list of SCSBs and mobile applications, which are live for applying in public issues using UPI mechanism is provided as 'Annexure A' for the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019.

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 the BSE and the 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 January 15, 2024 from our Statutory Auditors namely, M/s T R Chadha & Co. LLP, Chartered Accountants, to include their name in this 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 January 15, 2024 issued by it on our Restated Financial Information, and the statement of special tax benefits dated January 15, 2024 included in this Prospectus and such consent has not been withdrawn as on the date of this 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 of 1933**").

Our Bank has received written consent dated January 15, 2024 from M/s VP Bhalla & Associates, independent chartered accountants, holding a valid peer review certificate from ICAI, to include their name in this Prospectus, as required under Section 26(5) of the Companies Act, 2013, read with the SEBI ICDR Regulations, as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the certificates issued by them in their capacity as an independent chartered accountant to our Bank. 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.

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.	Nuvama and Equirus	Nuvama
2.	Drafting and approval of all statutory advertisement	Nuvama and Equirus	Nuvama
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	Nuvama, DAM Capital and Equirus	Equirus
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	Nuvama and Equirus	Nuvama
5.	Preparation of road show presentation and frequently asked questions	Nuvama, DAM Capital and Equirus	DAM Capital
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	Nuvama, DAM Capital and Equirus	Nuvama
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	Nuvama, DAM Capital and Equirus	DAM Capital

S. No.	Activity	Responsibility	Coordinator
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, Prospectus and deciding on the quantum of the Offer material; and • Finalising collection centres	Nuvama, DAM Capital and Equirus	Equirus
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	Nuvama and Equirus	Equirus
10.	Managing the book and finalization of pricing in consultation with the Company	Nuvama and Equirus	Nuvama
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	Nuvama and Equirus	Nuvama

.

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 were decided by our Bank, in consultation with the BRLMs, and advertised in all editions of Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and Jalandhar edition of The Daily Nawan Zamana, 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 were made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price was determined by our Bank, in consultation with the BRLMs after the Bid/ Offer Closing Date.

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

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders were 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. **Further, Anchor Investors could not withdraw their Bids after the Anchor Investor Bid/Offer Period. Allocation to the Anchor Investors was on a discretionary basis.**

For further details on the method and procedure for Bidding, see "*Offer Structure*" and "*Offer Procedure*" on pages 431 and 435, 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 435.

Underwriting Agreement

Our Bank and each of the Selling Shareholders have entered into an Underwriting Agreement with the Underwriters for the Equity Shares issued and offered through the Offer. The extent of underwriting obligations and the Bids to be underwritten by

each Underwriter shall be as per the Underwriting Agreement. 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 Underwriting Agreement is dated February 10, 2024. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name, Address, Telephone Number and Email Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (₹ in million)
Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)* 801 - 804, Wing A, Building No 3, Inspire BKC, G Block Bandra Kurla Complex, Bandra East Mumbai – 400 051 Maharashtra, India Tel: +91 22 4009 4400 E-mail: capitalsfb.ipo@nuvama.com	37,25,571	1,743.57
Equirus Capital Private Limited 1201, C Wing, Marathon Futurex, N.M. Joshi Marg, Lower Parel Mumbai 400 013, Maharashtra, India Tel: 91 22 4332 0734 E-mail: capitalsfb.ipo@equirus.com	37,25,471	1,743.52
DAM Capital Advisors Limited One BKC, Tower C, 15th Floor, Unit No. 1511, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Maharashtra, India Tel: +91 22 4202 2500 E-mail: capitalsfb.ipo@damcapital.in	37,25,471	1,743.52
Equirus Securities Private Limited A –2102 B, 21st Floor, A Wing Marathon Futurex, N.M. Joshi Marg Lower Parel Mumbai 400 013, Maharashtra, India Tel: +91 22 4332 0600 E-mail: equirus_compliance@equirus.com	100	0.05
Sharekhan Limited The Ruby, 18th Floor, 29 Senapati Bapat Marg, Dadar (West)– Mumbai - 400028, Maharashtra, India Telephone: +91 22 6750 2000 Website: www.sharekhan.com Email: pravin@sharekhan.com	100	0.05
Total	**1,11,76,713**	**5,230.70**

**Including 100 Equity Shares of Nuvama Wealth Management Limited as a Syndicate Member.*

The aforementioned underwriting commitments are indicative and will be finalised after the Offer, Price is determined and of Equity Shares in accordance with provisions of Regulation 40(2) of the SEBI ICDR Regulations.

In the opinion of our Board of Directors (based on representations made to our Bank by the Underwriters), the resources of the aforementioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The aforementioned Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act, 1992 or registered as brokers with the Stock Exchanges. Our Board, at its meeting held on February 10, 2024 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 purchasers for or purchase to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

CAPITAL STRUCTURE

The share capital of our Bank, as on the date of this 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	23,400.00
B.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	35,427,136 Equity Shares (having face value of ₹ 10 each)	354,271,360	16,579.90
C.	**PRESENT OFFER IN TERMS OF THIS PROSPECTUS**		
	Offer of 11,176,713^ Equity Shares (having face value of ₹ 10 each) aggregating to ₹ 5,230.70^ million [(2) (3)]	111,767,130	5,230.70
	of which		
	Fresh Issue of 9,615,384^ Equity Shares (having face value of ₹ 10 each) aggregating to ₹ 4,500.00^ million	96,153,840	4,500.00
	Offer for Sale of 1,561,329^ Equity Shares (having face value of ₹ 10 each) by the Selling Shareholders aggregating to ₹ 730.70^ million	15,613,290	730.70
D.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER***		
	45,042,520 Equity Shares (having face value of ₹ 10 each)	450,425,200	21,079.90
E.	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer		₹ 2,790.59 million
	After the Offer		7,194.44million

^ *Subject to finalisation of Basis of Allotment.*

(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 245.*

(2) *The Offer has been authorised by our Board pursuant to the resolution dated August 11, 2023 and the Fresh Issue has been authorized by a special resolution of our Shareholders dated September 25, 2023. Further, our Board approved the Fresh Issue vide resolution dated August 11, 2023. The Red Herring Prospectus has been approved by our Board pursuant to a resolution passed at their meeting dated February 1, 2024. Further, the Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated January 15, 2024.*

(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 the 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 78.*

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:

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Offer Price per Equity Share (₹)</th><th>Nature of consideration</th><th>Nature of allotment</th><th>Cumulative number of Equity Shares</th><th>Cumulative paid-up Equity Share capital (₹)</th></tr>
<tr><td>May 31, 1999</td><td>8,000</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Amrik Singh Pooni</td><td>1,000</td><td>Brig. Swarn Singh Saini</td><td>1,000</td></tr>
<tr><td>Amarjit Singh Samra</td><td>1,000</td><td>Sarvjit Singh Dhillon</td><td>1,000</td></tr>
<tr><td>Sarvjit Singh Samra</td><td>1,000</td><td>Mohinder Singh</td><td>1,000</td></tr>
<tr><td>K.K. Sardana</td><td>1,000</td><td>Amardeep Singh Samra</td><td>1,000</td></tr>
</table></td><td>10</td><td>10</td><td>Cash</td><td>Allotment pursuant to initial subscription to the Memorandum of Association</td><td>8,000</td><td>80,000</td></tr>
<tr><td>January 12, 2000*</td><td>5,992,000</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Amrik Singh Pooni</td><td>20,000</td><td>Kewal Krishan Sharma</td><td>10,000</td></tr>
<tr><td>Amarjit Singh Samra</td><td>639,000</td><td>Kewal Singh Takkhar</td><td>20,000</td></tr>
<tr><td>Sarvjit Singh Samra</td><td>600,000</td><td>Kuljit Singh</td><td>15,000</td></tr>
<tr><td>Kuldeep Krishan Sardana</td><td>100,000</td><td>Madhu Sharma</td><td>5,000</td></tr>
<tr><td>Sarvjit Singh Dhillon</td><td>70,000</td><td>Malkiat Singh</td><td>15,000</td></tr>
<tr><td>Mohinder Singh</td><td>20,000</td><td>Mangal Singh</td><td>5,000</td></tr>
<tr><td>Amardeep Singh Samra</td><td>448,000</td><td>Manjit Kaur</td><td>10,000</td></tr>
<tr><td>Amarpreet Kaur</td><td>15,000</td><td>Mohan Singh Johal</td><td>415,000</td></tr>
<tr><td>Amrik Singh Khera</td><td>20,000</td><td>Mohinder Kaur Samra</td><td>100,000</td></tr>
<tr><td>Amrik Singh</td><td>20,000</td><td>Navneet Kaur</td><td>120,000</td></tr>
<tr><td>B.S. Sangha</td><td>30,000</td><td>Paramjit Singh</td><td>5,000</td></tr>
<tr><td>Balbir Singh</td><td>5,000</td><td>Parminder Kaur</td><td>10,000</td></tr>
<tr><td>Baldev Singh</td><td>50,000</td><td>Piara Singh</td><td>100,000</td></tr>
<tr><td>Balwinder Singh</td><td>60,000</td><td>Piara Singh</td><td>5,000</td></tr>
<tr><td>Brig S.S. Saini</td><td>80,000</td><td>Pranav Sharma</td><td>70,000</td></tr>
<tr><td>Chanan Singh Dhillon</td><td>20,000</td><td>Raj Kumar Kaura</td><td>5,000</td></tr>
<tr><td>Col. Surjit Singh</td><td>50,000</td><td>Rajinder Singh</td><td>5,000</td></tr>
<tr><td>Darshan Mann</td><td>5,000</td><td>Rampal Singh Gill</td><td>5,000</td></tr>
<tr><td>Deepali Gupta</td><td>5,000</td><td>Randeep Dhillon</td><td>50,000</td></tr>
<tr><td>Dinesh Gupta</td><td>5,000</td><td>Roma Sharma</td><td>5,000</td></tr>
<tr><td>Gagan Samra</td><td>75,000</td><td>S.M. Jindal</td><td>5,000</td></tr>
<tr><td>Gurchetan Singh Samra</td><td>5,000</td><td>Satwant Singh</td><td>10,000</td></tr>
<tr><td>Gurinder Singh</td><td>5,000</td><td>Shingara Singh</td><td>10,000</td></tr>
</table></td><td>10</td><td>10</td><td>Cash</td><td>Private Placement</td><td>6,000,000</td><td>60,000,000</td></tr>
</table>

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Offer Price per Equity Share (₹)</th><th>Nature of consideration</th><th>Nature of allotment</th><th>Cumulative number of Equity Shares</th><th>Cumulative paid-up Equity Share capital (₹)</th></tr>
<tr><td></td><td></td><td><table>
<tr><td>Gurjit Kaur</td><td>5,000</td><td>Simar Kaur</td><td>10,000</td></tr>
<tr><td>Gurmail Singh</td><td>10,000</td><td>Sudarshan Sharma</td><td>10,000</td></tr>
<tr><td>Gurpal Singh</td><td>60,000</td><td>Sukhwinder Singh,</td><td>5,000</td></tr>
<tr><td>Gursharan Kaur</td><td>30,000</td><td>Surinder Kaur Samra</td><td>280,000</td></tr>
<tr><td>Harminder Kaur</td><td>5,000</td><td>Surinder Pal Kaur</td><td>5,000</td></tr>
<tr><td>J.D. Sardana</td><td>5,000</td><td>Surjit Kaur</td><td>150,000</td></tr>
<tr><td>Jagat Parkash Gill</td><td>5,000</td><td>Tarlochan Singh Hyare</td><td>500,000</td></tr>
<tr><td>Jaswant Kaur</td><td>40,000</td><td>Ravi Chowdhry</td><td>500,000</td></tr>
<tr><td>Joginder Singh</td><td>20,000</td><td>Santokh Singh Chhokar</td><td>1,000,000</td></tr>
<tr><td>Karam Singh</td><td>5,000</td><td></td><td></td></tr>
</table></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>April 24, 2004</td><td>1,200,000</td><td>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</td><td>10</td><td>NA</td><td>NA</td><td>Bonus issuance of 1 Equity Share for every 5 Equity Shares held on the April 24, 2004</td><td>7,200,000</td><td>72,000,000</td></tr>
<tr><td>May 1, 2004</td><td>213,100</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Satinder Singh</td><td>3,000</td><td>Sukhdev Sharma (jointly with Kuldeep Kumar Sharma, who is a second holder)</td><td>3,000</td></tr>
<tr><td>Manjit Singh Sandhu</td><td>3,000</td><td>Vikram Mahindru (jointly with Neelam Mahindru, who is the second holder)</td><td>3,000</td></tr>
<tr><td>Jaswinder Kaur</td><td>3,000</td><td>Gurmit Singh</td><td>3,000</td></tr>
<tr><td>Lakhwinder Singh</td><td>3,000</td><td>Rajinder Singh</td><td>3,000</td></tr>
<tr><td>Piara Singh</td><td>7,000</td><td>Satish Sharma</td><td>34,000</td></tr>
<tr><td>Gursharan Bassi (jointly with Avtar Singh, who is a second holder)</td><td>3,000</td><td>Ranbir Singh Kooner</td><td>10,000</td></tr>
<tr><td>Jhalman Singh Kooner</td><td>3,000</td><td>Jagjit Kaur</td><td>3,000</td></tr>
<tr><td>Ashok Kumar (jointly with</td><td>3,000</td><td>Piara Singh</td><td>3,000</td></tr>
</table></td><td>10</td><td>15</td><td>Cash</td><td>Private Placement</td><td>7,413,100</td><td>74,131,000</td></tr>
</table>

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Offer Price per Equity Share (₹)</th><th>Nature of consideration</th><th>Nature of allotment</th><th>Cumulative number of Equity Shares</th><th>Cumulative paid-up Equity Share capital (₹)</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td>Ashwani Kumar, who is the second holder)</td><td></td><td></td><td></td></tr>
<tr><td>Sunil Mahajan</td><td>3,000</td><td>Manjinder Kaur</td><td>3,000</td></tr>
<tr><td>Narinder Pal Khosla</td><td>3,000</td><td>Rakesh Mehta (jointly with Ruchi Mehta, who is a second holder)</td><td>3,000</td></tr>
<tr><td>Ruchi Mehta (jointly with Rakesh Mehta, who is a second holder)</td><td>3,000</td><td>Balraj Garg (jointly with Archana Garg, who is a second holder)</td><td>3,000</td></tr>
<tr><td>Raj Kumar Jagota</td><td>7,000</td><td>Kulvir Chand</td><td>3,000</td></tr>
<tr><td>Bhagat Singh</td><td>7,000</td><td>Rama Rani Kohli</td><td>3,000</td></tr>
<tr><td>Anoop Gupta (jointly with Davinder Kumar, who is a second holder)</td><td>3,000</td><td>Raj Kumar Sohal</td><td>3,100</td></tr>
<tr><td>Bal Krishan (jointly with Dimple, who is a second holder)</td><td>3,000</td><td>Darshan Singh Paul</td><td>30,000</td></tr>
<tr><td>Varinder Kohli</td><td>3,000</td><td>Gopal Mahajan</td><td>3,000</td></tr>
<tr><td>Asha Rani, (jointly with Hemant Sharma, who is a second holder)</td><td>3,000</td><td>Rajinder Kumar</td><td>3,000</td></tr>
<tr><td>Keshav Dhir (jointly with Vinay Dhir, who is a second holder)</td><td>3,000</td><td>Rajiv Mahajan</td><td>3,000</td></tr>
<tr><td>Kanta Rani</td><td>3,000</td><td>Raj Kumar</td><td>3,000</td></tr>
<tr><td>Sarita Mahajan</td><td>3,000</td><td>Vinay Dhir (jointly with Ajay Kumar Dhir, who is the second holder)</td><td>3,000</td></tr>
<tr><td>Rakesh Chander Goel</td><td>4,000</td><td>Chanchel Rani (jointly with Suresh Kumar, who is a second holder)</td><td>3,000</td></tr>
<tr><td>Bhupinder Singh</td><td>3,000</td><td>Gurmit Kaur</td><td>3,000</td></tr>
<tr><td>Amandeep Singh</td><td>3,000</td><td></td><td></td></tr>
</table>
</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>May 7, 2004</td><td>190,000</td><td>
<table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Buta Singh</td><td>3,000</td><td>Gurmeet Singh</td><td>3,000</td></tr>
</table>
</td><td>10</td><td>15</td><td>Cash</td><td>Private Placement</td><td>7,603,100</td><td>76,031,000</td></tr>
</table>

Date of allotment	Number of Equity Shares allotted	Details of Allottees				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 (₹)
		Vijay Kumar Sood	10,000	Kanchan Jaswal	3,000						
		Anil Mahajan (jointly with Anju Mahajan, who is the second holder)	3,000	Surinder Singh (jointly with Jawinder Kaur, who is the second holder)	3,000						
		Kamal Kant Puri (jointly with Ritu Puri, who is the second holder)	3,000	Anju Mahajan (jointly with Anil Mahajan, who is the second holder)	3,000						
		Madanjit Kaur (jointly with Gurmukh Singh, who is the second holder)	3,000	Gurmukh Singh (jointly with Madanjit Kaur, who is the second holder)	3,000						
		Kapil Takkiar (jointly with Ramesh Kumari, who is the second holder)	3,000	Balraj Kaur	5,000						
		Gurdev Singh (jointly with Kulwinder Kaur, who is a second holder)	3,000	Lakhwinder Singh	5,000						
		Krishan Khattar (jointly with Upesh Khattar, who is a second holder)	7,000	Sukhdeva	3,000						
		Anu Kapania	3,000	Parmod Bhardwaj	3,000						
		Gurdev Singh	7,000	Bhupinder Sekri	5,000						
		Narinder Singh (jointly with Sukhjinder Singh, who is the second holder)	3,000	Major Singh	3,000						
		Ravinder Kumar Sood (jointly with Malti Sood, who is the second holder)	3,000	Jaswinder Kaur Dhanota	7,000						
		Inder Pal Singh Dhanota	7,000	Charanjit Singh Dhanota	3,000						
		Geeta Dhawan (jointly with Vijay Dhawan, who is the second holder)	3,000	Vijay Dhawan (jointly with Geeta Dhawan, who is the second holder)	3,000						
		Jit Singh Saini (jointly with Harbans Kaur, who is the second holder)	3,000	Arjan Singh	3,000						
		Taranjit Singh Walia (jointly with Rupinder Walia, who is the second	10,000	Gurbachan Singh Walia (jointly with Balbir Walia, who is the	10,000						

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Offer Price per Equity Share (₹)</th><th>Nature of consideration</th><th>Nature of allotment</th><th>Cumulative number of Equity Shares</th><th>Cumulative paid-up Equity Share capital (₹)</th></tr>
<tr><td></td><td></td><td><table>
<tr><td>holder)</td><td></td><td>second holder)</td><td></td></tr>
<tr><td>Sohan Lal Nahar</td><td>3,000</td><td>Balbir Lal Saini</td><td>3,000</td></tr>
<tr><td>Balwinder Kaur(jointly with Balbir Lal Saini, who is the second holder)</td><td>3,000</td><td>Mohinder Singh</td><td>10,000</td></tr>
<tr><td>Onkar Singh (jointly with Inderjit Singh, who is the second holder)</td><td>3,000</td><td>Hardev Singh Aujla</td><td>5,000</td></tr>
<tr><td>Avtar Singh (jointly with Sushil Kaur, who is the second holder)</td><td>3,000</td><td>Sushil Kaur (jointly with Avtar Singh, who is the second holder)</td><td>3,000</td></tr>
<tr><td>Joginder Singh</td><td>3,000</td><td>Kewal Krishan (jointly with Rakesh Rani, who is the second holder)</td><td>3,000</td></tr>
<tr><td>Rameshwar Duggal</td><td>3,000</td><td>Ravinder Dhaliwal (jointly with Harsharn Kaur Dhaliwal, who is the second holder)</td><td>3,000</td></tr>
<tr><td>Harsharn Kaur Dhaliwal (jointly with Ravinder Dhaliwal, who is the second holder)</td><td>3,000</td><td>Rachhpal Singh Bharaj</td><td>3,000</td></tr>
</table></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>May 18, 2004</td><td>298,900</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Harpal Singh Kalsi</td><td>7,000</td><td>Subhash Chander</td><td>3,000</td></tr>
<tr><td>Joginder Singh Nijjar</td><td>7,000</td><td>Pooja Rani</td><td>3,000</td></tr>
<tr><td>Jatinder Singh</td><td>3,000</td><td>Gurpreet Kaur</td><td>3,000</td></tr>
<tr><td>Amardeep Samra</td><td>3,000</td><td>Jatinder Singh Samra (jointly with Gurpreet Kaur, who is the second holder)</td><td>3,000</td></tr>
<tr><td>Harinder Singh</td><td>3,000</td><td>Harinder Kaur</td><td>3,000</td></tr>
<tr><td>Sonia Samra</td><td>3,000</td><td>Harinder Singh Samra (jointly with Harinder Kaur, who is the second holder),</td><td>3,000</td></tr>
<tr><td>Gurbax Kaur</td><td>3,000</td><td>Hardish Singh (jointly with Gurbax Kaur,</td><td>3,000</td></tr>
</table></td><td>10</td><td>15</td><td>Cash</td><td>Private Placement</td><td>7,902,000</td><td>79,020,000</td></tr>
</table>

Date of allotment	Number of Equity Shares allotted	Details of Allottees				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 (₹)
				who is the second holder							
		Ravinder Singh	3,000	Hardish Singh Samra	3,000						
		Naresh Jain	3,000	Karamjit Singh Sarohia	14,000						
		Tarlok Chand Passi (jointly with Ranjana Passi, who is the second holder)	3,000	Sewa Singh (jointly with Balbir Kaur, who is the second holder)	7,000						
		Amarjit Singh (jointly with Baldev Singh, who is the second holder)	100,000	Ram Murti Sood	10,000						
		Agyapal Singh (jointly with Harpreet Kaur who is the second holder)	3,000	Vipan Sharma	3,000						
		Jasbir Singh (jointly with Jatinder Kaur, who is the second holder)	3,000	Jatinder Kaur (jointly with Jasbir Singh, who is the second holder)	3,000						
		Deepti Kaushal (jointly with Dinesh Kaushal, who is the second holder)	3,000	Jasbir Singh Toor	3,000						
		Puneet Lally	10,000	Kulwinder Kumar Bhanot (jointly with Snehalata Bhanot, who is the second holder)	20,000						
		Ravinder Kumar Sood (jointly with Ram Sarup Sood, who is the second holder)	3,000	Baghel Singh	3,000						
		Charan Kaur (jointly with Manjit Kaur, who is the second holder)	3,300	Mohinder Singh	3,000						
		Dharamvir Sood (jointly with Parveen Sood, who is the second holder)	3,000	Inderjit Kaur (jointly with Budh Singh, who is the second holder)	3,000						
		Geeta Rani (jointly with Vijay Paul Singh, who is the second holder)	3,000	Dilbag Singh	3,300						
		Ranjit Singh	3,300	Charanjit Singh	3,000						
		Dharminder Singh (jointly with Sukhdeep	3,000	Anika Taheam (jointly with Anil Taheam,	3,000						

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Offer Price per Equity Share (₹)</th><th>Nature of consideration</th><th>Nature of allotment</th><th>Cumulative number of Equity Shares</th><th>Cumulative paid-up Equity Share capital (₹)</th></tr>
<tr><td></td><td></td><td><table>
<tr><td>Kaur, who is the second holder)</td><td></td><td>who is the second holder)</td><td></td></tr>
<tr><td>Deepak Arora (jointly with Harbhagwan, who is the second holder)</td><td>3,000</td><td>Gurmej Singh</td><td>3,000</td></tr>
<tr><td>Major Singh Dhillon (jointly with Kashmir Kaur, who is the second holder)</td><td>3,000</td><td>Kashmir Kaur (jointly with Major Singh Dhillon, who is the second holder)</td><td>3,000</td></tr>
<tr><td>Avinash Kalia</td><td>3,000</td><td>Sukhdev Raj</td><td>3,000</td></tr>
<tr><td>Mohinder Singh (jointly with Rajwinder Kaur, who is the second holder)</td><td>3,000</td><td></td><td></td></tr>
</table></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>May 25, 2004</td><td>164,900</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Gurdev Singh Mann (jointly with Manjeet Kaur Mann, who is a second holder),</td><td>3,000</td><td>Jaswinder Singh Nagpal (jointly with Sonia Nagpal, who is the second holder)</td><td>3,000</td></tr>
<tr><td>Jasbir Singh</td><td>10,000</td><td>Sonia Nagpal (jointly with Jaswinder Singh Nagpal, who is the second holder)</td><td>3,000</td></tr>
<tr><td>Gurdev Singh</td><td>3,000</td><td>Santosh Gupta</td><td>3,300</td></tr>
<tr><td>Narendar Kumar Gupta</td><td>3,300</td><td>Manohar Lal Kanda (jointly with Arun Kanda, who is the second holder)</td><td>3,000</td></tr>
<tr><td>Gurdip Singh Rai</td><td>6,000</td><td>Jaswant Kaur</td><td>6,000</td></tr>
<tr><td>Anoop Kumar (jointly with Jasveera Anoop Minhas, who is a second holder)</td><td>3,000</td><td>Satish Aggarwal</td><td>5,000</td></tr>
<tr><td>Sudhir Aggarwal</td><td>5,000</td><td>Arvinder Makkar (jointly with Simi Makkar, who is a second holder)</td><td>3,000</td></tr>
<tr><td>Harmeet Pal Singh HUF</td><td>3,000</td><td>Vikas Kumar</td><td>3,000</td></tr>
<tr><td>Rajiv Aggarwal</td><td>3,000</td><td>Sumit Vij</td><td>3,000</td></tr>
<tr><td>Jasbir Singh</td><td>3,000</td><td>Vijayender Mahant</td><td>3,000</td></tr>
</table></td><td>10</td><td>15</td><td>Cash</td><td>Private Placement</td><td>8,066,900</td><td>80,669,000</td></tr>
</table>

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Offer Price per Equity Share (₹)</th><th>Nature of consideration</th><th>Nature of allotment</th><th>Cumulative number of Equity Shares</th><th>Cumulative paid-up Equity Share capital (₹)</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td>Navita Jain (jointly with Adish Jain, who is the second holder)</td><td>3,000</td><td>Adish Jain (jointly with Navita Jain, who is the second holder)</td><td>3,000</td></tr>
<tr><td>Dimple Kapur</td><td>3,000</td><td>Ashok Kapur</td><td>3,000</td></tr>
<tr><td>Gurmesh Chadda (jointly with Garish Chadda, who is the second holder)</td><td>3,000</td><td>Gurcharan Singh</td><td>3,000</td></tr>
<tr><td>Balwinder Kaur (jointly with Ranjit Singh, who is a second holder)</td><td>3,000</td><td>Ranjit Singh (jointly with Balwinder Kaur, who is the second holder)</td><td>3,000</td></tr>
<tr><td>Tarsem Lal Gogna</td><td>3,000</td><td>Jhalman Singh Kooner (jointly with Balbir Kaur Kooner, who is the second holder)</td><td>3,000</td></tr>
<tr><td>Surinder Juneja (jointly with Sandeep Juneja, who is a second holder)</td><td>3,000</td><td>Sudarshan Singh Tuli</td><td>3,000</td></tr>
<tr><td>Maninderjit Singh</td><td>3,000</td><td>Harnam Singh Kalra (jointly with Jasbir Kaur Kalra, who is a second holder)</td><td>3,000</td></tr>
<tr><td>Seema Gogna</td><td>3,000</td><td>Paramjit Kaur</td><td>3,000</td></tr>
<tr><td>Dyal Singh</td><td>4,000</td><td>Jagdeep Singh Ubhi</td><td>6,000</td></tr>
<tr><td>Charan Singh</td><td>3,000</td><td>Rajinder Kaur</td><td>3,000</td></tr>
<tr><td>Harjinder Singh (jointly with Sukhjeet Kaur, who is a second holder)</td><td>3,000</td><td>Jaswinder Singh (jointly with Gurpal Singh, who is a second holder)</td><td>3,000</td></tr>
<tr><td>Iqbal Singh (jointly with Manjit Kaur, who is a second holder)</td><td>3,000</td><td>Akhtar Hussain</td><td>3,000</td></tr>
<tr><td>Baldev Raj Rallan</td><td>3,300</td><td>Gurdev Singh</td><td>3,000</td></tr>
<tr><td>Sandeep Raj Rallan</td><td>5,000</td><td></td><td></td></tr>
</table>
</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>May 29, 2004</td><td>164,400</td><td>
<table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Surinder Rallan</td><td>5,000</td><td>Arvinder Singh Roopra</td><td>3,000</td></tr>
<tr><td>Kulwinder Kaur</td><td>3,000</td><td>Balvir Kaur</td><td>3,000</td></tr>
</table>
</td><td>10</td><td>15</td><td>Cash</td><td>Private Placement</td><td>8,231,300</td><td>82,313,000</td></tr>
</table>

Date of allotment	Number of Equity Shares allotted	Details of Allottees				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 (₹)
				(jointly with Satpal Singh, who is the second holder)							
		Ranjit Singh	3,000	Major Singh	3,000						
		Major Singh	3,000	Himat Singh	3,000						
		Amar Singh	3,000	Satwinder Singh	3,000						
		Kulwant Kaur	3,000	Ram Lubhaya	3,000						
		Ranjit Singh (jointly with Satnam Kaur, who is the second holder)	3,000	Tarlok Nath (jointly with Rup Rani, who is the second holder)	3,000						
		J.S. Atwal	3,000	Harwinder Singh	3,000						
		Avtar Sond (jointly with Surinder Sond, who is the second holder)	3,000	Manmohan Singh (jointly with Sukhbir Singh, who is the second holder)	3,000						
		Sarwan Singh (jointly with Rajwinder Singh, who is the second holder)	5,000	Ajit Singh Sandhu (jointly with Rajinder Kaur, who is the second holder)	3,300						
		Manjinder Singh	3,000	Sukhbir Kaur (jointly with Manpreet Kaur, who is the second holder)	3,300						
		Surinder Singh	3,000	Amar Singh (jointly with Santokh Kaur, who is the second holder)	3,000						
		Amarjeet Kaur	3,000	Sukhwinder Singh	3,000						
		Kuldeep Kaur	3,000	Nirmal Singh	3,300						
		Kuldeep Kapila (jointly with Sudheer Kapila, who is the second holder)	3,000	Om Parkash (jointly with Parveen Rani, who is the second holder)	3,000						
		Dr. Anurag Arora	3,000	Vijay Kumar Vij (jointly with Shikha Vij, who is the second holder)	3,000						
		Gautam Aggarwal (jointly with Manisha Aggarwal, who is the second holder)	3,000	Ashwani Kapoor	3,000						
		Krishana Kumari Aery (jointly with Harish Chander Aery, who is the second holder)	3,000	Renuka Ohri (jointly with Parmal Kumar Ohri, who is the second holder)	15,000						
		Parmal Kumar	15,000	Anita Jain	3,000						

Date of allotment	Number of Equity Shares allotted	Details of Allottees				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 (₹)
		Ohri (jointly with Renuka Ohri who is the second holder)		(jointly with Harjiwan Kumar Jain, who is the second holder)							
		Deepankar Aggarwal	3,000	Naranjan Dass	3,000						
		Harjeet Singh	5,000	Vijay Dhammi	3,000						
		Satwinder Kaur (jointly with Kuldeep Singh, who is the second holder)	7,500								
June 2, 2004	127,200	**Name of Allotee/Shareholder**	**Number of Equity Shares**	**Name of Allotee/Shareholder**	**Number of Equity Shares**	10	13	Cash	Private Placement	8,358,500	83,585,000
		Kamal Tandon (jointy with Baldev Kumar Tandon, who is the second holder)	3,500	Jatinder Kanojia (jointly with Pran Nath Kanojia, who is the second holder)	3,000						
		Shelly Anand (jointly with Gulshan Anand, who is the second holder)	2,000	Manmohan Singh (jointly with Charanjit Singh, who is the second holder)	3,000						
		Rakesh Kumar Sharma	5,000	Dharminder Singh Takhar	1,000						
		Navjot Kaur	1,000	Shelly Rani Sahay	1,000						
		Pawan Kumar Arora	3,000	Amrik Singh Sunner	10,000						
		Amit Nagar	1,000	Kulwant Singh (jointly with Rajwinder Kaur, who is the second holder)	3,800						
		Ravinder Kumar Sethi	3,000	Jatinder Arora (jointly with Anju Arora, who is the second holder)	1,000						
		Sumanpreet Kaur	5,000	Ranit Jain	2,000						
		Vinayak Punj (jointly with Kiran Punj, who is the second holder)	1,000	Deepak Kumar	1,000						
		Ganesh Datt Sharma	2,000	Baljinder Singh Samra (jointly with Surinder Kaur Samra, who is the second holder)	10,000						
		Ritesh Soni (jointly with	3,600	Ritesh Soni (jointly with	3,200						

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Offer Price per Equity Share (₹)</th><th>Nature of consideration</th><th>Nature of allotment</th><th>Cumulative number of Equity Shares</th><th>Cumulative paid-up Equity Share capital (₹)</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td>Narinder Soni, who is the second holder)</td><td></td><td>Neeru Soni, who is the second holder)</td><td></td></tr>
<tr><td>Parveen Maggu (jointly with Asha Rani Maggu, who is the second holder)</td><td>5,000</td><td>Ritesh Soni (jointly with Gaurav Soni, who is the second holder)</td><td>3,200</td></tr>
<tr><td>Jasdeep Singh</td><td>3,000</td><td>Shelly Jain (jointly with Ranit Jain, who is the second holder)</td><td>2,000</td></tr>
<tr><td>Ashok Goyal</td><td>1,000</td><td>T.S. Sachdeva (jointly with Satinder Sachdeva, who is the second holder)</td><td>3,000</td></tr>
<tr><td>Avtar Singh Midha (jointly with Jasvinder Kaur, who is the second holder)</td><td>3,000</td><td>Gagan Arora</td><td>3,000</td></tr>
<tr><td>Sucha Ram</td><td>3,800</td><td>Kulwant Kaur</td><td>2,000</td></tr>
<tr><td>Mahesh Kumar</td><td>1,800</td><td>Mohinder Pal</td><td>1,000</td></tr>
<tr><td>Gurpreet Singh</td><td>1,000</td><td>Ashok Kumar</td><td>1,000</td></tr>
<tr><td>Santosh Kumar Dhawan</td><td>3,000</td><td>Kulwant Singh</td><td>3,800</td></tr>
<tr><td>Vishal Bharti (jointly with Vandana Bharti, who is the second holder)</td><td>2,000</td><td>Madhukar Airee (jointly with Sangeeta Airee, who is the second holder)</td><td>1,500</td></tr>
<tr><td>Vinod Sharma</td><td>1,500</td><td>Ravi Ghai</td><td>1,000</td></tr>
<tr><td>Harkamal Singh</td><td>2,500</td><td>Harmeet Singh Bhogal</td><td>1,000</td></tr>
<tr><td>Meenu Narula</td><td>5,000</td><td>Rajiv Sood</td><td>3,000</td></tr>
</table>
</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td rowspan="2">June 16, 2004</td><td>230,000</td><td rowspan="2">
<table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Kulbir Singh Johal</td><td>129,200</td><td>Kulbir Singh Johal (jointly with Swaran Kaur, who is the second holder)</td><td>133,300</td></tr>
<tr><td>Jaswinder Singh Judje</td><td>25,000</td><td>Jagir Singh Bassi (jointly with Surinder Kaur Bassi, who is the second holder)</td><td>15,000</td></tr>
<tr><td>Gurdev Singh Samra (jointly with Balbir Kaur Samra, who is</td><td>80,000</td><td>Raspal Singh Virk (jointly with Surinder Kaur Virk, who</td><td>340,000</td></tr>
</table>
</td><td rowspan="2">10</td><td>13</td><td rowspan="2">Cash</td><td rowspan="2">Private Placement</td><td>8,588,500</td><td>85,885,000</td></tr>
<tr><td>1,540,500</td><td>15</td><td>10,129,000</td><td>101,290,000</td></tr>
</table>

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Offer Price per Equity Share (₹)</th><th>Nature of consideration</th><th>Nature of allotment</th><th>Cumulative number of Equity Shares</th><th>Cumulative paid-up Equity Share capital (₹)</th></tr>
<tr><td></td><td></td><td><table>
<tr><td>the second holder)</td><td></td><td>is the second holder)</td><td></td></tr>
<tr><td>Balbir Singh (jointly with Joginder Kaur, who is the second holder)</td><td>230,000</td><td>Sarjit Sahota</td><td>7,000</td></tr>
<tr><td>Raghbir Singh Basi</td><td>100,000</td><td>Rakesh Sharma (jointly with Parveen Lata Sharma, who is the second holder),</td><td>54,000</td></tr>
<tr><td>Jagjit Kumari (jointly with Bhopinder Singh Sangha, who is the second holder and Master Arjun Singh Sangha, who is the third holder)</td><td>167,000</td><td>Dilbag Singh</td><td>20,000</td></tr>
<tr><td>Karnail Singh (jointly with Ramesh Kumar, who is the second holder and Harbinder Singh, who is the third holder)</td><td>200,000</td><td>Avtar Singh</td><td>50,000</td></tr>
<tr><td>Keshav Dada</td><td>6,900</td><td>Keshav Dada</td><td>13,100</td></tr>
<tr><td>Kuldeep Singh Grewal</td><td>100,000</td><td>Paramjit Kaur Grewal</td><td>100,000</td></tr>
</table></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>June 22, 2004</td><td>322,275</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Rajinder Singh</td><td>6,000</td><td>Piara Singh</td><td>6,000</td></tr>
<tr><td>Manjit Kaur (jointly with Jaswinder Singh, who is the second holder and Harvinder Singh, who is the third holder)</td><td>12,000</td><td>Gagandeep Singh</td><td>7,000</td></tr>
<tr><td>Sanjeev Kumar</td><td>6,000</td><td>Parvinder Kaur</td><td>10,000</td></tr>
<tr><td>Gurchetan Singh (jointly with Balbir Kaur, who is the second holder)</td><td>2,000</td><td>Sarvjit Singh Dhillon</td><td>40,000</td></tr>
<tr><td>Shingara Singh (jointly with Parvinder Kaur, who is the second holder and Amandeep</td><td>10,000</td><td>Donny Gill (jointly with Harbans Kaur Gill, who is the second holder)</td><td>1,000</td></tr>
</table></td><td>10</td><td>13</td><td>Cash</td><td>Private Placement</td><td>10,451,275</td><td>104,512,750</td></tr>
</table>

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Offer Price per Equity Share (₹)</th><th>Nature of consideration</th><th>Nature of allotment</th><th>Cumulative number of Equity Shares</th><th>Cumulative paid-up Equity Share capital (₹)</th></tr>
<tr><td></td><td></td><td><table>
<tr><td>Singh, who is the third holder)</td><td></td><td></td><td></td></tr>
<tr><td>Paramjit Singh</td><td>10,000</td><td>Amrik Singh</td><td>6,000</td></tr>
<tr><td>Malkit Singh</td><td>6,000</td><td>Nirmal Singh</td><td>6,000</td></tr>
<tr><td>Gurmej Singh</td><td>1,000</td><td>Parvinder Singh Dhandwar</td><td>7,000</td></tr>
<tr><td>Joginder Singh Samra (jointly with Beant Kaur, who is the second holder)</td><td>10,000</td><td>Gurinder Singh Sandhu</td><td>6,000</td></tr>
<tr><td>Kewal Singh Takhar</td><td>10,000</td><td>Gurpal Singh</td><td>22,000</td></tr>
<tr><td>Kuldeep Singh (jointly with Satwinder Kaur, who is the second holder)</td><td>10,000</td><td>Ram Lal</td><td>10,000</td></tr>
<tr><td>Gurpreet Singh</td><td>7,500</td><td>Gurpreet Singh (jointly with Harpreet Singh, who is the second holder)</td><td>2,500</td></tr>
<tr><td>Harwinder Kumar</td><td>1,000</td><td>Bakhsho Mehmi</td><td>1,000</td></tr>
<tr><td>Ishvinder Pal Singh</td><td>2,000</td><td>Amrik Singh Khera</td><td>11,500</td></tr>
<tr><td>Munish Jain</td><td>2,000</td><td>Amrik Singh Pooni</td><td>20,000</td></tr>
<tr><td>Sarvjit Singh Dhillon</td><td>38,775</td><td>Kuljit Singh</td><td>20,000</td></tr>
<tr><td>Amarpreet Kaur</td><td>12,000</td><td></td><td></td></tr>
</table></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>June 27, 2004</td><td>840,100</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Gurdev Singh Thind</td><td>188,900</td><td>Binderjit Singh Thind</td><td>188,900</td></tr>
<tr><td>Nirmal Singh Thind</td><td>188,900</td><td>Kamla Devi</td><td>4,000</td></tr>
<tr><td>Mohan Lal</td><td>10,000</td><td>Avtar Singh</td><td>4,000</td></tr>
<tr><td>Surinder Pal (jointly with Sarabjit Kaur, who is the second holder)</td><td>6,000</td><td>Jaswinder Kaur (jointly with Jagir Singh, who is the second holder)</td><td>4,000</td></tr>
<tr><td>Dharam Singh Bal</td><td>7,400</td><td>Harbans Singh (jointly with Balbir Singh, who is the second holder)</td><td>5,000</td></tr>
<tr><td>Harbhajan Singh</td><td>5,500</td><td>Pardeep Lally</td><td>10,000</td></tr>
<tr><td>Charanjit Kaur</td><td>13,500</td><td>Gej Lal</td><td>6,700</td></tr>
<tr><td>Jaswant Singh (jointly with Ranjit Singh, who is the second holder)</td><td>4,000</td><td>Ram Paul Sahdev (jointly with Jatinder Kumar Sehdev, who is the</td><td>5,000</td></tr>
</table></td><td>10</td><td>15</td><td>Cash</td><td>Private Placement</td><td>11,291,375</td><td>112,913,750</td></tr>
</table>

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Offer Price per Equity Share (₹)</th><th>Nature of consideration</th><th>Nature of allotment</th><th>Cumulative number of Equity Shares</th><th>Cumulative paid-up Equity Share capital (₹)</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td></td><td></td><td>second holder)</td><td></td></tr>
<tr><td>Pargat Singh</td><td>5,000</td><td>Tarsem Singh (jointly with Harbans Kaur, who is the second holder)</td><td>5,000</td></tr>
<tr><td>Sohan Singh</td><td>10,000</td><td>Kuldeep Singh (jointly with Kamaljit Kaur, who is the second holder)</td><td>5,000</td></tr>
<tr><td>Harjinder Singh (jointly with Piara Singh, who is the second holder)</td><td>5,000</td><td>Darshan Singh (jointly with Manjit Kaur, who is the second holder)</td><td>7,000</td></tr>
<tr><td>Harjinder Singh (jointly with Sital Kaur, who is the second holder)</td><td>10,000</td><td>Gurnam Singh (jointly with Piara Singh, who is the second holder)</td><td>5,000</td></tr>
<tr><td>Bakshish Singh (jointly with, Sukhwinder Kaur, who is the second holder)</td><td>3,000</td><td>Bakshish Singh</td><td>5,000</td></tr>
<tr><td>Gurdial Singh</td><td>10,000</td><td>Ajmer Singh (jointly with Balwinder Kaur, who is the second holder),</td><td>7,000</td></tr>
<tr><td>Santokh Singh</td><td>6,000</td><td>Puran Singh</td><td>13,000</td></tr>
<tr><td>Satnam Singh</td><td>4,300</td><td>Paramjit Singh Dhaliwal (jointly with Maninder Kaur Dhaliwal, who is the second holder)</td><td>7,000</td></tr>
<tr><td>Bahadur Singh Dhaliwal (jointly with Sarabjit Kaur, who is the second holder)</td><td>7,000</td><td>Jasvir Singh</td><td>14,000</td></tr>
<tr><td>Jaswinder Singh (jointly with Baljeet Kaur, who is the second holder)</td><td>6,000</td><td>Resham Singh</td><td>33,300</td></tr>
<tr><td>Tarlochan Singh</td><td>7,000</td><td>Tajinderjit Singh Samra</td><td>7,000</td></tr>
<tr><td>Nirmal Singh</td><td>6,700</td><td></td><td></td></tr>
</table>
</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>June 29, 2004</td><td>83,000</td><td>
<table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Poonam Gupta</td><td>3,000</td><td>Chander Kanta</td><td>3,000</td></tr>
<tr><td>Dharam Pal</td><td>3,000</td><td>Satish Sharma</td><td>10,000</td></tr>
</table>
</td><td>10</td><td>15</td><td>Cash</td><td>Private Placement</td><td>11,374,375</td><td>113,743,750</td></tr>
</table>

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Offer Price per Equity Share (₹)</th><th>Nature of consideration</th><th>Nature of allotment</th><th>Cumulative number of Equity Shares</th><th>Cumulative paid-up Equity Share capital (₹)</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><td>Grover</td><td></td><td>(jointly with Shashi Sharma, who is the second holder)</td><td></td></tr>
<tr><td>Anu Grover</td><td>3,000</td><td>Poonam Miglani (jointly with Vineet Miglani, who is the second holder)</td><td>3,000</td></tr>
<tr><td>Sarabjit Kumar</td><td>3,000</td><td>Promila Saini (jointly with Capt. Balbir Singh, who is the second holder)</td><td>3,000</td></tr>
<tr><td>Ravinder Sandhu (jointly with Bhupinder Singh Sandhu, who is the second holder)</td><td>3,000</td><td>Harbhajan Singh</td><td>3,000</td></tr>
<tr><td>Bhupinder Sandhu (jointly with Gurpreet Kaur Sandhu, who is the second holder)</td><td>3,000</td><td>Darshan Kumar Soni</td><td>20,000</td></tr>
<tr><td>Sudershan Kumar (jointly with Paramjit, who is the second holder)</td><td>3,000</td><td>Parkash Singh (jointly with Joginder Kaur, who is the second holder)</td><td>4,000</td></tr>
<tr><td>Dr. Sohan Lal Goel</td><td>3,000</td><td>Parkash Singh</td><td>4,000</td></tr>
<tr><td>Harsh Bunger</td><td>3,000</td><td>Kulwinder Singh</td><td>3,000</td></tr>
<tr><td>Jagdish Lal</td><td>3,000</td><td></td><td></td></tr>
</table>
</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>September 4, 2004</td><td>32,000</td><td rowspan="2">
<table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Gurchetan Singh (jointly with Balbir Kaur, who is the second holder),</td><td>4,000</td><td>Lajpat Prashar (jointly with Raman Prashar, who is the second holder)</td><td>100,000</td></tr>
<tr><td>Mohinder Singh</td><td>3,000</td><td>Varinder Shoor</td><td>5,000</td></tr>
<tr><td>Prem Kumar Sharma</td><td>10,000</td><td>Varinder Sharma</td><td>10,000</td></tr>
<tr><td>Jiwan Lata</td><td>3,000</td><td>Jai Pal</td><td>3,000</td></tr>
<tr><td>Vidhi Aggarwal</td><td>3,000</td><td>Deepali Gupta (jointly with Dinesh Gupta, who is the second holder)</td><td>3,000</td></tr>
<tr><td>Rajwinder Kaur</td><td>16,700</td><td></td><td></td></tr>
</table>
</td><td>10</td><td>13</td><td>Cash</td><td>Private Placement</td><td>11,406,375</td><td>114,063,750</td></tr>
<tr><td>128,700</td><td>15</td><td></td><td></td><td>11,535,075</td><td>115,350,750</td></tr>
<tr><td>January 31, 2005</td><td>200,000</td><td>
<table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
</table>
</td><td>10</td><td>15</td><td>Cash</td><td>Private Placement</td><td>11,735,075</td><td>117,350,750</td></tr>
</table>

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Offer Price per Equity Share (₹)</th><th>Nature of consideration</th><th>Nature of allotment</th><th>Cumulative number of Equity Shares</th><th>Cumulative paid-up Equity Share capital (₹)</th></tr>
<tr><td></td><td></td><td><table><tr><td>Gurinder Singh Mann (jointly with Jaswant Kaur Mann, who is the second holder)</td><td>200,000</td></tr></table></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>February 26, 2005</td><td>35,500</td><td><table><tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr><tr><td>Narinder Aggarwal</td><td>4,000</td><td>Madan Gopal Sharma (jointly with Sandeep Sharma, who is the second holder)</td><td>7,500</td></tr><tr><td>Kuldeep Krishan Sardana (jointly with Suman Sardana, who is the second holder)</td><td>20,000</td><td>Ashwani Aggarwal</td><td>4,000</td></tr></table></td><td>10</td><td>15</td><td>Cash</td><td>Private Placement</td><td>11,770,575</td><td>117,705,750</td></tr>
<tr><td>March 28, 2005</td><td>1,000</td><td>1,000 Equity Shares were allotted to Varinder Shoor</td><td>10</td><td>13</td><td>Cash</td><td>Private Placement</td><td>11,771,575</td><td>117,715,750</td></tr>
<tr><td>September 29, 2006</td><td>3,923,853</td><td>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</td><td>10</td><td>20</td><td>Cash</td><td>Rights issue</td><td>15,695,428</td><td>156,954,280</td></tr>
<tr><td>October 9, 2014</td><td>1,569,543</td><td>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</td><td>10</td><td>NA</td><td>NA</td><td>Bonus issuance of 1 Equity Share for every 10 Equity Shares held by shareholders on the record date, i.e., October 7, 2014</td><td>17,264,971</td><td>172,649,710</td></tr>
<tr><td>December 30, 2015</td><td>5,754,922</td><td>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</td><td>10</td><td>30</td><td>Cash</td><td>Rights issue</td><td>23,019,893</td><td>230,198,930</td></tr>
<tr><td>March 31, 2017</td><td>3,967,200</td><td><table><tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr><tr><td>PI Ventures LLP</td><td>1,322,400</td><td>HDFC Life Insurance Company Limited</td><td>1,322,400</td></tr><tr><td>ICICI Prudential Life Insurance Company Limited</td><td>1,322,400</td><td></td><td></td></tr></table></td><td>10</td><td>163</td><td>Cash</td><td>Private Placement</td><td>26,987,093</td><td>269,870,930</td></tr>
<tr><td>September 28,</td><td>1,493,650</td><td></td><td>10</td><td>163</td><td>Cash</td><td>Private Placement</td><td>28,480,743</td><td>284,807,430</td></tr>
</table>

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Offer Price per Equity Share (₹)</th><th>Nature of consideration</th><th>Nature of allotment</th><th>Cumulative number of Equity Shares</th><th>Cumulative paid-up Equity Share capital (₹)</th></tr>
<tr><td>2017</td><td></td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Small Industries Development Bank of India</td><td>1,349,650</td><td>PI Ventures LLP</td><td>72,000</td></tr>
<tr><td>HDFC Life Insurance Company Limited</td><td>72,000</td><td></td><td></td></tr>
</table></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>June 25, 2019</td><td>1,608,508</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>PI Ventures LLP</td><td>107,054</td><td>Amicus Capital Private Equity I LLP</td><td>1,345,303</td></tr>
<tr><td>Amicus Capital Partners India Fund I</td><td>156,151</td><td></td><td></td></tr>
</table></td><td>10</td><td>252</td><td>Cash</td><td>Private Placement</td><td>30,089,251</td><td>300,892,510</td></tr>
<tr><td>November 22, 2019</td><td>3,717,966</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>PI Ventures LLP</td><td>185,526</td><td>Amicus Capital Private Equity I LLP</td><td>166,232</td></tr>
<tr><td>Amicus Capital Partners India Fund I</td><td>19,294</td><td>Oman India Joint Investment Fund II</td><td>3,346,914</td></tr>
</table></td><td>10</td><td>252</td><td>Cash</td><td>Private Placement</td><td>33,807,217</td><td>338,072,170</td></tr>
<tr><td>August 5, 2020</td><td>71,850</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Sumesh Gupta</td><td>932</td><td>Gurdit Singh</td><td>54</td></tr>
<tr><td>Navneet Bajaj</td><td>272</td><td>Poonam Sharda</td><td>187</td></tr>
<tr><td>Ashok Kumar Jain</td><td>740</td><td>Tarun Gupta</td><td>350</td></tr>
<tr><td>T.S Sachdeva</td><td>1,206</td><td>Vijay Beri</td><td>297</td></tr>
<tr><td>Harjit Singh</td><td>157</td><td>Harish Kumar</td><td>420</td></tr>
<tr><td>Daljeet Khosla</td><td>178</td><td>Nishant Mahajan</td><td>146</td></tr>
<tr><td>Vivek Kumar</td><td>840</td><td>Sahil Gupta</td><td>260</td></tr>
<tr><td>Sourabh Wadhwa</td><td>283</td><td>Pawan Kumar</td><td>433</td></tr>
<tr><td>Kiran Kumar</td><td>134</td><td>Vikram Kochhar</td><td>1,246</td></tr>
<tr><td>Neeraj Kumar</td><td>716</td><td>Vivek Shourie</td><td>387</td></tr>
<tr><td>Anil Kumar</td><td>89</td><td>Sandeep Nayyar</td><td>375</td></tr>
<tr><td>Gurpreet Singh</td><td>296</td><td>Kuldeep Singh</td><td>564</td></tr>
</table></td><td>10</td><td>98</td><td>Cash</td><td>Allotment under ESOP 2018</td><td>33,879,067</td><td>338,790,670</td></tr>
</table>

Date of allotment	Number of Equity Shares allotted	Details of Allottees				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 (₹)
		Gaurav Khera	342	Neha Sikka	260						
		Aman Gupta	629	Jaswinder Singh Gill	143						
		Harinder Singh	289	Aruninder Kaushal	769						
		Surbhi Sharma	55	Bhupinder Singh	1,598						
		Jatinder Singh Bhatia	174	Ritesh Marwaha	351						
		Aman Batra	685	Inderpal Singh Sahni	838						
		Jyot Kamal Singh	59	Amit Kumar	368						
		Vishal Dhawan	1,994	Manoj Sodhi	2,001						
		Ravish Hari Preet	239	Manav Kumar Sodhi	979						
		Mukesh Sharma	145	Ravinder	139						
		Charanjit Singh	530	Puneet Kumar	305						
		Abha Medha	106	Richa Mahajan	1,526						
		Karundeep Kaur	81	Munish Jain	16,071						
		Munish Dhammi	379	Vikas Aery	304						
		Gurmukh Singh	243	Gaurav Bhatia	202						
		Gurjeet Singh	303	Kishore Kumar	147						
		Amit Sharma	78	Vikas Najotra	172						
		Sumanjit Kaur	100	Manohar Singh	304						
		Amandeep Singh	182	Meena Kumari	102						
		Preety Marwaha	162	Manpreet Singh Badal	430						
		Gagan Mohindru	638	Adish	131						
		Ram Lal	327	Avneeet Bawa	334						
		Navbeer Singh Gill	147	Madhukar Airee	356						
		Ajay Chadha	717	Varun Saini	119						
		Sumesh Kumar Sharma	415	Ritesh Gakhar	402						
		Tejinder Singh	423	Kamal Tandon	2,871						
		Ajay Kumar	305	Lakhwinder Kaur	313						
		Vivek Nagar	761	Ishwinder Pal Singh	722						
		Piyush Jain	132	Vikram Jit Singh	644						
		Avtar Singh	288	Pradeep Maratha	843						
		Shivani Sharma	853	Kunal Chatrath	326						
		Pawan Kumar Arora	743	Sandeep Narang	239						
		Dipanshu Sharma	170	Sandeep Sharma	236						
		Jasdeep Singh	834	Vishal Thakur	67						
		Sunil Kumar	272	Amitoj Singh	238						
		Niharika Jain	131	Baljit Singh	51						
		Rajiv Malhotra	1,234	Davinder Verma	143						
		Vishal Salwan	302	Pushminder Singh	162						
		Prabhjot Kaur	279	Chanchal Khera	149						
		Gurpreet Singh	95	Bisampal Singh	945						
		Tarun Taxali	527	Gurwinder Kaur	169						
		Navjot Singh	474	Mandeep Kalia	91						
		Manjeet Kaur	705	Baljit Singh	1,252						
		Pankaj Sharma	70	Parun Gupta	1,177						

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Offer Price per Equity Share (₹)</th><th>Nature of consideration</th><th>Nature of allotment</th><th>Cumulative number of Equity Shares</th><th>Cumulative paid-up Equity Share capital (₹)</th></tr>
<tr><td></td><td></td><td><table>
<tr><td>Shahshi Sharma</td><td>132</td><td>Harvinder Singh</td><td>1,677</td></tr>
<tr><td>Anuraj Kumar Bhardwaj</td><td>2,873</td><td></td><td></td></tr>
</table></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>October 12, 2020</td><td>12,382</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Gurbinder Singh Thind</td><td>412</td><td>Nandeep Chaudhary</td><td>391</td></tr>
<tr><td>Harpreet Singh</td><td>371</td><td>Gulshan Kumar</td><td>84</td></tr>
<tr><td>Hitesh Sondhi</td><td>230</td><td>Makhan Singh</td><td>482</td></tr>
<tr><td>Kartik Malhotra</td><td>592</td><td>Vimal Dhir</td><td>308</td></tr>
<tr><td>Ginni</td><td>143</td><td>Sonia Aggarwal</td><td>167</td></tr>
<tr><td>Dharminder</td><td>111</td><td>Jasmeen Kaur Manj</td><td>111</td></tr>
<tr><td>Ritesh Sharma</td><td>726</td><td>Reeta Gupta</td><td>240</td></tr>
<tr><td>Gurpreet Singh</td><td>683</td><td>Navneet Kaur</td><td>88</td></tr>
<tr><td>Sameer Mahawar</td><td>427</td><td>Sahil Vijay</td><td>1,659</td></tr>
<tr><td>Sangeeta Kundra</td><td>926</td><td>Raghav Aggarwal</td><td>1,115</td></tr>
<tr><td>Aseem Mahajan</td><td>1,189</td><td>Varun Gandhi</td><td>194</td></tr>
<tr><td>Vinayak Punj</td><td>791</td><td>Kumar Gautam Arora</td><td>602</td></tr>
<tr><td>Tanvi Sharma</td><td>85</td><td>Jaswinder Singh</td><td>255</td></tr>
</table></td><td>10</td><td>98</td><td>Cash</td><td>Allotment under ESOP 2018</td><td>33,891,449</td><td>338,914,490</td></tr>
<tr><td>February 25, 2021</td><td>19,232</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Ranjana Khosla</td><td>55</td><td>Jatinder Kumar</td><td>103</td></tr>
<tr><td>Dalip Kumar</td><td>717</td><td>Navjot Singh Dhiman</td><td>460</td></tr>
<tr><td>Tarun Sukhija</td><td>224</td><td>Meenu Goel</td><td>630</td></tr>
<tr><td>Kapil Khullar</td><td>395</td><td>Vishu Sharma</td><td>541</td></tr>
<tr><td>Varinder Sharma</td><td>397</td><td>Pankaj Goel</td><td>399</td></tr>
<tr><td>Ruchi Gupta</td><td>289</td><td>Chetan Sharma</td><td>217</td></tr>
<tr><td>Mohit Soni</td><td>279</td><td>Parveen Kumar Maggu</td><td>586</td></tr>
<tr><td>Ajay Kumar</td><td>588</td><td>Ashish Gupta</td><td>56</td></tr>
<tr><td>Kavya Sinha</td><td>99</td><td>Vishal Madan</td><td>387</td></tr>
<tr><td>Jatinder Arora</td><td>789</td><td>Ramnik Nayyar</td><td>844</td></tr>
<tr><td>S.K. Dhawan</td><td>2,220</td><td>Ravi Kumar</td><td>784</td></tr>
<tr><td>Maneet Singh</td><td>93</td><td>Amandeep Singh Hundal</td><td>193</td></tr>
<tr><td>Manvata</td><td>237</td><td>Richa Jain</td><td>104</td></tr>
<tr><td>Balwinder Singh</td><td>127</td><td>Rajiv Sharma</td><td>144</td></tr>
<tr><td>Nikhil Sood</td><td>55</td><td>Harpreet Singh Arora</td><td>849</td></tr>
<tr><td>Manu Sharma</td><td>760</td><td>Vishal Kumar</td><td>431</td></tr>
<tr><td>Rajiv Sood</td><td>1,218</td><td>Varinder Shoor</td><td>2,458</td></tr>
<tr><td>Gagandeep Singh Walia</td><td>739</td><td>Aanchal Verma</td><td>332</td></tr>
<tr><td>Navneet Kaur Verma</td><td>433</td><td></td><td></td></tr>
</table></td><td>10</td><td>98</td><td>Cash</td><td>Allotment under ESOP 2018</td><td>33,910,681</td><td>339,106,810</td></tr>
</table>

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Offer Price per Equity Share (₹)</th><th>Nature of consideration</th><th>Nature of allotment</th><th>Cumulative number of Equity Shares</th><th>Cumulative paid-up Equity Share capital (₹)</th></tr>
<tr><td>May 7, 2021</td><td>16,421</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Suresh Kumar</td><td>508</td><td>Bhupinder Singh</td><td>753</td></tr>
<tr><td>Pawan Kumar</td><td>185</td><td>Jatinder Kalra</td><td>854</td></tr>
<tr><td>Amit Katyal</td><td>217</td><td>Mahesh Kumar</td><td>160</td></tr>
<tr><td>Gagandeep Sachdeva</td><td>249</td><td>Kunchit Sud</td><td>236</td></tr>
<tr><td>Parambir Singh</td><td>384</td><td>Mayank Sharma</td><td>129</td></tr>
<tr><td>Nitin Mitter Sardana</td><td>573</td><td>Okesh Mittal</td><td>468</td></tr>
<tr><td>Arun Sehgal</td><td>343</td><td>Varun Bhatia</td><td>183</td></tr>
<tr><td>Puneet Jain</td><td>75</td><td>Manish Khurana</td><td>749</td></tr>
<tr><td>Neha Pandey</td><td>674</td><td>Jatinder Kanojia</td><td>224</td></tr>
<tr><td>Abhishek Mahindru</td><td>89</td><td>Paramjit Singh</td><td>267</td></tr>
<tr><td>Anureet Pattar</td><td>569</td><td>Ishant Kumar</td><td>67</td></tr>
<tr><td>Mandeep Kumar Kalia</td><td>296</td><td>Gurumukh Singh</td><td>425</td></tr>
<tr><td>Heena Sharma</td><td>71</td><td>Rajan Kumar</td><td>321</td></tr>
<tr><td>Jatin Mittu</td><td>179</td><td>Sandeep Sharma</td><td>111</td></tr>
<tr><td>Rajesh Kumar Kohli</td><td>334</td><td>Sandeep Singh Shergill</td><td>60</td></tr>
<tr><td>Harvinder Kumar</td><td>401</td><td>Kapil Khanna</td><td>124</td></tr>
<tr><td>Madhvi Kapoor</td><td>79</td><td>Deepak Kapoor</td><td>487</td></tr>
<tr><td>Vaneet Kumar Sharda</td><td>445</td><td>Kumar Gautam</td><td>120</td></tr>
<tr><td>Saroj Bala</td><td>171</td><td>Gobind Singh</td><td>222</td></tr>
<tr><td>Satwinder Kaur</td><td>120</td><td>Paramjeet Singh Manhas</td><td>682</td></tr>
<tr><td>Tejpal Singh Dhingra</td><td>1074</td><td>Nitesh Girdhar</td><td>51</td></tr>
<tr><td>Tejinder Singh</td><td>138</td><td>Parvinder Singh Dhadwar</td><td>495</td></tr>
<tr><td>Mangat Bhardwaj</td><td>115</td><td>Ajay Ghai</td><td>156</td></tr>
<tr><td>Amrinder Singh</td><td>234</td><td>Pardeep Singh</td><td>230</td></tr>
<tr><td>Rohit Kapoor</td><td>469</td><td>Munish Goyal</td><td>135</td></tr>
<tr><td>Balwinder Singh</td><td>195</td><td>Kuldip Chand</td><td>95</td></tr>
<tr><td>Harinder Singh</td><td>87</td><td>Rajan Gupta</td><td>343</td></tr>
</table></td><td>10</td><td>98</td><td>Cash</td><td>Allotment under ESOP 2018</td><td>33,927,102</td><td>339,271,020</td></tr>
<tr><td>June 29, 2021</td><td>75,865</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Kishor Kumar</td><td>176</td><td>Mukesh Sharma</td><td>174</td></tr>
<tr><td>Inderpal Singh Sahni</td><td>1,006</td><td>Navneet Bajaj</td><td>327</td></tr>
<tr><td>Ashok Kumar Jain</td><td>888</td><td>Vikram Kochhar</td><td>1,496</td></tr>
<tr><td>Kamal Tandon</td><td>3,445</td><td>Poonam Sharda</td><td>224</td></tr>
<tr><td>Tarun Gupta</td><td>420</td><td>Gaurav Khera</td><td>410</td></tr>
<tr><td>Surbhi Sharma</td><td>66</td><td>Mayank Sharma</td><td>154</td></tr>
<tr><td>Kiran Kumar</td><td>161</td><td>Sahil Gupta</td><td>311</td></tr>
</table></td><td>10</td><td>98</td><td>Cash</td><td>Allotment under ESOP 2018</td><td>34,002,967</td><td>340,029,670</td></tr>
</table>

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

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Offer Price per Equity Share (₹)</th><th>Nature of consideration</th><th>Nature of allotment</th><th>Cumulative number of Equity Shares</th><th>Cumulative paid-up Equity Share capital (₹)</th></tr>
<tr><td></td><td></td><td><table>
<tr><td>Kushlesh Kumar</td><td>124</td><td></td><td></td></tr>
</table></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>December 14, 2021</td><td>41,124</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Jatinder Kumar</td><td>123</td><td>Gurpreet Singh</td><td>355</td></tr>
<tr><td>Kuljit Kaur</td><td>281</td><td>Ramnik Nayyar</td><td>1,013</td></tr>
<tr><td>Dharminder</td><td>133</td><td>Vijay Beri</td><td>356</td></tr>
<tr><td>Rohit Kapoor</td><td>563</td><td>Anil Kumar</td><td>106</td></tr>
<tr><td>Gurjeet Singh Samra</td><td>364</td><td>Rajan Gupta</td><td>411</td></tr>
<tr><td>Richa Mahajan</td><td>1,831</td><td>Jatinder Arora</td><td>947</td></tr>
<tr><td>Mahesh Kumar</td><td>192</td><td>Neeraj Kumar Punj</td><td>859</td></tr>
<tr><td>Vishal Dhawan</td><td>2,393</td><td>Rajiv Sharma</td><td>173</td></tr>
<tr><td>Harvinder Kumar</td><td>482</td><td>Kapil Khullar</td><td>474</td></tr>
<tr><td>S. K Dhawan</td><td>2,664</td><td>Ajay Kumar</td><td>706</td></tr>
<tr><td>Vivek Kumar Shourie</td><td>464</td><td>Makhan Singh</td><td>579</td></tr>
<tr><td>Hitesh Sondhi</td><td>275</td><td>Vimal Dhir</td><td>370</td></tr>
<tr><td>Gurdit Singh</td><td>65</td><td>Ritesh Marwaha</td><td>421</td></tr>
<tr><td>Ranjana Khosla</td><td>65</td><td>Manoj Sodhi</td><td>2,401</td></tr>
<tr><td>Kumar Gautam Arora</td><td>722</td><td>Manjit Singh</td><td>240</td></tr>
<tr><td>Richa Jain</td><td>124</td><td>Bhupinder Singh</td><td>904</td></tr>
<tr><td>Paramjeet Singh Manhas</td><td>818</td><td>Ritesh Sharma</td><td>871</td></tr>
<tr><td>Chanchal Khera</td><td>179</td><td>Pawan Kumar</td><td>891</td></tr>
<tr><td>Chetan Sharma</td><td>261</td><td>Kartik Malhotra</td><td>711</td></tr>
<tr><td>Navneet Kaur</td><td>105</td><td>Vishal Salwan</td><td>362</td></tr>
<tr><td>Gurwinder Kaur</td><td>203</td><td>Madhukar Airee</td><td>427</td></tr>
<tr><td>Neha Sikka</td><td>312</td><td>Balwinder Singh</td><td>152</td></tr>
<tr><td>Raghav Aggarwal</td><td>1,338</td><td>Tarun Taxali</td><td>632</td></tr>
<tr><td>Nitin Mitter Sardana</td><td>688</td><td>Gurmukh Singh</td><td>510</td></tr>
<tr><td>Balwinder Singh</td><td>187</td><td>Shivani Sharma</td><td>1,023</td></tr>
<tr><td>Manjeet Kaur</td><td>846</td><td>Vikramjit Singh</td><td>773</td></tr>
<tr><td>Ravi Kumar</td><td>941</td><td>Kunal Chatrath</td><td>391</td></tr>
<tr><td>Gurpreet Singh</td><td>114</td><td>Nikhil Sood</td><td>66</td></tr>
<tr><td>Maneet Singh</td><td>111</td><td>Arun Sehgal</td><td>411</td></tr>
<tr><td>Preety Marwaha</td><td>194</td><td>Ajay Chadha</td><td>860</td></tr>
<tr><td>Vishal Kumar</td><td>517</td><td>Vishal Thakur</td><td>80</td></tr>
<tr><td>Puneet Kumar</td><td>365</td><td>Vinay Kumar Singh</td><td>520</td></tr>
<tr><td>Vivek Nagar</td><td>913</td><td>Gobind Singh Channi</td><td>266</td></tr>
<tr><td>Davinder Verma</td><td>172</td><td>Pushminder Singh</td><td>194</td></tr>
<tr><td>Varinder Sharma</td><td>476</td><td>Vikas Najotra</td><td>206</td></tr>
<tr><td>Okesh Mittal</td><td>562</td><td>Parmjit Singh</td><td>320</td></tr>
<tr><td>Kuldeep Chand Sandhu</td><td>114</td><td>Vikas Aery</td><td>364</td></tr>
<tr><td>Sandeep Narang</td><td>287</td><td>Mohit Soni</td><td>335</td></tr>
</table></td><td>10</td><td>98</td><td>Cash</td><td>Allotment under ESOP 2018</td><td>34,044,091</td><td>340,440,910</td></tr>
<tr><td>April</td><td>27,323</td><td></td><td>10</td><td>98</td><td>Cash</td><td>Allotment</td><td>34,071,4</td><td>340,714,</td></tr>
</table>

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Offer Price per Equity Share (₹)</th><th>Nature of consideration</th><th>Nature of allotment</th><th>Cumulative number of Equity Shares</th><th>Cumulative paid-up Equity Share capital (₹)</th></tr>
<tr><td>22, 2022</td><td></td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Kunchit Sud</td><td>283</td><td>Nishant Mahajan</td><td>175</td></tr>
<tr><td>Kuldeep Singh</td><td>677</td><td>Ranjit Singh</td><td>655</td></tr>
<tr><td>Malvika Madan</td><td>1159</td><td>Sarthi Mehra</td><td>411</td></tr>
<tr><td>Renu Bala</td><td>837</td><td>Manish Khurana</td><td>899</td></tr>
<tr><td>Ritu Goyal</td><td>249</td><td>Gurmukh Singh</td><td>291</td></tr>
<tr><td>Deepak Kapoor</td><td>585</td><td>Mandeep Kumar Kalia</td><td>356</td></tr>
<tr><td>Madhvi Kapoor</td><td>95</td><td>Sunil Kumar</td><td>326</td></tr>
<tr><td>Varun Bhatia</td><td>220</td><td>Pooja Anand Saini</td><td>490</td></tr>
<tr><td>Vinayak Punj</td><td>949</td><td>Parvinder Singh Dhandwar</td><td>593</td></tr>
<tr><td>Pawan Kumar</td><td>221</td><td>Gurpreet Singh</td><td>819</td></tr>
<tr><td>Jatin Mittu</td><td>215</td><td>Ishant Kumar</td><td>81</td></tr>
<tr><td>Manpreet Singh Badwal</td><td>515</td><td>Mandeep Kalia</td><td>109</td></tr>
<tr><td>Parambir Singh</td><td>461</td><td>Baljit Singh</td><td>1503</td></tr>
<tr><td>Tejpal Singh Dhingra</td><td>1288</td><td>Kumar Gautam</td><td>144</td></tr>
<tr><td>Reeta Gupta</td><td>288</td><td>Ajay Ghai</td><td>156</td></tr>
<tr><td>Amitoj Singh</td><td>285</td><td>Harinder Singh</td><td>104</td></tr>
<tr><td>Ram Lal</td><td>653</td><td>Sudhanshu Sharma</td><td>529</td></tr>
<tr><td>Harpreet Singh</td><td>445</td><td>Varinder Shoor</td><td>2950</td></tr>
<tr><td>Meena Kumari</td><td>98</td><td>Rajiv Sood</td><td>1462</td></tr>
<tr><td>Daljeet Khosla</td><td>213</td><td>Vaneet Kumar Sharda</td><td>534</td></tr>
<tr><td>Rajan Kumar</td><td>385</td><td>Harsimrat Singh</td><td>212</td></tr>
<tr><td>Gaurav Bhasin</td><td>203</td><td>Munish Goyal</td><td>161</td></tr>
<tr><td>Lakhvir Kaur</td><td>692</td><td>Arvind Dutt</td><td>807</td></tr>
<tr><td>Neeraj Tiwari</td><td>213</td><td>Saroj Bala</td><td>205</td></tr>
<tr><td>Jatinder Kanojia</td><td>269</td><td>Manpreet Singh</td><td>1333</td></tr>
<tr><td>Pawan Kumar</td><td>520</td><td></td><td></td></tr>
</table></td><td></td><td></td><td></td><td>under ESOP 2018</td><td>14</td><td>140</td></tr>
<tr><td>May 12, 2022</td><td>1,56,273</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Navneet Bajaj</td><td>490</td><td>Kishor Kumar</td><td>264</td></tr>
<tr><td>Ajay Kumar</td><td>1,058</td><td>Harinder Singh</td><td>519</td></tr>
<tr><td>Sahil Gupta</td><td>467</td><td>Gurwinder Kaur</td><td>405</td></tr>
<tr><td>Anchal Arora</td><td>598</td><td>Sarthi Mehra</td><td>616</td></tr>
<tr><td>Ishwinder Pal Singh</td><td>1,298</td><td>Raghav Aggarwal</td><td>2,008</td></tr>
<tr><td>Gurdit Singh</td><td>96</td><td>Ritesh Gakhar</td><td>723</td></tr>
<tr><td>Prabhjot Kaur</td><td>503</td><td>Charanjit Singh</td><td>953</td></tr>
<tr><td>Sumesh Gupta</td><td>1,678</td><td>Kuljit Kaur</td><td>527</td></tr>
<tr><td>Ramnik Nayyar</td><td>1,519</td><td>Jitendra Arora</td><td>852</td></tr>
<tr><td>Gaurav Bhasin</td><td>304</td><td>Inderpal Singh Sahni</td><td>1,508</td></tr>
<tr><td>Pushminder</td><td>291</td><td>Rakshit Garg</td><td>382</td></tr>
</table></td><td>10</td><td>98</td><td>Cash</td><td>Allotment under ESOP 2018</td><td>34,227,687</td><td>342,276,870</td></tr>
</table>

Date of allotment	Number of Equity Shares allotted	Details of Allottees				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 (₹)
		Singh									
		Jatinder Kalra	1,153	Vikram Kochhar	2,243						
		Kamal Tandon	5,166	Ajay Chaddha	1,289						
		Neha Pandey	1,214	Vishal Dhawan	3,588						
		Munish Jain	28,927	Jaswinder Singh Gill	256						
		Davinder Verma	258	Bhupinder Singh	2,876						
		Sandeep Sharma	425	Nitin Mitter Sardana	1,032						
		Vijay Beri	535	Pradeep Maratha	1,517						
		Harjit Singh	282	Pankaj Goel	719						
		Meenu Goel	680	Amit Kumar	662						
		Manav Kumar Modi	1,409	Vinayak Punj	1,422						
		Gurjeet Singh Samra	546	Surbhi Sharma	100						
		Ajay Ghai	279	Kiran Kumar	242						
		Parun Gupta	2,118	Abhishek Mahindru	161						
		Chetan Sharma	391	Ruchi Gupta	521						
		Budhi Singh Thakur	976	Ritu Goyal	466						
		Ranjana Khosla	98	Vivek Kumar Mahajan	1,513						
		Vishal Gaurav	1,858	Tarun Taxali	949						
		Pawan Kumar	1,337	Manjeet Kaur	1,270						
		Ginni	258	Sahil Vijay	2,986						
		Anuraj Kumar Bhardwaj	5,172	SK Dhawan	3,996						
		Aseem Mahajan	2,141	Balwinder Singh	228						
		Jatinder Singh Bhatia	312	Manu Sharma	1,368						
		Gurpreet Singh	1,228	Gagandeep Singh Walia	1,331						
		Gagandeep Sachdeva	448	Shivani Sharma	1,535						
		Sandeep Nayyar	674	Avneet Bawa	602						
		Karundeep Kaur	146	Richa Mahajan	2,747						
		Neeraj Kumar	1,289	Dalip Kumar	1,289						
		Arvind Dutt	1,210	Gurmukh Singh	436						
		Rohit Kapoor	844	Sunil Kumar	489						
		Gaurav Khera	616	Navbeer Singh	263						
		Navjot Singh	827	Harish Kumar	757						
		Jatinder Kumar	184	Parveen Kumar Maggu	1055						
		Vikas Aery	546	Jaswinder Singh	463						
		Navneet Kaur	157	Sangeeta Vachher	1,667						
		Vishu Sharma	972	Mohit Soni	503						
		Kuldeep Singh	1,015	Nandeep Kumar Chaudhary	704						
		Kartik Malhotra	1,066	Ritesh Sharma	1,306						
		Mukesh Sharma	261	Pooja Anand Saini	735						
		Onkar Singh	497	Pankaj Kumar Sharma	127						
		Sukhvinder Kumar	221	Harvinder Singh	3,019						
		Puneet Kumar	548	Amit Sharma	140						
		Varinder	713	Manpreet Singh	1,200						

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Offer Price per Equity Share (₹)</th><th>Nature of consideration</th><th>Nature of allotment</th><th>Cumulative number of Equity Shares</th><th>Cumulative paid-up Equity Share capital (₹)</th></tr>
<tr><td></td><td></td><td><table>
<tr><td>Sharma</td><td></td><td></td><td></td></tr>
<tr><td>Ashish Gupta</td><td>101</td><td>Sameer Mahawar</td><td>767</td></tr>
<tr><td>Paramjeet Singh Manhas</td><td>1,227</td><td>Bisampal Singh</td><td>1,700</td></tr>
<tr><td>Preety Marwaha</td><td>290</td><td>Maneet Singh</td><td>166</td></tr>
<tr><td>Jasdeep Singh</td><td>1,500</td><td>Ritesh Marwaha</td><td>632</td></tr>
<tr><td>Vishal Thakur</td><td>119</td><td>Munish Dhammi</td><td>681</td></tr>
<tr><td>Manoj Sodhi</td><td>3,600</td><td>Anil Kumar</td><td>159</td></tr>
<tr><td>Sumesh Kumar Sharma</td><td>746</td><td>Varun Saini</td><td>215</td></tr>
<tr><td>Vinay Kumar Singh</td><td>780</td><td>Lakhvir Kaur</td><td>1,037</td></tr>
<tr><td>Harinder Singh</td><td>155</td><td>Kuldip Chand Sandhu</td><td>171</td></tr>
<tr><td>Gurpreet Singh</td><td>170</td><td>Tarun Sukhija</td><td>402</td></tr>
<tr><td>Amandeep Singh Hundal</td><td>347</td><td>Ravish Hari Preet Singh</td><td>429</td></tr>
<tr><td>Dipanshu Sharma</td><td>305</td><td>Dharminder</td><td>199</td></tr>
<tr><td>Vikas Najotra</td><td>308</td><td>Kumar Gautam Arora</td><td>1,084</td></tr>
<tr><td>Gobind Singh Chani</td><td>400</td><td>Piyush Jain</td><td>238</td></tr>
<tr><td>Aruninder Kaushal</td><td>1,385</td><td>Aman Gupta</td><td>1,132</td></tr>
</table></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>May 12, 2022</td><td>6,417</td><td>6,417 Equity Shares were allotted to Munish Jain</td><td>10</td><td>10</td><td>Cash</td><td>Allotment under ESOP MRT</td><td>34,234,104</td><td>342,341,040</td></tr>
<tr><td>September 30, 2022</td><td>18,350</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Vimal Dhir</td><td>555</td><td>Pranjay Grover</td><td>303</td></tr>
<tr><td>Kapil Khullar</td><td>712</td><td>Harpreet Singh</td><td>666</td></tr>
<tr><td>Arun Sehgal</td><td>617</td><td>Rajan Gupta</td><td>617</td></tr>
<tr><td>Neha Sikka</td><td>469</td><td>Tarun Gupta</td><td>631</td></tr>
<tr><td>Harvinder Kumar</td><td>722</td><td>Ashok Kumar Jain</td><td>1332</td></tr>
<tr><td>Ravi Kumar</td><td>1412</td><td>Sunny Sondhi</td><td>101</td></tr>
<tr><td>Vishal Kumar</td><td>775</td><td>Parambir Singh</td><td>692</td></tr>
<tr><td>Mangat Bhardwaj</td><td>207</td><td>Vikram Jit Singh</td><td>1158</td></tr>
<tr><td>Jatinder Kanojia</td><td>404</td><td>Kapil Khanna</td><td>222</td></tr>
<tr><td>Mandeep Kalia</td><td>163</td><td>Tejpal Singh Dhingra</td><td>966</td></tr>
<tr><td>Vishal Salwan</td><td>544</td><td>Bhupinder Singh</td><td>1356</td></tr>
<tr><td>Madhukar Airee</td><td>641</td><td>Navneet Kaur Verma</td><td>779</td></tr>
<tr><td>Okesh Mittal</td><td>842</td><td>Gurpreet Singh</td><td>532</td></tr>
<tr><td>Kunchit Sud</td><td>424</td><td>Sourabh Wadhwa</td><td>508</td></tr>
</table></td><td>10</td><td>98</td><td>Cash</td><td>Allotment under ESOP 2018</td><td>34,252,454</td><td>342,524,540</td></tr>
<tr><td>May 26, 2023</td><td>27,632</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity</th><th>Name of Allotee/Shareholder</th><th>Number of Equity</th></tr>
</table></td><td>10</td><td>98</td><td>Cash</td><td>Allotment under ESOP 2018</td><td>34,280,086</td><td>342,800,860</td></tr>
</table>

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Offer Price per Equity Share (₹)</th><th>Nature of consideration</th><th>Nature of allotment</th><th>Cumulative number of Equity Shares</th><th>Cumulative paid-up Equity Share capital (₹)</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><th></th><th>Shares</th><th></th><th>Shares</th></tr>
<tr><td>Richa Jain</td><td>186</td><td>Jyotkamal Singh</td><td>107</td></tr>
<tr><td>Amandeep Singh</td><td>326</td><td>Manish Khurana</td><td>1,348</td></tr>
<tr><td>Hitesh Sondhi</td><td>413</td><td>Makhan Singh</td><td>868</td></tr>
<tr><td>Rajesh Kumar Kohli</td><td>601</td><td>Sonia Aggarwal</td><td>299</td></tr>
<tr><td>Vivek Nagar</td><td>1,368</td><td>Chanchal Khera</td><td>268</td></tr>
<tr><td>Parvinder Singh Dhandwar</td><td>890</td><td>Adish</td><td>235</td></tr>
<tr><td>Nishant Mahajan</td><td>261</td><td>Lakhwinder Kaur</td><td>563</td></tr>
<tr><td>Manpreet Singh Badwal</td><td>773</td><td>Pawan Kumar</td><td>332</td></tr>
<tr><td>Jatin Mittu</td><td>323</td><td>Gulshan Kumar</td><td>150</td></tr>
<tr><td>Saroj Bala</td><td>308</td><td>Deepak Kapoor</td><td>877</td></tr>
<tr><td>Madhvi Kapoor</td><td>142</td><td>Mandeep Kumar Kalia</td><td>533</td></tr>
<tr><td>Rajan Kumar</td><td>576</td><td>Vaneet Kumar Sharda</td><td>802</td></tr>
<tr><td>Munish Goyal</td><td>242</td><td>Pawan Kumar</td><td>779</td></tr>
<tr><td>Ishant Kumar</td><td>121</td><td>Varun Bhatia</td><td>330</td></tr>
<tr><td>Puneet Jain</td><td>134</td><td>Rajiv Malhotra</td><td>2,222</td></tr>
<tr><td>Kunal Chatrath</td><td>585</td><td>Meena Kumari</td><td>184</td></tr>
<tr><td>Rajiv Sood</td><td>2,193</td><td>Gurmukh Singh</td><td>764</td></tr>
<tr><td>Manjit Singh</td><td>361</td><td>Arvind Kumar Singh</td><td>446</td></tr>
<tr><td>Pankaj Jaiswal</td><td>307</td><td>Balwinder Singh</td><td>176</td></tr>
<tr><td>Varinder Shoor</td><td>4,425</td><td>Ram Lal</td><td>588</td></tr>
<tr><td>Nikhil Sood</td><td>98</td><td>Amit Kumar Bhagat</td><td>362</td></tr>
<tr><td>Sandeep Modgill</td><td>250</td><td>Sandeep Sharma</td><td>199</td></tr>
<tr><td>Harsimrat Singh</td><td>317</td><td></td><td></td></tr>
</table>
</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td>12,850</td><td>
<table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Munish Jain</td><td>12,850</td></tr>
</table>
</td><td>10</td><td>10</td><td>Cash</td><td>Allotment under ESOP MRT</td><td>34,292,936</td><td>342,929,360</td></tr>
<tr><td>June 17, 2023</td><td>1,057,700</td><td>
<table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Max Life Insurance Company Limited</td><td>1,057,700</td></tr>
</table>
</td><td>10</td><td>468</td><td>Cash</td><td>Private Placement</td><td>35,350,636</td><td>353,506,360</td></tr>
<tr><td>November 06, 2023</td><td>76500</td><td>
<table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Palwinder Singh</td><td>1,000</td><td>Bharti Babutta</td><td>1,000</td></tr>
<tr><td>Priyansh Arora</td><td>1,000</td><td>Ashok Kumar Jain</td><td>2,500</td></tr>
<tr><td>Maneet Singh</td><td>1,000</td><td>Jatinder Kanojia</td><td>1,000</td></tr>
<tr><td>Vikram Kochhar</td><td>2,500</td><td>Aanchal</td><td>1,000</td></tr>
<tr><td>Dalip Kumar</td><td>1,750</td><td>Raghav Aggarwal</td><td>2,500</td></tr>
<tr><td>Jaspreet Singh</td><td>1,750</td><td>Sameer Mahawar</td><td>1,750</td></tr>
<tr><td>Mohinder Partap Singh</td><td>1,750</td><td>Parun Gupta</td><td>2,500</td></tr>
<tr><td>Neha Miglani</td><td>1,000</td><td>Manu Sharma</td><td>2,500</td></tr>
</table>
</td><td>10</td><td>98</td><td>Cash</td><td>Allotment under ESOP 2018</td><td>35,427,136</td><td>354,271,360</td></tr>
</table>

Date of allotment	Number of Equity Shares allotted	Details of Allottees				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 (₹)
		Baljit Singh	1,750	Kamal Tandon	2,500						
		Pankaj Joshi	1,750	Vimal Kumar Kamal	1,750						
		Jyotkamal Singh	1,000	Sangeeta Vachher	2,500						
		Sunil Kumar	1,750	Aseem Mahajan	2,500						
		Arun Kundra	1,750	Richa Mahajan	2,500						
		Amit Sharma	1,750	Surbhi Sharma	1,000						
		Ravi Kumar	1,750	Sahil Vijay	2,500						
		Amit Katyal	1,750	Anuraj Kumar Bhardwaj	2,500						
		Harvinder Singh	2,500	Jagdeep Singh	1,750						
		Bisampal Singh	2,500	Vishal Dhawan	2,500						
		Prabhjot Kaur	1,000	Neha Pandey	2,500						
		Ritesh Sharma	1,750	Nityanshu Pandey	1,000						
		Kartik Malhotra	1,750	Okesh Mittal	1,750						

**Certain corporate and secretarial records of our Bank, including the Form 2 and shareholders' resolution for the allotment of 5,992,000 Equity Shares made by our Bank on January 12, 2000, are not traceable. See "Risk Factors – 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." on page 33.*

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

Our Bank does not have any outstanding preference shares as on the date of the filing of this 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 Prospectus at a price that may be below the Offer Price.

<table>
<tr><th>Date of allotment</th><th>Number of Equity Shares allotted</th><th>Details of Allottees</th><th>Face value per Equity Share (₹)</th><th>Issue price per Equity Share (₹)</th><th>Nature of consideration</th><th>Reason for allotment</th></tr>
<tr><td rowspan="2">May 26, 2023</td><td>27,632</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Richa Jain</td><td>186</td><td>Jyotkamal Singh</td><td>107</td></tr>
<tr><td>Amandeep Singh</td><td>326</td><td>Manish Khurana</td><td>1,348</td></tr>
<tr><td>Hitesh Sondhi</td><td>413</td><td>Makhan Singh</td><td>868</td></tr>
<tr><td>Rajesh Kumar Kohli</td><td>601</td><td>Sonia Aggarwal</td><td>299</td></tr>
<tr><td>Vivek Nagar</td><td>1,368</td><td>Chanchal Khera</td><td>268</td></tr>
<tr><td>Parvinder Singh Dhandwar</td><td>890</td><td>Adish</td><td>235</td></tr>
<tr><td>Nishant Mahajan</td><td>261</td><td>Lakhwinder Kaur</td><td>563</td></tr>
<tr><td>Manpreet Singh Badwal</td><td>773</td><td>Pawan Kumar</td><td>332</td></tr>
<tr><td>Jatin Mittu</td><td>323</td><td>Gulshan Kumar</td><td>150</td></tr>
<tr><td>Saroj Bala</td><td>308</td><td>Deepak Kapoor</td><td>877</td></tr>
<tr><td>Madhvi Kapoor</td><td>142</td><td>Mandeep Kumar Kalia</td><td>533</td></tr>
<tr><td>Rajan Kumar</td><td>576</td><td>Vaneet Kumar Sharda</td><td>802</td></tr>
<tr><td>Munish Goyal</td><td>242</td><td>Pawan Kumar</td><td>779</td></tr>
<tr><td>Ishant Kumar</td><td>121</td><td>Varun Bhatia</td><td>330</td></tr>
<tr><td>Puneet Jain</td><td>134</td><td>Rajiv Malhotra</td><td>2,222</td></tr>
<tr><td>Kunal Chatrath</td><td>585</td><td>Meena Kumari</td><td>184</td></tr>
<tr><td>Rajiv Sood</td><td>2,193</td><td>Gurmukh Singh</td><td>764</td></tr>
<tr><td>Manjit Singh</td><td>361</td><td>Arvind Kumar Singh</td><td>446</td></tr>
<tr><td>Pankaj Jaiswal</td><td>307</td><td>Balwinder Singh</td><td>176</td></tr>
<tr><td>Varinder Shoor</td><td>4,425</td><td>Ram Lal</td><td>588</td></tr>
<tr><td>Nikhil Sood</td><td>98</td><td>Amit Kumar Bhagat</td><td>362</td></tr>
<tr><td>Sandeep Modgill</td><td>250</td><td>Sandeep Sharma</td><td>199</td></tr>
<tr><td>Harsimrat Singh</td><td>317</td><td></td><td></td></tr>
</table></td><td>10</td><td>98</td><td>Cash</td><td>Allotment under ESOP 2018</td></tr>
<tr><td>12,850</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Munish Jain</td><td>12,850</td></tr>
</table></td><td>10</td><td>10</td><td>Cash</td><td>Allotment under ESOP MRT</td></tr>
<tr><td>June 17, 2023</td><td>1,057,700</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Max Life Insurance Company Limited</td><td>1,057,700</td></tr>
</table></td><td>10</td><td>468</td><td>Cash</td><td>Private Placement</td></tr>
<tr><td>November 6, 2023</td><td>76,500</td><td><table>
<tr><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th><th>Name of Allotee/Shareholder</th><th>Number of Equity Shares</th></tr>
<tr><td>Palwinder Singh</td><td>1000</td><td>Bharti Babutta</td><td>1000</td></tr>
<tr><td>Priyansh Arora</td><td>1000</td><td>Ashok Kumar Jain</td><td>2500</td></tr>
<tr><td>Maneet Singh</td><td>1000</td><td>Jatinder Kanojia</td><td>1000</td></tr>
<tr><td>Vikram Kochhar</td><td>2500</td><td>Aanchal</td><td>1000</td></tr>
<tr><td>Dalip Kumar</td><td>1750</td><td>Raghav Aggarwal</td><td>2500</td></tr>
<tr><td>Jaspreet Singh</td><td>1750</td><td>Sameer Mahawar</td><td>1750</td></tr>
<tr><td>Mohinder Partap Singh</td><td>1750</td><td>Parun Gupta</td><td>2500</td></tr>
<tr><td>Neha Miglani</td><td>1000</td><td>Manu Sharma</td><td>2500</td></tr>
<tr><td>Baljit Singh</td><td>1750</td><td>Kamal Tandon</td><td>2500</td></tr>
<tr><td>Pankaj Joshi</td><td>1750</td><td>Vimal Kumar Kamal</td><td>1750</td></tr>
<tr><td>Jyotkamal Singh</td><td>1000</td><td>Sangeeta Vachher</td><td>2500</td></tr>
<tr><td>Sunil Kumar</td><td>1750</td><td>Aseem Mahajan</td><td>2500</td></tr>
<tr><td>Arun Kundra</td><td>1750</td><td>Richa Mahajan</td><td>2500</td></tr>
</table></td><td>10</td><td>98</td><td>Cash</td><td>Allotment under ESOP 2018</td></tr>
</table>

Date of allotment	Number of Equity Shares allotted	Details of Allottees				Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration	Reason for allotment
		Amit Sharma	1750	Surbhi Sharma	1000				
		Ravi Kumar	1750	Sahil Vijay	2500				
		Amit Katyal	1750	Anuraj Kumar Bhardwaj	2500				
		Harvinder Singh	2500	Jagdeep Singh	1750				
		Bisampal Singh	2500	Vishal Dhawan	2500				
		Prabhjot Kaur	1000	Neha Pandey	2500				
		Ritesh Sharma	1750	Nityanshu Pandey	1000				
		Kartik Malhotra	1750	Okesh Mittal	1750				

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

Our Bank has not issued any Equity Shares for consideration other than cash or out of revaluation of reserves since its incorporation as on the date of this 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, 2013.

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

As on the date of this Prospectus, our Promoters hold 7,932,689 Equity Shares equivalent to 22.39% of the issued, subscribed and paid-up Equity Share capital of our Bank.

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

1. 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	Negligible	Negligible
January 12, 2000*	Private Placement	600,000	Cash	10	10	1.69	1.33
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	0.34	0.27
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	0.20	0.16
December 30, 2015	Rights issue	949,584	Cash	10	30	2.68	2.11
April 2, 2019	Transfer from Amardeep Singh Samra (Family Settlement)	790,240	NA	10	NA	2.23	1.75
April 2, 2019	Transfer from Gagan Samra (Family Settlement)	132,000	NA	10	NA	0.37	0.29
April 3, 2019	Transfer from Jasbir Singh Walia	16,868	Cash	10	85	0.05	0.04

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 (%)
April 3, 2019	Transfer from Inderjit Vasudeva	124,327	Cash	10	85	0.35	0.28
April 3, 2019	Transfer from International Township Developers Private Limited	570,080	Cash	10	85	1.61	1.27
August 21, 2019	Transfer from Tanveer Singh Dhillon	38,200	Cash	10	90	0.11	0.08
September 26, 2019	Transfer from Gursharan Kaur	10,000	Cash	10	90	0.03	0.02
November 18, 2019	Transfer from Avtar Singh Samra	284,000	Cash	10	90	0.80	0.63
November 18, 2019	Transfer from Onkar Singh Sihota	200,000	Cash	10	90	0.56	0.44
November 18, 2019	Transfer from Balbir Singh	66,000	Cash	10	90	0.19	0.15
September 23, 2020	Transfer from Balbir Singh	125,000	Cash	10	120	0.35	0.28
September 29, 2020	Transfer from Rashpal Singh	75,000	Cash	10	120	0.21	0.17
Total		**4,174,619**				**11.78**	9.27

**Certain corporate and secretarial records of our Bank, including the Form 2 and shareholders' resolution in relation to the allotment of 5,992,000 Equity Shares made by our Bank on January 12, 2000, are not traceable by our Bank. For further details, see "Risk Factors – 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." on page 33.*

2. 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	Negligible	Negligible
January 12, 2000*	Private Placement	639,000	Cash	10	10	1.80	1.42
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	0.36	0.28
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	0.22	0.17
December 30, 2015	Rights issue	796,064	Cash	10	30	2.25	1.77
Total		**1,640,864**				**4.63**	**3.64**

**Certain corporate and secretarial records of our Bank, including the Form 2 and shareholders' resolution in relation to the allotment of 5,992,000 Equity Shares made by our Bank on January 12, 2000, are not traceable by our Bank. For further details, see "Risk Factors – 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." on page 33.*

3. 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	0.34	0.27
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	0.05
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	0.03
December 30, 2015	Rights issue	700,000	Cash	10	30	1.98	1.55
April 11, 2019	Transfer from Satwant Singh	13,200	Cash	10	120	0.04	0.03
April 15, 2019	Transfer from Simar Kaur	13,200	Cash	10	120	0.04	0.03
Total		**884,800**				**2.50**	1.96

**Certain corporate and secretarial records of our Bank, including the Form 2 and shareholders' resolution in relation to the allotment of 5,992,000 Equity Shares made by our Bank on January 12, 2000, are not traceable by our Bank. For further details, see "Risk Factors – 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." on page 33.*

4. 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	0.79	0.62
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	0.12
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	0.09	0.07
December 30, 2015	Rights issue	566,886	Cash	10	30	1.60	1.26
Total		**936,486**				**2.64**	**2.08**

**Certain corporate and secretarial records of our Bank, including the Form 2 and shareholders' resolution in relation to the allotment of 5,992,000 Equity Shares made by our Bank on January 12, 2000, are not traceable by our Bank. For further details, see "Risk Factors – 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." on page 33.*

5. 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	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	Negligible	Negligible
September 29, 2006	Rights issue	3,000*	Cash	10	20	0.01	0.01
April 27, 2009	Transfer from Tarsem Lal Gogna	3,000*	Cash	10	10	0.01	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	Negligible	Negligible
December 29, 2014	Transfer from Northern India Consultants Private Limited	59,400*	Cash	10	21.36	0.17	0.13
	Gift from Deepali Gupta (Wife)	9,900*	NA	10	NA	0.03	0.02
	Gift from Raman Kumar Gupta (Brother)	6,356*	NA	10	NA	0.02	0.01
	Gift from Monika Gupta (Sister-in-law)	16,594*	NA	10	NA	0.05	0.04
	Gift from K.M. Gupta (Father)	9,370*	NA	10	NA	0.03	0.03
	Transfer from K. Shalay Gupta (Son)	3,200*	Cash	10	27	0.01	0.01
	Gift from Shubham Gupta (Son)	3,200*	NA	10	NA	0.01	0.01
	Gift from Vinay Gupta (Brother-in-law)	5,500*	NA	10	NA	0.02	0.01
	Gift from Gaurav Mittal (Brother-in-law), Maya Mittal (Mother-in-law) and Monica Mittal (Sister-in-law)	79,200*	NA	10	NA	0.22	0.18
December 30, 2015	Rights issue	90,000*	Cash	10	30	0.25	0.20
May 28, 2021	Transfer from Resham Singh Hayer	24,450	Cash	10	132	0.07	0.05
July 7, 2021	Gift to Deepanshi Gupta (Niece)	(4,000)	NA	10	NA	(0.01)	(0.01)
July 7, 2021	Gift to Sparsh Gupta (Nephew)	(20,000)	NA	10	NA	(0.06)	(0.04)
August 2, 2021	Gift to Sparsh Gupta (Nephew)	(450)	NA	10	NA	Negligible	Negligible
Total		**295,920**				**0.84**	0.66

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

***Certain corporate and secretarial records of our Bank, including the Form 2 and shareholders' resolution in relation to the allotment of 5,992,000 Equity Shares made by our Bank on January 12, 2000, are not traceable by our Bank. For further details, see "Risk Factors – 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." on page 33.*

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

Build-up of the shareholding of the Selling Shareholders

The details regarding the equity shareholding of each of the Selling Shareholders 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 (%)
Investor Selling Shareholders							
Oman India Joint Investment Fund II							
November 22, 2019	Private Placement	3,346,914	Cash	10	252	9.45%	7.43%
Total		**33,46,914**				9.45%	7.43%
Amicus Capital Partners India Fund I							
June 25, 2019	Private Placement	156,151	Cash	10	252	0.44%	0.35%
November 22, 2019	Private Placement	19,294	Cash	10	252	0.05%	0.04%
Total		1,75,445				0.50%	0.39%
Amicus Capital Private Equity I LLP							
June 25, 2019	Private Placement	1,345,303	Cash	10	252	3.80%	2.99%
November 22, 2019	Private Placement	166,232	Cash	10	252	0.47%	0.37%
Total		15,11,535				4.27%	3.36%
Other Selling Shareholders							
1. Vijay Kumar Bhandari (jointly with Sneh Bhandari)							
December 30, 2015	Rights Issue	74,954	Cash	10	30	0.21%	0.17%
Total		**74,954**				0.21%	0.17%
2. Rachna Monga							
August 6, 2005	Off market purchase	21,500	Cash	10	20	0.06%	0.05%
September 29, 2006	Rights Issue	500	Cash	10	20	Negligible	Negligible
September 29, 2006	Rights Issue	3,000	Cash	10	20	0.01%	0.01%
October 20, 2011	Off market purchase	5,000	Cash	10	20	0.01%	0.01%
October 09, 2014	Bonus Issue	3,000	NA	10	NA	0.01%	0.01%
December 30, 2015	Rights Issue	11,000	Cash	10	30	0.03%	0.02%
Total		**44,000**				0.12%	0.10%
3. Rashpal Singh (jointly with Surinder Kaur)							
June 16, 2004	Private Placement	2,65,000	Cash	10	15	0.75%	0.59%
September 29, 2006	Rights Issue	60,000	Cash	10	20	0.17%	0.13%
September 29, 2006	Rights Issue	2,00,000	Cash	10	20	0.56%	0.44%

April 12, 2013	Off market purchase	1,861	Cash	10	20	0.01%	Negligible
October 09, 2014	Bonus Issue	6,186	NA	10	NA	0.02%	0.01%
October 09, 2014	Bonus Issue	54,000	NA	10	NA	0.15%	0.12%
December 30, 2015	Rights Issue	22,682	Cash	10	30	0.06%	0.05%
May 22, 2017	Off market purchase	1,13,000	Cash	10	15	0.32%	0.25%
May 22, 2017	Off market purchase	1,00,000	Cash	10	15	0.28%	0.22%
Total		**8,22,729**				2.32%	1.83%
4. Nalini Rampilla							
October 23, 2013	Off market purchase	20,000	Cash	10	25	0.06%	0.04%
October 09, 2014	Bonus Issue	2,000	NA	10	NA	0.01%	Negligible
December 30, 2015	Rights Issue	15,000	Cash	10	30	0.04%	0.03%
Total		**37,000**				0.10%	0.08%
5. Kalyana Chakravarthy Pilla							
July 12, 2013	Off market purchase	11,000	Cash	10	25	0.03%	0.02%
October 23, 2013	Off market purchase	20,000	Cash	10	25	0.06%	0.04%
October 09, 2014	Bonus Issue	3,100	NA	10	NA	0.01%	0.01%
December 30, 2015	Rights Issue	15,000	Cash	10	30	0.04%	0.03%
Total		**49,100**				0.14%	0.11%
6. Darshna Devi							
October 05, 2020	Off market purchase	4,538	Cash	10	150	0.01%	0.01%
December 02, 2020	Off market purchase	11,499	Cash	10	150	0.03%	0.03%
June 14, 2021	Off market purchase	6,667	Cash	10	150	0.02%	0.01%
Total		**22,704**				0.06%	0.05%
7. Ramesh Kaur							
March 22, 2017	Off market purchase	1,67,200	Cash	10	15	0.47%	0.37%
Total		**167,200**				0.47%	0.37%

(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**"), CSFB Limited – Employees Stock Option Plan for Material Risk Takers ("**ESOP MRT**") and CSFB Limited – Employee Stock Option Plan 2023 ("**ESOP 2023**")) 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, ESOP MRT and ESOP 2023), in accordance with Regulation 14 of the SEBI ICDR Regulations, two of the Shareholders of our Bank, ICICI Prudential Life Insurance Company Limited holding 1,322,400 Equity Shares and HDFC 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 August 14, 2023 and August 4, 2023, 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 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, 2024, 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	1,000.00	May 31, 1999	Allotment pursuant to initial subscription to the Memorandum of Association	10	10	0.00%	0.00%	August 12, 2025
	600,000.00	January 12, 2000*	Private Placement	10	10	1.69%	1.33%	August 12, 2025
	120,200.00	April 24, 2004	Bonus issuance of 1 Equity Share for every 5 Equity Shares held on the April 24, 2004	10	NA	0.34%	0.27%	August 12, 2025
	72,120.00	October 9, 2014	Bonus issuance of 1 Equity Share for every 10 Equity Shares held on the Record date, i.e., October 7, 2014	10	NA	0.20%	0.16%	August 12, 2025

	949,584.00	December 30, 2015	Rights issue	10	30	2.68%	2.11%	August 12, 2025
	790,240.00	April 2, 2019	Transfer from Amardeep Singh Samra (Family Settlement)	10	NA	2.23%	1.75%	August 12, 2025
	132,000.00	April 2, 2019	Transfer from Gagan Samra (Family Settlement)	10	NA	0.37%	0.29%	August 12, 2025
	16,868.00	April 3, 2019	Transfer from Jasbir Singh Walia	10	85	0.05%	0.04%	August 12, 2025
	124,327.00	April 3, 2019	Transfer from Inderjit Vasudeva	10	85	0.35%	0.28%	August 12, 2025
	570,080.00	April 3, 2019	Transfer from International Township Developers Private Limited	10	85	1.61%	1.26%	August 12, 2025
	38,200.00	August 21, 2019	Transfer from Tanveer Singh Dhillon	10	90	0.11%	0.08%	August 12, 2025
	10,000.00	September 26, 2019	Transfer from Gursharan Kaur	10	90	0.03%	0.02%	August 12, 2025
	284,000.00	November 18, 2019	Transfer from Avtar Singh Samra	10	90	0.80%	0.63%	August 12, 2025
	200,000.00	November 18, 2019	Transfer from Onkar Singh Sihota	10	90	0.56%	0.44%	August 12, 2025
	66,000.00	November 18, 2019	Transfer from Balbir Singh	10	90	0.19%	0.15%	August 12, 2025
	125,000.00	September 23, 2020	Transfer from Balbir Singh	10	120	0.35%	0.28%	August 12, 2025
	75,000.00	September 29, 2020	Transfer from Rashpal Singh	10	120	0.21%	0.17%	August 12, 2025
Amarjit Singh Samra	1,000.00	May 31, 1999	Allotment pursuant to initial subscription to the Memorandum of Association	10	10	0.00%	0.00%	August 12, 2025
	639,000.00	January 12, 2000*	Private Placement	10	10	1.80%	1.42%	August 12, 2025
	128,000.00	April 24, 2004	Bonus issuance of 1 Equity Share for every 5 Equity Shares held on the April 24, 2004	10	NA	0.36%	0.28%	August 12, 2025
	76,800.00	October 9, 2014	Bonus issuance of 1 Equity Share for every 10 Equity Shares held on the Record date, i.e., October 7, 2014	10	NA	0.22%	0.17%	August 12, 2025

	796,064.00	December 30, 2015	Rights issue	10	30	2.24%	1.77%	August 12, 2025
Navneet Kaur Samra	120,000.00	January 12, 2000*	Private Placement	10	10	0.34%	0.27%	August 12, 2025
	24,000.00	April 24, 2004	Bonus issuance of 1 Equity Share for every 5 Equity Shares held on the April 24, 2004	10	NA	0.07%	0.05%	August 12, 2025
	14,400.00	October 9, 2014	Bonus issuance of 1 Equity Share for every 10 Equity Shares held on the Record date, i.e., October 7, 2014	10	NA	0.04%	0.03%	August 12, 2025
	700,000.00	December 30, 2015	Rights issue	10	30	1.97%	1.55%	August 12, 2025
	13,200.00	April 11, 2019	Transfer from Satwant Singh	10	120	0.04%	0.03%	August 12, 2025
	13,200.00	April 15, 2019	Transfer from Simar Kaur	10		0.04%	0.03%	August 12, 2025
Surinder Kaur Samra	280,000.00	January 12, 2000*	Private Placement	10	10	0.79%	0.62%	August 12, 2025
	56,000.00	April 24, 2004	Bonus issuance of 1 Equity Share for every 5 Equity Shares held on the April 24, 2004	10	NA	0.16%	0.12%	August 12, 2025
	33,600.00	October 9, 2014	Bonus issuance of 1 Equity Share for every 10 Equity Shares held on the Record date, i.e., October 7, 2014	10	NA	0.09%	0.07%	August 12, 2025
	566,886.00	December 30, 2015	Rights issue	10	30	1.60%	1.26%	August 12, 2025
Dinesh Gupta	5,000	January 12, 2000**	Private Placement	10	10	0.01%	0.01%	August 12, 2025
	1,000	April 24, 2004	Bonus issuance of 1 Equity Share for every 5 Equity Shares held on the April 24, 2004	10	NA	0.00%	0.00%	August 12, 2025
	3,000	September 29, 2006	Rights issue	10	20	0.01%	0.01%	August 12, 2025
	3,000	April 27, 2009	Transfer from Tarsem Lal Gogna	10	10	0.01%	0.01%	August 12, 2025
	1,200	October 9, 2014	Bonus issuance of 1 Equity Share for every 10 Equity Shares held on the Record	10	NA	0.00%	0.00%	August 12, 2025

			date, i.e., October 7, 2014					
	59,400	December 29, 2014	Transfer from Northern India Consultants Private Limited	10	21.36	0.17%	0.13%	August 12, 2025
	9,900		Gift from Deepali Gupta (Wife)	10	NA	0.03%	0.02%	August 12, 2025
	6,356		Gift from Raman Kumar Gupta (Brother)	10	NA	0.02%	0.01%	August 12, 2025
	16,594		Gift from Monika Gupta (Sister-in-law)	10	NA	0.05%	0.04%	August 12, 2025
	9,370		Gift from K.M. Gupta (Father)	10	NA	0.03%	0.02%	August 12, 2025
	3,200		Transfer from K. Shalay Gupta (Son)	10	27	0.01%	0.01%	August 12, 2025
	3,200		Gift from Shubham Gupta (Son)	10	NA	0.01%	0.01%	August 12, 2025
	5,500		Gift from Vinay Gupta (Brother-in-law)	10	NA	0.02%	0.01%	August 12, 2025
	79,200		Gift from Gaurav Mittal (Brother-in-law), Maya Mittal (Mother-in-law) and Monica Mittal (Sister-in-law)	10	NA	0.22%	0.18%	August 12, 2025
	90,000	December 30, 2015	Rights issue	10	30	0.25%	0.20%	August 12, 2025
Shareholders								
ICICI Prudential Life Insurance Company Limited	541,333	March 31, 2017	Private Placement	10		1.53%	1.20%	August 12, 2025
HDFC Life Insurance Company Limited	541,333	March 31, 2017	Private Placement	10		1.53%	1.20%	August 12, 2025
Total	9,015,355	0	0			25.42%	20.00%	

** All Equity Shares allotted to our Promoters / ICICI Prudential Life Insurance Company Limited and HDFC 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 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 Life Insurance Company Limited for meeting the shortfall in Promoters' contribution 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.

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 Prospectus, no Equity Shares held by our Promoters and ICICI Prudential Life Insurance Company Limited and HDFC Life Insurance Company Limited are pledged.

f All the Equity Shares held by our Promoters and ICICI Prudential Life Insurance Company Limited and HDFC 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 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 (i) any Equity Shares held by the employees (whether currently employees or not) of our Bank which have been or will be allotted to them under ESOP 2018, ESOP MRT or ESOP 2023; (ii) the Equity Shares which are successfully transferred as a part of the Offer for Sale by the Selling Shareholders; (iii) any Equity Shares held by a VCF or Category I AIF or Category II AIF or FVCI, as applicable, provided that such Equity Shares shall be locked in for a period of at least six months form the date of purchase by such shareholders; and (iv) 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 Life Insurance Company Limited have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, the Equity Shares offered under Regulation 14 of the SEBI ICDR Regulations from the date of filing of this 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) 50% of the Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 90 days from the date of Allotment and the remaining 50% of the Equity Shares Allotted to Anchor Investors in 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 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 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 of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)
								Number of Voting Rights		Total as a % of (A+B+C)			Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)	
								Class: Equity Shares	Total								
(A)	Promoters and Promoter Group	11	8,489,425	-	-	8,489,425	23.96%	8,489,425	8,489,425	23.96%	-	23.96%	-	-	-	-	8,489,425
(B)	Public	1,986[(1)]	26,937,711	-	-	26,937,711	76.04%	26,937,711	26,937,711	76.04%	-	76.04%	-	-	-	-	20,381,907
(C)	Non Promoters - Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	1,997	35,427,136	0	0	35,427,136	100.00%	35,427,136	35,427,136	**100.00**	-	**100.00**	-	-	-	-	**28,871,332**

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.
**As on February 7, 2024.*
1. Out of 1,986 public shareholders, several allotments, including ESOP allotments, were made to certain identified persons as disclosed in the share capital history of our Bank. It is submitted that as per the Companies Act, 2013 a minimum of seven persons are required for the formation of a public company, however there is no restriction on the maximum number of persons that can be members of a public company. Therefore, the issuance of shares to 1,986 members of the public is in compliance with the Companies Act, 2013, except for the allotment of 4,571,575 Equity Shares (allotted during Financial Year 2004-2005) for which the Bank had voluntarily undertaken the exit offer and paid a settlement fee of ₹ 0.58 million to SEBI (in accordance with the Final Settlement Order dated June 10, 2022). For further details, see "Risk Factor-Our Bank has settled a matter with SEBI in the past in connection with allotment of Equity Shares to more than 49 investors" on page 27 of the RHP.

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 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	11.77%
2.	Oman India Joint Investment Fund II	3,346,914	9.44%
3.	Santokh Singh Chhokar	1,760,000	4.96%
4.	PI Ventures LLP	1,686,980	4.76%
5.	Amarjit Singh Samra	1,640,864	4.63%
6.	Amicus Capital Private Equity I LLP	1,511,535	4.26%
7.	HDFC Life Insurance Company Limited	1,394,400	3.93%
8.	Small Industries Development Bank of India	1,349,650	3.81%
9.	ICICI Prudential Life Insurance Company Limited	1,322,400	3.73%
10.	Max Life Insurance Company Limited	1,057,700	2.98%
11.	Surinder Kaur Samra	936,486	2.64%
12.	Navneet Kaur Samra	884,800	2.50%
13.	Rashpal Singh	822,729	2.32%
14.	Balbir Singh	671,400	1.89%
15.	Shahbaz Singh Samra	475,513*	1.34%
16.	Gurinder Mann	391,111	1.10%
17.	Gursharan Bassi	362,230	1.02%
18.	Gurdev Singh Samra	358,500	1.01%
19.	Gurnam Singh	358,435	1.01%
	Total	**2,45,06,266**	**69.11%**

** Transmitted by the Depository Participant in the name of the second and third holder, i.e., Shahbaz Singh Samra and Sangram Singh Samra pursuant to the death of Swaran Singh, in accordance with the applicable law.*

(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 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	11.77%
2.	Oman India Joint Investment Fund II	3,346,914	9.44%
3.	Santokh Singh Chhokar	1,760,000	4.96%
4.	PI Ventures LLP	1,686,980	4.76%
5.	Amarjit Singh Samra	1,640,864	4.63%
6.	Amicus Capital Private Equity I LLP	1,511,535	4.26%
7.	HDFC Life Insurance Company Limited	1,394,400	3.93%
8.	Small Industries Development Bank of India	1,349,650	3.81%
9.	ICICI Prudential Life Insurance Company Limited	1,322,400	3.73%
10.	Max Life Insurance Company Limited	1,057,700	2.98%
11.	Surinder Kaur Samra	936,486	2.64%
12.	Navneet Kaur Samra	884,800	2.50%
13.	Rashpal Singh	822,729	2.32%
14.	Balbir Singh	671,400	1.89%
15.	Shahbaz Singh Samra	475,513	1.34%
16.	Gurinder Mann	391,111	1.10%
17.	Gursharan Bassi	362,230	1.02%
18.	Gurdev Singh	358,500	1.01%
19.	Gurnam Singh	358,435	1.01%
	Total	**2,45,06,266**	**69.11%**

(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 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	12.17%
2.	Oman India Joint Investment Fund II	3,346,914	9.76%
3.	Santokh Singh Chhokar	1,760,000	5.13%
4.	PI Ventures LLP	1,686,980	4.92%
5.	Amarjit Singh Samra	1,640,864	4.78%
6.	Amicus Capital Private Equity I LLP	1,511,535	4.41%
7.	HDFC Life Insurance Company Limited	1,394,400	4.06%
8.	Small Industries Development Bank of India	1,349,650	3.93%
9.	ICICI Prudential Life Insurance Company Limited	1,322,400	3.85%
10.	Surinder Kaur Samra	936,486	2.73%
11.	Navneet Kaur Samra	884,800	2.58%
12.	Rashpal Singh	822,729	2.40%
13.	Balbir Singh	671,400	1.96%
14.	Shahbaz Singh Samra	475,513	1.39%
15.	Gurinder Mann	391,111	1.14%
16.	Gursharan Bassi	362,230	1.06%
17.	Gurdev Singh Samra	358,500	1.04%
18.	Gurnam Singh	358,435	1.04%
	Total	**2,34,48,566**	68.35%

(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 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	41,74,619	12.24%
2.	Oman India Joint Investment Fund II	3,346,914	9.82%
3.	Santokh Singh Chhokar	1,760,000	5.16%
4.	PI Ventures LLP	1,686,900	4.95%
5.	Amarjit Singh Samra	1,640,864	4.81%
6.	HDFC Life Insurance Company Limited	1,394,400	4.09%
7.	Small Industries Development Bank of India	1,349,650	3.96%
8.	Amicus Capital Private Equity I LLP	1,511,535	4.43%
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.	Balbir Singh	671,400	1.97%
13.	Rashpal Singh Virk	822,729	2.41%
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%
	Total	**23,448,566**	**68.78%**

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

(i) Except as disclosed below our Directors, Key Managerial Personnel, Senior Management and members of our Promoter Group 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.	Sarvjit Singh Samra	4,174,619	11.78	-	9.27%
2.	Dinesh Gupta (jointly with Deepali Gupta)	295,920	0.84	-	0.66%

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 (%)
3.	Gurpreet Singh Chug	31,700*	0.09	-	0.07%
4.	Munish Jain	210,801	0.60	20,292	0.51%
KMPs and Senior Management					
1.	Amit Sharma	3,395	0.01	6,000	0.02%
2.	Santosh Kumar Dhawan	3,880	0.01	3,000	0.02%
3.	Raghav Aggarwal	6,626	0.02	7,500	0.03%
4.	Richa Mahajan	16,936	0.05	7,000	0.05%
Promoter Group					
1.	Amarpreet Kaur Hayer	44,000	0.12	-	0.10%
2.	Shahbaz Singh Samra (jointly with Sangram Singh Samra)	475,513	1.34	-	1.06%
3.	Dinesh Gupta HUF	29,333	0.08	-	0.07%
4.	Deepali Gupta	2,890	0.01	-	0.01%
5.	Minni Gupta	4,000	0.01	-	0.01%
6.	Raman Kumar Gupta	1,000	Negligible	-	Negligible
Total		**5,300,613**	**14.96**	**43,792**	11.87%

**Out of 31,700 Equity Shares, 27,300 Equity Shares are jointly held with Gurveen Kaur.*

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

10. 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 Prospectus.

11. **Employee stock option schemes**

1. **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.

Except as disclosed in the "-*Share capital history of our Bank*" on page 93, our Bank has not allotted any Equity Shares pursuant to ESOS 2018.

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

Particulars	Details				
	Fiscal 2021	Fiscal 2022	Fiscal 2023	From April 1, 2023 to 30th September 2023	From October 1, 2023 to date of certificate
Total options outstanding as at the beginning of the period	6,50,496	4,65,511	5,72,439	3,97,893	3,35,250
Total options granted	-	3,26,750	76,000	-	-
Exercise price of options in ₹ (as on the date of grant options)	98	98	98	98	98
Options forfeited/lapsed/cancelled	81,521	86,412	48,600	30,511	500
Variation of terms of options	The Bank has amended 'CSFB ESOP 2018' plan to comply with the requirements in terms of SBEB & SE Regulations. The terms of options were modified in the following manner:				

<table>
<tr><th>Particulars</th><th colspan="5">Details</th></tr>
<tr><td></td><td>Fiscal 2021</td><td>Fiscal 2022</td><td>Fiscal 2023</td><td>From April 1, 2023 to 30th September 2023</td><td>From October 1, 2023 to date of certificate</td></tr>
<tr><td></td><td colspan="5"><table>
<tr><th>No.</th><th>Clause no.</th><th>Old plan</th><th>New plan</th></tr>
<tr><td>1.</td><td>9.6</td><td>Treatment of options in case of retirement on superannuation

Presently the ESOP 2018 does not provide for the treatment of options in case of retirement.</td><td>In the event of retirement or superannuation, the options granted to an employee which have not vested, will not expire, and continue to vest in accordance with their respective vesting schedules as per Bank's policies after the listing, per the amendment being proposed in the ESOP 2018.</td></tr>
</table></td></tr>
<tr><td>Money realized by exercise of options during the year/period (in million)</td><td>₹10.14</td><td>₹13.07</td><td>₹19.79</td><td>₹2.71</td><td>₹7.50</td></tr>
<tr><td>Total number of options outstanding in force at the end of period/year</td><td>4,65,511</td><td>5,72,439</td><td>3,97,893</td><td>3,35,250</td><td>2,58,250</td></tr>
<tr><td>Total options vested (excluding the options that have been exercised) at the end of reporting period</td><td>38,823</td><td>47,940</td><td>54,893</td><td>96,750</td><td>23,000</td></tr>
<tr><td>Options exercised (since implementation of the ESOP scheme)</td><td>1,03,464</td><td>2,36,874</td><td>4,38,820</td><td>4,66,452</td><td>5,42,952</td></tr>
<tr><td>The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)</td><td colspan="5">8,01,202</td></tr>
<tr><td><u>Employee wise details of options granted to:</u></td><td colspan="5"></td></tr>
<tr><td>(i) <u>Key managerial personnel and Senior Management</u></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Amit Sharma</td><td>-</td><td>3,750</td><td>1,000</td><td>-</td><td>-</td></tr>
<tr><td>Santosh Kumar Dhawan</td><td>-</td><td>2,000</td><td>1,000</td><td>-</td><td>-</td></tr>
<tr><td>Raghav Aggarwal</td><td>-</td><td>4,500</td><td>1,000</td><td>-</td><td>-</td></tr>
<tr><td>Richa Mahajan</td><td>-</td><td>4,500</td><td>1,000</td><td>-</td><td>-</td></tr>
<tr><td>(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</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>(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</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><th>Particulars</th><th>Tranche I</th><th>Tranche II</th><th>Tranche III</th><th>Tranche IV</th></tr>
<tr><td>Fair Value of option (₹)</td><td>132.17</td><td>181.18</td><td>185.29</td><td>222.93</td></tr>
<tr><td>Risk-free interest rate (%)</td><td>6.65-6.99%</td><td>5.06%</td><td>5.14%</td><td>6.89%</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><td>2.71 years</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td></td><td>
<table>
<tr><th>Fiscal 2021</th><th>Fiscal 2022</th><th>Fiscal 2023</th><th>From April 1, 2023 to 30th September 2023</th><th>From October 1, 2023 to date of certificate</th></tr>
<tr><td>Expected volatility (%)</td><td>31.53-33.10%</td><td>44.03%</td><td>41.80%</td><td>43.67%</td></tr>
<tr><td>Expected dividend rate (%)</td><td>0%</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 2021</td><td>11.98</td></tr>
<tr><td>Fiscal 2022</td><td>18.22</td></tr>
<tr><td>Fiscal 2023</td><td>27.21</td></tr>
<tr><td>April 1, 2023 to 30th Sep. 2023</td><td>15.49*</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 Bank 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 Bank and on the earnings per share of the Bank</td><td>
<table>
<tr><th></th><th colspan="4">₹ in millions</th></tr>
<tr><th>Particulars</th><th>Half Year Ended Sep.’23</th><th>Year Ended March’23</th><th>Year Ended March’22</th><th>Year Ended March’21</th></tr>
<tr><td>Impact on Profit After Tax</td><td>-</td><td>-</td><td>(2.34)</td><td>(2.53)</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>15.59</td><td>27.35</td><td>18.41</td><td>12.04</td></tr>
<tr><td>Diluted (₹)*</td><td>15.49</td><td>27.21</td><td>18.22</td><td>11.98</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>15.59</td><td>27.35</td><td>18.34</td><td>11.97</td></tr>
<tr><td>Diluted (₹)*</td><td>15.49</td><td>27.21</td><td>18.02</td><td>11.85</td></tr>
</table>
*not-annualised for half year ended September 2023

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 and employees</td><td>Nil</td></tr>
</table>

Particulars	Details				
	Fiscal 2021	Fiscal 2022	Fiscal 2023	From April 1, 2023 to 30th September 2023	From October 1, 2023 to date of certificate
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)					

2. **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.

Except as disclosed in the "-*Share capital history of our Bank*" on page 93, our Bank has not allotted any Equity Shares pursuant to ESOS 2018.

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

<table>
<tr><th>Particulars</th><th colspan="5">Details</th></tr>
<tr><td></td><td>Fiscal 2021</td><td>Fiscal 2022</td><td>Fiscal 2023</td><td>From April 1, 2023 to 30th Sep. 2023</td><td>From Oct. 1, 2023 to date of certificate</td></tr>
<tr><td>Total options outstanding as at the beginning of the period</td><td>-</td><td>-</td><td>19,251</td><td>32,133</td><td>20,292</td></tr>
<tr><td>Total options granted</td><td>-</td><td>19,251</td><td>19,299</td><td>13,874</td><td>-</td></tr>
<tr><td>Exercise price of options in ₹ (as on the date of grant options)</td><td>-</td><td>10</td><td>10</td><td>10</td><td>10</td></tr>
<tr><td>Options forfeited/lapsed/cancelled</td><td>-</td><td>-</td><td>-</td><td>12,865</td><td>-</td></tr>
<tr><td>Variation of terms of options</td><td colspan="5">The Bank has amended 'CSFB ESOP MRT' plan to comply with the requirements in terms of SBEB & SE Regulation. The terms of options were modified in the following manner:
<table>
<tr><th>No.</th><th>Clause No.</th><th>Old plan</th><th>New plan</th></tr>
<tr><td>1.</td><td>9.6</td><td>Treatment of options in case of retirement on superannuation

Presently the ESOP MRT does not provide for the treatment of options in case of retirement.</td><td>In the event of retirement or superannuation, the options granted to an employee which have not vested, will not expire, and continue to vest in accordance with their respective vesting schedules as per Bank's policies after the listing, per the amendment being proposed in the ESOP MRT.</td></tr>
<tr><td>2.</td><td>12.1</td><td>Vesting of options after cessation of Employment

The ESOP MRT provided that continuation of service will not be a precondition for vesting of</td><td>The position has been revised to provide that continuation of service shall be a precondition for vesting of granted options, except as provided under the applicable laws.</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Particulars</th><th colspan="5">Details</th></tr>
<tr><th></th><th>Fiscal 2021</th><th>Fiscal 2022</th><th>Fiscal 2023</th><th>From April 1, 2023 to 30th Sep. 2023</th><th>From Oct. 1, 2023 to date of certificate</th></tr>
<tr><td></td><td colspan="5">granted Options.</td></tr>
<tr><td>Money realized by exercise of options (in million)</td><td>-</td><td>-</td><td>0.06</td><td>0.13</td><td>-</td></tr>
<tr><td>Total number of options outstanding in force at the end of period/year</td><td>-</td><td>19,251</td><td>32,133</td><td>20,292</td><td>20,292</td></tr>
<tr><td>Total options vested (excluding the options that have been exercised)</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Options exercised (since implementation of the ESOP scheme)</td><td>-</td><td>-</td><td>6,417</td><td>19,267</td><td>19,267</td></tr>
<tr><td>The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)</td><td colspan="5">39,559</td></tr>
<tr><td>Employee wise details of options granted to:</td><td colspan="5">-</td></tr>
<tr><td>(i) Key managerial personnel (Mr. Munish Jain)</td><td>-</td><td>19,251</td><td>19,299</td><td>13,875</td><td>-</td></tr>
<tr><td>(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</td><td>NA</td><td>NA</td><td>NA</td><td>-</td><td>-</td></tr>
<tr><td>(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</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><th>Particulars</th><th>Tranche I</th><th>Tranche II</th><th>Tranche III</th></tr><tr><td>Fair Value of option (₹)</td><td>255.04</td><td>294.14</td><td>361.29</td></tr><tr><td>Risk-free interest rate (%)</td><td>4.13%-5.15%</td><td>4.96%-6.20%</td><td>6.79%-6.86%</td></tr><tr><td>Expected life (years)</td><td>1.50-3.50 years</td><td>1.50-3.50 years</td><td>1.50-3.50 years</td></tr><tr><td>Expected volatility (%)</td><td>42.07%-50.86%</td><td>44.64%-50.72%</td><td>37.20% - 46.14%</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 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</td><td colspan="5"><table><tr><th>Period</th><th>Diluted EPS (Rs.)</th></tr><tr><td>Fiscal 2021</td><td>11.98</td></tr></table></td></tr>
</table>

<table>
<tr><th>Particulars</th><th colspan="5">Details</th></tr>
<tr><td></td><td>Fiscal 2021</td><td>Fiscal 2022</td><td>Fiscal 2023</td><td>From April 1, 2023 to 30th Sep. 2023</td><td>From Oct. 1, 2023 to date of certificate</td></tr>
<tr><td>‘Earnings Per Share.</td><td colspan="5">
<table>
<tr><td>Fiscal 2022</td><td>18.22</td></tr>
<tr><td>Fiscal 2023</td><td>27.21</td></tr>
<tr><td>April 1, 2023 to 30th Sep. 2023</td><td>15.49*</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 Bank 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 Bank and on the earnings per share of the Bank</td><td colspan="5">
<table>
<tr><td></td><td colspan="4">₹ in millions</td></tr>
<tr><td>Particulars</td><td>Half Year Ended Sep.’23</td><td>Year Ended March’23</td><td>Year Ended March’22</td><td>Year Ended March’21</td></tr>
<tr><td>Impact on Profit After Tax</td><td>-</td><td>-</td><td>(2.34)</td><td>(2.53)</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>15.59</td><td>27.35</td><td>18.41</td><td>12.04</td></tr>
<tr><td>Diluted (₹)*</td><td>15.49</td><td>27.21</td><td>18.22</td><td>11.98</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>15.59</td><td>27.35</td><td>18.34</td><td>11.97</td></tr>
<tr><td>Diluted (₹)*</td><td>15.49</td><td>27.21</td><td>18.02</td><td>11.85</td></tr>
</table>
*not-annualised for half year ended September 2023

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 colspan="5">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 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)</td><td colspan="5">Nil</td></tr>
</table>

3. **ESOP 2023**

Our Bank, pursuant to the resolution passed by our Board on March 29, 2023 and the resolutions passed by our Shareholders on May 12, 2023, adopted the ESOP 2023 to create, offer grant stock options which are convertible into Equity Shares. The purpose of the ESOP 2023 is to reward the employees’ long association with the Bank,

motivate the employees with incentives, inspire loyalty and reward opportunities. The aggregate number of Equity Shares issued under ESOP 2023, upon exercise, shall not exceed 685,049 Equity Shares at such price and on such terms and conditions as may be fixed or determined by the Board.

ESOP 2023 is in compliance with the SEBI SBEBSE Regulations. The details of ESOP 2023 are as follows:

<table>
<tr><th>Particulars</th><th>Details
From April 1, 2023 to date of certificate</th></tr>
<tr><td>Total options outstanding as at the beginning of the period</td><td>-</td></tr>
<tr><td>Total options granted</td><td>6,82,000</td></tr>
<tr><td>Exercise price of options in ₹ (as on the date of grant options)</td><td>171</td></tr>
<tr><td>Options forfeited/lapsed/cancelled</td><td>1,500</td></tr>
<tr><td>Variation of terms of options</td><td>-</td></tr>
<tr><td>Money realized by exercise of options during the year/period (in million)</td><td>-</td></tr>
<tr><td>Total number of options outstanding in force at the end of period/year</td><td>6,80,500</td></tr>
<tr><td>Total options vested (excluding the options that have been exercised) at the end of reporting period</td><td>-</td></tr>
<tr><td>Options exercised (since implementation of the ESOP scheme)</td><td>-</td></tr>
<tr><td>The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)</td><td>6,80,500</td></tr>
<tr><td><u>Employee wise details of options granted to:</u></td><td></td></tr>
<tr><td>(i) <u>Key managerial personnel and Senior Management</u>

Amit Sharma
Raghav Aggarwal
Richa Mahajan</td><td>

3,000
4,500
4,000</td></tr>
<tr><td>(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</td><td>-</td></tr>
<tr><td>(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</td><td>-</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>Fair Value of option is calculated using The Black Sholes Method with following inputs-.

<table><tr><th>Particulars</th><th>Tranche I</th></tr><tr><td>Fair Value of option (₹)</td><td>239.99</td></tr><tr><td>Risk-free interest rate (%)</td><td>7.04%-7.07%</td></tr><tr><td>Expected life (years)</td><td>2.54-3.54 years</td></tr><tr><td>Expected volatility (%)</td><td>38.49%-44.98%</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>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</td><td><table><tr><th>Period</th><th>Diluted EPS (Rs.)</th></tr><tr><td>Fiscal 2021</td><td>11.98</td></tr></table></td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td></td><td>From April 1, 2023 to date of certificate</td></tr>
<tr><td>‘Earnings Per Share.</td><td>
<table>
<tr><td>Fiscal 2022</td><td>18.22</td></tr>
<tr><td>Fiscal 2023</td><td>27.21</td></tr>
<tr><td>April 1, 2023 to 30th Sep. 2023</td><td>15.49*</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 Bank 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 Bank and on the earnings per share of the Bank</td><td>
<table>
<tr><td></td><td colspan="4">₹ in millions</td></tr>
<tr><td>Particulars</td><td>Half Year Ended Sep.’23</td><td>Year Ended March’23</td><td>Year Ended March’22</td><td>Year Ended March’21</td></tr>
<tr><td>Impact on Profit After Tax</td><td>-</td><td>-</td><td>(2.34)</td><td>(2.53)</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>15.59</td><td>27.35</td><td>18.41</td><td>12.04</td></tr>
<tr><td>Diluted (₹)*</td><td>15.49</td><td>27.21</td><td>18.22</td><td>11.98</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>15.59</td><td>27.35</td><td>18.34</td><td>11.97</td></tr>
<tr><td>Diluted (₹)*</td><td>15.49</td><td>27.21</td><td>18.02</td><td>11.85</td></tr>
</table>
</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 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)</td><td>Nil</td></tr>
</table>

4. 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 Prospectus.

Date of transaction	Nature of transaction	Number of Equity Shares	Price per Equity Share (₹)	Total consideration (₹)
Munish Jain *(Executive Director and CFO)*				
July 21, 2023	Sale	9,000	370	3,330,000
July 21, 2023	Sale	11,000	370	4,070,000

5. As on February 7, 2024, the total number of our Shareholders is 1,997.

6. 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.

7. Except for the Equity Shares that may be allotted pursuant to the conversion of employee stock options granted under ESOP 2018, ESOP MRT and ESOP 2023; and (iii) 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 Prospectus until the listing of the Equity Shares on the Stock Exchanges pursuant to the Offer or refund of application monies.

8. 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 Prospectus and the date of closing of the Offer shall be reported to the Stock Exchanges within 24 hours of such transaction.

9. 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 Prospectus.

10. 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, ESOP MRT and ESOP 2023.

11. Except employee stock options granted pursuant to ESOP 2018, ESOP MRT and ESOP 2023, 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 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 231. Set out below are details of our Bank's Tier-I and Tier-II capital base in accordance with the Restated Financial Information:

Particulars	September 30, 2023	September 30, 2022	March 31, 2023	March 31, 2022	March 31, 2021
Share Capital	353.51	342.52	342.52	340.44	339.10
Reserves & Surplus (excl. revenue and other reserves)	6,638.02	5,089.53	5,642.98	4,670.28	4,061.46
Deferred Tax Asset	(88.27)	(76.77)	(79.72)	(68.12)	(37.64)
Proposed Dividend	-	-	(41.10)	(34.04)	(27.13)
Tier Capital-I	**6,903.26**	**5,355.28**	**5,864.68**	**4,908.56**	**4,335.80**
Sub Debt	2,115.10	1,921.85	1,866.04	1,635.34	1,424.92
General Provision & Standard Asset Provision	289.14	299.92	288.35	297.18	187.82
Investment Fluctuation Reserve	63.66	84.50	63.66	84.50	67.95
- Credit Enhancement under securitization – Cash collateral	-	-	-	-	-
- Credit Enhancement under securitization – Book debt collateral	-	-	-	-	-
Tier Capital-II	**2,467.90**	**2,306.27**	**2,218.05**	**2,017.03**	**1,680.68**
Total Capital Fund (Tier I & II)	**9,371.16**	**7,661.55**	**8,082.73**	**6,925.59**	**6,016.48**
Total Risk Weighted Assets	45,229.14	41,178.92	42,844.25	37,168.97	30,380.21
Total Capital Ratio (CRAR) (%)	20.72%	18.61%	18.87%	18.63%	19.80%
Capital Adequacy Ratio					
Tier I Capital (%)	15.26%	13.00%	13.69%	13.21%	14.27%
Tier II Capital (%)	5.46%	5.61%	5.18%	5.42%	5.53%
Total Capital (%)	20.72%	18.61%	18.87%	18.63%	19.80%

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. As our Bank continues to grow its loan portfolio and asset base, we expect to require additional capital in order to continue to meet applicable capital adequacy ratios with respect to our business. We intend to grow our loan advances which would require Tier – I capital to comply with the applicable capital adequacy 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	4,500.00
(Less) Fresh Issue expenses	259.23
Net Proceeds	4,240.77

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 and for increasing branch network and business of our Bank which is primarily onward lending 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.

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described in this section are based on

our current business plan, management estimates, prevailing market conditions and other commercial and technical factors. The fund requirements and deployment of funds have not been appraised by any bank, or financial institution or any other independent agency. We may have to revise our funding requirements and deployment on account of a variety of factors such as our financial and market condition, business and strategy, competition and other external factors such as changes in the business environment and interest or exchange rate fluctuations, which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management, subject to compliance with applicable laws.

Capital Adequacy

The following table sets forth certain details regarding our capital under the RBI guidelines as of the dates indicated:

Particulars	September 30,		March 31,		
	2023	2022	2023	2022	2021
Tier 1 capital	6,903.26	5,355.28	5,864.68	4,908.56	4,335.80
Tier 2 capital	2,467.90	2,306.27	2,218.05	2,017.03	1,680.68
Total capital	9,371.16	7,661.55	8,082.73	6,925.59	6,016.48
Total risk weighted assets	45,229.14	41,178.92	42,844.25	37,168.97	30,380.21
Capital Adequacy Ratios					
Tier 1 capital ratio (%)	15.26%	13.00%	13.69%	13.21%	14.27%
Tier 2 capital ratio (%)	5.46%	5.61%	5.18%	5.42%	5.53%
CRAR (%)	20.72%	18.61%	18.87%	18.63%	19.80%

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 towards onward lending.

As our Bank continues to grow our loan portfolio and asset base, it will require additional capital in order to continue to meet applicable capital adequacy ratios with respect to its business. The Bank's CRAR as of March 31, 2023 was 18.87%, of which Tier 1 was 13.69%. In the coming period, our Bank plans to significantly grow its loan advances which would require Tier 1 capital to comply with the applicable capital adequacy regulations. With the primary capital raise planned through the Offer, the management of our Bank believes that our Bank would have adequate capital without any further need of fresh capital in the short to medium term.

Offer Expenses

The total expenses of the Offer are estimated to be approximately ₹ 299.72 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. All Offer related expenses to be proportionately borne by the Selling Shareholders shall be deducted from the proceeds from the Offer for Sale, and subsequently, the balance amount from the Offer for Sale will be paid to the Selling Shareholders. 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, in proportion to the Offered Shares.

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)	148.13	49.42%	2.83%
Commission/processing fee for SCSBs and Bankers to the Offer and fee payable to the Sponsor Bank for Bids made by UPI Bidders using UPI [(2)]	7.45	2.48%	0.14%
Brokerage and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs[(3)(4)]	6.26	2.09%	0.12%
Fees payable to the Registrar to the Offer	0.65	0.22%	0.01%
Fees payable to the other advisors to the Offer			
- Statutory Auditors[#]	4.43	1.48%	0.08%
- Independent Chartered Accountant[#]	1.77	0.59%	0.03%
- Industry expert[#]	1.89	0.63%	0.04%
- Fee payable to legal counsel[#]	16.81	5.61%	0.32%
Others			
- Listing fees, SEBI filing fees, upload fees, BSE and NSE	23.34	7.89%	0.45%

Activity	Estimated expenses[(1)] (₹ in million)	As a % of the total estimated Offer expenses[(1)]	As a % of the total Offer size[(1)]
processing fees, book building software fees, depository charges and other regulatory expenses			
- Printing and stationery	12.48	4.16%	0.24%
- Advertising and marketing expenses	55.53	18.53%	1.06%
- Miscellaneous	20.98	7.00%	0.40%
Total estimated Offer expenses	**299.72**	**100.00%**	**5.73%**

(1) Offer expenses include applicable taxes, where applicable. Offer expenses are estimates and are subject to change.

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

Portion for RIBs[*]	*0.24% of the Amount Allotted (plus applicable taxes)**
Portion for Non-Institutional Bidders[*]	*0.10% of the Amount Allotted (plus applicable taxes)**

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

No processing/uploading charges shall be payable by our Bank and the Selling Shareholders to the SCSBs on the applications directly procured by them.

The 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) SCSBs will be entitled to a processing fee for processing the ASBA Form procured by the members of the Syndicate (including their sub-syndicate members), CRTAs or CDPs from Retail Individual Bidders and Non-Institutional Bidders (excluding UPI Bids) and submitted to the SCSBs for blocking as follows:

Portion for RIBs[*]	*₹10/- per valid ASBA Forms (plus applicable taxes)*
Portion for Non-Institutional Bidders [*]	*₹10/- per valid ASBA Forms (plus applicable taxes)*

[*]Based on valid ASBA Forms

Uploading charges payable to SCSBs on the portion of QIBs and Non-Institutional Bidders bids above ₹0.50 million which are procured by the Syndicate/sub-Syndicate/Registered Broker/RTAs/CDPs and submitted to SCSBs for blocking and uploading would be ₹10 per valid application (plus applicable taxes).

Notwithstanding anything contained in (2) above the total uploading charges / processing fees payable under this clause will not exceed ₹1.50 million (plus applicable taxes) and in case if the total processing fees exceeds ₹1.50 million (plus applicable taxes) then uploading charges/ processing fees will be paid on pro-rata basis.

(4) Brokerage on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by the members of the Syndicate (including their sub-syndicate members), CRTAs, CDPs or for using 3-in 1 type accounts- linked online trading, demat & bank account provided by some of the brokers which are members of Syndicate (including their sub-syndicate members) would be as follows:

Portion for RIBs[*]	*0.24% of the Amount Allotted (plus applicable taxes)**
Portion for Non-Institutional Bidders [*]	*0.10% of the Amount Allotted (plus applicable taxes)**

[*]Amount Allotted is the product of the number of Equity Shares Allotted and the Issue Price.

The selling commission payable to the Syndicate / Sub-Syndicate Members will be determined:

i. *For RIBs and Non-Institutional Bidders (up to ₹0.50 million) 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.*

ii. *For Non-Institutional Bidders (Bids above ₹0.50 million) on the basis of the Syndicate ASBA Form bearing SM Code & Sub-Syndicate Code of the application form submitted to SCSBs for Blocking of the Fund and uploading on the Exchanges platform by SCSBs. 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 Syndicate / Sub Syndicate members and not the SCSB.*

The payment of selling commission payable to the sub-brokers / agents of sub-syndicate members are to be handled directly by the respective sub-syndicate member.

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

Uploading Charges: Payable to members of the Syndicate (including their sub-Syndicate Members), on the applications made using 3-in-1 accounts, would be ₹10 plus applicable taxes, per valid application bid by the Syndicate member (including their sub-Syndicate Members),

Notwithstanding anything contained above the total uploading charges payable under this clause 4 will not exceed ₹1.00 million (plus applicable taxes) and in case if the total processing fees exceeds ₹1.00 million (plus applicable taxes) then uploading charges will be paid on pro-rata basis.

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.

The Bidding/uploading charges payable to the Syndicate/Sub-Syndicate Members, RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE or NSE.

Selling commission payable to the registered brokers on the portion for Retail Individual Bidders and Non-Institutional Bidders which are directly procured by the Registered Brokers and submitted to SCSB for processing would be as follows: Portion for Retail Individual Bidders and Non-Institutional Bidders : ₹10/- per valid ASBA Form (plus applicable taxes).

Uploading charges/ Processing fees for applications made by UPI Bidders using the UPI Mechanism would be as under:

Members of the Syndicate / RTAs / CDPs (uploading charges)	*₹30 per valid application (plus applicable taxes)*
Axis Bank Limited	*₹Nil up to 2.5 lacs of UPI successfully blocked applications, on and above 2.5 lacs charges would be ₹ 6.50 + GST as applicable.* *The Sponsor Banks shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other applicable laws*
HDFC Bank Limited	*Nil charges per UPI valid application.* *The Sponsor Banks shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other applicable laws*

All such commissions and processing fees set out above shall be paid as per the timelines in terms of the Syndicate Agreement and Cash Escrow and Sponsor Bank Agreement.

The total uploading charges / processing fees payable to Members of the Syndicate, RTAs, CDPs, Registered Brokers as listed under (5) will be subject to a maximum cap of ₹5.00 million (plus applicable taxes). In case the total uploading charges/processing fees payable exceeds ₹5.00 million, then the amount payable to Members of the Syndicate, RTAs, CDPs, Registered Brokers would be proportionately distributed based on the number of valid applications such that the total uploading charges / processing fees payable does not exceed ₹5.00 million.

For avoidance of doubt, notwithstanding anything mentioned in any of the aforementioned clauses, the total cost to the Bank shall not exceeds ₹7.50 million (plus applicable taxes) for uploading and/or processing of the Bids. If the total cost to the Bank exceeds ₹7.50 million, then the amount of ₹7.50 million (plus applicable taxes) shall be distributed on a pro rata basis in the manner stipulated above, so that the total cost of the Bank shall not exceed ₹7.50 million (plus applicable taxes).

#The roles and responsibility of the advisors and consultants to the Offer are as follows:

(i) Statutory Auditors: M/s T R Chadha & Co. LLP Chartered Accountants, has been engaged for the purpose of audit, restatement and for providing certain deliverables in connection with the Offer.

(ii) Independent chartered accountant: M/s VP Bhalla & Associates, independent chartered accountants has been engaged to certify certain information in the offer documents.

(iii) Industry expert: CRISIL MI&A Limited has been engaged to provide an industry report exclusively in connection with the Offer.

(iv) Fees payable to the legal counsel: Legal counsels have been engaged to provide legal and advisory service in connection with the Offer.

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, 1934 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 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, 2015 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 this 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, 2015 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, 2013 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, Key Managerial Personnel and Senior Management, 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, Key Managerial Personnel and Senior Management 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 has been 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 46.80 times the face value, 44.50 times the Floor Price and 46.80 times the Cap Price of the Price Band. The financial information included herein is derived from our Restated Financial Information. Investors should also see "*Our Business*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Selected Statistical Information*" and "*Financial Statements*" on pages 203, 27, 370, 276 and 293, 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:

- Retail Focused Liability Franchise with High Share of CASA;
- Secured and diversified advances portfolio;
- Streamlined credit assessment processes and risk management practices;
- Customer centric approach and understanding of target customers;
- Consistent track record of growth with constantly improving operational and profitability metrics;
- Professional and experienced leadership team; and
- From Fiscal 2021 to 2023, our operating profit and profit after tax grew at a CAGR of 44.23% and 51.49%, respectively.

For details, see "*Our Business – Our Strengths*" on page 206.

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 293.

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 2021	12.04	11.98	1
Financial Year 2022	18.41	18.22	2
Financial Year 2023	27.35	27.21	3
Weighted Average	**21.82**	**21.68**	
Six months ended September 30, 2022 (not annualised)	12.02	11.97	
Six months ended September 30, 2023 (not annualized)	15.59	15.49	

Notes:

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

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

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

iv. *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*

v. *The Weighted Average basic EPS and diluted EPS is a product of basic EPS and diluted EPS and respective assigned weight, dividing the resultant by total aggregate weight.*

B. Price/Earning ("P/E") ratio in relation to the Price Band of ₹ 445 to ₹ 468 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 2023	16.27	17.11
Based on diluted EPS for Financial Year 2023	16.35	17.20

C. Industry Peer Group P/E ratio

Particulars	Industry P/E
Highest	29.12

Particulars	Industry P/E
Lowest	9.51
Average	19.32

Notes:

i. The industry high and low has been considered from the industry peer set provided later in this section.

ii. For Industry P/E, P/E figures for the peers are computed based on closing market price as on January 31, 2024 at NSE, divided by Basic EPS (on consolidated basis unless otherwise available only on standalone basis) based on financial results of the respective company for the year ended March 31, 2023 submitted to stock exchanges.

D. Industry peer group price/book ratio

Particulars	Industry Peer P/B
Highest	3.88
Lowest	1.12
Average	2.50

Notes: The industry high and low have been considered from the industry peer set provided later in this section. The industry composite has been calculated as the arithmetic average P/B of the industry peer provided in this section.

For Industry P/B, P/B figures for the peers are computed based on closing market price as on January 31, 2024 at NSE, divided by book value per share based on financial results of the respective company for the year ended March 31, 2023 submitted to stock exchanges.

E. Return on Net Worth ("RoNW")

Derived from the Restated Financial Information:

Particulars	RoNW (%)	Weight
Financial Year 2021	9.05%	1
Financial Year 2022	12.13%	2
Financial Year 2023	15.33%	3
Weighted Average	**13.22%**	
Six months ended September 30, 2023 (not annualised)	7.64%	
Six months ended September 30, 2022 (not annualised)	7.38%	

Notes:

i. Return on Net Worth (%) stands for ratio of profit after tax to 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 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

iii. The Weighted Average return on net worth is a product of return on net worth and respective assigned weights dividing the resultant by total aggregate weight.

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

Fiscal year ended	NAV per Equity Share (₹)
As on March 31, 2023	178.27
As on September 30, 2023	201.34
After the completion of the Offer*	
At Floor Price	255.11
At Cap Price	257.92
At Offer Price	257.92

Notes:

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

G. Comparison with Listed Industry Peers as on March 31, 2023

Name of the company	Total Income (₹ in million)	Face Value per equity share (₹)	P/E	P/B	EPS (Basic) (₹)	EPS (Diluted) (₹)	RoNW (%)	NAV per equity share (₹)
Capital Small Finance Bank Limited*	7,254.82	10	17.11	2.63	27.35	27.21	15.33%	178.27
Listed Peers								
IDFC First Bank	271,950.91	10	21.19	2.31	3.98	3.92	9.61%	39.06
AU SFB	92,398.73	10	29.12	3.88	21.86	21.74	13.01%	164.64
Equitas SFB	48,314.64	10	22.03	2.28	4.71	4.67	11.12%	46.44
ESAF SFB	31,415.72	10	10.29	2.08	6.73	6.71	17.63%	38.15

Name of the company	Total Income (₹ in million)	Face Value per equity share (₹)	P/E	P/B	EPS (Basic) (₹)	EPS (Diluted) (₹)	RoNW (%)	NAV per equity share (₹)
Suryoday SFB	12,811.0	10	22.77	1.12	7.32	7.32	4.90%	149.28
Ujjivan SFB	47,541.90	10	9.51	2.57	5.82	5.81	26.13%	21.53

Financial information for our Bank is derived from the Restated Financial Information for the year ended March 31, 2023.

Source: All the financial information for listed industry peers mentioned above is on consolidated basis (unless otherwise available only on standalone basis) and is sourced from the annual reports/ financial results as available of the respective company for the year ended March 31, 2023 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, 2023.*
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, 2023.*
3. *P/E Ratio has been computed based on the closing market price of equity shares on NSE on January 31, 2024 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 31,2023.*
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, 2023.*

H. Key Performance Indicators

The table below sets forth the details of KPIs that our Bank considers have a bearing for arriving at the basis for Offer Price. All the KPIs disclosed below have been approved by a resolution of our Audit Committee dated January 15, 2024 and the Audit Committee has confirmed that verified and certified details of all the KPIs pertaining to the Bank that have been disclosed to earlier investors at any point of time during the three years period prior to the date of filing of this Prospectus have been disclosed in this section. Further, the KPIs herein have been certified by M/s VP Bhalla & Associates, pursuant to certificate dated February 1, 2024.

Our Bank confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Bank), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilisation of the proceeds of the Fresh Issue as per the disclosure made in the "*Objects of the Offer*" section at page 145, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations.

Key Performance Indicators:

(₹ in million, unless otherwise specified)

Particulars	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	As at and for the financial year ended March 31, 2023	As at and for the financial year ended March 31, 2022	As at and for the financial year ended March 31, 2021
Operations					
Banking outlets	173	165	170	161	158
No. of States (including UTs)	6	6	6	5	5
Total Business (Sum of Deposits and Advances)	1,28,662.23	1,13,773.23	120,678.88	107,350.62	89,840.57
Business per branch	750.22	698.00	729.18	673.04	583.38
Total Deposits (₹ in million)	70,002.86	61,845.95	65,606.21	60,463.59	52,210.70
Total Deposits Growth (%) (3 Year CAGR)	13.40%	14.62%	13.84%	18.14%	22.35%
Deposits Per Branch	408.18	379.42	396.41	379.08	339.03
Gross loan portfolio	58,659.37	51,927.28	55,072.67	46,887.03	37,629.87
Gross Loan Portfolio Growth (3 Year CAGR)	19.49%	19.52%	18.31%	21.58%	26.63%
Total Disbursements	10,084.08	10,230.23	19,906.71	18,426.27	13,450.77
Gross Loan Portfolio/Branch	342.04	318.57	332.77	293.96	244.35
Gross loan portfolio – Product Mix					
Agriculture	22,669.26	19,916.76	21,374.52	17,807.45	14,232.11
MSME & Trading	11,533.61	11,295.51	11,204.61	10,926.22	9,730.45
Mortgage	15,288.06	13,166.55	14,344.80	11,284.49	8,096.45
Others	9168.44	7548.46	8,148.74	6,868.87	5,570.86
Gross loan portfolio - Product Mix (%)					
Agriculture	38.65%	38.36%	38.81%	37.98%	37.82%
MSME & Trading	19.66%	21.75%	20.35%	23.30%	25.86%
Mortgage	26.06%	25.36%	26.05%	24.07%	21.52%
Others	15.63%	14.53%	14.80%	14.65%	14.80%

Secured Advances as % of Total Advances	99.85%	99.76%	99.82%	99.70%	99.39%
Direct MFI Exposure as a % of Total Advances	-	-	-	-	-
Total Borrowings	5,727.60	7,832.98	7,213.83	4,984.30	6,167.20
Ratio of Deposits to Borrowings	92:8	89:11	90:10	92:8	89:11
Average Credit/Deposit Ratio	79.61%	77.55%	77.96%	70.63%	67.51%
CASA Ratio (%)	37.76%	41.56%	41.88%	42.16%	40.08%
Retail Deposit % in Total Deposits	93.59%	97.92%	97.90%	97.37%	97.60%
Liquidity Coverage Ratio	246.13%	186.70%	214.98%	229.19%	441.49%
Total Employees	1838	1721	1808	1644	1614
Gross Loan Portfolio/Employee	32.18	30.86	31.91	28.78	23.09
Business/Employee	70.58	67.62	69.92	65.90	55.12
Capital					
Net Worth[1]	7,117.58	5,565.12	6,106.10	5,157.81	4,507.90
Total Capital Ratio (CRAR) (%)	20.72%	18.61%	18.87%	18.63%	19.80%
Tier 1 Capital Ratio	15.26%	13.00%	13.69%	13.21%	14.27%
RWD - Risk Weighted Density[2]	53.01%	53.14%	52.69%	50.94%	46.72%
Asset Quality					
Gross NPA (%) - Outstanding	2.73%	2.60%	2.77%	2.50%	2.08%
Gross NPA (%) - 3 Years Average	2.55%	2.22%	2.49%	2.16%	1.76%
Net NPA (%)	1.36%	1.35%	1.36%	1.36%	1.13%
Write Offs %	-	-	-	-	-
SMA 2 %	2.29%	1.85%	1.50%	1.37%	2.92%
Provision Coverage Ratio	50.96%	48.62%	51.48%	46.02%	46.14%
Standard Restructured Advances (%)	1.46%	2.24%	1.75%	2.71%	2.23%
Profitability					
Net Profit (₹ in million)	543.91	410.92	935.96	625.69	407.84
PPOP	753.84	672.49	1487.04	1132.14	714.86
Yield on Advances (%)[3]	5.55%	5.29%	10.76%	10.89%	11.26%
Cost of Deposits (%)[4]	2.72%	2.43%	4.90%	5.02%	5.68%
Cost of Funds (%)[5]	2.84%	2.52%	5.11%	5.20%	5.83%
Net Interest Margin (%)[6]	2.02%	2.03%	4.19%	3.74%	3.36%
Interest Spread (%)[7]	2.83%	2.86%	5.86%	5.87%	5.58%
Credit Cost Ratio (%)[8]	0.04%	0.17%	0.32%	0.42%	0.30%
Operating Expenses to Total Average Assets (%)[9]	1.47%	1.43%	2.90%	2.87%	2.93%
Cost to Income Ratio (%)[10]	62.35%	61.23%	59.97%	63.42%	70.76%
Return on Total Average Assets (%)[11]	0.64%	0.55%	1.22%	0.92%	0.69%
Return on Average Advances(%)[12]	0.99%	0.86%	1.89%	1.56%	1.23%
Return on Average Equity (%)[13]	8.23%	7.66%	16.62%	12.95%	9.51%

Notes:

[1]Net worth is sum of outstanding balances of capital and reserves & surplus.

[2]Risk Weighted Density represents percentage of risk weighted assets to total exposure

[3]Yield on advances is ratio of interest earned on advances to average advances.

[4]Cost of deposits is ratio of interest expanded on deposits to average deposits.

[5]Cost of funds is interest expanded on average interest-bearing liabilities.

[6]Net interest margin is the difference of interest earned and interest expended divided by the average total assets.

[7]Interest spread is the difference of yield on advances and cost of deposits.

[8]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.

[9]It represents ratios of total operating expense other than interest expended to average total assets.

[10]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).

[11]ROA represents ratios of profit after tax to average total assets.

[12]Return on average advances is ratio of Profit after tax to average advances.

[13]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.

For details of our other operating metrics disclosed elsewhere in this Prospectus, see "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 203 and 370, respectively. We have described and defined the KPIs, as applicable, in the section "*Definitions and Abbreviations*" on page 1.

I. Description on the historic use of the KPIs by our Bank to analyze, track or monitor the operational and/or financial performance of our Bank

In evaluating our business, we consider and use certain KPIs as presented above, as a supplemental measure to review and assess our financial and operating performance. The presentation of these KPIs are not intended to be considered in isolation or as a substitute for the Restated Financial Information. We use these KPIs to evaluate our financial and operating performance. Some of these KPIs are not defined under Ind AS and are not presented in accordance with Ind AS. These KPIs have limitations as analytical tools. Further, these KPIs may differ from the similar information used by other

companies and hence their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operation. Although these KPIs are not a measure of performance calculated in accordance with applicable accounting standards, our Bank's management believes that it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies and banks in our industry because it provides consistency and comparability with past financial performance, when taken collectively with financial measures prepared in accordance with Ind AS.

Explanation for the KPIs is set forth below:

Key Performance Indicators	Explanation
Operations	
Banking outlets	Number of branches operated by our Bank.
No. of States(including UTs)	Number of States where branches are physically operated.
Total Business (Sum of Deposits and Advances)	Total business comprises the aggregate of advances and deposits.
Business Per branch	The calculation for business per branch involves dividing the total business by the average number of branches.
Total Deposits (₹ in million)	Total deposits of the Bank includes current, saving and term deposit of the Bank.
Total Deposits Growth (%) (3 Year CAGR)	The growth in deposits for the relevant period is determined by comparing the deposits of the current period to those of the corresponding previous period.
Deposits Per Branch	The calculation for deposit per branch involves dividing the total deposit by the average number of branches.
Gross loan portfolio	Gross Loan portfolio includes on-book and off-book advances.
Gross Loan Portfolio Growth (3 Year CAGR)	The growth in Gross Loan Portfolio for the relevant period is determined by comparing the gross loan of the current period to those of the corresponding previous period.
Total Disbursements	Total disbursement comprises of amount of loans/limits disbursed by the Bank during the relevant period.
Gross Loan Portfolio/Branch	The calculation for gross loan portfolio per branch involves dividing the gross loan portfolio by the average number of branches.
Gross Loan portfolio product mix	Composition of different loan products includes Agri, MSME and Trading, Mortgage and others and the percentage thereof.
Secured Advances (percentage)	Percentage of Secured Advances to Gross advances that are backed or secured by collateral or assets in any form.
Direct MFI exposure	Direct MFI exposure as a percentage of total advances.
Total Borrowings	Total borrowings is sum of various loans and advances extended to the Bank including debentures, refinance facility and money market borrowing.
Ratio of Deposits to Borrowings	Total deposits of the bank to total borrowings expressed for the period as percentage.
Average Credit to Deposit ratio	Total Average Credit of the Bank to total average deposits of the bank expressed for the relevant period as percentage.
CASA Ratio (%)	Current and saving account deposit to total deposits for the period expressed as percentage.
Retail Deposits (%)	Current account deposit, saving account deposit and retail deposit to total deposits expressed for the period as percentage.
Liquidity Coverage ratio	LCR is the ratio of high quality liquid assets by total net cash outflow over next 30 days.
Total Employees	Total employees is the number of employees at the end of relevant period.
Gross Loan Portfolio Per employee	The calculation for gross loan portfolio per branch involves dividing the gross loan portfolio by the average number of employees.
Business Per Employee	The calculation for business per branch involves dividing the total business by the average number of employees.
Capital	
Net Worth	Sum of outstanding balances of capital and reserves and surplus.
Total Capital Ratio (%) (CRAR)	Total Capital Ratio (CRAR) is the total of Capital to Risk Weighted Asset Ratio (CRAR) (as a percentage of Credit Risk Weighted Assets).
Tier 1 Capital Ratio (%)	Tier 1 Capital Ratio consists mainly of share capital and disclosed reserves, and it is a bank's highest quality capital because it is fully available to cover losses.
Risk Weighted Density (RWD)	Ratio of risk weighted assets to total loan exposure for the relevant period.
Asset Quality	
Gross NPA as a percentage of gross loan advances (%)	Gross NPA to the Gross Loan Advances as of the last day of the relevant period.
Gross NPA (%) average	Gross NPA average expresses as a percentage of advances for the three periods.
Net NPA as a percentage of net advances (%)	Net NPA (%) is net Non-Performing Assets as at the period end / Net Advances.
Write-offs (%)	It represents the ratio of loans write offs (technical and other wise) to gross loan portfolio for the relevant period.
SMA2 (%)	SMA2 (%) - Special Mention Account 2, refers to those standard advances that shows overdue between 61 to 90 days as a percentage to gross loan portfolio
Provision Coverage Ratio (%)	Provision Coverage Ratio represents the ratio of NPA provision to gross NPA as at end of relevant

	period.
Standard restructured Advances %	Standard restructured book to gross advances for the period expressed as percentage
Profitability	
Net Profit	Net Profit is net profit after tax available for equity shareholders.
Pre-Provision Operating Profit (PPOP)	Pre-Provision Operating Profit represents difference of total income and expenses excluding provisions and contingencies
Yield on Advances (%)	Ratio of interest income on loan assets for a period to the average advances for the period expressed as a percentage
Cost of Deposits (%)	Interest expense on deposits to average total deposits for the period expressed as percentage
Cost of Funds (%)	Interest expense to the average of sum of deposits and borrowings for the period expressed as percentage
Net interest Margin (%)	Net interest income on the loans for a period to the average total assets for the period, represented as a percentage
Interest Spread (%)	Interest spread is difference of Yield on advances and cost of deposits
Credit Cost Ratio (%)	Credit Cost Ratio is calculated as the ratio of total provisions created for advances to the bank's average assets for the relevant period expressed as a percentage.
Operating Expenses to Total Average Assets (%)	Operating expenses for a period to the Average Total Assets for the period
Cost to Income Ratio (%)	Ratio of Operating expenses for a period to the sum of net interest income and non-interest income for the period
Return on Average Advances (%)	Profit After Tax for the relevant period as a percentage of Average Advances in such period
Return on Average Total Assets (%)	Profit after Tax for the relevant period as a percentage of Average Total Assets in such period
Return on Average Equity (%)	Profit After Tax for the relevant period as a percentage of Average Net Worth/Equity in such period

J. Comparison of KPIs with Listed Peers

1. AU Small Finance Bank

(₹ in million, unless otherwise specified)

Particulars	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	As at and for the financial year ended March 31, 2023	As at and for the financial year ended March 31, 2022	As at and for the financial year ended March 31, 2021
Operations					
Banking outlets[1]	1,042	980	1,027	919	744
No. of States(including UTs)	24	22	24	20	17
Total Business (Sum of Deposits and Advances)	1,407,719.10	1,107,874.47	1,285,226.86	993,734.11	713,356.04
Business Per Branch	1,360.77	1,166.80	1,320.89	1,195.11	1,025.67
Total Deposits (₹ in million)	757,429.10	583,354.47	693,649.86	525,846.21	359,793.14
Total Deposits Growth (%) (3 Year CAGR)	41.07%	38.10%	38.40%	39.38%	65.60%
Deposits Per Branch	732.17	614.38	712.90	632.41	517.32
Gross loan portfolio	650,290.00	524,520.00	591,577	467,888	353,563
Gross Loan Portfolio Growth (3 Year CAGR)	33.86%	23.46%	29.51%	26.72%	38.14%
Total Disbursements	NA	NA	NA	254,070	175,900
Gross Loan Portfolio/Branch	628.60	552.42	607.99	562.70	508.36
Gross loan portfolio – Product Mix					
Vehicle/Auto Loans	207,380.00	190,020.00	190,230	164,380	130,120
Home Loans	50,690.00	33,660.00	42,830	26,550	13,850
MSME Finance	188,120.00	176,390.00	185,350	163,130	138,910
Commercial Banking	148,000.00	97,040.00	127,590	79,860	18,240
Others	56,100.00	27,410.00	45,580	33,960	52,440
Gross loan portfolio - Product Mix (%)					
Vehicle/Auto Loans	31.89%	36.23%	32.16%	35.13%	36.80%
Home Loans	7.79%	6.42%	7.24%	5.67%	3.92%
MSME Finance	28.93%	33.63%	31.33%	34.87%	39.29%
Commercial Banking	22.76%	18.50%	21.57%	17.07%	5.16%
Others	8.63%	5.23%	7.70%	7.26%	14.83%
Secured Advances as % of Total Advances	NA	NA	92.00%	90.74%	93.91%
Direct MFI z` as a % of Total Advances	NA	NA	NA	NA	NA
Total Borrowings	53,441.26	66,951.04	62,987	59,908	70,297
Ratio of Deposits to Borrowings	93.41%	89.70%	91.68%	89.77%	83.66%

Average Credit/Deposit Ratio	85.58%	89.47%	86.88%	92.75%	100.72%
CASA Ratio (%)	34.00%	42.00%	38.40%	37.29%	23.00%
Retail Deposit % in Total Deposits	66.00%	73.00%	69.00%	66.00%	55.00%
Liquidity Coverage Ratio	125.00%	129.00%	127.51%	125.14%	116.00%
Total Employees	28500	28700	28320.00	27817.00	22484.00
Gross Loan Portfolio/Employee	22.89	18.56	21.08	18.60	17.86
Business/Employee	49.55	39.20	45.79	39.51	36.03
Capital					
Net Worth[2]	117,626.84	101,141.79	1,09,333.19	74,726.82	61,720.99
Total Capital Ratio (CRAR) (%)	22.40%	23.40%	23.59%	21.00%	23.37%
Tier 1 Capital Ratio	21.00%	21.30%	21.78%	19.69%	21.53%
RWD - Risk Weighted Density[3]	53.41%	52.54%	50.97%	50.72%	51.97%
Asset Quality					
Gross NPA (%) - Outstanding	1.91%	1.90%	1.66%	1.98%	4.25%
Gross NPA (%) - 3 Years Average[4]	2.34%	2.20%	2.63%	2.64%	2.66%
Net NPA (%)	0.60%	0.56%	0.42%	0.50%	2.18%
Write Offs %	NA	NA	0.32%	0.40%	0.03%
SMA 2 %	NA	NA	NA	NA	NA
Provision Coverage Ratio	73.00%	74.00%	75.00%	75.00%	50.00%
Standard Restructured Advances (%)	0.80%	1.70%	1.20%	2.50%	1.80%
Profitability					
Net Profit (₹ in million)	7,887.31	6,104.65	14,279.25	11,298.34	11,706.85
PPOP	11937.36	8928.50	20,194.76	18,150.44	21,279.49
Yield on Advances (%)[5]	6.70%	6.65%	13.40%	13.70%	14.40%
Cost of Deposits (%)[6]	NA	NA	5.93%	5.80%	6.67%
Cost of Funds (%)[7]	3.30%	2.90%	6.00%	5.90%	6.80%
Net Interest Margin (%)[8]	5.60%	6.00%	5.93%	5.70%	5.34%
Interest Spread (%)[9]	NA	NA	7.47%	7.90%	7.73%
Credit Cost Ratio (%)[10]	NA	NA	0.19%	0.60%	1.30%
Operating Expenses to Total Average Assets (%)[11]	4.40%	4.30%	4.32%	4.00%	3.54%
Cost to Income Ratio (%)[12]	63.10%	63.80%	63.01%	57.07%	43.46%
Return on Total Average Assets (%)[13]	0.85%	0.85%	1.79%	1.87%	2.50%
Return on Average Advances(%)[14]	0.64%	0.62%	2.70%	2.75%	3.74%
Return on Average Equity (%)[15]	6.95%	6.95%	15.52%	16.56%	22.31%

Notes:

. [1]Number of banking outlets represents aggregate number of banking outlets (including Business Correspondent run outlets) as of the last day of the relevant year.

[2]Net worth is sum of outstanding balances of capital and reserves & surplus.

[3]Risk Weighted Density represents percentage of risk weighted assets to total exposure

[4]Gross NPA(%) – 3 year average represents average of Gross NPAs ratios as at end of relevant periods.

[5]Yield on advances is ratio of interest earned on advances to average advances.

[6]Cost of deposits is ratio of interest expanded on deposits to average deposits.

[7]Cost of funds is interest expanded on average interest-bearing liabilities.

[8]Net interest margin is the difference of interest earned and interest expended divided by the average total assets.

[9]Interest spread is the difference of yield on advances and cost of deposits.

[10]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.

[11]It represents ratios of total operating expense other than interest expended to average total assets.

[12]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).

[13]ROA represents ratios of profit after tax to average total assets.

[14]Return on average advances is ratio of Profit after tax to average advances.

[15]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 All Averages in the above table are calculated basis average of opening and closing balances as at the end of relevant periods except where the ratios are readily available in public sources.

2. Equitas Small Finance Bank

(₹ in million, unless otherwise specified)

Particulars	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	As at and for the financial year ended	As at and for the financial year ended	As at and for the financial year ended

			March 31, 2023	March 31, 2022	March 31, 2021
Operations					
Banking outlets[1]	956	887	925	869	861
No. of States(including UTs)	18	18	18	18	17
Total Business (Sum of Deposits and Advances)	620,684.84	444,722.28	5,15,910.56	3,86,827.07	3,36,167.72
Business Per Branch	661.01	506.52	575.15	447.20	392.03
Total Deposits (₹ in million)	308,394.84	216,932.28	2,53,805.56	1,89,507.97	1,63,919.72
Total Deposits Growth (%) (3 Year CAGR)	33.71%	29.34%	33.00%	28.14%	43.01%
Deposits Per Branch	328.43	247.08	282.95	219.08	191.16
Gross loan portfolio	312,290.00	227,790.00	2,62,105.00	1,97,319.10	1,72,248.00
Gross Loan Portfolio Growth (3 Year CAGR)	23.12%	19.74%	23.49%	19.02%	30.29%
Total Disbursements	49,610	38,450	1,77,970	1,05,490	74,620
Gross Loan Portfolio/Branch	332.58	259.44	292.20	228.11	200.87
Gross loan portfolio – Product Mix					
MFI	58,780.00	41,440.00	52,250.00	39,070.00	32,357.30
MSME (Small Business Finance)	115,500.00	87,250.00	1,00,830.00	78,810.00	70,140.00
Housing Finance	35,820.00	21,210.00	28,730.00	16,410.00	9,590.00
Vehicle Finance	77,770.00	56,410.00	69,710.00	50,470.00	45,301.10
MSE Finance	10,380.00	11,570.00	11,750.00	11,640.00	11,796.70
NBFC	10,420.00	7,090.00	11,840.00	7,580.00	7,826.60
Others	3,620.00	2,820.00	3,500.00	1,990.00	2,252.50
Gross loan portfolio - Product Mix (%)					
MFI	18.82%	18.19%	18.75%	18.97%	18.05%
MSME (Small Business Finance)	36.98%	38.30%	36.19%	38.26%	39.13%
Housing Finance	11.47%	9.31%	10.31%	7.97%	5.35%
Vehicle Finance	24.90%	24.76%	25.02%	24.50%	25.27%
MSE Finance	3.32%	5.08%	4.22%	5.65%	6.58%
NBFC	3.34%	3.11%	4.25%	3.68%	4.37%
Others	1.16%	1.24%	1.26%	0.97%	1.26%
Secured Advances as % of Total Advances	NA	NA	81.99%	81.13%	80.84%
Direct MFI Exposure as a % of Total Advances	18.82%	18.19%	18.75%	18.97%	18.05%
Total Borrowings	24,811.80	23,392.76	29,737.60	26,164.00	41,653.20
Ratio of Deposits to Borrowings	92.55%	90.27%	89.51%	87.87%	79.74%
Average Credit/Deposit Ratio	105.10%	106.72%	103.63%	104.57%	114.57%
CASA Ratio (%)	34.00%	48.05%	42.28%	52.01%	34.25%
Retail Deposit % in Total Deposits	74.53%	83.38%	77.28%	89.43%	70.05%
Liquidity Coverage Ratio	182.17%	202.00%	186.28%	134.42%	162.75%
Total Employees	21,862	18,962	20,563	17,607	16,556
Gross Loan Portfolio/Employee	14.72	12.46	13.73	11.55	10.55
Business/Employee	29.26	24.32	27.03	22.65	20.58
Capital					
Net Worth[2]	54,787.50	44,666.79	51,579.48	42,461.69	33,963.41
Total Capital Ratio (CRAR) (%)	21.33%	23.08%	23.80%	25.16%	24.18%
Tier 1 Capital Ratio	20.65%	22.55%	23.08%	24.53%	23.23%
RWD - Risk Weighted Density[3]	55.28%	58.73%	57.27%	60.03%	55.34%
Asset Quality					
Gross NPA (%) - Outstanding	2.12%	3.82%	2.76%	4.24%	3.73%
Gross NPA (%) - 3 Years Average[4]	3.53%	3.62%	3.58%	3.66%	3.09%
Net NPA (%)	0.91%	1.93%	1.21%	2.47%	1.58%
Write Offs %	NA	NA	NA	NA	NA
SMA 2 %	NA	NA	NA	NA	NA
Provision Coverage Ratio	57.72%	50.49%	56.90%	42.73%	58.59%
Standard Restructured Advances (%)	NA	NA	NA	NA	NA
Profitability					
Net Profit (₹ in million)	3,893.39	2,134.27	5,735.91	2,807.32	3,842.23
PPOP	6,423.06	5,105.06	11,760.00	8,719.47	8,865.86
Yield on Advances (%)[5]	8.71%	8.55%	16.99%	17.62%	18.66%
Cost of Deposits (%)[6]	3.41%	3.03%	6.18%	6.45%	7.13%

Cost of Funds (%)[7]	3.54%	3.11%	6.38%	6.58%	7.43%
Net Interest Margin (%)[8]	4.31%	4.50%	9.00%	8.54%	8.44%
Interest Spread (%)[9]	5.29%	5.52%	10.81%	11.17%	11.53%
Credit Cost Ratio (%)[10]	0.42%	1.00%	1.56%	2.60%	2.26%
Operating Expenses to Total Average Assets (%)[11]	3.48%	3.45%	7.29%	7.62%	6.24%
Cost to Income Ratio (%)[12]	64.71%	63.59%	63.41%	66.15%	59.11%
Return on Total Average Assets (%)[13]	1.03%	0.75%	1.89%	1.10%	1.70%
Return on Average Advances(%)[14]	1.32%	0.98%	2.50%	1.52%	2.47%
Return on Average Equity (%)[15]	7.29%	4.90%	12.55%	7.75%	12.70%

Notes:

[1]Number of banking outlets represents aggregate number of banking outlets (including Business Correspondent run outlets) as of the last day of the relevant year.

[2]Net worth is sum of outstanding balances of capital and reserves & surplus.

[3]Risk Weighted Density represents percentage of risk weighted assets to total exposure

[4]Gross NPA(%) – 3 year average represents average of Gross NPAs ratios as at end of relevant periods.

[5]Yield on advances is ratio of interest earned on advances to average advances.

[6]Cost of deposits is ratio of interest expanded on deposits to average deposits.

[7]Cost of funds is interest expanded on average interest-bearing liabilities.

[8]Net interest margin is the difference of interest earned and interest expended divided by the average total assets.

[9]Interest spread is the difference of yield on advances and cost of deposits.

[10]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.

[11]It represents ratios of total operating expense other than interest expended to average total assets.

[12]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).

[13]ROA represents ratios of profit after tax to average total assets.

[14]Return on average advances is ratio of Profit after tax to average advances.

[15]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 All Averages in the above table are calculated basis average of opening and closing balances as at the end of relevant periods except where the ratios are readily available in public sources..

3. IDFC First Bank

(₹ in million, unless otherwise specified)

Particulars	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	As at and for the financial year ended March 31, 2023	As at and for the financial year ended March 31, 2022	As at and for the financial year ended March 31, 2021
Operations					
Banking outlets[1]	862	670	809	641	596
No. of States(including UTs)	NA	NA	28	29	23
Total Business (Sum of Deposits and Advances)	3,544,719.10	2,688,043.80	29,74,110.00	22,64,845.97	20,56,632.44
Business Per Branch	4,204.89	4,100.75	4,102.22	3,661.84	3,880.44
Total Deposits (₹ in million)	1,712,359.10	1,234,423.80	14,44,695.04	10,55,396.27	8,85,362.44
Total Deposits Growth (%) (3 Year CAGR)	31.21%	21.21%	30.45%	14.41%	8.15%
Deposits Per Branch	2,031.27	1,868.92	1,992.68	1,706.38	1,670.50
Gross loan portfolio	1,832,360.00	1,453,620.00	15,48,297.10	12,09,449.70	11,71,270.00
Gross Loan Portfolio Growth (3 Year CAGR)	19.70%	10.53%	13.11%	3.09%	17.04%
Total Disbursements	NA	NA	NA	NA	NA
Gross Loan Portfolio/Branch	2,193.13	2,217.57	2,135.58	1,955.46	2,209.94
Gross loan portfolio – Product Mix					
Home Loan	219,883	174,434	1,95,520	3,02,362	1,06,130
LAP	219,883	188,971	2,01,990	NA	1,53,200
Wheels	183,236	130,826	1,48,230	96,756	1,07,630
Consumer Loans	238,207	188,971	1,98,860	1,57,228	1,39,490

Education Loans	18,324	-	9,330	-	-
Commercial Loans	146,589	130,826	-	1,08,850	-
Credit Card	36,647	29,072	35,100	24,189	4,280
Gold Loans	5,680	-	2,560	72,567	-
Others	214,203	116,290	1,18,670	-	1,36,630
Rural Finance	201,560	145,362	1,91,810	1,20,945	76,580
SME and Corporate Finance	311,501	290,724	4,57,280	2,66,079	3,39,240
Infrastructure	36,647	58,145	46,640	60,472	1,08,080
Gross loan portfolio - Product Mix (%)					
Home Loan	12.00%	12.00%	12.17%	25.00%	9.06%
LAP	12.00%	13.00%	12.58%	0.00%	13.08%
Wheels	10.00%	9.00%	9.23%	8.00%	9.19%
Consumer Loans	13.00%	13.00%	12.38%	13.00%	11.91%
Education Loans	1.00%	0.00%	0.58%	0.00%	0.00%
Commercial Loans	8.00%	9.00%	0.00%	9.00%	0.00%
Credit Card	2.00%	2.00%	2.19%	2.00%	0.37%
Gold Loans	0.31%	0.00%	0.16%	6.00%	0.00%
Others	11.69%	8.00%	7.39%	0.00%	11.67%
Rural Finance	11.00%	10.00%	11.94%	10.00%	6.54%
SME and Corporate Finance	17.00%	20.00%	28.47%	22.00%	28.96%
Infrastructure	2.00%	4.00%	2.90%	5.00%	9.23%
Secured Advances as % of Total Advances	NA	NA	52.93%	NA	NA
Direct MFI Exposure as a % of Total Advances	NA	NA	NA	NA	NA
Total Borrowings	531,655.20	566,430.10	5,72,120.92	5,29,625.99	4,57,860.85
Ratio of Deposits to Borrowings	76.31%	68.55%	71.63%	66.59%	65.91%
Average Credit/Deposit Ratio	110.98%	125.06%	110.31%	122.67%	145.90%
CASA Ratio (%)	46.40%	51.28%	49.77%	48.44%	51.75%
Retail Deposit % in Total Deposits	77.00%	68.74%	76.00%	64.46%	72.17%
Liquidity Coverage Ratio	122.00%	131.00%	120.11%	135.78%	153.34%
Total Employees	NA	NA	35,352	27,804	24,169
Gross Loan Portfolio/Employee	NA	NA	49.03	46.54	52.77
Business/Employee	NA	NA	94.18	87.15	92.66
Capital					
Net Worth[2]	276,754.00	220,518.80	2,58,104.36	2,09,873.61	1,78,077.96
Total Capital Ratio (CRAR) (%)	16.54%	15.35%	16.82%	16.74%	13.77%
Tier 1 Capital Ratio	13.49%	13.67%	14.20%	14.88%	13.27%
RWD - Risk Weighted Density[3]	66.97%	NA	64.99%	62.81%	67.95%
Asset Quality					
Gross NPA (%) - Outstanding	2.11%	3.18%	2.51%	3.70%	4.15%
Gross NPA (%) - 3 Years Average[4]	3.19%	3.02%	3.45%	3.48%	3.06%
Net NPA (%)	0.68%	1.09%	0.86%	1.53%	1.86%
Write Offs %	NA	NA	NA	NA	NA
SMA 2 %	NA	NA	NA	NA	NA
Provision Coverage Ratio	84.09%	76.49%	80.29%	70.29%	63.57%
Standard Restructured Advances (%)	NA	NA	NA	NA	NA
Profitability					
Net Profit (₹ in million)	15,160	10,300	24,371.35	1,454.90	4,522.80
PPOP	30,110	21,130	49319.53	32837.5	24983.08
Yield on Advances (%)[5]	7.08%	6.39%	13.89%	11.91%	13.57%
Cost of Deposits (%)[6]	NA	NA	4.98%	4.42%	6.16%
Cost of Funds (%)[7]	NA	NA	3.49%	5.10%	6.68%
Net Interest Margin (%)[8]	6.32%	5.98%	5.88%	5.49%	4.73%
Interest Spread (%)[9]	NA	NA	8.91%	7.49%	7.42%
Credit Cost Ratio (%)[10]	NA	NA	0.79%	1.81%	NA

Operating Expenses to Total Average Assets (%)[11]	2.98%	2.76%	5.63%	5.43%	4.52%
Cost to Income Ratio (%)[12]	72.66%	73.34%	70.79%	74.51%	73.51%
Return on Total Average Assets (%)[13]	0.60%	0.54%	1.13%	0.08%	0.28%
Return on Average Advances(%)[14]	0.44%	0.38%	1.77%	0.12%	0.40%
Return on Average Equity (%)[15]	5.68%	5.07%	10.42%	0.75%	2.73%

Notes:

[1]Number of banking outlets represents aggregate number of banking outlets (including Business Correspondent run outlets) as of the last day of the relevant year.

[2]Net worth is sum of outstanding balances of capital and reserves & surplus.

[3]Risk Weighted Density represents percentage of risk weighted assets to total exposure

[4]Gross NPA(%) – 3 year average represents average of Gross NPAs ratios as at end of relevant periods.

[5]Yield on advances is ratio of interest earned on advances to average advances.

[6]Cost of deposits is ratio of interest expanded on deposits to average deposits.

[7]Cost of funds is interest expanded on average interest-bearing liabilities.

[8]Net interest margin is the difference of interest earned and interest expended divided by the average total assets.

[9]Interest spread is the difference of yield on advances and cost of deposits.

[10]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.

[11]It represents ratios of total operating expense other than interest expended to average total assets.

[12]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).

[13]ROA represents ratios of profit after tax to average total assets.

[14]Return on average advances is ratio of Profit after tax to average advances.

[15]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 All Averages in the above table are calculated basis average of opening and closing balances as at the end of relevant periods except where the ratios are readily available in public sources.

4. ESAF Small Finance Bank

(₹ in million, unless otherwise specified)

Particulars	**As at and for the six months ended September 30, 2023**	**As at and for the six months ended September 30, 2022**	**As at and for the financial year ended March 31, 2023**	**As at and for the financial year ended March 31, 2022**	**As at and for the financial year ended March 31, 2021**
Operations					
Banking outlets[1]	700	NA	700	575	550
No. of States(including UTs)	23	23	23	23	23
Total Business (Sum of Deposits and Advances)	3,49,062.90	2,74,296.20	3,09,968.90	2,51,557.63	1,74,144.26
Business Per Branch	498.66	NA	486.23	447.21	346.90
Total Deposits (₹ in million)	1,74,162.90	1,46,656.20	1,46,656.25	1,28,150.72	89,994.26
Total Deposits Growth (%) (3 Year CAGR)	NA	NA	27.79%	43.72%	52.79%
Deposits Per Branch	248.80	NA	230.05	227.82	179.27
Gross loan portfolio (AUM) (*Gross Advances FY21)	1,74,900.00	1,27,640.00	1,63,312.65	1,23,406.91	84,150.00
Gross Loan Portfolio Growth (3 Year CAGR)	NA	NA	35.21%	39.08%	38.15%
Total Disbursements	78,540.00	NA	NA	NA	NA
Gross Loan Portfolio/Branch	249.86	NA	256.18	219.39	167.63
Gross loan portfolio - Product Mix (₹ in million)					
Small Business Finance & Loans to FI	8,160.00	5300.00	7,738.04	5,329.45	3,109.00
Retail Loan	29,780.00	19530.00	26,147.54	14,649.74	9,607.20
Micro Loan	1,28,470.00	98480.00	1,22,548.83	1,00,159.62	71,343.50
Agriculture loan	8,490.00	4330.00	6,878.24	3,268.10	90.30

Gross loan portfolio - Product Mix (%)					
Small Business Finance	4.67%	4.15%	4.74%	4.32%	3.69%
Retail Loan	17.03%	15.30%	16.01%	11.87%	11.42%
Micro Loan	73.45%	77.15%	75.04%	81.16%	84.78%
Agriculture loan	4.85%	3.39%	4.21%	2.65%	0.11%
Secured Advances as % of Total Advances	NA	NA	NA	NA	NA
Direct MFI Exposure as a % of Total Advances	NA	NA	NA	NA	NA
Total Borrowings	24,419.30	26,088.90	33,541.95	29,528.33	16,940.00
Ratio of Deposits to Borrowings	87.70%	84.90%	81.39%	81.27%	84.16%
Average Credit/Deposit Ratio	105.42%	91.35%	104.33%	95.15%	93.72%
CASA Ratio (%)	18.04%	NA	21.39%	22.84%	19.42%
Retail Deposit % in Total Deposits	89.00%	NA	90.85%	93.71%	97.74%
Liquidity Coverage Ratio	NA	155.73%	132.97%	129.65%	170.78%
Total Employees	5,505	NA	5,034	4,141	3,803
Gross Loan Portfolio/Employee	33.19	NA	35.60	31.07	23.57
Business/Employee	66.24	NA	67.57	63.33	48.78
Capital:					
Net Worth[2]	19,849.5	15,766.50	17,150.04	14,116.01	13,520.64
Total Capital Ratio (CRAR) (%)	20.60%	21.20%	19.83%	18.64%	24.23%
Tier 1 Capital Ratio	18.20%	18.80%	18.12%	16.16%	21.54%
RWD - Risk Weighted Density[3]	45.08%	44.31%	46.66%	49.45%	52.26%
Asset Quality:					
Gross NPA (%) - Outstanding	2.60%	8.11%	2.49%	7.83%	6.70%
Gross NPA (%) - 3 Years Average[4]	NA	NA	5.67%	5.35%	3.28%
Net NPA (%)	1.20%	4.34%	1.13%	3.92%	3.88%
Write Offs %	NA	NA	NA	NA	NA
SMA 2 %	NA	NA	NA	NA	NA
Provision Coverage Ratio	70.50%	63.50%	56.67%	59.38%	52.77%
Standard Restructured Advances (%)	0.20%	NA	0.69%	4.84%	NA
Profitability:					
Net Profit (₹ in million)	2,700.80	1,635.50	3,023.33	547.32	1,053.96
PPOP	5,903.20	4,361.10	8,937.12	4918.51	4,158.30
Yield on Advances (%)[5]	10.55%	9.75%	20.87%	18.46%	20.14%
Cost of Deposits (%)[6]	NA	NA	6.24%	6.45%	7.50%
Cost of Funds (%)[7]	3.65%	3.15%	6.20%	6.30%	7.60%
Net Interest Margin (%)[8]	5.50%	4.85%	10.44%	8.86%	8.97%
Interest Spread (%)[9]	NA	NA	14.63%	12.01%	12.64%
Credit Cost Ratio (%)[10]	NA	NA	NA	NA	NA
Operating Expenses to Total Average Assets (%)[11]	3.59%	3.13%	6.49%	5.74%	5.79%
Cost to Income Ratio (%)[12]	56.40%	56.40%	57.93%	63.69%	60.31%
Return on Total Average Assets (%)[13]	1.27%	0.65%	1.63%	0.39%	0.85%
Return on Average Advances(%)[14]	2.40%	1.95%	2.11%	0.53%	1.40%

Return on Average Equity (%)[15]	14.66%	14.95%	19.36%	4.14%	8.66%

Notes:

. [1]Banking outlet Number of banking outlets represents aggregate number of banking outlets (including Business Correspondent run outlets) as of the last day of the relevant year.

[2]Net worth is sum of outstanding balances of capital and reserves & surplus.

[3]Risk Weighted Density represents percentage of risk weighted assets to total exposure

[4]Gross NPA(%) – 3 year average represents average of Gross NPAs ratios as at end of relevant periods.

[5]Yield on advances is ratio of interest earned on advances to average advances.

[6]Cost of deposits is ratio of interest expanded on deposits to average deposits.

[7]Cost of funds is interest expanded on average interest-bearing liabilities.

[8]Net interest margin is the difference of interest earned and interest expended divided by the average total assets.

[9]Interest spread is the difference of yield on advances and cost of deposits.

[10]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.

[11]It represents ratios of total operating expense other than interest expended to average total assets.

[12]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).

[13]ROA represents ratios of profit after tax to average total assets.

[14]Return on average advances is ratio of Profit after tax to average advances.

[15]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 All Averages in the above table are calculated basis average of opening and closing balances as at the end of relevant periods except where the ratios are readily available in public sources..

5. Suryoday Small Finance Bank

(₹ in million, unless otherwise specified)

Particulars	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	As at and for the financial year ended March 31, 2023	As at and for the financial year ended March 31, 2022	As at and for the financial year ended March 31, 2021
Operations:					
Banking outlets[1]	635	567	577	565	556
No. of States(including UTs)	15	15	15	14	13
Total Business (Sum of Deposits and Advances)	1,33,093.80	95,850.00	1,12,807.20	89,178.83	74,616.76
Business Per Branch	219.63	169.35	197.56	159.11	144.47
Total Deposits (₹ in million)	63,883.80	42,070.00	51,667.20	38,538.83	32,556.76
Total Deposits Growth (%) (3 Year CAGR)	NA	NA	21.95%	34.23%	63.16%
Deposits Per Branch	105.42	74.33	90.49	68.76	63.03
Gross loan portfolio	69,210.00	53,780.00	61,140.00	50,640.00	42,060.00
Gross Loan Portfolio Growth (3 Year CAGR)	NA	NA	18.11%	19.47%	34.78%
Total Disbursements	27,870	21,300	50,830	35,270	22,170
Gross Loan Portfolio/Branch	114.21	95.02	107.08	90.35	81.43
Gross loan portfolio - Product Mix (₹ in million)					
MFI (JLG)	24,850.00	NA	37,417.68	33,870.00	29,220.00
MSME (Small Business Finance) + secured business loan	4,960.00	NA	4,035.24	2,520.00	2,090.00
Housing Finance	7,540.00	NA	5,563.74	4,460.00	3,110.00
Vehicle Finance + Commercial Vehicle	21,660.00	NA	3,912.96	3,400.00	3,550.00
MSE Finance	0.00	NA	0.00	0.00	0.00
NBFC (FIG)	7,490.00	NA	8,009.34	3,800.00	2,140.00
Others + partnerships	2,710.00	NA	2,201.04	2,590.00	1,950.00
Gross loan portfolio - Product Mix (%)					
MFI	35.91%	0.00%	61.20%	66.88%	69.47%

MSME	7.17%	0.00%	6.60%	4.98%	4.97%
Housing Finance	10.89%	0.00%	9.10%	8.81%	7.39%
Vehicle Finance	31.30%	0.00%	6.40%	6.71%	8.44%
MSE Finance	0.00%	0.00%	0.00%	0.00%	0.00%
NBFC	10.82%	0.00%	13.10%	7.50%	5.09%
Others	3.92%	0.00%	3.60%	5.11%	4.64%
Secured Advances as % of Total Advances	NA	NA	NA	NA	NA
Direct MFI Exposure as a % of Total Advances	35.91%	NA	61.20%	66.88%	69.47%
Total Borrowings	24,799.00	23,499.90	27,654.10	25,513.00	16,666.00
Ratio of Deposits to Borrowings	72.04%	64.16%	65.14%	60.17%	66.14%
Average Credit/Deposit Ratio	112.81%	129.54%	123.92%	130.39%	129.69%
CASA Ratio (%)	15.70%	17.30%	17.11%	18.80%	15.45%
Retail Deposit % in Total Deposits (CASA + RETAIL)	77.60%	71.90%	73.10%	78.14%	80.00%
Liquidity Coverage Ratio	141.00%	157.00%	156.58%	208.19%	220.19%
Total Employees	6,989	5,740	6,025	5,252	5,131
Gross Loan Portfolio/Employee	10.64	9.79	10.84	9.75	8.56
Business/Employee	20.45	17.44	20.01	17.18	15.19
Capital:					
Net Worth[2]	15,178.10	13,862.10	15,847.28	15,051.18	10,662.30
Total Capital Ratio (CRAR) (%)	30.23%	35.88%	33.72%	37.86%	51.47%
Tier 1 Capital Ratio	28.00%	33.10%	30.84%	34.44%	47.23%
RWD - Risk Weighted Density[3]	48.10%	50.84%	47.81%	48.90%	47.93%
Asset Quality:					
Gross NPA (%) - Outstanding	2.90%	9.90%	3.13%	11.80%	9.41%
Gross NPA (%) - 3 Years Average[4]	NA	NA	8.11%	8.00%	4.67%
Net NPA (%)	1.46%	4.76%	1.55%	5.97%	4.73%
Write Offs %	NA	NA	NA	NA	NA
SMA 2 %	NA	NA	NA	NA	NA
Provision Coverage Ratio	50.50%	54.50%	51.43%	52.57%	63.73%
Standard Restructured Advances (%)	NA	NA	NA	NA	NA
Profitability:					
Net Profit (₹ in million)	979.00	207.50	777.00	-930.32	118.55
PPOP	2,114.20	1,725.20	3,374.60	2,649.10	1,813.38
Yield on Advances (%)[5]	10.15%	9.45%	19.30%	18.20%	17.80%
Cost of Deposits (%)[6]	3.75%	3.40%	6.90%	7.10%	7.70%
Cost of Funds (%)[7]	3.60%	3.30%	6.70%	7.00%	8.00%
Net Interest Margin (%)[8]	4.85%	4.55%	9.50%	8.60%	7.10%
Interest Spread (%)[9]	6.40%	6.05%	12.40%	11.10%	10.10%
Credit Cost Ratio (%)[10]	NA	NA	NA	NA	NA
Operating Expenses to Total Average Assets (%)[11]	NA	NA	5.62%	5.55%	5.44%
Cost to Income Ratio (%)[12]	56.70%	55.90%	60.02%	60.93%	64.44%
Return on Total Average Assets (%)[13]	0.95%	0.26%	0.86%	-1.25%	0.20%
Return on Average Advances(%)[14]	0.75%	0.20%	1.39%	-2.01%	0.30%
Return on Average Equity (%)[15]	6.10%	NA	5.10%	-5.90%	1.00%

Notes:
[1]Number of banking outlets represents aggregate number of banking outlets (including Business Correspondent run outlets) as of the last day of the relevant year.
[2]Net worth is sum of outstanding balances of capital and reserves & surplus.
[3]Risk Weighted Density represents percentage of risk weighted assets to total exposure
[4]Gross NPA(%) – 3 year average represents average of Gross NPAs ratios as at end of relevant periods.
[5]Yield on advances is ratio of interest earned on advances to average advances.
[6]Cost of deposits is ratio of interest expanded on deposits to average deposits.
[7]Cost of funds is interest expanded on average interest-bearing liabilities.
[8]Net interest margin is the difference of interest earned and interest expended divided by the average total assets.
[9]Interest spread is the difference of yield on advances and cost of deposits.
[10]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.
[11]It represents ratios of total operating expense other than interest expended to average total assets.
[12]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).
[13]ROA represents ratios of profit after tax to average total assets.
[14]Return on average advances is ratio of Profit after tax to average advances.
[15]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 All Averages in the above table are calculated basis average of opening and closing balances as at the end of relevant periods except where the ratios are readily available in public sources..

6. Ujjivan Small Finance Bank

(₹ in million, unless otherwise specified)

Particulars	As at and for the six months ended September 30, 2023	As at and for the six months ended September 30, 2022	As at and for the financial year ended March 31, 2023	As at and for the financial year ended March 31, 2022	As at and for the financial year ended March 31, 2021
Operations:					
Banking outlets[1]	700	NA	629	575	575
No. of States(including UTs)	26	NA	25	24	24
Total Business (Sum of Deposits and Advances)	5,57,132.70	4,13,342.30	4,96,226.96	3,64,542.17	2,82,757.27
Business Per Branch	838.42	NA	824.30	633.99	491.75
Total Deposits (₹ in million)	2,91,392.70	2,03,962.30	2,55,376.82	1,82,922.17	1,31,357.67
Total Deposits Growth (%) (3 Year CAGR)	NA	NA	33.31%	35.34%	51.57%
Deposits Per Branch	438.51	NA	424.21	318.13	228.45
Gross loan portfolio	2,65,740.00	2,09,380.00	2,40,850.14	1,81,620.00	1,51,399.60
Gross Loan Portfolio Growth (3 Year CAGR)	NA	NA	19.39%	18.02%	26.05%
Total Disbursements	1,10,330	NA	2,00,370	1,41,130	83,970
Gross Loan Portfolio/Branch	399.91	NA	400.08	315.86	263.30
Gross loan portfolio - Product Mix (₹ in million)					
Micro Banking - Rural Banking	1,91,332.80	NA	1,74,077.62	1,23,440.00	1,08,680.00
Financial Institutions Group	13,287.00	NA	11,275.26	8,550.00	6,480.00
Housing Finance	39,861.00	NA	34,010.62	27,340.00	20,500.00
MSME	13,287.00	NA	15,933.58	17,100.00	12,860.00
Personal & Staff Loans	2,657.40	NA	2,421.05	1,816.00	1,380.00
Vehicle Finance	1,328.70	NA	1,403.28	1,620.00	730.00
Loan/OD against Deposit/Gold Loan	1,328.70	NA	1,728.72	1,754.00	769.60
Gross loan portfolio - Product Mix (%)					
Micro Banking - Rural Banking	72.00%	NA	72.28%	67.97%	71.78%
Financial Institutions Group	5.00%	NA	4.68%	4.71%	4.28%
Housing Finance	15.00%	NA	14.12%	15.05%	13.54%
MSME	5.00%	NA	6.62%	9.42%	8.49%

Personal & Staff Loans	1.00%	NA	1.01%	1.00%	0.91%
Vehicle Finance	0.50%	NA	0.58%	0.89%	0.48%
Loan/OD against Deposit/Gold Loan	0.50%	NA	0.72%	0.97%	0.51%
Secured Advances as % of Total Advances	NA	NA	NA	26.20%	NA
Direct MFI Exposure as a % of Total Advances	NA	NA	NA	NA	NA
Total Borrowings	37,328.00	17,332.90	26,414.60	17,635.62	NA
Ratio of Deposits to Borrowings	88.64%	92.17%	90.63%	91.21%	100.00%
Average Credit/Deposit Ratio	92.65%	101.06%	96.39%	105.96%	122.48%
CASA Ratio (%)	24.06%	26.95%	26.41%	27.30%	20.55%
Retail Deposit % in Total Deposits (**CASA+retail**)	64.58%	63.96%	66.03%	54.24%	47.52%
Liquidity Coverage Ratio	158.00%	NA	180.43%	126.41%	116.13%
Total Employees	21,040	16,620	17870	16,895	16,571
Gross Loan Portfolio/Employee	13.66	12.49	13.86	10.85	8.80
Business/Employee	28.64	24.67	28.55	21.79	16.43
Capital:					
Net Worth[2]	47,710.00	37,690.00	42,091.07	28,026.34	32,187.52
Total Capital Ratio (CRAR) (%)	25.19%	26.69%	25.81%	18.99%	26.44%
Tier 1 Capital Ratio	22.50%	23.37%	22.69%	17.70%	25.06%
RWD - Risk Weighted Density[3]	48.76%	51.09%	48.99%	55.03%	56.64%
Asset Quality:					
Gross NPA (%) - Outstanding	2.20%	4.40%	2.88%	7.34%	7.07%
Gross NPA (%) - 3 Years Average[4]	NA	NA	5.76%	5.13%	2.99%
Net NPA (%)	0.09%	0.04%	0.04%	0.61%	2.93%
Write Offs %	NA	NA	NA	NA	NA
SMA 2 %	NA	NA	NA	NA	NA
Provision Coverage Ratio	96.00%	99.00%	98.41%	92.20%	60.34%
Standard Restructured Advances (%)	NA	NA	NA	NA	NA
Profitability:					
Net Profit (₹ in million)	6,518.10	4,972.30	10,999.20	-4,145.90	82.97
PPOP	9,412.50	6,855.50	14,850.33	6,370.98	8,007.84
Yield on Advances (%)[5]	9.60%	9.10%	18.40%	16.60%	18.50%
Cost of Deposits (%)[6]	3.70%	3.10%	6.41%	6.16%	7.10%
Cost of Funds (%)[7]	3.70%	3.10%	6.50%	6.30%	7.20%
Net Interest Margin (%)[8]	4.50%	4.85%	9.48%	8.79%	9.50%
Interest Spread (%)[9]	5.90%	6.00%	11.99%	10.44%	11.40%
Credit Cost Ratio (%)[10]	NA	NA	0.06%	5.29%	NA
Operating Expenses to Total Average Assets (%)[11]	2.90%	3.35%	6.33%	6.80%	6.34%
Cost to Income Ratio (%)[12]	53.00%	55.00%	54.82%	70.00%	60.34%
Return on Total Average Assets (%)[13]	1.80%	1.95%	3.90%	-1.90%	0.04%
Return on Average Advances(%)[14]	2.57%	2.54%	5.21%	-2.49%	0.06%
Return on Average Equity (%)[15]	14.50%	15.10%	31.40%	-13.80%	0.26%

Notes:

[1]Number of banking outlets represents aggregate number of banking outlets (including Business Correspondent run outlets) as of the last day of the relevant year.

[2]Net worth is sum of outstanding balances of capital and reserves & surplus.

[3]Risk Weighted Density represents percentage of risk weighted assets to total exposure

[4]Gross NPA(%) – 3 year average represents average of Gross NPAs ratios as at end of relevant periods.
[5]Yield on advances is ratio of interest earned on advances to average advances.
[6]Cost of deposits is ratio of interest expanded on deposits to average deposits.
[7]Cost of funds is interest expanded on average interest-bearing liabilities.
[8]Net interest margin is the difference of interest earned and interest expended divided by the average total assets.
[9]Interest spread is the difference of yield on advances and cost of deposits.
[10]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.
[11]It represents ratios of total operating expense other than interest expended to average total assets.
[12]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).
[13]ROA represents ratios of profit after tax to average total assets.
[14]Return on average advances is ratio of Profit after tax to average advances.
[15]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 All Averages in the above table are calculated basis average of opening and closing balances as at the end of relevant periods except where the ratios are readily available in public sources..

K. Price per share of the Bank (as adjusted for corporate actions, including split, bonus issuances) based on primary issuances of Equity Shares or convertible securities (excluding Equity Shares issued under the ESOP Schemes and issuance of Equity Shares pursuant to a bonus issue) during the 18 months preceding the date of this Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Bank in a single transaction or multiple transactions combined together over a span of rolling 30 days ("Primary Issuances")

Nil

L. Price per share of the Bank (as adjusted for corporate actions, including bonus issuances) based on secondary sale or acquisition of equity shares or convertible securities (excluding gifts) involving any of the Selling Shareholders or other shareholders with rights to nominate directors during the 18 months preceding the date of filing of the DRHP/ RHP, where the acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Bank (calculated based on the pre-Offer capital before such transaction/s and excluding ESOPs granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days ("Secondary Transactions")

Nil

The following are the details basis the last five primary or secondary transactions (secondary transactions where Promoters or members of the Promoter Group or Selling Shareholders or Shareholder(s) having the right to nominate Director(s) on our Board, are a party to the transaction), not older than three years prior to the date of this Prospectus irrespective of the size of transactions, based on certifications received from our Promoters, members of our Promoter Group, Selling Shareholders and Shareholders having the right to nominate Director(s) on our Board:

Date of Acquisition of Equity Shares	Name of Acquirer/Shareholder	Number of Equity Shares acquired	Acquisition price per Equity Share (₹)*
June 17, 2023	Max Life Insurance Co Ltd	1,057,700	468
March 29, 2022	Shahbaz Singh Samra^	475,513^	NA
August 20, 2021	Raman Kumar Gupta	1,000	150
June 14, 2021	Darshna Devi	6,667	150
May 28, 2021	Minni Gupta	4,000	132
	Deepali Gupta	5,390	132
	Dinesh Gupta	24,450	132

^Transmitted by the Depository Participant in the name of the second and third holder, i.e., Shahbaz Singh Samra and Sangram Singh Samra pursuant to the death of Swaran Singh, in accordance with the applicable law.
**As certified by M/s VP Bhalla & Associates, by way of certificate dated February 10, 2024.*

M. The Floor Price is 44.50 times and the Cap Price is 46.80 times the weighted average cost of acquisition (based on transaction(s) as disclosed in point L above) at which the Equity Shares were issued by our Bank, or acquired or sold by our Promoters, the Promoter Group or other shareholders with rights to nominate directors in the last 18 months preceding the date of this Prospectus are disclosed below:

Past Transactions	Weighted average cost of acquisition (in ₹)	Floor Price (in ₹)*	Cap Price (in ₹)*
WACA of Equity Shares that were issued by our Bank	468.00	0.95 times	1.00 times
WACA of Equity Shares that were acquired or sold by way of Secondary Transactions	135.32*	3.29 times	3.46 times

**excluding transmission*

N. Justification for Basis of Offer Price

The following provides an explanation to the Cap Price being 0.95 and 3.29 times of weighted average cost of acquisition of primary issuances price and secondary transactions price of equity shares (as disclosed above) along with our Bank's KPIs and financial ratios for the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021 and in view of external factors, if any

We have an experience of over two decades in the banking industry, having been incorporated in 1999. We are among the leading SFBs in India in terms of cost of funds, retail deposits and CASA deposits for the first half of fiscal 2024.

We focus primarily on the middle-income customer segments i.e., customers with an average annual income of ₹0.4 million to ₹5 million in semi-urban and rural areas with 41.62% of our branches in rural areas, 34.68% branches in semi-urban areas and 23.70% of our branches in urban areas as on September 30, 2023.

As of September 30, 2023, we were present in five States and one Union Territory with 173 branches and 175 ATMs with 76.30% of our branches located in rural and semi-urban areas covering 24 districts and 75.75% of our total customers (both credit and deposit). We plan to continue to expand our business.

We have diversified portfolio with sizeable book in multiple asset classes with proportion of secured lending of 99.85% as on September 30, 2023.

We have average gross NPA ratio of 2.52% and average net NPA ratios of 1.30% with negligible write offs as a percentage of loan book for previous three Fiscals and first half of current fiscal year from Fiscal 2021 to six months period ended September 30, 2023.

We also had consistent asset quality in the range of 2-3% from Fiscal 2021 to six months period ended September 30, 2023.

Our retail deposits (as a % of total deposits), and C ASA deposits stood at 97.90%, and 41.88%, as on March 31, 2023 and 93.59%, and 37.76%, as on September 30, 2023, respectively. We have the highest CASA ratio of 37.76% in as of H1 fiscal 2024as compared with other SFBs and is comparable with leading private sector banks.

As on September 30, 2023 and March 31, 2023 respectively, 99.85% and 99.82% of our loan book was secured with 84.26% and 85.16% of the loans secured by immovable properties.

We have the highest branch concentration towards rural and semi-urban areas amongst compared SFBs as of H1 fiscal 2024 with 40.68% branches in rural areas, 33.90% in semi-urban and 19.21% in urban areas

O. The Offer price is 46.80 times of the face value of the Equity Shares

The Offer Price of ₹ 468 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 27, 203, 370 and 293, 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 27 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

Nuvama Wealth Management Limited
(Formerly known as Edelweiss Securities Limited)
801 - 804, Wing A, Building No 3,
Inspire BKC, G Block
Bandra Kurla Complex, Bandra East
Mumbai, Maharashtra – 400 051

DAM Capital Advisors Limited
One BKC, Tower C,
15th Floor, Unit No. 1511,
Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051
Maharashtra, India

Equirus Capital Private Limited
12th floor, C Wing, Marathon Futurex,
N.M. Joshi Marg, Lower Parel
Mumbai 400 013,
Maharashtra, India

(Nuvama Wealth Management Limited, DAM Capital Advisors Limited and Equirus Capital Private Limited are appointed in relation to the Offer and 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. In connection with the proposed Offer, we have been requested by the Bank to verify the statement of possible special tax benefits (**"Statement"**) enclosed in Annexures 1 and 2 (together, the "**Annexures**"), prepared by Capital Small Finance Bank (the "**Bank**"), 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 "IT Act") (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2023 relevant for the assessment year 2024-25, 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 2023, i.e., applicable for the Financial Year 2023-24, presently in force in India.

     The Income tax 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.

Management's Responsibility

2. The preparation of the Statement as of the date of our certificate which is to be included in the draft red herring prospectus for the Offer is the responsibility of the management of the Bank. The management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The management is also responsible for identifying and ensuring that the Bank complies with the laws and regulations applicable to its activities.

3. We have performed the following procedures in this regard:

   We have reviewed the enclosed Annexures, prepared by the Bank, which provides the special tax benefits available to the Bank and to the shareholders of the Bank as stated in those Annexures, under the followings acts and regulation:
   - The Income-tax Act, 1961(the "IT Act") as amended by the Finance Act, 2023 applicable for the financial year 2023-24 relevant to the assessment year 2024-25, presently in force in India; and
   - The central goods and services tax act, 2017, the integrated goods and services tax act, 2017 and the applicable state/union territory goods and services tax act, 2017 ("GST Acts") as amended from time to time, as amended by the Finance Act 2023 applicable for the financial year 2023-24, presently in force in India.

4. 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 IT Act provisions, which, based on business imperatives the Bank faces in the future, the Bank or its shareholders may or may not choose to fulfil.

5. 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.

6. 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.

7. Further, our views are based on the existing provisions of Indian Income Tax Regulations and its interpretation and GST Acts, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

8. 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.

9. We conducted our examination of the information given in this certificate (including the Annexures thereto) in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' ("Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"), as revised from time to time, to obtain a reasonable assurance that such details are in agreement with the books of accounts and other relevant records provided to us, in all material respects. The aforesaid Guidance Note requires that we comply with the ethical requirements of the 'Code of Ethics' issued by the ICAI, as revised from time to time.

10. Further, 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', as revised from time to time.

11. We hereby give our consent to include this report and the enclosed Annexures regarding the tax benefits available to the Bank and its shareholders in the red herring prospectus and the prospectus for the proposed initial public offer of equity shares which the Bank intends to submit to the Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE Limited and the Registrar of Companies, Punjab and Chandigarh at Chandigarh (the "**Stock Exchanges**") where the equity shares of the Bank are proposed to be listed

12. Our report is made solely to the Bank's management and BRLMs for the purpose as set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties except specifically mentioned in this Certificate. This report relates only to the items specified above and does not extend to any financial statements of the Bank, taken as a whole. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's members as a body, for our work, for this certification except specifically mentioned in this Certificate.

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

Hitesh Garg
Partner
Membership No. 502955
Place: Noida
Date: 15th January 2024
UDIN: 24502955BKEHRY1651

Copy To:

J. Sagar Associates
Vakils House,
18 Sprott Road
Ballard Estate,
Mumbai 400 001

Cyril Amarchand Mangaldas
Level 1 & 2, Max Towers
C-001/A, Sector 16 B
Noida – 201 301
Uttar Pradesh

Encl: Statement of Special Tax Benefits

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

The information provided below sets out the possible special tax benefits available to the Bank and to shareholders of the Bank in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares of the Bank, under the current tax laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfil. We do not express any opinion or provide any assurance as to whether the Bank or its shareholders will continue to obtain these benefits in future. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.

Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the securities, particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE BANK

The statement of direct tax benefits is enumerated below as per the Income-tax Act, 1961 (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2023 (the "IT Act")

Lower Corporate tax rate under section 115BAA of the IT Act

As per section 115BAA of the IT 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 IT Act.
The taxpayer availing the option will not be required to pay Minimum Alternate Tax under section 115JB of the IT Act and also cannot claim tax credit under section 115JAA of the IT 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 IT Act

As per Section 80JJAA of the IT Act, deduction is available to those assessee whose gross total income include income from business and subject to tax audit under section 44AB of the IT Act, 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 consecutive assessment years including the assessment year relevant to the previous year in which such additional 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 IT Act. The Bank is availing such deduction.

Deduction under Section 36(1)(viia) of the IT 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 IT 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 total income (computed before making any deduction under this section and chapter VI-A) 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) of the IT Act shall be reduced to the extent of deduction already allowed under section 36(1)(viia) of the IT Act.

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

Further, being a banking company, the Bank is also eligible for a deduction of 20% of the profits derived from eligible business computed under the head "Profit and gains of business or profession" (before making any deduction under this clause) or an amount transferred to the special reserve whichever is lower. However, where the aggregate amounts transferred to such special reserve from time to time, exceeds twice the amount of 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 IT Act

As per provisions of section 43D of the IT Act, in case of a scheduled bank, the income by way of interest in relation to such categories of bad or doubtful debts as may be prescribed in rule 6EA of the Income Tax Rules 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 2024-25. 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 2023, i.e., applicable for the Financial Year 2023-24, 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 2023, i.e., applicable for the Financial Year 2023-24, 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, 2020 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, 2020 to the date of this Annexure, the Bank has:

    i. not availed any exemption or benefits or incentives under indirect tax laws except the following:
        a. Exemption pertaining to interest on deposits, loan or advances as per the Notification No. 12/2017- Central Tax (Rate) dated 28.06.2017;
        b. Exemption for bank towards generation of E-invoices as per relevant provisions of GST Act read with GST Rules and relevant notifications issued under GST Law;
        c. Option of availing 50% of the ITC in terms of Section 17(4) of the CGST Act, 2017;

    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.

SECTION IV: ABOUT OUR BANK

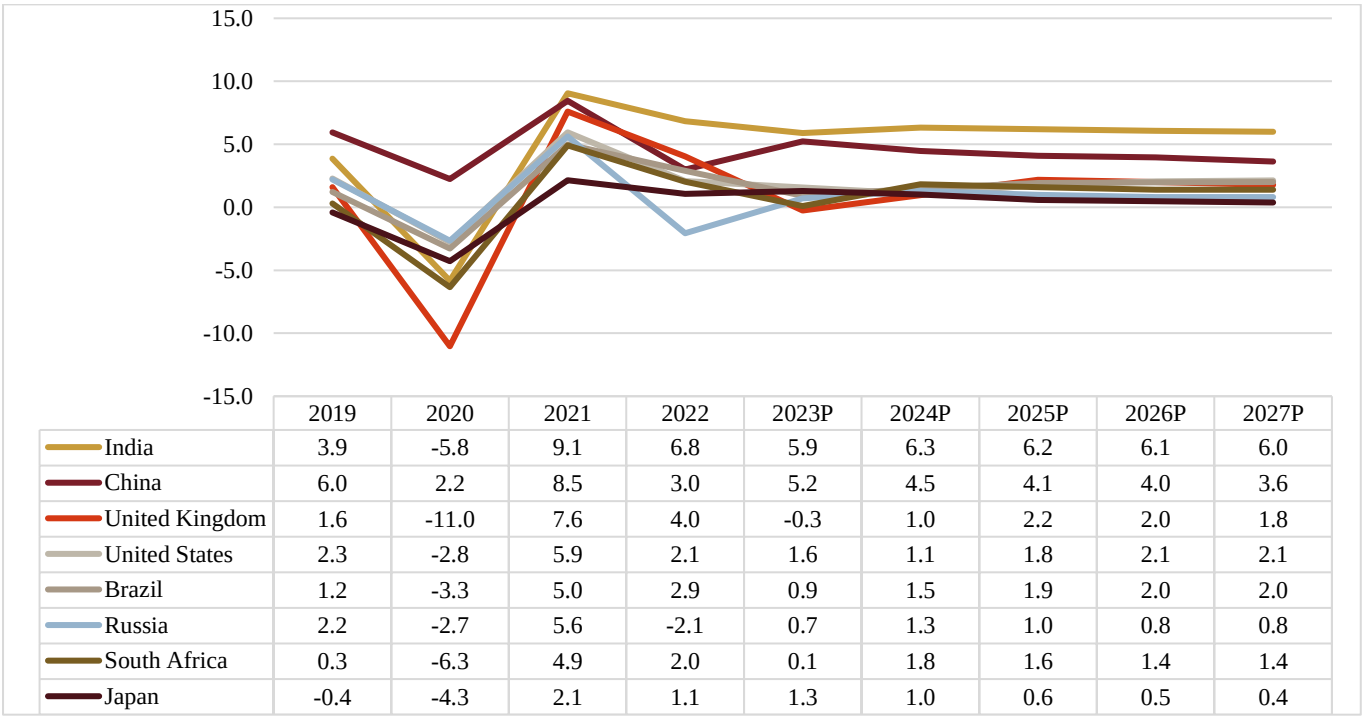
INDUSTRY OVERVIEW

Macroeconomic scenario

India to remain one of the fastest growing economies amid global slowdown.

Indian economy has outperformed its global counterparts by witnessing a faster growth over the past three fiscals. India has shown a fair degree of resilience to the four Cs affecting the global economy — COVID-19, conflict (geopolitical), climate change, and central bank actions —. Despite global slowdown, tightening of monetary conditions, and high inflation, India recorded a higher economic growth rate owing to its relatively strong local consumption and investment activity, government push for capital expenditure (capex), relatively accommodative financial conditions, and an overall normal monsoon for the fourth time in a row, rise of middle income group, limited reliance on global demand, and continued resilience macro tailwinds. The growth pattern though, highlights two key features- faster recovery and resilience. India is expected to remain the fastest growing economy in the world, with GDP growth projected at 6.0% in fiscal 2024 as per CRISIL MI&A.

India is among the fastest-growing major economies (GDP growth, % year-on-year)



	2019	2020	2021	2022	2023P	2024P	2025P	2026P	2027P
India	3.9	-5.8	9.1	6.8	5.9	6.3	6.2	6.1	6.0
China	6.0	2.2	8.5	3.0	5.2	4.5	4.1	4.0	3.6
United Kingdom	1.6	-11.0	7.6	4.0	-0.3	1.0	2.2	2.0	1.8
United States	2.3	-2.8	5.9	2.1	1.6	1.1	1.8	2.1	2.1
Brazil	1.2	-3.3	5.0	2.9	0.9	1.5	1.9	2.0	2.0
Russia	2.2	-2.7	5.6	-2.1	0.7	1.3	1.0	0.8	0.8
South Africa	0.3	-6.3	4.9	2.0	0.1	1.8	1.6	1.4	1.4
Japan	-0.4	-4.3	2.1	1.1	1.3	1.0	0.6	0.5	0.4

Note: All forecasts refer to IMF forecasts. GDP growth is based on constant prices, Data represented is for calendar years, P: Projected

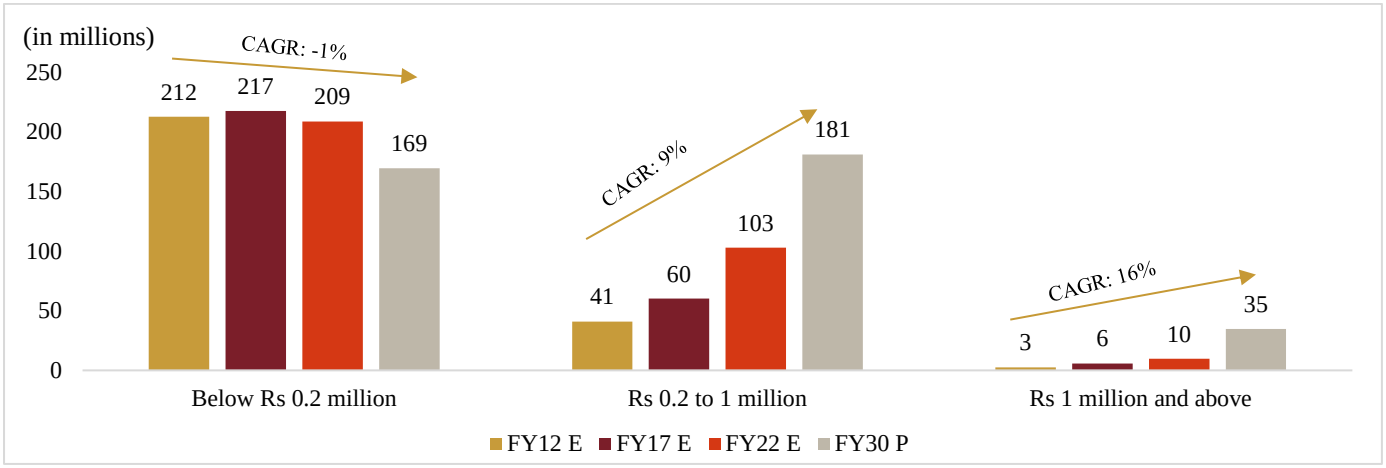
Source: IMF (World Economic Outlook – April 2023 update), CRISIL MI&A

Key growth drivers

Rising Middle India population to help sustain growth

Proportion of Middle India (defined as households with annual income of between Rs. 0.2 to 1 million) has been on a rise over the last decade and is expected to grow further with continuous increase in the GDP and household incomes. To illustrate, CRISIL MI&A estimates that there were 41 million households in India in this category as of Fiscal 2012, and by Fiscal 2030, they are projected to increase to 181 million households translating into a CAGR of 9% over this time period. This growth in the number of middle-income households is expected to lead to enhanced opportunities for retail and MSME financiers as well as consumer goods marketers. A large number of these households, which have entered the Middle-Income bracket in the last few years, are likely to be from semi-urban and rural areas. The rise in incomes in these areas is also evident when one observes the trend in share of deposits coming into banks.

Middle India households to witness high growth over Fiscal 2012 to Fiscal 2022



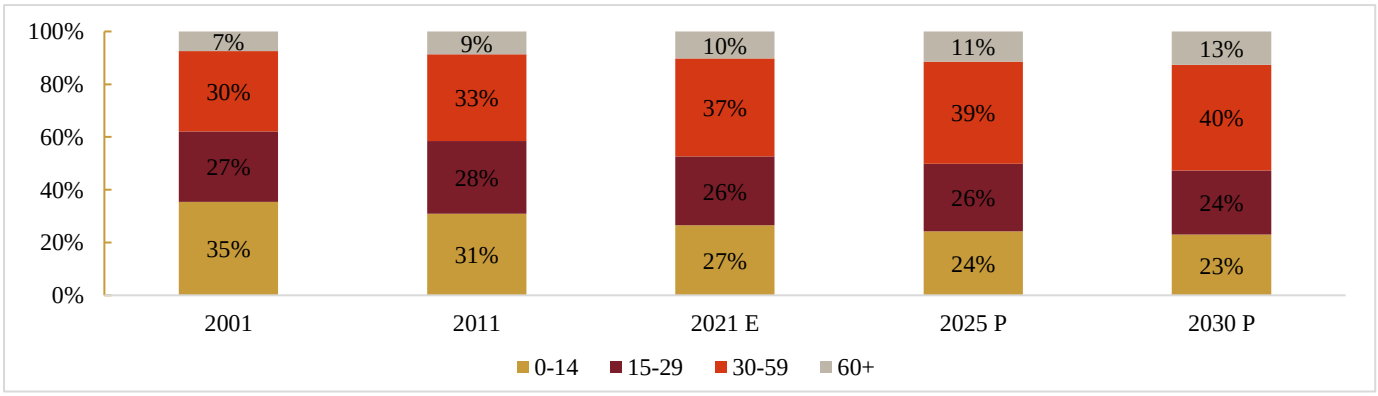
Note: E: Estimated, P: Projected, Source: CRISIL MI&A

India is in a sweet spot to harness the economic dividend from demographic change. A larger working-age population is expected to lead to increased labour force participation, driving economic growth and productivity. Further, individuals in this group tend to also accumulate savings at a higher rate, facilitating further investment-led growth and development.

Favourable demographics

As of calendar year 2022, India has one of the largest young populations in the world, with a median age of 28 years. CRISIL MI&A estimates that approximately 90% of Indians are still below the age of 60 in calendar year 2021 and that 63% of them are between 15 and 59 years.

India's demographic dividend



Note: E: Estimated, P: Projected, Source: United Nations Department of Economic and Social affairs[1], CRISIL MI&A

Credit penetration in India

Industrial credit accounted for nearly one fourth of the overall banking credit mix in fiscal 2023. The demand has been lower in the past three fiscal years, owing to subdued capital expenditure, low commodity prices and low asset quality. This has led to gradual reduction of share of industry credit in the overall banking sector's credit. 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.

Retail Credit to GDP ratio

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

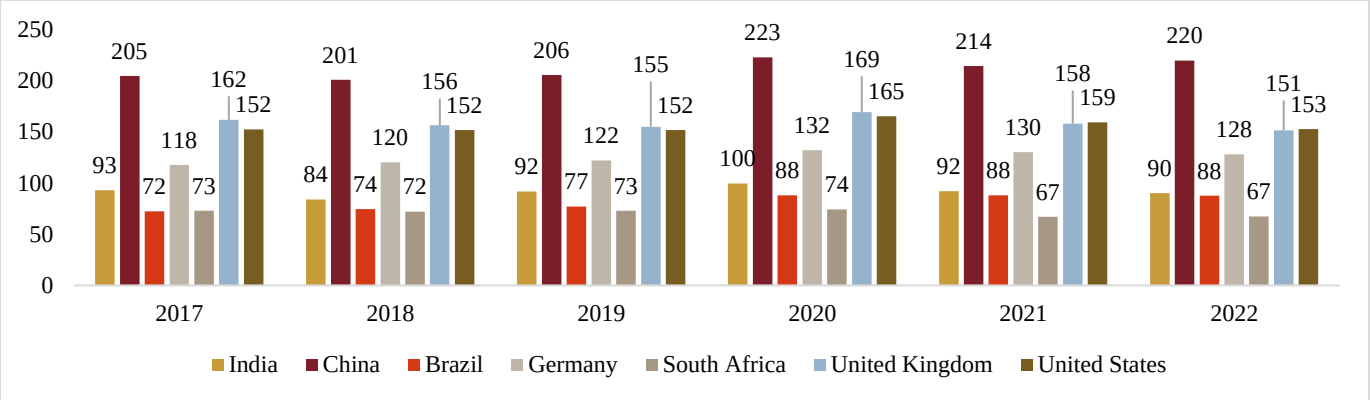
Fast-paced economic growth, improving digitisation initiatives, increasing banking penetration, and government's implementation of structural reforms such as IBC, augur well for the India's credit to GDP ratio in the long term. With more people attached to the formal banking sector, the demand for financial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

1 https://population.un.org/wpp/

indicating that the potential that can be tapped. Similarly, in terms of credit to households as a proportion of GDP as well, India lags other markets, with retail credit hovering at around 26% of GDP as of Fiscal 2023.

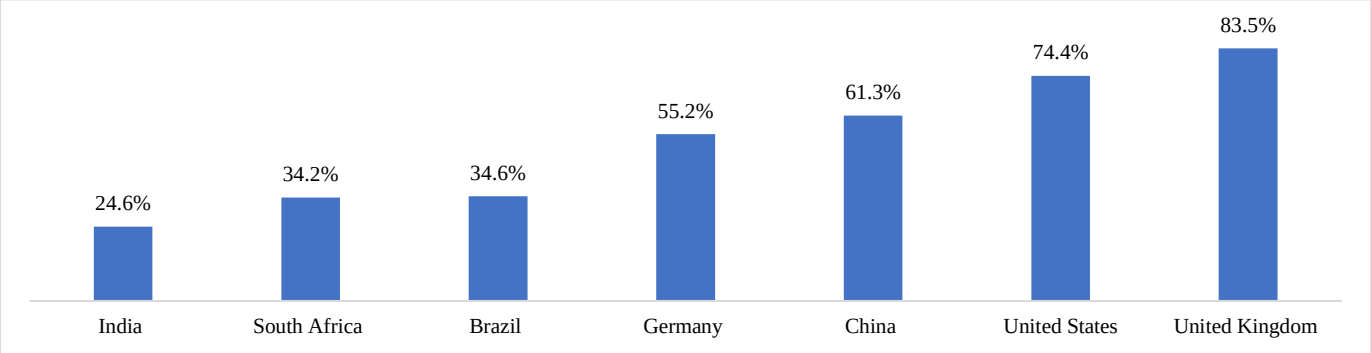
Credit to GDP ratio (%) (CY2022)



Note: Data is represented for calendar years for all countries except India. For India, numbers are for fiscal year

Source: Bank of International Settlements[1], CRISIL MI&A

Retail Credit to GDP ratio (CY2022)



Note: For India, Retail Credit to GDP ratio as of FY23, Source: Bank of International Settlements, CRISIL MI&A

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 146% and 86% 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 68%, Rajasthan at 62%, Haryana at 68% and Himachal Pradesh at 34% in terms of bank credit to GDP.

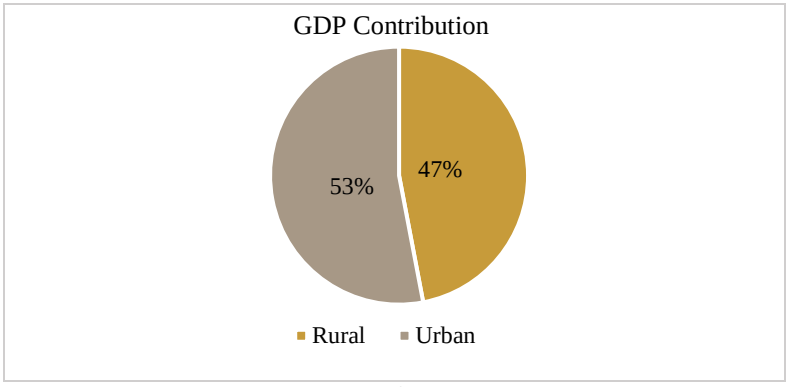
The structural changes, combined with a positive macro environment, will improve rural business prospects, provide business opportunities for the banking and financial services sector and drive the long-term growth of the economy. Further, abundance of natural resources in the northern part of the country could also 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 likely to grow with aid from the financial institutions to support agriculture and industrial sector.

Rural India accounts for about half of GDP, but only about 8% of total credit and 9% of total deposits

About 47% of India's GDP comes from rural areas. The share of total credit outstanding is about 8% in rural areas and 92% in urban areas as of March 31, 2023. The massive divergence in the rural areas' share of India's GDP and banking credit services compared with urban areas is an indicator of the extremely low penetration of banks in rural areas.

1 https://www.bis.org/statistics/c_gaps.htm?m=6_380_670

Rural vs urban split of GDP



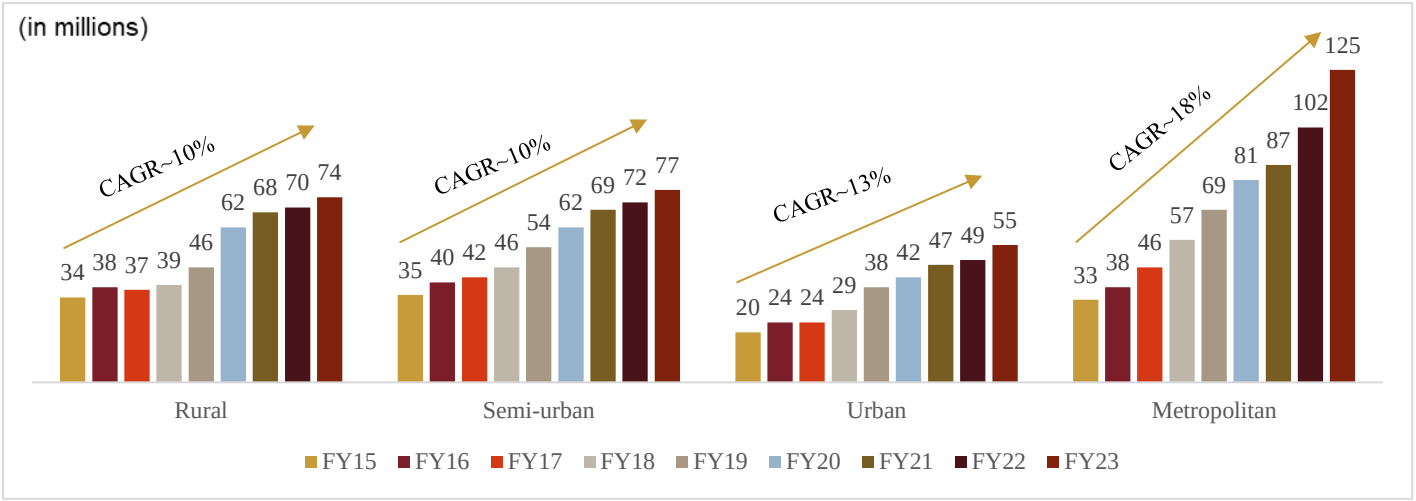
Source: CSO; RBI; CRISIL MI&A estimates (for GDP contribution as per 2017)

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 number of bank credit accounts in rural areas grew at a CAGR of 10% between the end of Fiscal 2015 and the end of Fiscal 2023 and the number of bank deposit accounts grew at a CAGR of 3% between the end of Fiscal 2015 and the end of Fiscal 2023. However, with Small Finance Banks increasing their reach and expanding into rural areas[1] 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 2023, the number of credit accounts in semi-urban areas grew at a CAGR of 10% and between the end of Fiscal 2015 and the end of Fiscal 2023, the number of deposit accounts grew at a CAGR of 6%. Between the end of Fiscal 2015 and Fiscal 2023, the number of credit accounts in urban areas grew at a CAGR of 13% and between the end of Fiscal 2015 and the end of Fiscal 2023, the number of deposit accounts grew at a CAGR of 6%. 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.

GDP growth has been varied across states with Tripura growing at the fastest rate of 8.9% CAGR, followed by Bihar, Gujarat and Andhra Pradesh. 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 17% and 9% respectively of overall population in India, but their share in overall credit outstanding is only 5% and 2% 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.

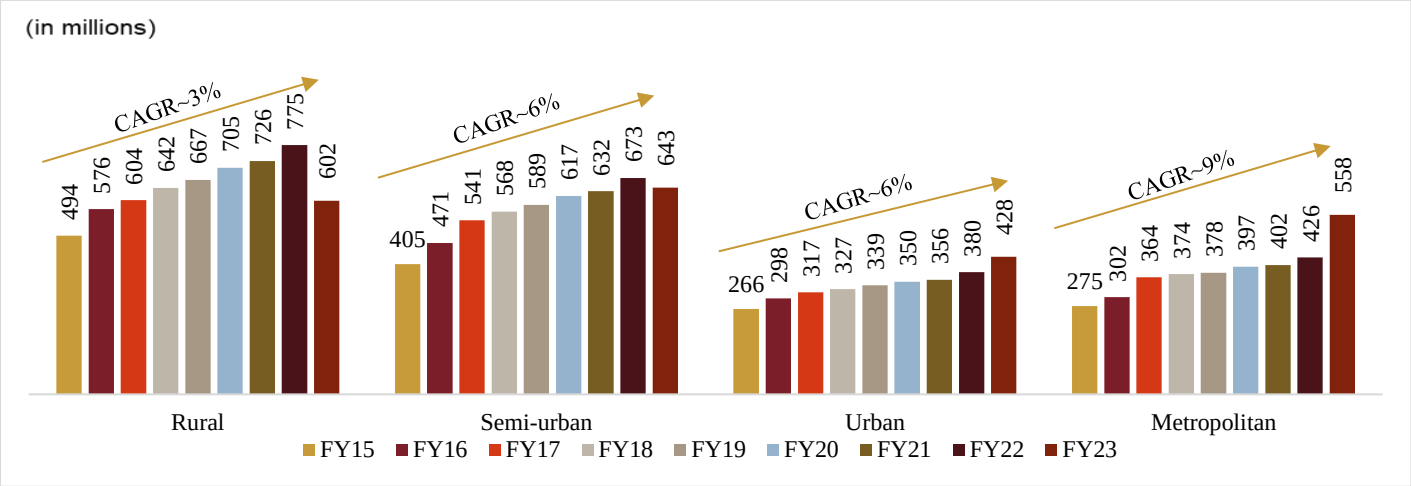
Bank credit accounts in rural, semi-urban and urban areas



Note: Data represents only bank credit accounts; Source: RBI; CRISIL MI&A

1 The share of Small Finance Banks in terms of branches have increased from 1% in fiscal 2018 to 2% in fiscal 2023

Bank deposit accounts in rural, semi-urban and urban areas



Note: Data represents only bank deposit accounts; Source: RBI; CRISIL MI&A

In terms of credit, the northern region accounts for 20% of overall credit of SCBs and 15% in the incremental credit of SCBs as on Mar-23 over Mar-22.

	Actual credit (Rs billion)						Incremental credit (Rs billion)				
State/Region	**Mar-18**	**Mar-19**	**Mar-20**	**Mar-21**	**Mar-22**	**Mar-23**	**Mar-19**	**Mar-20**	**Mar-21**	**Mar-22**	**Mar-23**
NCT Of Delhi	10,700	12,870	13,486	13,086	13,875	14,963	2,170	616	-401	789	1,088
Rajasthan	2,544	3,071	3,345	3,688	4,177	4,851	528	274	343	489	674
Haryana	2,183	2,473	2,715	2,893	3,355	4,111	290	241	178	462	756
Punjab	2,214	2,286	2,342	2,540	2,758	3,008	72	56	198	218	250
Chandigarh	674	730	780	769	801	756	56	51	-11	32	(45)
Jammu & Kashmir	448	537	587	693	790	905	89	50	106	97	115
Himachal Pradesh	265	294	313	351	396	453	29	19	38	45	57
Ladakh	-	-	18	22	27	33	-	18	4	5	6
Northern Region	**19,028**	**22,262**	**23,587**	**24,041**	**26,180**	**29,079**	**3,234**	**1,325**	**454**	**2,139**	**2,899**
Pan India	**86,826**	**98,184**	**1,04,496**	**1,10,353**	**1,22,293**	**141,980**	**11,358**	**6,312**	**5,857**	**11,940**	**19,687**

Source: RBI; CRISIL MI&A

In retail credit, northern region accounts for 16% of the retail credit across India and 20% of the incremental retail credit across India as of Mar-23. Punjab accounts for 11% of the retail credit in the northern region as against 15% CASA deposits indicating further growth potential for retail credit in the state relative to deposits.

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 16.5 trillion worth of deposits on Mar-23 followed by the states of Haryana, Rajasthan, and Punjab. The northern region accounts for 21% of deposits as on Mar-23 and 28% of incremental deposits as on Mar-23 over the aggregate deposits as on Mar-22.

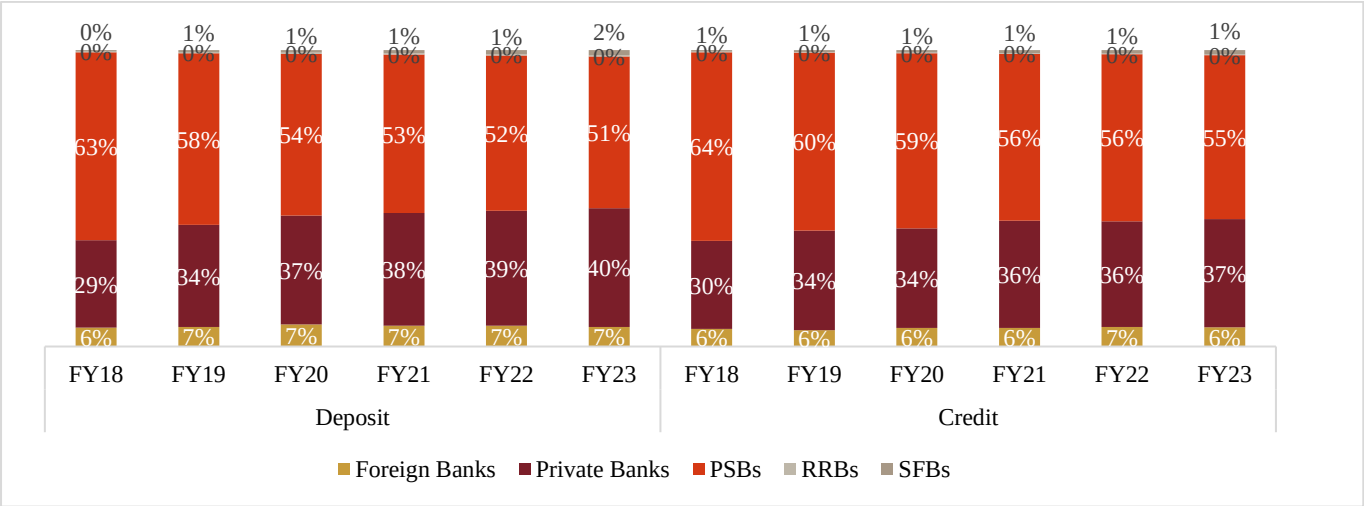
In terms of CASA deposits, the northern region accounts for 20% of the CASA deposits in the country and 31% of incremental deposits in the country in fiscal 2023. Punjab accounts for 15% of CASA deposits in the northern region and 3% across pan India.

In terms of credit, the northern region accounts for 20% of overall credit of SCBs and 15% in the incremental credit of SCBs as on Mar-23 over Mar-22.

In retail credit, northern region accounts for 16% of the retail credit across India and 20% of the incremental retail credit across India as of Mar-23. Punjab accounts for 11% of the retail credit in the northern region as against 15% CASA deposits indicating further growth potential for retail credit in the state relative to deposits.

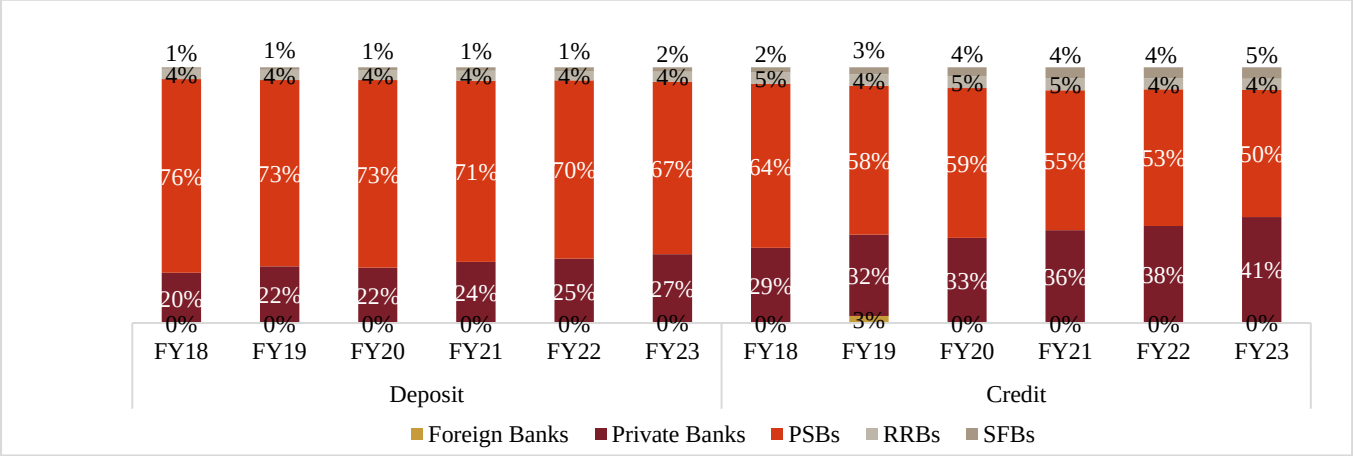
For deposits, within the rural population group of the northern region, share of PSBs is the highest at 66% as on Mar-23 but has decreased constantly from 72% as on Mar-18. This is due to the increasing presence of Private Banks and SFBs in the rural population group. In terms of credit too, we have seen a similar trend with share of PSBs decreasing to 53% on Mar-23 from 66% as on Mar-18. During the same time period (FY18-FY23), SFBs have increased their share marginally and increased their systemic relevance, albeit a low base.

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



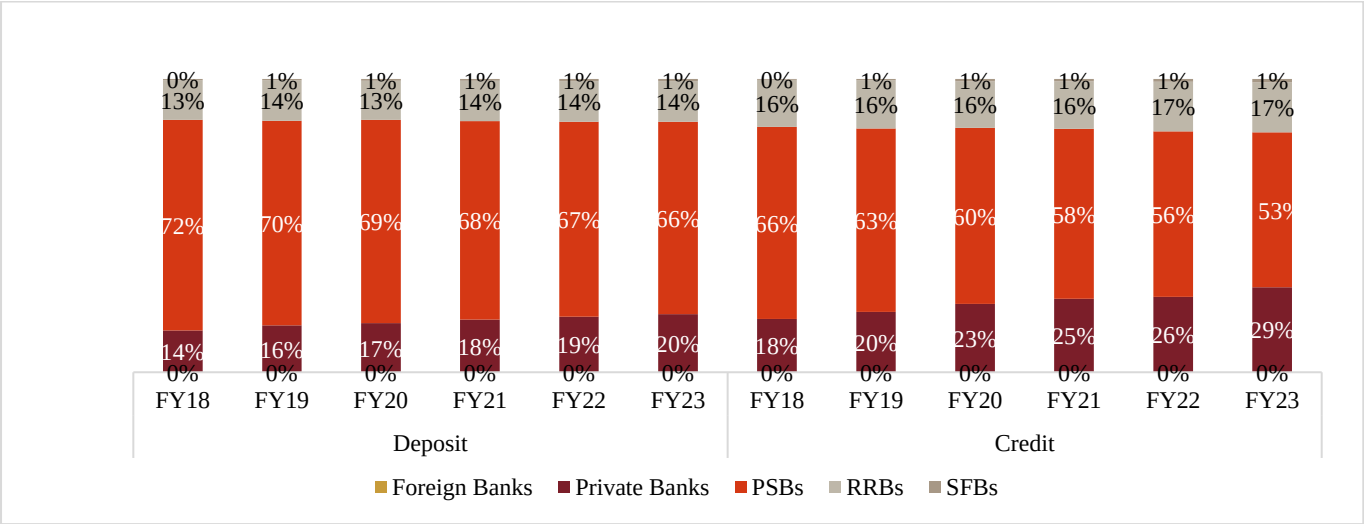
Source: RBI; CRISIL MI&A

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



Source: RBI; CRISIL MI&A

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



Source: RBI; CRISIL MI&A

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-23 from 2% as on Mar-18. Similarly, their share in deposits and credit has also doubled in the same period. 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.

Some of the Key steps taken by the government to boost financial inclusion

To improve financial inclusion, especially in rural areas, the government is focusing on improving the overall rural infrastructure for penetration of financial services as well as empowering the development of parallel supporting institutions. Some of the Key government steps to boost financial inclusion include Small Finance Banks, Microfinance Institutions, Payments Banks, Business Correspondents and other Digital initiatives.

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 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 2023, the number of credit accounts in semi-urban areas grew at a CAGR of 10% and between the end of Fiscal 2015 and the end of Fiscal 2023, the number of deposit accounts grew at a CAGR of 6%. The number of bank credit accounts in rural areas grew at a CAGR of 10% between the end of Fiscal 2015 and the end of Fiscal 2023 and the number of bank deposit accounts grew at a CAGR of 3% between the end of Fiscal 2015 and the end of Fiscal 2023.

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 MI&A 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:

Demonetisation – November 2016

GST implementation – July 2017

IL&FS crisis – September 2019

Covid-19 pandemic – March 2020

Capital SFB's 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 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.

Also, Capital SFB had the highest average growth in overall deposit and credit as compared to overall banks, public sector banks and private banks from Fiscal 2019-2023.

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	Mar-22	Mar-23	Avg (FY19-FY23)
Overall Banks	11.2%	6.8%	9.4%	9.5%	12.3%	10.1%	10.2%	10.3%
Public Sector Banks	9.1%	3.2%	6%	8.2%	10.4%	8.0%	8.1%	8.1%
Private Banks	19.6%	17.4%	15.4%	10.4%	16.6%	14.5%	14.7%	14.3%
Capital SFB	31.1%	19.9%	28.7%	21.3%	17.4%	15.8%	8.5%	18.3%

Source: RBI, Company Reports, CRISIL MI&A

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	Mar-22	Mar-23	Avg (FY19-FY23)
Overall Banks	5.4%	9.5%	13.1%	6.4%	5.6%	10.7%	15.9%	10.3%
Public Sector Banks	1.8%	4.7%	9.2%	4.2%	3.6%	7.4%	14.6%	7.8%
Private Banks	17.1%	20.9%	20.2%	9.3%	9.1%	15.3%	18.7%	14.5%
Capital SFB	19.2%	35.3%	40.8%	27.5%	13.1%	24.4%	17.1%	24.6%

Source: RBI, Company Reports, CRISIL MI&A

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	Mar-22	Mar-23	Avg (FY19-FY23)
Public Sector Banks	24.5%	6.1%	5.2%	7.6%	14.9%	9.5%	3.9%	8.2%
Private Banks	31.1%	18.7%	18.7%	10.1%	24.4%	18.6%	9.8%	16.3%
Capital SFB	47.3%	21.3%	23.5%	14.7%	29.6%	21.8%	7.8%	19.5%

Source: RBI, Company Reports, CRISIL MI&A

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.

Trend in GNPA across player groups across various events

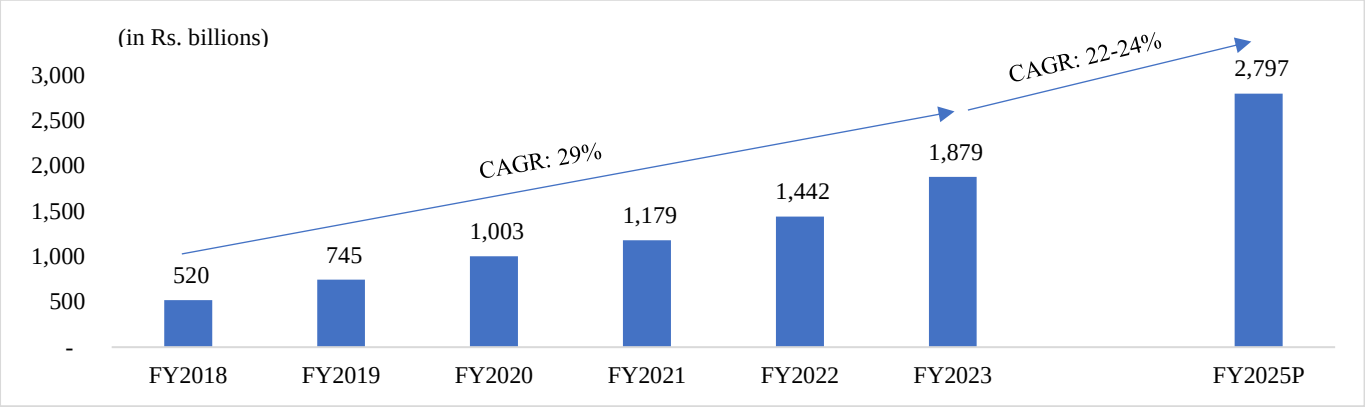
	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Avg (FY19-FY23)
Public Sector Banks	11.7%	14.6%	11.6%	10.8%	9.5%	7.6%	5.2%	8.9%
Private Sector Banks	4.1%	4.7%	5.3%	5.1%	4.8%	3.7%	2.2%	4.2%
Capital SFB	1.0%	1.1%	1.3%	1.8%	2.1%	2.5%	2.8%	2.1%

Source: RBI (Financial Stability Report – June 2023), RBI, Company Reports, CRISIL MI&A

Capital SFB had the lowest average GNPA as compared to public sector banks and private banks from Fiscal 2019 to Fiscal 2023.

Industry growth and outlook

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



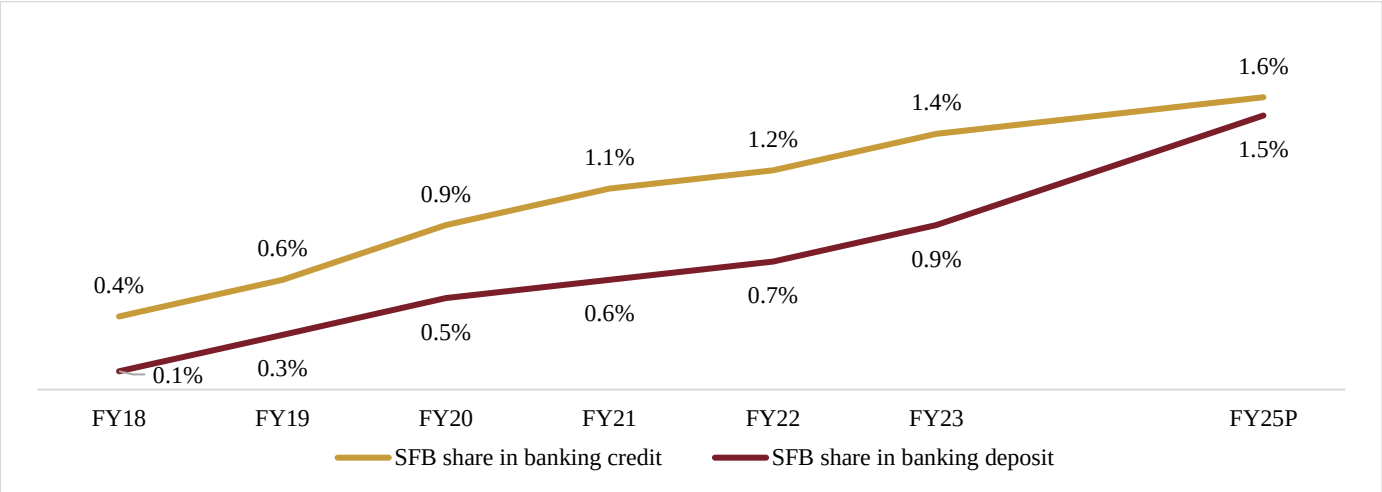
Note: P: Projected, the amounts are as of the end of the Fiscal indicated

Source: Company reports, CRISIL MI&A

Small finance banks' AUM clocked 29% CAGR during Fiscals 2018-2023. CRISIL MI&A expects the sector's loan portfolio to see a strong ~22-24% CAGR from Fiscal 2023 to Fiscal 2025 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 Central region followed by Eastern region and then 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 1.5% and 1.6% respectively by Fiscal 2025 from the current 0.9% and 1.4% in deposits and credits in Fiscal 2023. 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.

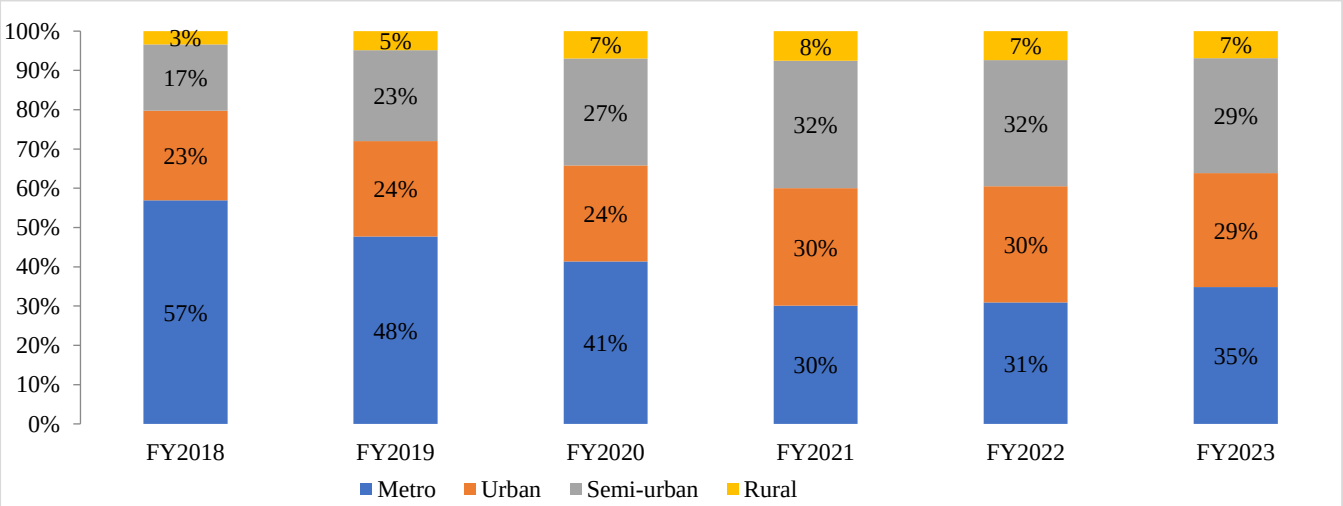
SFBs share in overall banking credit and deposit to grow



Note: As at the end of each Fiscal. P: Projected

Advances across regions for SFBs

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



Note: As at the end of each Fiscal. Rural: Population less than 10,000, Semi urban: 10,000 <=Population <0.1 million, Urban: 0.1 million <=Population <1 million, Metropolitan: Population 1 million and above

Source: RBI, CRISIL MI&A

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, 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

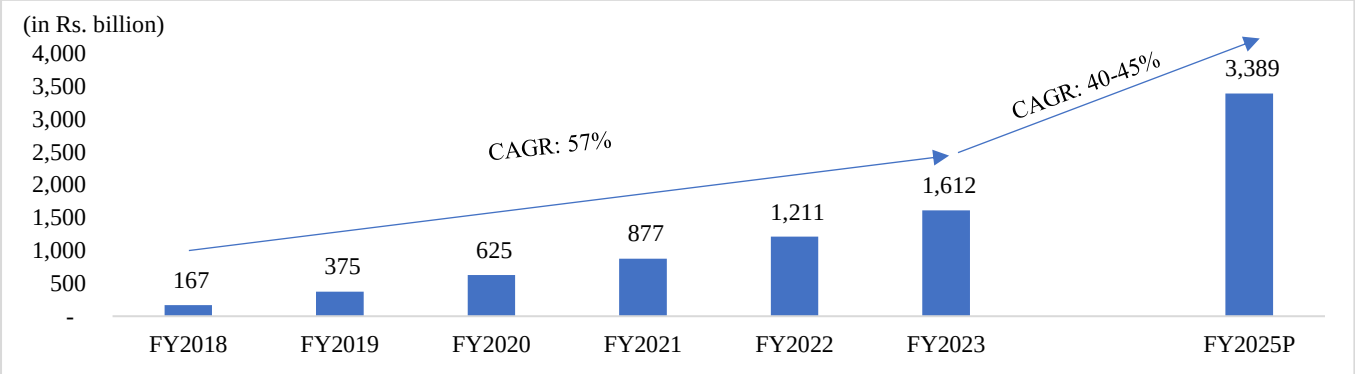
Eight of the 10 firms that got SFBs licence are MFIs and for most of them microfinance is the central product. After the conversion of NBFC-MFIs to SFBs, the focus is now on diversifying the product portfolio. CRISIL Research expects MFIs that converted to SFBs to further diversify and focus on allied 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 and public-sector banks

SFBs have a significant growth potential given their current relative smaller scale and level of financial inclusion in the country. Their overall deposit base doubled to around Rs. 375 billion as of Fiscal 2019. It further increased at ~48% CAGR to reach Rs. 1,612 billion in Fiscal 2023. Going forward, CRISIL MI&A expects SFBs' deposit to grow at 40-45% CAGR over Fiscals 2023-2025 as players focus on popularising convenient banking habits to cover the last mile and widen financial inclusion by deepening their penetration in untapped geographies.

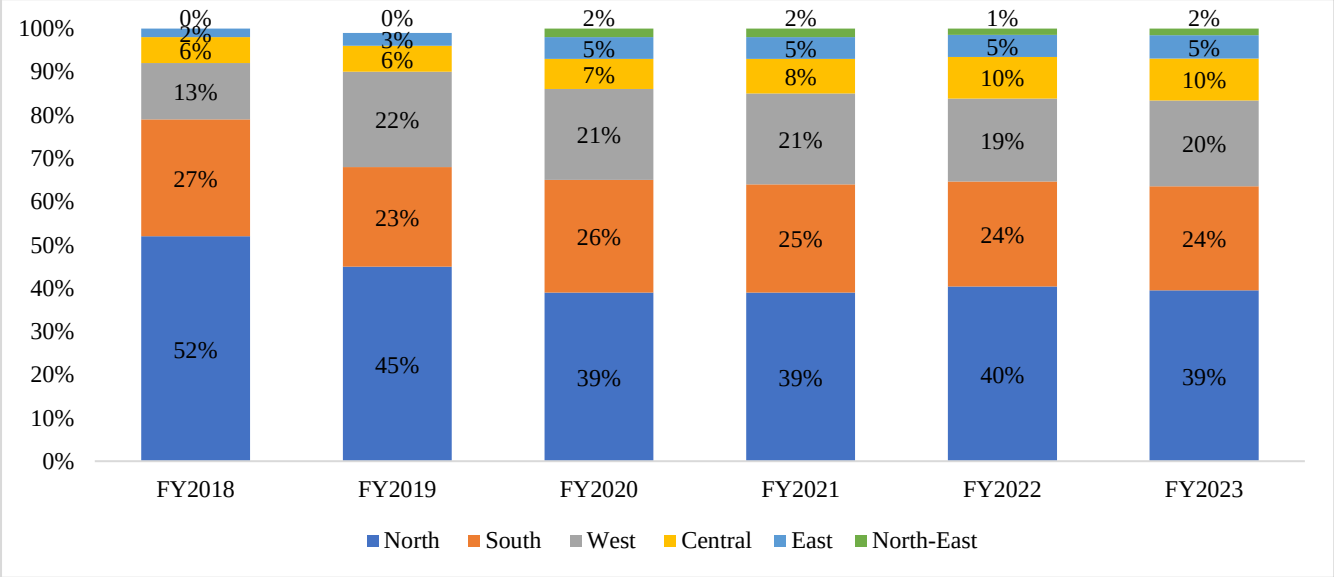
SFB deposits to grow robustly



Note: Amounts are as at the end of Fiscal year indicated; P: Projected.

Source: Company reports, CRISIL MI&A

Deposits across regions for SFBs

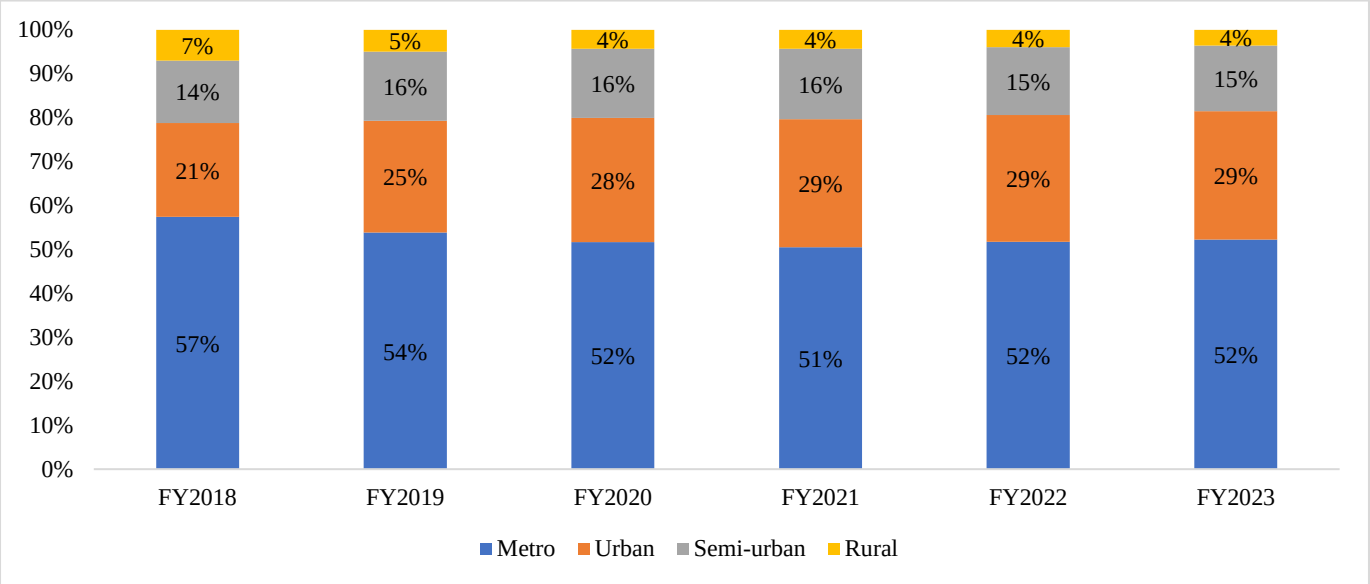


Note: As at the end of each Fiscal.

Source: RBI, CRISIL MI&A

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 636.25 billion. Within these, Rajasthan accounts for 15%, Punjab for 8%, NCT of Delhi and Haryana for 9% and 5% respectively of the deposits across the country.

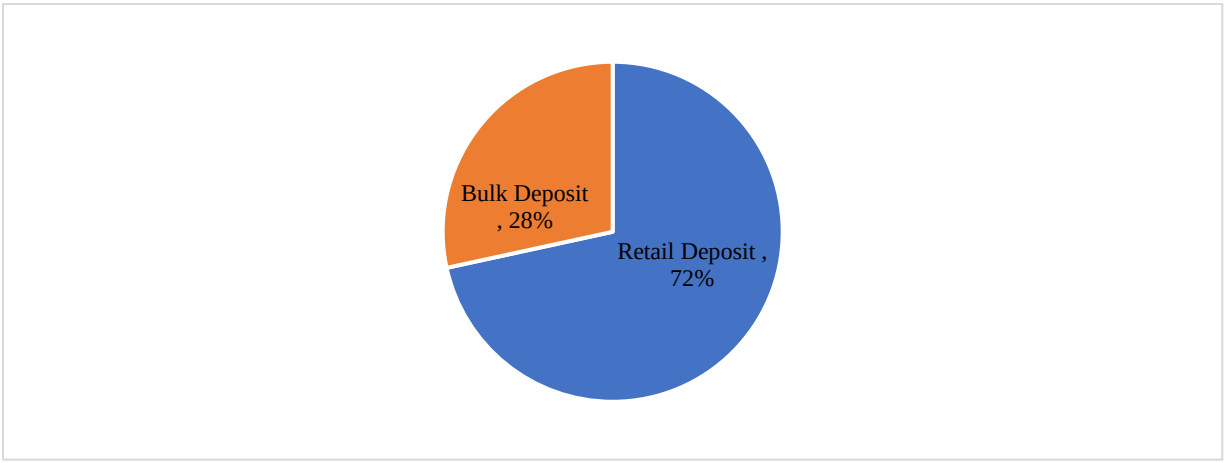
Around 80% deposits is from metropolitan and urban regions for SFBs



Note: As at the end of each Fiscal. Rural: Population less than 10,000, Semi urban: 10,000 <=Population <0.1 million, Urban: 0.1 million <=Population <1 million, Metropolitan: Population 1 million and above

Source: RBI, CRISIL MI&A

Share of retail deposit in total deposit as on March 31, 2023



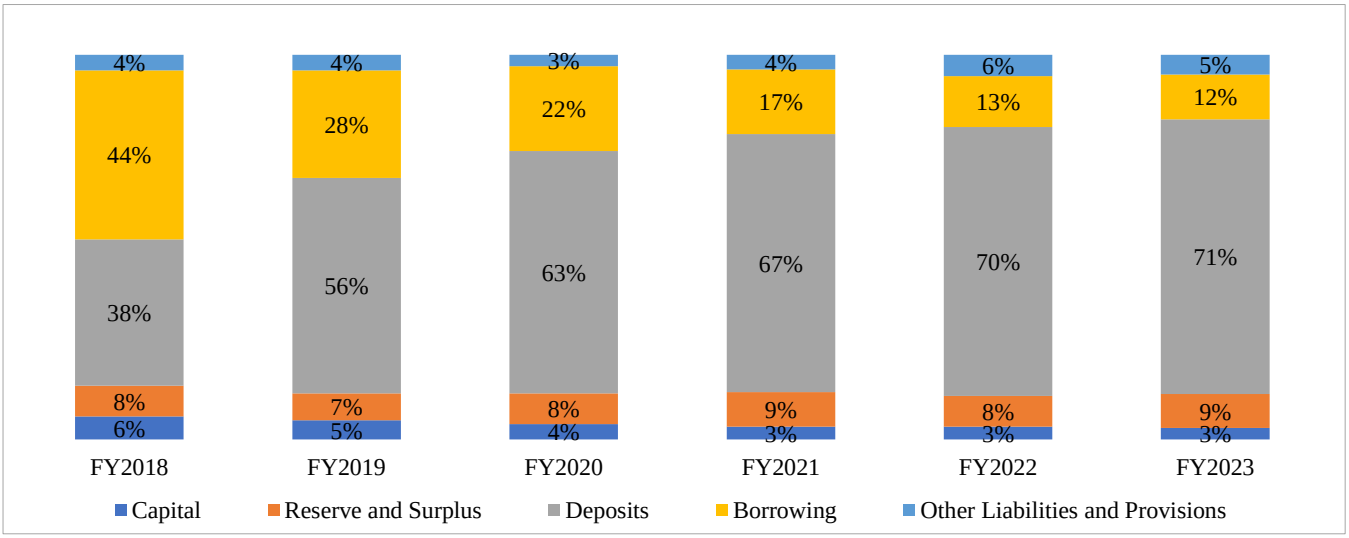
Note: Retail deposit include CASA and Retail term deposits; Data excludes data for Jana SFB; Retail deposit estimated for North East SFB, Shivalik SFB and Unity SFB as of Fiscal 2023.

Source: Company reports, CRISIL MI&A

Resource profile of SFBs

The resource profile of SFBs has completely transformed in the last two to three years owing to a decrease in share of borrowings from 44% as of Fiscal 2018 to 12% as of Fiscal 2023 and a rise share of deposits from 38% to 71% during the same 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: As at the end of each Fiscal. The percentages are as at the end of Fiscal year indicated; Borrowing mix includes data for all 12 SFBs,

Source: Company reports, CRISIL MI&A

Profitability for SFBs has increased in Fiscal 2023

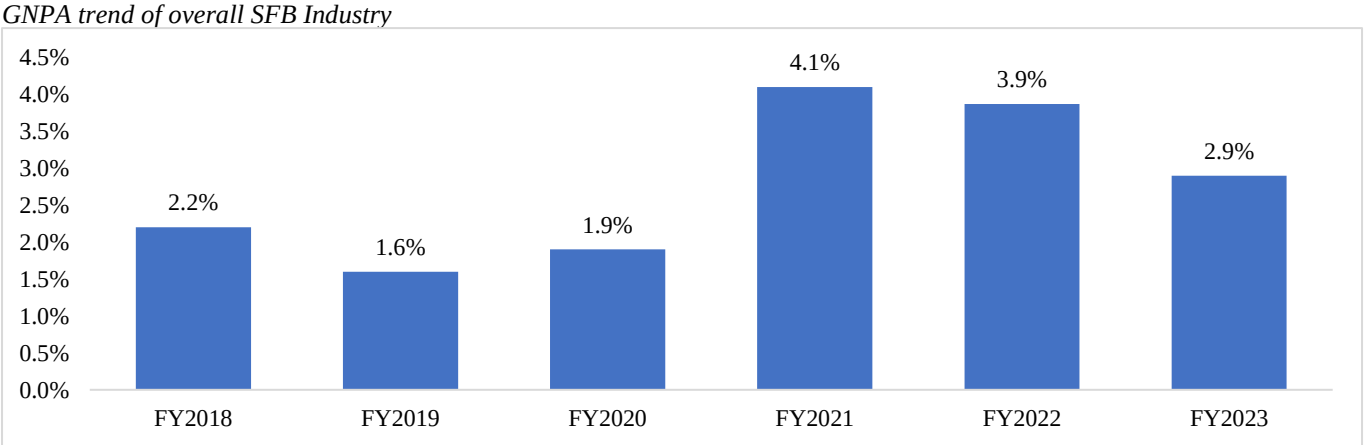
In Fiscal 2020, the return on assets (RoA) of SFBs increased by 20-30 bps. However, outbreak of COVID-19 followed by the nationwide lockdown in the month of March 2020, caused a rise in credit costs for SFBs who made special COVID-19 provisioning, in addition to standard provisioning as of Fiscal 2020. In Fiscal 2022, the industry RoA declined sharply to 0.7% from 1.48% in Fiscal 2021 and 1.91% in Fiscal 2020 largely due to increased provisioning made by many players in the industry, considering the likely impact of COVID-19 on asset quality.

In fiscal 2023, to tackle inflation, RBI started increasing policy repo rating by 40 bps in May 2022, 50 bps in June, August and September 2022, and an additional 25 bps increase in February 2023. With faster increase in repo rates, yield on loans rose quickly. Moreover, interest income for SFBs increased at a faster pace than interest expenses which resulted in improvement of net interest margins. Going forward, increasing interest income coupled with reduction in Opex and credit cost because of improved collection efficiency is expected to augment profitability for small finance banks.

Asset quality for SFBs improved in Fiscal 2023 after pandemic related stress

GNPA of SFBs improved to 1.6% as of Fiscal 2019 from 2.2% as of Fiscal 2018 which was majorly impacted by demonetization and residual asset quality issues.

GNPA trend of overall SFB Industry



Note: GNPA Data excludes data for North-east SFB and Unity Small Finance Bank,

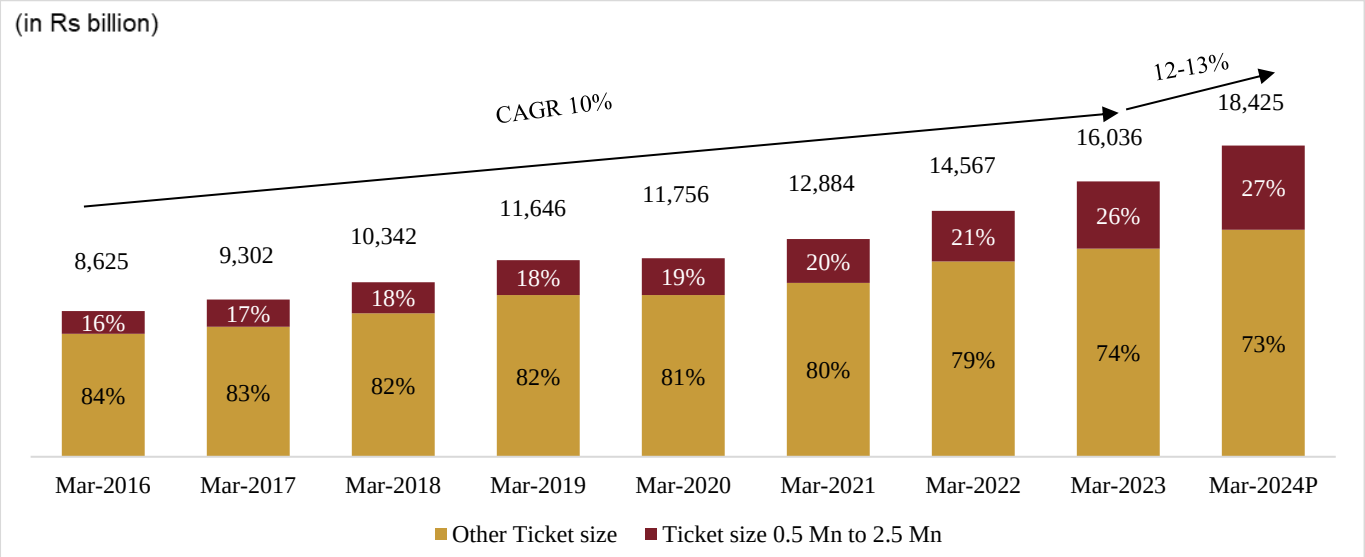
Source: Company Reports, CRISIL MI&A

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

Agriculture loans

Agriculture credit has grown by ~11% for fiscal 2021 and by 13% in fiscal 2022. CRISIL MI&A estimates agriculture-credit to have grown at 10.5-11% in fiscal 2023 due to higher food-grain production. CRISIL MI&A expects agriculture-credit to grow at a healthy pace of 12-13% in fiscal 2024 due to increment in agriculture target and expected credit growth in agri-ancillary activities like food processing, setting up agri-clinics and agri-business centres.

Growth of agriculture credit over the years



Note:P: Projected

Source: RBI, CRISIL MI&A

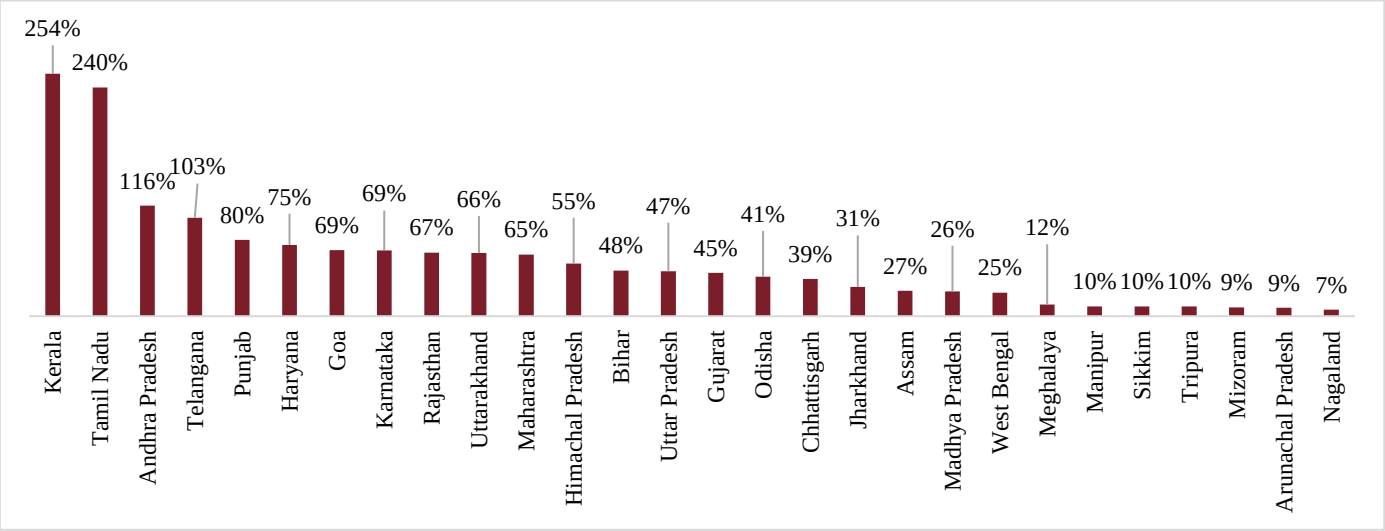
The agricultural sector in India receives its primary credit infusion from commercial banks, cooperative banks, small finance banks, and regional rural banks, which collectively drive the financial support into this sector. These entities play a pivotal role in contrast to the comparatively minor role that other lending organizations play in contributing credit. The significant contribution of these banking institutions highlights their central importance in sustaining the agricultural industry.

States like Punjab, Uttar Pradesh, Haryana, and Rajasthan accounts for 22% of overall agriculture credit (Overall agriculture Loans) as of fiscal 2023.

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 22% 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 8%.

Over the past few years, Agricultural credit has witnessed a CAGR of 10% from Rs. 8,625 billion in fiscal 2016 to Rs. 16,036 billion in fiscal 2023. Most of the disbursed credit consists of smaller amounts. As of March 2023, the proportion of smaller ticket size credit constitutes 74%, whereas credit amounts ranging from Rs. 0.5 million to 2.5 million hold a share of 26%.

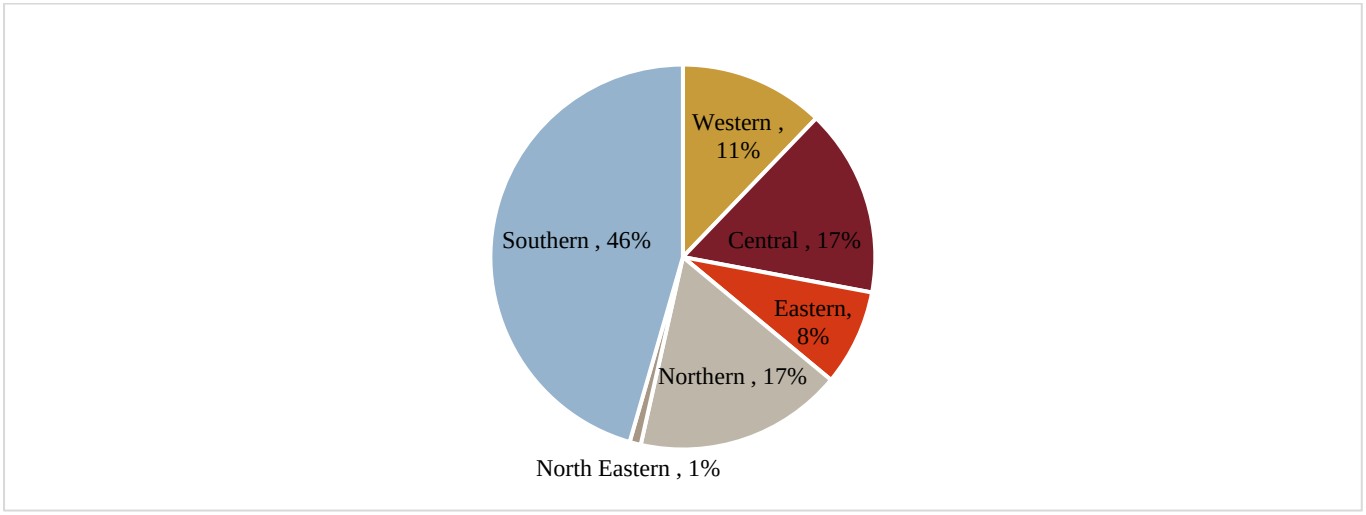
State-wise Agriculture Loan penetration in India (Fiscal 2023)



Note: We have not considered Delhi, Chandigarh, Puducherry as they are outliers; Agriculture penetration = Agriculture Credit Outstanding as of fiscal 2023 / Latest available agriculture GSVA of states; Source: RBI, CRISIL MI&A

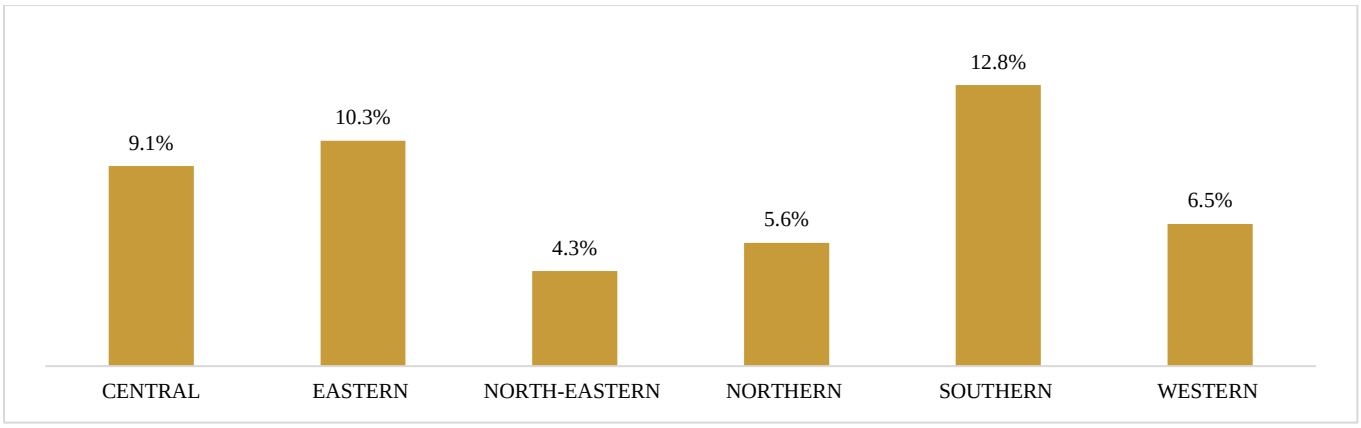
Eastern region is underpenetrated and accounts for a meagre 8% share, whereas southern region account for approximately 46% of outstanding loans in the agriculture segment. North region alone accounts for 17% of outstanding loans in agriculture segment.

Northern Region accounts for ~17% of the outstanding loans as of March 2023



Source: RBI, CRISIL MI&A

Growth in loans outstanding (Overall) agriculture segment (Mar-18 to Mar-23 CAGR)



Source: RBI, CRISIL MI&A

Segment asset quality

NPAs have declined in FY21. GNPA is estimated to be ~4% for private sector banks and ~12% for PSBs in fiscal 2022 after having increased in the past 3 years. 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.

MSME Finance

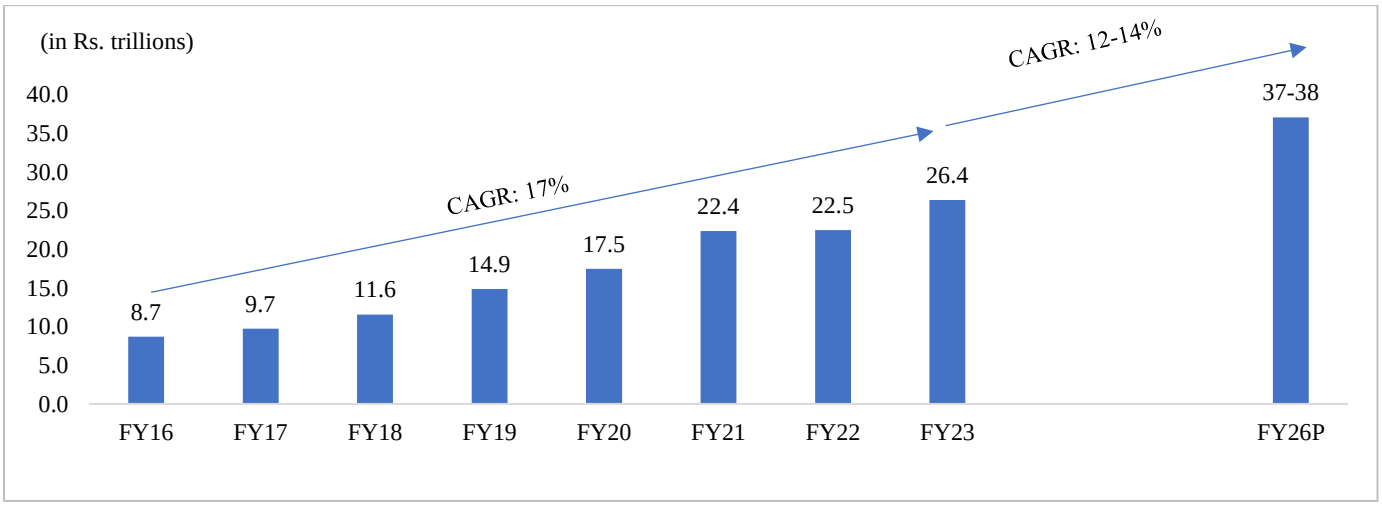
MSME loans to grow at 12-14% CAGR over fiscals 2023 and 2026

MSME loans grew at a fast pace, registering a CAGR of 17% over Fiscals 2016 and 2023. More and more lenders/fin-techs/banks reach out to this underserved pool on account of the higher availability of data around these entities. 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. Covid-19 pandemic led a heavy impact on the MSME industry in fiscal 2021 which was also seen in fiscal 2022 leading to slower growth.

In fiscal 2023, the MSMEs rebounded owing to pick up in economic activity and fading impact of Covid-19, leading to strong to normalization of economic activities and increased revenue growth for SMEs. At end of Fiscal 2023, the overall MSME loan outstanding stood at ₹ 26.4 trillion growing at 17% on year.

Going forward, CRISIL MI&A expects the overall MSME portfolio to grow at 12-14% CAGR over Fiscals 2023 and 2026, aided by 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.

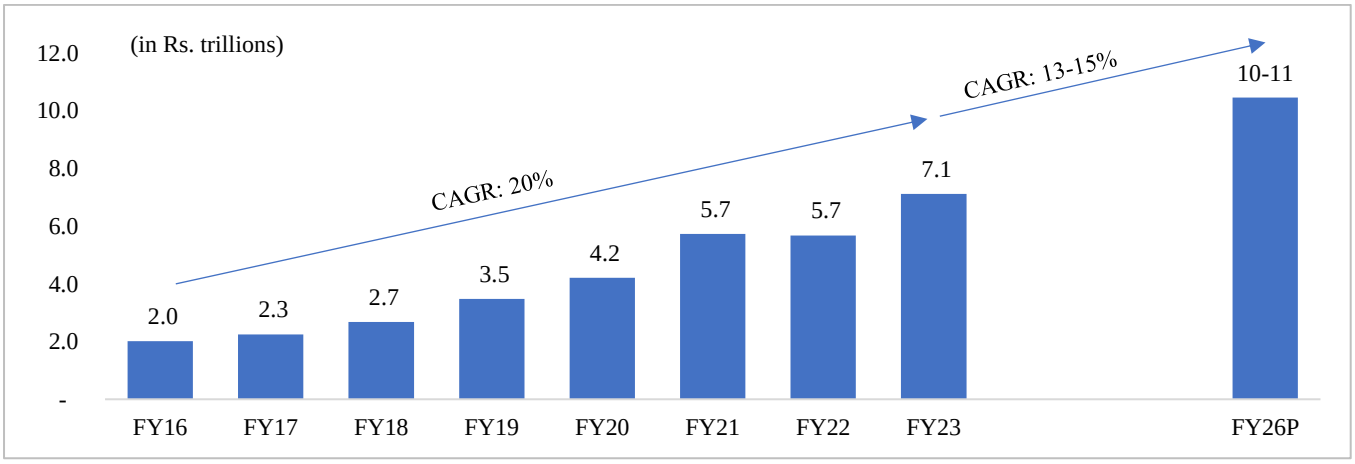
Overall MSME Loans to grow at 12-14% CAGR between Fiscals 2023 and 2026



Source: CRIF Highmark, CRISIL MI&A

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. MSME loans (ticket size from Rs 1 Mn to Rs 20 Mn) grew at a fast pace, registering a CAGR of 20% over Fiscals 2016 and 2023. The low ticket MSME loans (between Rs 1 Mn to Rs 20 Mn) is expected to grow at 13-15% CAGR in the next three years between fiscals 2023 and 2026.

MSME (ticket size From Rs 1Mn to Rs 20 Mn) to grow at a CAGR of 13-15% between fiscals 2023 and 2026

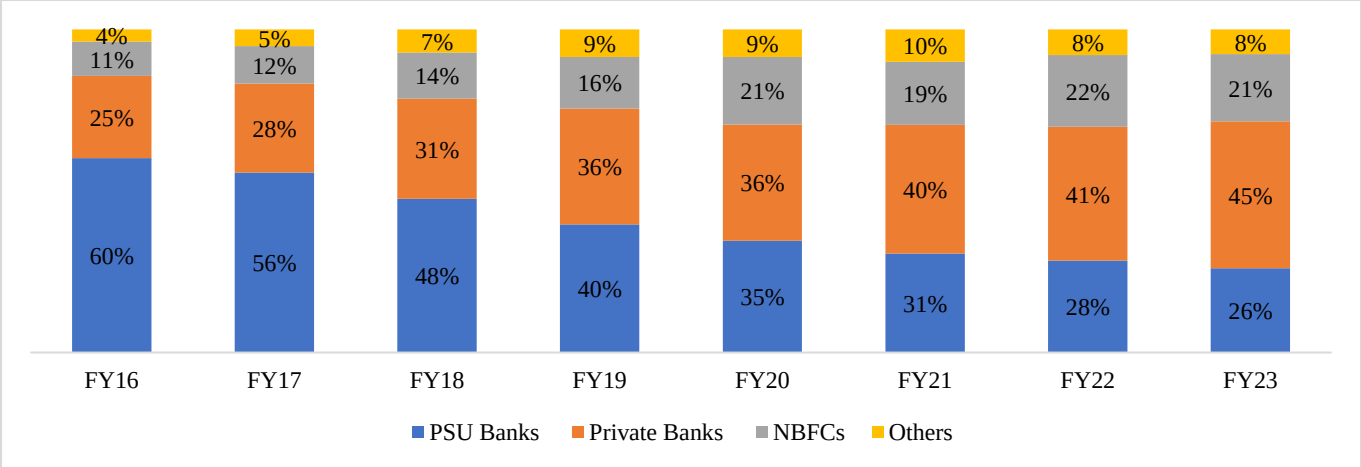


Source: CRIF Highmark, CRISIL MI&A

Private Banks, SFBs and NBFCs increasing their presence in the low ticket 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 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 from Rs 1 million 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 25% as on Mar-16 to 45% as on Mar-23. Similarly, NBFCs have grown expanded their share from 11% to 21% during the same period. They have wrestled share from PSU banks which had only 26% share as on Mar-23 as against 60% in Mar-16.

Private Banks along with SFBs account for highest share in low ticket MSME credit (ticket size Rs.1 Mn to Rs. 20 Mn)



Source: CRIF Highmark, CRISIL MI&A

MSME Credit gap estimated at Rs 92 trillion as of Fiscal 2023

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 was 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.

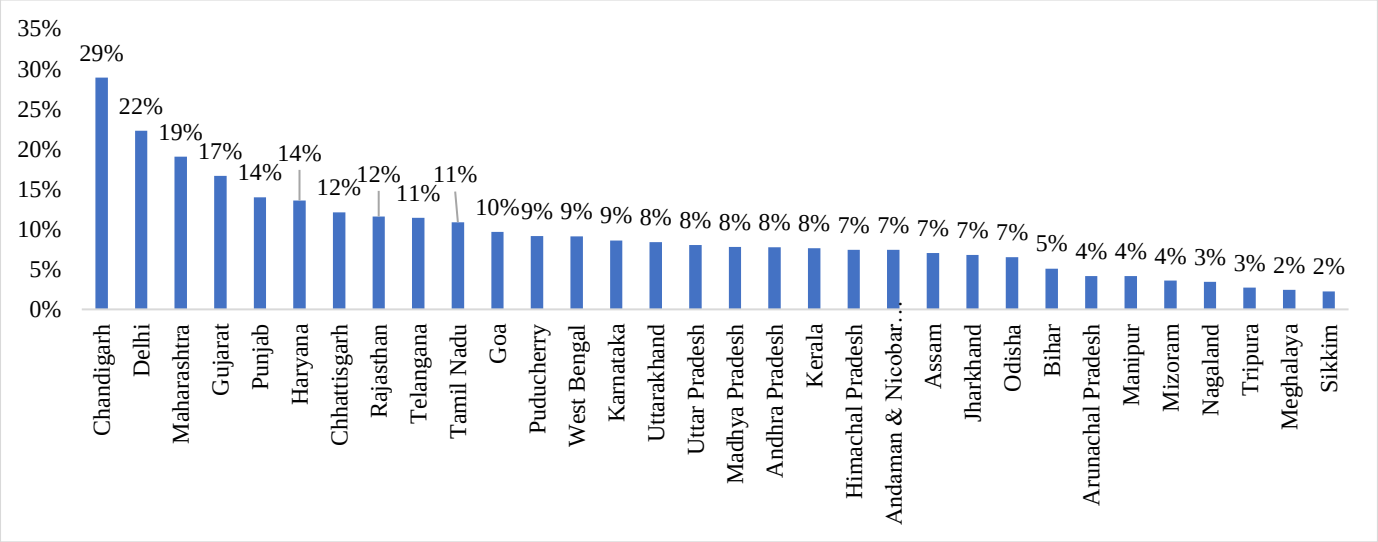
The credit gap is estimated to have further widened over the last 4 years due to slower economic growth in fiscal 2020, followed by the COVID-19 pandemic in fiscal 2021. Assuming an increase of around 9% annually[2] in the demand for credit and the availability of credit from formal sources, CRISIL MI&A estimates the credit gap to have increased to ₹ 92 trillion as of Fiscal 2023.

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.

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 states of Punjab and Rajasthan have lower credit penetration of 14% and 12% respectively in fiscal 2023 indicating significant scope of improvement.

State-wise MSME Credit penetration (March 2023)



Note: MSME penetration = MSME outstanding/GSDP (at current prices); For Andhra Pradesh, Bihar, Delhi, Haryana, Himachal Pradesh,

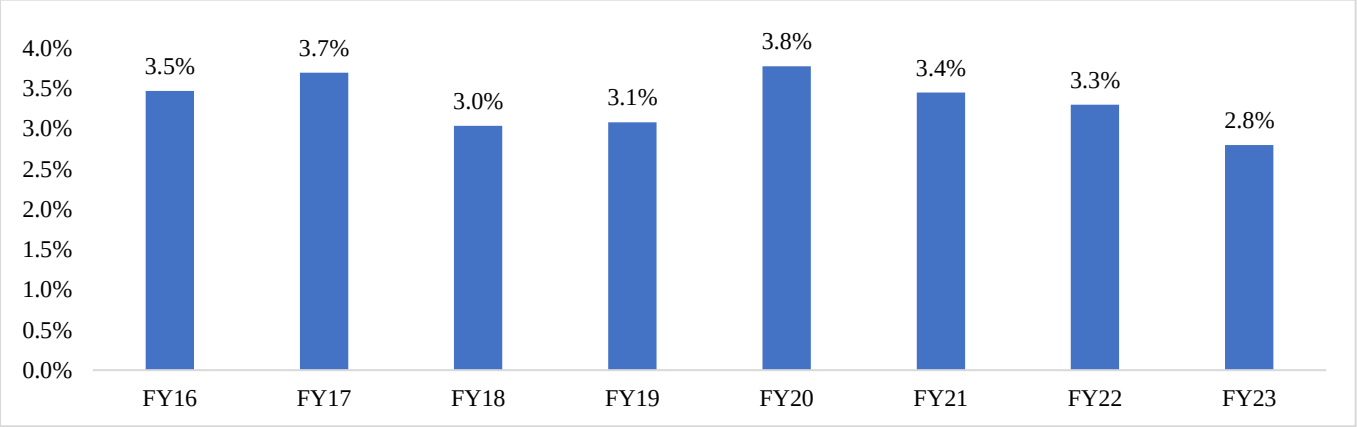
Source: CRIF Highmark, CRISIL MI&A

Segment profitability and asset quality (ticket size between Rs 1 Mn to Rs 20 Mn)

Asset quality improved by 50 bps in fiscal 2023

Asset quality in MSME loans between ticket size Rs 1 Mn to Rs. 20 Mn improved by 50 bps in Fiscal 2023 due to continued improvement in economic activity, better collection efficiency and strong credit growth. As of March 2023, the GNPA ratio for overall MSME loans stands at 3.2%.

GNPA trend in MSME loans between ticket size Rs 1 Mn to Rs 20 Mn

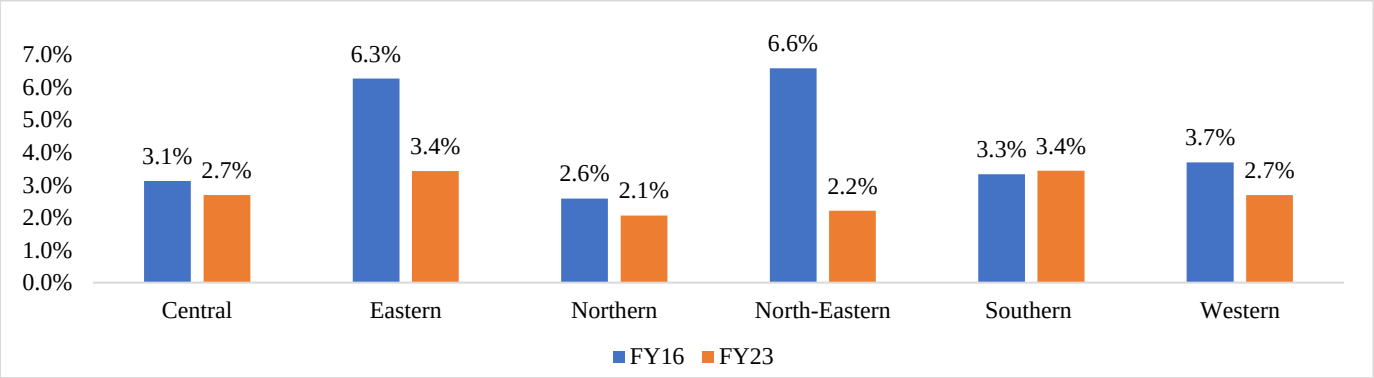


Source: CRIF Highmark, CRISIL MI&A

Northern region has lowest GNPA levels whereas Southern region has highest GNPA levels as of fiscal 2023

Northern region has lowest GNPA level as compared to other regions as of fiscal 2016 as well as fiscal 2023. Thus, Capital SFB which operates primarily in the northern region has benefited from the same.

Region wise GNPA



Source: CRIF Highmark, CRISIL MI&A

Profitability of MSME loans to improve due to lower credit cost

CRISIL MI&A estimates the profitability in this segment to have increased in Fiscal 2023 owing to better credit costs and increase in interest yields. Going forward, in Fiscal 2024, borrowing costs are expected to stabilise or marginally move upwards, and overall profitability of MSMEs loans is still expected to be sustained, on account of higher interest income. Further, improvement in collections is expected to lead to aid profitability for the segment.

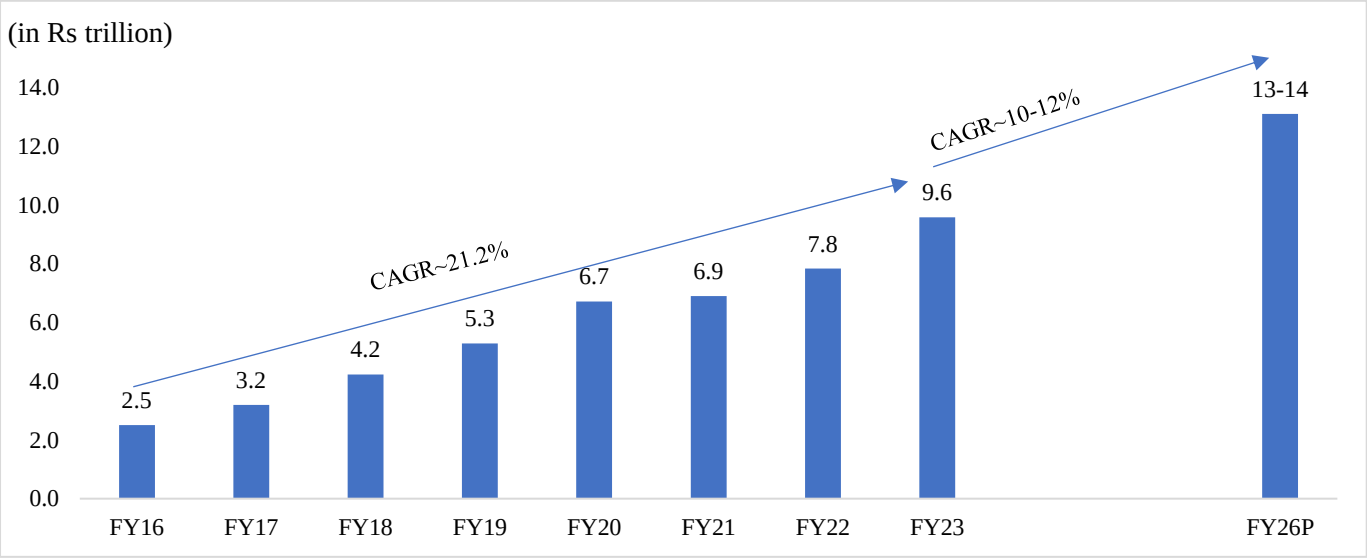
By leveraging technology, financial service providers would be able to reduce the cost of customer acquisition, credit assessment and documentation, and provide credit to customers cost-effectively. With increasing data availability and improvement in the efficacy of the credit assessment process of MSME lenders (Banks and NBFCs), CRISIL MI&A expects that ability of the financier to keep credit cost & Opex under control will remain a key monitorable.

Loan against property (ticket size between Rs 0.5 to 5 mn)

Overall LAP segment advances growth to increase by ~10-12%

LAP clocked a CAGR of ~21.2% between fiscals 2016 and 2023, driven by rising penetration of formal channels and higher comfort for the lenders to lend. 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 10-12% during Fiscal 2023-26.

Overall LAP advances are expected to grow over FY23-26 at a CAGR of 10-12%



Note: P: Projected

Source: CRIF Highmark, CRISIL MI&A

Lower ticket size LAP (ticket size between Rs 0.5 to 5 million) portfolio has witnessed a growth of 24.7% between fiscal 2016 and fiscal 2023. CRISIL MI&A 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 14-16% between fiscal 2023 and fiscal 2026.

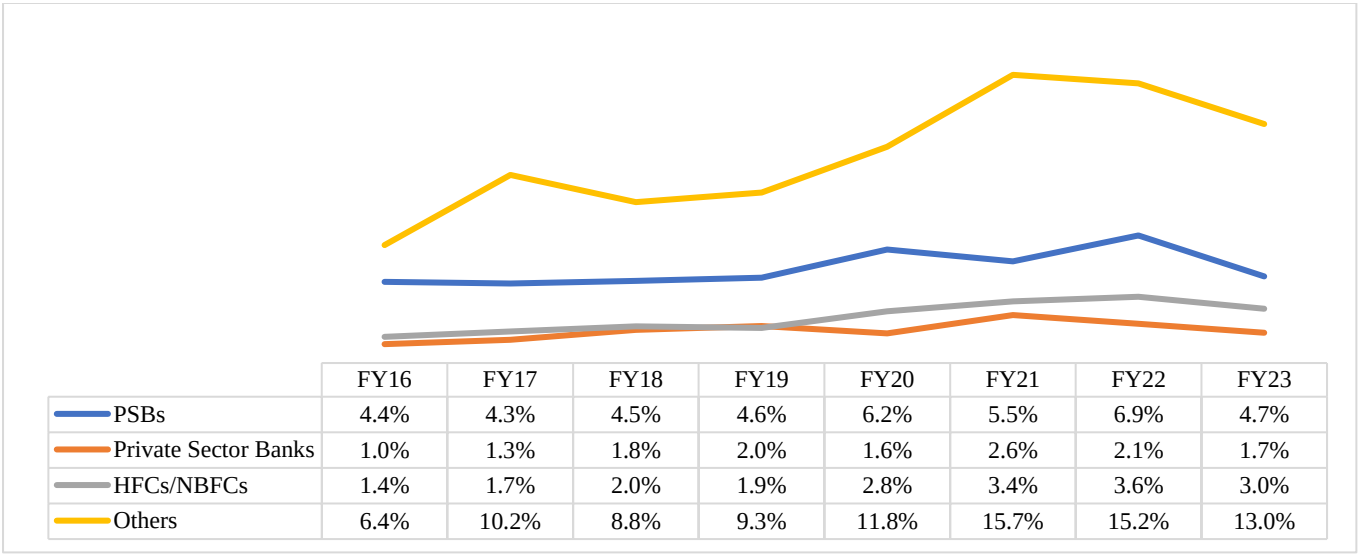
The Southern and Western regions account for 39% and 25% respectively of the outstanding LAP between Rs 0.5 to 5 million with balance being accounted for by Northern region (18%), Central region (13%), Eastern region (5%) and North Eastern region (1%)

as of fiscal 2023. Within the Northern region, Punjab accounts for 3.7% share in pan India and 20.0% share within the northern region with Rajasthan accounting for 39.8% share, Delhi for 17.3% share and Haryana with 19.3% share within the northern region as of fiscal 2023.

Asset Quality

Asset quality for LAP loans has been deteriorating across the broad due to portfolio seasoning, slower growth and the impact of liquidity crisis. However, the systemic GNPA ratio for portfolio in the Rs 0.5 million to Rs 5 million band is lower at 4.0% as compared to other smaller ticket size and larger ticket size loans. Overall, secured loans portfolio had a GNPA of 4.6% as of March 2023.

Selective lending from private banks have helped them maintain their asset quality for portfolio of ticket size Rs 0.5 million to Rs. 5 million



	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
PSBs	4.4%	4.3%	4.5%	4.6%	6.2%	5.5%	6.9%	4.7%
Private Sector Banks	1.0%	1.3%	1.8%	2.0%	1.6%	2.6%	2.1%	1.7%
HFCs/NBFCs	1.4%	1.7%	2.0%	1.9%	2.8%	3.4%	3.6%	3.0%
Others	6.4%	10.2%	8.8%	9.3%	11.8%	15.7%	15.2%	13.0%

Source: CRIF Highmark, CRISIL MI&A

Profitability in LAP segment

With average cost of funds being in the range of 10-11%, net interest margins (NIMs) for this segment are in the range of 5-7%. CRISIL MI&A estimates the profitability in this segment to have increased in Fiscal 2023 owing to improving credit costs and increase in interest yields. Going forward, in Fiscal 2024, borrowing costs are expected to stabilize and overall profitability of MSMEs loans is still expected to be sustained, on account of higher interest income.

Housing loans (ticket size – Rs. 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 2016-2023 on account of a rise in disposable income, healthy demand and a greater number of players entering the segment. Indian Housing Finance market witnessed low disbursements in the first quarter of Fiscal 2021 on account of pandemic, however the overall market grew by 14% in Fiscal 2022 due to improved affordability, pent-up demand and historically low interest rates. In Fiscal 2023, despite the aggressive rate hikes by RBI, the credit growth for Indian Housing Finance market stood at 18% year on year on account of pent-up housing demand and focus on increase in housing penetration in Tier I and Tier II cities.

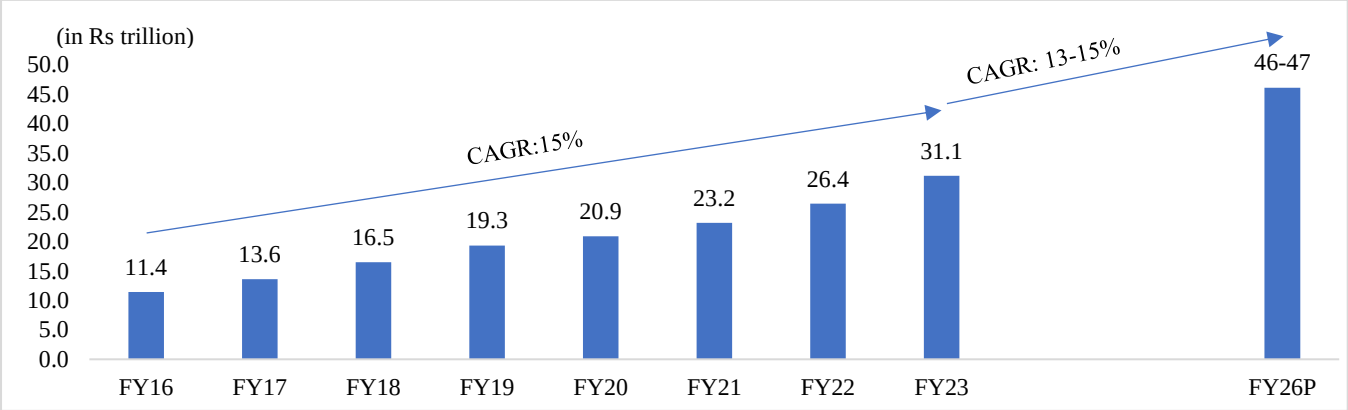
Rise in disposable income:

India's per capita income grew at a 10% CAGR between fiscal 2012 and 2020.

Healthy demand emanating from smaller markets:

Faster growth in smaller districts and relatively muted demand for high ticket housing in metros have led to increased share of smaller districts (tier-II and below cities) in housing loans over the last couple of years.

Home loan segment to witness 13-15% growth in credit outstanding from fiscal 2023 to fiscal 2026



Note: P: Projected, Data includes only Housing loan excluding PMAY for Fiscal 2023;

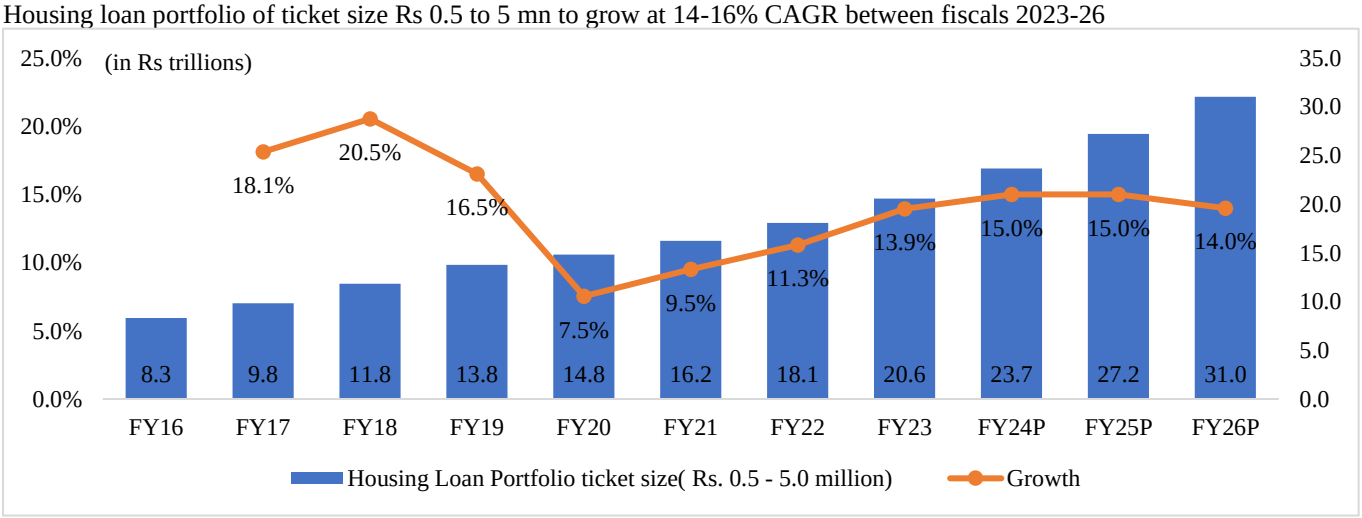
Source: CRIF Highmark, CRISIL MI&A

Housing finance (loans with ticket size between Rs 0.5 to 5 million) sector witnessing encouraging trends; to grow by 14-16% up to fiscal 2026

Housing loans (0.5 to 5 million) logged a CAGR of ~14% during fiscals 2016-2023. This was largely because of the government's increased focus on the housing loans (up to Rs. 5.0 mn) segment.

Housing loan portfolio of ticket size (Rs. 0.5 – 5.0 million) grew by 13.9% in Fiscal 2023 due to pent up demand in housing as affordability, though deteriorating, continues to be favourable. CRISIL MI&A forecasts housing credit market for ticket size Rs 0.5 to 5 million to grow at 14-16% between fiscal 2023 and 2026 on account of increase in capital values and incremental construction under PMAY. The outstanding portfolio of housing loans of ticket size Rs 0.5 to 5 million constitutes 66% of the overall housing market as of fiscal 2023, hence CRISIL expects this ticket size segment to support growth of overall housing segment.

Housing loan portfolio of ticket size Rs 0.5 to 5 mn to grow at 14-16% CAGR between fiscals 2023-26

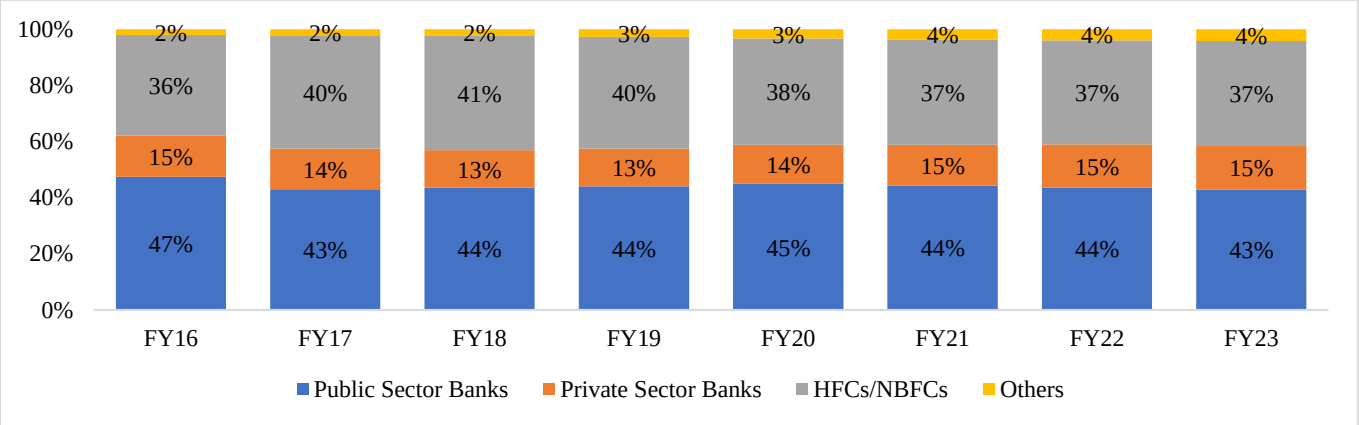


Note: P: Projected, Data includes only Housing loan excluding PMAY for Fiscal 2023;

Source: CRIF Highmark, CRISIL MI&A

Public sector banks have the highest share amongst various player groups, followed by HFCs and NBFCs in portfolio outstanding of housing loans of ticket size Rs 0.5- 5 million. In fiscal 2023, share of HFCs and NBFCs is 37% while public sector banks have a share of 43%. CRISIL MI&A 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 hold majority foothold in this segment



Note: Others include Foreign Banks, SFBs, and Others, Data includes only Housing loan excluding PMAY for Fiscal 2023

Source: CRIF Highmark, CRISIL MI&A.

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.

- 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

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.

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.

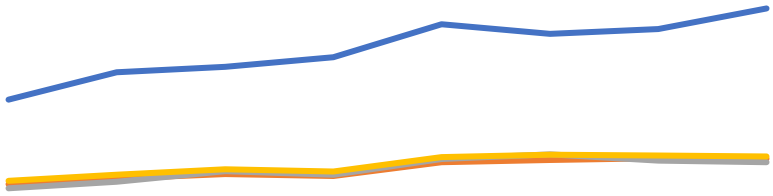
Profitability in Affordable Housing Segment

The housing segment showed signs of a recovery in the second half of fiscal 2021, supported by various initiatives by the Central and state governments to revive economic activities. NIM increased from 5.6% in fiscal 2021 to 6.0% in fiscal 2023, similar pattern was observed in cost of borrowings which reduced from 8.9% to 7.7% in same period, with improved net interest margins and lower cost of borrowing the return on assets improved to 4.0% during fiscal 2023. RoE also improved from 11.1% to 13.1% between fiscal 2021 and 2023.

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.

1. *Trend of GNPA in housing finance across various ticket size groups*



	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Loans with ticket size less than Rs 0.5 million	5.4%	6.8%	7.1%	7.6%	9.3%	8.8%	9.0%	10.0%
Loans with ticket size between Rs 0.5 million and Rs 5 million	1.1%	1.4%	1.7%	1.6%	2.3%	2.4%	2.5%	2.4%
Loans with ticket size greater than Rs 5 million	0.9%	1.3%	1.8%	1.6%	2.4%	2.7%	2.3%	2.3%
Overall Housing Finance	1.3%	1.6%	1.9%	1.8%	2.5%	2.6%	2.6%	2.5%

Note: Data includes only Housing loan excluding PMAY for Fiscal 2023

Source: CRIF Highmark, CRISIL MI&A

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. For Capital SFB, the base is already present and further improvements on top of the same is helping it grow faster.

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, SFBs which are 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 half year ended fiscal 2024.

Capital SFB has the lowest cost of funds amongst comparable SFB players:

Capital SFB's cost of funds at 5.79% was the lowest amongst comparable SFBs as of half year ended fiscal 2024. AU SFB had the second lowest cost of funds at 6.36% as of half year ended fiscal 2024.

Capital SFB has the highest proportion of retail deposits to total deposits amongst comparable SFBs:

At the end of half year ended fiscal 2024, Capital SFB had the highest proportion of retail deposits at 93.59% depicting the strength of the company's retail franchise and its ability to raise deposits while offering the lowest rates on savings bank deposits and retail term deposits amongst comparable SFBs. Capital SFB is followed by ESAF SFB (88.91%) and Suryoday SFB (77.59%).

Capital SFB has the highest proportion of CASA deposit to total deposits amongst comparable SFBs:

At the end of half year ended fiscal 2024, Capital SFB had the highest proportion of CASA deposits amongst comparable SFBs at 37.76%, followed by Fincare SFB (24.70%) and Ujjivan SFB (24.06%).

Capital SFB had the third highest proportion of deposit in overall borrowing amongst comparable SFBs despite offering lowest interest rates:

In terms of proportion of deposit in overall borrowings, Capital SFB had the third highest proportion of deposits in overall borrowing at 92.44% as of half year ended fiscal 2024. AU SFB and Equitas SFB had the highest and second highest proportion of deposit in overall borrowing at 93.41% and 92.55% respectively as of half year ended fiscal 2024. Capital SFB is the lowest interest paying SFB where-in its rate of interest for retail term deposits inches up to only 7.60% whereas others offer a higher rate across some of the tenors in retail deposits. Capital SFB offers saving bank deposit rate of 3.50% irrespective of the amount of saving deposit as compared to other banks which have different saving bank deposit rates for various buckets.

Capital SFB had the highest proportion of deposit to total loan book amongst comparable SFBs:

At the end of half year ended fiscal 2024, Capital SFB had the highest proportion of deposit to total loan book ratio at 121.02% followed by Ujjivan SFB (119.79%) and AU SFB (118.04%). Capital SFB has the highest proportion of deposit to total loan book ratio despite offering lowest interest rate as compared to other comparable SFBs.

Capital SFB has the most granular deposit base as compared to other comparable SFBs:

At end of half year ended fiscal 2024, Capital SFB had most granular deposit base with concentration of top 20 depositors accounting to 6.68% of overall deposits. It is followed by ESAF SFB at 9.90%. This shows that Capital SFB has the lowest concentration risk in terms of deposits.

Capital SFB has lowest cost of deposit amongst comparable SFBs:

At end of half year ended fiscal 2024, Capital SFB had lowest cost of deposit (4.94%) followed by AU SFB (5.48%) and Ujjivan SFB (6.00%).

Capital SFB has highest proportion of secured lending amongst comparable SFBs:

99.85% of Capital SFBs AUM is secured as of half year ended fiscal 2024 which is the highest amongst comparable SFBs. AU SFB had the next highest secured AUM (%) at 91.00% as of half year ended fiscal 2024. Capital SFB, whose majority portfolio is secured is also closely comparable with SFBs like AU SFB whose major focus is also towards Small Business Loans. Other SFBs are still shifting away from microfinance book by diversifying into newer product segments.

Capital SFB had the highest liquidity on its balance sheet amongst comparable SFBs:

Capital SFB had the highest proportion of cash and bank balances as a % of total assets on its balance sheet as of half year ended Fiscal 2024 indicating that it has low dependency on external funds or borrowing to cater to its short to medium term assets side needs and can deploy the excess liquidity for growth in its loan book.

Liquidity details of SFBs

(%)	Liquidity – cash and bank balance to total assets As of Fiscal 2023	Liquidity – cash and bank balance to total assets As of H1 Fiscal 2024
AU SFB	**10.45%**	**6.52%**
Equitas SFB	**3.56%**	**3.30%**
Ujjivan SFB	**7.45%**	**5.83%**
Jana SFB	**8.14%**	**3.60%**
ESAF SFB	**3.79%**	**5.12%**
Utkarsh SFB	**13.16%**	**8.33%**
Fincare SFB	**6.19%**	**5.58%**
Suryoday SFB	**8.45%**	**6.69%**
Capital SFB	**11.02%**	**10.16%**

Note: Liquidity is calculated as cash and bank balances divided by total assets

Source: Company reports, CRISIL MI&A

Profitability of SFB players

Capital SFB had the lowest Opex (as % of average assets) amongst comparable SFBs:

Capital SFB had lowest operating cost of 2.95% (as a % of average assets) followed by AU SFB (4.39%), Ujjivan SFB (5.78%) and Jana SFB (5.83%) as of half year ended fiscal 2024.

Profitability of SFB players for half year ended fiscal 2024

Players	Yield on advances* (%)	Cost of funds (%)**	Advances to Total Assets (%)	Gross Spread (%)	NIMs (%)	Opex (% of average assets)	Opex (% of average advances)	Cost to income (%)
AU SFB	13.30%	6.36%	66.86%	6.93%	5.36%	4.39%	6.66%	63.11%
Equitas SFB	17.35%	7.16%	71.69%	10.19%	8.04%	6.49%	8.94%	65.49%
Ujjivan SFB	20.55%	6.96%	62.89%	13.59%	8.98%	5.78%	9.13%	52.51%
Jana SFB	19.23%	7.48%	74.75%	11.75%	7.35%	5.83%	8.08%	58.48%
ESAF SFB	23.24%	6.97%	66.62%	16.27%	11.10%	7.17%	10.60%	56.40%
Utkarsh SFB	19.56%	7.68%	71.63%	11.87%	8.91%	6.21%	8.87%	56.73%
Fincare SFB	22.71%	7.82%	70.85%	14.89%	9.20%	8.03%	11.41%	70.53%
Suryoday SFB	20.08%	6.85%	61.91%	13.24%	8.61%	6.51%	10.59%	61.46%

Capital SFB	10.88%	5.79%	68.94%	5.09%	4.17%	2.95%	4.45%	62.35%

Note: ** Cost of funds is calculated on total borrowings (borrowing + deposits), Gross Spread is calculated as difference in yields and cost of funds, * Yield on advances calculated as interest on loans divided by average of net advances, Yield on advances, cost of funds, gross spread, NIMs, Opex (% of average assets) and Opex (% of average advances) are annualized numbers.

Source: Company reports, CRISIL MI&A

Capital SFB has the lowest credit cost (as % of average assets) amongst comparable SFBs from Fiscal 2021 to H1 Fiscal 2024:

Capital SFB had the lowest credit cost of 0.08% (as a % of average assets) and 0.12% (as a % of average advances) respectively as of half year ended fiscal 2024. Capital SFB also has the lowest credit cost (as % of average assets) amongst comparable SFBs from Fiscal 2021 to H1 Fiscal 2024 at 0.28% followed by AU SFB (0.65%) and Equitas SFB (1.40%).

Profitability of SFB players for half year ended fiscal 2024

Players	Total income (In Rs million)	PPOP (In Rs. Million)	Credit Cost / Provisioning ** (In Rs. Million)	Credit cost to average advances (%)
AU SFB	57,300	11,937	1,473	0.48%
Equitas SFB	29,657	6,423	1,233	0.90%
Ujjivan SFB	30,439	9,413	730	0.64%
Jana SFB	22,156	5,561	3,429^	3.54%
ESAF SFB	20,141	5,903	2,283	3.17%
Utkarsh SFB	16,739	4,589	1,599	2.36%
Fincare SFB	13,604	3,523	640	1.34%
Suryoday SFB	8,361	2,114	803	2.52%
Capital SFB	**4,152**	**754**	**33**	**0.12%**

Note: Credit costs to average advances is calculated as Provisions on average advances,(**) Provisions (other than tax) and contingencies, (^) Total provisions and contingencies, Credit cost to average advances (%) numbers are annualized as of half year ended Fiscal 2024

Source: Company reports, CRISIL MI&A

Capital SFB had the second lowest average GNPA amongst comparable SFBs from Fiscal 2021 to H1 Fiscal 2024:

Capital SFB had the second lowest average GNPA at 2.52% amongst comparable SFBs from Fiscal 2021 to H1 Fiscal 2024 after AU SFB (2.45%). Capital SFB had the fourth lowest average NNPA at 1.30% from Fiscal 2021 to H1 Fiscal 2024 after Ujjivan SFB (0.92%), AU SFB (0.93%) and Utkarsh SFB (1.05%). However, AU SFB and Ujjivan SFB have higher write offs as a % of loan book as compared to Capital SFB. Capital SFB also had consistent asset quality in the range of 2%-3% from Fiscal 2021 to H1 Fiscal 2024 as compared to other peers which showed higher variability.

Trend of asset quality of SFB players

Players	GNPA					NNPA				
	FY21	FY22	FY23	H1FY24	Avg (FY21-H1FY24)	FY21	FY22	FY23	H1FY24	Avg (FY21-H1FY24)
AU SFB	4.25%	1.98%	1.66%	1.91%	2.45%	2.18%	0.50%	0.42%	0.60%	0.93%
Equitas SFB	3.73%	4.24%	2.76%	2.27%	3.25%	1.58%	2.47%	1.21%	0.97%	1.56%
Ujjivan SFB	7.07%	7.34%	2.88%	2.35%	4.91%	2.93%	0.61%	0.04%	0.09%	0.92%
Jana SFB	7.24%	5.71%	3.94%	NA	5.63%	5.33%	3.95%	2.64%	NA	3.97%
ESAF SFB	6.70%	7.83%	2.49%	2.64%	4.92%	3.88%	3.92%	1.13%	1.19%	2.53%
Utkarsh SFB	3.75%	6.10%	3.23%	2.81%	3.97%	1.33%	2.31%	0.39%	0.16%	1.05%
Fincare SFB	6.42%	7.79%	3.25%	1.59%	4.76%	2.80%	3.55%	1.30%	0.77%	2.11%
Suryoday SFB	9.41%	11.80%	3.13%	2.90%	6.81%	4.73%	5.97%	1.55%	1.46%	3.43%
Capital SFB	2.08%	2.50%	2.77%	2.73%	2.52%	1.13%	1.36%	1.36%	1.36%	1.30%

Note: NA: Not Available; Source: Company reports, CRISIL MI&A

Capital SFB had third highest liquidity coverage ratio amongst comparable SFBs:

Capital SFB has maintained third highest liquidity coverage ratio of 246.13% as of H1 Fiscal 2024.

Capital SFB has been growing consistently for the past two fiscals amongst comparable SFBs

Capital SFB is the only SFB amongst comparable SFBs to show an increasing trend in Profit After Tax for both Fiscal 2022 and Fiscal 2023. Capital SFB is also the only SFB amongst comparable SFBs to witness a growth in RoA and RoE for Fiscal 2022 whereas all other peers' RoA had decreased in Fiscal 2022. Capital SFB has grown consistently over the past two fiscals as against other peers which showed degrowth in RoA and RoE in Fiscal 2022 before expanding by a considerable margin in Fiscal 2023 depicting its consistent outperformance against comparable SFBs.

Capital SFB has the second highest retail deposits per branch and second highest CASA deposits per branch amongst comparable SFBs:

Capital SFB has Rs. 366.78 million of retail deposit per branch which is the second highest amongst comparable SFB players behind only AU SFB which has retail deposits per branch of Rs. 477.13 million as of half year ended Fiscal 2024. In terms of CASA deposits per branch, Capital SFB has Rs. 152.80 million of CASA deposit per branch which is the second highest amongst peers.

Per branch comparison (H1 FY24)

(Rs Million)	Banking outlets (***) (H1 FY24)	Revenue per branch	Outstanding net advances per branch	Retail deposit per branch	CASA deposits per branch	Opex per branch	Total business per branch$
AU SFB	1,042	54.99	615.82	477.13	246.31	19.60	1,350.98
Equitas SFB	956	31.02	300.92	238.99	108.25	12.75	649.25
Ujjivan SFB	700	43.48	347.50	268.83	100.17	14.87	795.90
Jana SFB	754*	29.38^	278.63^	152.11*	43.78*	10.39^	455.37*
ESAF SFB	700	28.77	212.88	221.21	44.89	10.91	498.66
Utkarsh SFB	871	19.22	161.66	105.82	32.07	6.91	331.30
Fincare SFB	1,292	10.53	81.03	56.05	18.07	4.23	168.81
Suryoday SFB	635	13.17	105.84	78.06	15.81	5.31	209.60
Capital SFB	173	24.00	334.35	366.78	152.80	7.22	743.71

Note: (***) Banking outlets including bank branches, ultra-small branches and asset centres as reported by the players, ($) For calculating total business per branch, gross advances + total deposits have been used, (*) Data as of Fiscal 2023, (^) Ratio computed using number of branches data as of Fiscal 2023

Source: Company reports, CRISIL MI&A

Capital SFB has the highest retail deposit and total business per employee as well as outstanding net advances per employee amongst comparable SFBs:

Capital SFB has retail deposits worth Rs. 34.52 million per employee which is the highest amongst comparable SFBs as of half year ended Fiscal 2024. It is also highest in terms of total business per employee with Rs. 70.00 million. Capital SFB is second highest in terms of income per employee with Rs. 2.26 million revenue per employee behind only ESAF SFB which has Rs. 3.66 million revenue per employee. Capital SFB is also the highest in terms of outstanding net advances per employee with Rs. 31.47 million advances per employee as of half year ended fiscal 2024.

Per employee comparison (H1 FY24)

(Rs Million)	No. of employees	Income per employee	Outstanding net advances per employee	Retail deposit per employee	Total business per employee $
AU SFB	28,500	2.01	22.52	17.44	49.39
Equitas SFB	21,862	1.36	13.16	10.45	28.39
Ujjivan SFB	21,040	1.45	11.56	8.94	26.48
Jana SFB	18,184*	1.22^	11.55^	6.31*	20.04*
ESAF SFB	5,505	3.66	27.07	28.13	63.41
Utkarsh SFB	16,364	1.02	8.60	5.63	17.63
Fincare SFB	14,804*	0.92^	7.07^	4.89^	14.73^
Suryoday SFB	6,989	1.20	9.62	7.09	19.04
Capital SFB	1,838	2.26	31.47	34.52	70.00

Note: ($) For calculating total business per branch, gross advances + total deposits have been used, (*) Data as of Fiscal 2023, (^) Ratio computed using number of employees data as of Fiscal 2023

Source: Company reports, CRISIL MI&A

Product mix

Capital SFB has the most diversified portfolio amongst comparable SFBs, with book size in multiple asset classes as of half year ended fiscal 2024. Most of the SFBs are pure MFI turned SFB, and hence still have a huge concentration in MFI products whereas

Capital SFB has about 19.66% of portfolio concentration towards MSME whereas agriculture accounts for 38.65% of portfolio and 26.06% of portfolio accounts for Mortgages.

Product mix of SFBs (as of H1-fiscal 2024)

	Micro Finance	Vehicle/Auto Loans	Mortgage loans	MSME Finance	Large & mid-corporate loans	Gold loans	Agriculture	Others
AU SFB	-	31.89%	7.79%	28.61%	22.76%	-	-	8.95%
Equitas SFB	18.82%	24.90%	11.47%	40.31%	3.34%	-	-	1.16%
Ujjivan SFB	72.07%	-	15.19%	5.43%	-	-	-	7.32%
ESAF SFB	73.45%	-	-	4.67%**	-	-	4.85%	17.03%
Utkarsh SFB	62.40%	4.98%	3.96%	13.28%	11.23%	-	-	4.16%
Fincare SFB	54.00%	-	14.00%	19.00%	-	10.00%	-	3.00%
Suryoday SFB	59.33%	7.87%	10.89%	9.39%				12.53%
Capital SFB*	-	-	26.06%	19.66%^	-	-	38.65%	15.63%

Note: 1) (*) Data as of Fiscal 2023, 2) (**) MSME loans and loans to financial institutions, (^) MSME and Trading.

Source: Company reports, CRISIL MI&A

Capital SFB is focused more in rural and semi-urban areas amongst comparable SFBs:

Capital SFB has highest branch concentration towards Rural and Semi-urban areas amongst comparable SFBs as of H1 Fiscal 2024 depicting that Capital SFB has well defined niche catering to middle income group segment with special emphasis on rural and semi-urban areas. Also, Capital SFB has very minimal presence/no presence in Metropolitan areas.

Region-wise functioning offices (H1 FY24)

	Rural	Semi-urban	Urban	Metropolitan
AU SFB	12.08%	32.70%	25.16%	30.06%
Equitas SFB	9.13%	34.15%	33.64%	23.08%
Ujjivan SFB	23.17%	27.17%	29.24%	20.41%
Jana SFB	20.92%	13.24%	30.88%	34.97%
ESAF SFB	11.06%	58.44%	19.57%	10.92%
Utkarsh SFB	26.66%	35.18%	20.91%	17.26%
Fincare SFB	12.84%	56.31%	20.64%	10.21%
Suryoday SFB	25.35%	36.46%	20.66%	17.53%
Capital SFB	40.68%	33.90%	19.21%	6.21%

Source: RBI, CRISIL MI&A

Comparison of Capital SFB with private banks in India

Capital SFB has the highest retail deposit (%) as compared with leading private sector banks:

Capital SFB had 93.59% retail deposits (as % of total deposits) as of half year ended Fiscal 2024, which is the highest as compared to leading private sector banks for whom data is available.

Capital SFB has CASA ratio comparable with leading private sector banks:

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. Capital SFB also had similar interest rate offered on retail TD as compared to other private banks.

Private Players comparison

(Rs Million)	Total Deposits-H1FY24	Growth in deposits (FY20-H1FY24)	CASA (%)	Retail Deposit (%)	Interest rate offered on Savings Account***	Highest Interest rate offered on retail TD**
HDFC Bank	21,728,578	20.01%	38.00%	83.00%	3.00%	7.20%
ICICI Bank	10,900,080	10.40%	48.41%	NA	3.00%	7.10%
Axis Bank	9,555,564	12.85%	44.00%	80.00%	3.00%	7.10%

Kotak Mahindra Bank	4,009,630	13.13%	48.30%	NA	3.50%	7.25%
IndusInd Bank	3,597,865	17.92%	39.34%	43.72%	3.50%^	7.50%
IDBI Bank	2,494,810	2.24%	51.49%	87.56%	3.00%	7.00%
Federal Bank	2,328,684	12.90%	31.17%	NA	3.45%	7.50%
Jammu & Kashmir Bank	1,265,897	7.65%	50.61%	NA	2.90%	7.10%
IDFC First Bank	1,712,359	36.44%	46.41%	77%	3.00%^	7.75%
Bandhan Bank	1,120,779	21.26%	38.54%	74.04%	3.00%^	7.85%
RBL Bank	897,804	13.40%	35.74%	NA	4.25%^	8.00%
Karur Vysya Bank	830,685	10.23%	32.26%	NA	2.25%^^^	7.50%
City Union Bank	527,140	7.57%	29.57%	NA	3.00%^	7.00%
DCB Bank	454,960	12.24%	25.04%	NA	1.75%^	8.00%
CSB Bank	254,384	14.59%	29.28%	NA	2.10%^	7.75%
Nainital Bank	78,091	0.48%	NA	NA	2.85%	7.10%
Capital SFB	70,003	13.84%	37.76%	93.59%	3.50%	7.60%

Highest rate of interest on TD is considered for all time periods, * Interest Rate for Savings Account with balance up to Rs. 50 lakhs as of December 2023, ^ Interest Rate for Savings Account with balance up to Rs. 1 lakh as of December 2023, ^^ Interest Rate for Savings Account with balance up to Rs. 2 lakh as of December 2023, ^^^ Interest Rate for Savings Account with balance up to Rs. 5 lakh as of December 2023.

Source: Company reports, CRISIL MI&A

Capital SFB has GNPA(%) comparable with leading private sector banks despite being smaller in size:

Capital SFB's GNPA (2.73%) is the tenth lowest as compared with leading private sector banks despite being smaller in size. CSB Bank has the lowest GNPA at 1.27% as of half year ended fiscal 2024.

Capital SFB has the fifth lowest Average GNPA from Fiscal 2021 to H1 Fiscal 2024 as compared with leading private sector banks:

HDFC Bank had the lowest average GNPA from Fiscal 2021 to H1 Fiscal 2024 at 1.24%, followed by CSB Bank (1.76%), IndusInd Bank (2.21%), Kotak Mahindra Bank (2.29%) and Capital SFB (2.52%) among leading private sector banks.

In comparison with private banks, Capital SFB had one of the lowest write-off as a % of loan book:

Capital SFB had one of the lowest write-off as a % of loan book at 0.002% as compared with leading private sector banks.

GNPA of Private banks

	GNPA (%)-H1FY24	Avg GNPA (FY21-FY23)	Write-offs as a % of loan book^
Axis Bank	1.73%	2.57%	0.74%
Bandhan Bank	7.32%	6.37%	2.64%
City Union Bank	4.66%	4.71%	1.20%
CSB Bank	1.27%	1.76%	0.00%
DCB Bank	3.36%	3.75%	0.47%
Federal Bank	2.26%	2.71%	0.21%
HDFC Bank	1.34%	1.24%	0.67%
ICICI Bank	2.48%	3.46%	4.43%
IDBI Bank	4.90%	13.20%	13.49%
IDFC First Bank	2.11%	3.12%	1.74%
IndusInd Bank	1.93%	2.21%	1.30%
Jammu & Kashmir Bank	3.50%	4.01%	0.84%
Karur Vysya Bank	1.73%	4.47%	2.87%
Kotak Mahindra Bank	1.72%	2.29%	0.22%
Nainital Bank	8.91%	11.69%	0.07%
RBL Bank	3.12%	3.81%	2.48%
Capital SFB	2.73%	2.52%	0.002%

Note: ^ Write-offs as a % of loan book as of Fiscal 2023.
Source: Company reports, CRISIL MI&A.

In comparison with leading private banks, Capital SFB had the fourth highest Return on Equity:

As of H1 fiscal 2024, ICICI Bank had the highest Return on Equity (19.11%) followed by Axis Bank (17.75%) and Karur Vyasa Bank (16.61%). Capital SFB has the fourth highest return on equity (16.45%) despite its smaller size as compared with leading private banks.

Capital SFB has fourth highest RoE among leading Private banks as of half year ended fiscal 2024

	Return on Equity (%) –FY23	Return on Equity (%) – H1FY24
Axis Bank	7.96%	17.75%
Bandhan Bank	11.87%	14.29%
City Union Bank	13.35%	13.24%
CSB Bank	18.70%	15.90%
DCB Bank	10.81%	10.87%
Federal Bank	14.94%	15.18%
HDFC Bank	16.96%	16.30%
ICICI Bank	17.18%	19.11%
IDBI Bank	8.38%	11.06%
IDFC First Bank	10.43%	11.36%
IndusInd Bank	14.44%	15.29%
Jammu & Kashmir Bank	13.27%	13.74%
Karur Vysya Bank	13.67%	16.61%
Kotak Mahindra Bank	14.02%	15.32%
Nainital Bank	6.67%	11.87%
RBL Bank	6.74%	8.41%
Capital SFB	16.62%	16.45%

Note: Return on Equity calculated on standalone numbers and annualized as of H1 Fiscal 2024.

Source: Company reports, CRISIL MI&A.

As per the CRISIL MI&A 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 assets on book
Cost to income	Operating expenses / (net interest income + other income)
Cost of funds	Interest paid / (average of deposits and borrowings)
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
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)

OUR BUSINESS

Some of the information in this section, including information with respect to our business plans and strategies, contains forward-looking statements that involve risks and uncertainties. The CRISIL MI&A Report was available on the website of our Bank at www.capitalbank.co.in from the date of the Red Herring Prospectus till the Bid/Offer Closing Date. To obtain a complete understanding of our Bank, 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 27, 174, 276, 293 and 370, respectively.

The industry and market data used in this section has been derived from the CRISIL MI&A Report prepared and released by CRISIL Research and commissioned by and paid for by us in connection with the Offer pursuant to an engagement letter dated August 16, 2021, red with the addendum dated July 11, 2023 and December 27, 2023, for the purpose of confirming the understanding of the industry we operate in. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL MI&A 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 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 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 27 and those set forth elsewhere in this document.

Overview

We commenced operations as India's first small finance bank in 2016 pursuant to RBI's approval dated March 4, 2016. We offer a range of banking products on the asset and liability side, in all the states we operate in, i.e., Punjab, Haryana, Delhi, Rajasthan, Himachal Pradesh and Union Territory of Chandigarh. Our asset products primarily include agriculture loans, MSME and trading loans (working capital, machinery loans etc.) and mortgages (housing loans and loans against property), the details of which are set forth in the table below:

S. No.	Description	As of September 30, 2023 (in ₹ million)
1.	Agricultural loans	22,669.26
2.	MSME and trading loans	11,533.61
3.	Mortgage loans	15,288.06
Total		49,490.93

We have an experience of over two decades in the banking industry, having been incorporated in 1999. We are regulated by RBI and are one out of the two non-NBFC microfinance entities to receive the SFB license in 2015. Our core strategy is to strengthen our retail focused banking franchise by enabling access to affordable credit in the states we operate in our well defined niche catering to middle income group segment with special emphasis on rural and semi-urban areas. As on date, we do not have any subsidiaries.

We focus primarily on the middle-income customer segments i.e., customers with an average annual income of ₹ 0.4 million to ₹ 5 million in semi-urban and rural areas with 41.62% of our branches in rural areas, 34.68% branches in semi-urban areas and 23.70% of our branches in urban areas as on September 30, 2023. 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.

Our background as a local area bank helped us in understanding needs of our target customers but restricted our geographical

outreach. Post conversion into a small finance bank, 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.

The expansion of our business has been a major factor in the growth of our advances and deposits. Over the years, we have expanded our operations strategically in the north Indian states of Punjab, Haryana, Rajasthan, Delhi, Himachal Pradesh and Union Territory, Chandigarh. As of September 30, 2023, we were present in five States and one Union Territory with 173 branches and 175 ATMs with 76.30% of our branches located in rural and semi-urban areas covering 24 districts and 75.75% of our total customers (both credit and deposit). We plan to continue to expand our business. For details, see "*Our Business – Our Strategies – Continue to grow our loan book organically with focus on secured lending*" beginning on page 210.

We have diversified portfolio with sizeable book in multiple asset classes with proportion of secured lending of 99.85% as on September 30, 2023. We have average gross NPA ratio of 2.52% and average net NPA ratios of 1.30% with negligible write offs as a percentage of loan book for previous three Fiscals and first half of current fiscal year from Fiscal 2021 to six months period ended September 30, 2023. We also had consistent asset quality in the range of 2-3% from Fiscal 2021 to six months period ended September 30, 2023.

We have shown an increasing trend in profit after tax, RoA and RoE for both Fiscals 2022 and Fiscals 2023 depicting our consistent performance. Our retail deposits (as a % of total deposits), and CASA deposits stood at 97.90%, and 41.88%, as on March 31, 2023 and 93.59%, and 37.76%, as on September 30, 2023, respectively. Further, our percentage of gross NPAs to total advances have been 2.73% as on September 30, 2023 and 2.77%, 2.50% and 2.08% for the Fiscals ended March 31, 2023, 2022 and 2021, respectively. 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 generate fee income from products and services such as forex and money transfer, outward remittances, safe-deposit lockers, distribution of life insurance and general insurance products, 3-in-1 demat and trading account and other ancillary services.

As on September 30, 2023 and March 31, 2023 respectively, 99.85% and 99.82% of our loan book was secured with 84.26% and 85.16% of the loans secured by immovable properties. Further, we have strategically focused on building a granular loan book. Since Fiscal 2021, our loans with ticket size of up to ₹ 2.5 million have increased from 62.88% of our total loan book to 67.80% in Fiscal 2023 and stood at 67.44% as on September 30, 2023.

Our cost of funds was 5.11% and 5.68% for Fiscal 2023 and for the period ended September 30, 2023, respectively. We are the lowest interest paying SFB where-in our rate of interest for retail term deposits inches up to only 7.60% whereas others offer a higher rate across some of the tenors in retail deposits. We offer saving bank deposit rate of 3.50% irrespective of the amount of saving deposit as compared to other banks which have different saving bank deposit rates for various buckets. Further, we have the lowest cost of deposit amongst comparable SFBs. As of March 31, 2023, we had lowest cost of deposit (4.94%) followed by AU SFB (5.48%) and Ujjivan SFB (6.00%). (Source: CRISIL MI&A Report).

The deposit details of SFBs as of September 30, 2023 is set out below:

	Cost of deposits	**Highest rate of interest on Term Deposit ("TD")**	**Highest Interest rate offered on standard savings account*** **	**Concentration of top 20 accounts in total deposits**
AU SFB	5.48%	8.00%	7.25%	14.47%
Equitas SFB	6.13%	8.50%	7.80%	16.21%
Ujjivan SFB	6.00%	8.25%	7.50%	18.29%
Jana SFB	6.71%	8.50%	7.55%	14.58%
ESAF SFB	6.10%	8.25%	7.50%	9.90%
Utkarsh SFB	6.60%	8.50%	7.50%	18.00%
Fincare SFB	6.48%	8.61%	7.50%	18.97%
Suryoday SFB	6.09%	8.65%	7.75%	24.30%
Capital SFB	4.94%	**7.60%**	**3.50%**	6.68%

*Note: **Highest rate of interest on TD is considered as the maximum rate of interest offered by the player across all tenor of TDs,*
**** Highest Interest Rate for Savings Account at the end of July 2023, ($) Cost of deposits is calculated by interest paid on deposits divided by average deposits.*
Source: Company reports, CRISIL MI&A

Our non-interest income has grown from ₹ 458.34 million in Fiscal 2021 to ₹ 494.75 million in Fiscal 2023 and stand at ₹ 292.34 million for half year ended September 30, 2023.

We operate on a branch-based model with a significant presence in semi-urban and rural areas. Headquartered in Jalandhar, Punjab, we have over the years expanded our SFB operations strategically in the north Indian states of Punjab, Haryana, Rajasthan, Delhi and Himachal Pradesh and Union Territory of Chandigarh where we offer our banking services in a contiguous manner. As of September 30, 2023, we were present in five states and one union territory with 173 branches and 175 ATMs with 76.30% of our branches located in rural and semi-urban areas covering 24 districts and 75.75% of our total customers (both credit and deposit)

depicting that we have well defined niche catering to middle income group segment with special emphasis on rural and semi-urban areas.

We have a quality asset portfolio which is testament of our streamlined underwriting processes, credit assessment efficient collections and risk management capabilities.

As of September 30, 2023 and March 31, 2023, our gross NPAs were ₹ 1,604.21 million and ₹ 1,526.25 million which accounted for 2.73% and 2.77% of our advances, while our net NPAs during the same periods were ₹ 786.69 million and ₹ 740.47 million which accounted for 1.36% and 1.36% of our advances respectively. We also ensure that we maintain adequate capital to navigate any external events. We maintain a CRAR of 20.72% (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 15.26% and Tier II capital ratio of 5.46% while our risk weighted asset stood at ₹ 45,229.14 million as on September 30, 2023.

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 ₹ 10.39 million digital transactions during Fiscal 2023, increasing from ₹ 2.87 million in Fiscal 2021. Further, the digital transactions share in non-cash transactions increased from 54.48% in Fiscal 2021 to 81.32% in Fiscal 2023 and was approximately 84.03% during the six months ended September 30, 2023.

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 and members of our Senior Management, excluding our Company Secretary and Compliance Officer, are associated with us since our days as a 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, HDFC Life and Max Life Insurance Company Limited.

The following table sets forth certain information relating to our operations and financial performance in the period specified:

(in ₹ million unless otherwise specified)

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Number of branches	158	161	170	165	173
Gross Advances	37,629.87	46,887.03	55,072.67	51,927.28	58,659.37
Deposits	52,210.70	60,463.59	65,606.21	61,845.95	70,002.86
Total business	**89,840.57**	**107,350.62**	**1,20,678.88**	**1,13,773.23**	**1,28,662.23**
Net interest income	1,986.11	2,552.82	3,219.83	1,513.56	1,709.74
Profit after tax	407.84	625.69	935.96	410.92	543.91
Net worth	4,507.90	5,157.81	6,106.10	5,565.12	7,117.58
Key ratios (%)					
CASA[(1)]	40.08	42.16	41.88	41.56	37.76
Retail deposit (% of total deposits)	97.60	97.37	97.90	97.92	93.59
Secured assets (% of loan book)	99.39	99.70	99.82	99.76	99.85
Interest spread[(2)]	5.58	5.87	5.86	5.72	5.66
Net interest margin[(3)]	3.36	3.74	4.19	4.06	4.04
Cost to income ratio[(4)]	70.76	63.42	59.97	61.23	62.35
Operating expenses as % to total average assets	2.93	2.87	2.90	2.85	2.95
GNPA%	2.08	2.50	2.77	2.60	2.73
NNPA%	1.13	1.36	1.36	1.35	1.36
CRAR%	19.80	18.63	18.87	18.61	20.72
RoA[(5)]	0.69	0.92	1.22	1.10	1.28
RoE[(6)]	9.51	12.95	16.62	15.33	16.45

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Retun on average advances[7]	1.23	1.56	1.89	1.73	1.98

(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) ROA represents ratios of profit after tax to average total assets
(6) 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
(7) Return on average advances is ratio of Profit after tax to Average 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 227 for further details.

Our Strengths

Retail focused liability franchise with a high share of CASA

We have created a retail centric deposit franchise with a high share of CASA deposits with CASA ratio increasing from 40.08% in Fiscal 2021 to 41.88% in Fiscal 2023.

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 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 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 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.

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 around 90% for the term deposits, which provides stability to our liquidity profile and demonstrates the continued trust of our customers on us.

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, 2023 and September 30, 2023, 99.82% and 99.85% of our loan book, being ₹ 54,975.90 million and ₹ 58,571.93 million was secured with 85.16% and 84.26% respectively of the loans being secured with immovable properties. 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 ₹ 1.23 million, ₹ 1.82 million and ₹ 1.16 million as of March 31, 2023 and the same stood at ₹1.24 million, ₹ 1.81 million and ₹ 1.15 million as on September 30 2023 respectively. The table below sets forth our gross advances by product category for the periods indicated:

Particulars	As at March 31,						As at September 30,			
	2021		2022		2023		2022		2023	
	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	14,232.11	37.82%	17,807.45	37.98	21,374.52	38.81%	19,916.76	38.36%	22,669.26	38.65%
Advances to MSME and trading Sector	9,730.45	25.86%	10,926.22	23.30	11,204.61	20.35%	11,295.51	21.75%	11,533.61	19.66%
Mortgage Loans	8,096.45	21.52%	11,284.49	24.07	14,344.80	26.05%	13,166.55	25.36%	15,288.06	26.06%

Particulars		As at March 31,						As at September 30,			
	2021		2022		2023			2022		2023	
	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
Others	5,570.86	14.80%	6,868.87	14.65	8,148.74	14.79%		7,548.46	14.53%	9,168.44	15.63%
Total Gross Advances	**37,629.87**	**100.00%**	**46,887.03**	**100%**	**55,072.67**	**100.00%**		**51,927.28**	**100.00%**	**58,659.37**	**100.00%**

Further, a well-diversified loan portfolio with 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.

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.

The percentage of gross advances to clients up to 2.5 million has increased to 67.80% as on March 31, 2023 from 62.88% as on March 31, 2021 and stands at 67.44% as on September 30, 2023. The table below presents the details of advances as at six months ended September 30, 2023 and September 30, 2022 and the Fiscals ended March 31, 2023, 2022 and 2021 respectively:

Loan exposure (In ₹ million)	As on March 31, 2021		As on March 31, 2022		As on March 31, 2023		As on September 30, 2022		As on September 30, 2023	
	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	23,661.34	62.88%	30,706.77	65.49%	37,341.81	67.80%	34,725.91	66.87%	39,560.97	67.44%
Between 2.5 – 5	5,244.16	13.94%	6,243.03	13.32%	7,130.14	12.95%	6,835.19	13.17%	7,496.75	12.78%
Above 5	8,724.37	23.18%	9,937.23	21.19%	10,600.72	19.25%	10,366.18	19.96%	11,601.65	19.78%
Total	**37,629.87**	**100%**	**46,887.03**	**100%**	55,072.67	100.00%	51,927.28	100.00%	58,659.37	100.00%

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 17.16% from ₹ 25,792.47 million as on March 31, 2021 to ₹ 35,403.26 million as on March 31, 2023 and to ₹ 36,844.32 million as on September 30, 2023.

As on the date of this Prospectus, there is no relationship between our customers, in respect of advances, and any of our Promoters or Directors. The following table sets forth the contribution from our top five and top 10 customers in each loan category as at the dates and for the periods indicated:

(*in million, except percentages*)

Particulars		Top 5 Customers	Top 10 Customers	Amount Outstanding in Loan Category	Top 5 Customers (% to Loan Category)	Top 10 Customers (% to Loan Category)	Top 5 Customers (% to Gross Advances)	Top 10 Customers (% to Gross Advances)
As at and for the six months ended September 30, 2023	Agriculture and Allied Activities	80.82	138.88	22,669.26	0.36%	0.61%	0.14%	0.24%
	MSME & Trading	603.11	948.04	11,533.61	5.23%	8.22%	1.03%	1.62%
	Mortgage Loans	283.94	351.92	15,288.06	1.86%	2.30%	0.48%	0.60%
	Others	1,114.50	1,974.90	9,168.44	12.16%	21.54%	1.90%	3.37%
	Overall	1,114.50	1,998.98	58,659.37	1.90%	3.41%	1.90%	3.41%
As at and for the six months ended September 30, 2022	Agriculture and Allied Activities	83.10	142.87	19,916.76	0.42%	0.72%	0.16%	0.28%
	MSME & Trading	668.28	1022.42	11,295.51	5.92%	9.05%	1.29%	1.97%
	Mortgage Loans	285.99	353.29	13,166.55	2.17%	2.68%	0.55%	0.68%
	Others	1,074.70	1,984.00	7,548.46	14.24%	26.28%	2.07%	3.82%
	Overall	1,074.70	1,987.74	51,927.28	2.07%	3.83%	2.07%	3.83%
As at and for the	Agriculture and Allied Activities	80.14	138.20	21,374.52	0.37%	0.65%	0.15%	0.25%

Financial Year ended March 31, 2023	MSME & Trading	621.77	978.27	11,204.61	5.55%	8.73%	1.13%	1.78%
	Mortgage Loans	267.83	373.25	14,344.80	1.87%	2.60%	0.49%	0.68%
	Others	1,110.57	1,927.15	8,148.74	13.63%	23.65%	2.02%	3.50%
	Overall	1,110.57	1,937.99	55,072.67	2.02%	3.52%	2.02%	3.52%
As at and for the Financial Year ended March 31, 2022	Agriculture and Allied Activities	101.17	166.60	17,807.45	0.57%	0.94%	0.22%	0.36%
	MSME & Trading	698.84	1,110.21	10,926.22	6.40%	10.16%	1.49%	2.37%
	Mortgage Loans	242.59	294.58	11,284.49	2.15%	2.61%	0.52%	0.63%
	Others	1,159.53	2,068.93	6,868.87	16.88%	30.12%	2.47%	4.41%
	Overall	1,159.53	2,121.23	46,887.03	2.47%	4.52%	2.47%	4.52%
As at and for the Financial Year ended March 31, 2021	Agriculture and Allied Activities	107.30	175.57	14,232.11	0.75%	1.23%	0.29%	0.47%
	MSME & Trading	693.42	1,083.39	9,730.45	7.13%	11.13%	1.84%	2.88%
	Mortgage Loans	143.10	190.98	8,096.45	1.77%	2.36%	0.38%	0.51%
	Others	752.97	1,414.71	5,570.86	13.52%	25.39%	2.00%	3.76%
	Overall	789.05	1,478.05	37,629.87	2.10%	3.93%	2.10%	3.93%

Streamlined 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 maintaining high asset quality. Our advances stood at ₹ 55,072.67 million, and ₹ 58,659.37 million with 99.82% and 99.85% of it being secured loans as of March 31, 2023 and as of September 30, 2023 with an average ticket size of ₹ 1.34 million and ₹ 1.37 million respectively. We have also had a consistent asset quality in the range of 2%-3% from Fiscal 2021 to the six months ended September 30, 2023 as compared other peers in the SFB space. For details of the NPAs, see "*Selected Statistical Information – Recognition of NPAs and Provisioning*" on page 286.

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. All of these measures have resulted in maintaining our asset quality. The Bank is maintaining a healthy loan loss provisions (provisions held for NPAs and standard asset provision as % to gross NPAs) of 70.01% as on March 31, 2023 and 68.64% as on September 30, 2023.

We have over two decades of banking experience, including 16 years as local area bank and have witnessed various cycles along the way. Our portfolio composition, asset creation, credit assessment and efficient recovery mechanism depict 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 understanding of target customers

We have gained an 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 catering to middle income group segment with special emphasis on rural and semi-urban areasin our areas of operations. We are a one-stop financial hub for our customers where we operate. As of March 31, 2023 and September 30, 2023, we had 7,01,071 and 7,25,037 customers respectively (both credit and deposit). Further, as on September 30, 2023, we had 173 branches and 175 ATMs with 76.30% 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 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 a local area bank 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 CASA deposits as of the six months ended September 30, 2023 and Fiscals ended March 31, 2023, 2022 and 2021 were ₹ 26,433.61 million, ₹ 27,478.96 million, ₹ 25,494.01 million and ₹ 20,926.34 million, respectively. Our average credit to deposits ratio has also improved from 67.51% in Fiscal 2021 to 77.96% in Fiscal 2023 to 79.61% as on the six months ended September 30, 2023.

Our efficiency ratios have also been continuously improving. Through our continued efforts, our opex as a percentage of average assets has declined from 2.93% to 2.90%, from Fiscal 2021 to Fiscal 2023. Our Return on Average Advances and Return on equity stood at 1.89% and 16.62% respectively for Fiscal 2023 and the same stood at 1.98% and 16.45% respectively for the six months ended September 30, 2023.

Further, our operating profit has grown at a CAGR of 44.23% from ₹ 714.86 million in Fiscal 2021 to ₹ 1,487.04 million in Fiscal 2023 and was ₹ 753.84 million as of the six months ended September 30, 2023. Our profit before taxes for the year ended March 31, 2021 was ₹ 537.36 million which has grown to ₹ 1,241.56 million during the year ended March 31, 2023 and was ₹ 721.31 million for the six months ended September 30, 2023. Further, our profit after tax has grown from ₹ 407.84 million in Fiscal 2021 to ₹ 935.96 million in Fiscal 2023 and stood at ₹ 543.91 million for the six months ended September 30, 2023.

We are the only SFB amongst comparable SFBs to show an increasing trend in profit after tax for both Fiscals 2022 and 2023. We are also the only SFB amongst comparable SFBs to witness a growth in RoA and RoE for Fiscal 2022.

Our disbursements increased from ₹ 13,450.77 million for Fiscal 2021 to ₹ 19,906.71 million for Fiscal 2023. Further, our advances as of March 31, 2023, 2022 and 2021 and six months ended September 30, 2023, were ₹ 55,072.67 million, ₹ 46,887.03 million, ₹ 37,629.87 million and ₹ 58,659.37 million, respectively which grew at a CAGR of 20.98% between Fiscal 2021 and Fiscal 2023.

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 5.20% and 5.02% to 5.11% and 4.90% from March 31, 2022 to March 31, 2023. The same stood at 5.68% and 5.44% respectively for September 30, 2023.

As of March 31, 2023 and September 30, 2023, our liquidity coverage ratio quarterly average was 214.98% and 246.13% respectively, as against regulatory requirement of maintaining the liquidity coverage ratio of 100% with effect from April 1, 2021. We believe that the same positions us well to grow our business and to strengthen our operational and profitability metrics.

We delivered a CAGR of 20.98% in loan growth as compared from Fiscal 2021 to Fiscal 2023 and were able to achieve diversification with successful expansion into neighbouring states which helped us achieve scale as well as operating efficiencies.

Professional and experienced leadership team

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 cycles 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 1999 as a local area bank. Our Executive Director 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 an 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 across all the major events (demonetisation, GST implementation, IL&FS crisis, COVID-19 pandemic) and during various business and interest rate cycles 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 and Max Life. For details, see "*Capital Structure – Share Capital History of our Bank*" on page 93. We also maintain high standards of corporate governance as part of our operations. We have been continuously certified as 'India's Best Workplaces in banking, financial services and insurance space' by 'Great Place to Work® Institute India' between Fiscal 2016 and Fiscal 2023. We have also been awarded the Economic Times Awards for corporate excellence in Fiscal 2022 and were recognised as promising brands of 2022 in the 5th edition of the Economic Times Promising Brands 2022. For details, see "*History and Certain Corporate Matters - Key awards, accreditations and recognitions received by our Bank"* on page 247. We have also instituted employee stock option plans, being 'CSFB Limited Employee Stock Option Plan 2018', 'CSFB Limited – Employees Stock Option Plan for Material Risk Takers' and 'CSFB Limited – Employee Stock Option Plan 2023' 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. We will leverage our brand presence in Punjab and expand further in adjacent states of Haryana, Union Territory of Chandigarh, Rajasthan, NCR and Himachal Pradesh. 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 September 30, 2023 and September 30, 2022 for agriculture, MSME and trading and mortgages segments were ₹ 22,669.26 million, ₹ 11,533.61 million and ₹ 15,288.06 million, and ₹ 19,916.76 million, ₹ 11,295.51 million and ₹ 13,166.55 million, and as of March 31, 2023 were ₹ 21,374.52 million, ₹ 11,204.61 million and ₹ 14,344.80 million, respectively, with an average ticket size of ₹ 1.23 million, ₹ 1.82 million and ₹ 1.16 million as on March 31, 2023 and ₹ 1.24 million, ₹ 1.81 million and ₹ 1.15 million as on September 30, 2023. We strive to maintain the growth momentum in our loan book with continued focus on these segments.

We believe 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.

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 have a lower 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 data-driven decision-making to open additional branches will offer us better returns and lower risk.

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 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 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, 2023, March 31, 2022, March 31, 2021 and September 30, 2023, were ₹ 27,478.96 million, ₹ 25,494.01 million, ₹ 20,926.34 million, and ₹ 26,433.61 million, representing a CASA ratio of 41.88%, 42.16%, 40.08%, and 37.76%, respectively during these periods.

As on March 31, 2023 and September 30, 2023 we had CASA ratio of 41.88% and 37.76% respectively resulting in low cost of funds of 5.11% and 5.68% respectively. Our cost of funds stood at 5.68% and 5.11% for the six months ended September 30, 2023 and Fiscal ended March 31, 2023. We plan to continue to increase our CASA and retail deposits with judicious mix of wholesale

deposits in order to optimise our cost of funds through the following:

1. 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;

2. Penetrating into existing geographies and expanding into new geographies to serve the target customer segments;

3. 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;

4. 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

5. 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. We are one of the only two SFB's to be empaneled by Punjab Government for placing their deposits.

Further, our CASA deposits per branch stood at ₹ 161.64 million and retail deposits per branch stood at ₹ 377.81 million as of Fiscal 2023. 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 leverage on technology to onboard our customers and deploy our data management processes to generate business. We provide an omni-channel integrated solution which ensures smooth customer experience across all the channels of banking, website, internet banking and mobile application. Our approach to customer acquisition and onboarding, with tailored mobile solutions has ensured ease of operation for our customers. Our information technology systems allow us to leverage economies of scale to increase productivity and reduce turnaround times and transaction costs. 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 62.44% resulting in 10.39 million digital transactions during Fiscal 2023 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 81.32% in Fiscal 2023 which further increased to 84.03% for the six months ended September 30, 2023. 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.

Customer Centric Initiatives

We are moving towards digital on-boarding of our customers, that will help widen our customer base by especially targeting millennials. 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, internet banking and increase their adoption by our customers. Other initiatives which further our customer satisfaction include a dedicated customer facing mobile application facilitating all transactions digitally including IPO applications, Utility Bill Payments, etc.

Initiatives Driving Operational Efficiencies

We intend to invest in augmenting our technology infrastructure to ensure that our operations are nimble and efficient to service our customers in an economical manner. We also intend to leverage data analytics and create a data lake to develop customized and tailor-made products to suit the diverse requirements of our customers thereby furthering our vision of being their primary banker.

We focus on deepening automation and 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 leading to an integrated and efficient banking infrastructure. We also intend to make extensive use of artificial intelligence and machine learning in our operations for several initiatives like credit monitoring, credit assessment, origination and cross-sell of products.

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 126 branches since our conversion into an SFB taking the branch tally up to 173 branches. Our profitability

and operational metrics have been on the rise as depicted from their upward trend, the details of which are provided in the table below. We target to further improve these through the following key focus areas:

(₹ in million, unless otherwise specified)

	For the six months period ended	For the financial year ended		CAGR (Fiscal 2021 to 2023) (in %)
	September 30, 2023	March 31, 2021	March 31, 2023	
Operating profit	753.84	714.86	1,487.04	44.23
PBT	721.31	537.37	1,241.56	52.00
PAT	543.91	407.84	935.96	51.49
ROA (in %)	1.28	0.69	1.22	32.82
ROE (in %)	16.45	9.51	16.62	32.18

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, Rajasthan and Himachal Pradesh. 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 Average Credit/Deposit Ratio since our conversion into an SFB as detailed below:

	Fiscal 2021	Fiscal 2022	Fiscal 2023	For six months period ended September 30, 2023
Average Credit/Deposit Ratio (percentage)	67.51	70.63	77.96	79.61

Our proportion of deposits to total loan book stood at 119.13% as of Fiscal 2023 which provides us with the opportunity to grow our advances and improve efficiency. As of March 31, 2023, and September 30, 2023, our liquidity coverage ratio was 214.98% and 246.13% 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 enter into partnership with business correspondents in the states in which we have lower presence for credit sourcing, which will help us in gaining an understanding of newer market and will also boost credit to deposit ratio.

The following table sets forth our dependence on business correspondents as at September 30, 2023, September 30, 2022, March 31, 2023, March 31, 2022 and March 31, 2021:

(₹ in million, unless otherwise specified)

Particulars	As at				
	March 31, 2021	March 31, 2022	March 31, 2023	September 30, 2022	September 30, 2023
Loan portfolio from business correspondents **(A)**	Nil	7.81	107.89	60.63	258
Total loan portfolio **(B)**	37,629.87	46,887.03	55,072.67	51,927.28	58,659.37
(A) as a percentage of **(B)**	Nil	0.02%	0.20%	0.12%	0.44%

Focus on optimising costs

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 173 as on September 30, 2023. 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, 3-in-1 demat and trading account etc.

Our non-interest income grew from ₹ 458.34 million in Fiscal 2021 to ₹ 494.75 million in Fiscal 2023 and stood at ₹ 292.34 million for the six months ended September 30, 2023. 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 September 30, 2023, we had 4 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.

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 173 branches that are spread across the states of Punjab, Union Territory of Chandigarh, Haryana, Rajasthan, NCR and Himachal Pradesh. 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 also 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 us 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 September 30, 2023 and September 30, 2022 and the Fiscals ended March 31, 2023, 2022 and 2021, see "*Our Business - Our Strengths – Secured and diversified advances portfolio*" on page 206.

Agricultural loans

A large part of our loan products have traditionally been focused on agriculture related loans. We provide 2 types of agriculture related loans viz. KCC and Agri-term loans 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 38.65% and 38.81% of our loan book as on September 30, 2023 and March 31, 2023 respectively with an gross advances size of ₹ 22,669.26 million and an average ticket size of ₹ 1.24 million as on September 30, 2023. The details of these loans are set out below:

(in ₹ million)

Name of the product	Purpose	Eligibility	Margin	Security	Total gross advances as on September 30, 2023
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	19,000.74
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.	Loans for tractors and equipment; 25% for new vehicles, 50% for used vehicles	Vehicle equipment being financed and mortgage of land	3,668.52

MSME and Trading

The MSME and trading sector loans contributed to 19.66% of our loan book as on September 30, 2023 with a portfolio size of ₹ 11533.61 million and an average ticket size of ₹ 1.81 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 September 30, 2023 (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% on stocks, 40% on book debts and 25% on asset financed	Charge on stock, debtors, hypothecation of fixed assets and collateral security depending on quantum of loan	10,968.05
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/ trade debtors.	Stock, trade debtors and receivables in the shape of advances to farmers	565.56

Mortgage Lending

We provide loans for purchase, construction, expansion, and renovation of house property and also provide loans against 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 26.06% of our loan book as on September 30, 2023 with a portfolio size of ₹ 15,288.06 million and an average ticket size of ₹ 1.15 million. Mortgage lending includes the housing loans and the loans against property. The details of these loans are set out below:

(in ₹ million)

Name of the product	Purpose	Eligibility	Margin	Security	Total gross advances as on September 30, 2023
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 25% on repair/ renovation	Mortgage of house property	7,654.50
Loans against property	Setting-up of new businesses or expansion of existing business or domestic needs	Individuals or group of individuals	50% (33.33% in case of Self-owned, Self-occupied property)	Value of property not less than 200% of loan and 150% in case the property is self-owned or self-occupied	7,633.56

Others

The loans under this category contributed to 15.63% of our loan book as on September 30, 2023 with a portfolio size of ₹ 9,168.44 million. The loan products under this category are majorly targeted towards consumption, loan against deposits and large corporate business loans. The major components 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 7.39% of our loan book as on September 30, 2023 with an average ticket size of ₹ 0.72 million. The details of these loans are set out below:

(in ₹ million)

Name of the product	Purpose	Eligibility	Margin	Security	Total gross advances as on September 30, 2023
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	2,475.43
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	63.26
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	51.47

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 September 30, 2023, our total exposure to large corporate loans stood at ₹ 4,832 million which was 8.24% 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. The current deposit, saving deposit, CASA, term deposits, total deposits and total retail deposits and retail deposit (as a % to total deposit) as at September 30, 2023 and September 30, 2022 and March 31, 2023, 2022 and 2021, were as follows:

Particulars	As at September 30, 2023		As at September 30, 2022		As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
	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 Deposit	1,954.77	2.79	1,926.31	3.11	2,411.64	3.68	23,28.98	3.85	2,072.66	3.97
Saving Deposit	24,478.84	34.97	23,776.08	38.44	25,067.32	38.21	23,165.03	38.31	18,853.68	36.11
CASA	26,433.61	37.76	25,702.39	41.56	27,478.96	41.88	25,494.01	42.16	20,926.34	40.08
Term Deposits	43,569.25	62.24	36,143.56	58.44	38,127.25	58.12	34,969.58	57.84	31,284.36	59.92
Total Deposits	**70,002.86**	**100.00**	**61,845.95**	**100.00**	**65,606.21**	**100.00**	**60,463.59**	**100.00**	**52,210.70**	**100.00**
Total Retail Deposits	**65,514.53**	**93.59**	**60,559.11**	**97.92**	**64,226.62**	**97.90**	**58,873.10**	**97.37**	**50,955.91**	**97.60**

As of September 30, 2023, our total deposit base was spread over 753,284 deposit accounts. The number of accounts have increased by more than 133,883 since Fiscal 2021 from 6,19,401. The average ticket size of deposits has also increased by 5.01% from ₹ 100,121 in Fiscal 2021 to ₹ 105,140 in Fiscal 2023. Further, the rollover rates for our term deposits have consistently been on higher side which was 91.01% for Fiscal 2021 and 90.57% for the six months ended September 30, 2023 indicating stickiness in our depositor base. Further, as of September 30, 2023, our top four states (out of total 6 states) in terms of deposits, i.e., Punjab, Haryana, Delhi and Union Territory of Chandigarh accounted for 99.5% of our total deposits.

Savings Accounts

Saving accounts are demand deposits for customers that accrue interest. As of September 30, 2023, we had 6,31,797 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 RuPay enabled ATMs and point of sales terminals, 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. Senior citizens maintaining net relationship value of ₹ 0.25 million are exempted from maintaining quarterly average balances.

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 year 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.

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 September 30, 2023, 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 daily 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 UPI/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 RuPay enabled ATMs and 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 UPI/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 RuPay enabled ATMs and 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 UPI/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 RuPay enabled ATMs and 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 UPI/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 RuPay enabled ATMs and point of sales terminals, internet and mobile banking.

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 September 30, 2023, 1,01,318 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 364 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.

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. 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. 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 281.

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 0.64% of our total assets for Fiscal 2023 and we believe such products are the key areas of growth for us going forward to increase our RoA.

Insurance Products

We are a corporate agent for ICICI Prudential Life Insurance Company Limited, HDFC Life Insurance Company Limited and Max Life Insurance Company Limited for life insurance products and with Bajaj Allianz 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.

3-in-1 Demat & Trading Account

We provide our resident customers facility of opening a trading & demat account from Motilal Oswal Financial Services linked with Capital SFB savings account to enjoy the benefits of 3-in-1 Account having banking, demat & trading feature for seamless transactions among them. Apart from our banking facilities, our customers can invest in Equity, PMS, Commodities, Currency, Stock SIP, IAP, initial public offers.

State-wise / Union-territory wise details of our Bank

Product portfolio

The table below sets out the State-wise / Union-territory wise details of our product portfolio:

Advances

	Six months ended September 30, 2023		Six months ended September 30, 2022		Fiscal 2023		Fiscal 2022		Fiscal 2021	
Punjab	49,253.59	83.97%	44,433.25	85.57%	46,914.98	85.19%	40,520.50	86.42%	33,081.51	87.91%
Haryana	2,648.41	4.51%	2,140.92	4.12%	2,340.44	4.25%	1,838.36	3.92%	1,423.07	3.78%
Chandigarh	1,184.39	2.02%	978.39	1.88%	1,027.77	1.87%	700.56	1.49%	535.33	1.42%

Delhi	4,315.71	7.36%	3,290.08	6.34%	3,419.82	6.21%	2,755.46	5.88%	1,773.17	4.71%
Rajasthan	1,218.60	2.08%	1,079.87	2.08%	1,340.79	2.43%	1,072.16	2.29%	816.80	2.17%
Himachal Pradesh	38.66	0.07%	4.77	0.01%	28.86	0.05%	NA	NA	NA	NA
Total	**58,659.37**	**100.00%**	**51,927.28**	**100.00%**	**55,072.67**	**100.00%**	**46,887.03**	**100.00%**	**37,629.87**	**100.00%**

Deposits

	As at September 30, 2023		**As at September 30, 2022**		**As at March 31, 2023**		**As at March 31, 2022**		**As at March 31, 2021**	
Punjab	65,610.53	93.73%	59,558.70	96.30%	63,271.40	96.44%	58,316.47	96.45%	50,234.87	96.22%
Haryana	1,415.50	2.02%	963.07	1.56%	1,000.92	1.53%	955.21	1.58%	763.52	1.46%
Chandigarh	2,338.21	3.34%	817.48	1.32%	752.91	1.15%	815.73	1.35%	736.73	1.41%
Delhi	319.32	0.46%	255.60	0.41%	276.29	0.42%	261.08	0.43%	414.22	0.79%
Rajasthan	260.09	0.37%	244.28	0.39%	286.59	0.44%	115.10	0.19%	61.36	0.12%
Himachal Pradesh	59.22	0.08%	6.82	0.01%	18.10	0.03%	NA	NA	NA	NA
Total	**70,002.86**	**100.00%**	**61,845.95**	**100.00%**	**65,606.21**	**100.00%**	**60,463.59**	**100.00%**	**52,210.70**	**100.00%**

Retail Deposits

State	**As at September 30, 2023**		**As at September 30, 2022**		**As at March 31, 2023**		**As at March 31, 2022**		**As at March 31, 2021**	
Punjab	63,138.83	96.37%	58,549.68	96.68%	62,173.03	96.80%	57,053.86	96.91%	49,291.24	96.73%
Haryana	1,209.32	1.85%	963.07	1.59%	1,000.92	1.56%	955.21	1.62%	763.52	1.50%
Chandigarh	549.31	0.84%	559.78	0.92%	492.51	0.77%	540.77	0.92%	496.10	0.97%
Delhi	297.76	0.45%	235.48	0.39%	255.45	0.40%	208.16	0.35%	343.69	0.67%
Rajasthan	260.09	0.40%	244.28	0.40%	286.59	0.45%	115.10	0.20%	61.36	0.12%

Himachal Pradesh	59.22	0.09%	6.82	0.01%	18.10	0.03%	NA	NA	NA	NA
	65,514.53	100.00%	60,559.11	100.00%	64,226.62	100.00%	58,873.10	100.00%	50,955.91	100.00%

Branches

	As at September 30, 2023		As at September 30, 2022		As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
Punjab	149	86.13%	146	88.48%	148	87.06%	143	88.82%	140	88.61%
Haryana	16	9.25%	11	6.67%	14	8.24%	11	6.83%	11	6.96%
Chandigarh	2	1.16%	2	1.21%	2	1.18%	2	1.24%	2	1.27%
Delhi	3	1.73%	3	1.82%	3	1.76%	3	1.86%	3	1.90%
Rajasthan	2	1.16%	2	1.21%	2	1.18%	2	1.24%	2	1.27%
Himachal Pradesh	1	0.58%	1	0.61%	1	0.59%	NA	NA	NA	NA
Total	**173**	**100.00**	**165**	**100.00%**	**170**	**100.00%**	**161**	**100.00%**	**158**	**100.00%**

Savings Accounts

	As at September 30, 2023		As at September 30, 2022		As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
Punjab	6,05,720	95.87%	5,68,706	96.35%	5,88,268	96.13%	5,46,988	96.53%	4,88,195	96.99%
Haryana	14,463	2.29%	11,452	1.94%	12,772	2.09%	10,457	1.85%	7,998	1.59%
Chandigarh	3,498	0.55%	3,212	0.54%	3,327	0.54%	2,934	0.52%	2,265	0.45%
Delhi	3,815	0.60%	3,526	0.60%	3,691	0.60%	3,386	0.60%	2,944	0.58%
Rajasthan	4,155	0.66%	3,318	0.56%	3,759	0.61%	2,880	0.51%	1,921	0.38%
Himachal Pradesh	146	0.02%	54	0.01%	106	0.02%	NA	NA	NA	NA
Total	6,31,797	100.00%	5,90,268	100.00%	6,11,923	100.00%	5,66,645	100.00%	5,03,323	100.00%

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 September 30, 2023, we had 173 branches, 175 ATMs in five states and one union territory.

The following table sets forth the State-wise and Union territory-wise number of our branches and ATMs as on September 30, 2023:

State	Branches	ATMs
Punjab	149	151
Haryana	16	16
Chandigarh	2	2
Delhi	3	3
Rajasthan	2	2
Himachal Pradesh	1	1
Total	**173**	**175**

Branches

As at September 30, 2023, we had 173 branches, of which 72 were rural Branches, 60 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 210.

As per the RBI's requirements, at least 25% of our branches must be in unbanked rural centres. As at September 30, 2023, approximately 26.01% of our branches were in unbanked rural centres.

ATMs

As at September 30, 2023, we had 175 ATMs. During the six months ended September 30, 2023 and Fiscals 2023, 2022 and 2021, we added 3, 9, 3 and 9 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. Our platinum RuPay Debit card is a chip-and-pin card that has enhanced insurance coverage and access to certain airport lounges.

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, debit card management, flight and hotel book facility, NACH mandate management, positive pay etc. In Fiscal 2023 and the six months ended September 30, 2023, transactions carried out through internet banking amounted to ₹ 25,700.92 million and ₹ 13,462.21 million, respectively.

Mobile Banking (Capital Mobile +)

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 fixed deposit accounts, debit card management, flight and hotel book facility, NACH mandate management, positive pay, 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 (Capital Mobile Connect)

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 to oversee 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 risk management framework to ensure that delinquencies in our loan portfolio are reduced to minimum. The GNPA in our loan portfolio was 2.73%, 2.77%, 2.50% and 2.08% respectively as on September 30, 2023 and March 31, 2023, 2022 and 2021.

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 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.

- *Net Stable Funding Ratio*: Prescribed by RBI, this ensures reduction in funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.

- *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 Committee of Executives monitors, reviews, directs and manages our information security risk management system by establishing a information security risk management framework. We have also constituted an IT Steering Committee of Executives which is the executive level committee.

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; and

- 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.

- Monitoring and management of alerts generated by the FRM tools used by the Bank.

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 monitor 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 portfolio 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 banking operations including loan management function which are supported by a core banking system. 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 our 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 POS, QR code based payment devices etc.

We have a 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 uphold standards of corporate governance. To manage the associated risks, we have an independent and dynamic 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

, and

. Further, we have filed an application for registration of our current logo

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 65.

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 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 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, "*Industry Overview – Peer Benchmarking*" beginning on page 196 and "*Risk Factors - The Indian small*

finance bank 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 31.

Insurance

We have insurance policies covering nearly 99.30% of our fixed assets (excluding land) as at September 30, 2023. 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. While we have obtained the insurance policies which we believe are critical for our business operations, there is no guarantee that all insurance claims would be honoured by the insurance companies. 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 66.

Human Resources

The following table sets forth the numbers of our employees, categorised by designation, as at September 30, 2023:

Functions	Number of Employees
Below managers	1,239
Manager	220
Senior managers	379
Total	**1,838**

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.

As on the date of this Prospectus, our Bank has paid all due amounts as required under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, in respect of its employees, and under the Income Tax Act, 1961.

The table below sets out the number of our employees as on September 30, 2023, September 30, 2022, March 31, 2023, March 31, 2022 and March 31, 2021:

No. of Employees				
As at				
September 30, 2023	**September 30, 2022**	**March 31, 2023**	**March 31, 2022**	**March 31, 2021**
1,838	1,721	1,808	1,644	1,614

Corporate Social Responsibility

For the period ended March 31, 2023 and September 30, 2023, we spent ₹ 11.54 million and ₹ 8.96 million respectively, on the corporate social responsibility initiatives undertaken by us against an amount of ₹ 11.52 million and for current Fiscal amount of ₹ 17.74 million is 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. Set out below are some of the initiatives:

1. Helping Hands for WFH (Water, Food and Health): We work for fulfilment of water, food and health necessities of society.
2. Committed to Environment Stewardship: We take first priority towards ensuring environmental sustainability and ecological balance by maintaining green belts and tree plantations.
3. Sarv Siksha Abhiyan: We offer education sponsorships to students from disadvantaged background. Additionally, we provide support for essential infrastructure to educational institutions.

Health care: We take priority towards the better health of the society and contribute wherever necessary. We believe that our CSR initiatives contribute to our overall strategy of engaging with our target customers.

Environmental, Social and Governance

As a financial institution, we recognise the importance of Environmental, Social and Governance (ESG) factors in driving sustainable growth and creating long-term value for all stakeholders. We are committed to integrating ESG considerations into our business operations and decision-making processes.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 performance driven culture for our Bank. Some of the key ESG initiatives are described below:

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, 2023, 76.16% of our total branches are located in rural and semi-urban areas with 26.16% of the branches being in unbanked rural centres. The following table provides details of our key efforts in this respect as of Fiscal 2023:

Category	Number of customers	Amount disbursed (in ₹ million)
New Loans to URC and Rural Branches	6,485	4,787.57
New Loans to Agri Sector	9,312	6,481.92
New Loans to SME Sector	2,401	2,321.30
Deposits in URC and Rural branches	33,896	6,096.96

We target digital communication and solutions to reduce paper usage. We have taken several steps to dispose of e-waste through registered vendors only. We believe in holistic development of employees and focus on on-the-job learning and upskilling. We have spent ₹ 16.71 million on employee insurance during Fiscal 2023. Our employee base consists of 46% graduates and below and 54% post-graduates and professionals as on March 31, 2023.

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 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 September 30, 2023, we had 173 branches, all of which were located on leased premises. As at September 30, 2023, we had 175 ATMs, all of which are on leased premises. 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 Amarjit Singh Samra, Surinder Kaur Samra, Navneet Kaur Samra, who are the promoters of our Bank, Amardeep Singh Samra and Gagan Samra (collectively, the "**Owners**"). The Owners are paid a monthly rent of ₹ 2.11 million with an increment ranging from 10% every two years to 15% every three years for the branch operated by us. Such rent is on an arm's length basis and is at par with the market rent. Further, except as disclosed in "*Financial Statements – Related Party Disclosure*" on page 350 there is no conflict of interest between any of our Promoters, members of our Promoter Group, Directors, KMPs or any of their relatives with any of the lessors of our leased premises. For further details, see "*Capital Structure*", "*Our Management – Interests of Directors*" and "*Our Promoters and Promoter Group – Interests of our Promoters*" on pages 93, 257 and 270, respectively.

Industry positioning of our Bank

According to CRISIL MI&A, set out below is the positioning of our Bank in the industry as of the relevant date, as mentioned:

A. We are among the leading SFBs^^ in India in terms of cost of funds, retail deposits and CASA deposits for the first half of fiscal 2024 ;

B. 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 99.85% for the first half of fiscal 2024 among the SFBs;

C. We have one of the best asset quality among the SFBs represented by GNPA and NNPA of 2.73% and 1.36%, respectively as of the first half of fiscal 2024 and the second lowest average GNPA at 2.52% and the fourth lowest average NNPA among the SFBs at 1.30% from Fiscals 2021 toH1 Fiscal 2024;

D. We are one out of the two non-NBFC microfinance entity to receive the SFB license in 2015;

E. We have the highest CASA ratio of 37.76% in as of H1 fiscal 2024as compared with other SFBs and is comparable with leading private sector banks;

F. We also have the second highest retail deposits per branch of ₹ 366.78 million as of H1 fiscal 2024;

G. We are comparable with larger private sector banks as to CASA which stood at 37.76% for Fiscal 2023, retail deposits which stood at 93.59% of the total deposits of ₹ 70,003 million, being highest percentage as compared to SFBs as well as compared to all leading private sector banks as of H1 fiscal 2024;

H. Despite offering the lowest interest rate for savings deposit as well as lowest interest rate on retail term deposits, we have the highest proportion of retail deposits at 93.59% of total deposits of ₹ 70,003 million vis a vis other SFBs as well as amongst all leading private sector banks for whom the data is available as of H1 fiscal 2024;

I. We have the the most granular deposit base as compared to other comparable SFBs with lowest concentration risk in terms of deposits owing to the granular deposit base with concentration of top 20 depositors accounting to 6.68% of overall deposits;

J. Our CASA deposits as on September 30, 2023 and March 31, 2023 were ₹ 26,433.61 million and ₹ 27,478.96 million representing a CASA ratio of 37.76%% and 41.88%, respectively, which is the second best among the comparable SFBs for Fiscal 2023 and the highest as of fiscal 2024 resulting in lowest cost of deposits among peers at 4.94% for Fiscal 2023 depicting strength of our retail franchise and ability to raise deposits;

K. We have the best CASA ratio among the comparable SFBs as of H1fiscal 2024 depicting strength of our retail franchise and ability to raise deposits;

L. We have the highest branch concentration towards rural and semi-urban areas amongst compared SFBs as of H1 fiscal 2024with 40.68% branches in rural areas, 33.90% in semi-urban and 19.21% in urban areas;

M. We have the second lowest average gross NPA ratio of 2.52% and the fourth lowest average net NPA ratios of 1.30% with one of the lowest write offs as a percentage of loan book for all three Fiscals from fiscal 2021 to H1 Fiscal 2024 among comparable SFBs in India and the fifth lowest Average GNPA from Fiscal 2021 to F H1 Fiscal 2024 amongst all leading private sector banks on account of large proportion of loan book being secured as well as our stringent risk assessment and credit underwriting;

N. We also had consistent asset quality in the range of 2-3% from Fiscal 2021 to to H1 Fiscal 2024 as compared to other peers which showed higher variability;

O. Our gross NPA ratio of 2.73% is comparable among the private sector banks;

P. We have 93.59% retail deposits as of H1 fiscal 2024 which is the highest among comparable SFBs as well as amongst all leading private sector banks for whom data is available, depicting the strength of our retail franchise and our ability to raise deposits;

Q. We have the largest branch network in the state of Punjab when compared to SFBs and fifth largest branch network in the state of Punjab when compared with the private sector banks;

R. As on September 30, 2023, we had the highest proportion of CASA deposits at 37.76% vis a vis other comparable SFBs resulting in lowest cost of funds among the SFBs as of H1 fiscal 2024 which stood at 5.79% for this period, depicting the strength of our retail franchise and our ability to raise deposits;

S. Our proportion of retail deposits at 93.59% is the highest vis a vis other SFBs as well as against all leading private sector banks as at September 30, 2023;

T. We have the lowest concentration risk in terms of deposits owing to the granular deposit base with concentration of top 20 depositors accounting to 6.68%;

U. Our share of per branch retail deposit as well as CASA deposit is second highest as compared to comparable small finance banks and our share of deposits in Punjab is 1.20% of the total deposits of commercial banks in the state which constituted 1.51% of incremental deposits of commercial banks in the state of Punjab from Fiscal 2021 to Fiscal 2023;

V. As on September 30, 2023, 99.85% of our loan book was secured with 84.26% of the loans being secured with immovable properties which is highest amongst comparable SFBs;

W. We have also had consistent asset quality in the range of 2%-3% from Fiscal 2021 to to H1 Fiscal 2024 as compared to other peers which showed higher variability;

X. 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;

Y. We have the second lowest average GNPA at 2.52% and fourth lowest average NNPA at 1.30% amongst comparable SFBs from Fiscal 2021 to to H1 Fiscal 2024. We have the lowest write-offs among SFBs and private sector banks;

Z. We had the lowest average GNPA as compared to public sector banks and private banks from Fiscal 2019 to Fiscal 2023;

AA. As on September 30, 2023, we had the highest proportion of CASA deposits at 37.76% vis a vis other comparable SFBs while offering a savings bank deposit interest rate of 3.50% resulting in lowest cost of funds among the SFBs for H1 Fiscal 2024which stood at 5.79% for this period;

BB. Our opex as a percentage of average assets and opex as a percentage of average advances are lowest among the SFBs for Fiscal 2023;

CC. We are also the highest in terms of retail deposits per employee, total business per employee, outstanding advances per employee and second highest in terms of income per employee;

DD. We have grown consistently over the past two fiscals as against other peers which showed degrowth in RoA and RoE in Fiscal 2022, before expanding by a considerable margin in Fiscal 2023 depicting our consistent outperformance against comparable SFBs;

EE. We have the lowest cost of funds among other SFBs;

FF. There is huge scope for further penetration in the northern, eastern, north-eastern, and central region across both credit and deposits;

GG. We also have the highest proportion of secured lending of 99.85% of our loan book as compared to other SFBs as of Fiscal 2023;

HH. Our cost of funds stood at 5.79% and 5.11% for the six months ended September 30, 2023 and Fiscal ended March 31, 2023 respectively. Further, our proportion of retail deposits at 93.59% is the highest vis a vis other SFBs as well as to that of all leading private sector banks as at September 30, 2023. It depicts the strength of our retail franchise based on customer connect, enabling us to raise deposits at lowest rates amongst comparable SFBs;

II. Our CASA deposits per branch stood at ₹ 152.80 million and retail deposits per branch stood at ₹ 366.78 million as of H1 Fiscal 2024 both of which stood second amongst comparable SFBs;

JJ. Our retail deposits per employee stood at ₹ 34.52 million and total business per employee stood at ₹ 70.00 million which was highest among the SFBs for H1 of Fiscal 2024;

KK. 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;

LL. The share of SFBs in deposits as well as credit has seen a steady rise over the years and is expected to reach 1.5% and 1.6% respectively by Fiscal 2025 from the current 0.9% and 1.4% in deposits and credits in Fiscal 2023, with adequate capital buffers and liquidity, banks are well placed to support the credit growth;

MM. 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 121.02% as of H1 Fiscal 2024which is highest among the SFBs;

NN. As of Fiscal 2023, our opex ratio as a percentage of average assets and as a percentage of advances was 2.95% and 4.45% respectively with our cost to income ratio being 62.35%. Further, our RoE and return on average assets for the H1 Fiscal 2024stood at 16.45% and 1.33% respectively;

OO. We were India's largest local area bank prior to our conversion into a small finance bank; and

PP. We have the highest branch concentration towards rural and semi-urban areas amongst comparable SFBs as of period ended September 30, 2023 depicting that we have a well defined niche catering to middle income group segment with special emphasis on rural and semi-urban areas.

^^*For details and analysis of other parameters including Yield on advances, Gross spread, NIMs, Cost to income ratio, operating expense (opex) ratios, credit costs, RoA (ratios of profit after tax to average total assets), RoE (ratio of profit after tax to average net worth), per branch comparison, per employee comparison, product mix, please refer to the heading titled "Peer benchmarking" in the section titled "Industry Overview" on page 174.*

For details of the positioning of our Bank in the industry, see "*Industry Overview*" on page 174.

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

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, 1949 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, 1949 read with the gazette notification DOR.HOL.No.95/16.13.100/2022-23dated January 16, 2023, there is a limit of 26% on voting rights in respect of private sector banks. Pursuant to amendments to the Banking Regulation Act, 1949 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, 1949 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 Master Direction – RBI (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023, 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, 1949 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, 1949. 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

The RBI Act, 1934 provides a framework for supervision of banking firms in India. The RBI Act, 1934 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, 1934. 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, 1934 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, 2013 and licensed under Section 22 of the Banking Regulation Act, 1949. 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, 1949, RBI Act, 1934, FEMA, 1999, 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, 1934. 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. Pursuant to RBI circular bearing reference no. RBI/2022-23/104 DOR.LIC.REC.60/16.13.218/2022-23 dated August 8, 2022, all scheduled SFBs, after completion of at least two years of operations as Authorised Dealer Category-II, are eligible for obtaining Authorised Dealer Category-I license, subject to compliance with the eligibility norms for an SFB such as 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 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, 1949 read with the gazette notification DBR. DOR.HOL.No.95/16.13.100/2022-23 dated January 16, 2023, 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 Banks 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 October 20, 2022 ("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), and S.O. 2119 (E) dated June 26, 2020 read with circulars & 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 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, updated as on February 20, 2023, 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, 1949. Pursuant to the Master Direction on Financial Statements - Presentation and Disclosures updated as on February 20, 2023, 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 November 12, 2021 ("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 January 4, 2024 ("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 April 1, 2023 ("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 April 1, 2022, 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.

"Master Circular – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances" dated October 1, 2021, RBI has introduced an objective criterion for classification of assets of banks based on the period of non-performance, availability and realisable value of the security.

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.

RBI (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 dated January 16, 2023

In order to ensure that the ultimate ownership and control of banking companies are well diversified and the major shareholders of banking companies are consistently "fit and proper", the RBI issued the RBI (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023. All banking organizations functioning in India, including Local Area Banks ("**LABs**"), Small Finance Banks ("**SFBs**"), and Payments Banks ("**PBs**"), would be subject to these directions. By laying down precise guidelines for the purchase and possession of shares or voting rights in banking organizations, the directions seek to ensure the safety and soundness of the Indian banking industry. Earlier, the RBI had issued master directions for ownership in private sector banks in May 2016 titled 'Reserve Bank of India's Master Direction – Ownership in Private Sector Banks, Directions, 2016' dated May 12, 2016. The RBI had also issued master directions for issue and pricing of shares by private sector banks on April 21, 2016 titled Reserve Bank of India's Master Direction – Issue and Pricing of shares by Private Sector Banks, Directions, 2016 dated April 21, 2016. These directions consolidate and repeal the preceding two master directions.

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, 2013 and licensed under the Banking Regulation Act, 1949. The minimum net worth of such small finance banks shall be ₹ 1,000 million from the date of commencement of business.

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 08, 2023 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, 1949. 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, 1949. 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.. 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. Under the guidelines, Commercial Banks and UCBs are 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

The SARFAESI Act, 2002 governs securitization of financial assets in India. The SARFAESI Act, 2002 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, 2002 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, 2002 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 Reserve Bank - Integrated Ombudsman Scheme, 2021 ("Ombudsman Scheme")

The RBI introduced the ombudsman as a one point resolution mechanism to ensure quick settlement of customer complaints against regulated entities, integrating its three erstwhile ombudsman schemes viz. (i) the Banking Ombudsman Scheme, 2006, (ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018, and (iii) the Ombudsman Scheme for Digital Transactions, 2019, into one Scheme. In case of regulated entities, where the majority of complaints are settled at the entity level, the internal ombudsman was already established. Typically, customer complaints are only referred to the integrated ombudsman when regulated entities have not satisfactorily resolved them.

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, 1999 for overseas remittances.

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 Master Direction on Financial Statements - Presentation and Disclosures dated August 30, 2021, updated as on February 20, 2023 ("Directions")

The Presentation and Disclosure Directions contain guidelines, instructions and directives on presentations and disclosures to enable banks to have the instructions on presentation and disclosure in financial statements at a centralised place. The directions specify the format of the balance sheet and profit and loss account, notes and instructions for compilation and mandatory disclosures in financial statements to supplement other regulatory disclosures. All commercial banks are mandated to segregate the credit entries outstanding for more than five years in the inter-branch account and transfer them to a separate blocked account. The directions also provide for the treatment of accounts, reserve funds, unreconciled balances, and other outstanding entries. Guidelines on specific issues with respect to accounting standards have been laid down *inter alia* with respect to revenue recognition, change in foreign exchange rates, related party disclosures and segment reporting. All commercial 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.

The Digital Personal Data Protection Act, 2023

The DPDP Act, 2023 received the assent of the President on August 11, 2023. The DPDP Act, 2023 has replaced the existing data protection provision, as contained in Section 43A of the IT Act. The DPDP Act, 2023 provides for the rights of individuals to protect their personal data with the need to process personal data for lawful and other incidental purposes. The DPDP Act, 2023 provides that personal data may be processed only for a lawful purpose after obtaining the consent of the individual. A notice must be given before seeking consent. It further imposes certain obligations on data fiduciaries including to (i) ensure the accuracy, consistency and completeness of data, (ii) build reasonable security safeguards to prevent personal data breach, (iii) inform he Data Protection Board of India (the "**DPB**") and affected persons in the event of a personal data breach, and (iv) erase personal data as soon as the data principal has withdrawn her consent or as soon as its reasonable to assume that the purpose has been met and retention is not necessary for legal purposes (storage limitation), whichever is earlier. In case of government entities, storage limitation and the right of the data principal to erasure will not apply. The Central Government will establish the DPB. Key functions of the DPB, inter alia, include: (i) on receipt of an intimation of personal data breach, to direct any urgent remedial or mitigation measures in the event of a personal data breach, and to inquire into such personal data breach and impose penalty; (ii) on a complaint received in respect of a personal data breach or a breach in observance by a data fiduciary of its obligations in relation to her personal data or the exercise of her rights, or on a reference made to it by the central government or a state government, or in compliance of the directions of any court, to inquire into such breach and impose penalty, and (iii) the DPB may, on a representation made to it by a person affected by a direction, or on a reference made by the Central Government, modify, suspend, withdraw or cancel such direction and, while doing so, impose such conditions as it may deem fit. The DPB members will be appointed for two years and will be eligible for re-appointment. The Central Government will prescribe details such as the number of members of the DPB and the selection process.

FOREIGN INVESTMENT LAWS

The foreign investment in our Bank is governed by, *inter alia*, the FEMA, 1999 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, 1949 and the RBI Act, 1934. 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, 1949 read with the gazette notification DOR.HOL.No.95/16.13.100/2022-23 dated January 16, 2023, 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, 2013, SEBI Act, 1992, SCRA, 1956 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, updated as of May 4, 2023;
- Master Circular on Customer Service in Banks (2015);
- Master Direction - Reserve Bank of India (Interest Rate on Advances) Directions, 2016, updated as of June 10, 2021;
- Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016, updated as of September 16, 2022;
- 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 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;

*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."* *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*

Date of Shareholders' resolution/ Effective date	Particulars
	("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*
	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:

Date of Shareholders' resolution/ Effective date	Particulars
	"*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
2023	Net profit of our Bank crossed ₹ 935.96 million registering a growth of 50% over the previous Financial Year; Total business of our Bank crossed ₹ 120,000 million
2022	Share of digital transactions in non-cash transactions increased to 71%
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 ₹ 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 ₹ 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 ₹ 10,000 million
1999	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
2023	India's Best Workplaces 2023 by Great Place to Work® Institute India
2022	Certificate of appreciation under GST from the Central Board of Indirect Taxes and Customs
2022	The Economic Times Awards for Corporate Excellence 2022
2022	Promising Brands of 2022 in the 5th edition of The Economic Times Promising Brands 2022
2022	Great Workplace as per the assessment by Great Place to Work® Institute India
2022	2021-22 Annual Report recognised with Platinum Winner Worldwide, Regional Winner No.1 Asia Pacific Region, Top 10 Reports India and Top 100 Reports Worldwide by LACP under Vision Awards Summer 2022
2021	Certificate of appreciation under GST
2021	2020-21 Annual Report recognised with Platinum Award in 2020-21 Vision Awards LACP for excellence within the industry on development of the organisation's annual report.
2021	Certificate of Appreciation by Ministry of Finance, Government of India India's Best Workplaces in BFSI 2021 by Great Place to Work® Institute India
2020	India's Best Workplaces in BFSI 2020 by Great Place to Work® Institute India
2019	India's Best Workplaces in BFSI 2019 by Great Place to Work® Institute India
2018	India's Best Workplaces in BFSI 2018 by Great Place to Work® Institute India India's Best Companies to Work For 2018 by Great Place to Work® Institute India
2017	India's Best Companies to Work For 2017 by Great Place to Work® Institute India Special Award for being the first small finance bank in the country to go live on all NPCI products from NPCI India's Best Companies to Work For 2016 by Great Place to Work® Institute India
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, restructuring 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 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 203.

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 Prospectus, our Bank has no holding company.

Our Subsidiaries

As of the date of this Prospectus, our Bank has no subsidiaries.

Joint Venture

As of the date of this Prospectus, our Bank has no joint ventures.

Shareholders' agreements and other agreements

Securities Subscription Agreement dated May 2, 2023 entered into by and among our Bank, Max Life Insurance Company Limited, Promoters and Santokh Singh Chokkar ("Max Life SSA")

On May 2, 2023, our Bank entered into the SSA with Max Life Insurance Company Limited ("**Max Life**"), the Promoters and Santokh Singh Chokkar, for subscription by Max Life to 1,057,700 Equity Shares ("**Subscription Shares**") issued and allotted on June 17, 2023, by the Bank, at a price of ₹ 468.00 per Subscription Share, as determined in accordance with applicable law, for an aggregate subscription amount of ₹ 495.00 million. The proceeds received by the Bank in lieu of allotment of the Subscription Shares shall be used by the Bank, solely towards the growth and expansion of the business, and any other purpose as mutually agreed in writing between the parties to the SSA. Our Bank has obtained the necessary waivers from Max Life pursuant to a consent cum waiver letter dated September 27, 2023 issued by Max Life to the Bank, pursuant to which Max Life had waived certain rights available to it under the Max Life SSA such as information rights, pre-emption and anti-dilution rights, until the earlier of (i) 12 months from the date of receipt of final observations of SEBI by the Bank prior to filing of the red herring prospectus with the Registrar of Companies, Punjab and Chandigarh at Chandigarh in connection with the Offer or December 31, 2024, whichever is earlier), or (ii) the date on which our Board of Directors (including any committee thereof) decides not to undertake the IPO in a duly convened meeting. Subsequently, pursuant to letter dated January 15, 2024 issued by the Bank to Max Life and confirmed by Max Life, Max Life has noted that the all their rights pursuant to SHA (as defined below) was automatically terminated from the date of filing the Red Herring Prospectus.

Key terms of subsisting shareholders' agreements

Shareholders' agreement dated November 7, 2019, as amended by the amendment agreement dated July 28, 2023 ("Original SHA"), the waiver cum amendment agreement dated September 27, 2023 ("WCA") and the first amendment dated January 15, 2024, to the WCA (together with the WCA, "the SHA Amendment Agreements") each executed among our Bank, PI Ventures, SIDBI, Amicus, OIJIF II, Sarvjit Singh Samra, Amarjit Singh Samra, Navneet Kaur Samra, Surinder Kaur Samra, Dinesh Gupta, Amarpreet Kaur, Shahbaz Singh Samra, Dinesh Gupta HUF and Santokh Singh Chhokar ("SHA Parties") (the Original SHA as amended by the SHA Amendment Agreements, the "SHA").

The Original SHA defines the mutual rights and obligations of the SHA Parties and certain rights available to Max Life, and sets 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 rights available to the Investors and certain obligations on our Bank and the promoters (as defined under the SHA) which include:

- 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 issuing any Issuance Shares (as defined in the SHA), except pursuant to the Offer and the Pre-IPO Placement, to any Shareholder / third party investor in terms of the SHA, on terms and conditions that are more favourable than those set out in the SHA;
- tag along rights;
- not at any time, directly or indirectly, compete, 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 Parties had entered into the WCA to waive and amend certain terms of the Original SHA to enable the initial public offer by the Bank. The WCA, among others, amended the indemnity to be provided to the Investors in terms of the Original SHA and the SHA Parties had mutually agreed for certain waivers and suspension of rights available to the Investors under the Original SHA to enable the proposed Offer by our Bank, including the waivers in relation to the right available to the Investors to nominate directors on certain committees of our Board, pre-emption and anti-dilution rights, rights in relation to further issuances by our Bank, availability of rights to affiliates of the Investors etc., in relation to the Offer and the information rights available to the Investors in terms of the Original SHA.

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 December 31, 2024, whichever is earlier) or; (ii) date on which the Board (including any committee thereof) of the Bank decides not to undertake the Offer in a duly convened meeting ("**Term**"). Provided that, in the event that (i) the Offer is not completed on or prior to the IPO Long Stop Date, or (ii) the Bank decides not to undertake the Offer, the Original SHA, as it stood just prior to the execution of the SHA Amendment Agreement, shall stand automatically reinstated without any further act or deed required by or from any party.

Further, the SHA Amendment Agreements provide that the Original SHA along with the SHA Amendment Agreements shall, from the date of filing of this Prospectus with the RoC, stand automatically terminated without any party being required to take any further action or furnish any notice. Accordingly, from the date of filing of this Prospectus with the RoC, there are no special rights available to our Shareholders under the SHA.

Except as disclosed above, there are no agreements, deed of assignments, acquisition agreements, shareholders agreements, inter-se agreements, agreements of like nature. Further, except as disclosed below, there are no inter-se agreements/ arrangements and clauses or covenants which are material and require disclosure. Furthermore, there are no inter-se agreements/arrangements and clauses or covenants in any agreement involving the Equity Shares which are adverse or prejudicial to the interest of the minority or public shareholders

Agreements with Key Managerial Personnel, Senior Management, Director, Promoters or any other employee

There are no agreements entered into by a Key Managerial Personnel, Senior Management 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.

Arrangement or understanding with major Shareholders

For details on inter-se arrangements and arrangements between our Shareholders, see "*Our Management - Arrangements and understanding with major Shareholders, customers, suppliers or others*" and "- *Key terms of subsisting shareholders' agreements*" on pages 267 and 248, respectively.

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 Prospectus, our Board comprises of 13 Directors including two Executive Directors, four Non-Executive Directors of which three are nominee directors, and seven Independent Directors. Our Board also comprises of one woman Independent Director.

The following table sets forth details regarding our Board of Directors as on the date of this Prospectus:

S. No.	Name, date of birth, designation, address, occupation, current term, period of directorship and DIN	Age (years)	Other directorships
1.	**Navin Kumar Maini** ***Designation:*** Independent Director and Part – Time Chairman(1) ***Address:*** C – 122, Third Floor, Defence Colony South Delhi – 110 024, India ***Occupation:*** Retired ***Date of birth:*** February 12, 1955 ***Period and term:*** Director since January 30, 2019. Appointed until January 29, 2024.* ***DIN:*** 00419921	68	• Subhlakshmi Finance Private 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, 2022 ***DIN:*** 00477444	59	NIL
3.	**Munish Jain** ***Designation:*** Executive Director and Chief Financial Officer ***Address:*** Ward No 31, House No. 21, Master Tara Singh Nagar, Jalandhar – 1, Jalandhar 144 001, Punjab, India ***Occupation:*** Service ***Date of birth:*** October 3, 1975 ***Period and term:*** Director since August 28, 2023. Appointment for a period of three years with effect from August 28, 2023 ***DIN:*** 10132430	48	NIL
4.	**Srinath Srinivasan** ***Designation:*** Non-Executive Director(2) ***Address:*** 2101, Two ICC (Island City Centre) G D Ambedkar Marg, Near MTNL Wadala, Dadar East, Mumbai City, Mumbai 400 014,	57	NIL

S. No.	Name, date of birth, designation, address, occupation, current term, period of directorship and DIN	Age (years)	Other directorships
	India ***Occupation:*** Service ***Date of birth:*** December 4, 1966 ***Period and term:*** Director since December 16, 2019, liable to retire by rotation. ***DIN:*** 00107184		
5.	**Mahesh Parasuraman** ***Designation:*** Non-Executive Director(3) ***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	48	• AAUM Investment Advisers Private Limited; • D2C Consulting Services Private Limited; • Sundaram Home Finance Limited; and • Wonderchef Home Appliances Private 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	59	• DSB Law Group Private Limited.
7.	**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 ***Period and term:*** Director since February 23, 2019. Appointed until February 22, 2024.* ***DIN:*** 01003380	60	• Pioneer Assurance Consultants Private Limited
8.	**Sham Singh Bains** ***Designation:*** Independent Director ***Address:*** Jagrawan, Jalandhar 144 301, Punjab, India ***Occupation:*** Agriculturist	64	NIL

S. No.	Name, date of birth, designation, address, occupation, current term, period of directorship and DIN	Age (years)	Other directorships
	***Date of birth**:* December 8, 1959 ***Period and term**:* Director since November 9, 2017. Re-appointed for a period of three years with effect from November 9, 2022 to November 8, 2025. ***DIN**:* 01537844		
9.	**Nageswara Rao Yalamanchili** ***Designation:*** Independent Director ***Address:*** Flat No. 12, Dharani Apartments, Near Sai Baba Temple, Shirdi Nagar, Vijayawada, Vijayawada (urban), Vj Polytechnic, Krishna 520 008, Andhra Pradesh, India ***Occupation:*** Service (Retired) ***Date of Birth:*** July 12, 1961 ***Period of Terms:*** Director since June 29, 2022. Appointed for a period of five years with effect from June 29, 2022 to June 28, 2027 ***DIN:*** 06651230	62	• 125 Outreach Private Limited; • IMFAST Finfotech Private Limited; and • Ramaiah Capital Private Limited.
10.	**Balbir Singh** ***Designation:*** Non-Executive Director(4) ***Address:*** Village Gadauri, Mohal (35/84), Kullu 175 126, Himachal Pradesh, India ***Occupation:*** Professional ***Date of Birth:*** March 12, 1969 ***Period and Term:*** Director since March 9, 2022, liable to retire by rotation ***DIN:*** 02284941	54	• Nitcon Limited; and • Himachal Consultancy Organisation Limited
11.	**Rachna Dikshit** ***Designation:*** Independent Director ***Address:*** E - 3, Greenwood City, Sector- 46, Kanahi (73), Gurgaon 122 003, Haryana, India ***Occupation:*** Retired ***Date of Birth:*** October 22, 1959 ***Period of Terms:*** Director since June 26, 2023. Appointed for a period of five years with effect from June 26, 2023 to June 25, 2028 ***DIN:*** 08759332	64	• India Shelter Finance Corporation Limited; • Arthimpact Digital Loans Private Limited. • India SME Asset Reconstruction Company Limited; and • Miracle Foundation India.
12.	**Kamaldeep Singh Sangha** ***Designation:*** Independent Director ***Address:*** House–No. - 50 B, Rajguru Nagar, Ludhiana 141 012, Punjab, India ***Occupation:*** Retired ***Date of Birth:*** May 4, 1959	64	NIL

S. No.	Name, date of birth, designation, address, occupation, current term, period of directorship and DIN	Age (years)	Other directorships
	Period of Terms: Director since June 26, 2023. Appointed for a period of five years with effect from June 26, 2023 to June 25, 2028 ***DIN:*** 08242130		
13.	**Sukhen Pal Babuta** ***Designation:*** Independent Director ***Address:*** House no. 240, Sector -21-A, Chandigarh – 160 022, India ***Occupation:*** Practising Chartered Accountant ***Date of Birth:*** October 11, 1963 ***Period of Terms:*** Director since August 11, 2023. Appointed for a period of five years with effect from August 11, 2023 to August 10, 2028 ***DIN:*** 01739016	60	• Neo Ascot Health Services Private Limited.

**Pursuant to the shareholders' resolution dated September 25, 2023:*
(i) Navin Kumar Maini has been reappointed for a term of three years with effect from January 30, 2024, to January 29, 2027; and
(ii) Gurpreet Singh Chug has been reappointed for a term of three years with effect from February 23, 2024, to February 22, 2027.

(1) Pursuant to the resolution dated December 7, 2021 passed by the Nomination and Remuneration Committee, resolution dated December 9, 2021 passed by the Board of Directors and RBI approval dated April 21, 2022, Navin Kumar Maini was appointed as the Part-time Chairman of the Bank for a period of three years with effect from April 24, 2022.
(2) Nominee of Oman India Joint Investment Fund II.
(3) Nominee of Amicus Capital Private Equity I LLP and Amicus Capital Partners India Fund I.
(4) Nominee of SIDBI.

Brief Biographies of Directors

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 36 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 over 20 years, including 13 years in the erstwhile Capital Local Area Bank.

Munish Jain is the Executive Director and Chief Financial Officer 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 23 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 in 2014. Presently, he is the Chief Financial Officer and was appointed as the Executive Director of our Bank with effect from August 28, 2023.

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, Manila, Philippines. 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, KPMG 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 Bangalore University, is an associate member of the Institute of Chartered Accountants of India and a member of The Institute of Cost 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, Plurality Partners LLP, Pluralequity Partners LLP, Amicus Capital Private Equity I LLP and Amicus Capital Private Equity II LLP. He is a nominee director on the board of D2C Consulting Services Private Limited and nominee director on the board of Wonderchef Home Appliances Private Limited and an independent director on the board of Sundaram Home Finance Limited. He has over 25 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.

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. He is a Practicing Company Secretary and currently Managing Partner of M/s Dinesh Gupta & Co., Company Secretaries. He has over 35 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 and was involved in the formation of the Capital Local Area Bank Limited (the erstwhile name of our Bank). He is a partner at Dinesh Gupta & Co., Company Secretaries.

Navin Kumar Maini is an Independent Director and Part-time Chairman 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 been associated with Industrial Development Bank of India and United Commercial Bank and have 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, NSE Clearing Limited, Bhartiya Samruddhi Finance Limited and Acuite Ratings & Research Limited. He currently serves on the board of directors of Subhlakshmi Finance Private 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 Private 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.

Nageswara Rao Yalamanchili is an Independent Director of our Bank. He holds a bachelor's degree in commerce from the Nagarjuna University. He is also a certified associate of the Indian Institute of Bankers. Prior to joining our Bank, he has held the positions of general manager and executive director in the Vijaya Bank. He was also the officer on special duty and whole time director at Syndicate Bank. and also served as an executive director at Bank of Maharashtra.

Balbir Singh is a Non-Executive Director of our Bank and a nominee of SIDBI on our Board. He holds a master's degree in business administration from the Himachal Pradesh University. He is currently the general manager and regional incharge of the Chandigarh regional office in SIDBI.

Rachna Dikshit is an Independent Director of our Bank. She holds a bachelor's degree in arts from the Lucknow University and master's degree in arts from the University of Allahabad. She is also a certified associate of the Indian Institute of Bankers. She was previously the chief general manager at Reserve Bank of India.

Kamaldeep Singh Sangha is an Independent Director of our Bank. He holds both bachelor's and master's degree in arts from the Punjabi University, Patiala. He also served as the managing director of Punjab State Cooperative Bank, deputy commissioner of Amritsar and Fatehgarh Sahib, secretary to Punjab State Agricultural Marketing Board and in addition secretary to Punjab State Rural Development Board. He has previously served as the managing director of MILKFED, the Punjab State Cooperative Milk Producers' Federation Limited after retiring from the Indian Administrative Service.

Sukhen Pal Babuta is an Independent Director of our Bank. He holds a bachelor's degree in science from the Punjab University. He is a certified associate of the Institute of Chartered Accountants of India since 1987 and an insolvency professional registered with the Insolvency and Bankruptcy Board of India. He has previously served as a director on the board of directors of Punjab & Sind Bank.

Relationship between our Directors

None of our Directors are related to each other or to any of the Key Managerial Personnel or Senior Management.

Confirmations

None of our Directors is or was a director of any listed company during the last five years preceding the date of this 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

Remuneration paid to our Executive Directors:

Sarvjit Singh Samra

Pursuant to the Board resolution passed on November 12, 2021, RBI approval dated April 4, 2022, and Shareholder resolution dated March 31, 2022, Sarvjit Singh Samra was re-appointed as the Managing Director and CEO of our Bank for a period of three years with effect from April 24, 2022.

Pursuant to the Board resolution dated May 19, 2023, RBI approval dated March 9, 2023, and Shareholder resolution dated August 11, 2023, the fixed pay for our Managing Director and CEO was revised to ₹ 12.10 million per annum, including perquisites for Fiscal 2023. He is also entitled to variable pay of ₹ 4.60 million with upfront payment of ₹ 1.84 million and deferred payment of ₹ 2.76 million. However, the variable pay is subject to approval from the RBI.

Thereafter, pursuant to the Board resolution dated May 19, 2023 and Shareholder resolution dated August 11, 2023 and subject to approval from the RBI, the details of remuneration governing his re-appointment was revised for Fiscal 2024:

Particulars	Remuneration per annum
Fixed Pay (including Perquisites)	
Salary	₹ 9,000,000.00
Retiral/Superannuation benefits	
Provident Fund	₹ 720,000.00[(1)]
Gratuity	₹ 432,692.00[(2)]
Other fixed allowances, if any	
Special allowance	₹ 247,308.00
Perquisites	
• Free Furnished House and its maintenance/ house rent allowance	₹ 3,600,000.00[(3)]
Total Fixed pay (including perquisites)	**₹ 14,000,000.00**
Variable Pay[(4)]	
Total cash component[(5)]	₹ 7,000,000.00
Non-cash component	-
Total monetary value of variable pay	₹ 7,000,000.00

(1) *12% of basic salary with upper cap of ₹ 60,000.00 per month*
(2) *₹ 15 days for each completed year of service, however the same is not subject to any upper limit*
(3) *40% of the basic pay*
(4) *The variable pay is subject to performance review, the compensation policy of the Bank and guidelines or instructions issued by the RBI from time to time*
(5) *Upfront payment and deferred payment is 40% and 60% of the total cash component, respectively.*

Our Managing Director and CEO was paid a total remuneration of ₹ 17.13* million during Fiscal 2023.

**Remuneration paid shown above includes basic salary, allowances, performance bonus and taxable value of perquisites, if availed, computed as per income tax rules but excludes gratuity, provident fund settlement, perquisites on ESOPs and superannuation benefits.*

Munish Jain

Pursuant to the Board resolution passed on August 29, 2023, RBI approval dated August 28, 2023 and Shareholder's resolution dated September 25, 2023, Munish Jain has been appointed as the Executive Director of our Bank for a period of three years with effect from August 28, 2023 at an annual fixed pay of ₹ 13.52 million per annum, including perquisites

with effect from August 28, 2023.

Particulars	Remuneration per annum
Fixed Pay (including Perquisites)	
Salary	₹ 7,875,000.00
Retiral/Superannuation benefits	
Provident Fund	₹ 720,000.00
Gratuity	₹ 378,606.00
Other fixed allowances, if any	
Professional allowance	₹ 360,000.00
Perquisites	
• Free Furnished House and its maintenance/ house rent allowance	₹ 4,185,000.00
Total Fixed pay (including perquisites)	**₹ 13,518,606.00**
Variable Pay*	**-**

** Upto 150% of the annual fixed pay, subject to approval of the Board and the RBI as part of annual review. Further, the variable pay shall be paid in terms of the compensation policy of the Bank and the RBI guidelines and shall also be subject to deferral and malus/clawback clauses in terms of the compensation policy of the Bank and RBI guidelines.*

Further, Munish Jain received a total remuneration of ₹ 16.76* million during Fiscal 2023 in his capacity as the Key Managerial Personnel of our Bank.

**Remuneration paid shown above includes basic salary, allowances, performance bonus and taxable value of perquisites, if availed, computed as per income tax rules but excludes gratuity, provident fund settlement, perquisites on ESOPs and superannuation benefits.*

- **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 2023 are as follows:

S. No.	Name of Director	Sitting fees paid (in ₹ million)	Commission (in ₹ million)	Remuneration* (in ₹ million)
1.	Navin Kumar Maini	0.22	Nil	1.14
2.	Gurpreet Singh Chug	0.45	Nil	0.40
3.	Sham Singh Bains	0.40	Nil	0.40
4.	Nageswara Rao Yalamanchili	0.16	Nil	0.68
5.	Rachna Dikshit[#]	Nil	Nil	Nil
6.	Kamaldeep Singh Sangha[#]	Nil	Nil	Nil
7.	Sukhen Pal Babuta[#]	Nil	Nil	Nil

Note: Pursuant to the resolutions passed at a meeting of our Shareholders and our Nomination and Remuneration Committee held on October 22, 2021 and April 29, 2022, respectively, other than our Part-time Chairman, Nageswara Rao Yalamanchili, Rachna Dikshit, Kamaldeep Singh Sangha and Sukhen Pal Babuta, each of our Independent Directors are entitled to a remuneration of ₹ 400,000 per annum in addition to the sitting fees and reimbursement of expenses payable to our Directors for attending the Board or committee meetings. Further, our Part-time Chairman is entitled to a remuneration ₹ 100,000.00 per month in addition to the payment of sitting fees and reimbursement of expenses incurred for attending the meetings of the Board or committee meetings and Nageswara Rao Yalamanchili, Rachna Dikshit, Kamaldeep Singh Sangha and Sukhen Pal Babuta are each entitled to ₹ 75,000 per month as remuneration, in addition to the payment of sitting fees and reimbursement of expenses incurred for attending the meetings of the Board and committee meetings as per the terms of their appointment.

[#]*Appointed in Fiscal 2024.*

- **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 2023 are as follows:

S. No.	Name of Director	Sitting fees paid (in ₹ million)	Commission (in ₹ million)	Remuneration (in ₹ million)
1.	Srinath Srinivasan*	0.21	Nil	Nil
2.	Mahesh Parasuraman	Nil	Nil	Nil
3.	Dinesh Gupta	0.42	Nil	2.00

S. No.	Name of Director	Sitting fees paid (in ₹ million)	Commission (in ₹ million)	Remuneration (in ₹ million)
4.	Balbir Singh[#]	0.06	Nil	Nil

**Paid to Oman India Joint Investment Fund II.*
 # Paid to SIDBI.

Except for Srinath Srinivasan, Mahesh Parasuraman and Balbir Singh, 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	11.78
2.	Munish Jain	210,801	0.60
3.	Dinesh Gupta (jointly with Deepali Gupta)	295,920	0.84
4.	Gurpreet Singh Chug	31,700*	0.09
Total		**4,713,040**	**13.31**

**Out of 31,700 Equity Shares, Gurpreet Singh Chug and Gurveen Kaur jointly hold 27,300 Equity Shares*

Further, for details of the ESOPs held by our Directors as on the date of this Prospectus, see "*Capital Structure – Employee stock option schemes*" beginning on page 136.

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, Key Managerial Personnel and Senior Management have interests in us other than reimbursement of expenses incurred and normal remuneration or benefits.*" on page 66.

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.

Except ₹ 4.79 million and ₹ 4.54 million paid to Sarvjit Singh Samra, our Managing Director and Chief Executive Officer, for Fiscal 2023 and Fiscal 2022, respectively, as rent for our head office and one of our branches, which are owned by Sarvjit Singh Samra, Amarjit Singh Samra, Surinder Kaur Samra, Navneet Kaur Samra ("**Promoters**"), Amardeep Singh Samra and Gagan Samra, no amount or benefit has been paid or given, in the two years preceding the date of this Prospectus or is intended to be paid or given to any of our Bank's Directors except 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
Munish Jain	August 28, 2023	Appointment
Harmesh Khanna	August 21, 2023	Cessation due to retirement
Rakesh Soni	August 21, 2023	Cessation due to retirement
Sukhen Pal Babuta	August 11, 2023	Appointment
Rachna Dikshit	June 26, 2023	Appointment
Kamaldeep Singh Sangha	June 26, 2023	Appointment
Gurdeep Singh	June 13, 2023	Cessation due to resignation tendered on personal grounds
Nageswara Rao Yalamanchili	June 29, 2022	Appointment
Navin Kumar Maini	April 24, 2022	Appointment as Part-time Chairman
Madan Gopal Sharma	April 23, 2022	Cessation due to retirement
Balbir Singh	March 9, 2022	Appointment
Rahul Priyadarshi	January 12, 2022	Cessation due to withdrawal of nomination by appointing authority
Mohit Verma	September 16, 2021	Cessation due to resignation tendered on personal grounds

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, 2015 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, 2015, the Companies Act, 2013 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, 2013, the Listing Regulations, 2015, 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, 1949, SFB Licensing Guidelines and conditions stipulated by the RBI Final Approval and RBI In-Principle Approval. Further, pursuant to a letter dated April 4, 2022, 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, 2022. Pursuant to a letter dated April 21, 2022, the RBI has approved the appointment of Navin Kumar Maini as the Part-time Chairman of our Bank, for a period of three years with effect from April 24, 2022.

Committees of the Board

Audit Committee

The members of the Audit Committee are:

1. Gurpreet Singh Chug, Independent Director (Chairperson);

2. Dinesh Gupta, Non-Executive Director;

3. Sham Singh Bains, Independent Director;

4. Kamaldeep Singh Sangha, Independent Director ; and

5. Sukhen Pal Babuta; Independent Director.

The Audit Committee was last reconstituted on August 11, 2023. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013, the Listing Regulations, 2015 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:

    1. To investigate any activity within its terms of reference;

    2. To seek information from any employee of our Bank;

    3. To obtain outside legal or other professional advice;

    4. To secure attendance of outsiders with relevant expertise, if it considers necessary; and

    5. Such powers as may be prescribed under the Companies Act, 2013 (together with the rules thereunder) and SEBI Listing Regulations, 2015;

2. Oversight of our Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement are correct, sufficient and credible;

3. Recommendation for appointment, replacement, reappointment, remuneration and terms of appointment of 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:

    (a) 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;

    (b) Changes, if any, in accounting policies and practices and reasons for the same;

    (c) Major accounting entries involving estimates based on the exercise of judgment by management;

    (d) Significant adjustments made in the financial statements arising out of audit findings;

    (e) Compliance with listing and other legal requirements relating to financial statements;

    (f) Disclosure of any related party transactions; and

    (g) Qualifications and modified opinion(s) in the draft audit report.

6. Reviewing, with the management, the quarterly, half-yearly and annual 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, qualified institutions placement etc.), the statement of funds utilized for purposes other than those stated in the issue document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of the public or a rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the initial public offer by the Bank;

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. Establishing a vigil mechanism for directors and employees to report their genuine concerns and grievances;

16. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

17. 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;

18. Discussion with internal auditors of any significant findings and follow up there on;

19. 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;

20. 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;

21. Looking 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 formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time;

23. 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;

24. To review the functioning of the whistle blower mechanism;

25. Approval of appointment of chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;

26. Carrying out any other function as may be required/ mandated as per the provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or any other applicable laws;

27. 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, existing as per applicable law;

28. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on our Bank and its shareholders;

The audit committee shall mandatorily review the following information:

a. management discussion and analysis of financial condition and results of operations;

b. management letters / letters of internal control weaknesses issued by the statutory auditors;

c. internal audit reports relating to internal control weaknesses;

d. the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the audit committee;

e. Examination of the financial statements and the auditors' report thereon;

f. Statement of deviations as and when becomes applicable:

i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).

ii. annual statement of funds utilized for purposes other than those stated in the offer

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

(i) Kamaldeep Singh Sanga, Independent Director (Chairperson)

(ii) Gurpreet Singh Chug, Independent Director

(iii) Sham Singh Bains, Independent Director; and

(iv) Dinesh Gupta, Non-Executive Director.

The Nomination and Remuneration Committee was last reconstituted on August 11, 2023. 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, 2015. 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;

   The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

   (i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Bank successfully;

   (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

   (iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Bank and its goals;

2. Formulating of criteria for evaluation of the performance of the independent directors and the Board;

3. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

   i. use the services of an external agency, if required;

   ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and

   iii. consider the time commitments of the candidates.

4. Devising a policy on Board diversity;

5. 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, and carrying out evaluations of every director's performance;

6. 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;

7. Analysing monitoring and reviewing various human resource and compensation matters;

8. Determining the Bank's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

9. Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

10. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market

in accordance with applicable laws; ;

11. 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) Regulations, 2014, as amended;

12. Carrying out any other function as may be required/ mandated by the Board from time to time and/ or mandated as per the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013, the listing agreements to be entered into between the Bank and the respective stock exchanges on which the equity shares of the Bank are proposed to be listed and/or any other applicable laws; and

13. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

    1. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or

    2. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended;

14. Performing such other activities as may be delegated by the Board and/or specified/provided under the Companies Act, 2013, the Listing Regulations, 2015 or by any other regulatory authority: and

15. Recommend to the Board, all remuneration, in whatever form, payable to senior management

16. Performing such other functions as may be necessary or appropriate for the performance of its duties.

Risk Management Committee

The members of the Risk Management Committee are:

(i) Rachna Dikshit, Independent Director (Chairperson)

(ii) Nageswara Rao Yalamanchili, Independent Director;

(iii) Kamaldeep Singh Sangha, Independent Director;

(iv) Dinesh Gupta, Non-Executive Director; and

(v) Gurpreet Singh Chug, Independent Director.

The Risk Management Committee was reconstituted by our Board at their meeting held on August 11, 2023. 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. To formulate a detailed risk management policy which shall include:

    1. 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.

    2. Measures for risk mitigation including systems and processes for internal control of identified risks.

    3. Business continuity plan;

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Bank ;

3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

4. Laying down risk assessment and minimization procedures and the procedures to inform Board of the same;

5. Framing implementing, reviewing and monitoring the risk management plan for the Bank as it may deem fit and such function shall specifically cover cyber security;

6. To periodically review the risk management policy, at least once in two years, including by considering the

changing industry dynamics and evolving complexity;

7. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;

8. Performing such other activities as may be delegated by the Board and/ or are statutorily prescribed under any law to be attended to by the Risk Management Committee;

9. The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board; and

10. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

(a) Dinesh Gupta, Non-Executive Director (Chairperson);

(b) Navin Kumar Maini, Independent Director;

(c) Sham Singh Bains, Independent Director; and

(d) Nageswara Rao Yalamanchili, Independent Director.

The Stakeholders' Relationship Committee was last reconstituted by the Board at their meeting held on June 26, 2023 and the terms of reference were revised by the Board at their meeting held on August 11, 2023. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations, 2015. 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.

3. 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;

4. Review of the various measures and initiatives taken by the 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;

5. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;

6. Ensure proper and timely attendance and redressal of investor queries and grievances;

7. 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

8. 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. Sham Singh Bains, Independent Director (Chairperson)

2. Sarvjit Singh Samra, Managing Director;

3. Gurpreet Singh Chug, Independent Director;

4. Nageswara Rao Yalamanchili, Independent Director; and

5. Sukhen Pal Babuta, Independent Director

The Corporate Social Responsibility Committee was last reconstituted by the Board at their meeting held on August 11, 2023. 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. Instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Bank;

3. To recommend the amount of expenditure to be incurred on the CSR activities, amount to be at least 2% of the average net profit of the Bank in the three immediately preceding financial years or where the Bank has not completed the period of three financial years since its incorporation, during such immediately preceding financial years;;

4. To monitor the CSR Policy and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes by the Bank from time to time;

5. Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;

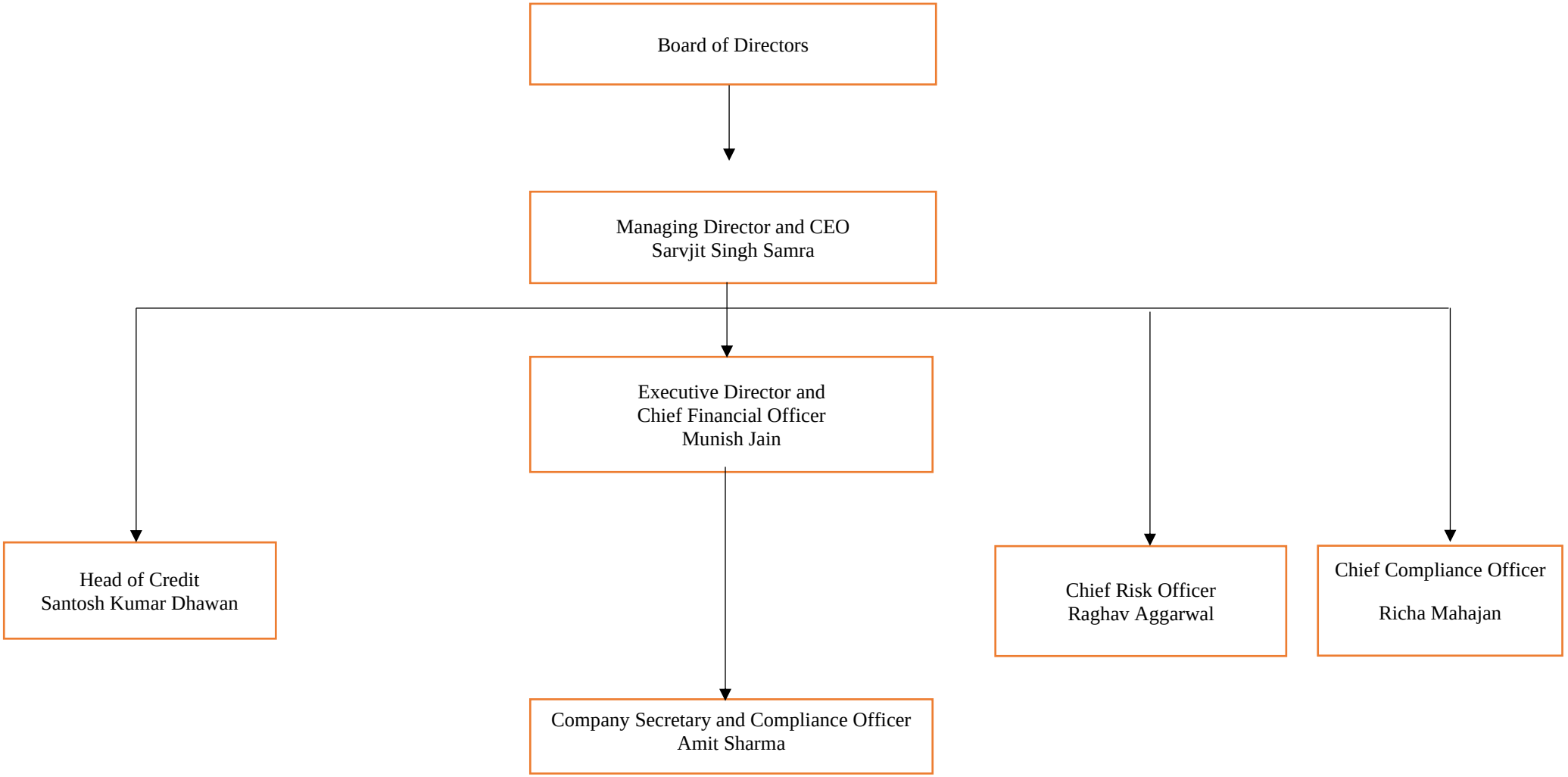
6. Identifying and appointing the corporate social responsibility team of the Bank including corporate social responsibility manager, wherever required;

7. To perform such other functions or responsibilities and exercise such other powers as may be conferred upon the CSR 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, the special committee on frauds and other committees, 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 and Munish Jain, who is our Executive Director and Chief Financial Officer, are as follows:

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. Further, he attended a bachelor's degree course in law from Maharaja Ganga Singh University, Bikaner, Rajasthan. He has significant experience in information technology, compliance and corporate secretarial responsibilities. 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 2023, he received a remuneration of ₹ 1.28* million from our Bank.

Senior Management

The details of the Senior Management of our Bank, in addition to Amit Sharma, who is Company Secretary and Compliance Officer, are as follows:

Santosh Kumar Dhawan is the Head of Credit 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 since 2017. During Fiscal 2023, he received a remuneration of ₹ 3.18* 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. Further, he has passed the CAIIB risk management course from the Indian Institute of Banking & Finance 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 2023, he received a remuneration of ₹ 2.49* 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. She has passed the information systems audit assessment test conducted by the Instituted 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 2023, she received a remuneration of ₹ 2.14* million from our Bank.

**Remuneration paid shown above includes basic salary, allowances, performance bonus and taxable value of perquisites, if availed, computed as per income tax rules but excludes gratuity, provident fund settlement, perquisites on ESOPs and superannuation benefits.*

Relationship between our Key Managerial Personnel and Senior Management

None of the Key Managerial Personnel and Senior Management are either related to each other or to our Directors.

Shareholding of Key Managerial Personnel and Senior Management

Set forth below is the shareholding of our Key Managerial Personnel and Senior Management as on the date of this Prospectus:

S. No.	Name of the Key Managerial Personnel and Senior Management	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)
1.	Sarvjit Singh Samra	4,174,619	11.78
2.	Munish Jain	210,801	0.60
3.	Amit Sharma	3,395	0.01
4.	Santosh Kumar Dhawan	3,880	0.01
5.	Raghav Aggarwal	6,626	0.02
6.	Richa Mahajan	16,936	0.05
Total		**4,416,257**	**12.47**

For details of ESOPs held by our Key Managerial Personnel and Senior Management as on the date of this Prospectus, see "*Capital Structure – Employee stock option schemes*" on page 136.

Bonus or profit-sharing plans

None of our Key Managerial Personnel and Senior Management is party to any bonus or profit-sharing plan of our Bank, other than the performance linked incentives given to Key Managerial Personnel and Senior Management.

Status of Key Managerial Personnel

All our Key Managerial Personnel and Senior Management are permanent employees of our Bank.

Interests of Key Managerial Personnel and Senior Management

None of the Key Managerial Personnel and Senior Management 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 and Senior Management 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, customers, suppliers or others

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Managerial Personnel and Senior Management was selected as key managerial personnel or a member of senior management.

Changes in the Key Managerial Personnel and Senior Management

There has been no change in the Key Managerial Personnel and Senior Management of the Bank in the last three years.

Service Contracts with Directors, Key Managerial Personnel and Senior Management

Other than statutory benefits upon termination of their employment in our Bank on retirement, no officer of our Bank, including our Directors, the Key Managerial Personnel and Senior Management 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, Key Managerial Personnel and Senior Management

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, Key Managerial Personnel and Senior Management

1. **Sarvjit Singh Samra**

   Variable pay approved for Financial Year 2023 in the meeting of Board of Directors dated May 19, 2023, subject to approval of the RBI:

Description	Amount (in ₹ millions)	Payment Due Date
Cash Component		
Upfront Payment	1.94	
Deferred Payment	2.90	
First Year Deferred Payment	0.97	April 30, 2024
Second Year Deferred Payment	0.97	April 30, 2025
Third Year Deferred Payment	0.97	April 30, 2026

2. **Munish Jain**

   Variable pay approved for Financial Year 2023 in the meeting of Nomination and Remuneration Committee dated April 29, 2023 as the KMP of our Bank:

Description	Amount (in ₹ millions)	Payment Due Date
Cash Component		
Upfront Payment	2.51	
First Year Deferred Payment	0.84	April 30, 2024
Second Year Deferred Payment	0.84	April 30, 2025
Third Year Deferred Payment	0.84	April 30, 2026
Non-Cash (ESOP)		
First Year Deferred Component	4,625 Options	April 30, 2024*

Second Year Deferred Component	4,625 Options	April 30, 2025*
Third Year Deferred Component	4,625 Options	April 30, 2026*

**Vesting period*

Payment or benefit to Key Managerial Personnel and Senior Management

Except ₹ 4.79 million and ₹ 4.54 million paid to Sarvjit Singh Samra, our Managing Director and Chief Executive Officer, for Fiscal 2023 and Fiscal 2022, respectively, as rent for our head office and one of our branches, which are owned by Sarvjit Singh Samra, Amarjit Singh Samra, Surinder Kaur Samra, Navneet Kaur Samra ("**Promoters**"), Amardeep Singh Samra and Gagan Samra, no amount or benefit has been paid or given, in the two years preceding the date of this Prospectus or is intended to be paid or given to any of our Bank's officers, Key Managerial Personnel or Senior Management except remuneration for services rendered as Directors, officers or employees of our Bank.

Employees stock options

For details of our employee stock options, see "*Capital Structure –Employee stock option schemes*" on page 136.

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 Prospectus, our Promoters hold 7,932,689 Equity Shares equivalent to 22.39% 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 122.

Our Promoters

Sarvjit Singh Samra

Sarvjit Singh Samra, aged 59 years, is the Managing Director and Chief Executive Officer of our Bank. He is a resident Indian national.

Sarvjit Singh Samra holds 4,174,619 Equity Shares in our Bank, equivalent to 11.78% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Bank.

His permanent account number is ABNPS2285H.

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 - Brief Biographies of Directors*" on page 253.

Amarjit Singh Samra

Amarjit Singh Samra, born on March 1, 1943 and aged 80 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 34 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 4.63% 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.

Navneet Kaur Samra

Navneet Kaur Samra, born on August 28, 1967 and aged 56 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 2.50% 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.

	Surinder Kaur Samra Surinder Kaur Samra, born on June 21, 1941 and aged 82 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 2.64% 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.
	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 0.84% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Bank. His permanent account number is AENPG0414P. 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 - Brief Biographies of Directors*" on page 253.

Our Bank confirms that the permanent account numbers, bank account number(s), Aadhar card numbers, driving license numbers and passport numbers of our Promoters were submitted to the Stock Exchanges at the time of filing the 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 Directors*", and "*Other Financial Information – Related Party Transactions*" on pages 122, 255 and 369, 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 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, Key Managerial Personnel and Senior Management have interests in us other than reimbursement of expenses incurred and normal remuneration or benefits.*" on page 66.

None of our Promoters are engaged in business activities similar to those of our Bank.

Relationship between the Promoters

Sarvjit Singh Samra, who is one of the Promoters and Managing Director and Chief Executive Officer of our Bank, is (a) the son of Amarjit Singh Samra and Surinder Kaur Samra; and (b) is the husband of Navneet Kaur Samra.

Payment of benefit to our Promoters or Promoter Group during the two years preceding the filing of this Prospectus

Except in the ordinary course of business and as disclosed in "*Financial Statements –Related Party Disclosure"* on page 350, 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 253, 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

Except Dinesh Gupta, who ceased to be the director of DSB Edutech Private Limited with effect from March 31, 2022, our Promoters have not disassociated themselves from any company or firm in the three years immediately preceding the date of this 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 Prospectus. However, our Bank has previously identified Sarvjit Singh Samra, Brig. Swaran Singh Saini (Retd.), Tanveer Singh Dhillon, Dinesh Gupta, Bhagwant Singh Sangha and Parkash Kaur Pooni as the promoters of our Bank pursuant to the SHA. As on the date of this Prospectus, Sarvjit Singh Samra, Amarjit Singh Samra, Navneet Kaur Samra, Surinder Kaur Samra and Dinesh Gupta are promoters of our Bank, holds a total of 22.39% of the issued, subscribed and paid-up Equity Share capital of our Bank. For details, see "*History and Certain Corporate Matters – Shareholders' agreements and other agreements*" on page 248.

Our Promoter Group

Natural persons who are part of the Promoter Group other than our Promoters

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	
	Amarinder Singh	Spouse's brother
Amarjit Singh Samra	Amardeep Singh Samra	Son
	Amarpreet Kaur Hayer	Daughter
	Jaswinder Singh	Spouse's brother
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
	Amarpreet Kaur Hayer	Spouse's sister
	Amardeep Singh Samra	Spouse's brother
Dinesh Gupta	Deepali Gupta	Wife
	Harish Gupta	Brothers
	Raman Kumar Gupta	
	Minni Gupta	Sister
	Kumar Shalya Gupta	Sons

Name of the Promoter	Name of the relative	Relationship
	Shubham Gupta	
	Maya Mittal	Spouse's Mother
	Gaurav Mittal	Spouse's Brother
	Monica Mittal	Spouse's Sister

Entities forming part of the Promoter Group

S. No.	Promoter Group entity	Related Promoter	Brief Description
a)	Dinesh Gupta HUF	Dinesh Gupta	Dinesh Gupta HUF was formed on September 22, 2003 and its Karta is Dinesh Gupta. Its members are set out below: 1. Dinesh Gupta (Karta) 2. Deepali Gupta (Member) 3. Kumar Shalya Gupta (Member) 4. Shubham Gupta (Member) It is engaged in marketing and documentation related services.
b)	DSB Edutech Private Limited	Dinesh Gupta	DSB Edutech Private Limited was incorporated on November 24, 2017 and its directors are: 1. Deepali Gupta 2. Tarandeep Singh DSB Edutech Private Limited is engaged in the business of providing educational, technical training and related services.
c)	KMG Consultants	Dinesh Gupta	KMG Consultants is a partnership firm which was formed on April 6, 2016 and its Partners are: 1. Deepali Gupta 2. Kumar Shalya Gupta 3. Monica Mittal KMG Consultants is engaged in the business of providing legal & management consultancy and related services
d)	DSB Law Group Private Limited	Dinesh Gupta	DSB Law Group Private Limited was incorporated on August 4, 2016 and its directors are: • Dinesh Gupta • Deepali Gupta • Nikita Arora • Jorawar Singh Bhasin • Saurabh Kumar Gupta • Kanika Gupta DSB Law Group Private Limited is engaged in the business of providing legal and corporate advisory/consultancy services.
e)	Dinesh Gupta & Co., Company Secretaries	Dinesh Gupta	Dinesh Gupta & Co., Company Secretaries was initially formed as a sole-proprietorship on November 20, 1992 and the same was converted into a partnership firm on January 1, 2011. Its partners are. • Dinesh Gupta • Nikita Arora • Shifali Singla Dinesh Gupta & Co., Company Secretaries is engaged in the business of providing corporate advisory/consultancy services.
f)	M/s Amarjit and Company, Jalandhar	Navneet Kaur Samra and Sarvjit Singh Samra	M/s Amarjit and Company, Jalandhar was formed on December 11, 2013 and its partners are: • Navneet Kaur Samra

S. No.	Promoter Group entity	Related Promoter	Brief Description
			• Gagan Samra M/s Amarjit and Company, Jalandhar is not engaged in any business and receives income only from lease rent.
g)	New Patiala Bus Service Regd.	Navneet Kaur Samra	New Patiala Bus Service Regd. Was formed on January 2, 2008 and its partners are: • Amarinder Singh • Pawan Preet Kaur New Patiala Bus Service Regd. Is engaged in the business of Passenger – Stage Carrier.
h)	Libra Express Regd.	Navneet Kaur Samra	Libra Express Regd.was incorporated on January 2, 2008 and its partners are: • Amarinder Singh • Darshan Singh Libra Express Regd. Is engaged in the business of Passenger – Stage Carrier
i)	M/s Universal Holidays	Surinder Kaur Samra, Sarvjit Singh Samra and Amarjit Singh Samra	M/s Universal Holidays was incorporated on April 1, 2021 and its partners are: • Kuljit Singh Hayer • Amarpreet Kaur Hayer M/s Universal Holidays is engaged in the business of providing holiday packages

OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations and pursuant to the resolution passed by our Board at its meeting held on August 11, 2023, 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 369, during any of the last three financial years (and stub period, if any, in respect of which, Restated Financial Information are included in this 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, 1949 and regulations made thereunder, the RBI Act, 1934 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 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 59.

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 six months period ended September 30, 2023	Period between last audited period and the date of filing of this Prospectus
	2021	2022	2023		
Number of Equity Shares	33,910,681	34,044,091	34,252,454	35,350,636	35,427,136
Face value per Equity Share (in ₹)	10.00	10.00	10.00	10.00	10.00
Amount dividend (in ₹ million)	27.20	34.23	42.42	NA	NA
Dividend per Equity Share (in ₹)	0.80	1.00	1.20	NA	NA
Rate of dividend (%)	8.00	10.00	12.00	Nil	Nil
Mode of payment of dividend	Warrants/online transfer	Warrants/online transfer	Warrants/online transfer	NA	NA

SELECTED STATISTICAL INFORMATION

This section should be read together with the Restated Financial Information, including the notes thereto, in "*Financial Statements*" on page 293 and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 370.

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 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. 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)

	For the					
	Half year ended September 30, 2023			Half year ended September 30, 2022		
	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	54,927.41	3,049.38	11.10%	47,593.35	2,518.05	10.58%
Investments	15,160.13	530.15	6.99%	13,672.45	468.16	6.85%
Interbank placement	4,980.95	204.12	8.20%	6,251.89	199.81	6.39%
Others	2,462.70	76.17	6.19%	1,013.36	21.23	4.19%
Total interest earning assets	77,531.19	3,859.82	9.96%	68,531.05	3,207.25	9.36%
Non-interest-earning assets:						
Fixed assets	811.52	-	-	845.73	-	-
Other assets	6,326.45	-	-	5,130.35	-	-
Total non-interest-earning assets	7,137.97	-	-	5,976.08	-	-
Total assets	**84,669.16**	**-**	**-**	**74,507.13**	**-**	**-**
Interest-bearing liabilities:						
CASA	27,740.44	448.00	3.23%	26,190.74	423.96	3.24%
Term Deposits	41,257.39	1,428.92	6.93%	35,178.82	1,067.07	6.07%
Total Deposits	68,997.83	1876.92	5.44%	61,369.56	1491.03	4.86%
Borrowings	6,726.10	273.16	8.12%	5,783.04	202.66	7.01%

	For the					
	Half year ended September 30, 2023			Half year ended September 30, 2022		
	Average Balance [A]	Interest Earned/ Expended [B]	Yield/ Cost (%) [C = B/A]	Average Balance [A]	Interest Earned/ Expended [B]	Yield/ Cost (%) [C = B/A]
Total interest-bearing liabilities	**75,723.93**	**2,150.08**	**5.68%**	**67,152.60**	**1,693.69**	**5.04%**
Non-interest-bearing liabilities:						
Capital and reserves	6,774.07	-	-	5,414.95	-	-
Other liabilities	2,171.16	-	-	1,939.58	-	-
Total non-interest-bearing liabilities	8,945.23	-	-	7,354.53	-	-
Total liabilities	**84,669.16**	**-**	**-**	**74,507.13**	**-**	**-**

(₹ in million, except percentages)

	For the								
	Year ended March 31, 2023			Year ended March 31, 2022			Year ended March 31, 2021		
	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	49,514.10	5,328.58	10.76%	40,139.30	4,373.02	10.89%	33,090.00	3,724.31	11.26%
Investments	14,126.20	976.18	6.91%	12,401.70	860.23	6.94%	12,268.80	846.81	6.90%
Interbank placement	5,898.40	396.75	6.73%	6,183.10	387.1	6.26%	5,738.20	423.25	7.38%
Others	1,104.50	58.56	5.30%	4,532.20	161.83	3.57%	3,482.70	120.02	3.45%
Total interest earning assets	70,643.20	6,760.07	9.57%	63,256.30	5,782.18	9.14%	54,579.70	5,114.39	9.37%
Non-interest-earning assets:									
Fixed assets	831.67	-	-	845.16	-	-	888.90	-	-
Other assets	5,420.39	-	-	4,228.45	-	-	3,637.51	-	-
Total non-interest-earning assets	6,252.06	-	-	5,073.61	-	-	4,526.41	-	-
Total assets	**76,895.26**	**-**	**-**	**68,329.91**	**-**	**-**	**59,106.11**	**-**	**-**
Interest-bearing liabilities:									
CASA	27,410.96	883.62	3.22%	23,611.93	764.51	3.24%	19,012.50	660.58	3.47%
Term Deposits	36,099.74	2,230.71	6.18%	33,219.67	2,089.70	6.29%	30,002.80	2,122.56	7.07%
Total Deposits	63,510.70	3,114.33	4.90%	56,831.60	2,854.21	5.02%	49,015.30	2,783.14	5.68%
Borrowings	5,751.70	425.91	7.40%	5,292.20	375.15	7.09%	4,603.50	345.14	7.50%
Total interest-bearing liabilities	69,262.40	3,540.24	5.11%	62,123.80	3,229.36	5.20%	53,618.80	3,128.28	5.83%
Non-interest-bearing liabilities:									
Capital and reserves	5,656.20	-	-	4,827.37	-	-	4,287.85	-	-
Other liabilities	1,976.66	-	-	1,378.74	-	-	1,199.46	-	-
Total non-interest-bearing liabilities	7,632.86	-	-	6,206.11	-	-	5,487.31	-	-
Total liabilities	**76,895.26**	**-**	**-**	**68,329.91**	**-**	**-**	**59,106.11**	**-**	**-**

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, 2023 vs Year ended March 31, 2022		
	Net Changes in Interest	**Change in Average Volume**	**Change in Average Rate**
Interest earned:			
Advances	955.56	1,008.89	(53.33)
Investments	115.95	119.17	(3.22)
Interbank placements	9.66	(19.15)	28.81
Others	(103.28)	(181.72)	78.44
Total interest earned [A]	**977.89**	**927.19**	**50.70**
Interest expended:			
Deposits	260.12	327.52	(67.40)
Borrowings	50.76	34.03	16.73
Total interest expended [B]	310.88	361.55	(50.67)
Net Interest Income [A-B]	**667.01**	**565.64**	**101.37**

	Year ended March 31, 2022 vs Year ended March 31, 2021		
	Net Changes in Interest	**Change in Average Volume**	**Change in Average Rate**
Interest earned:			
Advances	648.71	767.99	(119.28)
Investments	13.42	9.22	4.20
Interbank placements	(36.15)	27.85	(64.00)
Others	41.82	37.47	4.35
Total interest earned [A]	**667.80**	**842.53**	**(174.73)**
Interest expended:			
Deposits	71.07	392.55	(321.48)
Borrowings	30.01	48.82	(18.81)
Total interest expended [B]	**101.08**	**441.37**	**(340.29)**
Net Interest Income [A-B]	**566.72**	**401.16**	**165.56**

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 2023 and Fiscal 2022, as the case may be.*
3. *Change in average rate represents the average balance for Fiscal 2023 and Fiscal 2022, 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)

	Half year ended September 30, 2023	**Half year ended September 30, 2022**
Interest earned[(1)] [A]	3,859.82	3,207.25
Of which:		
Interest/discount earned on advances/bills [B]	3,049.38	2,518.05
Interest expended[(2)] [C]	2,150.08	1,693.69
Of which:		
Interest expended on Deposits[D]	1,876.92	1,491.03
Net Interest Income [E =A-C]	1,709.74	1,513.56
Average Interest-Earning Advances[(3)] [F]	54,927.41	47,593.35

	Half year ended September 30, 2023	Half year ended September 30, 2022
Average Total Interest-Earning Assets[4] [G]	77,531.19	68,531.05
Average Total Assets [H]	84,669.16	74,507.13
Average total Deposits [I]	68,997.83	61,369.56
Average Total Interest-Bearing Liabilities[5] [J]	75,723.93	67,152.60
Average Total Interest-Earning Assets as a percentage of Average Total Interest-Bearing Liabilities [K = G/J]	102.39%	102.05%
Average Interest-Earning Advances as a percentage of Average Total Assets [L = F/H]	64.87%	63.88%
Average Total Interest-Earning Assets as a percentage of Average Total Assets [M = G/H]	91.57%	91.98%
Average Total Interest-Bearing Liabilities as a percentage of Average Total Assets [N = J/H]	89.44%	90.13%
Yield on Average Total Interest-Earning Assets [O = A/G]	9.96%	9.36%
Yield on Average Interest-Earning Advances [P = B/F]	11.10%	10.58%
Cost of deposit[Q=D/I]	5.44%	4.86%
Interest spread[R=P-Q]	5.66%	5.72%
Net Interest Margin (%) [R = E/H]	4.04%	4.06%
Cost of funds[6]	5.68%	5.04%

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.*

(₹ in million, except percentages)

	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Interest earned[1] [A]	6,760.07	5,782.18	5,114.39
Of which:			
Interest/discount earned on advances/bills [B]	5,328.58	4,373.02	3,724.31
Interest expended[2] [C]	3,540.24	3,229.36	3,128.28
Of which:			
Interest expended on Deposits[D]	3,114.33	2,854.21	2,783.14
Net Interest Income [E =A-C]	3,219.83	2,552.82	1,986.11
Average Interest-Earning Advances[3] [F]	49,514.10	40,139.30	33,090.00
Average Total Interest-Earning Assets[4] [G]	70,643.20	63,256.30	54,579.70
Average Total Assets [H]	76,895.26	68,329.91	59,106.11
Average total Deposits [I]	63,510.70	56,831.60	49,015.30
Average Total Interest-Bearing Liabilities[5] [J]	69,262.40	62,123.80	53,618.80
Average Total Interest-Earning Assets as a percentage of Average Total Interest-Bearing Liabilities [K = G/J]	101.99%	101.82%	101.79%
Average Interest-Earning Advances as a percentage of Average Total Assets [L = F/H]	64.39%	58.74%	56.62%
Average Total Interest-Earning Assets as a percentage of Average Total Assets [M = G/H]	91.87%	92.57%	92.34%
Average Total Interest-Bearing Liabilities as a percentage of Average Total Assets [N = J/H]	90.07%	90.92%	90.72%
Yield on Average Total Interest-Earning Assets [O = A/G]	9.57%	9.14%	9.37%
Yield on Average Interest-Earning Advances [P = B/F]	10.76%	10.89%	11.26%
Cost of deposit [Q=D/I]	4.90%	5.02%	5.68%
Interest spread [R=P-Q]	5.86%	5.87%	5.58%
Net Interest Margin [R = E/H]	4.19%	3.74%	3.36%
Cost of funds	5.11%	5.20%	5.83%

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

1. Ratios on Average total assets:

The following tables set forth important ratios of the Bank on average total assets for the periods indicated:

	Half year ended September 30, 2023	Half year ended September 30, 2022	For the Year ended March 31, 2023	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Interest Spread[(1)]	5.66%	5.72%	5.86%	5.87%	5.58%
Net Interest Margin[(2)]	4.04%	4.06%	4.19%	3.74%	3.36%
Non-interest Income[(3)]	0.69%	0.60%	0.64%	0.79%	0.78%
Net total Income[(4)]	4.73%	4.66%	4.83%	4.53%	4.14%
Operative expenses[(5)]	2.95%	2.85%	2.90%	2.87%	2.93%
Operating margin[(6)]	1.78%	1.81%	1.93%	1.66%	1.21%
Credit Cost[(7)]	0.08%	0.33%	0.32%	0.42%	0.30%
ROA[(8)]	1.28%	1.10%	1.22%	0.92%	0.69%

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.*

2. Other key ratios:

The following tables set forth certain key financial indicators of the Bank for the periods indicated:

	Half year ended September 30, 2023	Half year ended September 30, 2022	For the Year ended March 31, 2023	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Cost to income ratio[(1)]	62.35%	61.23%	59.97%	63.42%	70.76%
Operating expense to average total assets[(2)]	2.95%	2.85%	2.90%	2.87%	2.93%
Return on average advances[(3)]	1.98%	1.73%	1.89%	1.56%	1.23%
ROE[(4)]	16.45%	15.33%	16.62%	12.95%	9.51%
Dividend pay-out ratio[(5)]	-	-	4.53%	5.47%	6.67%
Average CD Ratio[(6)]	79.61%	77.55%	77.96%	70.63%	67.51%
Deposit to advances ratio[(7)]	119.34%	119.10%	119.13%	128.96%	138.75%
CASA to total deposit ratio[(8)]	37.76%	41.56%	41.88%	42.16%	40.08%
Retail Term Deposit to Total term deposit ratio[(9)]	89.70%	96.44%	96.38%	95.45%	95.99%
LCR[(10)]	246.13%	186.70%	214.98%	229.19%	441.49%

Notes:

(1) *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).*

(2) *It represents ratios of total operating expense other than interest expended to average total assets.*

(3) *Return on average advances is ratio of Profit after tax to Average Advances.*

(4) *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.*

(5) *Dividend pay-out ratio is the ratio of dividend to adjusted net profit (after dividend tax).*

(6) *Average Credit/Deposit Ratio is calculated as a ratio of daily average advances to daily average deposits.*

(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 million 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 September 30, 2023		As at September 30, 2022		As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
	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	26,433.61	31.50 %	25,702.39	33.75%	27,478.96	34.39%	25,494.01	35.64%	20,926.34	32.85%
Time Deposit	43,569.25	51.93%	36,143.56	47.46%	38,127.25	47.71%	34,969.58	48.88%	31,284.36	49.10%
Total deposits	**70,002.86**	**83.43%**	**61,845.95**	**81.21%**	**65,606.21**	**82.10%**	**60,463.59**	**84.52%**	**52,210.70**	**81.95%**
Total borrowings	5,727.60	6.83%	7,832.98	10.29 %	7,213.83	9.03%	4,984.30	6.97%	6,167.20	9.68%
Shareholders' funds	7,117.58	8.48%	5,565.12	7.31%	6,106.10	7.64%	5,157.81	7.21%	4,507.90	7.08%
Other liabilities and provisions	1,058.86	1.26%	909.88	1.19%	981.60	1.23%	933.51	1.30%	826.58	1.30%
Total liabilities*	**83,906.90**	**100.00%**	**76,153.93**	**100.00%**	**79,907.74**	**100.00%**	**71,539.21**	**100.00%**	**63,712.38**	**100.00%**

**Total liabilities are inclusive of capital.*

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 September 30, 2023		As at September 30, 2022		As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
	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	1,954.77	2.79%	1,926.31	3.11%	2,411.64	3.68%	2,328.98	3.85%	2,072.66	3.97%
Saving Deposits	24,478.84	34.97%	23,776.08	38.44%	25,067.32	38.21%	23,165.03	38.31%	18,853.68	36.11%
Term Deposits	43,569.25	62.24%	36,143.56	58.44%	38,127.25	58.12%	34,969.58	57.84%	31,284.36	59.92%
Total Deposits	**70,002.86**	**100.00%**	**61,845.95**	**100.00%**	**65,606.21**	**100.00%**	**60,463.59**	**100.00%**	**52,210.70**	**100.00%**

Retail, Bulk, Institutional and NRI Deposits

The details of Retail Deposits and Bulk Deposits are as set forth below:

	As at September 30, 2023		As at September 30, 2022		As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
	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]	26,433.61	37.76%	25,702.39	41.56%	27,478.96	41.88%	25,494.01	42.16%	20,926.34	40.08%
CASA from domestic clients [B]	24,484.05	34.98%	24,000.49	38.81%	25,691.50	39.16%	23,872.76	39.48%	19,514.42	37.38%
CASA from NRI clients [C]	1,949.56	2.78%	1,701.90	2.75%	1,787.46	2.72%	1,621.25	2.68%	1,411.92	2.70%
Term deposits [D=E+F+G+H]	43,569.25	62.24%	36,143.56	58.44%	38,127.25	58.12%	34,969.58	57.84%	31,284.36	59.92%
Retail Domestic Term Deposits [E]	34,969.34	49.95%	31,040.81	50.19%	32,790.72	49.98%	29,601.59	48.96 %	26,375.19	50.52%
Bulk Domestic Term Deposits	2,342.13	3.35%	770.44	1.25%	1,051.80	1.60%	759.99	1.26%	689.34	1.32%

	As at September 30, 2023		As at September 30, 2022		As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
	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
[F]										
Interbank Term Deposits [G]	2,078.29	2.97%	452.62	0.73%	262.04	0.40%	809.36	1.34%	565.45	1.08%
NRI Term deposits [H]	4,179.49	5.97%	3,879.69	6.27%	4022.69	6.13%	3,798.64	6.28%	3,654.38	7.00%
Total Deposits [I=A+D]	**70,002.86**	**100%**	**61,845.95**	**100%**	**65,606.21**	**100%**	**60,463.59**	**100%**	**52,210.70**	**100%**

Notes:

1. *Bulk domestic term deposits include term deposits account having balance of ₹ 20 million and above as at the date excluding Interbank term deposits and NRI term deposits having balance of ₹ 20 million and above as at the date.*
2. *Retail domestic Term deposits includes deposit other than bulk deposit.*
3. *Interbank Term deposits include domestic term deposits from other banks.*
4. *NRI deposits includes deposits from non-resident clients.*

	As at September 30, 2023		As at September 30, 2022		As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
	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
Bulk deposits (I)	4,488.33	6.41%	1,286.84	2.08%	1,379.59	2.10%	1,590.50	2.63%	1,254.79	2.40%
Retail deposits (II)	65,514.53	93.59%	60,559.11	97.92%	64,226.62	97.90%	58873.09	97.37%	50,955.91	97.60%
Total deposits (I+II)	**70,002.86**	**100.00%**	**61,845.95**	**100.00%**	**65,606.21**	**100%**	**60,463.59**	**100%**	**52,210.70**	**100%**

Notes:

a) Bulk deposits include term deposits account having balance of ₹ 20 million and above as at the date.

b) Retail deposits includes deposit other than bulk deposit.

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 September 30, 2023		As at September 30, 2022		As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
	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	4,971.30	7.10%	2,855.39	4.62%	3,285.61	5.01%	3,209.91	5.31%	2,680.66	5.13%
Urban	11,490.81	16.41%	10,079.69	16.30%	10,710.08	16.32%	10,103.61	16.71%	8,535.78	16.35%
Semi Urban	27,872.10	39.82%	25,253.58	40.83%	26,558.46	40.48%	24,189.08	40.01%	21,382.45	40.95%
Rural	25,668.65	36.67%	23,657.29	38.25%	25,052.07	38.19%	22,960.99	37.97%	19,611.82	37.56%
Total Deposits	**70,002.86**	**100%**	**61,845.95**	**100%**	**65,606.21**	**100%**	**60,463.59**	**100%**	**52,210.70**	**100%**

Ticket size wise breakup

Following table sets forth the average ticket size of deposits:

(Amount in ₹)

	As at September 30, 2023	As at September 30, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Demand Deposits	1,02,527	1,06,373	128,985	134,740	127,259
Saving Deposits	40,178	41,779	42,479	42,415	38,488
Time Deposits	8,10,530	6,98,507	731,234	682,427	627,142
Total Deposits	1,08,751	1,02,635	105,140	104,455	100,121

Note:

1. For calculating ticket size, deposit outstanding as at the end of period is divided by number of clients 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					
	Half Year ended September 30, 2023			Half Year ended September 30, 2022		
	Average Balance [A]	Interest Expended [B]	Cost (%) [C=B/A]	Average Balance [A]	Interest Expended [B]	Cost (%) [C=B/A]
Demand Deposits [A]	2,250.10	-	-	2074.60	-	-
Savings Bank Deposits [B]	25,490.34	448.00	3.52%	24116.14	423.96	3.52%
CASA [C=A+B]	27,740.44	448.00	3.23%	26,190.74	423.96	3.24%
Term Deposits [D]	41,257.39	1,428.92	6.93%	35,178.82	1,067.07	6.07%
Total Deposits (E= C + D)	**68,997.83**	**1,876.92**	**5.44%**	**61,369.56**	**1,491.03**	**4.86%**

	For the								
	Year ended March 31, 2023			Year ended March 31, 2022			Year ended March 31, 2021		
	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]	2,200.58	-	-	2,043.52	-	-	2,163.93	-	-
Savings Bank Deposits [B]	25,210.38	883.62	3.50%	21,568.41	764.51	3.54%	16,848.57	660.58	3.92%
CASA [C=A+B]	27,410.96	883.62	3.22%	23,611.93	764.51	3.24%	19,012.50	660.58	3.47%
Term Deposits [D]	36,099.74	2,230.71	6.18%	33,219.67	2,089.70	6.29%	30,002.80	2,122.56	7.07%
Total Deposits (E= C + D)	**63,510.70**	**3,114.33**	**4.90%**	**56,831.60**	**2854.21**	**5.02%**	**49,015.30**	**2,783.14**	**5.68%**

Deposit Turnover Ratio

Below table sets forth rollover ratios of Bank.

	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Roll Over ratio	90.57%	92.01%	88.45%	89.73%	91.01%

Notes:

- *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)

	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Period-end balance of Tier II bonds [A]	2,637.30	2,408.70	2,408.70	2,147.40	1,921.20
Period-end balance of others borrowings [B]	3,090.30	5,424.28	4,805.13	2,836.90	4,246.00
Period-end balance of total borrowings [C=A+B]	5,727.60	7,832.98	7,213.83	4,984.30	6,167.20

	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Average balance of Tier II bonds [D]	2561.53	2377.78	2,393.20	2,087.42	1,722.49
Average balance of others borrowings [E]	4164.57	3405.26	3,358.50	3,204.78	2,881.01
Average balance of total borrowings [F=D+E]	6726.10	5783.04	5,751.70	5,292.20	4,603.50
Interest expended on Tier II bonds [G]	127.77	119.78	240.27	212.57	180.18
Interest expended on others borrowings [H]	145.39	82.88	185.64	162.58	164.96
Interest expended on total borrowings [I=G+H]	273.16	202.66	425.91	375.15	345.14
Average cost of Tier II bonds [K=G/D]	9.98%	10.08%	10.04%	10.18%	10.46%
Average cost of other borrowings [L=H/E]	6.98%	4.87%	5.53%	5.07%	5.73%
Average cost of total borrowings [M=I/F]	8.12%	7.01%	7.40%	7.09%	7.50%

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 September 30, 2023		As at September 30, 2022		As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
	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	3.28	0.01%	3.28	0.01%	3.28	0.01%	3.44	0.01%	5.18	0.01%
Cash Credits, Overdrafts and Loans Repayable on Demand	26,537.91	45.24%	25,414.89	48.94%	25,750.98	46.76%	23,443.99	50.00%	19,736.11	52.45%
Term Loans	32,118.18	54.75%	26,509.11	51.05%	29,318.41	53.23%	23,439.60	49.99%	17,888.58	47.54%
Total Advances	**58,659.37**	**100.00%**	**51927.28**	**100%**	**55,072.67**	**100.00%**	**46,887.03**	**100%**	**37,629.87**	**100%**

The table below sets forth the Bank's advances by segment as at dates indicated:

	As at September 30, 2023		As at September 30, 2022		As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
	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	22,669.26	38.65%	19,916.76	38.36%	21,374.52	38.81%	17,807.45	37.98%	14,232.11	37.82%
MSME & Trading	11,533.61	19.66%	11,295.51	21.75%	11,204.61	20.35%	10,926.22	23.30%	9,730.45	25.86%
Mortgage	15,288.06	26.06%	13,166.55	25.36%	14,344.80	26.05%	11,284.49	24.07%	8,096.45	21.52%
Others	9,168.44	15.63%	7,548.46	14.53%	8,148.74	14.79%	6,868.87	14.65%	5,570.86	14.80%
Out of others - Large corporates	4,832.00	8.24%	3,807.84	7.33%	4,049.35	7.35%	3,191.29	6.81%	2,066.41	5.49%
Out of others – Others including Consumption	4,336.44	7.39%	3,740.62	7.20%	4,099.39	7.44%	3,677.58	7.84%	3,504.45	9.31%
Total Advances	**58,659.37**	**100.00%**	**51,927.28**	**100%**	**55,072.67**	**100%**	**46,887.03**	**100%**	**37,629.87**	**100%**

The table below sets forth the Bank's advances by secured and unsecured as at dates indicated:

	As at September 30, 2023		As at September 30, 2022		As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
	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	58,571.93	99.85%	51,804.86	99.76%	54,975.90	99.82%	46,746.92	99.70%	37,399.91	99.39%
Unsecured	87.44	0.15%	122.42	0.24%	96.77	0.18%	140.11	0.30%	229.96	0.61%
Total Advances	**58,659.37**	**100%**	**51,927.28**	**100%**	**55,072.67**	**100%**	**46,887.03**	**100%**	**37,629.87**	**100%**

The table below sets forth the Bank's advances by exposure limits as at given dates:

	As at September 30, 2023		As at September 30, 2022		As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
	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	39,560.97	67.44%	34,725.91	66.87%	37,341.81	67.80%	30,706.77	65.49%	23,661.34	62.88%
25-50 lacs	7,496.75	12.78%	6,835.19	13.17%	7,130.14	12.95%	6,243.03	13.32%	5,244.16	13.94%
Above 50 lacs	11,601.65	19.78%	10,366.18	19.96%	10,600.72	19.25%	9,937.23	21.19%	8,724.37	23.18%
Total Advances	**58,659.37**	**100%**	**51,927.28**	**100%**	**55,072.67**	**100%**	**46,887.03**	**100%**	**37,629.87**	**100%**

Disbursement of Advances

(₹ in million)

	Half year ended September 30, 2023	Half year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Upto 25 lacs	6,018.42	7,158.13	13,690.50	12,390.50	9,464.26
More than 25 lacs	4,065.66	3,072.10	6,216.21	6,035.80	3,986.51
Total	**10,084.08**	**10,230.23**	**19,906.71**	**18,426.30**	**13,450.77**

The table below sets forth the Bank's advances by category of branches:

	As at September 30, 2023		As at September 30, 2022		As at March 31, 2023		As at March 31, 2022		As at March 31, 2021	
	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	14,048.60	23.95%	12,406.58	23.89%	13,338.33	24.22%	11,115.73	23.71%	8,607.95	22.88%
Semi Urban	20,841.65	35.53%	18,643.95	35.90%	19,738.51	35.84%	17,061.53	36.39%	14,055.82	37.35%
Urban	18,808.39	32.06%	16,175.07	31.15%	17,288.37	31.39%	14,250.70	30.39%	10,994.29	29.22%
Metropolitan	4,960.73	8.46%	4,701.68	9.06%	4,707.46	8.55%	4,459.07	9.51%	3,971.81	10.55%
Total Advances	**58,659.37**	**100%**	**51,927.28**	**100%**	**55,072.67**	**100%**	**46,887.03**	**100%**	**37,629.87**	**100%**

The table below sets forth the Bank's average ticket size of advances as at end of periods indicated:

(₹ in million)

	As at September 30, 2023	As at September 30, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Agriculture	1.24	1.23	1.23	1.22	1.22
MSME & Trading	1.81	1.90	1.82	1.99	2.02
Mortgage	1.15	1.15	1.16	1.13	1.1
Large Corporate	158.18	133.16	144.06	111.23	87.70
Others including Consumption	0.72	0.63	0.68	0.60	0.55
Overall	1.37	1.32	1.34	1.31	1.26

Note: *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:

	As at September 30, 2023	As at September 30, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Agriculture	12.04%	12.02%	12.02%	12.08%	12.36%
MSME & Trading	10.70%	10.59%	10.66%	10.19%	10.58%
Mortgage	11.77%	11.32%	11.72%	10.95%	11.40%
Large Corporate	11.02%	11.00%	11.01%	11.19%	12.27%
Others including Consumption	9.63%	9.30%	9.39%	9.23%	9.71%
Overall yield	11.45%	11.26%	11.39%	11.09%	11.44%

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.

Particulars	As at September 30, 2023	As at September 30, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Agriculture & allied activities	22,669.26	19,916.76	21,374.52	17,807.45	14,232.11
Industry and services (Micro & small, Medium and large)	8,548.55	8,989.97	8,470.48	10,653.02	9,185.74
Others	5,626.51	5,176.59	5,558.26	4,141.19	2,374.62
Total Gross PSL	**36,844.32**	**34,083.32**	**35,403.26**	**32,601.66**	**25,792.47**
Gross PSL achievement (Quarterly Average in Case of Financial Year) (A)	**36,844.32**	**34,083.32**	**33,652.46**	**28,921.16**	**23,855.10**
PSLC Purchased/sold (Net) (B)	5,000.00	(1,000.00)	(600.00)	(4,225.00)	(3,500.00)
Net PSL (C) = (A)-(B)	**41,844.32**	**33,083.32**	**33,052.46**	**24,696.16**	**20,355.10**
ANBC (Average in Case of Financial Year) (D)	**50,927.28**	**37,643.59**	**37,680.74**	**31,322.17**	**26,006.10**
Net PSL Achievement (C/D)	**82.16%**	**87.89%**	**87.72%**	**78.85%**	**78.27%**

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 and 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)

	Half year ended September 30, 2023	Half year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Standard Assets	57,055.16	50,576.22	53,546.42	45,715.69	36,847.44
Sub-standard Assets	446.34	624.85	482.99	506.51	239.65
Doubtful Assets	1,157.87	726.21	1,043.26	664.83	542.78
Loss Assets	-	-	-	-	-
Total	58,659.37	51,927.28	55,072.67	46,887.03	37,629.87

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><th>Period for which the advance has remained in ‘doubtful’ category</th><th>Provision requirement (%)</th></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)

	Half year ended September 30, 2023	Half year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Provision held (including standard assets provision)	1,101.08	946.48	1,068.55	823.07	535.82
Provision held as percentage of Gross Advances	1.88%	1.82%	1.94%	1.76 %	1.42%
Provision held as percentage of Gross NPAs	68.64%	70.05%	70.01%	70.27%	68.48%

The following tables set forth the SMAs and NPAs position:

	September 30, 2023				September 30, 2022			
	Term Loans	CC/OD Limits	Agri limits	Total	Term Loans	CC/OD Limits	Agri limits	Total
SMA 1	4.05%	1.66%	-	2.44%	3.68%	0.74%	-	2.00%
SMA 2	3.97%	0.79%	-	2.29%	3.43%	0.61%	-	1.85%
NPA	2.00%	5.20%	3.04%	2.73%	1.61%	4.95%	3.12%	2.60%

	March 31, 2023				March 31, 2022				March 31, 2021			
	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	3.46%	1.23%	-	2.02%	3.56%	1.45%	-	2.02%	3.44%	1.46%	0.44%	2.06%
SMA 2	2.72%	0.31%	-	1.50%	2.65%	0.20%	-	1.37%	3.08%	1.41%	3.45%	2.92%
NPA	1.97%	5.14%	3.13%	2.77%	1.48%	5.85%	2.51%	2.50%	0.78%	5.78%	2.07%	2.08%

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														
	Half year ended September 30, 2023			Half year ended September 30, 2022			Year ended March 31, 2023			Year ended March 31, 2022			Year ended March 31, 2021		
	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	635.98	326.72	2.81%	595.06	269.46	2.99%	626.78	331.73	2.93%	435.36	189.46	2.44%	294.95	123.38	2.07%
MSME & Trading	695.13	334.59	6.03%	576.02	271.39	5.10%	654.10	312.40	5.84%	538.25	230.72	4.93%	374.56	182.76	3.85%
Mortgage	171.29	69.38	1.12%	89.04	35.23	0.68%	148.05	57.95	1.03%	77.88	27.52	0.69%	62.92	24.53	0.78%
Others	101.81	86.83	1.11%	90.94	80.78	1.20%	97.32	83.70	1.19%	119.85	91.33	1.74%	50.00	30.34	0.90%
Total NPA	1,604.21	817.52	2.73%	1351.06	656.86	2.60%	1526.25	785.78	2.77%	1,171.34	539.03	2.50%	782.43	361.01	2.08%

The following table sets forth information movement of NPAs during the given periods:

(₹ in million, except percentages)

	Half year ended September 30, 2023	Half year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance of Gross NPAs at the beginning of the period	1,526.25	1,171.34	1,171.34	782.43	585.07
Additions during the period	445.28	405.44	1543.73	781.13	248.53
Less: Reductions during the period on account of recovery	68.73	98.61	207.05	61.87	34.49
Less: Reductions during the period on account of upgradations	298.51	126.64	980.58	329.69	16.53
Less: Reductions during the period on account of write-offs (including technical write-offs)	0.08	0.47	1.18	0.66	0.15
Gross NPAs [A]	1,604.21	1,351.06	1,526.25	1,171.34	782.43
Total provision towards NPAs [B]	817.52	656.86	785.78	539.03	361.01
Net NPAs [C= A- B]	786.69	694.20	740.47	632.31	421.42
Gross Advances [D]	58,659.37	51,927.28	55,072.67	46,887.03	37,629.87

	Half year ended September 30, 2023	Half year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Net Advances [E = D-B]	57,841.85	51,270.42	54,286.89	46,348.00	37,268.86
Gross NPAs as a percentage of gross advances [F = A/D] (%)	2.73%	2.60%	2.77%	2.50%	2.08%
Net NPAs as a percentage of net advances [G = C/E] (%)	1.36%	1.35%	1.36%	1.36%	1.13%
Provision for standard assets [H]	283.56	289.62	282.77	284.04	174.81
Total of provision towards NPAs and provision towards standard assets [I = B + H]	1101.08	946.48	1068.55	823.07	535.82
Total of provision towards NPAs and provision towards standard assets held as percentage of gross advances (%) [J=I/D]	1.88%	1.82%	1.94%	1.76%	1.42%
Total provision towards NPAs held as percentage of gross NPAs (%) [K=B/A]*	50.96%	48.62%	51.48%	46.02%	46.14%
Outstanding balance of technical written-off accounts [L]	-	-	-	-	-
Provision coverage ratio [M = (B+L)/(A+L)/(%)	50.96%	48.62%	51.48%	46.02%	46.14%

The following tables set forth the Ageing wise NPA provision:

(₹ in million, except percentages)

NPA Ageing	As at September 30, 2023			As at September 30, 2022		
Particulars	Amount	Provision	PCR	Amount	Provision	PCR
Above 5 years	152.96	152.96	100.00%	73.55	73.55	100.00%
2-5 years	494.19	382.29	77.36%	387.08	364.50	94.17%
1-2 years	510.72	182.71	35.78%	265.58	115.46	43.48%
upto 1 year	446.34	99.56	22.31%	624.85	103.35	16.54%
Total	1,604.21	817.52	50.96%	1,351.06	656.86	48.62%

(₹ in million, except percentages)

NPA Ageing	As at March 31, 2023			As at March 31, 2022			As at March 31, 2021		
Particulars	Amount	Provision	PCR	Amount	Provision	PCR	Amount	Provision	PCR
Above 5 years	76.51	76.51	100.00%	57.98	57.98	100%	37.89	37.89	100.00%
2-5 years	500.55	400.62	80.04%	437.10	311.08	71.17%	219.49	132.55	60.39%
1-2 years	466.20	205.21	44.02%	169.75	49.42	29.11%	285.4	130.23	45.63%
upto 1 year	482.99	103.44	21.42%	506.51	120.55	23.80%	239.65	60.34	25.18%
Total	1526.25	785.78	51.48%	1171.34	539.03	46.02%	782.43	361.01	46.14%

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 September 30, 2023	As at September 30, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Restructured Advances Amount outstanding	1,006.50	1,268.60	1,155.70	1,357.59	847.78
structuring Provision	93.25	121.86	104.09	134.19	53.37

Concentration of Advances and Deposits

	As at September 30, 2023	As at September 30, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Deposits					
10 largest deposit holders	5.25%	2.22%	2.86%	3.20%	2.56%
20 largest deposit holders	6.68%	3.58%	3.89%	4.73%	3.70%
Advances					
10 largest borrowers	3.18%	3.44%	3.13%	4.02%	3.17%
20 largest borrowers	5.38%	5.99%	5.39%	6.53%	5.70%

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 September 30, 2023	As at September 30, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Tier I Capital	6,903.26	5,355.28	5,864.68	4,908.56	4,335.80
Tier II Capital	2,467.90	2,306.27	2,218.05	2,017.03	1,680.68
Total Capital	9,371.16	7,661.55	8,082.73	6,925.59	6,016.48
Total Risk Weighted Assets	45,229.14	41,178.92	42,844.25	37,168.97	30,380.21
Risk Weighted Density	53.01%	53.14%	52.69%	50.94%	46.72%
Capital Adequacy Ratio					
Tier I Capital (%)	15.26%	13.00%	13.69%	13.21%	14.27%
Tier II Capital (%)	5.46%	5.61%	5.18%	5.42%	5.53%
Total Capital (%)	20.72%	18.61%	18.87%	18.63%	19.80%

Note:

1. *Risk Weighted Density represents percentage of risk weighted assets to total exposure.*

Investment Portfolio

The following table sets forth, as at the dates indicated, information related to our total net investment portfolio.

(₹ in million)

	As at September 30, 2023	As at September 30, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Government Securities	15,479.15	13,344.32	14,870.40	13,555.23	12,107.36
Certificate of Deposit	-	-	-	-	-
Mutual Funds	-	-	-	-	-
Corporate Bonds	-		-	-	-
Equity Shares	15.40	15.40	15.40	15.40	15.16
Total	**15,494.55**	**13,359.72**	**14,885.80**	**13,570.63**	**12,122.52**

(₹ in million)

	As at September 30, 2023	As at September 30, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Held to Maturity	11,790.58	10,286.59	11,716.03	9,892.76	8,725.32
Available for Sale	3,553.86	3,073.13	3,169.77	3,677.87	3,397.20
Held for Trading	150.11	-	-	-	-

Total Portfolio	**15,494.55**	**13,359.72**	**14,885.80**	**13,570.63**	**12,122.52**

Investment Yield earned during the period

	Half year ended September 30, 2023	Half year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Yield	7.16%	6.47%	6.74%	6.15%	6.81%

Note:

1. Yield represents yield earned on investment portfolio, fixed deposits placed with other banks and money market based investments.

Interest Sensitivity Analysis

The following table sets forth the interest rate sensitivity analysis of Bank's assets and liabilities as September 30, 2023, which is prepared/compiled based on guidelines provided by the RBI.

(₹ in million)

	As at September 30, 2023					
	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	630.00	-	-	-	4,394.63	5,024.63
Balances with Other Banks	505.00	2,315.17	-	-	681.23	3,501.40
Investments	716.19	858.50	2,570.48	11,333.98	15.40	15,494.55
Advances	13,245.24	30,230.98	13,673.60	692.03	-	57,841.85
Other Assets (including fixed assets)	305.20	233.40	290.92	60.13	1,154.82	2,044.47
Total Assets	**15,401.63**	**33,638.05**	**16,535.00**	**12,086.14**	**6,246.08**	**83,906.90**
Capital and Reserves	-	-	-	-	7,117.58	7,117.58
Borrowings	432.50	1,654.90	1,586.10	2,054.10	-	5,727.60
Deposits	10,457.68	29,176.07	30,232.62	136.49	-	70,002.86
Other Liabilities	12.93	60.89	9.02	0.18	975.84	1,058.86
Total Liabilities	**10,903.11**	**30,891.86**	**31,827.74**	**2,190.77**	**8,093.42**	**83,906.90**

Asset Liability Gap

The following table sets forth the maturity pattern of certain items of assets and liabilities as at September 30, 2023, which is prepared/compiled based on guidelines provided by the RBI:

(₹ in million, except percentages)

As at September, 2023								
	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	2,585.09	741.55	1,584.64	1,034.82	1,549.35	284.39	746.19	8,526.03
Advances	7,520.33	1,564.46	2,127.73	4,428.53	31,578.50	7,215.53	3,406.77	57,841.85
Investments	3,529.62	472.62	377.88	839.29	6,137.38	1,137.58	3,000.18	15,494.55
Fixed Assets	-	-	-	-	-	-	807.60	807.60
Other Assets	104.12	201.10	203.15	29.93	331.39	32.71	334.48	1,236.87
Total Assets	13,739.16	2,979.73	4,293.40	6,332.58	39,596.62	8,670.20	8,295.21	83,906.90
Capital & Reserve	-	-	-	-	-	-	7,117.58	7,117.58
Deposits	6,024.70	2,516.39	2,139.12	6,439.60	32,876.93	5,807.11	14,199.01	70,002.86
Borrowings	52.50	380.00	832.60	822.30	1,217.60	368.50	2,054.10	5,727.60
Other Liabilities	206.60	67.89	36.32	36.59	618.18	60.06	33.22	1,058.86
Total Liabilities	6,283.80	2,964.28	3,008.04	7,298.49	34,712.71	6,235.67	23,403.91	83,906.90
Liquidity Gap	7,455.36	15.45	1,285.36	-965.91	4,883.91	2,434.54	-15,108.70	-
Cumulative Liquidity Gap	7,455.36	7,470.81	8,756.17	7,790.26	12,674.17	15,108.71	-	-
Cumulative Liabilities	6,283.80	9,248.08	12,256.12	19,554.60	54,267.32	60,502.98	83,906.90	83,906.90
Cumulative Liquidity Gap as a percentage of Cumulative Liabilities (%)	118.64%	80.78%	71.44%	39.84%	23.36%	24.97%	-	-

Productivity Ratios

The following table sets forth certain information relating to Bank's productivity ratios:

	Half year ended September 30, 2023	Half year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Number of branches	173	165	170	161	158
ATMs	175	167	172	163	160
Digital transactions Share	84.03%	79.31%	81.32%	71.18%	54.48%
Deposits per Branch	408.18	379.42	396.41	379.08	339.03
Advances per Branch	342.04	318.57	332.77	293.96	244.35
Disbursements per Branch	58.80	62.76	120.28	115.53	87.34

Note:

1. The above numbers have been computed on average number of branches.

2. The digital transaction share has been computed as a percentage of digital transactions over total non-cash transactions during the relevant period.

(₹ in million, except count)

	Half year ended September 30, 2023	Half year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Total number of employees	1,838	1,721	1,808	1,644	1,614
Deposits per employee	38.40	36.76	38.01	37.12	32.03
Advances per employee	32.18	30.86	31.91	28.78	23.09
Disbursements per employee	5.53	6.08	11.53	11.31	8.25

Note: *The above numbers have been computed on average number of employees.*

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 Limited (the "Bank") comprising the Restated Statement of Assets and Liabilities as at September 30, 2023, September 30, 2022, March 31, 2023, 2022 and 2021, the Restated Statement of Profit & Loss, the Restated Statement of Cash Flows for the six months period ended September 30, 2023, September 30, 2022 and for each of the financial years ended March 31, 2023, 2022 and 2021, 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 January 15, 2024, for the purpose of inclusion in the Red Herring Prospectus ("RHP") and the Prospectus, prepared and to be filed with the Registrar of Companies, Punjab and Chandigarh at Chandigarh ("RoC"), Securities and Exchange Board of India ("SEBI"), BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE" and together with BSE, the "Stock Exchanges") by the Bank in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of requirements of:

a. Section 26 of Part I of Chapter III of The Companies Act, 2013, as amended (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") as amended; 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 management is responsible for the preparation of the Restated Financial Information which have been approved by the Board of Directors for the purpose of inclusion in the RHP and Prospectus to be filed with the the RoC, SEBI and Stock Exchanges in connection with the proposed IPO. The Restated Financial Information has been prepared by the management of the Bank on the basis of preparation stated in note 5.2 to the 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 is 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 July 05, 2023, 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:

   a) The audited interim financial statements of the Bank as at and for the six months ended September 30, 2023 and September 30, 2022 prepared in accordance with the Accounting Standard (AS) 25 specified under section 133 of the Companies Act 2013, read with relevant rules issued thereunder to the extent applicable and other accounting principles generally accepted in India and the applicable requirements of Banking Regulation Act, 1949, which have been approved by board of Directors in their meeting held on January 15, 2024.

b) The audited financial statements as at and for the years ended March 31, 2023, 2022 and 2021, prepared by the Bank in accordance with the requirements prescribed under the Banking Regulation Act, 1949, the circulars, directions and guidelines issued by RBI from time to time, accounting principles generally accepted in India including Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder to the extent applicable and other relevant provisions of the Act and current practices prevailing within the banking industry in India, which have been approved by the Board of Directors at their meetings held on May 19, 2023, May 13, 2022 and May 11, 2021 respectively

5. For the purpose of our examination, we have relied on

a) Auditor's reports issued by us dated January 15, 2024 on the audited interim financial statements of the Bank as at and for the six months period ended September 30, 2023 and September 30, 2022, as referred in Paragraph 4 above.

b) Auditor's reports issued by us, dated May 19, 2023 and May 13, 2022 on the audited financial statements of the Bank as at and for the year ended March 31, 2023 and March 31, 2022, respectively, as referred in Paragraph 4 above.

c) Auditor's reports issued by previous auditor MSKC & Associates, dated May 11, 2021 on the audited financial statements of the Bank as at for the year ended March 31, 2021 as referred in Paragraph 4 above.

The audited financial statements for the year ended March 31, 2021 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 year ended March 31, 2021. The adjustments in so far as it relates to the amounts, disclosures, material errors, regrouping, reclassification, etc., included in respect of the year ended March 31, 2021 is restricted to and based solely on the audited financial statements and auditor's reports issued by the previous auditor for such year. 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. Our audit report on the interim financial statements for the six months period ended September 30, 2022 and for the year ended March 31, 2022 and previous auditor's report on financial statement for the year ended March 31, 2021 included the following Emphasis of matter paragraphs does not require any corrective adjustment in the Restated Financial Information:

Emphasis of Matter – September 30, 2022

We draw attention to Note 4.6 of the Schedule 18 to the financial statements, which describes that the extent to which any new wave of COVID-19 impacts the Bank's results is uncertain as it depends upon the future trajectory of the pandemic.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – March 31, 2022

We draw attention to Note 4.6 to the financial statements, which describes that the extent to which any new wave of COVID-19 impacts the Bank's results is uncertain as it depends upon the future trajectory of the pandemic.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – March 31, 2021

We draw attention to Note 3.3 of the 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.

7. Based on the above and according to the information and explanations given to us, we report that the Restated Financial Information:

a) has been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2023, March 31, 2022, March 31, 2021 and six months ended September 30, 2022 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the six months period ended September 30, 2023.

b) does not contain any qualifications in the auditors' reports on the audited financial statements of the Bank as at and for the six months period ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023, 2022 and 2021; and Emphasis of matter paragraphs included in the auditors' report on the financial statements as at and for the six months period ended September 30, 2022 and for the year ended March 31, 2022 and March 31, 2021 which

does not require any corrective adjustment in the Restated Financial Information have been disclosed in paragraph 2 of Annexure-4 to the Restated Financial Information.

c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

8. 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

9. 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 5 above.

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 Auditor, 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 RHP and Prospectus to be filed with the RoC, SEBI and Stock Exchanges 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: 24502955BKEHSJ7869
Place: Noida
Date: 15/01/2024

Annexure 1- Restated Statement of Assets and Liabilities
(All amounts in million except otherwise stated)

Particulars	Annexure	As on September 30, 2023	As on September 30, 2022	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021
CAPITAL & LIABILITIES						
Capital	6	353.51	342.52	342.52	340.44	339.10
Reserve and Surplus	7	6,764.07	5,222.60	5,763.58	4,817.37	4,168.80
Deposits	8	70,002.86	61,845.95	65,606.21	60,463.59	52,210.70
Borrowings	9	5,727.60	7,832.98	7,213.83	4,984.30	6,167.20
Other Liabilities and provisions	10	1,058.86	909.88	981.60	933.51	826.58
Total		**83,906.90**	**76,153.93**	**79,907.74**	**71,539.21**	**63,712.38**
ASSETS						
Cash and Balances with Reserve Bank of India	11	5,024.63	4,433.20	4,626.52	3,639.95	7,217.24
Balances with Banks and Money at call and Short Notice	12	3,501.40	5,495.05	4,182.09	6,550.61	5,686.99
Investments	13	15,494.55	13,359.72	14,885.81	13,570.63	12,122.52
Advances	14	57,841.85	51,270.41	54,286.88	46,348.00	37,268.86
Fixed assets	15	807.60	829.79	825.93	835.87	865.54
Other Assets	16	1,236.87	765.76	1,100.51	594.15	551.23
Total		**83,906.90**	**76,153.93**	**79,907.74**	**71,539.21**	**63,712.38**
Contingent Liabilities	17	529.18	483.36	564.74	456.21	383.51
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: January 15, 2024
Place: Noida

For and on behalf of the Board of Capital Small Finance Bank Limited

Sarvjit Singh Samra
Managing Director &
Chief Executive Officer
DIN: 00477444

Kamaldeep Singh Sangha
Director
DIN: 08242130

Gurpreet Singh Chug
Director
DIN: 01003380

Munish Jain
Executive Director &
Chief Financial Officer
DIN: 10132430

Amit Sharma
Company Secretary
Membership No. FCS10888

Date: January 15, 2024
Place: Jalandhar

Annexure 2- Restated Statement of Profit and Loss
(All amounts in million except otherwise stated)

Particulars	Annexure	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
INCOME						
Interest Earned	18	3,859.82	3,207.25	6,760.07	5,782.18	5,114.39
Other Income	19	292.34	220.83	494.75	541.85	458.34
Total		**4,152.16**	**3,428.08**	**7,254.82**	**6,324.03**	**5,572.73**
EXPENDITURE						
Interest Expended	20	2,150.08	1,693.69	3,540.24	3,229.36	3,128.28
Operating Expenses	21	1,248.24	1,061.90	2,227.54	1,962.53	1,729.59
Provisions and Contingencies (Refer note 46 of Annexure 22)		209.93	261.57	551.08	506.45	307.02
Total		**3,608.25**	**3,017.16**	**6,318.86**	**5,698.34**	**5,164.89**
PROFIT						
Net profit for the period		543.91	410.92	935.96	625.69	407.84
Profit brought forward		2,331.82	1,670.21	1,670.21	1,262.88	987.72
Total		**2,875.73**	**2,081.13**	**2,606.17**	**1,888.57**	**1,395.56**
APPROPRIATIONS						
Transfer to Statutory Reserve		-	-	233.99	156.42	101.96
Transfer to Special Reserve		-	-	34.54	18.04	6.92
Transfer (from)/ to Revenue and Other Reserves (Investment Reserve Account)		-	-	(7.57)	0.14	(0.14)
Transfer (from)/ to Revenue and Other Reserves (Investment Fluctuation Reserve)		-	-	(20.84)	16.56	23.94
Dividend		42.42	34.23	34.23	27.20	-
Balance carried over to Balance sheet		2,833.31	2,046.90	2,331.82	1,670.21	1,262.88
Total		**2,875.73**	**2,081.13**	**2,606.17**	**1,888.57**	**1,395.56**
EARNING PER SHARE						
Basic (₹)		15.59*	12.02*	27.35	18.41	12.04
Diluted (₹)		15.49*	11.97*	27.21	18.22	11.98
Face value (₹)		10.00	10.00	10.00	10.00	10.00
**non-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: January 15, 2024
Place: Noida

For and on behalf of the Board of Capital Small Finance Bank Limited

Sarvjit Singh Samra
Managing Director & Chief Executive Officer
DIN: 00477444

Kamaldeep Singh Sangha
Director
DIN: 08242130

Gurpreet Singh Chug
Director
DIN: 01003380

Munish Jain
Executive Director & Chief Financial Officer
DIN: 10132430

Amit Sharma
Company Secretary
Membership No. FCS10888

Date: January 15, 2024
Place: Jalandhar

Annexure 3- Restated Statement of Cash Flows
(All amounts in million except otherwise stated)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
CASH FLOW FROM OPERATING ACTIVITIES					
Net Profit before Taxes	721.32	549.07	1,241.56	844.89	537.37
Adjustments For-					
Depreciation Charge on Fixed Assets	85.61	115.23	206.67	161.16	164.92
Loan Loss Provision	32.52	123.41	245.48	287.25	177.49
(Profit)/ Loss on Sale of Fixed Assets	0.15	0.17	(0.10)	0.06	(0.01)
Employee Stock Option Expense	12.14	10.77	26.71	38.35	22.12
Depreciation/ (Reversal of Depreciation) on Investments	7.95	17.49	13.40	(0.24)	0.24
Operating profit before working capital changes	859.69	816.14	1,733.72	1,331.47	902.13
Adjustments For-					
Decrease/ (Increase) in Term Deposits with other Banks	1,069.07	1,383.70	2,326.03	(722.31)	(1,159.63)
(Increase)/ Decrease in Investments	(616.69)	193.42	(1,328.58)	(1,447.86)	(1,604.02)
(Increase) in Advances	(3,586.70)	(5,040.24)	(8,185.63)	(9,257.16)	(4,374.22)
Increase in Deposits	4,396.65	1,382.36	5,142.62	8,252.89	7,744.47
(Increase)/ Decrease in Other Assets	(123.14)	(150.74)	(494.48)	(28.13)	81.03
Increase/ (Decrease) in Other Liabilities & Provisions	76.47	(3.12)	75.45	(28.39)	282.00
Cash Flow from Operating Activities	2,075.35	(1,418.49)	(730.87)	(1,899.51)	1,871.76
Direct Taxes Paid (net of refunds)	(190.63)	(185.12)	(343.57)	(207.90)	(128.58)
NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES	**1,884.72**	**(1,603.61)**	**(1,074.44)**	**(2,107.41)**	**1,743.18**
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Fixed Assets	(67.90)	(109.89)	(197.64)	(134.94)	(129.26)
Proceeds from Sale of Fixed Assets	0.47	0.56	1.01	3.39	5.05
NET CASH FLOW (USED IN) INVESTING ACTIVITIES	**(67.43)**	**(109.33)**	**(196.63)**	**(131.54)**	**(124.21)**
CASH FLOW FROM FINANCING ACTIVITIES					
Net Proceeds from equity shares issued under preferential allotment on private placement basis/ ESOP allotment	497.84	19.86	19.85	13.07	10.14
Net Proceeds from the new issue of Unsecured Redeemable Non-Convertible Bonds/ (Redemption of Bonds)	228.60	261.30	261.30	226.20	314.00
Net (Decrease)/ Increase in Borrowings/ Refinance	(1,714.83)	2,587.38	1,968.23	(1,409.10)	1,644.00
Dividend Payment	(42.42)	(34.23)	(34.23)	(27.20)	-
NET CASH FLOW (USED IN)/ FROM FINANCING ACTIVITIES	**(1,030.81)**	**2,834.31**	**2,215.15**	**(1,197.03)**	**1,968.14**
Net Increase/ (Decrease) in Cash & Cash Equivalents	**786.48**	**1,121.37**	**944.08**	**(3,435.98)**	**3,587.11**
Cash & Cash Equivalents in the beginning of the period	4,919.38	3,975.30	3,975.30	7,411.28	3,824.16
Cash & Cash Equivalents at the end of the period	5,705.86	5,096.67	4,919.38	3,975.30	7,411.28

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 and on behalf of the Board of Capital Small Finance Bank Limited

For T R Chadha & Co. LLP
Chartered Accountants
FRN: 006711N/N500028

Sarvjit Singh Samra
Managing Director &
Chief Executive Officer
DIN: 00477444

Kamaldeep Singh Sangha
Director
DIN: 08242130

Gurpreet Singh Chug
Director
DIN: 01003380

Hitesh Garg
Partner
Membership No. 502955
Date: January 15, 2024
Place: Noida

Munish Jain
Executive Director &
Chief Financial Officer
DIN: 10132430

Amit Sharma
Company Secretary
Membership No. FCS10888

Date: January 15, 2024
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 half year ended September 30, 2023 are materially consistent with the policies adopted for each of the half year ended September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31, 2021. However, during the half year ended September 30, 2022 and year ended March 31, 2023, the Bank has revised the estimated useful life of Office Equipment and Automated Teller Machines (ATMs). Depreciation on these assets has been charged prospectively over the revised useful life of assets. Consequently, depreciation charged has been increased by ₹33.92 million and ₹50.80 million for the half year ended September 30, 2022 and year ended March 31, 2023 respectively. Profit after tax for the half year ended September 30, 2022 was lower by ₹25.38 million and ₹38.30 million for the year ended March 31, 2023.

Restated Financial Statements have been prepared based on the respective audited financial statements for the half years ended September 30, 2023 and 2022 and years ended March 31, 2023, 2022 and 2021.

The Reserve Bank of India conducted Inspection for Supervisory Evaluation (ISE) under Section 35 of Banking Regulation Act 1949 for the financial year 2021-22 and presented its report on the same in May 2023 before adoption of financials of financial year 2022-23. The RBI in its report, has pointed out certain retrospective divergence in respect of the bank's asset classification and provisioning under the applicable prudential norms on income recognitions, asset classification and provision. For the purpose of preparation of restated financial statement, impact of such divergence has been considered in financial year 2022-23 and consequently no retrospective adjustments have been made in this regard to the Restated Financial Statements.

2. Non-adjusting items

2.1 Emphasis of matter paragraph in auditor's report

The Auditor's report on the financial statements for the half year ended September 30, 2023 and the year ended March 31, 2023 does not have any emphasis of matter paragraph. Emphasis of matter paragraphs included in the auditors' reports on the financial statements for the half year ended September 30, 2022 and for the years ended March 31, 2022 and March 31, 2021 which do not require any corrective adjustment in the Restated Financial Information, are as follows:

Emphasis of Matter – September 30, 2022

We draw attention to Note 4.6 of the Schedule 18 to the financial statements, which describes that the extent to which any new wave of COVID-19 impacts the Bank's results is uncertain as it depends upon the future trajectory of the pandemic.

Our opinion is not modified in respect of this matter.

Note 25.5.1 of restated financial statements represents the note 4.6 of the Schedule 18 of the audited financial statements for the half year ended September 2022.

Emphasis of Matter – March 31, 2022

We draw attention to Note 4.6 to the financial statements, which describes that the extent to which any new wave of COVID-19 impacts the Bank's results is uncertain as it depends upon the future trajectory of the pandemic.

Our opinion is not modified in respect of this matter.

Note 25.5.3 of restated financial statements represents the note 4.6 of the Schedule 18 of the audited financial statements for the year ended March 2022.

Emphasis of Matter – March 31, 2021

We draw attention to Note 3.3 of the 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 25.5.4 of restated financial statements represents the note 3.3 of the Schedule 18 of the audited financial statements for the year ended March 2021.

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 half year ended September 30, 2023. Some of the regroupings and reclassifications are due to the updated Master Direction on Financial Statements - Presentation and Disclosures issued by the RBI dated August 30, 2021, updated as on February 20, 2023.

The material regrouping and reclassifications are as under:

Provision/ (write-back) of mark-to-market depreciation on investments in AFS and HFT categories (net) has been classified under Other Income. Hitherto, the Bank was classifying such Provisions / (write-back) under Provisions and Contingencies.

In Annexure 7- Restated Statement of Reserves and Surplus, sub-heads of Investment Reserve Account and Investment Fluctuation Reserve have been merged into Revenue and Other Reserves sub-head.

In Annexure 21- Restated Statement of Operating Expenses, sub-head of Directors fees, allowances and expenses for the year ended March 31, 2022 and March 31, 2021 have been regrouped from Other expenditure.

For the year ended March 31, 2022

(₹ in millions)

Particulars	As per Audited Financials for March 31, 2022	Changes due to Regrouping	Balance after Regrouping
Profit and Loss			
Operating Expenses: Directors' fees, allowances & expenses	4.95	0.69	5.64
Operating Expenses: Other expenditure	243.53	(0.69)	242.84

For the year ended March 31, 2021

(₹ in millions)

Particulars	As per Audited Financials for March 31, 2021	Changes due to Regrouping	Balance after Regrouping
Profit and Loss			
Other Income	458.58	(0.24)	458.34
Provisions and Contingencies	307.26	(0.24)	307.02

(₹ in millions)

Particulars	As per Audited Financials for March 31, 2021	Changes due to Regrouping	Balance after Regrouping
Reserve and Surplus			
Investment Reserve Account	13.00	(13.00)	-
Investment Fluctuation Reserve	67.95	(67.95)	-
Revenue and Other Reserves	26.39	80.95	107.34

(₹ in millions)

Particulars	As per Audited Financials for March 31, 2021	Changes due to Regrouping	Balance after Regrouping
Profit and Loss			
Operating Expenses: Directors' fees, allowances & expenses	2.32	0.36	2.68
Operating Expenses: Other expenditure	210.04	(0.36)	209.68

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 & 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 is prepared by the management of the Bank for the purpose of inclusion in Red Herring Prospectus ("RHP") and Prospectus in connection with the proposed Initial Public Offer ("IPO") of equity shares. The Restated Financial Information of the Bank comprise of the Restated Statement of Assets and Liabilities as at September 30, 2023, September 30, 2022, March 31, 2023, 2022 and 2021, the Restated Statement of Profit & Loss and Restated Cash Flow Statement for the half year ended September 30, 2023 and September 30, 2022 and for each of the year ended March 31, 2023, 2022 and 2021 and the summary statement of significant accounting policies and other explanatory information (hereinafter collectively referred to as the "**Restated Financial Information**").

The Restated Financial Information have been prepared to comply in all material respects with the requirements of:

a. Section 26 of Part I of Chapter III of The Companies Act, 2013, as amended from time to time (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 half year ended September 30, 2023 and September 30, 2022 and audited financial statements of the Bank as at and for each of the years ended March 31, 2023, 2022 and 2021 -

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 January 15, 2024, January 15, 2024, May 19, 2023, May 13, 2022 and May 11, 2021 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, 2023, March 31, 2022 & March 31, 2021 and half year ended September 30, 2022 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the half year ended September 30, 2023;

c. there are no qualifications in the auditors' reports on the audited financial statements of the Bank as at and for the half year ended September 30, 2023 and September 30, 2022 and as at and for years ended March 31, 2023, 2022 and 2021; 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/year. 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/year 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 of the Companies Act, 2013, is as follows-

Asset	Depreciation rate per annum
Computers	33.33%
Automated Teller Machines (ATMs)	9.50%
Mobile Phones	33.33%
Cash Sorting Machines	33.33%
Software and System Development Expenditure	20.00%

5.4.5 All other Assets are depreciated on the rates, calculated on the basis of useful life specified in the Schedule II of the Companies Act, 2013, as detailed below-

Asset	Depreciation rate per annum
Plant and Machinery	6.33%
Office Equipment	19.00%
Furniture & Fixture	9.50%
Motor Car	11.88%
Two-Wheeler	9.50%
Cycle	9.50%

5.4.6 Assets purchased/sold during the period/year 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 and 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 and the carrying amount of the asset and are recognized on net basis, within “Other Income” as Profit/(Loss) on sale of land, building & other assets, in the Profit and Loss account in the period/year of disposal or retirement.

5.4.9 Assets individually costing up to ₹5,000/- are depreciated fully in the year of acquisition. Further, profit on sale of premises by the Bank is appropriated to capital reserve, net of transfer to Statutory Reserve and taxes, in accordance with RBI guidelines.

5.5 IMPAIRMENT OF ASSETS

The carrying amount of fixed assets is reviewed at the Balance Sheet date to determine if 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 and Loss account to the extent the carrying amount of fixed 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 and 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 or amortized 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 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 and Loss Appropriation 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) which forms the part of Revenue and Other Reserves under the head Reserve and Surplus in Balance Sheet. 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 As per the RBI circular RBI/2017-18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, to build up adequate reserves to protect against increase in yields in future, the Bank has created an Investment Fluctuation Reserve (IFR) to the extent of the lower of following:

a) net profit on sale of investments during the year;

b) net profit for the year less mandatory appropriations.

This reserve will be created until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing year end basis.

5.6.4.12 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.

5.6.4.13 In accordance with the RBI guidelines, repurchase and reverse repurchase transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively.

5.6.4.14 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 of Security between Categories**

Transfer 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/year against bad debts written off in earlier accounting periods/years are credited to the Profit and 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 and Loss account to the extent such provisions were charged to the Profit and 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. Provision for restructuring is considered at borrower level.

5.7.8 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 net fee received for the sale of PSLCs is recorded as 'Miscellaneous Income' (Annexure 19) and the net expense paid on purchase of PSLC is recorded as 'Miscellaneous Expense' (Annexure 21).

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 for stock options granted after the period ending March 31, 2021 is measured using the fair value method and for stock options granted prior to such period, is measured using the intrinsic value method. The costs are 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.

5.11 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 and 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.

Business Segment

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 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/year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period/year.

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/year 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 u/s section 115 BAA of the Income Tax Act, 1961. Accordingly, as per section 115 JB, Minimum Alternate Tax (MAT) is not applicable.

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

- ✓ 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.

5.15.5 In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made in the financial statements. In case of remote possibility, neither provision nor disclosure is made in the financial statements.

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/year, or reported in previous financial statements, are recognized as income or expense in the period/year 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 September 30, 2023	As on September 30, 2022	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021
ANNEXURE 6- RESTATED STATEMENT OF CAPITAL					
Authorised Capital					
5,00,00,000 equity shares of ₹10 each	**500.00**	**500.00**	**500.00**	**500.00**	**500.00**
Issued, Subscribed and Paid-up Capital					
3,53,50,636 equity shares of ₹10 each fully paid-up (September 30, 2022- 3,42,52,454; March 31, 2023- 3,42,52,454 March 31, 2022 -3,40,44,091 and March 31, 2021 -3,39,10,681)	353.51	342.52	342.52	340.44	339.10
Total	**353.51**	**342.52**	**342.52**	**340.44**	**339.10**
ANNEXURE 7 – RESTATED STATEMENT OF RESERVES AND SURPLUS					
I **Statutory Reserve**					
Opening Balance	963.60	729.60	729.60	573.18	471.22
Additions during the period	-	-	233.99	156.42	101.96
Deductions during the period	-	-	-	-	-
Total	963.60	729.60	963.60	729.60	573.18
II **Capital Reserve**					
Opening Balance	0.16	0.16	0.16	0.16	0.16
Additions during the period	-	-	-	-	-
Deductions during the period	-	-	-	-	-
Total	0.16	0.16	0.16	0.16	0.16
III **Special Reserve**					
Opening Balance	70.96	36.42	36.42	18.38	11.45
Additions during the period	-	-	34.54	18.04	6.92
Deductions during the period	-	-	-	-	-
Total	70.96	36.42	70.96	36.42	18.38
IV **Share Premium**					
Opening Balance	2,276.45	2,233.89	2,233.89	2,206.86	2,185.90
Additions during the period	493.55	42.56	42.56	27.03	20.96
Deductions during the period	-	-	-	-	-
Total	2,770.00	2,276.45	2,276.45	2,233.89	2,206.86
V **Revenue and Other Reserves**					
Opening Balance	120.60	147.09	147.09	107.34	73.28
Additions during the period	14.34	11.01	26.71	55.04	46.06
Deductions during the period	(8.90)	(25.03)	(53.20)	(15.29)	(12.00)
Total	126.04	133.07	120.60	147.09	107.34
VI **Balance in Profit & Loss Account**	2,833.31	2,046.90	2,331.82	1,670.21	1,262.88
Grand Total	**6,764.07**	**5,222.60**	**5,763.58**	**4,817.37**	**4,168.80**

Particulars		As on September 30, 2023	As on September 30, 2022	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021
ANNEXURE 8 – RESTATED STATEMENT OF DEPOSITS						
A I	**Demand Deposits**					
	From banks	0.27	0.76	11.40	0.02	0.65
	From others	1,954.50	1,925.55	2,400.24	2,328.96	2,072.01
II	**Saving Bank Deposits**	24,478.84	23,776.08	25,067.32	23,165.03	18,853.68
III	**Term deposits**					
	From banks	2,078.29	452.62	262.04	809.36	565.45
	From others	41,490.96	35,690.94	37,865.21	34,160.22	30,718.91
	Total (I + II + III)	**70,002.86**	**61,845.95**	**65,606.21**	**60,463.59**	**52,210.70**
B I	Deposits of branches in India	70,002.86	61,845.95	65,606.21	60,463.59	52,210.70
II	Deposits of branches outside India	-	-	-	-	-
	Total	**70,002.86**	**61,845.95**	**65,606.21**	**60,463.59**	**52,210.70**
ANNEXURE 9- RESTATED STATEMENT OF BORROWINGS						
I	**Borrowings in India**					
	i) Reserve Bank of India	-	-	-	-	-
	ii) Other Banks	-	1,000.21	-	-	-
	iii) Other Institutions and Agencies	3,090.30	4,424.07	4,805.13	2,836.90	4,246.00
	iv) Unsecured Redeemable Non-Convertible Bonds (Subordinated debt - Tier II Capital)	2,247.30	2,018.70	2,018.70	1,757.40	1,531.20
	v) Hybrid debt Capital instrument issued as debentures	390.00	390.00	390.00	390.00	390.00
II	**Borrowings outside India**	-	-	-	-	-
	Total (I + II)	**5,727.60**	**7,832.98**	**7,213.83**	**4,984.30**	**6,167.20**
	Secured Borrowings included in I and II above	3,090.30	5,424.28	4,805.13	2836.90	4,246.00
ANNEXURE 10- RESTATED STATEMENT OF OTHER LIABILITIES AND PROVISIONS						
I	Bills Payable	391.44	306.53	358.28	333.77	419.44
II	Inter-office adjustments (net)	-	1.09	-	3.98	-
III	Interest accrued	83.02	84.62	58.90	55.51	53.59
IV	Provision for taxes (net of taxes paid in advance/ TDS)	-	-	-	26.09	-
V	Others (including provisions)	300.84	228.02	281.65	230.12	178.74
VI	Provisions against standard assets	283.56	289.62	282.77	284.04	174.81
	Total	**1,058.86**	**909.88**	**981.60**	**933.51**	**826.58**
ANNEXURE 11- RESTATED STATEMENT OF CASH AND BALANCE WITH RESERVE BANK OF INDIA						
I	Cash in hand (including Cash at ATM and Foreign Currency Notes)	836.86	683.32	1,052.99	552.57	579.61
II	Balance with Reserve Bank of India					
a)	in Current Accounts	3,557.77	3,009.88	3,223.53	2,517.38	1,917.63
b)	in Other Accounts	630.00	740.00	350.00	570.00	4,720.00
	Total (I +II)	**5,024.63**	**4,433.20**	**4,626.52**	**3,639.95**	**7,217.24**
ANNEXURE 12- RESTATED STATEMENT OF BALANCE WITH BANKS AND MONEY AT CALL & SHORT NOTICE						
I	**In India**					
i)	Balance with banks					
a)	in Current Accounts	681.23	663.48	292.86	335.35	194.04
b)	in Other Deposit Accounts	2,820.17	4,831.57	3,889.23	6,215.26	5,492.95
ii)	Money at call and short notice					
a)	With Banks	-	-	-	-	-
b)	With other Institutions	-	-	-	-	-
	Total (I)	**3,501.40**	**5,495.05**	**4,182.09**	**6,550.61**	**5,686.99**

Particulars		As on September 30, 2023	As on September 30, 2022	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021
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)	**3,501.40**	**5,495.05**	**4,182.09**	**6,550.61**	**5,686.99**

ANNEXURE 13- RESTATED STATEMENT OF INVESTMENTS

I	**Investments in India in**					
i)	Government securities	15,479.15	13,344.32	14,870.41	13,555.23	12,107.36
ii)	Other approved securities	-	-	-	-	-
iii)	Shares	15.40	15.40	15.40	15.40	15.16
iv)	Debentures and Bonds	-	-	-	-	-
v)	Subsidiaries and/or joint ventures	-	-	-	-	-
vi)	Others	-	-	-	-	-
	Total (I)	**15,494.55**	**13,359.72**	**14,885.81**	**13,570.63**	**12,122.52**
II	**Investments outside India in**					
i)	Government securities (including local authorities)	-	-	-	-	-
ii)	Subsidiaries and/or joint ventures abroad	-	-	-	-	-
iii)	Other Investments	-	-	-	-	-
	Total (II)	-	-	-	-	-
	Grand Total (I+II)	**15,494.55**	**13,359.72**	**14,885.81**	**13,570.63**	**12,122.52**
III	**Gross value of Investments**	15,515.90	13,377.21	14,899.21	13,570.63	12,122.76
	Provision for Depreciation	(21.35)	(17.49)	(13.40)	-	(0.24)
	Net value of Investments	**15,494.55**	**13,359.72**	**14,885.81**	**13,570.63**	**12,122.52**

ANNEXURE 14- RESTATED STATEMENT OF ADVANCES

A i)	Bills purchased and discounted	-	-	-	-	-
ii)	Cash credits, overdrafts and loans repayable on demand	26,023.71	24,947.17	25,228.54	23,048.89	19,438.52
iii)	Term Loans	31,818.14	26,323.24	29,058.34	23,299.11	17,830.34
	Total	**57,841.85**	**51,270.41**	**54,286.88**	**46,348.00**	**37,268.86**
B i)	Secured by Tangible Assets	57,327.67	50,322.73	53,520.56	45,258.79	36,231.28
ii)	Covered by Bank/ Government Guarantees	445.59	846.03	688.68	972.51	839.91
iii)	**Unsecured**	68.59	101.65	77.64	116.70	197.67
	Total	**57,841.85**	**51,270.41**	**54,286.88**	**46,348.00**	**37,268.86**
C I)	**Advances in India**					
i)	Priority Sector (Refer note 25.2 of Annexure 22)	36,405.63	33,773.54	34,960.67	32,299.60	25,577.63
ii)	Public Sector	-	-	-	-	-
iii)	Banks	-	0.11	-	-	-
iv)	Other	21,436.22	17,496.76	19,326.21	14,048.40	11,691.23
	Total (I)	**57,841.85**	**51,270.41**	**54,286.88**	**46,348.00**	**37,268.86**
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)	**57,841.85**	**51,270.41**	**54,286.88**	**46,348.00**	**37,268.86**

Particulars		As on September 30, 2023	As on September 30, 2022	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021
ANNEXURE 15- RESTATED STATEMENT OF FIXED ASSETS						
I	**Premises**					
	At cost as on 31st March of the preceding year	107.64	107.64	107.64	64.52	64.52
	Additions during the period	-	-	-	43.12	-
	Deductions during the period	-	-	-	-	-
	Total	**107.64**	**107.64**	**107.64**	**107.64**	**64.52**
	Depreciation					
	As at 31st March of the preceding year	2.09	0.72	0.72	-	-
	Charge for the period	0.68	0.69	1.37	0.72	-
	Total	**2.77**	**1.41**	**2.09**	**0.72**	**-**
	Net Block I	**104.87**	**106.23**	**105.55**	**106.92**	**64.52**
II	**Other Fixed Assets (including furniture & fixtures)**					
	At cost as on 31st March of the preceding year	1,922.88	1,728.70	1,728.70	1,646.16	1,530.63
	Additions during the period	67.90	109.89	197.64	91.82	129.26
	Deductions during the period	(1.74)	(1.86)	(3.46)	(9.28)	(13.73)
	Total	**1,989.04**	**1,836.73**	**1,922.88**	**1,728.70**	**1,646.16**
	Depreciation					
	As at 31st March of the preceding year	1,202.50	999.75	999.75	845.15	688.91
	Charge for the period	84.93	114.54	205.30	160.44	164.92
	Reversed on sale	(1.12)	(1.12)	(2.55)	(5.85)	(8.69)
	Total	**1,286.31**	**1,113.17**	**1,202.50**	**999.74**	**845.14**
	Net Block II	**702.73**	**723.56**	**720.38**	**728.95**	**801.02**
	Grand Total (I & II)	**807.60**	**829.79**	**825.93**	**835.87**	**865.54**
ANNEXURE 16- RESTATED STATEMENT OF OTHER ASSETS						
i)	Inter-office adjustments (net)	-	-	-	-	-
ii)	Interest accrued	371.63	410.36	368.73	391.53	407.87
iii)	Taxes paid in advance/ TDS (net of provision for taxes)	4.94	12.22	0.28	-	15.69
iv)	Stationery & Stamps	6.40	5.08	5.76	3.64	2.91
v)	Non-banking assets acquired in satisfaction of claims	-	-	-	-	-
vi)	Others (includes deposits placed on account of shortfall in priority sector target amounting to ₹518.02 mn as on September 30, 2023, ₹ 122.25 mn as on September 30,2022, ₹492.93 mn as on March 31, 2023, ₹2.40 mn as on March 31, 2022 & nil as on March 31, 2021)	853.90	338.10	725.74	198.98	124.76
	Total	**1,236.87**	**765.76**	**1,100.51**	**594.15**	**551.23**
ANNEXURE 17- RESTATED STATEMENT OF CONTINGENT LIABILITIES						
i)	Claims against the Bank not acknowledged as debts	12.21	-	12.21	-	-
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	429.39	422.54	472.53	370.49	327.14
	(b) Outside India	-	-	-	-	-
v)	Acceptances, endorsements and other obligations	14.95	-	14.79	13.64	13.16
vi)	Other items for which bank is contingently liable	72.63	60.82	65.21	72.08	43.21
	Total	**529.18**	**483.36**	**564.74**	**456.21**	**383.51**

Annexures forming part of the Restated Statement of Profit and Loss
(All amounts in million except otherwise stated)

	Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
ANNEXURE 18- RESTATED STATEMENT OF INTEREST EARNED						
I	Interest/ discount on advances/ bills	3,049.38	2,518.05	5,328.58	4,373.02	3,724.31
II	Income on investments	530.15	468.16	976.18	860.23	846.81
III	Interest on balance with Reserve Bank of India and inter-bank funds	269.08	220.88	448.44	548.88	543.27
IV	Others	11.21	0.16	6.87	0.05	-
	Total	**3,859.82**	**3,207.25**	**6,760.07**	**5,782.18**	**5,114.39**
ANNEXURE 19- RESTATED STATEMENT OF OTHER INCOME						
I	Commission, exchange and brokerage	276.11	218.81	469.21	426.34	295.52
II	Profit/(Loss) on sale of investments (Net)	3.09	2.24	4.74	29.50	83.99
III	Profit/(Loss) on revaluation of investments (Net)	(7.95)	(17.49)	(13.40)	0.24	(0.24)
IV	Profit/(Loss) on sale of Land, building & other assets (Net)	(0.15)	(0.17)	0.10	(0.06)	0.02
V	Profit/(Loss) on Exchange Transactions (Net)	20.81	17.35	33.93	27.49	20.76
VI	Income earned by way of dividends etc.	-	-	-	-	-
VII	Miscellaneous income	0.43	0.09	0.17	58.34	58.29
	Total	**292.34**	**220.83**	**494.75**	**541.85**	**458.34**
ANNEXURE 20- RESTATED STATEMENT OF INTEREST EXPENDED						
I	Interest on deposits	1,876.92	1,491.03	3,114.33	2,854.21	2,783.14
II	Interest on Reserve Bank of India/ inter-bank borrowings	1.04	14.99	26.00	1.22	20.03
III	Others	272.12	187.67	399.91	373.93	325.11
	Total	**2,150.08**	**1,693.69**	**3,540.24**	**3,229.36**	**3,128.28**
ANNEXURE 21- RESTATED STATEMENT OF OPERATING EXPENSES						
I	Payments to and provisions for employees	613.97	562.17	1,179.82	1,065.60	904.30
II	Rent, taxes and lighting	152.45	136.44	275.74	259.09	258.65
III	Printing and stationery	14.76	16.14	32.28	24.02	21.99
IV	Advertisement and publicity	1.90	5.08	10.42	3.81	1.76
V	Depreciation on bank property	85.61	115.23	206.67	161.16	164.92
VI	Directors' fees, allowances & expenses	5.60	5.28	9.43	5.64	2.68
VII	Auditors' fees and expenses	4.80	1.54	7.57	8.27	4.89
VIII	Law charges	0.41	-	-	-	0.05
IX	Postage, Telegrams, Telephones etc.	22.95	18.35	39.48	32.90	28.57
X	Repairs and maintenance	50.48	42.49	87.53	76.30	61.38
XI	Insurance	44.03	40.44	82.34	82.90	70.72
XII	Other expenditure	251.28	118.74	296.26	242.84	209.68
	Total	**1,248.24**	**1,061.90**	**2,227.54**	**1,962.53**	**1,729.59**

ANNEXURE 22- Notes forming part of the restated summary statements

22.1 Capital

22.1.1 Regulatory Capital

Capital to risk-weighted asset ratio ('Capital Adequacy Ratio') of the Bank has been computed in accordance with the Reserve Bank of India ('RBI') circular no DBR. NBD. No.26/ 16.13.218/2016-17, dated October 06, 2016 on "Operating Guidelines for Small Finance Banks".

The Bank has followed Basel II Standardized Approach for credit risk, in accordance with the RBI circular no DBR. NBD. No.26/ 16.13.218/2016-17, dated October 06, 2016 on "Operating Guidelines for Small Finance Banks". Market Risk and Operation Risk has not been considered for measurement of Capital Adequacy Ratio as per the letter issued by the Reserve Bank of India vide reference number DBR.NBD.No.4502/16.13.218/2017-18 dated November 08, 2017 to all the small finance banks.

The total Capital Adequacy Ratio of the Bank as at September 30, 2023 is 20.72% against the regulatory requirement of 15% as prescribed by the RBI. No Capital Conservation Buffer and Counter - Cyclical Capital Buffer is applicable on Small Finance Bank (SFB) as per operating guidelines issued on SFB by the RBI.

22.1.2 Composition of Regulatory Capital

(₹ in millions)

S. No.	Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
1.	Common Equity Tier 1 Capital (CET 1)	6,903.26	5,355.28	5,864.68	4,908.56	4,335.80
2.	Additional Tier 1 Capital	-	-	-	-	-
3.	Tier 1 Capital (1+2)	6,903.26	5,355.28	5,864.68	4,908.56	4,335.80
4.	Tier 2 Capital	2,467.90	2,306.27	2,218.05	2,017.03	1,680.68
5.	Total Capital (Tier 1 + Tier 2)	9,371.16	7,661.55	8,082.73	6,925.59	6,016.48
6.	Total Risk Weighted Assets (RWAs)	45,229.14	41,178.92	42,844.25	37,168.97	30,380.21
7.	CET 1 Ratio (CET 1 as a percentage of RWAs)	15.26%	13.00%	13.69%	13.21%	14.27%
8.	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	15.26%	13.00%	13.69%	13.21%	14.27%
9.	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	5.46%	5.61%	5.18%	5.42%	5.53%
10.	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	20.72%	18.61%	18.87%	18.63%	19.80%
11.	Leverage Ratio	8.09%	6.91%	7.21%	6.73%	6.67%
12.	Percentage of the shareholding of (a) Government of India (b) State Government (c) Sponsor Bank	-	-	-	-	-
13.	Amount of paid-up equity capital raised during the period	10.98	2.08	2.08	1.34	1.03
14.	Amount of non-equity Tier 1 capital raised during the period of which					
	(a) Basel III compliant Perpetual Non-Cumulative Preference Shares	-	-	-	-	-
	(b) Basel III compliant Perpetual Debt Instruments	-	-	-	-	-
15.	Amount of Tier 2 capital raised during the period	309.90	321.70	321.70	313.50	314.00

22.1.3 Movement in Capital during the period is as below:

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
1. Amount of equity (Face Value) raised on private placement under preferential allotment/ allotment of employee stock options	10.98	2.08	2.08	1.34	1.03
2. Amount of debt raised as Upper Tier-II capital	-	-	-	-	-
3. Amount of subordinated debt raised as Tier-II capital (Lower Tier-II capital)	309.90	321.70	321.70	313.50	314.00

22.1.4 Movement in the paid-up equity share capital of the Bank is as below:

During the half year ended September 30, 2023, the Bank has issued and allotted 10,57,700 equity shares having face value of ₹10/- each at a premium of ₹458/- (i.e., at the total issue price of ₹468/-) per Equity Share aggregating to ₹495 million on a private placement basis under preferential allotment. Additionally, during the half year ended September 30, 2023, the Bank has issued and allotted 40,482 equity shares to employees of the Bank in form of employee stock option as per the ESOP plans of the Bank.

During the half year ended September 30, 2022, the Bank has issued and allotted 2,08,363 equity shares to employees of the Bank in form of employee stock option as per the ESOP plans of the Bank.

During the year ended March 31, 2023, the Bank has issued and allotted 2,08,363 equity shares to employees of the Bank in form of employee stock option as per the ESOP plans of the Bank.

During the year ended March 31, 2022, the Bank has issued and allotted 1,33,410 equity shares to employees of the Bank in form of employee stock option as per the ESOP plan of the Bank.

During the year ended March 31, 2021, the Bank has issued and allotted 1,03,464 equity shares to employees of the Bank in form of employee stock option as per the ESOP plan of the Bank.

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31,2023	Year ended March 31, 2022	Year ended March 31, 2021
Opening Balance	342.52	340.44	340.44	339.10	338.07
Addition pursuant to Amount of equity raised on private placement basis under preferential allotment/ allotment of employee stock options	10.98	2.08	2.08	1.34	1.03
Closing Balance	353.51	342.52	342.52	340.44	339.10

22.1.5 Tier 2 Capital Infusion/ Redemption

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
Half Year ended September 2023	Series XXI	26-May-23	10%	10 Years	309.90
Half Year ended September 2022 and Year ended March 2023	Series XX	12-May-22	9.25%	10 Years	321.70
Year ended March 2022	Series XIX	29-Jun-21	9.25%	10 Years	313.50
Year ended March 2021	Series XVIII	18-Nov-20	9.25%	10 Years	314.00

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
Half Year ended September 2023	Series VIII	04-May-23	11.00%	50.30
	Series IX	20-May-23	11.00%	31.00
Year ended March 2023	Series VII	25- Aug-22	11.00%	60.40
Year ended March 2022	Series V	04-Jun-21	11.00%	57.10
	Series VI	18-Jun-21	11.00%	30.20

Maturity Profile of total debentures outstanding as on September 30, 2023:

Unsecured Redeemable Non-Convertible Lower Tier II Bonds

(₹ in millions)

Series	ISIN	Amount	Maturity Date
11% Tier II Bonds Series X	INE646H08095	94.70	24-May-24
10.50% Tier II Bonds Series XII	INE646H08178	120.00	17-Feb-26
9.75% Tier II Bonds Series XIV	INE646H08160	159.00	25-Nov-26
9.25% Tier II Bonds Series XV	INE646H08152	209.50	15-May-28
10% Tier II Bonds Series XVI	INE646H08103	180.00	28-Feb-29
10% Tier II Bonds Series XVII	INE646H08129	225.00	31-Mar-29
9.25% Tier II Bonds Series XVIII	INE646H08186	314.00	18-Nov-30
9.25% Tier II Bonds Series XIX	INE646H08194	313.50	29-Jun-31
9.25% Tier II Bonds Series XX	INE646H08202	321.70	12-May-32
10% Lower Tier II Bonds Series XXI	INE646H08210	309.90	26-May-33
TOTAL		**2,247.30**	

Unsecured Redeemable Non-Convertible Upper Tier II Bonds

(₹ in millions)

Series	ISIN	Amount	Maturity Date
11.75% Upper Tier II Bonds Series XI	INE646H08012	140.00	31-Mar-30
11.75% Upper Tier II Bonds Series XIII	INE646H08020	250.00	30-Mar-31
TOTAL		**390.00**	

22.1.6 Proposed Dividend

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31,2023	Year ended March 31, 2022	Year ended March 31, 2021
Dividend per equity share (₹)	-	-	1.20	1.00	0.80
Amount of dividend (₹ in millions)	-	-	42.42	34.23	27.13

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.

22.1.7 Drawdown from Reserves

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Revenue & Other Reserves Account					
Investment Fluctuation Reserve Account (IFR)	-	-	20.84	-	-
ESOP Reserve[1]	8.90	24.79	24.79	15.29	11.86
Investment Reserve Account	-	-	7.57[2]	-	0.14

[1]The draw down in the ESOP Reserve is on account of shares allotted during the period in terms of ESOP plans of the Bank.

[2]The draw down from the Investment Reserve Account is against the depreciation provided on investment, net of applicable taxes and statutory reserve requirement.

23 Asset Liability Management

23.1 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	September 30, 2023	2,187.06	1,771.98	1,781.83	1,779.46	742.84	821.62	2,127.73	4,428.53	31,578.50	7,215.53	3,406.77	**57,841.85**
	September 30, 2022	1,914.49	1,601.33	1,593.41	1,575.18	593.00	621.18	1,737.97	3,580.75	28,822.25	6,138.92	3,091.93	**51,270.41**
	March 31, 2023	2,017.46	1,648.00	1,658.48	1,644.92	658.41	705.15	2,124.24	4,858.35	29,541.17	6,272.25	3,158.47	**54,286.88**
	March 31, 2022	1,753.28	1,491.84	1,466.70	1,470.35	510.18	542.14	1,655.46	3,126.46	26,276.35	5,339.13	2,716.11	**46,348.00**
	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**
Investment	September 30, 2023	2,871.48	107.74	56.85	493.56	267.08	205.55	377.88	839.29	6,137.38	1,137.58	3,000.18	**15,494.55**
	September 30, 2022	1,801.09	102.52	39.62	630.78	130.43	126.86	397.47	827.14	4,515.74	73.55	4,714.52	**13,359.72**
	March 31, 2023	2,581.55	154.40	58.64	525.91	205.83	190.63	359.35	547.28	6,056.78	1,007.16	3,198.29	**14,885.81**
	March 31, 2022	2,483.90	75.69	24.36	433.62	81.18	103.21	231.58	441.33	4,331.27	65.75	5,298.74	**13,570.63**
	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**
Deposits	September 30, 2023	2,530.30	513.66	306.82	2,673.92	1,397.31	1,119.08	2,139.12	6,439.60	32,876.93	5,807.11	14,199.01	**70,002.86**
	September 30, 2022	262.11	531.49	317.94	2,518.14	735.16	819.92	2,273.86	4,708.34	25,041.88	133.73	24,503.38	**61,845.95**
	March 31, 2023	1,744.11	474.11	315.54	2,772.34	1,054.39	1,056.90	2,059.21	3,077.73	32,385.00	5,303.48	15,363.41	**65,606.21**
	March 31, 2022	263.63	361.74	139.60	2,311.84	474.78	578.22	1,307.09	3,152.33	23,824.21	79.60	27,970.55	**60,463.59**
	March 31, 2021	212.10	293.84	116.31	988.12	418.24	344.43	1,372.82	2,058.63	20,466.78	59.78	25,879.66	**52,210.70**
Borrowing	September 30, 2023	-	-	52.50	-	302.50	77.50	832.60	822.30	1,217.60	368.50	2,054.10	**5,727.60**
	September 30, 2022	1,499.28	-	66.40	1,000.20	66.40	91.40	574.20	1,179.70	1,122.70	279.00	1,953.70	**7,832.98**
	March 31, 2023	-	299.83	52.50	-	133.80	77.50	1,232.50	1,265.10	2,039.90	159.00	1,953.70	**7,213.83**
	March 31, 2022	-	-	69.30	-	69.30	69.30	668.30	705.80	1,491.30	279.00	1,632.00	**4,984.30**
	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**
Foreign Currency Assets	September 30, 2023	-	-	-	-	-	-	-	-	-	-	-	**-**
	September 30, 2022	-	-	-	-	-	-	-	-	-	-	-	**-**
	March 31, 2023	-	-	-	-	-	-	-	-	-	-	-	**-**
	March 31, 2022	-	-	-	-	-	-	-	-	-	-	-	**-**
	March 31, 2021	-	-	-	-	-	-	-	-	-	-	-	**-**

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.

23.2 Liquidity Coverage Ratio

Qualitative Disclosure

The Liquidity Coverage Ratio (LCR) measures bank's liquidity risk profile, ensures that the Bank has an adequate stock of unencumbered high-quality liquid assets that can be easily and immediately converted into cash, in financial markets, at no or little loss of value. The LCR requirements are designed to ensure banks maintain an adequate level of readily available, high-quality liquid assets, or HQLA, that can quickly and easily be converted into cash to meet any liquidity needs that might arise during a 30-day period of liquidity stress.

The LCR is the percentage resulting from dividing the bank's stock of high-quality assets by the estimated total net cash outflows over a 30-calendar day stress scenario. The minimum liquidity coverage ratio required for is 100%. In other words, the stock of high-quality assets must be at least as large as the expected total net cash outflows over the 30-day stress period. The Bank adheres to RBI guidelines 'Basel III Framework on Liquidity Standards – on Liquidity Coverage Ratio (LCR)', Liquidity Risk Monitoring Tools and the LCR Disclosure Standards that are applicable to banks in India.
As per the RBI directions, the Banks are prescribed to maintain minimum LCR of 100% from January 01, 2021 onwards.

The Bank during the quarter ended September 30, 2023 maintained average HQLA of ₹18,405.79 million against the average net cash outflows of ₹7,477.96 million. The entire HQLA was Level 1 HQLA. The average LCR of the Bank for the quarter ended September 30, 2023 was 246.13% as against 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.

Quantitative Disclosure

The table below sets out the average LCR of the Bank for the quarters ended September 2023 and June 2023:

(₹ in millions)

Liquidity Coverage Ratio (LCR)		Quarter Ended June 30, 2023		Quarter Ended September 30, 2023	
		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)**		18,509.51		18,405.79
Cash Outflows					
2	**Retail deposits and deposits from small business customers, of which:**				
(i)	Stable deposits	18,088.36	904.42	19,005.76	950.29
(ii)	Less stable deposits	41,564.75	4,156.48	41,164.92	4,116.49
3	**Unsecured wholesale funding, of which:**				
(i)	Operational deposits (all counterparties)	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	6,140.24	3,112.02	6,451.35	3,269.34

(iii)	Unsecured debt	-	-	-	-
4	**Secured wholesale funding**	52.03	-	-	-
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	1,856.69	147.36	5,657.39	376.11
6	**Other contractual funding obligations**	500.88	500.88	629.79	629.79
7	**Other contingent funding obligations**	892.37	35.48	867.60	34.87
8	**Total Cash Outflows**		**8,856.62**		**9,376.89**
Cash Inflows					
9	Secured lending (e.g. reverse repos)	1,545.94	-	931.88	-
10	Inflows from fully performing exposures	906.56	567.76	963.00	617.66
11	Other cash inflows	882.54	618.79	1,387.17	1,281.27
12	**Total Cash Inflows**	**3,335.03**	**1,186.55**	**3,282.05**	**1,898.93**
13	**Total HQLA**		**18,509.51**		**18,405.79**
14	**Total Net Cash Outflows**		**7,670.07**		**7,477.96**
15	**Liquidity Coverage Ratio (%)**		**241.32%**		**246.13%**

* *The average weighted and unweighted amounts have been calculated considering simple average based on daily observation for the respective quarters.*

The table below sets out the average LCR of the Bank for Financial Year 2022-23:

(₹ in millions)

Liquidity Coverage Ratio (LCR)		Quarter Ended June 30, 2022		Quarter Ended Sept 30, 2022		Quarter Ended Dec 31, 2022		Quarter Ended March 31, 2023	
		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)**		16,401.98		13,742.59		16,681.09		15,949.93
Cash Outflows									
2	**Retail deposits and deposits from small business customers, of which:**								
(i)	Stable deposits	16,777.99	838.90	17,184.11	859.21	17,897.69	894.89	18,354.87	917.74
(ii)	Less stable deposits	37,118.38	3,711.84	38,071.97	3,807.20	40,328.52	4,032.85	40,633.40	4,063.34
3	**Unsecured wholesale funding, of which:**								
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	6,947.15	3,950.95	6,402.78	3,457.18	6,325.60	3,195.89	6,305.98	3,226.16
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	**Secured wholesale funding**	39.00	-	1,025.10	-	193.15	-	327.68	-

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	2,062.61	142.10	1,945.50	109.52	1,995.22	170.58	1,884.10	146.58
6	**Other contractual funding obligations**	316.79	316.79	458.91	458.91	381.40	381.40	939.67	939.67
7	**Other contingent funding obligations**	420.29	13.90	378.19	12.57	467.25	14.61	552.95	18.17
8	**Total Cash Outflows**		**8,974.47**		**8,704.58**		**8,690.22**		**9,311.67**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	602.40	-	-	-	91.10	-	68.84	-
10	Inflows from fully performing exposures	911.19	551.29	964.01	578.17	967.69	580.25	882.43	503.92
11	Other cash inflows	730.04	624.14	871.40	765.50	1,808.04	835.70	2,468.68	1,388.49
12	**Total Cash Inflows**	**2,243.63**	**1,175.43**	**1,835.41**	**1,343.67**	**2,866.83**	**1,415.95**	**3,419.95**	**1,892.40**
13	**Total HQLA**		**16,401.98**		**13,742.59**		**16,681.09**		**15,949.93**
14	**Total Net Cash Outflows**		**7,799.04**		**7,360.91**		**7,274.27**		**7,419.26**
15	**Liquidity Coverage Ratio (%)**		**210.31%**		**186.70%**		**229.32%**		**214.98%**

* *The average weighted and unweighted amounts have been calculated considering simple average based on daily observation for the respective quarters.*

The table below sets out the average LCR of the Bank for Financial Year 2021-22:

(₹ in millions)

Liquidity Coverage Ratio (LCR)		Quarter Ended June 30, 2021		Quarter Ended Sept 30, 2021		Quarter Ended Dec 31, 2021		Quarter Ended March 31, 2022	
		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)**		18,377.52		16,406.90		19,375.16		17,019.28
Cash Outflows									
2	**Retail deposits and deposits from small business customers, of which:**								
(i)	Stable deposits	15,672.58	783.63	16,749.52	837.48	17,159.32	85.97	17,397.07	869.85
(ii)	Less stable deposits	31,756.84	3,175.68	31,937.56	3,193.76	34,568.26	3,456.83	35,341.33	3,534.13
3	**Unsecured wholesale funding, of which:**								
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	3,144.91	1,311.79	3,192.11	1,419.24	5,407.50	3,030.85	7,424.24	4,173.82
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	**Secured wholesale funding**	3.75	-	10.82	-	8.36	-	10.56	-
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	2,272.26	161.91	2,281.24	152.92	2,397.48	168.06	2,349.95	162.97
6	**Other contractual funding obligations**	504.53	504.53	366.42	366.42	335.24	335.24	457.83	457.83
7	**Other contingent funding obligations**	368.42	11.94	341.79	11.17	343.36	11.28	399.08	13.01
8	**Total Cash Outflows**		**5,949.49**		**5,980.98**		**7,860.22**		**9,211.62**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	5,678.19	-	3,436.85	-	6,196.44	-	3,438.45	-
10	Inflows from fully performing exposures	716.31	425.34	804.92	470.05	818.15	487.15	918.27	545.43
11	Other cash inflows	808.28	702.38	770.11	664.21	767.50	661.60	1,346.28	1,240.38
12	**Total Cash Inflows**	**7,202.78**	**1,127.72**	**5,011.87**	**1,134.26**	**7,782.09**	**1,148.75**	**5,702.99**	**1,785.81**
13	**Total HQLA**		**18,377.52**		**16,406.90**		**19,375.16**		**17,019.28**
14	**Total Net Cash Outflows**		**4,821.77**		**4,846.72**		**6,711.47**		**7,425.81**
15	**Liquidity Coverage Ratio (%)**		**381.14%**		**338.52%**		**288.69%**		**229.19%**

* *The average weighted and unweighted amounts have been calculated considering simple average based on daily observation for the respective quarters.*

The table below sets out the average LCR of the Bank for 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	
		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)**		12,943.85		15,032.99		18,700.77		18,254.10
Cash Outflows									
2	**Retail deposits and deposits from small business customers, of which:**								
(i)	Stable deposits	20,727.51	1,036.38	21,559.09	1,077.95	23,453.87	1,172.70	15,624.16	781.23
(ii)	Less stable deposits	17,700.79	1,770.08	18,522.79	1,852.28	23,393.90	2,339.40	29,705.85	2,970.60
3	**Unsecured wholesale funding, of which:**								
(i)	Operational deposits (all counterparties)	0.10	0.01	0.08	0.01	0.08	0.01	0.07	-
(ii)	Non-operational deposits (all counterparties)	3,591.43	1,290.73	3,074.67	1,329.70	1,735.93	1,231.97	3,323.53	1,444.91
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
4	**Secured wholesale funding**	1.10	1.10	0.83	-	15.20	-	19.40	-
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	2,049.87	153.27	2,296.37	179.43	2,430.73	181.80	2,333.09	174.01
6	**Other contractual funding obligations**	419.03	419.03	513.57	513.57	378.00	378.00	505.53	505.53
7	**Other contingent funding obligations**	364.03	11.63	312.65	10.15	336.53	10.87	374.38	12.04
8	**Total Cash Outflows**		**4,682.23**		**4,963.09**		**5,314.74**		**5,888.33**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	1,484.63	1,088.03	2,711.88	-	5,362.27	-	5,219.83	-
10	Inflows from fully performing exposures	273.07	273.07	579.60	439.77	729.27	423.40	699.52	408.37
11	Other cash inflows	987.30	881.83	1,098.27	992.67	515.10	410.20	1,451.13	1,345.27
12	**Total Cash Inflows**	**2,745.00**	**2,242.93**	**4,389.74**	**1,432.43**	**6,606.63**	**833.60**	**7,370.49**	**1,753.63**
13	**Total HQLA**		**12,943.85**		**15,032.99**		**18,700.77**		**18,254.10**
14	**Total Net Cash Outflows**		**2,439.30**		**3,530.66**		**4,481.14**		**4,134.69**
15	**Liquidity Coverage Ratio (%)**		**530.64%**		**425.78%**		**417.32%**		**441.49%**

* *The average weighted and unweighted amounts have been calculated considering simple average based on daily observation for the respective quarters.*

24 Investments

24.1 Composition of Investment Portfolio

As at September 30, 2023

(₹ in millions)

Particulars	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total Investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Held to Maturity												
Gross	11,790.58	-	-	-	-	-	11,790.58	-	-	-	-	11,790.58
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	**11,790.58**	**-**	**-**	**-**	**-**	**-**	**11,790.58**	**-**	**-**	**-**	**-**	**11,790.58**
Available for Sale												
Gross	3,558.65	-	15.40	-	-	-	3,574.05	-	-	-	-	3,574.05
Less: Provision for depreciation and NPI	(20.19)	-	-	-	-	-	(20.19)	-	-	-	-	(20.19)
Net	**3,538.46**	**-**	**15.40**	**-**	**-**	**-**	**3,553.86**	**-**	**-**	**-**	**-**	**3,553.86**
Held for Trading												
Gross	151.27	-	-	-	-	-	151.27	-	-	-	-	151.27
Less: Provision for depreciation and NPI	(1.16)	-	-	-	-	-	(1.16)	-	-	-	-	(1.16)
Net	**150.11**	-	-	-	-	-	**150.11**	-	-	-	-	**150.11**
Total Investments	**15,500.50**	**-**	**15.40**	**-**	**-**	**-**	**15,515.90**	-	-	-	-	**15,515.90**
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	(21.35)	-	-	-	-	-	(21.35)	-	-	-	-	(21.35)
Net	**15,479.15**	**-**	**15.40**	**-**	**-**	**-**	**15,494.55**	**-**	**-**	**-**	**-**	**15,494.55**

As at September 30, 2022

(₹ in millions)

Particulars	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total Investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Held to Maturity												
Gross	10,286.59	-	-	-	-	-	10,286.59	-	-	-	-	10,286.59
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	**10,286.59**	**-**	**-**	**-**	**-**	**-**	**10,286.59**	**-**	**-**	**-**	**-**	**10,286.59**
Available for Sale												
Gross	3,075.22	-	15.40	-	-	-	3,090.62	-	-	-	-	3,090.62
Less: Provision for depreciation and NPI	(17.49)	-	-	-	-	-	(17.49)	-	-	-	-	(17.49)
Net	**3,057.73**	**-**	**15.40**	**-**	**-**	**-**	**3,073.13**	**-**	**-**	**-**	**-**	**3,073.13**
Held for Trading												
Gross	-	-		-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-	-
Total Investments	**13,361.81**	**-**	**15.40**	**-**	**-**	**-**	**13,377.21**	**-**	-	-	-	**13,377.21**
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	(17.49)	-	-	-	-	-	(17.49)	-	-	-	-	(17.49)
Net	**13,344.32**	**-**	**15.40**	**-**	**-**	**-**	**13,359.72**	**-**	**-**	**-**	**-**	**13,359.72**

As at March 31, 2023

(₹ in millions)

Particulars	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total Investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Held to Maturity												
Gross	11,716.03	-	-	-	-	-	11,716.03	-	-	-	-	11,716.03
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	**11,716.03**	**-**	**-**	**-**	**-**	**-**	**11,716.03**	**-**	**-**	**-**	**-**	**11,716.03**
Available for Sale												
Gross	3,167.77	-	15.40	-	-	-	3,183.17	-	-	-	-	3,183.17
Less: Provision for depreciation and NPI	(13.40)	-	-	-	-	-	(13.40)	-	-	-	-	(13.40)
Net	**3,154.37**	**-**	**15.40**	**-**	**-**	**-**	**3,169.77**	**-**	**-**	**-**	**-**	**3,169.77**
Held for Trading												
Gross	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-	-
Total Investments	**14,883.80**	**-**	**15.40**	**-**	**-**	**-**	**14,899.20**	-	-	-	-	**14,899.20**
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	(13.40)	-	-	-	-	-	(13.40)	-	-	-	-	(13.40)
Net	**14,870.40**	**-**	**15.40**	**-**	**-**	**-**	**14,885.80**	**-**	**-**	**-**	**-**	**14,885.80**

As at March 31, 2022

(₹ in millions)

Particulars	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total Investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Held to Maturity												
Gross	9,892.76	-	-	-	-	-	9,892.76	-	-	-	-	9,892.76
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	**9,892.76**	**-**	**-**	**-**	**-**	**-**	**9,892.76**	**-**	**-**	**-**	**-**	**9,892.76**
Available for Sale												
Gross	3,662.47	-	15.40	-	-	-	3,677.87	-	-	-	-	3,677.87
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	**3,662.47**	**-**	**15.40**	**-**	**-**	**-**	**3,677.87**	**-**	**-**	**-**	**-**	**3,677.87**
Held for Trading												
Gross	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-	-
Total Investments	**13,555.23**	**-**	**15.40**	**-**	**-**	**-**	**13,570.63**	-	-	-	-	**13,570.63**
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	**13,555.23**	**-**	**15.40**	**-**	**-**	**-**	**13,570.63**	**-**	**-**	**-**	**-**	**13,570.63**

As at March 31,2021

(₹ in millions)

Particulars	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total Investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Held to Maturity												
Gross	8,725.32	-	-	-	-	-	8,725.32	-	-	-	-	8,725.32
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	**8,725.32**	**-**	**-**	**-**	**-**	**-**	**8,725.32**	**-**	**-**	**-**	**-**	**8,725.32**
Available for Sale												
Gross	3,382.04	-	15.40	-	-	-	3,397.44	-	-	-	-	3,397.44
Less: Provision for depreciation and NPI	-	-	(0.24)	-	-	-	(0.24)	-	-	-	-	(0.24)
Net	**3,382.04**	**-**	**15.16**	**-**	**-**	**-**	**3,397.20**	**-**	**-**	**-**	**-**	**3,397.20**
Held for Trading												
Gross	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-	-
Total Investments	**12,107.36**	**-**	**15.40**	**-**	**-**	**-**	**12,122.76**	**-**	**-**	**-**	**-**	**12,122.76**
Less: Provision for non-performing investments	-	-	(0.24)	-	-	-	(0.24)	-	-	-	-	(0.24)
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	**12,107.36**	**-**	**15.16**	**-**	**-**	**-**	**12,122.52**	**-**	**-**	**-**	**-**	**12,122.52**

24.2 Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(₹ in millions)

	Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
i.	**Movement of provisions held towards depreciation on investments**					
a)	Opening balance	13.40	-	-	0.24	-
b)	Add: Provisions made during the period	24.15	17.49	43.70	0.15	0.44
c)	Less: Write off/ write back of excess provisions during the period	(16.20)	-	(30.30)	(0.39)	(0.20)
d)	Closing balance	21.35	17.49	13.40	-	0.24
ii.	**Movement of Investment Fluctuation Reserve (IFR)**					
a)	Opening balance	63.66	84.50	84.50	67.95	44.01
b)	Add: Amount transferred during the period	-	-	-	16.56	23.94
c)	Less: Drawdown	-	-	(20.84)	-	-
d)	Closing balance	63.66	84.50	63.66	84.50	67.95
iii.	**Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/ Current category**	1.71%	2.75%	2.00%	2.30%	2.00%

24.3 Sale and Transfer of Investments

During the half years ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31,2021, there is no sale/ transfer of securities to/ from Held to Maturity (HTM) category exceeding 5% of the book value of the investments held in HTM category at the beginning of the year, which requires the disclosure as per the RBI guidelines.

However, the Bank after approval of the Board of Directors, at the beginning of the accounting year, has transferred government securities within the categories as stated below:

During the half year ended September 30, 2023

(₹ in millions)

Category		Book Value of Securities transferred	Market Value Securities transferred
From	**To**		
Held to Maturity	Available for Sale	379.76	392.80
Total		**379.76**	**392.80**

The Bank has not sold any security from HTM category during the period.

During the half year ended September 30, 2022

(₹ in millions)

Category		Book Value of Securities transferred	Market Value Securities transferred
From	**To**		
Held to Maturity	Available for Sale	354.63	371.52
Total		**354.63**	**371.52**

The Bank has not sold any security from HTM category during the period.

During the year ended March 31, 2023

(₹ in millions)

Category		Book Value of Securities transferred	Market Value Securities transferred
From	**To**		
Held to Maturity	Available for Sale	354.63	364.87
Total		**354.63**	**364.87**

The Bank has not sold any security from HTM category during the period.

During the year ended March 31, 2022

(₹ in millions)

Category		Book Value of Securities transferred	Market Value Securities transferred
From	**To**		
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**

The Bank has not sold any security from HTM category during the period.

During the year ended March 31, 2021

(₹ in millions)

Category		Book Value of Securities transferred	Market Value Securities transferred
From	**To**		
Held to Maturity	Available for Sale	1,167.88	1,263.41
Total		**1,167.88**	**1,263.41**

The Bank has not sold any security from HTM category during the period.

24.4 Non- SLR Investment Portfolio

24.4.1 Issuer Composition of Non-SLR investments

As on September 30, 2023

(₹ 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 September 30, 2022

(₹ 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 March 31, 2023

(₹ 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 March 31, 2022

(₹ 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 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**

24.4.2 Non performing Non - SLR investments

The Bank does not have any non-performing Non - SLR investment during the half years ended September 30, 2023 and September 30, 2022 and during the years ended March 31, 2023, March 31, 2022 and March 31, 2021.

24.5 Repo/Reverse Repo

During the period ended September 30, 2023

The Bank has undertaken MSF, Tri-party repo/reverse repo, Automated Sweep In Sweep Out (ASISO) 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 period (Face Value)	Maximum Outstanding during the period (Face Value)	Daily Average outstanding during the period (Face Value)	Outstanding as on September 30, 2023 (Face Value)
Securities sold under repo:				
1. Government Securities	149.95	549.69	31.13	-
2. Corporate Debt Securities	-	-	-	-
3. Any other securities	-	-	-	-
Securities purchased under reverse repo:				
1. Government Securities	249.95	3,499.35	1,186.22	-
2. Corporate Debt Securities	-	-	-	-
3. Any other securities	-	-	-	-

During the period ended September 30, 2022

The Bank has undertaken MSF, Tri-party repo/reverse repo, Automated Sweep In Sweep Out (ASISO) 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 period (Face Value)	Maximum Outstanding during the period (Face Value)	Daily Average Outstanding during the period (Face Value)	Outstanding as on September 30, 2022 (Face Value)
Securities sold under repo:				
1. Government Securities	80.00	1,999.72	553.23	1,499.28
2. Corporate Debt Securities	-	-	-	-
3. Any other securities	-	-	-	-
Securities purchased under reverse repo:				
1. Government Securities	670.00	2,000.00	298.69	-
2. Corporate Debt Securities	-	-	-	-
3. Any other securities	-	-	-	-

During the year ended March 31, 2023

The Bank has undertaken MSF, Tri-party repo/reverse repo, Automated Sweep In Sweep Out (ASISO) 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 period (Face Value)	Maximum Outstanding during the period (Face Value)	Daily Average Outstanding during the period (Face Value)	Outstanding as on March 31, 2023 (Face Value)
Securities sold under repo:				
1. Government Securities	80.00	1,999.72	409.71	299.83
2. Corporate Debt Securities	-	-	-	-
3. Any other securities	-	-	-	-
Securities purchased under reverse repo:				
1. Government Securities	199.97	2,000.00	190.43	-
2. Corporate Debt Securities	-	-	-	-
3. Any other securities	-	-	-	-

During the year ended March 31, 2022

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 period (Face Value)	Maximum Outstanding during the period (Face Value)	Daily Average Outstanding during the period (Face Value)	Outstanding as on March 31, 2022 (Face Value)
Securities sold under repo:				
1. Government Securities	10.00	599.95	34.46	-
2. Corporate Debt Securities	-	-	-	-
3. Any other securities	-	-	-	-
Securities purchased under reverse repo:				
1. Government Securities	270.00	8,980.00	4,688.79	570.00
2. Corporate Debt Securities	-	-	-	-
3. Any other 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 period (Face Value)	Maximum Outstanding during the period (Face Value)	Daily Average Outstanding during the period (Face Value)	Outstanding as on March 31, 2021 (Face Value)
Securities sold under repo:				
1. Government Securities	20.00	1,099.75	385.89	-
2. Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repo:				
1. Government Securities	59.99	7,469.50	3,688.02	4,720.00
2. Corporate Debt Securities	-	-	-	-

24.6 Security Receipts

The Bank does not hold any investment in Security Receipts during the periods ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31, 2021.

25 Asset Quality

25.1 Classification of advances and provisions held

As on September 30,2023

(₹ in millions)

	Standard	Non-performing				Total
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Total Non-performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	53,546.42	482.99	1,043.26	-	1,526.25	55,072.67
Add: Additions during the period					445.28	
Less: Reductions during the period[#]					(367.32)	
Closing Balance	**57,055.16**	**446.34**	**1,157.87**	**-**	**1,604.21**	**58,659.37**
[#]Reduction in Gross NPAs due to:						
i) Upgradations					298.51	
ii) Recoveries (excluding recoveries from upgraded accounts)					68.73	
iii) Technical/ Prudential Write off					-	
iv) Write off other than those mentioned under iii) above					0.08	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	282.77*	103.43	682.35	-	785.78	1,068.55
Add: Fresh provisions made during the period					134.02	
Less: Excess provision reversed/ Write-off loans					(102.28)	
Closing balance of provisions held	**283.56***	**99.56**	**717.96**	**-**	**817.52**	**1,101.08**
Net NPAs						
Opening balance		379.56	360.91	-	740.47	
Add: Fresh additions during the period					311.26	
Less: Reductions during the period					(265.04)	
Closing balance		**346.78**	**439.91**	**-**	**786.69**	
Floating Provisions						
Opening Balance					-	-
Add: Additional provisions made during the period					-	-
Less: Amount drawn down during the period					-	-
Closing balance of floating provisions					-	-
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/Prudential written-offs accounts					-	-
Add: Technical/ Prudential write-offs during the period					-	-
Less: Recoveries made from previously technical/prudential written-off accounts during the period					-	-
Closing balance					-	-

*During the period ended September 30, 2023, the general provision against standard assets includes provision of ₹93.25 million created in accordance with RBI Circular "Micro, Small and Medium Enterprises (MSME) sector –Restructuring of Advances" and "Resolution Framework for COVID-19-related Stress" issued on August 06, 2020.

As on September 30, 2022

(₹ in millions)

	Standard	Non-performing				Total
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Total Non-performing Advances	
Gross Standard Advances and NPAs						
Opening balance	**45,715.69**	**506.51**	**664.83**	**-**	**1,171.34**	**46,887.03**
Add: Additions during the period					405.44	
Less: Reductions during the period[#]					(225.72)	
Closing balance	**50,576.22**	**624.85**	**726.21**	**-**	**1,351.06**	**51,927.28**
[#]Reduction in Gross NPAs due to:						
i) Upgradations					126.64	
ii) Recoveries (excluding recoveries from upgraded accounts)					98.61	
iii) Technical/ Prudential Write off					-	
iv) Write off other than those mentioned under iii) above					0.47	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	284.04*	120.56	418.47	-	539.03	823.07
Add: Fresh provisions made during the period					200.02	
Less: Excess provision reversed/ Write-off loans					(82.19)	
Closing balance of provisions held	**289.62***	**103.34**	**553.52**		**656.86**	**946.48**
Net NPAs						
Opening balance		385.95	246.36	-	632.31	
Add: Fresh additions during the period					205.42	
Less: Reductions during the period					(143.53)	
Closing balance		**521.51**	**172.69**	**-**	**694.20**	
Floating Provisions						
Opening Balance					-	-
Add: Additional provisions made during the period					-	-
Less: Amount drawn down during the period					-	-
Closing balance of floating provisions					-	-
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/Prudential written-offs accounts					-	-
Add: Technical/ Prudential write-offs during the period					-	-
Less: Recoveries made from previously technical/prudential written-off accounts during the period					-	-
Closing balance					-	-

*During the period ended September 30, 2022, the general provision against standard assets includes provision of ₹121.86 million created in accordance with RBI Circular "Micro, Small and Medium Enterprises (MSME) sector –Restructuring of Advances" and "Resolution Framework for COVID-19-related Stress" issued on August 06, 2020**.**

As on March 31,2023

(₹ in millions)

	Standard	Non-performing				Total
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Total Non-performing Advances	
Gross Standard Advances and NPAs						
Opening balance	45,715.69	506.51	664.83	-	1,171.34	46,887.03
Add: Additions during the period					1,543.73	
Less: Reductions during the period[#]					(1,188.82)	
Closing balance	**53,546.42**	**482.99**	**1,043.26**	**-**	**1,526.25**	**55,072.67**
[#]Reduction in Gross NPAs due to:						
i) Upgradations					980.58	
ii) Recoveries (excluding recoveries from upgraded accounts)					207.05	
iii) Technical/ Prudential Write off					-	
iv) Write off other than those mentioned under iii) above					1.18	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	284.04*	120.56	418.47	-	539.03	823.07
Add: Fresh provisions made during the period					460.26	
Less: Excess provision reversed/ Write-off loans					(213.51)	
Closing balance of provisions held	**282.77***	**103.43**	**682.35**	**-**	**785.78**	**1,068.55**
Net NPAs						
Opening balance		385.95	246.36	-	632.31	
Add: Fresh additions during the period					1,083.47	
Less: Reductions during the period					(975.31)	
Closing balance		**379.56**	**360.91**	**-**	**740.47**	
Floating Provisions						
Opening Balance					-	-
Add: Additional provisions made during the period					-	-
Less: Amount drawn down during the period					-	-
Closing balance of floating provisions					-	-
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/Prudential written-offs accounts					-	-
Add: Technical/ Prudential write-offs during the period					-	-
Less: Recoveries made from previously technical/prudential written-off accounts during the period					-	-
Closing balance					-	-

*During the year ended March 31, 2023, the general provision against standard assets includes provision of ₹104.09 million created in accordance with RBI Circular "Micro, Small and Medium Enterprises (MSME) sector –Restructuring of Advances" and "Resolution Framework for COVID-19-related Stress" issued on August 06, 2020 and May 05, 2021.

As on March 31,2022

(₹ in millions)

	Standard	Non-performing				Total
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Total Non-performing Advances	
Gross Standard Advances and NPAs						
Opening balance	36,847.44	239.66	542.78	-	782.43	37,629.87
Add: Additions during the period					781.13	
Less: Reductions during the period[#]					(392.22)	
Closing balance	45,715.69	506.51	664.83	-	1,171.34	46,887.03
[#]*Reduction in Gross NPAs due to:*						
i) Upgradations					329.69	
ii) Recoveries (excluding recoveries from upgraded accounts)					61.87	
iii) Technical/ Prudential Write off					-	
iv) Write off other than those mentioned under iii) above					0.66	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	174.81*	60.34	300.68	-	361.01	535.82
Add: Fresh provisions made during the period					280.51	
Less: Excess provision reversed/ Write-off loans					(102.49)	
Closing balance of provisions held	**284.04***	**120.56**	**418.47**	**-**	**539.03**	**823.07**
Net NPAs						
Opening balance		179.32	242.10	-	421.42	
Add: Fresh additions during the period					500.62	
Less: Reductions during the period					(289.73)	
Closing balance		**385.95**	**246.36**	**-**	**632.31**	
Floating Provisions						
Opening Balance					-	-
Add: Additional provisions made during the period					-	-
Less: Amount drawn down during the period					-	-
Closing balance of floating provisions					-	-
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/Prudential written-offs accounts					-	-
Add: Technical/ Prudential write-offs during the period					-	-
Less: Recoveries made from previously technical/prudential written-off accounts during the period					-	-
Closing balance					-	-

*During the year ended March 31, 2022, the general provision against standard assets includes provision of ₹134.19 million created in accordance with RBI Circular "Micro, Small and Medium Enterprises (MSME) sector –Restructuring of Advances" and "Resolution Framework for COVID-19-related Stress" issued on August 06, 2020 and May 05, 2021.

As on March 31,2021

(₹ in millions)

	Standard	Non-performing				Total
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Total Non-performing Advances	
Gross Standard Advances and NPAs						
Opening balance	32,670.59	306.68	278.39	-	585.07	33,255.66
Add: Additions during the period					248.53	
Less: Reductions during the period[#]					(51.17)	
Closing balance	**36,847.44**	**239.66**	**542.78**	**-**	**782.43**	**37,629.87**
[#]Reduction in Gross NPAs due to:						
i) Upgradations					16.53	
ii) Recoveries (excluding recoveries from upgraded accounts)					34.49	
iii) Technical/ Prudential Write off					0.15	
iv) Write off other than those mentioned under iii) above					-	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	185.77	47.95	124.62	-	172.57	358.34
Add: Fresh provisions made during the period					202.62	
Less: Excess provision reversed/ Write-off loans					(14.18)	
Closing balance of provisions held	**174.81**	**60.34**	**300.68**	**-**	**361.01**	**535.82**
Net NPAs						
Opening balance		258.73	153.77	-	412.50	
Add: Fresh additions during the period					45.91	
Less: Reductions during the period					(36.99)	
Closing balance		**179.32**	**242.10**	**-**	**421.42**	
Floating Provisions						
Opening Balance					-	-
Add: Additional provisions made during the period					-	-
Less: Amount drawn down during the period					-	-
Closing balance of floating provisions					-	-
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/Prudential written-offs accounts					-	-
Add: Technical/ Prudential write-offs during the period					-	-
Less: Recoveries made from previously technical/prudential written-off accounts during the period					-	-
Closing balance					-	-

*During the year ended March 31, 2021, the general provision against standard assets includes provision of ₹53.37 million created in accordance with RBI Circular "Micro, Small and Medium Enterprises (MSME) sector –Restructuring of Advances" and "Resolution Framework for COVID-19-related Stress" issued on August 06, 2020.

25.2 Sector-wise Advances and Gross NPAs

(₹ in millions)

Sr. No.	Sector	Half Year ended September 30, 2023			Half Year ended September 30, 2022		
		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	22,669.26	635.98	2.81%	19,916.76	595.06	2.99%
2	Advances to industries sector eligible as priority sector lending of which	1,886.99	57.30	3.04%	2,010.12	5.11	0.25%
	- advances to Textile Industry	*192.00*	*15.46*	*8.05%*	*188.87*	-	-
	- advances to Iron/Steel and Metal	*302.66*	-	-	*407.10*	-	-
3	Services	6,661.56	269.04	4.04%	6,979.85	217.75	3.12%
	- of which advances to Traders	*4,070.26*	*169.79*	*4.17%*	*3,972.16*	*149.00*	*3.75%*
4	Personal Loans	-	-	-	-	-	-
5	Others	5,626.51	35.76	0.64%	5,176.59	8.63	0.17%
	Sub-total (A)	36,844.32	998.08	2.71%	34,083.32	826.55	2.43%
B) Non - Priority Sector							
1	Agriculture & allied activities	-	-	-	-	-	-
2	Industry	-	-	-	-	-	-
3	Services	1,687.96	166.51	9.86%	1,486.42	199.26	13.41%
	- of which advances to Traders	*1,582.74*	*166.45*	*10.52%*	*1,330.78*	*198.99*	*14.95%*
4	Personal Loans	63.26	15.51	24.52%	96.23	10.54	10.96%
5	Others	20,063.83	424.11	2.11%	16,261.31	314.71	1.94%
	- of which advances to NBFCs	*4,708.32*	*57.95*	*1.23%*	*3,505.96*	*57.95*	*1.65%*
	Sub-Total (B)	**21,815.05**	**606.13**	**2.78%**	**17,843.96**	**524.51**	**2.94%**
	TOTAL (A+B)	**58,659.37**	**1,604.21**	**2.73%**	**51,927.28**	**1,351.06**	**2.60%**

(₹ in millions)

Sr. No.	Sector	Year ended March 31, 2023			Year ended March 31, 2022			Year ended March 31, 2021		
		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	21,374.52	626.78	2.93%	17,807.45	435.36	2.44%	14,232.11	294.95	2.07%
2	Advances to industries sector eligible as priority sector lending of which	1,883.23	53.67	2.85%	2,260.30	32.73	1.45%	1,802.31	49.87	2.77%
	- advances to Textile Industry	*179.94*	*10.96*	*6.11%*	*279.60*	*0.54*	*0.19%*	*264.29*	*2.41*	*0.91%*
	- advances to Iron/Steel and Metal	*374.76*	*13.58*	*3.63%*	*385.51*	-	-	*275.14*	*14.77*	*5.37%*
3	Services	6,587.25	260.26	3.95%	8,392.72	330.57	3.94%	7,383.43	140.49	1.90%
	- of which advances to Traders	*3,868.17*	*143.39*	*3.71%*	*4,795.72*	*223.58*	*4.66%*	*3,953.51*	*104.49*	*2.64%*
4	Personal Loans	-	-	-	-	-	-	-	-	-
5	Others	5,558.26	24.46	0.44%	4,141.19	8.57	0.21%	2,374.62	6.68	0.28%
	Sub-total (A)	35,403.26	965.17	2.73%	32,601.66	807.23	2.48%	25,792.47	491.99	1.91%
B) Non - Priority Sector										
1	Agriculture & allied activities	-	-	-	-	-	-	-	-	-
2	Industry	-	-	-	44.55	-	-	57.35	-	-
3	Services	1,719.33	181.17	10.54%	442.24	174.94	39.56%	926.82	184.20	19.87%
	- of which advances to Traders	*1,575.16*	*181.13*	*11.50%*	*273.20*	*174.94*	*64.04%*	*544.70*	*184.20*	*33.82%*
4	Personal Loans	82.57	13.60	16.46%	111.73	10.75	9.62%	162.46	4.07	2.51%
5	Others	17,867.51	366.31	2.05%	13,686.85	178.42	1.30%	10,690.77	102.17	0.96%
	- of which advances to NBFCs	*3,829.29*	*57.95*	*1.51%*	*2,975.99*	*84.14*	*2.83%*	*2,066.41*	*24.98*	*1.21%*
	Sub-Total (B)	19,669.41	561.08	2.85%	14,285.37	364.11	2.55%	11,837.40	290.44	2.45%
	TOTAL (A+B)	**55,072.67**	**1,526.25**	**2.77%**	**46,887.03**	**1,171.34**	**2.50%**	**37,629.87**	**782.43**	**2.08%**

25.3 Ratios

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Gross NPA to Gross Advances	2.73%	2.60%	2.77%	2.50%	2.08%
Net NPA to Net Advances	1.36%	1.35%	1.36%	1.36%	1.13%
Provision Coverage Ratio	50.96%	48.62%	51.48%	46.02%	46.14%

25.4 Overseas Assets, NPAs and Revenue

The Bank does not hold any overseas asset/ NPA as at September 30, 2023, September 30, 2022, March 31, 2023, March 31, 2022 and March 31, 2021. No overseas operations were undertaken during the half year ended September 30, 2023, September 30, 2022 and year ended March 31, 2023, March 31, 2022 and March 31, 2021, hence revenue from overseas operations is nil.

25.5 Impact on account of COVID-19 on Advances

25.5.1 For the half year ended September 30, 2022

India is emerging from the COVID-19 virus, a global pandemic that affected the world economy over the last two years. The extent to which any new wave of COVID-19 will impact the bank's results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

25.5.2 For the year ended March 31, 2023

The impact of COVID-19 over the last two to three years has led to substantial impact on the economic activities. The extent to which any new wave of COVID-19 will impact the Bank’s results is uncertain as it depends upon the future trajectory of the pandemic.

25.5.3 For the year ended March 31, 2022

Following the easing of lockdown measures, there was gradual improvement in economic activity in the second half of Financial Year 2021-2022. In Financial Year 2022, India experienced two more waves of the Covid-19 pandemic that led to the re-imposition of regional lockdowns which were subsequently lifted. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, led to substantial impact on the economic activities. The disruptions following the outbreak, impacted loan originations, the sale of third-party products and the efficiency in collection efforts resulting in increase in customer defaults and resulting in increase in provisions there against. Since the number of cases have reduced significantly and Government of India has withdrawn most of the Covid-19 related restrictions but the extent to which any new wave of COVID-19 impact the Bank’s result is uncertain as it depends upon the future trajectory of the pandemic.

25.5.4 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.

25.6 Restructuring of Accounts

25.6.1 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 half years ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31, 2021.

25.6.2 Restructuring under "Resolution Framework – 1.0: Resolution Framework for COVID-19-related Stress" and "Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses" is as under:

During the half year ended September 30, 2023

(₹ in millions)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at March 31, 2023 (A)[1]	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year[2]	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at September 30, 2023
Personal Loans	181.78	7.26	-	16.35	158.17
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	22.94	0.67	-	5.46	16.81
Total	**204.72**	**7.93**	**-**	**21.81**	**174.98**

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

[1] includes requests received till September 30, 2021 implemented subsequently

[2] Net of increase in exposure during the period

During the half year ended September 30, 2022

(₹ in millions)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at March 31, 2022 (A)[1]	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year[2]	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at September 30, 2022
Personal Loans	264.05	1.83	-	22.07	240.15
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	31.10	0.94	-	1.59	28.58
Total	**295.16**	**2.77**	**-**	**23.65**	**268.73**

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

[1] includes requests received till September 30, 2021 implemented subsequently

[2] Net of increase in exposure during the period

During the year ended March 31, 2023

(₹ in millions)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at September 30, 2022 (A)[1]	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year[2]	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at March 31, 2023
Personal Loans	240.15	30.71	-	27.66	181.78
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	28.58	2.04	-	3.60	22.94
Total	**268.73**	**32.75**	**-**	**31.26**	**204.72**

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

[1] includes requests received till September 30, 2021 implemented subsequently

[2] Net of increase in exposure during the period

During the year ended March 31, 2022

(₹ in millions)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at September 30, 2021 (A)[1]	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year[2]	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at March 31, 2022
Personal Loans	284.87	16.02	-	4.80	264.05
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	34.03	-	-	2.92	31.10
Total	**318.90**	**16.02**	**-**	**7.72**	**295.16**

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

[1] includes requests received till September 30, 2021 implemented subsequently

[2] Net of increase in exposure during the period

25.6.3 Restructuring under RBI guidelines on "Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances"

(₹ in millions)

As on March 31, 2022		As on March 31, 2021	
No. of accounts restructured	**Amount**	**No. of accounts restructured**	**Amount**
255	1046.75	132	807.10

25.6.4 Particulars of Accounts Restructured (other than under Covid -19 and MSME restructuring schemes)

Particulars		Agriculture and allied activities					Corporate (excluding MSME)					Micro, Small and Medium Enterprises (MSME)					Retail (excluding agriculture and MSME)					Total				
		Sept 2023	Sept 2022	March 2023	March 2022	March 2021	Sept 2023	Sept 2022	March 2023	March 2022	March 2021	Sept 2023	Sept 2022	March 2023	March 2022	March 2021	Sept 2023	Sept 2022	March 2023	March 2022	March 2021	Sept 2023	Sept 2022	March 2023	March 2022	March 2021
Standard	Number of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Gross Amount	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provisions held	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-Standard	Number of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Gross Amount	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provisions held	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Doubtful	Number of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Gross Amount	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provisions held	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	Number of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Gross Amount	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provisions held	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

.

25.7 Details of loans transferred/acquired under the master directions of Reserve Bank of India on Transfer of Loan Exposures dated September 24, 2021 updated as on December 05, 2022

The Bank has not transferred/acquired any stressed loan or loan not in default during the half years ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023 and March 31, 2022.

25.8 Details of loans to any intermediary for onward lending to third party

The Bank has not given any loan to any intermediary for onward lending to third party during the half years ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31, 2021. Further, the Bank has also not received any fund from any party(s) (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries during the half years ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31, 2021.

25.9 Fraud Accounts

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Number of frauds reported	1	-	-	-	-
Amount involved in fraud (₹ in millions)	1.32	-	-	-	-
Amount of provision made for such frauds (₹ in millions)	1.09	-	-	-	-
Amount of Unamortized provision debited from 'other reserves' as at the end of the period (₹ in millions)	-	-	-	-	-

25.10 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 half years ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31, 2021.

25.11 Sale/Purchase of Non-performing financial assets

The Bank has not purchased/sold any non-performing financial assets from/to other banks during the half years ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31, 2021.

25.12 Letter of comfort

The Bank has not issued any letter of comfort during the half years ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31, 2021.

25.13 Credit Default Swaps

The Bank has not entered into any Credit Default Swaps (CDS) during the half years ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31, 2021.

25.14 Divergence in Asset Classification and Provisioning for NPAs

As on date, the Bank's position for the half year ended September 30, 2023 has not yet been subjected to inspection by the Reserve Bank of India (RBI) and accordingly the said disclosure is not provided.

The Bank had been subjected to assessment by the Reserve Bank of India ('RBI') for the position as on March 31, 2021 and nil NPA divergence was observed by the RBI.

For the reference year ended March 31, 2022, the Inspection for Supervisory Evaluation (ISE) was conducted by the RBI under Section 35 of Banking Regulation Act 1949. As part of the exercise, the RBI has pointed out certain divergence in respect of the Bank's asset classification and provisioning under the applicable prudential norms on income recognition, asset classification and provision. Basis the latest communication received from the RBI, the details and impact on Profit After Tax relating to divergence between the non-performing advances reported by the Bank and as assessed by RBI as on March 31, 2022 in the format as prescribed by the RBI, are as per the table given below.

The impact of such divergence(s), if any, have been considered in the year in which the RBI has issued the report and consequently no retrospective adjustments have been made in this regard to the Restated Financial Statements.

The details related to divergence in the format as prescribed by the Reserve Bank of India are as below:

(₹ in millions)

Sr. No.	Particulars	Amount (FY 2021-22)
1	Gross NPAs as on March 31, 2022 as reported by the Bank	1,171.34
2	Gross NPAs as on March 31, 2022 as assessed by RBI	1,488.34
3	Divergence in Gross NPAs (2-1)	317.00
4	Net NPAs as on March 31, 2022 as reported by the Bank	632.31
5	Net NPAs as on March 31, 2022 as assessed by RBI	875.71
6	Divergence in Net NPAs (5-4)	243.40
7	Provisions for NPAs as on March 31, 2022 as reported by the Bank	539.03
8	Provisions for NPAs as on March 31, 2022 as assessed by RBI	612.63
9	Divergence in provisioning (8-7)	73.60
10	Reported Profit before Provisions and Contingences for the year ended March 31, 2022	1,132.14
11	Reported Net Profit after Tax (PAT) for the year ended March 31, 2022	625.69
12	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2022 after considering the divergence in provisioning	564.89

26 Exposures

26.1 Exposure to Real Estate Sector

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
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	5,557.04	4,900.52	5,366.64	3,948.42	2,360.37
b. Others	6,935.69	5,652.56	6,200.63	4,896.33	3,743.61
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;	3,092.75	2,992.08	3,053.08	2,785.55	1,992.51
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).	538.20	225.00	499.39	92.69	113.22
Total Exposure to Real Estate Sector	**16,123.68**	**13,770.16**	**15,119.74**	**11,722.99**	**8,209.71**

26.2 Exposure to Capital Market

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
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	15.40	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**	**15.40**	**15.40**	**15.40**

26.3 Risk Category Wise Country Exposure

The Bank is currently operating in the Northern Indian states of Punjab, Haryana, Rajasthan, Himachal and Delhi and in the Union Territory of Chandigarh. Hence, the Bank does not have any country risk exposure.

26.4 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 half years ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31, 2021.

26.5 Details of factoring exposure

The factoring exposure of the Bank as at September 30, 2023 and September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31, 2021 is nil.

26.6 Intra group exposure

The Bank has no intra group exposure during the half years ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31, 2021.

26.7 Unhedged Foreign currency exposure

The Bank does not have any unhedged foreign currency exposure as on September 30, 2023 and September 30, 2022 and as on March 31, 2023, March 31, 2022 and March 31, 2021.

26.8 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 half years ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31, 2021.

27 Concentration of Deposits, Advances, Exposures and NPAs

27.1 Concentration of Deposits

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Total Deposits of twenty largest depositors	4,673.87	2,211.42	2,553.43	2,859.19	1,929.32
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	6.68%	3.58%	3.89%	4.73%	3.70%

27.2 Concentration of Advances

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Total Advances to twenty largest borrowers	3,410.07	3,449.30	3,276.67	3,452.32	2,738.50
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	5.38%	5.99%	5.39%	6.53%	5.70%

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.

27.3 Concentration of Exposures

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Total Exposure to twenty largest borrowers/ customers	3,410.07	3,449.30	3,276.67	3,452.32	2,738.50
Percentage of Exposures to twenty largest borrowers/ customers to Total Exposure of the Bank on Borrowers/ customers	5.38%	5.99%	5.39%	6.53%	5.70%

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.

27.4 Concentration of NPA

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Total Exposure to the top twenty NPA accounts	579.43	605.61	582.25	613.88	403.94
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs	36.12%	44.82%	38.15%	52.41%	51.63%

28 Derivatives

The Bank has not undertaken any derivative business during the half years ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31, 2021.

29 Securitization transactions

The Bank has not done any securitization transactions during the half years ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31, 2021.

30 Off Balance Sheet SPVs sponsored

The Bank does not hold any sponsored off-balance sheet SPVs during the half years ended September 30, 2023, September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31, 2021.

31 Transfer to Depositor Education and Awareness Fund (DEAF)

The Bank has transferred ₹8.58 million during the half year ended September 30, 2023 (₹6.61 million during the half year ended September 30, 2022) and ₹13.59 million for the year ended March 31, 2023 (₹10.40 million for the year ended March 31, 2022 and ₹8.81 million for the year ended March 31, 2021) to the Depositor Education and Awareness Fund (DEAF) as per the details below:

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance of amount transferred to DEAF	63.40	51.71	51.71	41.66	34.02
Add: Amount transferred to DEAF during the period	8.58	6.61	13.59	10.40	8.81
Less: Amounts reimbursed by DEAF towards claims	1.20	1.42	1.90	0.36	1.17
Closing balance of amounts transferred to DEAF	**70.78**	**56.90**	**63.40**	**51.71**	**41.66**

32 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	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Half Year ended September 30, 2023	Half Year ended September 30, 2022
Revenue	794.37	673.79	331.66	262.84	2,907.41	2,419.32	118.72	72.13	4,152.16	3,428.08
Result	44.30	(49.16)	34.44	32.49	1,070.20	871.53	106.14	61.44	1,255.09	916.31
Unallocated Expenses									533.77	367.24
Operating Profit (PBT)									721.32	549.07
Income Taxes									177.40	138.15

Extraordinary profit/Loss	-	-	-	-	-	-	-	-	-	-
Net Profit									543.92	410.92
Other Information:										
Segment Assets	19,312.68	19,344.38	6,487.96	5,394.08	57,572.97	50,991.29	58.44	18.20	83,432.04	75,747.95
Unallocated Assets									474.85	405.98
Total Assets									83,906.90	76,153.93
Segment Liabilities	-	1499.52	4,578.14	1,347.97	69,305.90	65,123.54	0.44	-	73,884.48	67,971.03
Unallocated Liabilities									2,904.84	2,617.78
Total Liabilities									76,789.32	70,588.81

(₹ in millions)

Business Segments	**Treasury**			**Corporate/ Wholesale Banking**			**Retail Banking**			**Other Banking Operations**			**Total**		
Particulars	Year ended March 2023	Year ended March 2022	Year ended March 2021	Year ended March 2023	Year ended March 2022	Year ended March 2021	Year ended March 2023	Year ended March 2022	Year ended March 2021	Year ended March 2023	Year ended March 2022	Year ended March 2021	Year ended March 2023	Year ended March 2022	Year ended March 2021
Revenue	1,415.97	1,438.90	1,473.82	541.86	455.86	402.27	5,150.30	4,299.81	3,595.63	146.69	129.45	101.00	7,254.82	6,324.03	5,572.73
Result	(19.68)	66.06	132.20	29.48	39.41	18.30	1,916.42	1,247.24	837.92	124.73	111.66	86.56	2,050.95	1,464.37	1,074.98
Unallocated Expenses													809.39	619.48	537.61
Operating Profit (PBT)													1,241.56	844.89	537.37
Income Taxes													305.60	219.20	129.53
Extraordinary profit/Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit													935.96	625.69	407.84
Other Information:															
Segment Assets	19,497.87	20,751.51	22,747.46	5,417.99	5,091.04	3,941.08	54,524.32	45,253.42	36,574.87	5.72	8.23	15.92	79,445.90	71,104.20	63,279.33
Unallocated Assets													461.85	435.01	433.06
Total Assets													79,907.75	71,539.21	63,712.38
Segment Liabilities	299.83	-	-	1,460.78	1,562.96	1,331.65	69,380.23	62,456.26	55,819.94	-	0.20	-	71,140.84	64,019.42	57,151.59
Unallocated Liabilities													2,660.80	2,361.98	2,052.89
Total Liabilities													73,801.64	66,381.40	59,204.48

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.

33 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 – Executive Director & Chief Financial Officer
c. Mr. Amit Sharma - Company Secretary
d. Mr. S.K. Dhawan – Head of Credit (KMP from October 22, 2021 to February 09, 2023)
e. Mrs. Richa Mahajan – Chief Compliance Officer (KMP from October 22, 2021 to February 09, 2023)
f. Mr. Raghav Aggarwal – Chief Risk Officer (KMP from October 22, 2021 to February 09, 2023)

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. S.K. Dhawan:** Mrs. Jeewan Asha, Mrs. Sujata Dhawan, Mrs. Rajni Dhawan, Mr. Vijay Kumar Dhawan, Mr. Ashwani Kumar Dhawan, Mr. Arun Kumar Dhawan and Mr. Anil Kumar Dhawan
e. **Mrs. Richa Mahajan**: Mr. Gaurav Mahajan, Mr. Arnav Mahajan, Miss Arshia Mahajan, Mrs. Neelam Sehgal, Mr. R.K. Sehgal and Mr. Akhil Sehgal
f. **Mr. Raghav Aggarwal**: Mr. Sunil Aggarwal, Mrs. Indu Aggarwal, Mrs. Himani Mittal and Mr. Karan Aggarwal

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)

Related Party	Amount Outstanding	As on September 30, 2023	As on September 30, 2022	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021
KMP-						
Mr. Sarvjit Singh Samra	Borrowings	-	-	-	-	-
	Deposits	0.86	0.72	0.05	0.08	0.27
	Advances	-	-	-	-	-
Mr. Munish Jain	Borrowings	8.90	8.90	8.90	2.40	1.00
	Deposits	19.10	9.61	8.99	10.17	10.77
	Advances	-	-	-	-	-
Mr. Amit Sharma	Borrowings	-	-	-	-	-
	Deposits	0.12	0.21	0.17	0.17	0.20
	Advances	2.44	2.60	2.49	2.34	-
Mr. S.K. Dhawan	Borrowings	NA	-	-	-	NA
	Deposits	NA	2.88	4.13	2.79	NA
	Advances	NA	0.77	0.24	0.84	NA
Mrs. Richa Mahajan	Borrowings	NA	-	-	-	NA
	Deposits	NA	0.89	0.80	0.92	NA
	Advances	NA	0.73	0.60	0.79	NA
Mr. Raghav Aggarwal	Borrowings	NA	-	-	-	NA
	Deposits	NA	0.17	0.16	0.17	NA
	Advances	NA	4.00	3.93	4.13	NA
Relatives-						
Relatives of Mr. Sarvjit Singh Samra	Borrowings	-	-	-	-	-
	Deposits	29.66	29.02	28.13	23.43	18.19
	Advances	-	-	-	-	-
Relatives of Mr. Munish Jain	Borrowings	16.70	16.70	16.70	15.90	13.30
	Deposits	11.15	5.47	7.92	6.02	10.41
	Advances	-	-	-	-	-

Relatives of Mr. Amit Sharma	Borrowings	1.40	1.40	1.40	1.40	1.40
	Deposits	6.73	4.61	5.62	1.83	3.17
	Advances	-	-	-	-	-
Relatives of Mr. S.K. Dhawan	Borrowings	NA	1.40	1.40	1.40	NA
	Deposits	NA	7.54	8.90	5.94	NA
	Advances	NA	-	-	-	NA
Relatives of Mrs. Richa Mahajan	Borrowings	NA	0.50	0.50	0.50	NA
	Deposits	NA	1.69	2.33	1.78	NA
	Advances	NA	-	-	-	NA
Relatives of Mr. Raghav Aggarwal	Borrowings	NA	-	-	-	NA
	Deposits	NA	0.38	0.39	0.37	NA
	Advances	NA	0.16	0.17	0.15	NA
Others-						
Capital Foundation Trust	Deposits	23.22	13.21	16.70	8.15	3.55

iii. **The maximum balances payable to/receivable from the related parties of the Bank during the period are given below:**

(₹ in millions)

Related Party	Maximum Balance Outstanding	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
KMP-						
Mr. Sarvjit Singh Samra	Borrowings	-	-	-	-	-
	Deposits	4.57	4.82	4.82	3.56	11.89
	Advances	-	-	-	-	-
Mr. Munish Jain	Borrowings	8.90	8.90	8.90	4.00	1.00
	Deposits	18.87	12.48	13.15	16.78	12.46
	Advances	0.02	3.00	3.04	0.06	0.07
Mr. Amit Sharma	Borrowings	-	-	-	-	-
	Deposits	0.40	1.08	1.10	0.87	0.20
	Advances	2.48	2.84	2.84	2.71	-
Mr. S.K. Dhawan	Borrowings	NA	-	-	-	NA
	Deposits	NA	3.05	4.17	4.73	NA
	Advances	NA	1.04	1.04	1.24	NA
Mrs. Richa Mahajan	Borrowings	NA	-	-	-	NA
	Deposits	NA	1.12	1.26	1.09	NA
	Advances	NA	0.93	0.93	1.03	NA
Mr. Raghav Aggarwal	Borrowings	NA	-	-	-	NA
	Deposits	NA	0.26	0.27	0.34	NA
	Advances	NA	4.23	4.28	4.44	NA
Relatives-						
Relatives of Mr. Sarvjit Singh Samra	Borrowings	-	-	-	-	-
	Deposits	82.37	40.08	46.93	66.42	51.51
	Advances	-	-	-	-	-
Relatives of Mr. Munish Jain	Borrowings	16.70	16.90	16.90	19.90	13.30
	Deposits	13.14	7.04	9.66	15.61	16.00
	Advances	-	-	-	-	0.15
Relatives of Mr. Amit Sharma	Borrowings	1.40	1.40	1.40	1.40	1.40
	Deposits	7.25	5.51	7.84	4.22	4.07
	Advances	-	0.35	0.35	-	-
Relatives of Mr. S.K. Dhawan	Borrowings	NA	1.40	1.40	1.40	NA
	Deposits	NA	8.26	11.19	10.56	NA
	Advances	NA	-	-	-	NA
Relatives of Mrs. Richa Mahajan	Borrowings	NA	0.50	0.50	0.50	NA
	Deposits	NA	2.19	3.28	2.28	NA
	Advances	NA	-	-	-	NA
Relatives of Mr. Raghav Aggarwal	Borrowings	NA	-	-	-	NA
	Deposits	NA	0.38	0.39	0.37	NA
	Advances	NA	0.16	0.17	0.15	NA
Others-						
Capital Foundation Trust	Deposits	27.27	14.97	19.04	10.43	4.05

iv. **The details of transactions of the Bank with its related parties during the period are given below:**

(₹ in millions)

Related Party	Nature of Transaction	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
KMP-						
Mr. Sarvjit Singh Samra	Interest Paid on deposits/ bond borrowings	0.01	0.02	0.04	0.02	0.06
	Interest Received on advances	-	-	-	-	-
	Salary Paid	6.71	6.96	17.13	9.01	10.11
	Lease Rent Paid	2.53	2.38	4.79	4.54	4.53
Mr. Munish Jain	Interest Paid on deposits/ bond borrowings	0.86	0.65	1.37	0.67	0.65
	Interest Received on advances	-	-	-	-	-
	Salary Paid	10.68	9.98	16.76	16.38	12.68
Mr. Amit Sharma	Interest Paid on deposits/ bond borrowings	-	-	0.01	0.01	-
	Interest Received on advances	0.08	0.08	0.16	0.15	-
	Salary Paid	0.76	0.64	1.28	1.07	0.76
Mr. S.K. Dhawan	Interest Paid on deposits/ bond borrowings	NA	0.10	0.24	0.16	NA
	Interest Received on advances	NA	0.04	0.06	0.05	NA
	Salary Paid	NA	1.54	3.18	2.79	NA
Mr. Richa Mahajan	Interest Paid on deposits/ bond borrowings	NA	0.03	0.06	0.06	NA
	Interest Received on advances	NA	0.02	0.04	0.05	NA
	Salary Paid	NA	1.08	2.14	1.79	NA
Mr. Raghav Aggarwal	Interest Paid on deposits/ bond borrowings	NA	0.01	0.01	0.01	NA
	Interest Received on advances	NA	0.12	0.24	0.23	NA
	Salary Paid	NA	1.27	2.49	2.13	NA
Relatives-						
Relatives of Mr. Sarvjit Singh Samra	Interest Paid on deposits/ bond borrowings	0.96	0.73	1.59	1.28	1.27
	Interest Received on advances	-	-	-	-	-
	Salary Paid	1.40	1.21	2.54	2.32	1.70
	Lease Rent Paid	8.86	8.33	16.77	15.89	15.85
Relatives of Mr. Munish Jain	Interest Paid on deposits/ bond borrowings	1.14	0.97	1.98	1.86	2.06
	Interest Received on advances	-	-	-	-	-
	Salary Paid	-	-	-	-	-
Relatives of Mr. Amit Sharma	Interest Paid on deposits/ bond borrowings	0.31	0.16	0.39	0.26	0.33
	Interest Received on advances	-	-	-	-	-
	Salary Paid	-	-	-	-	-
Relatives of Mr. S.K. Dhawan	Interest Paid on deposits/ bond borrowings	NA	0.25	0.53	0.48	NA
	Interest Received on advances	NA	-	-	-	NA
	Salary Paid	NA	-	-	-	NA
Relatives of Mrs. Richa Mahajan	Interest Paid on deposits/ bond borrowings	NA	0.08	0.17	0.16	NA
	Interest Received on advances	NA	-	-	-	NA
	Salary Paid	NA	-	-	-	NA
Relatives of Mr. Raghav Aggarwal	Interest Paid on deposits/ bond borrowings	NA	0.01	0.03	0.02	NA
	Interest Received on advances	NA	0.01	0.01	0.01	NA
	Salary Paid	NA	-	-	-	NA
Others-						
Capital Foundation Trust	Interest Paid on deposits/ bond borrowings	0.09	0.05	0.05	0.08	0.06
	CSR Expense	8.96	5.77	11.54	7.71	6.15

Notes:

1. Salary Paid shown above includes basic salary, allowances, performance bonus and taxable value of perquisites, if availed, computed as per Income-Tax rules but excludes gratuity, PF settlement, perquisite on ESOPs & superannuation perquisites
2. For a person being a KMP for a year or part thereof, the consideration paid during the complete financial year has been disclosed.
3. Salary paid to Mr. Sarvjit Singh Samra for the year ended March 31, 2023 includes arrears amounting to ₹2.8 million paid for the previous years.
4. Salary paid to Mr. Sarvjit Singh Samra for the year ended March 31, 2022 excludes arrears amounting to ₹1.5 million.

34 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	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Not later than one year	7.15	7.90	7.96	10.80	13.91
Later than one year and not later than five years	21.67	15.39	22.66	19.00	31.00
Later than five years	38.35	27.99	42.06	30.47	38.65
Total Minimum lease rental commitments	**67.17**	**51.28**	**72.69**	**60.28**	**83.56**

Total lease rental expenditure under cancellable and non-cancellable operating leases debited to Profit and Loss account during the half year ended September 30, 2023 is ₹97.12 million (during half year ended September 30, 2022 is ₹88.15 million and during the year ended March 31, 2023 is ₹180.29million, during the year ended March 31, 2022 is ₹169.73 million and year ended March 31, 2021 is ₹168.29 million.

Finance Lease

The Bank has not taken any asset under finance lease during the half year ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31, 2021.

35 Earnings Per Share

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Net profit after tax available for equity shares *(₹ in millions)*	543.91	410.92	935.96	625.69	407.84
Weighted average number of equity shares	3,48,87,646	3,41,94,619	3,42,23,457	3,39,95,016	33,861,909
Weighted average number of equity shares for diluted earnings	3,51,22,558	3,43,15,989	3,43,99,201	34,338,552	34,041,782
Basic Earnings per share (₹)	15.59*	12.02*	27.35	18.41	12.04
Diluted Earnings per share (₹)	15.49*	11.97*	27.21	18.22	11.98
Face Value per share (₹)	10.00	10.00	10.00	10.00	10.00

**non-annualized*

36 Disclosure of Complaints

36.1.1 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	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
	Complaints received by bank from its customers					
1	Number of complaints pending at beginning of the period	13	11	11	8	4
2	Number of complaints received during the period*	1,042	616	1,305	1,439	762
3	Number of complaints disposed during the period	1,041	615	1,303	1,436	758
3.1	*Of which, number of complaints rejected by the Bank*	*484*	*212*	*484*	*444*	*216*
4	Number of complaints pending at the end of the period	14	12	13	11	8
	Maintainable complaints received by the Bank from the Office of Ombudsman					
5	Number of maintainable complaints received by the Bank from Office of Ombudsman	3	6	10	5	5

5.1	*Of 5, number of complaints resolved in favor of the Bank by Office of Ombudsman*	*2*	*5*	7	1	-
5.2	*Of 5, number of complaints resolved through conciliation/ mediation/ advisories issued by Office of Ombudsman*	1	1	3	4	-
5.3	*Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the Bank*	-	-	-	-	-
6	Number of awards unimplemented within the stipulated time (other than those appealed)	-	-	-	-	-

**Out of the above complaints, 950 complaints are related to acquiring banks during the current period ending September 30, 2023 (577 for period ended September 2022; 1212 for year ended March 31, 2023; 1,379 for year ended March 31, 2022; 722 for year ended March 31, 2021).*

36.1.2 Customer Complaints other than above:

S.no.	Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
	Complaints received by bank from its customers					
1	Number of complaints pending at beginning of the period	2	5	5	3	1
2	Number of complaints received during the period	99	118	199	297	291
3	Number of complaints disposed during the period	94	119	202	295	289
3.1	*Of which, number of complaints rejected by the Bank*	*46*	*29*	52	86	52
4	Number of complaints pending at the end of the period	7	4	2	5	3
	Maintainable complaints received by the Bank from the Office of Ombudsman					
5	Number of maintainable complaints received by the Bank from Office of Ombudsman	10	4	11	18	28
5.1	*Of 5, number of complaints resolved in favor of the Bank by Office of Ombudsman*	4	1	4	13	10
5.2	*Of 5, number of complaints resolved through conciliation/ mediation/ advisories issued by Office of Ombudsman*	6	2	6	6	5
5.3	*Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the Bank*	-	-	-	-	-
6	Number of awards unimplemented within the stipulated time (other than those appealed)	-	-	-	-	-

36.1.3 Top 5 grounds of Complaints received by the Bank during the half year ended September 30, 2023:

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	8	817*	96.39%	13	-
Ground - 2 ATM/Debit Cards	7	232*	17.76%	2	-
Ground – 3 Account opening/difficulty in operation of account	-	17	(37.03%)	1	-
Ground - 4 Loans and Advances	-	12	(50.00%)	2	-
Ground - 5 Levy of charges without prior notice/ excessive charges/ foreclosure Charges	-	11	(47.61%)	1	-
Others (Complaints not covered in above top 5 grounds)	-	52	6.12%	2	-
Total	**15**	**1,141**	**55.44%**	**21**	**-**

**950 complaints are related to acquiring banks.*

Top 5 grounds of Complaints received by the Bank during the half year ended September 30, 2022:

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	8	416*	(5.02%)	5	-
Ground - 2 ATM/Debit Cards	5	197*	2.07%	6	-
Ground - 3 Account Opening/ Difficulty in operations	-	27	107.69%	2	-
Ground – 4 Loans and Advances	2	24	4.34%	2	-
Ground - 5 Levy of charges without prior notice/ excessive charges/ foreclosure Charges	-	21	31.25%	-	-
Others (Complaints not covered in above top 5 grounds)	1	49	(43.02%)	1	-
Total	**16**	**734**	**(4.55%)**	**16**	**-**

**577 complaints are related to acquiring banks.*

Top 5 grounds of Complaints received by the Bank during the year ended March 31, 2023

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 Internet/Mobile/Electronic Banking	8	883*	(2.75%)	8	-
Ground - 2 ATM/Debit Cards	5	421*	(23.59%)	7	-
Ground - 3 Loans and Advances	2	49	(15.51%)	-	-
Ground - 4 Account Opening/ Difficulty in operation of accounts	-	43	30.30%	-	-
Ground - 5 Levy of charges without prior notice/ Excessive charges/ Foreclosure Charges	-	23	(42.50%)	-	-
Others (Complaints not covered in above top 5 grounds)	1	85	(41.78%)	-	-
Total	**16**	**1,504**	**(13.36%)**	**15**	**-**

**1,212 complaints are related to acquiring banks*

Top 5 grounds of Complaints received by the Bank during the year ended March 31, 2022

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Ground - 1 Internet/Mobile/Electronic Banking	1	908*	172.67%	8	-
Ground - 2 ATM/Debit Cards	6	551*	14.08%	5	-
Ground - 3 Loans and Advances	-	58	34.88%	2	-

Ground - 4 Levy of charges without prior notice/ Excessive charges/ Foreclosure Charges	3	40	(6.98%)	-	-
Ground - 5 Account Opening/ Difficulty in operation of accounts	-	33	6.45%	-	-
Others (Complaints not covered in above top 5 grounds)	1	146	21.67%	1	-
Total	**11**	**1,736**	**64.86%**	**16**	**-**

**1,379 complaints are related to acquiring banks*

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	600.00%	-	-
Others (Complaints not covered in above top 5 grounds)	-	116	46.84%	1	1^
Total	**5**	**1,053**	**33.46%**	**11**	**4**

** 722 complaints are related to acquiring banks ^Representation raised with Office of Ombudsman/other bank*

36.1.4 Awards Passed by the Banking Ombudsman

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
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	-	-	-	-	-

37 Disclosure of Penalties Imposed by the RBI

The penalty imposed by the Reserve Bank of India on the Bank for the half year ended September 30, 2023 is ₹0.11 million, ₹0.43 million for the half year ended September 30, 2022 and ₹0.61 million during the year ended March 31, 2023 for non-replenishment of ATMs in terms of RBI circular no. RBI/2021-22/84 DCM (RMMT) No. S153/11.01.01/2021-22 on Monitoring of Availability of Cash in ATMs dated August 10, 2021.

38 Remuneration

38.1.1 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 charter of the committee includes overseeing 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 along with other calendar items.

The Board of Directors in the meeting held on August 11, 2023 reconstituted the Nomination and Remuneration Committee. The Committee has four members including three members from Risk Management Committee of the Board. The majority of the members of the committee are independent non-executive Directors. As on September 30, 2023 the Committee consists of the following Members:

- Mr. Kamaldeep Singh Sangha, Chairman
- Mr. Dinesh Gupta, Member
- Mr. Gurpreet Singh Chug, Member
- Mr. Sham Singh Bains, 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:
  - Atleast 100% but not more than 200% of the fixed pay in case of Managing Director and CEO and Whole Time Director or as approved by the Reserve Bank of India;
  - Atleast 50% but not more than 70% (earlier 60%) of the fixed pay for executive overseeing one business line and atleast 75% (earlier 50%) but not more than 125% (earlier 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 years. 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 year. 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.

38.1.2 Quantitative Information with reference to Whole Time Directors/Managing Director & Chief Executive Officer/Material Risk Takers

S. No.	Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
A	Number of meetings held by the Remuneration Committee during the financial period and remuneration paid to its members.	Number of Meetings: 5 The NRC members were paid total sitting fees of ₹0.18 million for 5 meetings.	Number of Meetings: 3 The NRC members were paid total sitting fees of ₹0.12 million for 3 meetings.	Number of Meetings: 6 The NRC members were paid total sitting fees of ₹0.23 million for 6 meetings.	Number of Meetings: 6 The NRC members were paid total sitting fees of ₹0.20 million for 6 meetings.	Number of Meetings: 2 The NRC members were paid total sitting fees of ₹0.07 million for 2 meetings.
B.1	Number of employees having received a variable remuneration award during the financial period.	-	-	2	2	2
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 September 30, 2023 (cumulative including the previous year remuneration) is ➢ Cash incentive ₹6.55 million; and ➢ No. of options granted 20,292	Total amount of deferred remuneration as on September 30, 2022 (cumulative including the previous year remuneration) is ➢ Cash incentive ₹7.56 million; and ➢ No. of options granted 32,133	Total amount of deferred remuneration as on March 31, 2023 (cumulative including the previous year remuneration) is ➢ Cash incentive ₹13.50 million; and ➢ No. of Employee Stock Options 46,008	Total amount of deferred remuneration as on March 31, 2022 (cumulative including the previous year remuneration) is ➢ Cash incentive ₹12.50 million; and ➢ No. of options granted 38,550	Total amount of deferred remuneration as on March 31, 2021 is: ➢ Cash incentive ₹7.18 million; and ➢ No. of option granted 19,251
C.2	Total amount of deferred remuneration paid out in the financial period.	➢ Cash incentive ₹2.95 million; and ➢ No. of Employee Stock Options vested: 12,850	➢ Cash incentive ₹1.29 million; and ➢ No. of Employee Stock Options vested: 6,417	➢ Cash incentive ₹1.29 million; and ➢ No. of Employee Stock Options vested 6,417	-	-
D	Breakdown of amount of remuneration awards for the financial period to show fixed and variable, deferred and non-deferred.	➢ Fixed pay ₹11.94 million	➢ Fixed pay ₹12.17 million	➢ Fixed pay ₹25.2 million ➢ Variable pay (cash) ₹10.76 million for FY 2022-23 out of which ₹5.38 million is deferred. ➢ Variable pay (ESOPs to MRT) 13,875 options out of which 13,875 options are deferred. ➢ The variable remuneration payable to	➢ Fixed pay ₹22.5 million ➢ Variable pay (cash) ₹13.4 million for FY 2021-22 out of which ₹6.7 million is deferred. ➢ Variable pay (ESOPs to MRT) 19,299 options out of which	➢ 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

				MD & CEO shall be paid subject to approval from the RBI.	19,299 options are deferred. ➢ The variable remuneration payable to MD & CEO shall be paid subject to approval from the RBI.	➢ The variable remuneration payable to MD & CEO shall be paid subject to approval from RBI
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 September 30, 2023 (cumulative including the previous year remuneration) is ➢ Cash incentive ₹6.55 million; and ➢ No. of options granted 20,292	Total amount of deferred remuneration as on September 30, 2022 (cumulative including the previous year remuneration) is ➢ Cash incentive ₹7.56 million; and ➢ No. of options granted 32,133	Total amount of deferred remuneration as on March 31, 2023 (cumulative including the previous year remuneration) is ➢ Cash incentive ₹13.50 million; and ➢ No. of options granted 46,008	Total amount of deferred remuneration as on March 31, 2022 (cumulative including the previous year remuneration) is ➢ Cash incentive ₹12.50 million; and ➢ No. of options granted 38,550	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	2	2
G.1	Number of cases where malus has been exercised.	2	-	-	-	-
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 mean pay of the Bank as a whole (excluding sub-staff) is ₹0.32 million. ➢ The deviation in the pay for Mr. Sarvjit Singh Samra, MD & CEO and Mr. Munish Jain, WTD from the mean pay is 21 times and 33 times respectively.	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.

39 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 during the half year ended September 30, 2023 amounted to ₹2.18 million (₹1.55 million during the half year ended September 30, 2022; ₹2.78 million during the year ended March 31, 2023; ₹3.60 million during the year ended March 31, 2022 and ₹2.32 million for the year ended March 31, 2021).

Further, during the half year ended September 30, 2023, the Bank has paid remuneration amounting to ₹3.26 million (₹2.57 million during the half year ended September 30, 2022; ₹5.42 million during the year ended March 31, 2023; ₹1.35 million during the year ended March 31, 2022 and ₹1.13 million for the year ended March 31, 2021) to the Non-Executive Directors.

40 Accounting for employee share based payments

40.1 The Bank has following ESOP plans-

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 amended further on October 22, 2021, for granting equity stock options to its employees and directors (other than independent directors).

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 (amended further on October 22, 2021), for granting equity stock options to its material risk takers.

Capital Small Finance Bank Limited –Employees Stock Option Plan 2023 ("CSFB ESOP 2023") was approved by the shareholders of the Bank, in Annual General Meeting of the Bank held on May 12, 2023, for granting equity stock options to its employees' and directors' (other than independent directors).

40.2 The Stock Options will be equity settled.

40.3 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.

40.4 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.

40.5 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
CSFB ESOP 2018	Tranche 2	July 15, 2021	September 30, 2023- 100%	Twelve months from the date of vesting	₹98	Equity
CSFB ESOP 2018	Tranche 3	September 01, 2021	August 31, 2024- 100%	Twelve months from the date of vesting	₹98	Equity
CSFB ESOP for MRTs	Tranche 2	April 30, 2022	Graded Vesting: April 30, 2023- 33.33% April 30, 2024- 33.33% April 30, 2025- 33.33%	Twelve months from the date of vesting	₹10	Equity
CSFB ESOP 2018	Tranche 4	June 15, 2022	August 31, 2024- 100%	Twelve months from the date of vesting	₹98	Equity
CSFB ESOP for MRTs	Tranche 3	April 30, 2023	Graded Vesting: April 30, 2024- 33.33% April 30, 2025- 33.33% April 30, 2026- 33.33%	Twelve months from the date of vesting	₹10	Equity
CSFB ESOP 2023	Tranche 1	September 15, 2023	Graded Vesting: September 30, 2025- 40% September 30, 2026- 60%	Twelve months from the date of vesting	₹171	Equity

40.6 Activity in the options outstanding-

Under CSFB ESOP 2018 -

Particulars	Half Year ended September 30, 2023 (Number of Options)	Half Year ended September 30, 2022 (Number of Options))	Year ended March 31, 2023 (Number of Options)	Year ended March 31, 2022 (Number of Options)	Year ended March31, 2021 (Number of Options)
Options outstanding, beginning of period	3,97,893	5,72,439	5,72,439	4,65,511	6,50,496
Granted during the period	-	76,000	76,000	3,26,750	-
Exercised during the period	27,632	2,01,946	2,01,946	1,33,410	1,03,464
Forfeited / Lapsed during the period	35,011	42,350	48,600	86,412	81,521
Options outstanding, end of period	3,35,250	4,04,143	3,97,893	5,72,439	4,65,511
Options exercisable	96,750	54,893	54,893	47,940	38,823

Under CSFB ESOP for MRTs-

Particulars	Half Year ended September 30, 2023 (Number of Options)	Half Year ended September 30, 2022 (Number of Options)	Year ended March 31, 2023 (Number of Options)	Year ended March 31, 2022 (Number of Options)
Options outstanding, beginning of period	32,133	19,251	19,251	-
Granted during the period	13,874	19,299	19,299	19,251
Exercised during the period	12,850	6,417	6,417	-
Forfeited/ Lapsed during the period	12,865	-	-	-
Options outstanding, end of period	20,292	32,133	32,133	19,251
Options exercisable	-	-	-	-

Under CSFB ESOP 2023 -

Particulars	Half Year ended September 30, 2023 (Number of Options)
Options outstanding, beginning of period	-
Granted during the period	6,82,000
Exercised during the period	-
Forfeited/ Lapsed during the period	-
Options outstanding, end of period	6,82,000
Options exercisable	-

40.7 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 2018 (Tranche 2)	CSFB ESOP 2018 (Tranche 3)	CSFB ESOP 2018 (Tranche 4)
Date of grant	April 30, 2019	July 15, 2021	September 01, 2021	June 15, 2022
Fair Value of option (₹)	132.17	181.18	185.29	222.93
Risk-free interest rate (%)	6.65%-6.99%	5.06%	5.14%	6.89%
Expected life (years)	1.50-3.50 years	2.71 years	3.50 years	2.71 years
Expected volatility (%)	31.53%-33.01%	44.03%	41.80%	43.67%
Expected dividend rate (%)	0%	0%	0%	0%

Particulars	CSFB ESOP for MRTs (Tranche 1)	CSFB ESOP for MRTs (Tranche 2)	CSFB ESOP for MRTs (Tranche 3)
Date of grant	April 30, 2021	April 30, 2022	April 30, 2023
Fair Value of option (₹)	255.04	294.14	361.29
Risk-free interest rate (%)	4.13%-5.15%	4.96%-6.20%	6.79%-6.86%
Expected life (years)	1.50-3.50 years	1.50-3.50 years	1.50-3.50 years
Expected volatility (%)	42.07%-50.86%	44.64%-50.72%	37.20% - 46.14%
Expected dividend rate (%)	0%	0%	0%

Particulars	CSFB ESOP 2023 (Tranche 1)
Date of grant	September 15, 2023
Fair Value of option (₹)	239.99
Risk-free interest rate (%)	7.04%-7.07%
Expected life (years)	2.54-3.54 years
Expected volatility (%)	38.49%-44.98%
Expected dividend rate (%)	0%

40.8 The period wise details of ESOP expense forming part of "Payments to and provisions for employees" under Annexure 21-Restated Statement of Operating Expenses are as under:

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
ESOP Expense	12.14	10.77	26.71	38.35	22.12

40.9 The period wise details of ESOP reserve forming part of "Revenue and Other Reserves" under Annexure 7-Restated Statement of Reserves and Surplus are as under:

(₹ in millions)

Particulars	As on September 30, 2023	As on September 30, 2022	As on March 31, 2023	As on March 31, 2022	As on March 31, 2021
ESOP Reserve	56.81	35.42	51.37	49.44	26.39

40.10 The RBI vide its clarification dated August 30, 2021 on guidelines on compensation of whole-time directors/chief executive officers/material risk takers and control function staff, advised banks that the fair value of the share linked instruments on the date of grant should be recognized as an expense for all instruments granted after the period ending March 31, 2021. Accordingly, the Bank measures the cost of ESOP using the fair value method for stock options granted post March 31, 2021 including grant to the Material Risk Takers as a part of their variable compensation and uses the intrinsic value method for stock options granted prior to the said period. Had the Bank used fair value method to determine compensation for stock options granted prior to March 31, 2021, it would have incurred nil incremental cost during period ended September 30, 2023 and September 30, 2022; and for years ended March 31, 2022 and March 31, 2021 the impact of incremental cost on its profit after tax and earnings per share would have been as indicated below-

(₹ in millions)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Restated Profit after tax as reported	625.69	407.84
Add: ESOP cost using intrinsic value method (net of tax)	15.31	16.55
Less: ESOP cost using fair value method (net of tax)	(17.65)	(19.08)
Profit after tax (adjusted)	623.35	405.31
Earnings Per Share -		
Basic (₹)		
- As reported	18.41	12.04
- Adjusted for ESOP using fair value method	18.34	11.97
Diluted (₹)		
- As reported	18.22	11.98
- Adjusted for ESOP using fair value method	18.02	11.85

41 Staff Retirement Benefits

41.1 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	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Defined benefit obligation liability					
Opening Obligations	84.90	73.49	73.49	64.52	53.11
Service Cost	5.40	4.69	10.90	9.97	9.88
Interest Cost	3.14	2.67	5.34	4.45	3.65
Actuarial (Gain)/Loss	(5.16)	(5.28)	(2.11)	(1.93)	(0.82)
Liabilities extinguished on settlement	-	-	-	-	-
Benefits Paid	(2.33)	(2.58)	(2.72)	(3.51)	(1.30)
Obligations at last date of the period	85.95	72.99	84.90	73.49	64.52
Plan Assets at fair value					
Opening Plan Assets, at fair value	85.86	74.45	74.45	64.80	54.28
Expected return on plan assets	3.17	2.61	5.21	4.47	3.93
Actuarial Gain/(Loss)	0.51	(2.90)	(0.26)	(1.32)	2.99
Assets distributed on settlement					
Contributions	-	-	9.18	10.02	4.90
Benefits Paid	(2.33)	(2.58)	(2.72)	(3.51)	(1.30)
Plan Assets at fair value at last date of the period					
Fair Value of Plan Assets at the end of the period	87.22	71.58	85.86	74.45	64.80
Present Value of the defined benefit obligation at the end of the period	85.95	72.99	84.90	73.49	64.52
Asset/(Liability) at last date of the period	1.27	(1.41)	0.96	0.96	0.28
Experience adjustments on Plan Liabilities	4.94	2.49	0.64	(1.86)	(1.82)
Experience adjustments on Plan Assets	0.51	(2.90)	(0.26)	(1.32)	2.99
Cost for the period					
Service Cost	5.40	4.69	10.90	9.97	9.88
Interest Cost	3.14	2.67	5.34	4.45	3.65
Expected Return on Plan Assets	(3.17)	(2.60)	(5.21)	(4.47)	(3.94)
Actuarial (Gain)/Loss	(5.67)	(2.39)	(1.85)	(0.61)	(3.81)
Net Cost	(0.30)	2.37	9.18	9.33	5.78
Investment details of Plan Assets Plan assets are invested in insurer managed funds					
Assumptions					
Interest Rate	7.41%	7.54%	7.39%	7.26%	6.90%
Salary escalation rate	5.00%	5.00%	5.00%	5.00%	5.00%
Estimated rate of return on plan assets	7.41%	7.50%	7.39%	7.00%	6.90%

41.2 The actuarial liability of compensated absences of accumulated earned and sick leaves of the employees of the Bank is as below:

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Earned Leaves	58.87	47.81	51.08	40.96	31.15
Sick Leaves	14.22	11.30	12.68	10.17	8.82
Total Actuarial Liability	**73.09**	**59.11**	**63.76**	**51.13**	**39.97**
Assumptions					
Interest Rate	7.41%	7.54%	7.39%	7.26%	6.90%
Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%	5.00%

The estimate of salary growth rate takes into account of inflation, market dynamics, seniority, promotion and other relevant factors on long-term basis.

41.3 Liability towards Unamortized Pension

The Bank does not have any unamortized liability against pension and gratuity during the half year ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31, 2021.

41.4 The Code on Social Security, 2020

The Code on Social Security 2020 ('the Code') 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 will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective.

42 Business Ratios

	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
i. Interest Income as a percentage to Working Funds[1]	4.56%	4.30%	8.79%	8.46%	8.65%
ii. Non-interest income as a percentage to Working Funds[1]	0.35%	0.30%	0.64%	0.79%	0.78%
iii. Cost of Deposits	2.72%	2.43%	4.90%	5.02%	5.68%
iv. Net Interest Margin[2]	2.02%	2.03%	4.19%	3.74%	3.36%
v. Operating Profit[3] as a percentage to Working Funds	0.89%	0.90%	1.93%	1.66%	1.21%
vi. Return on Assets[4]	0.64%	0.55%	1.22%	0.92%	0.69%
vii. Business[5] (Deposits plus advances) per employee[6] *(₹ in million)*	69.04	67.06	69.23	64.97	54.89
viii. Profit per employee (Operating Profit)[6] *(₹ in million)*	0.41	0.40	0.85	0.69	0.44

The above ratios are non-annualized for half years

[1]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.

[2]Net Interest Margin has been computed based on the Net Interest income (Interest Income – Interest Expense) and 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.

[3]Operating profit is the net profit for the period before provisions and contingencies.

[4]Return on Assets is calculated with reference to monthly average working funds (Working funds taken as total of assets excluding accumulated losses, if any).

[5]For the purpose of computation of business per employee, business is calculated by adding deposits and advances excluding inter-bank deposits.

[6]Productivity ratios are based on average number of employees.

43 Bancassurance Business

(₹ in millions)

Income from	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
1. Life insurance	70.07	38.27	79.51	72.75	53.80
2. General Insurance	26.39	13.93	29.83	25.62	22.02

44 Marketing and Distribution

(₹ in millions)

Fee/remuneration received	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Marketing and Distribution	-	-	-	-	-

45 Details of Priority Sector Lending Certificates (PSLC)-

(₹ in millions)

Type of PSLC	Half Year ended September 30, 2023		Half Year ended September 30, 2022	
	PSLC bought	PSLC sold	PSLC bought	PSLC sold
Agriculture	-	-	-	4,500.00
Small and Marginal Farmers	5,000.00	-	3,500.00	-
Micro enterprises	-	-	-	-
General	-	-	-	-
Total	**5,000.00**	**-**	**3,500.00**	**4,500.00**

(₹ in millions)

Type of PSLC	Year ended March 31, 2023		Year ended March 31, 2022		Year ended March 31, 2021	
	PSLC bought	PSLC sold	PSLC bought	PSLC sold	PSLC bought	PSLC sold
Agriculture	-	5,000.00	-	9,850.00	-	6,650.00
Small and Marginal Farmers	5,350.00	-	3,450.00	-	1,650.00	-
Micro enterprises	-	-	-	-	-	-
General	-	-	-	-	500.00	-
Total	**5,350.00**	**5,000.00**	**3,450.00**	**9,850.00**	**2,150.00**	**6,650.00**

46 Provisions and Contingencies

The break-up of the provisions and contingencies included in profit and loss account is given hereunder:

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Provisions towards Taxes[#]	177.40	138.15	305.60	219.20	129.53
Provisions towards Standard Assets	7.09	14.41	19.79	114.04	(10.95)
Provision towards Non-performing Advances	25.44	109.00	225.69	173.21	188.44
Total	**209.93**	**261.57**	**551.08**	**506.45**	**307.02**

[#]Details of Provisions towards Taxes

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Income Tax	185.96	146.80	317.20	249.68	127.68
Deferred Tax	(8.56)	(8.65)	(11.60)	(30.48)	1.85

47 Deferred Tax Asset/ Liability

Other Assets include deferred tax asset of an amount equal to ₹88.27 million (half year ended September 30, 2022 is ₹76.77million) and for the year ended March 31, 2023 is equal to ₹79.72 million, for March 31, 2022 is ₹68.12 million and for March 31, 2021 is ₹37.64 million as detailed below:

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Deferred Tax Assets	**106.13**	**85.93**	**97.58**	**85.25**	**54.92**
Loan Loss Provisions	71.37	72.89	71.17	71.49	44.00
Others	34.76	13.04	26.41	13.76	10.92
Deferred Tax Liabilities	**17.86**	**9.17**	**17.86**	**17.13**	**17.28**
Depreciation on Fixed Assets	-	-	-	7.97	12.66
Special Reserve under section 36(i)(viii)	17.86	9.17	17.86	9.17	4.62
Deferred Tax Assets/ (Liabilities) (Net)	**88.27**	**76.77**	**79.72**	**68.12**	**37.64**

48 Status of Ind AS Implementation

As per RBI circular RBI/2015 -16/315 DBR.BP.BC. No.76/21.07.001/2015-16 dated 11th February 2016 Implementation of Indian Accounting Standards (Ind AS), Banks are advised that scheduled commercial banks (excluding RRBs) shall follow the Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015, subject to any guideline or direction issued by the RBI in this regard. Banks in India currently prepare their financial statements as per the guidelines issued by the RBI, the Accounting Standards notified under section 133 of the Companies Act, 2013 and generally accepted accounting principles in India (Indian GAAP). In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of new Indian Accounting Standards (Ind AS), which were based on convergence with the International Financial Reporting Standards (IFRS), for scheduled commercial banks, insurance companies and non-banking financial companies (NBFCs). In March 2019, RBI deferred the implementation of Ind AS for banks till further notice as the recommended legislative amendments were under consideration of Government of India. The Bank had undertaken preliminary diagnostic analysis of the GAAP differences between Indian GAAP vis-a-vis Ind AS and shall proceed for ensuring the compliance as per applicable requirements and directions in this regard and the Bank is submitting Proforma Ind AS Financial Statements to the RBI on a half yearly basis.

49 Payment of DICGC Insurance Premium

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Payment of DICGC Insurance Premium	46.55	42.51	73.09	76.16	63.79
Arrears in payment of DICGC premium	-	-	-	-	-

50 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 half year ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023, March 31, 2022 and March 31, 2021.

51 Corporate Social Responsibility

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Total amount to be spent for the respective financial year	17.74	11.52	11.52	7.70	6.11
Amount spent during the period	8.96	5.78	11.54	7.71	6.15
Remaining amount to be spent for the financial year	8.78	5.74	-	-	-

The Bank has formulated a trust in the name of Capital Foundation. The CSR expenses are taken care by the Capital Foundation or directly through the Bank. The above expenditure of ₹8.96. million (₹5.78 million for the half year ended September 30, 2022; ₹11.54 million for the year ended March 31, 2023; ₹7.71 million for the year ended March 31, 2022 and ₹6.15 million for the year ended March 31, 2021) has been contributed to the Capital Foundation Trust during the period or has been spent directly by the Bank.

52 Description of Contingent Liabilities

Particulars	Description
Claims against the bank not acknowledged as debts	Includes liability created for taxation matter in respect of which appeal is pending. The Bank expects the outcome of the appeal to be favourable, based on decisions on similar issues in the previous years by the appellate authorities
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)

53 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.

54 Details of Other Heads exceeding 1%

54.1 Other Expenditure includes the below expenses that exceed 1% of the total income of the Bank:

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Other Expenditure					
Security & Service charges	68.08	25.72*	55.55*	65.00	92.27

*The value has been disclosed for comparative purpose. However, it does not exceed 1% of the total income of the Bank.

54.2 Miscellaneous Income includes the below income that exceed 1% of the total income of the Bank:

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Other Income					
Miscellaneous Income:					
-Fee received from sale of PSLC	-	-	-	58.80*	58.00

*The value has been disclosed for comparative purpose. However, it does not exceed 1% of the total income of the Bank.

54.3 Other Liabilities and Provisions – Others (including Provisions) and Other Assets-Others does not include any item that exceeds 1% of the total assets of the Bank as on September 30, 2023, September 30, 2022, March 31, 2023, March 31, 2022 and March 31, 2021.

55 Payment to Auditors

(₹ in millions)

Particulars	Half Year ended September 30, 2023	Half Year ended September 30, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Audit Fees	3.47[1]	1.40	5.13	4.51	4.00
Certificate Fees and Other Services	2.00	0.10	0.77	2.90[2]	0.65
Out of Pocket Expenses	1.28	0.03	0.53	0.50	0.24

[1]includes ₹2.07 million paid to auditors other than Statutory Auditors

[2]excludes ₹0.95 million paid on behalf of Selling Shareholders

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	Six-months ended September 30, 2023	Six-months ended September 30, 2022	Fiscal 2023	Fiscal 2022	Fiscal 2021
Basic earnings per share (₹)[1]	15.59*	12.02*	27.35	18.41	12.04
Diluted earnings per share (₹)[2]	15.49*	11.97*	27.21	18.22	11.98
Net Worth[3] (₹ *in million)*	7,117.58	5,565.12	6,106.10	5,157.81	4,507.90
Return on Net Worth[4]	8.23%*	7.66%*	16.62%	12.95%	9.51%
Number of Equity Shares at the end of each year/period	35,350,636	34,252,454	34,252,454	34,044,091	33,910,681
Net Asset Value per Equity Share (₹)[5]	201.34	162.47	178.27	151.50	132.93
EBITDA[6]	806.92	664.30	1,448.23	1,006.05	702.29

Notes

**Not annualized*

[1]. Basic Earnings per Share stands for ratio of Net profit after tax, as restated to Weighted average number of Equity shares outstanding during the year.

[2]. Diluted Earnings per Share stands for Net profit after tax, as restated to Weighted average number of dilutive Equity shares outstanding during the year.

[3]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.

[4]Return on Net Worth (%) stands for 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.

[5].Net asset value per share stands for Net worth as restated / Number of equity shares as at period/ year end.

[6]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.

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, 2023, March 31, 2022 and March 31, 2021, (collectively, the "**Audited Financial Statements**") are available on our website at https://www.capitalbank.co.in/ipo-2023-documents.html.

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 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, 2013 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 BRLMs 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 six months ended September 30, 2023, Fiscal 2023, Fiscal 2022 and Fiscal 2021, see "*Financial Statements – Related Party Disclosure* on page 350.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

To obtain a complete understanding of our Bank, investors should read this section in conjunction with "Risk Factors", "Industry Overview", "Our Business", "Selected Statistical Information", and "Financial Statements" on pages 27, 174, 203, 276 and 293, respectively.

The industry and market data used in this section has been derived from the CRISIL MI&A Report prepared and released by CRISIL (appointed by our Bank pursuant to an engagement letter dated August 16, 2021, read with the addendum dated July 11, 2023 and December 27, 2023) and commissioned by and paid for by us in connection with the Offer. A copy of the CRISIL MI&A Report was made available on our Bank's website at https://www.capitalbank.co.in/ipo-2023-documents.html from the date of the Red Herring Prospectus until the Bid/Offer Closing Date. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL MI&A 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 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 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 276. 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 Prospectus. For details, see "Forward-Looking Statements" on page 26.

Overview

For an overview of the business of our Bank, see "*Our Business – Overview*" on page 203.

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 231.

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 a local area bank 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.

The expansion of our business has been a major factor in the growth of our advances and deposits. Over the years, we have expanded our operations strategically in the north Indian states of Punjab, Haryana, Rajasthan, Delhi, Himachal Pradesh and Union Territory, Chandigarh. As of September 30, 2023, we were present in five States and one Union Territory with 173 branches and 175 ATMs with 76.30% of our branches located in rural and semi-urban areas covering 24districts and 75.75% of our total customers (both credit and deposit). We plan to continue to expand our business. For details, see *"Our Business – Our Strategies – Continue to grow our loan book organically with focus on secured lending"* on page 210.

We intend on leveraging our brand presence in Punjab and expand further in the adjacent states of Haryana, Rajasthan, NCR, Union Territory of Chandigarh and Himachal Pradesh. 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 six months ended September 30, 2023 and September 30, 2022 and the Fiscals ended March 31, 2023, 2022 and 2021, was ₹ 1,709.74 million, ₹ 1,513.56 million, ₹ 3,219.83 million, ₹ 2,552.82 million and ₹ 1,986.11 million respectively which was 85.40%, 87.27%, 86.68%, 82.49% and 81.25% of our net total income. Further as at September 30, 2023, 46.42% of our advances and 100.00% of our investments were on fixed interest rates and 53.58% of our advances were on floating interest rates. As at September 30, 2023, 99.73% of our deposits and 100.00% 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 an 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 173 as on September 30, 2023. 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 62.35%, 61.23%, 59.97%, 63.42% and 70.76%, of our Net Total Income for the six months September 30, 2023, September 30, 2022 and for the Fiscals 2023, 2022 and 2021, respectively. Further, our operating expenses represented 2.95% of our total average assets for the six months ended September 30, 2023. Our operating expenses primarily comprise:

- Payments to and provisions for employees, which represented 30.67%, 32.41%, 31.76%, 34.43% and 36.99% of Net Total Income for the six months ended September 30, 2023, September 30, 2022 and for Fiscals 2023, 2022 and 2021, respectively;

- Rent, taxes and lighting and insurance, which represented 9.81%, 10.20%, 9.64%, 11.05% and 13.47% of Net Total Income for the six months ended September 30, 2023 and September 30, 2022, and for Fiscals 2023, 2022 and 2021, respectively; and

- Depreciation and repairs on Bank's property, which represented 6.80%, 9.09%, 7.92%, 7.67% and 9.26% of Net Total Income for the six months ended September 30, 2023 and September 30, 2022 and for Fiscals 2023, 2022 and 2021, 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 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. 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 small finance bank 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 31 and 225, 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 10.39 million digital transactions during Fiscal 2023 and 7.04 million digital transactions during the six months ended September 30, 2023. Further, the digital transactions share in non-cash transactions increased from 39.68% in Fiscal 2019 to 81.32% in Fiscal 2023 and further to 84.03% during the six months ended September 30, 2023. 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 six months ended September 30, 2023 and in the Fiscals 2023, 2022 and 2021, we invested ₹ 77.60 million, ₹ 179.47 million, ₹ 121.10 million and ₹ 113.81 million, respectively, in our technology infrastructure. We adopt a 'phygital' approach to our distribution, 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, 2021	Year ended March 31, 2022	Year ended March 31, 2023	Six months ended September 30, 2022	Six months ended September 30, 2023
Gross NPAs	2.08%	2.50%	2.77%	2.60%	2.73%
Net NPAs	1.13%	1.36%	1.36%	1.35%	1.36%

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 maintained a provision coverage ratio (provisions held including standard asset provision as % gross NPAs) of 68.64% as on September 30, 2023. The following tables set forth our age-wise NPA provision as on September 30, 2023:

(₹ in million, except percentages)

Particulars	Amount	Provision	Provision Coverage Ratio
Above 5 years	152.96	152.96	100.00%
2-5 years	494.19	382.29	77.36%
1-2 years	510.72	182.71	35.78%
Up to 1 year	446.34	99.56	22.31%
Total	1,604.21	817.52	50.96%

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 MCA 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 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 six months ended September 30, 2023 and September 30, 2022 and years ended March 31, 2023, 2022 and 2021.

The auditor's report on the financial statements as at and for the six months ended September 30, 2023 and year ended March 31, 2023 does not have any emphasis of matter. Emphasis of matter paragraphs included in the auditors' report on the financial statements as at and for the six month period ended September 30, 2022 and for the year ended March 31, 2022 and March 31, 2021 which does not require any corrective adjustment in the Restated Financial Information, are as follows:

Period	Emphasis of Matter
September 30, 2022	We draw attention to Note 4.6 of the Schedule 18 to the financial statements, which describes that the extent to which any new wave of COVID-19 impact the Bank's results is uncertain as it depends upon the future trajectory of the pandemic. Our opinion is not modified in respect of this matter.
March 31, 2022	We draw attention to Note 4.6 to the financial statements, which describes that the extent to which any new wave of COVID-19 impact the Bank's results is uncertain as it depends upon the future trajectory of the pandemic. Our opinion is not modified in respect of this matter.
March 31, 2021	We draw attention to Note 3.3 of the 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.

The audit reports of the Statutory Auditors for three months ended June 30, 2023 and June 30, 2022, and for Fiscals 2023, 2022 and 2021 are available at https://www.capitalbank.co.in/ipo-2023-documents.html.

Critical Accounting Policies

- **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 & 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.

- **Basis of Preparation**

The Restated Financial Information is prepared by the management of the Bank for the purpose of inclusion in Red Herring Prospectus ("RHP") and Prospectus in connection with the proposed Initial Public Offer ("IPO") of equity shares. The Restated Financial Information of the Bank comprise of the Restated Statement of Assets and Liabilities as at September 30, 2023, September 30, 2022, March 31, 2023, 2022 and 2021, the Restated Statement of Profit & Loss and Restated Cash Flow Statement for the half year ended September 30, 2023 and September 30, 2022 and for each of the year ended March 31, 2023, 2022 and 2021 and the summary statement of significant accounting policies and other explanatory information (hereinafter collectively referred to as the "**Restated Financial Information**").

The Restated Financial Information have been prepared to comply in all material respects with the requirements of:

a. Section 26 of Part I of Chapter III of The Companies Act, 2013, as amended from time to time (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 half year ended September 30, 2023 and September 30, 2022 and audited financial statements of the Bank as at and for each of the years ended March 31, 2023, 2022 and 2021 –

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 January 15, 2024, January 15, 2024, May 19, 2023, May 13, 2022 and May 11, 2021 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, 2023, March 31, 2022 & March 31, 2021 and half year ended September 30, 2022 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the half year ended September 30, 2023;
c. there are no qualifications in the auditors' reports on the audited financial statements of the Bank as at and for the half year ended September 30, 2023 and September 30, 2022 and as at and for years ended March 31, 2023, 2022 and 2021; 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.

- **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/year. 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/year in which the results are known/ materialized.

- **Property, Plant and Equipment and Depreciation**

- 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.

- 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.

- 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.

- 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 of the Companies Act, 2013, is as follows-

Asset	Depreciation rate per annum
Computers	33.33%
Automated Teller Machines (ATMs)	9.50%
Mobile Phones	33.33%
Cash Sorting Machines	33.33%
Software and System Development Expenditure	20.00%

- All other Assets are depreciated on the rates, calculated on the basis of useful life specified in the Schedule II of the Companies Act 2013, as detailed below:

Asset	Depreciation rate per annum
Plant and Machinery	6.33%
Office Equipment	19.00%
Furniture & Fixture	9.50%
Motor Car	11.88%
Two-Wheeler	9.50%
Cycle	9.50%

- Assets purchased/sold during the period/year are depreciated on a pro-rata basis.

- 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 and Loss account.

- Gains or losses arising from disposal or retirement of tangible fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized on net basis, within "Other Income" as "Profit/(Loss) on sale of land, building & other assets", in the Profit and Loss account in the period/year of disposal or retirement.

- Assets individually costing up to ₹ 5,000/- are depreciated fully in the year of acquisition. Further, profit on sale of premises by the Bank is appropriated to capital reserve, net of transfer to Statutory Reserve and taxes, in accordance with RBI guidelines.

- **Impairment of Assets**

  The carrying amount of fixed assets is reviewed at the Balance Sheet date to determine if 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 and Loss account to the extent the carrying amount of fixed assets exceeds its estimated recoverable amount.

- **Investments**

  Classification and valuation of the Bank's investments are carried out in accordance with the RBI guidelines which are as follows:

- **Categorization of Investments**

The Bank classifies its investment at the time of purchase into one of the following three categories:

(i) Held to Maturity (HTM) – Securities acquired with the intention to hold till maturity.
(ii) Held for Trading (HFT) – Securities acquired with the intention to trade.
(iii) Available for Sale (AFS) – Securities which do not fall within the above two categories.

- **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.

- **Acquisition cost**

  - Brokerage, commission, etc. pertaining to investments, paid at the time of acquisition is charged to the Profit and Loss account.

  - Cost of investments is computed based on the weighted average cost method.

- **Valuation of Investments**

  - Held to Maturity – Each security in this category is carried at its acquisition cost or amortized 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.
  - 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.
  - 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.
  - Market value of government securities (excluding treasury bills) is determined on the basis of the prices/YTM declared by the Financial Benchmark India Private Limited (FBIL).
  - Treasury bills are valued at carrying cost, which includes discount amortized over the period to maturity.
  - Unquoted equity shares are valued at the break-up value, if latest balance sheet is available or at ₹ 1 as per the RBI guidelines.
  - Security purchase and sale transactions are recorded under Settlement Date method of accounting.
  - Provision for non-performing investments is made in conformity with the RBI guidelines.
  - Profit in respect of investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account.
  - 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) which forms the part of revenue and other reserves under the head reserve and surplus in balance sheet. 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.
  - As per the RBI circular RBI/2017-18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, to build up adequate reserves to protect against increase in yields in future, the Bank has created an Investment Fluctuation Reserve (IFR) to the extent of the lower of following:

    a) net profit on sale of investments during the year;

    b) net profit for the year less mandatory appropriations.

This reserve will be created until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing year end basis.

- 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.
- In accordance with the RBI guidelines, repurchase and reverse repurchase transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively.
- Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

- **Broken period Interest**

  Broken period interest on debt instruments is treated as a Revenue item.

- **Transfer of Security between Categories**

  Transfer 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.

- **Advances**

  - 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.
  - Specific provisions for non-performing advances and floating provisions are made in conformity with the RBI guidelines.
  - In addition, the Bank considers accelerated provisioning based on past experience, evaluation of securities and other related factors.
  - 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.
  - Amounts recovered during the period/year against bad debts written off in earlier accounting periods/years are credited to the Profit and Loss account.
  - 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 and Loss account to the extent such provisions were charged to the Profit and Loss account.
  - 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. Provision for restructuring is considered at borrower level.
  - 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 net fee received for the sale of PSLCs is recorded as 'Miscellaneous Income' and the net expense paid on purchase of PSLC is recorded as 'Miscellaneous Expense'.

- **Net Profits**

  The Net Profits have been arrived at after:

  (i) Provisions for Income Tax in accordance with the statutory requirements.
  (ii) Provisions on Advances
  (iii) Adjustments to the value of Investments
  (iv) Other usual and necessary provisions.

- **Revenue recognition**

  Income is accounted on Accrual basis except in the following cases:

  (i) Income on Non-Performing Assets is recognized on realization basis as per the RBI guidelines.
  (ii) Interest which remains overdue for 90 days on securities not covered by Government Guarantee is recognized on realization basis as per the RBI guidelines.
  (iii) 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.
  (iv) Interest on Overdue Bills is recognized on Realization Basis as per the RBI guidelines.

- **Employee benefits**

  - **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.

  - **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.

  - **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.

  - **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 for stock options granted after the period ending March 31, 2021 is measured using the fair value method and for stock options granted prior to such period, is measured using the intrinsic value method. The costs are recognized, together with a corresponding increase in the 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.

- **Lease**

  - Lease arrangements where risk and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases.
  - Lease rentals under operating lease are charged to the Profit and Loss account on straight line basis over the lease term in accordance with AS-19, Leases.

- **Segment Reporting**

  The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per the RBI guidelines.

  Business Segment

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 concentrated in India, the Bank is considered to operate only in the domestic segment.

- **Earnings per Share**

  - Earnings per share is calculated by dividing the Net Profit or Loss for the period/year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period/year.
  - 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/year except when its results are anti-dilutive.

- **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 u/s section 115 BAA of the Income Tax Act, 1961. Accordingly, as per Section 115 JB, Minimum Alternate Tax (MAT) is not applicable.

- **Provisions and Contingent Liabilities & Contingent Assets**

  - 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.

  - A disclosure of contingent liability is made when there is:

(i) 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

(ii) 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.

  - 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.
  - 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.
  - In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made in the financial statements. In case of remote possibility, neither provision nor disclosure is made in the financial statements.

- **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.

- **Transaction involving Foreign Exchange**

    - All transactions in foreign currency are recognized at the exchange rate as notified by the Foreign Exchange Dealers Association of India (FEDAI).

    - Foreign currency monetary items are reported using the exchange rate prevailing at the Balance Sheet date.

    - 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.

    - 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/year, or reported in previous financial statements, are recognized as income or expense in the period/year 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 six months ended September 30, 2023 and September 30, 2022 and Financial Years 2023, 2022 and 2021, expressed in absolute terms and as a percentage of our total income for the periods indicated.

	Financial Year						**Six months ended**			
	2021		**2022**		**2023**		**September 30, 2022**		**September 30, 2023**	
	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	5,114.39	91.78	5,782.18	91.43	6,760.07	93.18	3,207.25	93.56	3,859.82	92.96
Other income	458.34	8.22	541.85	8.57	494.75	6.82	220.83	6.44	292.34	7.04
Total	**5,572.73**	**100.00**	**6,324.03**	**100.00**	**7,254.82**	**100.00**	**3,428.08**	**100.00**	**4,152.16**	**100.00**
Expenditure										
Interest Expended	3,128.28	56.14	3,229.36	51.06	3,540.24	48.80	1,693.69	49.41	2,150.08	51.78
Operating Expenses	1,729.59	31.04	1,962.53	31.03	2,227.54	30.70	1,061.90	30.98	1,248.24	30.06
Provisions and Contingencies	307.02	5.51	506.45	8.01	551.08	7.60	261.57	7.63	209.93	5.06
Total	**5,164.89**	**92.68**	**5,698.34**	**90.11**	**6,318.86**	**87.10**	**3,017.16**	**88.01**	**3,608.25**	**86.90**
Profit										
Net profit for the year	407.84	7.32	625.69	9.89	935.96	12.90	410.92	11.99	543.91	13.10
Profit brought forward	987.72	17.72	1,262.88	19.97	1,670.21	23.02	1,670.21	48.72	2,331.82	56.16
Total	**1,395.56**	**25.04**	**1,888.57**	**29.86**	**2,606.17**	**35.92**	**2,081.13**	**60.71**	**2,875.73**	**69.26**

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;

- Directors' fees, allowances and expenses;

- Auditors' 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.

Six months ended September 30, 2023 compared to six months ended September 30, 2022

Income

The table below sets forth details in relation to our income for the six months ended September 30, 2023 and September 30, 2022.

	Six months ended		***Percentage Difference (%)***
	September 30, 2023	**September 30, 2022**	
	Amount (in ₹ million)	***Amount (in ₹ million)***	
Income			
Interest Earned	3,859.82	3,207.25	20.35
Other income	292.34	220.83	32.38
Total	**4,152.16**	**3,428.08**	**21.12**

Our income increased by ₹ 724.08 million, or 21.12%, from ₹ 3,428.08 million for the six months ended September 30, 2022 to ₹ 4,152.16 million for the six months ended September 30, 2023.

Interest Earned

Our income from interest earned increased by ₹ 652.57 million, or 20.35%, from ₹ 3,207.25 million for the six months ended September 30, 2022 to ₹ 3,859.82 million for the six months ended September 30, 2023. This increase was primarily due to an increase in our advances portfolio during this period, from ₹ 51,927.28 million as at September 30, 2022 to ₹ 58,659.37 million as at September 30, 2023 and an increase in our SLR investments from ₹ 13,344.32 million as at September 30, 2022 to ₹ 15,479.15 million as at September 30, 2023.

Other income

Our other income increased by ₹ 71.51 million, or 32.38%, from ₹ 220.83 million for the six months ended September 30, 2022 to ₹ 292.34 million for the six months ended September 30, 2023, primarily due to increase in commission, exchange and brokerage with ₹ 57.30 million and decrease in reversal of depreciation on investments by ₹ 9.54 million.

Expenditure

Our total expenditure increased by ₹ 591.09 million, or 19.59%, from ₹ 3,017.16 million for the six months ended September 30, 2022 to ₹ 3,608.25 million for the six months ended September 30, 2023.

Expenditure	**Six months ended**		***Percentage Difference (%)***
	September 30, 2022	**September 30, 2023**	
	Amount (in ₹ million)	***Amount (in ₹ million)***	
Interest Expended	1,693.69	2,150.08	26.95
Operating Expenses	1,061.90	1,248.24	17.55

Expenditure	Six months ended		*Percentage Difference (%)*
	September 30, 2022	**September 30, 2023**	
	Amount (in ₹ million)	***Amount (in ₹ million)***	
Provisions and Contingencies	261.57	209.93	(19.74)
Total	**3,017.16**	**3,608.25**	**19.59**

Interest Expended

Our interest expended increased by ₹ 456.39 million, or 26.95%, from ₹ 1,693.69 million for the six months ended September 30, 2022 to ₹ 2,150.08 million for the six months ended September 30, 2023, mainly due to increase in interest expended on deposits which rose by 25.88%, consequent to growth in deposits from ₹ 61,845.95 million to ₹ 70,002.86 million outstanding at the end of the period.

Operating Expenses

Our operating expenses increased by ₹ 186.34 million, or 17.55%, from ₹ 1,061.90 million for the six months ended September 30, 2022 to ₹ 1,248.24 million for the six months ended September 30, 2023, 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 rose by ₹ 51.80 million and other expenses by ₹132.54 million.

Provisions and Contingencies

Our provisions and contingencies decreased by ₹ 51.64 million, or 19.74%, from ₹ 261.57 million for the six months ended September 30, 2022 to ₹ 209.93 million for the September months ended September 30, 2023, primarily due to decrease in provision for non-performing advances by ₹ 83.56 million and provision on standard assets by ₹ 7.33 million during this period, which in in line with applicable RBI guidelines and due to upgradation of our NPAs.

Profits

	Six months ended		*Percentage Difference (%)*
	September 30, 2022	**September 30, 2023**	
	Amount (in ₹ million)	***Amount (in ₹ million)***	
Profits			
Net profit for the period	410.92	543.91	32.36
Profit brought forward	1,670.21	2,331.82	39.61
Total	2,081.13	2,875.73	38.18

Net profit for the period

Our net profit for the period increased by ₹ 132.99 million, or 32.36%, from ₹ 410.92 million for the six months ended September 30, 2022 to ₹ 543.91 million for the six months ended September 30, 2023, arising out of the reasons discussed above.

Financial Year 2023 compared to Financial Year 2022

Income

The table below sets forth details in relation to our income in Financial Year 2023 and Financial Year 2022.

	Financial Year		*Percentage Difference (%)*
	March 31, 2022	**March 31, 2023**	
	Amount (in ₹ million)	***Amount (in ₹ million)***	
Income			
Interest Earned	5,782.18	6,760.07	16.91
Other income	541.85	494.75	(8.69)
Total	6,324.03	7,254.82	14.72

Our income increased by ₹ 930.79 million, or 14.72%, from ₹ 6,324.03 million in Financial Year 2022 to ₹ 7,254.82 million in Financial Year 2023.

Interest Earned

Our income from interest earned increased by ₹ 977.89 million, or 16.91%, from ₹ 5,782.18 million in Financial Year 2022 to ₹ 6,760.07 million in Financial Year 2023. This increase happened mainly from an increase in our income from interest/discount on advances/bills of ₹ 955.56 million, which was primarily due to an increase in our gross advances portfolio during this period, from ₹ 46,887.03 million as of March 31, 2022 to ₹ 55,072.67 million as of March 31, 2023.

Other income

Our other income decreased by ₹ 47.10 million, or 8.69%, from ₹ 541.85 million for Financial Year 2022 to ₹ 494.75 million for Financial Year 2023, primarily due to reduction in profit on sale on investments since there have been lesser opportunities for us due to rising interest rates and rising bond yields and decrease in income from fees received from sale of Priority Sector Lending Certificates during this period.

Expenditure

Our total expenditure increased by ₹ 620.52 million, or 10.89%, from ₹ 5,698.34 million for Financial Year 2022 to ₹ 6,318.86 million for Financial Year 2023.

	Financial Year		***Percentage Difference (%)***
	March 31, 2022	**March 31, 2023**	
	Amount (in ₹ million)	***Amount (in ₹ million)***	
Expenditure			
Interest Expended	3,229.36	3,540.24	9.63
Operating Expenses	1,962.53	2,227.54	13.50
Provisions and Contingencies	506.45	551.08	8.81
Total	5,698.34	6,318.86	10.89

Interest Expended

Our interest expended increased by ₹ 310.88 million, or 9.63%, from ₹ 3,229.36 million for Financial Year 2022 to ₹ 3,540.24 million for Financial Year 2023, primarily due to an increase in interest on deposits during this period, which rose by ₹ 260.12 million consequent to an increase in deposits with the Bank from ₹ 60,463.59 million as of March 31, 2022 to ₹ 65,606.21 million as of March 31, 2023, in line with the growth in our customer base and branches.

Operating Expenses

Our operating expenses increased by ₹ 265.01 million, or 13.50%, from ₹ 1,962.53 million for Financial Year 2022 to ₹ 2,227.54 million for Financial Year 2023, 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 10.72%, consequent to increase in the branch count and total employees, increase in the depreciation cost on property by 28.24% as well as due to increase in other overheads consequent to increase in business size.

Provisions and Contingencies

Our provisions and contingencies increased by ₹ 44.63 million, or 8.81%, from ₹ 506.45 million for Financial Year 2022 to ₹ 551.08 million for Financial Year 2023, primarily due to increase in Provision for Taxes by ₹ 86.40 million from ₹ 219.20 million for Financial Year 2022 to ₹ 305.60 million for Financial Year 2023 as per the increased operating profit from ₹ 1,132.14 million in FY 2022 to ₹ 1,487.04 million in FY 2023.

Profits

	Financial Year		***Percentage Difference (%)***
	March 31, 2022	**March 31, 2023**	
	Amount (in ₹ million)	***Amount (in ₹ million)***	
Profits			
Net profit for the year	625.69	935.96	49.59
Profit brought forward	1,262.88	1,670.21	32.25
Total	1,888.57	2,606.17	38.00

Net profit for the year

Our net profit for the year increased by ₹ 310.27 million, or 49.59%, from ₹ 625.69 million for Financial Year 2022 to ₹ 935.96 million for Financial Year 2023, for the reasons discussed above.

Financial Year 2022 compared to Financial Year 2021

Income

The table below sets forth details in relation to our income in Financial Year 2022 and Financial Year 2021.

	Financial Year		*Percentage Difference (%)*
	March 31, 2021	**March 31, 2022**	
	Amount (in ₹ million)	***Amount (in ₹ million)***	
Income			
Interest Earned	5,114.39	5,782.18	13.06
Other income	458.34	541.85	18.22
Total	5,572.73	6,324.03	13.48

Our income increased by ₹ 751.30 million, or 13.48%, from ₹ 5,572.73 million in Financial Year 2021 to ₹ 6,324.03 million in Financial Year 2022.

Interest Earned

Our income from interest earned increased by ₹ 667.79 million, or 13.06%, from ₹ 5,114.39 million in Financial Year 2021 to ₹ 5,782.18 million in Financial Year 2022. This increase happened mainly from an increase in our income from interest/discount on advances/bills of ₹ 648.71 million, which was primarily due to an increase in our advances portfolio during this period, from ₹ 37,629.87 million as of March 31, 2021 to ₹ 46,887.03 million as of March 31, 2022.

Other income

Our other income increased by ₹ 83.51 million, or 18.22%, from ₹ 458.34 million for Financial Year 2021 to ₹ 541.85 million for Financial Year 2022, primarily due to profit on sale of investments by ₹ 54.49 million and commission, exchange and brokerage by ₹ 130.82 million.

Expenditure

Our total expenditure increased by ₹ 533.45 million, or 10.33%, from ₹ 5,164.89 million for Financial Year 2021 to ₹ 5,698.34 million for Financial Year 2022.

	Financial Year		*Percentage Difference (%)*
	March 31, 2021	**March 31, 2022**	
	Amount (in ₹ million)	***Amount (in ₹ million)***	
Expenditure			
Interest Expended	3,128.28	3,229.36	3.23
Operating Expenses	1,729.59	1,962.53	13.47
Provisions and Contingencies	307.02	506.45	64.96
Total	5,164.89	5,698.34	10.33

Interest Expended

Our interest expended increased by ₹ 101.08 million, or 3.23%, from ₹ 3,128.28 million for Financial Year 2021 to ₹ 3,229.36 million for Financial Year 2022, due to an increase in interest on deposits during this period, which rose by ₹ 71.07 million consequent to an increase in deposits with the Bank from ₹ 52,210.70 million as of March 31, 2021 to ₹ 60,463.59 million as of March 31, 2022, in line with the growth in our customer base and branches, and due to increase in interest expended on debentures by ₹ 32.40 million which is line with increase in Lower Tier II bonds from ₹ 1,531.20 million as at March 31, 2021 to ₹ 1,757.40 million as at March 31, 2022.

Operating Expenses

Our operating expenses increased by ₹ 232.94 million, or 13.47%, from ₹ 1,729.59 million for Financial Year 2021 to ₹ 1,962.53 million for Financial Year 2022, 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 17.84%, consequent to increase in the branch count and total business, increase in insurance cost, which arose by 17.22%, on account of increase in DICGC coverage and other insurance coverage and increase in postage and telegram, which arose by 15.16%, as well as due to increase in other overheads consequent to increase in business size.

Provisions and Contingencies

Our provisions and contingencies increased by ₹ 199.43 million, or 64.96%, from ₹ 307.02 million for Financial Year 2021 to ₹ 506.45 million for Financial Year 2022, primarily due to increase in Provision for Taxes by ₹ 89.67 million from ₹ 129.53 million for Financial Year 2021 to ₹ 219.20 million for Financial Year 2022 as per the increased operating profit from ₹ 714.86 million in FY 2021 to ₹ 1,132.14 million in FY 2022.

Profits

	Financial Year		***Percentage Difference (%)***
	March 31, 2021	**March 31, 2022**	
	Amount (in ₹ million)	***Amount (in ₹ million)***	
Profits			
Net profit for the year	407.84	625.69	53.42
Profit brought forward	987.72	1,262.88	27.86
Total	1,395.56	1,888.57	35.33

Net profit for the year

Our net profit for the year increased by ₹ 217.85 million, or 53.42%, from ₹ 407.84 million for Financial Year 2021 to ₹ 625.69 million for Financial Year 2022, for the 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 September 30,**	
	2021	**2022**	**2023**	**2022**	**2023**
Cash and Balances with the Reserve Bank of India	7,217.24	3,639.95	4,626.52	4,433.20	5,024.63
Balance with banks and Money at call and Short Notice	5,686.99	6,550.61	4,182.09	5,495.05	3,501.40
Investments	12,122.52	13,570.63	14,885.81	13,359.72	15,494.55
Advances	37,268.86	46,348.00	54,286.88	51,270.41	57,841.85
Fixed Assets	865.54	835.87	825.93	829.79	807.59
Other Assets	551.23	594.15	1,100.51	765.76	1,236.88
Total Assets	**63,712.38**	**71,539.21**	**79,907.74**	**76,153.93**	**83,906.90**

Cash and Balances with the Reserve Bank of India

Cash and balances with the Reserve Bank of India increased from ₹ 3,639.95 million as at March 31, 2022 to ₹ 4,626.52 million as at March 31, 2023, and subsequently increased to ₹ 5,024.63 million as at September 30, 2023 primarily due to increase in balance maintained by us with RBI which is in line with the increase in cash reserve requirement due to increase in net demand and time liabilities.

Balances with Banks and Money at Call and Short Notice

Balances with banks and money at call and short notice decreased from ₹ 6,550.61 million as at March 31, 2022 to ₹ 4,182.09 million as at March 31, 2023 and subsequently decreased to ₹ 3,501.40 million as at September 30, 2023 primarily due to decreased investment in interbank deposits by ₹ 2,368.52 million during the Financial Year ended March 31, 2023, which further decreased by ₹ 680.69 million during the six months ended September 30, 2023.

Investments

Our investments, which primarily comprise of investments in India, increased from ₹ 13,570.63 million as at March 31, 2022 to ₹ 14,885.81 million as at March 31, 2023 and subsequently increased to ₹ 15,494.55 million as at September 30, 2023, in line with increase in investments in government securities by ₹ 1,315.18 and ₹ 608.74 million during the year ended March 31, 2023 and the six months ended September 30, 2023 respectively.

Advances

Our net advances increased from ₹ 46,348.00 million as at March 31, 2022 to ₹ 54,286.88 million as at March 31, 2023, and subsequently increased to ₹ 57,841.85 million as at September 30, 2023.

The breakdown of total advances as at specified dates are set out below:

(₹ in million)

PARTICULARS	As on March 31, 2021	As on March 31, 2022	As on March 31, 2023	As on September 30, 2022	As on September 30, 2023
Bills purchased and discounted	-	-	-	-	-
Cash credits, overdrafts and loans repayable on demand	19,438.52	23,048.89	25,228.54	24,947.17	26,023.71
Term Loans	17,830.34	23,299.11	29,058.34	26,323.24	31,818.14
Total	37,268.86	46,348.00	54,286.88	51,270.41	57,841.85
Secured by Tangible Assets	36,231.28	45,258.79	53,520.56	50,322.73	57,327.67
Covered by Bank / Government Guarantees	839.91	972.51	688.88	846.03	445.59
Unsecured	197.67	116.70	77.64	101.65	68.59
Total	37,268.86	46,348.00	54,286.88	51,270.41	57,841.85
Advances in India					
Priority Sector (Refer note 25.2 of Annexure 22)	25,577.63	32,299.60	34,960.67	33,773.54	36,405.63
Public Sector	-	-	-	-	-
Banks	-	-	-	0.11	-
Other	11,691.23	14,048.40	19,326.21	17,496.76	21,436.22
Total (I)	37,268.86	46,348.00	54,286.88	51,270.41	57,841.85
Advances outside India					
Due from Banks	-	-	-	-	-
Due from Others	-	-	-	-	-
Bills Purchased & Discounted	-	-	-	-	-
Syndicated Loans	-	-	-	-	-
Others	-	-	-	-	-
Total (II)	-	-	-	-	-
				-	-
Grand Total (I+II)	**37,268.86**	**46,348.00**	**54,286.88**	**51,270.41**	**57,841.85**

Fixed Assets

Our fixed assets, which primarily comprise (1) Premises; and (2) Other fixed assets (including furniture & fixtures) decreased from ₹ 835.87 million as at March 31, 2022 to ₹ 825.93 million as at March 31, 2023 and subsequently to ₹ 807.59 million as at September 30, 2023 which is primarily due to depreciation charged of ₹ 206.67 million during year 2023 and ₹ 85.62 million during the six months ended September 30, 2023.

Other Assets

Our other assets, which primarily comprises interest accrued, increased from ₹ 594.15 million as at March 31, 2022 to ₹ 1,100.51 million as at March 31, 2023, and subsequently increased to ₹ 1,236.88 million as at September 30, 2023 primarily due to increase in placement of deposit by ₹ 490.53 million with NABARD/Mudra/SIDBI on account of shortfall in priority sector target during year ended March 31, 2023 and increase in miscellaneous other assets like commission recoverable, prepaid insurance, capital issue expenditure etc. during half year ended September 30, 2023.

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 September 30,	
	2021	2022	2023	2022	2023
Capital	339.10	340.44	342.52	342.52	353.51
Reserves and Surplus	4,168.80	4,817.37	5,763.58	5,222.60	6,764.07
Deposits	52,210.70	60,463.59	65,606.21	61,845.95	70,002.86
Borrowings	6,167.20	4,984.30	7,213.83	7,832.98	5,727.60
Other Liabilities and Provisions	826.58	933.51	981.60	909.88	1,058.86
Total Liabilities and Provisions	**63,712.38**	**71,539.21**	**79,907.74**	**76,153.93**	**83,906.90**

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, 2021 (in ₹ million)	% increase / (decrease) from March 31, 2021	As at March 31, 2022 (in ₹ million)	% increase / (decrease) from March 31, 2022	As at March 31, 2023 (in ₹ million)	As at September 30, 2023 (in ₹ million)	% increase / (decrease) from September 30, 2022	As at September 30, 2022 (in ₹ million)
Demand deposits	2,072.66	12.37	2,328.98	3.55	2,411.64	1,954.77	1.48	1,926.31
Savings bank deposits	18,853.68	22.87	23,165.03	8.21	25,067.32	24,478.84	2.96	23,776.08
Term deposits	31,284.36	11.78	34,969.58	9.03	38,127.25	43,569.25	20.54	36,143.56
Total deposits	**52,210.70**	**15.81**	**60,463.59**	**8.51**	**65,606.21**	**70,002.86**	**13.19**	**61,845.95**

Our total deposits have increased to ₹ 65,606.21 million as at March 31, 2023 from ₹ 52,210.70 million as at March 31, 2021, representing a CAGR of 12.10%. As at March 31, 2023, our total retail deposits accounted for 97.90% of our total deposits. We believe retail deposit tends to provide a stable and low-cost source of deposits. Our CASA increased to ₹ 27,478.96 million as at March 31, 2023 from ₹ 20,926.34 million as at March 31, 2021, representing a CAGR of 14.59%.

Borrowings

The following table sets forth details of our borrowings as at the periods indicated.

(₹ in million)

Particulars	As at March 31,			As at September 30,	
	2021	2022	2023	2022	2023
Borrowings in India:					
Reserve Bank of India	-	-	-	-	-
Other banks	-	-	-	1,000.21	-
Other institutions and agencies	4,246.00	2,836.90	4,805.13	4,424.07	3,090.30
Unsecured Redeemable Non-Convertible Bonds (Subordinated debt – Tier II Capital)	1,531.20	1,757.40	2,018.70	2,018.70	2,247.30
Hybrid debt Capital instrument issued as debentures	390.00	390.00	390.00	390.00	390.00
Borrowings outside India	-	-	-	-	-
Total	**6,167.20**	**4,984.30**	**7,213.83**	**7,832.98**	**5,727.60**
Secured borrowings included in (I) and (II) above	4,246.00	2,836.90	4,805.13	5,424.28	3,090.30

Borrowings primarily comprise borrowings from the Clearing Corporation of India Limited, refinance institutions and agencies, borrowings in the form of Tier II capital in the form of unsecured redeemable non-convertible debentures and bonds.

Our borrowings increased from ₹ 4,984.30 million as at March 31, 2022 to ₹ 7,213.83 million as at March 31, 2023, and subsequently decreased to ₹ 5,727.60 million as at September 30, 2023 primarily on account of repayment of TREPS borrowings from CCIL under money market operations by ₹ 299.83 million and scheduled repayments of tranches under refinance facility by ₹ 1,415.00 million during the six months ended September 30,2023. Further, the Bank has raised Tier II bonds during Financial Year 2022-2023 of ₹ 321.70 million and ₹ 309.90 million during the six months ended September 30,

2023 along with the redemption of ₹ 60.40 million during Financial Year 2023 and ₹ 81.30 million during the six months ended September 30, 2023.

As on March 31, 2021, the total borrowings of the Bank stood at ₹6,167.20 million. The fluctuations in borrowings during the financial year 2021-22 were in ordinary course of business on account of (a) addition in refinance facilities by ₹1,110 million and repayments of ₹2,519.10 million, resulting in a net decrease in refinance facilities by ₹1,409.10 million, (b) the Bank had issued new series of lower tier II bonds worth ₹313.50 million and had redeemed two series of lower tier II bonds worth ₹87.30 million on account of their maturity resulting in a net change in bond borrowings of ₹226.20 million. Therefore, the impact of abovementioned factors led to an overall decrease in borrowings by ₹1,182.90 million from ₹6,167.20 million as on March 31, 2021 to ₹4,984.30 million as on March 31, 2022.

Similarly, as on March 31, 2022, the total Borrowings of the Bank stood at ₹4,984.30 million. The fluctuations in borrowings during the financial year 2022-23 were on account of (a) addition in refinance facilities by ₹3,340 million and repayments of ₹1,671.60 million, resulting in a net increase in refinance facilities by ₹1,668.40 million and (b) the Bank had issued new series of lower tier II bonds worth ₹321.70 million and had redeemed one series of lower tier II bonds worth ₹60.40 million on account of their maturity, resulting in net change in bond borrowings of ₹261.30 million and (c) as on March 31, 2023, Bank had money market borrowings in nature of tri-party repo transaction worth ₹299.83 million. Therefore, the impact of abovementioned factors led to an overall increase in borrowings by ₹2,229.53 million from ₹4,984.30 million as on March 31, 2022 to ₹7,213.83 million as on March 31, 2023.

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 September 30,	
	2021	2022	2023	2022	2023
Bills payable	419.44	333.77	358.28	306.53	391.44
Inter office adjustments (net)	-	3.98	-	1.09	-
Interest accrued	53.59	55.51	58.90	84.62	83.02
Provision for taxes (net of taxes paid in advance/TDS)	-	26.09	-	-	-
Others (including provisions)	178.74	230.12	281.65	228.02	300.84
Provision against standard assets	174.81	284.04	282.77	289.62	283.56
Total	**826.58**	**933.51**	**981.60**	**909.88**	**1,058.86**

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 ₹ 933.51 million as at March 31, 2022 to ₹ 981.60 million as at March 31, 2023 and subsequently increased to ₹ 1,058.86 million as at September 30, 2023 in the ordinary course of business.

Our Business Segments

We have identified our business segments, segregating into Treasury, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations in accordance with guidelines issued by the RBI through its notification DBOD.No.BP.BC.81/21.01.018/2006-07 dated April 18, 2007 and as per Accounting Standard 17 (AS 17) – 'Segment Reporting' issued by the Institute of Chartered Accountants of India. 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 2021	1,473.82	132.20	402.27	18.30	3,595.63	837.92	101.00	86.56	5,572.72	1,074.98
Fiscal 2022	1,438.90	66.06	455.86	39.41	4,299.81	1,247.24	129.45	111.66	6,324.03	1,464.37
Fiscal 2023	1,415.97	(19.68)	541.86	29.48	5,150.30	1,916.42	146.69	124.73	7,254.82	2,050.95
Six months	673.79	(49.16)	262.84	32.49	2,419.32	871.53	72.13	61.44	3,428.08	916.31

	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
ended September 30, 2022										
Six months ended September 30, 2023	794.37	44.30	331.66	34.44	2,907.41	1,070.20	118.72	106.14	4,152.16	1,255.09

The discussion on our material business segments is as under:

Treasury

Six months ended September 30, 2023 Compared to Six months ended September 30, 2022

Revenue from the Treasury segment increased by ₹ 120.58 million, or 17.90%, to ₹ 794.37 million for the six months ended September 30, 2023 compared to ₹ 673.79 million for the six months ended September 30, 2022, which was primarily due to increase in interest income on investments by ₹ 61.99 million, increase in interest income on balance with RBI and inter-bank funds by ₹ 48.20 million, reversal of depreciation on revaluation of investments by ₹ 9.54 million and increase in profit on sale of investments by ₹ 0.85 million.

Fiscal 2023 Compared to Fiscal 2022

Revenue from the Treasury segment decreased by ₹ 22.93 million, or 1.59%, to ₹ 1,415.97 million for Fiscal 2023 from ₹ 1,438.90 million for Fiscal 2022, which decrease was primarily due to decrease in interest income on balance with RBI and inter-bank funds by ₹ 100.44 million, decrease in profit on sale of investments by ₹ 24.76 million, loss on revaluation of investments by ₹ 13.64 million offset by increase in interest income on investments by ₹ 115.95 million.

Fiscal 2022 Compared to Fiscal 2021

Revenue from the Treasury segment decreased by ₹ 34.92 million, or 2.37%, to ₹ 1,438.90 million for Fiscal 2022 from ₹ 1,473.82 million for Fiscal 2021, which decrease was primarily due to decrease in profit on sale of investments by ₹ 54.49 million, offset by increase in interest income on investments by ₹ 13.42 million and income on interest on deposits and inter-bank funds ₹ 5.61 million.

Retail Banking

Six months ended September 30, 2023 Compared to Six months ended September 30, 2022

Revenue from the Retail Banking segment increased by ₹ 488.09 million, or 20.17%, to ₹ 2,907.41 million for the six months ended September 30, 2023 from ₹ 2,419.32 million for the six months ended September 30, 2022, which increase was primarily due to increase in the interest income on loans and advances in retail banking segment by ₹ 465.26 million.

Fiscal 2023 Compared to Fiscal 2022

Revenue from the Retail Banking segment increased by ₹ 850.49 million, or 19.78%, to ₹ 5,150.30 million for Fiscal 2023 from ₹ 4,299.81 million for Fiscal 2022, which increase was primarily due to increase in interest income on loans and advances in retail banking segment by ₹ 869.60 million, increase in commission, exchange and brokerage by ₹ 32.04 million, offset by decrease in miscellaneous income by ₹ 58.17 million.

Fiscal 2022 Compared to Fiscal 2021

Revenue from the Retail Banking segment increased by ₹ 704.18 million, or 19.58%, to ₹ 4,299.81 million for Fiscal 2022 from ₹ 3,595.63 million for Fiscal 2021, which increase was primarily due to increase in interest income on loans and advances in retail banking segment by ₹ 607.84 million and increase in commission, exchange and brokerage by ₹ 96.36 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. As at the end of September 30, 2023, September 30, 2022 and March 31, 2023, 2022, 2021, we had cash and cash equivalents

of ₹ 5,705.86 million, ₹ 5,096.67 million, ₹ 4,919.38 million, ₹ 3,975.30 million and ₹ 7,411.28 million, respectively. Cash and cash equivalents primarily consist of cash in hand (including balance in ATM) and balances with Reserve Bank of India balances with other banks in current accounts and money at call and short notice. Our primary sources of fund have been and will continue to be CASA and retail term deposits which ensure 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			Six months ended	
	2021 *(in ₹ million)*	**2022** *(in ₹ million)*	**2023** *(in ₹ million)*	**September 30, 2022**	**September 30, 2023**
Net cash flow from/ (used in) operating activities	1,743.18	(2,107.41)	(1,074.44)	(1,603.61)	1,884.72
Net cash flow from/ (used in) investing activities	(124.21)	(131.54)	(196.63)	(109.33)	(67.43)
Net cash flows (used in) financing activities	1,968.14	(1,197.03)	2,215.15	2,834.31	(1,030.81)
Net increase/(decrease) in cash and cash equivalents	3,587.11	(3,435.98)	944.08	1,121.37	786.48
Cash and cash equivalents as at the beginning of the period	3,824.16	7,411.28	3,975.30	3,975.30	4,919.38
Cash and cash equivalents as at the end of the period	7,411.28	3,975.30	4,919.38	5,096.67	5,705.86

Cash flows from operating activities

For the six months ended September 30, 2023, net cash generated from operating activities was ₹ 1,884.72 million. We had a net profit before taxes of ₹ 721.32 million, which was adjusted primarily for depreciation charge on fixed assets of ₹ 85.61 million, loan loss provision of ₹ 32.52 million, depreciation on investments of ₹ 7.95 million, employee stock option expense of ₹ 12.14 million, decrease in term deposits with other banks of ₹ 1,069.07 million, increase in deposits of ₹4,396.65 million and increase in other liabilities by ₹ 76.47 million which were partially offset by increase in investments of ₹ 616.69 million, increase in advances of ₹ 3,586.70 million and increase in other assets of ₹ 123.14 million. Direct taxes paid (net of refunds) was ₹ 190.63 million.

For the six months ended September 30, 2022, net cash used in operating activities was ₹ 1,603.61 million. We had a net profit before taxes of ₹ 549.07 million, which was adjusted primarily for depreciation charge on fixed assets of ₹ 115.23 million, loan loss provision of ₹ 123.41 million, depreciation on investments of ₹ 17.49 million, employee stock option expense of ₹ 10.77 million, decrease in term deposits with other banks of ₹ 1,383.70 million, increase in deposits of ₹1,382.36 million and decrease in investments of ₹ 193.42 million which were partially offset by increase in advances of ₹ 5,040.24 million, decrease in other liabilities by ₹ 3.12 million and increase in other assets of ₹ 150.74 million. Direct taxes paid (net of refunds) was ₹ 185.12 million.

For Financial Year 2023, net cash used in operating activities was ₹ 1,074.44 million. We had a profit before taxes of ₹ 1,241.56 million, which was adjusted primarily for depreciation charge on fixed assets of ₹ 206.67 million, loan loss provision of ₹ 245.58 million, depreciation on investments of ₹ 13.40 million, employee stock option expense of ₹ 26.71 million, increase in deposits of ₹ 5,142.62 million, decrease in Term Deposits with other Banks of ₹ 2,326.03 million and increase in other liabilities & provisions of ₹ 75.45 million which were partially offset by increase in investments of ₹ 1,328.58 million, increase in advances of ₹ 8,185.63 million and increase in other assets of ₹ 494.48. Direct taxes paid (net of refunds) was ₹ 343.57 million.

For Financial Year 2022, net cash used in operating activities was ₹ 2,107.41 million. We had a profit before taxes of ₹ 844.89 million, which was adjusted primarily for depreciation charge on fixed assets of ₹ 161.16 million, loan loss provision of ₹ 287.25 million, employee stock option expense of ₹ 38.35 million, increase in deposits of ₹ 8,252.89 million, which were partially offset by increase in advances of ₹ 9,257.16 million, increases in term deposits with other banks of ₹ 722.31 million, increase in investments of ₹ 1,447.86 million, increase in other assets of ₹ 28.13 million and decrease in other liabilities by ₹ 28.39 million. Direct taxes paid (net of refunds) was ₹ 207.90 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, decrease in other assets of ₹ 81.03 million and increase in other liabilities by ₹ 282.00 million which were partially offset by increases in

term deposits with other banks of ₹ 1,159.63 million, increase in investments of ₹ 1,604.02 million and increase in advances of ₹ 4,374.22 million. Direct taxes paid (net of refunds) was ₹ 128.58 million.

Cash flows from investing activities

For the six months ended September 30, 2023, we had net cash flow used in investing activities of ₹ 67.43 million, which comprised investments in purchase of fixed assets of ₹ 67.90 million offset by proceeds from sale of fixed assets of ₹ 0.47 million.

For the six months ended September 30, 2022, we had net cash flow used in investing activities of ₹ 109.33 million, which comprised investments in purchase of fixed assets of ₹ 109.89 million offset by proceeds from sale of fixed assets of ₹ 0.56 million.

For Financial Year 2023, we had net cash flow used in investing activities of ₹ 196.63 million, which comprised of investments in purchase of fixed assets of ₹ 197.64 million offset by proceeds from sale of fixed assets of ₹ 1.01 million.

For Financial Year 2022, we had net cash flow used in investing activities of ₹ 131.54 million, which comprised of investments in purchase of fixed assets of ₹ 134.94 million offset by proceeds from sale of fixed assets of ₹ 3.39 million.

For Financial Year 2021, we had net cash flow used in investing activities of ₹ 124.21 million, which comprised of investments in purchase of fixed assets of ₹ 129.26 million offset by proceeds from sale of fixed assets of ₹ 5.05 million.

Cash flows from financing activities

Net cash used in financing activities was ₹ 1,030.81 million for the six months ended September 30, 2023, primarily comprising of redemption of bonds of ₹ 81.30 million, net decrease in borrowings/refinance of ₹ 1,714.83 million and dividend payment of ₹ 42.42 million, which was partially offset by proceeds from issue of equity shares under preferential allotment on private placement basis and proceeds from issue of Equity Shares under ESOP Schemes of ₹ 497.84 million and net proceeds from the new issue of unsecured redeemable non-convertible bonds of ₹ 309.90 million.

Net cash used generated from financing activities was ₹ 2,834.31 million for the six months ended September 30, 2022, primarily comprising a net increase in borrowings/refinance of ₹ 2,587.38 million, net proceeds from the new issue of unsecured redeemable non-convertible bonds of ₹ 321.70 million and proceeds from issue of equity shares under ESOP allotments of ₹ 19.86 million, which was partially offset by redemption of Tier-II bonds of ₹ 60.40 million and dividend payment of ₹ 34.23 million.

Net cash generated in financing activities was ₹ 2,215.15 million for the Financial Year 2023, primarily comprising of increase in borrowings/refinance of ₹ 1,968.23 million, net proceeds from the issue of equity shares under ESOP allotment of ₹ 19.85 million and net proceeds from issue of unsecured redeemable non-convertible bonds of ₹ 321.70 million offset by dividend payment of ₹ 34.23 million and redemption of unsecured redeemable non-convertible bonds of ₹ 60.40 million.

Net cash used in financing activities was ₹ 1,197.03 million for the Financial Year 2022, primarily comprising of decrease in borrowings/refinance of ₹ 1,409.10 million, dividend payment of ₹ 27.20 million and redemption of unsecured redeemable non-convertible bonds of ₹ 87.30 million which was partially offset by proceeds from issue of unsecured redeemable non-convertible bonds of ₹ 313.50 million and net proceeds from the issue of equity shares under ESOP allotment of ₹ 13.07 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, proceeds from the issue of equity shares under ESOP allotment of ₹ 10.14 million and net increase in borrowings/refinance of ₹ 1,644.00 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 290.

CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Maturity Profile of our Borrowings and Deposits

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 ₹ 2,637.30 million, ₹

2,408.70 million, ₹ 2,408.70 million, ₹ 2,147.40 million and ₹ 1,921.20 million, as at September 30, 2023, September 30, 2022, March 31, 2023, 2022 and 2021, respectively. The following table sets forth the details of our unsecured non-convertible Tier II debt securities outstanding as at September 30, 2023.

SERIES	Date of Allotment	Rate of Interest (%)	Date of Redemption	Amount (₹in million)
11% LOWER TIER II BONDS SERIES-X	May 24, 2014	11%	May 24, 2024	94.70
10.50% LOWER TIER II BONDS SERIES-XII	February 17, 2016	10.50%	February 17, 2026	120.00
9.75% LOWER TIER II BONDS SERIES-XIV	November 25, 2016	9.75%	November 25, 2026	159.00
9.25% LOWER TIER II BONDS SERIES-XV	May 15, 2018	9.25%	May 15, 2028	209.50
10% LOWER TIER II BONDS SERIES-XVI	February 28, 2019	10%	February 28, 2029	180.00
10% LOWER TIER II BONDS SERIES-XVII	March 31, 2019	10%	March 31, 2029	225.00
10% LOWER TIER II BONDS SERIES XXI	May 26,2023	10%	May 26,2033	309.90
11.75% UPPER TIER II BONDS SERIES – XI	March 31, 2015	11.75%	March 31, 2030	140.00
9.25% LOWER 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% LOWER TIER II BONDS SERIES-XIX	June 29, 2021	9.25%	June 29, 2031	313.50
9.25% LOWER TIER II BONDS SERIES XX	May 12, 2022	9.25%	May 12, 2032	321.70
Total				**2,637.30**

Note: For details on Lower Tier-II Bonds and Upper Tier-II Bonds, see "Definitions and Abbreviations - Technical/Industry Related Terms/Abbreviations" on page 8.

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 – As of December 31, 2023, we had total indebtedness of ₹ 5,295.10 million. 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 44.

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 September 30,	
	2021	2022	2023	2022	2023
Claims against the Bank not acknowledged as debts	-	-	12.21	-	12.21
Liability for party paid investments	-	-	-	-	-
Liability on account of outstanding forward exchange contracts	-	-	-	-	-
Guarantees given on behalf of constituents - in India	327.14	370.49	472.53	422.54	429.39

Particulars	As at March 31,			As at September 30,	
	2021	2022	2023	2022	2023
Acceptances, endorsements and other obligations	13.16	13.64	14.79	-	14.95
Other items for which the Bank is contingently liable	43.21	72.08	65.21	60.82	72.63
Total Contingent Liabilities	**383.51**	**456.21**	**564.74**	**483.36**	**529.18**

Capital Expenditures

Our capital expenditures are principally for acquisition of fixed assets for expansion of our branch network. We incurred capital expenditures of ₹ 67.90 million, ₹ 197.64 million, ₹ 134.94 million and ₹ 129.26 million for six months ended September 30, 2023, Fiscals 2023, 2022 and 2021, 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 369. 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 September 30, 2023 for payments due in the specified periods.

(₹ in million)

Contractual Obligations	Payments due by period			
	Total	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years
Lease rental commitments	67.17	7.15	21.67	38.35

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 risk management framework to ensure that delinquencies in our loan portfolio are kept at a minimum. The GNPA in our loan portfolio was 2.73%, 2.77% 2.50% and 2.08% respectively as on September 30, 2023 and March 31, 2023, 2022 and 2021.

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.

1 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:

1.1 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

1.2 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.

2 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

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 Committee of Executives monitors, reviews, directs and manages our information security risk management system by establishing a information security risk management framework. We have also constituted an IT Steering Committee of Executives which is the executive level committee.

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 174, and for information on segment reporting for Fiscal 2021, 2022 and 2023, and the six months ended September 30, 2023, see "*Financial Statements –Segment Reporting*" on page 306.

Unusual or Infrequent Events or Transactions

Except as described in this 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 and Results of Operations*" and the uncertainties described in "*Risk Factors*" on pages 370 and 27, 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 and Results of Operations*" and the uncertainties described in "*Risk Factors*" on pages 370 and 27, respectively. To our knowledge, except as discussed in this 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 27, 203 and 370, 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 203, 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 September 30, 2023, our Bank had a concentration of 5.25% 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 small finance bank 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 174, 31 and 225 respectively, for further information on our industry and competition.

Material Developments after September 30, 2023

In the opinion of our Directors, no circumstances have arisen since September 30, 2023 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. There is no information likely to have a bearing on the decision of investors in respect of Equity Shares that has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement or misrepresentation.

CAPITALISATION STATEMENT

The following table sets forth our Bank's capitalization as at September 30, 2023 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 370 and 27, respectively.

(*₹ in million*)

Particulars	Pre-Offer as at September 30, 2023 (A)	Adjusted for the Proposed Offer (B)
Debt#		
Short term debt (A)	-	-
Long term debt (B)	5,727.60	5,727.60
Total Debt (C=A+B)	**5,727.60**	5,727.60
Shareholders' Funds		
Equity Share capital (D)	353.51	449.66
Reserve and Surplus (E)	6,764.07	11,167.92
Total Shareholder's fund (F=D+E)	**7,117.58**	11,617.58
Long Term Debt/Total Shareholders' Fund (G=B/F)	**0.80**	0.49
Total Debt/Total Shareholders' Fund (H=C/F)	**0.80**	0.49

Equity Share Capital and Reserve and Surplus has been adjusted for the Offer.
#Debt does not include deposits. Borrowings with the original contractual maturity of more than 1 year are classified as long term, as per RBI regulations. All other borrowings have been classified as short term.

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 the Board*" on page 258.

Set forth below is a brief summary of our aggregate borrowings as of December 31, 2023:

(₹ in million)

Category of borrowing	Sanctioned amount	Outstanding amount*
Refinance		
Secured	6,450.00	2,657.80
(a) from SIDBI	2,050.00	757.80
(b) from NABARD	4,400.00	1,900.00
Others		
Non-convertible debentures		
Unsecured	2,637.30	2,637.30
(a) Lower Tier II Bonds	2,247.30	2,247.30
(b) Upper Tier II Bonds	390.00	390.00
Total	**9,087.30**	**5,295.10**

* *As certified by the M/s VP Bhalla & Associates, pursuant to the certificate dated February 10, 2024.*

(1) Secured borrowings refers to refinance from Financial Institutions (SIDBI and NABARD).

(2) Lower Tier II Bonds and Upper Tier II Bonds refers to debt securities issued by the Bank as Tier II capital instruments in compliance with the Basel norms issued by the RBI.

Note: For details on Lower Tier-II Bonds and Upper Tier-II Bonds, see "Definitions and Abbreviations- Technical/Industry Related Terms/Abbreviations" on page 8.

Principal terms of the subsisting borrowings availed by our Bank along with the off-balance sheet exposure:

- ***Interest:*** The interest rates for the refinance facility availed by our Bank typically ranges from 2.59% per annum to 8.60% per annum.

  The coupon rate for the NCDs issued by the Bank typically ranges from 9.25% to 11.75% per annum.

- ***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.

- ***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 the Bank are unsecured.

- ***Pre-payment****:* Refinance facility availed by the Bank have pre-payment provisions which allow for pre-payment of the outstanding loan only if the underlying assets have been prepaid. Two of the refinance facilities availed by the 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 with a minimum period of 6 months.

- ***Re-payment:*** The repayment for the refinance facilities availed by the bank typically ranges from monthly to half yearly instalments. The NCDs issued by the Bank are typically redeemable after 10/15 years of allotment on bullet payment.

- ***Events of Default:*** Off-balance sheet exposure arrangements entered into by our Bank contain standard events of default, ***including*** among others:

  1. Failure to pay any sum payable under the facilities on the due dates;

  2. Failure to perform or comply with any obligations or terms and conditions under the facilities by our Bank;

  3. Incorrect or misleading representation, warranty or statement under the facility documents;

4. Occurrence of a material adverse change;

5. Cross default in any indebtedness; and

6. Bankruptcy and or liquidation of the Bank.

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.

- ***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; and

  c) Accelerate redemption of bonds.

  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% per annum	INE646H08012	1,000,000	140.00
Unsecured Redeemable Non-Convertible (Upper Tier II), Basel I Compliant Bonds 2015-16 (Series XIII)	11.75% per annum	INE646H08020	100,000	250.00

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as disclosed in this section, there are no outstanding (i) criminal proceedings; (ii) actions taken by statutory and regulatory authorities; (iii) claims related to direct and indirect taxes (in a consolidated manner); and (iv) pending litigation as determined to be material as per the materiality policy adopted pursuant to a resolution passed by our Board on August 11, 2023 ("**Materiality Policy**"), in each case involving our Bank, our Directors and our Promoters. 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 identification and disclosure of material litigation involving our Bank, Directors and Promoters ("**Relevant Parties**") other than criminal proceedings, actions by regulatory authorities and statutory authorities, and tax matters (direct or indirect), 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 for Fiscal 2023, as per the Restated Financial Information i.e. ₹ 23.40 million; or (ii) where monetary liability is not quantifiable or any other outstanding litigation where the amount involved is below ₹ 23.40 million, the outcome of any such pending proceedings may have an adverse impact on the business, operations, cash flows, financial position or reputation of our Bank.*

It is clarified that for the above purposes, pre-litigation notices received by our Bank, our Directors or our Promoters (excluding statutory/ regulatory/ tax authorities or notices threatening criminal action) have not been considered as litigation until such time that our Bank, our Directors or our Promoters, as applicable, are impleaded as a defendant in the litigation proceedings before any judicial forum. We have also disclosed matters relating to direct and indirect taxes involving the Relevant Parties, in a consolidated manner giving details of number of cases and total amount involved in such claims.

Except as stated in this section, there are no material outstanding dues to creditors, of our Bank. In terms of the 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 the date of this Prospectus, 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 our 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 notification thereunder.

Litigation involving our Bank

Litigation against our Bank

Civil Litigation

1. Randeep Singh Dhillon (the "**Plaintiff**") initiated a civil suit against Tanveer Dhillon, our Bank and our branch office at G. T. road, Goraya, Jalandhar (collectively "**Defendants**") before the Civil judge (Senior Division), Phillaur seeking, *inter alia*, a declaration and mandatory injunction to the effect that the Plaintiff is holder of 19,100 out 38,200 Equity Shares (the "**Suit Shares**") held by Plaintiff's deceased father Chanan Singh Dhillon and which were allegedly bequeathed by him pursuant to a will dated May 26, 2005. The Plaintiff has claimed that by virtue of being a legal heir, the Plaintiff is allegedly entitled to be the holder of the Suit Shares. The matter is currently pending, and next date of hearing is March 1, 2024.

Criminal Litigation

As of the date of this Prospectus, there is no outstanding criminal litigation against our Bank.

Actions taken by Regulatory and Statutory Authorities

As of the date of this Prospectus, there are no actions taken by Regulatory and Statutory authorities against our Bank.

Litigation by our Bank

Civil Litigation

1. Our Bank has also initiated action under Section 13(2) of the SARFAESI Act, 2002 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, 2002. 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, 2002 in order to recover the loan amount due to the Bank, amounting to ₹ 56.92 million. An award was passed on September 4, 2023 in favour of our Bank for ₹ 60.68 million.

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, 2002 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, 2002 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 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, 2002 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, 2002. 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, 2002 in order to recover the loan amount due to the Bank. The matter is currently pending.

4. 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 filed an arbitration claim petition against the Respondents and arbitral award of ₹ 27.98 million was passed in favour of our Bank on October 26, 2022. The matter is currently pending.

5. Our Bank has initiated action under Section 13(2) of the SARFAESI Act, 2002 on September 23, 2022 against M/s Malhotra Fabrics of an amount of ₹ 71.64 million. The matter is currently pending.

6. Our Bank has initiated two actions under Section 13(2) of the SARFAESI Act, 2002 on April 28, 2022 respectively**,** against Guru Kirpa Associates Private Limited of an amount of ₹ 145.49 million. The matter is currently pending.

Criminal Litigation

1. Our Bank has filed a first information report against Davinder Singh ("**Accused**") and certain others with the commissioner of police, Jalandhar. Our Bank had sanctioned a loan of ₹ 1.10 million to the Accused by way of registered mortgage of property/agricultural land in Jalandhar owned by the Accused. Our Bank has alleged that the Accused conspired with certain others to effect the sale and purchase of the mortgaged property to cause wrongful loss and defraud our Bank. The matter is currently pending.

2. There are an aggregate of 207 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 ₹ 174.74 million.

Recovery proceedings under the SARFAESI Act, 2002

Our Bank is presently involved in 209 matters in relation to recovery of amounts under the SARFAESI Act, 2002. Our Bank has filed notices in 209 matters for enforcement of security interest under section 13 and section 14 of the SARFAESI Act, 2002 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 aggregates to approximately ₹ 796.26 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	Nil	NA

**Excluding interest and penalty, if any, which may be levied at the time of final determination.*

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 Department 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 September 30, 2023, the total number of creditors of our Bank was one and the total outstanding dues to these creditors by our Bank was ₹ 0.59 million. Our Bank does not owe any amount 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	Nil	Nil
Outstanding dues to Material Creditors[(1)]	Nil	Nil
Outstanding dues to other creditors	1	0.59
Total Outstanding Dues	**1**	**0.59**

Note:

- *For the purpose of reporting of creditors outstanding as on September 30, 2023, provision recognized for expenses in the books of accounts in respect of vendors for which invoices have not been received till 30th September 2023 and not credited in respective vendor's accounts, have not been considered.*
- *For outstanding dues to any party which is a MSMEs, the disclosure is based on information available with the Bank regarding status of the creditor as defined under section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended.*

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 30, 2023, were considered 'material' creditors. As at September 30, 2023, 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 September 30, 2023"* on page 398, there have not arisen, since the date of the last financial information disclosed in this 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 409.

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, 1949, 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, 1934 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 March 17, 2022 issued by the IRDAI bearing registration number CA0061, which is valid until March 31, 2025.

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, which is valid until November 14, 2024.

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 commence and operate mobile banking services.

18. The RBI has, pursuant to letter dated August 4, 2017, granted permission to our Bank to open 2 administrative offices in Chandigarh and Delhi.

19. The RBI has, pursuant to letters dated January 5, 2024, granted permission to the branches of our Bank to open NRO Accounts and NRE Accounts with validity till March 31, 2025.

20. The SEBI has, pursuant to the letter dated April 21, 2023, registered our Bank as the banker to an issue under the SEBI (Banker to an Issue) Regulations, 1994.

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. Such registrations 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 approvals or is in the process of making such renewal applications.

D. Key approvals obtained for the material branches of our Bank

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 the GST 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.

IV. Pending Applications

Except as disclosed below, as on the date of this Prospectus, there are no pending applications or renewal applications which are applied for but not received by our Bank:

Applications made for the shops and establishment registrations for certain of our branches at the following locations:

S. No.	Name of the branch	Address of the branch
1.	Fatehgarh Sahib	City Tower, Near Aam Khas Bagh Bassi Road, Fatehgarh Sahib-140 406 District Fatehgarh Sahib
2.	Lalheri	Village Lalheri PO Harion Kalan Tehsil Khanna-141 417 District Ludhiana
3.	Raikot	G T Road, Near Bus Stand Raikot – 141 109 Ludhiana
4.	Kaind	Ludhiana Malerkotla Road VPO Kaind Teshsil Dehlon District Ludhiana-141 116
5.	Kanakwal	Kalianwali Road, Kanakwal-151 301 Tehsil Talwandi Sabo District Bathinda Punjab
6.	Simbro	Patiala-Bhadson Road Simbro 147 001 District Patiala
7.	Jagraon	G.T. Road, Near Sherpur flyover, Jagraon – 142 026, Ludhiana

Except for the Gunian Majra branch located at Patiala Road, Fatehgarh Sahib – 147 203, District Fatehgarh Sahib, there are no approvals for which applications are yet to be made.

V. Approvals for which renewal applications have not been made

As on the date of this Prospectus, there are no approvals which are expired and for which renewal application has not been made.

VI. Intellectual property

As on the date of this Prospectus, our Bank owns the following registered trademarks in the name of the Bank:

Sr. No.	Particulars	Type	Class	Date of Registration	Date of Expiry
1.	Capital Bank With Label	Device	36	April 17, 2016	April 17, 2026
2.	Capital Local Area Bank	Device	36	April 17, 2016	April 17, 2026
3.	Capital Bank Mobile Connect	Wordmark	09 36 42	August 17, 2021 August 17, 2021 August 17, 2021	August 17, 2031 August 17, 2031 August 17, 2031
4.	Capital Bank Mobile Connect	Device	36	August 19, 2021	August 19, 2031
5.	Capital Mobile Plus	Wordmark	42 36	August 18, 2021 August 23, 2021	August 18, 2031 August 23, 2031
6.	Capital Small Finance Bank	Wordmark	36	August 23, 2021	August 23, 2031
7.	Capital Small Finance Bank (Logo only)	Device	09 36	August 23, 2021 August 23, 2021	August 23, 2031 August 23, 2031

As on the date of this Prospectus, our Bank has applied for the following 5 trademarks which are pending for approval:

Sr. No.	Particulars	Type	Class
1.	Capital Small Finance Bank	Logo	9, 42
2.	Capital Bank Mobile Connect	Logo	9, 42
3.	Capital Bank Mobile +	Wordmark	9, 36, 42
4.	Capital Mobile Plus	Wordmark	9
5.	Capital Small Finance Bank Limited	Wordmark	9, 42

For further details, see "*Our Business – Intellectual Property*" on page 225.

VII. Material approvals of our Bank which are due to expire within three months from the date of this Prospectus

As on date of this Prospectus, there are no material approvals of our Bank which are due to expire within three months from the date of this Prospectus.

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 11, 2023 and our Shareholders have approved the Fresh Issue pursuant to a resolution passed at the EGM held on September 25, 2023 in terms of Section 62(1)(c) of the Companies Act, 2013. Further, our Board approved the Fresh Issue vide resolution dated August 11, 2023. The Draft Red Herring Prospectus was approved pursuant to a resolution passed by the Board on September 25, 2023 and by the IPO Committee on September 28, 2023. The Red Herring Prospectus has been approved pursuant to a resolution passed by the Board on February 1, 2024. This Prospectus has been approved pursuant to a resolution passed by the Board on February 10, 2024.

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.	Oman India Joint Investment Fund II	836,728 Equity Shares aggregating to ₹ 391.59 million	September 27, 2023	August 9, 2023
2.	Amicus Capital Private Equity I LLP	151,153 Equity Shares aggregating to ₹ 70.74 million	January 15, 2024	July 24, 2023
3.	Amicus Capital Partners India Fund I	17,544 Equity Shares aggregating to ₹ 8.21 million	January 15, 2024	July 24, 2023
Other Selling Shareholders				
4.	Vijay Kumar Bhandari (jointly with Sneh Bhandari)	50,000 Equity Shares aggregating to ₹ 23.40 million	August 11, 2023	August 11. 2023
5.	Rachna Monga	30,000 Equity Shares aggregating to ₹ 14.04 million	August 4, 2023	August 4, 2023
6.	Rashpal Singh (jointly with Surinder Kaur)	200,000 Equity Shares aggregating to ₹ 93.60 million	August 15, 2023	August 28, 2023
7.	Nalini Rampilla	37,000 Equity Shares aggregating to ₹ 17.32 million	August 3, 2023	August 3, 2023
8.	Kalyana Chakravarthy Pilla	49,000 Equity Shares aggregating to ₹ 22.93 million	August 3, 2023	August 3, 2023
9.	Darshna Devi	22,704 Equity Shares aggregating to ₹ 10.63 million	August 18, 2023	August 18, 2023
10.	Ramesh Kaur	167,200 Equity Shares aggregating to ₹ 78.25 million	August 24, 2023	August 24, 2023

^*Subject to finalisation of Basis of Allotment.*

Our Bank has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters each dated December 8, 2023.

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; , (iv) Amicus Capital Private Equity II LLP, registered as a Category II – Alternate Investment Fund with SEBI; and (v) Amicus Capital Partners India Fund II, registered as Category II -Alternative Investment Fund with SEBI, and our Independent Director, Navin Kumar Maini, who was 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 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.

Our Bank, Promoters or Directors have not been declared as Fraudulent Borrowers by RBI in terms of the RBI circular dated July 1, 2016.

Except for the employee stock options granted pursuant to ESOP 2018, ESOP MRT and ESOP 2023, 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 with any option to receive Equity Shares of our Bank as on the date of filing of this Prospectus.

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 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 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		
	2023	2022	2021
Restated net tangible assets	79,545.25	71,187.05	63,499.93
Restated monetary assets	8,808.61	10,190.56	12,904.23
% of Restated monetary assets to restated net tangible assets	11.07%	14.32%	20.32%
Restated Net worth	6,106.10	5,157.81	4,507.90

Notes:

- *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.*
- *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).*
- *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"*

The average operating profit, as restated and consolidated for the Fiscals 2021, 2022 and 2023 is ₹ 874.61 million.

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 the 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 THE 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 THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, NUVAMA WEALTH MANAGEMENT LIMITED (FORMERLY KNOWN AS EDELWEISS SECURITIES LIMITED), DAM CAPITAL ADVISORS LIMITED AND EQUIRUS CAPITAL PRIVATE LIMITED ("BRLMs"), HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE 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 THE 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 SEPTEMBER 28, 2023 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI ICDR REGULATIONS.

THE FILING OF THIS 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 PROSPECTUS.

All legal requirements pertaining to this Offer have been complied with at the time of filing of this 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 BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Bank, post scrutiny of the Draft Red Herring Prospectus vide its in-principle approval dated December 8, 2023 is as follows:

"*BSE Limited ("the Exchange") has given vide its letter dated December 8, 2023, permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner –*

a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

b) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent

inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

Disclaimer Clause of NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Bank, post scrutiny of the Draft Red Herring Prospectus, vide its in-principle approval dated December 8, 2023 is as follows:

"*As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/2922 dated December 08, 2023, permission to the Issuer to use the Exchange's name in this Offer Document as one of the Stock Exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.*

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

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 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, 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 was made available by our Bank, Selling Shareholders and the BRLMs to the Bidders and the public at large and no selective or additional information was 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 were required to confirm and are 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 were 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 was 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.

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 was 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 with minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with minimum corpus of ₹ 250 million registered with the Pension Fund Regulatory and Development Authority established under section 3(1) of the Pension Fund Regulatory and Development Authority Act, 2013, 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, 1949 read with Master Direction – RBI (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 and the Guidelines on Acquisition and Holding of Shares or Voting Rights in Banking Companies issued by the RBI, 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 231 and 435 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. In particular, the Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act of 1933, 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 of 1933 ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act of 1933, 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.

Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to this Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprised the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India. **No person outside India was eligible to Bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contained 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 Members 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 of 1933, 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 Members 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 Members 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 Members 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 of 1933, 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 Members, 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 Members, 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 Members, 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.

Listing

The Equity Shares issued through the Red Herring Prospectus and this Prospectus are proposed to be listed on BSE and NSE. Applications have been made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares. BSE Limited 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, Bankers to our Bank, the BRLMs, the Registrar to the Offer, CRISIL and M/s VP Bhalla & Associates, independent chartered accountants have been obtained, and such consents have not been withdrawn as at the date of this Prospectus. Further, consents in writing of the Syndicate Members, Escrow Collection Bank(s), Refund Bank(s), and Sponsor Bank to act in their respective capacities, were obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act, 2013 and such consents have not been withdrawn up to the time of delivery of this 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 January 15, 2024 from our Statutory Auditors, namely, M/s T R Chadha & Co. LLP, Chartered Accountants, to include their name in this 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 January 15, 2024 issued by it on our Restated Financial Information, and the statement of special tax benefits dated September 28, 2023 included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus.

Our Bank has received written consent dated January 15, 2024 from M/s VP Bhalla & Associates, independent chartered accountants, holding a valid peer review certificate from ICAI, to include their name in this Prospectus, as required under Section 26(5) of the Companies Act, 2013, read with the SEBI ICDR Regulations, as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the certificates issued by them in their capacity as an independent chartered accountant to our Bank. 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.

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 – Notes to the Capital Structure – Share Capital History of our Bank*" on page 93, our Bank has not made any capital issues during the three years preceding the date of this 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 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. Nuvama Wealth Management Limited (Formerly known as Edelweiss Securities Limited)

1. Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Nuvama Wealth Management 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.	Mediassist Healthcare Services Limited	11,715.77	418.00	January 23, 2024	465.00	NA	NA	NA
2.	Flair Writing Industries Limited	5930.00	304.00	December 01, 2023	501.00	14.69% [7.22%]	NA	NA
3.	Gandhar Oil Refinery (India) Limited	5006.92	169.00	November 30, 2023	298.00	61.51% [7.94%]	NA	NA
4.	ESAF Small Finance Bank Limited	4,630.00	60.00^	November 10, 2023	71.90	12.87% [7.58%]	+31.18%, [+11.17%]	NA
5.	Sai Silks (Kalamandir) Limited	12,009.98	222.00	September 27, 2023	230.10	8.09% [-4.49%]	25.09% [7.54%]	NA
6.	Jupiter Life Line Hospitals Limited	8,690.76	735.00	September 18, 2023	973.00	42.27% [-1.60%]	56.54% [6.57%]	NA
7.	TVS Supply Chain Solutions Limited	8,800.00	197.00	August 23, 2023	207.05	8.71% [1.53%]	6.57% [1.29%]	NA
8.	Inox Green Energy Services Limited	7400.00	65.00	November 23, 2022	60.50	-30.77% [-1.11%]	-32.77% [-1.33%]	-26.85% [0.36%]
9.	Five Star Business Finance Limited	15934.49	474.00	November 21, 2022	468.80	29.72% [1.24%]	19.20% [-1.19%]	11.72% [0.24%]
10.	DCX Systems Limited	5000.00	207.00	November 11, 2022	286.25	17.10% [0.63%]	-12.56% [-1.83%]	-12.32% [-0.05%]

Source: www.nseindia.com and www.bseindia.com

^ESAF Small Finance Bank Limited- A discount of ₹ 5 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹60 per equity share.
#As per Prospectus
***Pursuant to order passed by Hon'ble National Company Law Tribunal, Mumbai Bench dated April 27, 2023, the merchant banking business of Edelweiss Financial Services Limited ("Edelweiss") has demerged and now transferred to Nuvama Wealth Management Limited ("Nuvama") and therefore the said merchant banking business is part of Nuvama.*

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. *Designated Stock Exchange as disclosed by the respective Issuer at the time of the issue has been considered for disclosing the price information and 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 Nuvama Wealth Management 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%
2023-24*	7	56,783.43	-	-	-	1	1	4	-	-	-	-	-	-
2022-23	3	28,334.49	-	**1**	-	-	1	1	-	**1**	**1**	-	-	**1**
2021-22	9	2,31,182.63	-	-	3	1	2	3	-	**1**	**2**	2	**1**	3

The information is as on the date of the document

5. *Based on date of listing.*
6. *Wherever 30th and 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.*
7. *Designated Stock Exchange as disclosed by the respective Issuer at the time of the issue has been considered for disclosing the price information and benchmark index.*

**For the financial year 2023-24, 6 issues have completed 30 calendar days, 4 issues have completed 90 calendar days and none have completed 180 calendar days.*

#As per Prospectus

.

B. **DAM Capital Advisors Limited**

1. Price information of past issues (during current Financial Year and two Financial Years preceding the current Financial Year) handled by DAM Capital Advisors Limited:

Sr. No.	Issue name	Issue size (₹ millions)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar day from listing
1	Epack Durable Limited(2)	6,400.53	230.00	January 30, 2024	225.00	Not applicable	Not applicable	Not applicable
2	Credo Brands Marketing Limited(2)	5,497.79	280.00	December 27, 2023	282.00	-9.89%, [-1.86%]	Not applicable	Not applicable
3	ESAF Small Finance Bank Limited(2)	4,630.00	60.00$	November 10, 2023	71.90	+12.87%, [+ 7.58%]	+31.18%, [+11.17%]	Not applicable
4	JSW Infrastructure Limited(2)	28,000.00	119.00	October 3, 2023	143.00	+41.34%, [-2.93%]	+75.04%, [+10.27%]	Not applicable
5	Yatra Online Limited(2)	7,750.00	142.00	September 28, 2023	130.00	-11.06%, [-2.63%]	-0.21%, [+8.90%]	Not applicable
6	Rishabh Instruments Limited(1)	4,907.83	441.00	September 11, 2023	460.05	+20.12%, [-1.53%]	+13.24%, [+4.87%]	Not applicable
7	Avalon Technologies Limited(1)	8,650.00	436.00	April 18, 2023	436.00	-10.09%, [+2.95%]	+59.45%, [+10.78%]	+21.32%, [+11.84%]
8	Uniparts India Limited(2)	8,356.08	577.00	December 12, 2022	575.00	-5.11%, [-3.24%]	-7.38%, [-4.82%]	-0.60%, [+0.80%]
9	Inox Green Energy Services Limited(2)	7,400.00	65.00	November 23, 2022	60.50	-30.77%, [-1.11%]	-32.77%, [-1.33%]	-26.85%, [+0.36%]
10	Kaynes Technology India Limited(1)	8,578.20	587.00	November 22, 2022	778.00	+19.79%, [-0.25%]	+48.24%, [-1.64%]	+102.18%, [-0.22%]

Source: www.nseindia.com and www.bseindia.com
$A discount of ₹ 5 per equity share was provided to eligible employees bidding in the employee reservation portion.
(1) NSE was the designated stock exchange for the said issue.
(2) BSE was the designated stock exchange for the said issue.

Notes:

(a) Issue size derived from prospectus / basis of allotment advertisement, as applicable
(b) Price on NSE or BSE is considered for the above calculations as per the designated stock exchange disclosed by the respective issuer at the time of the issue, as applicable
(c) % 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.
(d) Wherever 30th/ 90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.
(e) The Nifty 50 or S&P BSE SENSEX index is considered as the benchmark index as per the designated stock exchange disclosed by the respective issuer at the time of the issue, as applicable
(f) Not applicable – Period not completed

2. Summary statement of price information of past issues handled by DAM Capital Advisors Limited:

Financial Year	Total no. of IPOs	Total funds raised (₹ in millions)	Nos. of IPOs trading at discount - as on 30th calendar days from listing date			Nos. of IPOs trading at premium - as on 30th calendar days from listing date			Nos. of IPOs trading at discount - as on 180th calendar days from listing date			Nos. of IPOs trading at premium - as on 180th calendar days from listing date		
			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%
2023-24	7	65,836.15	-	-	3	-	1	2	-	-	-	-	-	1
2022-23	4	32,735.54	-	1	1	-	1	1	-	1	1	1	-	1
2021-22	8	136,678.74	-	-	4	2	-	2	-	2	2	-	1	3

Source: www.nseindia.com and www.bseindia.com

Notes:

a. *The information is as on the date of this offer document*
b. *The information for each of the financial years is based on issues listed during such financial year.*
c. *Since 30 or 180 calendar days from listing date has not elapsed for few issues, hence data for same is not available.*

C. Equirus Capital Private Limited

1. Price information of past issues handled by Equirus Capital Private Limited (during the current Fiscal and two Fiscals preceding the current Fiscal):

Sr. No.	Issue Name	Issue Size (₹ million)	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.	Harsha Engineers International Limited[$]	7,550.00	330.00[1]	September 26, 2022	450.00	+31.92% [+3.76%]	+10.68% [+4.65%]	-2.18% [-0.42%]
2.	Inox Green Energy Services Limited[#]	7,400.00	65.00	November 23, 2022	60.50	-30.77% [-1.11%]	-32.77% [-1.33%]	-26.85% [+0.36%]
3.	Divgi TorqTransfer Systems Limited[#]	4,121.20	590.00	March 14, 2023	600.00	+12.04% [+4.30%]	+39.64% [+8.16%]	+67.75% [+14.51%]
4.	Netweb Technologies India Limited[#]	6,310.00	500.00[2]	July 27, 2023	942.50	+73.20% [-2.08%]	+67.87% [-2.56%]	+182.48% [+7.78%]
5.	TVS Supply Chain Solutions Limited[$]	8,800.00	197.00	August 23, 2023	207.05	+8.71% [+1.53%]	+6.57% [+1.29%].	N.A.
6.	Zaggle Prepaid Ocean Services Limited[$]	5,633.77	164.00	September 22, 2023	164.00	+30.95% [-0.67%]	+34.39% [+7.50%].	N.A.
7.	Protean eGov Technologies Limited[#]	4,899.51	792.00[3]	November 13, 2023	792.00	+45.21% [+7.11%]	+73.18% [+10.26%]	N.A.
8.	Fedbank Financial Services Limited[$]	10,922.64	140.00[4]	November 30, 2023	138.00	-2.75% [+7.94%]	N.A.	N.A.
9.	Happy Forgings Limited[$]	10,085.93	850.00	December 27, 2023	1,000.00	+14.06% [-1.40%]	N.A.	N.A.
10.	Jyoti CNC Automation Limited[$]	10,000.00	331.00[5]	January 16, 2024	370.00	N.A.	N.A.	N.A.

***Source**: www.bseindia.com and www.nseindia.com for price information and prospectus/basis of allotment for issue details.*

Notes:

1. *A discount of ₹31 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Harsha Engineers International Limited IPO*
2. *A discount of ₹25 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Netweb Technologies India Limited IPO*
3. *A discount of ₹75 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Protean eGov Technologies Limited IPO*
4. *A discount of ₹10 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Fedbank Financial Services Limited IPO*

5. *A discount of ₹15 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Jyoti CNC Automation Limited IPO*
6. *Price on Designated Stock Exchange of the respective Issuer is considered for all of the above calculations.*
7. *In the event any day falls on a holiday, the price/index of the immediately preceding trading day has been considered.*
8. *N.A. (Not Applicable) – Period not completed.*

 # The S&P BSE SENSEX is considered as the Benchmark Index

$ The S&P CNX NIFTY is considered as the Benchmark Index

Summary statement of price information of past public issues handled by Equirus Capital Private Limited:

Financial Year	Total no. of IPOs	Total funds raised (₹ million)	Nos. of IPOs trading at discount as on 30th calendar day from listing date			Nos. of IPOs trading at premium as on 30th calendar day from listing date			Nos. of IPOs trading at discount as on 180th calendar day from listing date			Nos. of IPOs trading at premium as on 180th calendar day from listing date		
			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%
2023-2024*	7	56,651.85	-	-	1	1	2	2	-	-	-	1	-	-
2022-2023	5	28,975.05	-	1	1	-	1	2	-	1	1	1	2	-
2021-2022	5	49,335.49	-	-	1	1	-	3	-	1	-	1	1	2

** The information is as on the date of this Offer Document.*

The information for each of the financial years is based on issues listed during such financial year.

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 UPI Bidders applying through the UPI Mechanism.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Bank 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 ICDR Master Circular, 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 SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 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. Further, in terms of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, the payment of processing fees to the SCSBs shall be undertaken pursuant to an application made by the SCSBs to the BRLMs, and such application shall be made only after (i) unblocking of application amounts for each application received by the SCSB has been fully completed, and (ii) applicable compensation relating to investor complaints has been paid by the SCSB.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Bank 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 SCSBs 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.

Our Bank has not received investor complaints during the period of three years preceding the date of this Prospectus, hence no investor complaint in relation to our Bank is pending as on the date of filing of this Prospectus.

The Bank has obtained authentication on the SCORES and shall comply with the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 and SEBI Master Circular (SEBI/HO/OIAE/IGRD/P/CIR/2022/0150) dated November 7, 2022 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 – Company Secretary and Compliance Officer*" on page 84.

Our Bank has constituted a Stakeholders' Relationship Committee comprising Dinesh Gupta as the Chairperson, and Navin Kumar Maini, Nageswara Rao Yalamanchili and Sham Singh Bains, as members. For details, see "*Our Management - Committees of the Board*" on page 258.

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 are subject to the provisions of the Companies Act, 2013, SEBI ICDR Regulations, SCRA, 1956, SCRR, the Banking Regulation Act, 1949, the SFB Licensing Guidelines, the MoA, AoA, Listing Regulations, 2015, RBI Final Approval, RBI In-Principle Approval, the terms of the Red Herring Prospectus, this 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 are also 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. The Equity Shares being offered and Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, 2013, SEBI ICDR Regulations, SCRA, 1956, SCRR, the Banking Regulation Act, 1949, the SFB Licensing Guidelines, the MoA, AoA, Listing Regulations, 2015, RBI Final Approval, RBI In-Principle Approval, the terms of the Red Herring Prospectus, this 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 other documents/certificates that may be executed in respect of the Offer. The Equity Shares are also subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital, 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.

The Offer

The Offer comprises a Fresh Issue by our Bank and an Offer for Sale by the Selling Shareholders.

Expenses for the Offer shall be shared amongst our Bank and the Selling Shareholders in the manner specified in "*Objects of the Offer - Offer Expenses*" on page 146.

Ranking of the Equity Shares

The Equity Shares being issued and Allotted in the Offer are subject to the provisions of the Companies Act, 2013, the SEBI ICDR Regulations, SCRA, 1956, SCRR and our Memorandum of Association and Articles of Association. 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 are *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 455.

Mode of Payment of Dividend

Our Bank shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, 2013, the Memorandum of Association and Articles of Association and provisions of the SEBI Listing Regulations, 2015, 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 275 and 455, respectively.

Face Value, Offer Price, Floor Price and Price Band

The face value of each Equity Share is ₹ 10 and the lower end of the Price Band is ₹ 445 per Equity Share and at the higher end of the Price Band is ₹ 468 per Equity Share. The Anchor Investor Offer Price is ₹ 468 per Equity Share and the Offer Price is ₹ 468 per Equity Share.

The Offer Price, Price Band and the minimum Bid Lot size for the Offer has been decided decided by our Bank, in consultation with the BRLMs, and advertised in all editions of Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and Jalandhar edition of The Daily Nawan Zamana, 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 was 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, were pre-filled in the Bid cum Application Forms available on the respective websites of the

Stock Exchanges. The Offer Price was determined by our Bank in consultation with the BRLM, after the Bid/Offer Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process.

At any given point of time, there shall be only one denomination for the Equity Shares.

Compliance with Disclosure and Accounting Norms

Our Bank shall comply with all applicable disclosure and accounting norms as specified by the SEBI from time to time.

Rights of the Equity 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, 2013;
- 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 (being an SFB) under the Companies Act, 2013, Banking Regulation Act, 1949, the Listing Regulations, 2015, as applicable, the Memorandum of Association and the Articles of Association and other applicable laws.

For a detailed description of the main provisions of the Articles of Association 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 455.

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, 2015, 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 on the Stock Exchanges is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in dematerialised and electronic form in multiples of one Equity Share subject to a minimum Allotment of 32 Equity Shares. For the method of Basis of Allotment, see "*Offer Procedure*" on page 435.

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.

Jurisdiction

Exclusive jurisdiction for the purpose of the Offer is with the competent courts/authorities in Mumbai.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Period of operation of subscription list

See "- *Bid/Offer Programme*" on page 426.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, 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 nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Bank in the prescribed form. 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 dematerialised 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.

Bid/Offer Programme

BID/OFFER OPENED ON	**WEDNESDAY, FEBRUARY 7, 2024**
BID/OFFER CLOSED ON	**FRIDAY, FEBRUARY 9, 2024**

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Finalisation of the Basis of Allotment with the Designated Stock Exchange	On or about Monday, February 12, 2024
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account*	On or about Tuesday, February 13, 2024
Credit of Equity Shares to demat accounts of Allottees	On or about Tuesday, February 13, 2024
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about Wednesday, February 14, 2024

***** *In case of (i) any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding two 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 two 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 two Working Days from the Bid/Offer Closing Date by the SCSB responsible for causing 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. Further, Bidders shall be entitled to compensation in the manner prescribed by SEBI and any other applicable law in case of delays in resolving investor grievances in relation to blocking/unblocking of funds. Further, in terms of circulars prescribed by SEBI from time to time, the payment of processing fees to the SCSBs shall be undertaken pursuant to an application made by the SCSBs to the BRLMs, and such application shall be made only after (i) unblocking of application amounts for each application received by the SCSB has been fully completed, and (ii) applicable compensation relating to investor complaints has been paid by the SCSB.*

The processing fees for applications made by UPI 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 2, 2021 read with

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/2022/51 dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022.

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 such time period as prescribed by the SEBI, the timetable may be changed due to various factors, 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 such time period as prescribed by SEBI.

The Registrar to the Offer submitted the details of cancelled/withdrawn/deleted applications to the SCSB's on daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till the Bid/Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSBs unblocked such applications by the closing hours of the Working Day and submitted the confirmation to the BRLMs and the RTA on a daily basis as per the format prescribed in SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021. To avoid duplication, the facility of re-initiation provided to Syndicate Members were preferably allowed only once per bid/batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids. Any circulars or notifications from SEBI after the date of this Prospectus may result in changes to the prescribed timelines. Further, the offer procedure is subject to change to any revised SEBI circulars to this effect.

SEBI vide circular SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 has reduced the post issue timeline for IPOs. The revised timeline of T+3 days has been made applicable in two phases, i.e., voluntary for all public issues opening on or after September 1, 2023 and mandatory on or after December 1, 2023. Accordingly, the Offer has been made under UPI Phase III, subject to the timing of the Offer and any circulars, clarification or notification issued by the SEBI from time to time, including with respect to SEBI circular SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within such time from the Bid/Offer Closing Date as may be prescribed by SEBI, 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 of Electronic Applications (Online ASBA through 3-in-1 accounts) – For RIBs	Only between 10.00 a.m. and up to 5.00 p.m. IST
Submission of Electronic Applications (Bank ASBA through Online channels like Internet Banking, Mobile Banking and Syndicate UPI ASBA applications where Bid Amount is up to ₹500,000)	Only between 10.00 a.m. and up to 4.00 p.m. IST
Submission of Electronic Applications (Syndicate Non-Retail, Non-Individual Applications)	Only between 10.00 a.m. and up to 3.00 p.m. IST
Submission of Physical Applications (Bank ASBA)	Only between 10.00 a.m. and up to 1.00 p.m. IST
Submission of Physical Applications (Syndicate Non-Retail, Non-Individual Applications where Bid Amount is more than ₹500,000)	Only between 10.00 a.m. and up to 12.00 p.m. IST
Modification/ Revision/cancellation of Bids	
Upward Revision of Bids by QIBs and Non-Institutional Bidders categories[#]	Only between 10.00 a.m. and up to 5.00 p.m. IST on Bid/ Offer Closing Date

Upward or downward Revision of Bids or cancellation of Bids by RIBs	Only between 10.00 a.m. and up to 5.00 p.m. IST
Bid/Issue Period (except the Bid/ Issue Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time ("**IST**")
Bid/ Issue Closing Date*	
Submission of Electronic Applications (Online ASBA through 3-in-1 accounts) – For RIBs	Only between 10.00 a.m. and up to 5.00 p.m. IST
Submission of Electronic Applications (Bank ASBA through Online channels like Internet Banking, Mobile Banking and Syndicate UPI ASBA applications where Bid Amount is up to ₹500,000)	Only between 10.00 a.m. and up to 4.00 p.m. IST
Submission of Electronic Applications (Syndicate Non-Retail, Non-Individual Applications)	Only between 10.00 a.m. and up to 3.00 p.m. IST
Submission of Physical Applications (Bank ASBA)	Only between 10.00 a.m. and up to 1.00 p.m. IST
Submission of Physical Applications (Syndicate Non-Retail, Non-Individual Applications where Bid Amount is more than ₹500,000)	Only between 10.00 a.m. and up to 12.00 p.m. IST
Modification/ Revision/cancellation of Bids	
Upward Revision of Bids by QIBs and Non-Institutional Bidders categories[#]	Only between 10.00 a.m. and up to 5.00 p.m. IST on Bid/ Issue Closing Date
Upward or downward Revision of Bids or cancellation of Bids by RIBs	Only between 10.00 a.m. and up to 5.00 p.m. IST

** UPI mandate end time and date shall be 5:00 p.m. on Bid/ Offer Closing date.*
 # QIBs and Non-Institutional Bidders can neither revise their bids downwards nor cancel/withdraw their bids.

On the Bid/ Offer Closing Date, the Bids were 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 Retail Individual Bidders

It is clarified that Bids shall be processed only after the application monies are blocked in the ASBA Account and 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 were 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 Prospectus is IST. Bidders were cautioned that, in the event a large number of Bids were received on the Bid/ Offer Closing Date, some Bids may not have been uploaded due to lack of sufficient time. Such Bids that could not be uploaded would not be considered for allocation under this Offer. Bids were accepted only during Working Days, during the Bid/ Offer Period. Bids were 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. Bids by ASBA Bidders were uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges. The Designated Intermediaries modified select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period till 5:00 pm on the Bid/Offer Closing Date after which the Stock Exchange(s) sent the bid information to the Registrar to the Offer for further processing.

In case of discrepancy in data entered in the electronic book vis-vis data contained in the physical Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges were taken as the final data for the purpose of Allotment.

Minimum Subscription

If our Bank does not receive the (i) minimum subscription of 90% of the Fresh Issue; and (ii) a minimum subscription in the Offer equivalent to such percentage of the post-Offer paid-up equity share capital of our Bank (the minimum number of securities) as specified under Rule 19(2)(b) of the SCRR, including through devolvement of Underwriters, if any, in accordance

with applicable laws or if the subscription level falls below the thresholds mentioned above after the Bid/Offer Closing Date, on account of 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 pursuant to the Red Herring Prospectus and the Prospectus, our Bank shall forthwith refund the entire subscription amount received, in accordance with applicable law including the ICDR Master Circular. If there is a delay beyond the prescribed time, our Bank, shall pay interest at the rate as prescribed under the SEBI ICDR Regulations and applicable law.

The requirement of minimum subscription is not applicable to the Offer for Sale. 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, 2013 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 Bank 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 Bank 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 dematerialised form

Allotment of Equity Shares to successful Bidders will only be in the dematerialised 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.

New Financial Instruments

Our Bank is not issuing any new financial instruments through this Offer.

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 - Share Capital History of our Bank – (b) Details of Promoter's contribution and lock-in*" on page 127 and except as provided under the Banking Regulation Act, 1949 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 455.

In accordance with Section 12B of the Banking Regulation Act, 1949 read with Master Direction - Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 and guidelines thereunder, 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 231 and 435, respectively.

Withdrawal of the Offer

Our Bank, in consultation with the BRLMs, reserve the right not to proceed with the Offer, 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 simultaneously. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Banks (in case of UPI Bidders using the UPI Mechanism, subject to the Bid Amount being up to ₹0.20 million), to unblock the bank accounts of the ASBA Bidders and shall

notify the Escrow Collection Bank to release the Bid Amounts to the Anchor Investors, 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. Our Bank shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed. 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 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 as prescribed under applicable law; and (ii) the final RoC approval of this Prospectus after it is filed and/or submitted with the RoC.

OFFER STRUCTURE

Offer of up to 11,176,713^ Equity Shares for cash at price of ₹ 468 per Equity Share (including a premium of ₹ 458 per Equity Share) aggregating up to ₹ 5,230.70^ million comprising a Fresh Issue of up to 9,615,384^ Equity Shares aggregating up to ₹ 4,500.00^ million by our Bank and an Offer for Sale as follows:

S. No.	*Name of the Selling Shareholder*	*No. of Offered Shares^*
Investor Selling Shareholders		
1.	*Oman India Joint Investment Fund II*	*836,728 Equity Shares aggregating to ₹ 391.59 million*
3.	*Amicus Capital Private Equity I LLP*	*151,153 Equity Shares aggregating to ₹ 70.74 million*
4.	*Amicus Capital Partners India Fund I*	*17,544 Equity Shares aggregating to ₹ 8.21 million*
Other Selling Shareholders		
5.	*Vijay Kumar Bhandari (jointly with Sneh Bhandari)*	*50,000 Equity Shares aggregating to ₹ 23.40 million*
6.	*Rachna Monga*	*30,000 Equity Shares aggregating to ₹ 14.04 million*
7.	*Rashpal Singh (jointly with Surinder Kaur)*	*200,000 Equity Shares aggregating to ₹ 93.60 million*
8.	*Nalini Rampilla*	*37,000 Equity Shares aggregating to ₹ 17.32 million*
9.	*Kalyana Chakravarthy Pilla*	*49,000 Equity Shares aggregating to ₹ 22.93 million*
10.	*Darshna Devi*	*22,704 Equity Shares aggregating to ₹ 10.63 million*
11.	*Ramesh Kaur*	*1,67,200 Equity Shares aggregating to ₹ 78.25 million*
Total		*1,561,329 Equity Shares aggregating to ₹ 730.70 million*

^*Subject to finalisation of Basis of Allotment.*

The Offer was made through the Book Building Process.

Particulars	**QIBs[(1)]**	**Non-Institutional Bidders**	**Retail Individual Bidders**
Number of Equity Shares available for Allotment/ allocation* [(2)]	Not more than 5,588,356 Equity Shares	Not less than 1,676,507 Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than 3,911,850 Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer size available for Allotment/ allocation	Not more than 50% of the Offer was made available for allocation to QIBs. However, up to 5% of the QIB Portion (excluding the Anchor Investor Portion) was available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion (i.e., 5% of the Net QIB Portion) is also eligible for allocation in the remaining balance QIB Portion (excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion (i.e., 5% of the Net QIB Portion) was available for allocation to other QIBs	Not less than 15% of the Offer less allocation to QIBs and RIBs was available for allocation subject to valid Bids being received from them at or above the Offer Price subject to the following: [(1)] one third of the portion available to Non-Institutional Bidders being 558,836 Equity Shares was reserved for Bidders bidding more than ₹ 0.20 million and up to ₹ 1.00 million; [(2)] two third of the portion available to Non-Institutional Bidders being 1,117,671 Equity Shares was reserved for Bidders Bidding more than ₹ 1.00 million. Provided that the unsubscribed portion in either of the categories specified in (a) or (b) above, may be allocated to Bidders in the other category subject to valid Bids being received at or above the Offer Price.	Not less than 35% of the Offer less allocation to QIBs and Retail Individual Bidders was available for allocation, on a proportionate basis
Basis of Allotment/ allocation if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) At least 111,768 Equity Shares was made available for allocation on a proportionate basis to Mutual Funds only; and (b) 2,123,575 Equity Shares was allotted on a	The Equity Shares available for allocation to Bidders in the Non-Institutional Portion was subject to the following: (1) One-third of the Non-Institutional Portion was made available for allocation to Bidders with an application size more than ₹0.20 million up to ₹ 1.00 million; and	Allotment to each Retail Individual Investor was not less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, would be on a proportionate, basis. For details, see "*Offer Procedure*" beginning on page 435.

Particulars	QIBs[1]	Non-Institutional Bidders	Retail Individual Bidders
	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 was made available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price	(2) Two-third of the Non-Institutional Portion was made available for allocation to Bidders with an application size of more than ₹ 1.00 million. Provided that the unsubscribed portion in either of these two sub-categories of Non-Institutional Portion may be allocated to the Bidders in the other sub-category of Non-Institutional Portion in accordance with SEBI ICDR Regulations The allotment of specified securities to each Non- Institutional Investor was not less than the minimum application size, subject to availability in the Non-Institutional Portion, and the remainder, if any, were allotted on a proportionate basis in accordance with the conditions specified in the SEBI ICDR Regulations	
Minimum Bid	Such number of Equity Shares and in multiples of 32 Equity Shares so that the Bid Amount exceeds ₹0.20 million	Such number of Equity Shares and in multiples of 32 Equity Shares so that the Bid Amount exceeds ₹0.20 million	32 Equity Shares and in multiples of 32 Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of 32 Equity Shares so that the Bid did not exceed the size of the Offer (excluding the Anchor Investor Portion), subject to applicable limits, applicable to each Bidder	Such number of Equity Shares in multiples of 32 Equity Shares so that the Bid did not exceed the size of the Offer (excluding the QIB portion), subject to applicable limits, applicable to each Bidder	Such number of Equity Shares in multiples of 32 Equity Shares so that the Bid Amount did not exceed ₹0.20 million
Mode of Allotment	Compulsorily in dematerialised form		
Bid Lot	32 Equity Shares and in multiples of 32 Equity Shares thereafter		
Allotment Lot	A minimum of 32 Equity Shares and thereafter in multiples of one Equity Share		
Trading Lot	One Equity Share		
Who can apply[3] [4]	Public financial institutions as specified in Section 2(72) of the Companies Act, 2013 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, registered with the Pension Fund Regulatory and Development Authority established under section 3(1) of the Pension Fund Regulatory and Development Authority Act, 2013, National Investment	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)

Particulars	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
	Fund set up by the Government of India, through resolution F. No.2/3/2005-DD-II dated November 23, 2005, 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, in accordance with applicable laws.		
Terms of Payment	**In case of Anchor Investors:** Full Bid Amount was payable by the Anchor Investors at the time of submission of their Bids[(3)] **In case of all other Bidders:** Full Bid Amount was 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^	ASBA Process only (except in case of Anchor Investors**)	ASBA Process only (including the UPI Mechanism), to the extent of Bids up to ₹ 500,000	ASBA Process only (including the UPI Mechanism)

^ *SEBI vide its circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, has mandated that ASBA applications in Public Issues shall be processed only after the application monies are blocked in the bank accounts of the investors. Accordingly, Stock Exchanges shall, for all categories of investors viz. QIBs, NIBs and RIBs and also for all modes through which the applications are processed, accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked.*

** *Anchor Investors were not permitted to use the ASBA process.*

(1) Our Bank may, in consultation with the BRLMs, allocated 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 was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the price Anchor Investor Allocation Price. For details, see "Offer Structure" on page 431.

(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 was 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, was payable by the Anchor Investor Pay-in Date as mentioned in the CAN. Bidders were required to confirm and are deemed to have represented to our Bank, the Selling Shareholder, 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. 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 was required in the Bid cum Application Form and such first Bidder was deemed to have signed on behalf of the joint holders. The Bank reserved 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 441 and having same PAN were collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) were proportionately distributed.

Note: Bidders were required to confirm and were deemed to have represented to our Bank, 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.

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 was 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. For further details, see "*Terms of the Offer*" on page 424.

In terms of the Banking Regulation Act, 1949 read with Master Direction - Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023, no person either by himself 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 was not 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 have relied 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 resulted in such Bidder, either individually or on an aggregate basis with the Other Persons associated with such Bidder, to hold 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 are not 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 have been 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 have clearly mentioned the name(s) of the entities which proposed 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, was made 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 Explanation1(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.

OFFER PROCEDURE

*All Bidders were required to 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, 2013 the SCRA, 1956, the SCRR, and the SEBI ICDR Regulations which is part of the Abridged Prospectus accompanying the Bid cum Application Form. The General Information Document was 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 UPI Bidders Bidding through the UPI Mechanism. The investors were required to note that the details and process provided in the General Information Document should be read along with this section.*

Additionally, all Bidders were required to 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 were 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 applications and electronic registration of Bids.

*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. UPI has been introduced in a phased manner as a payment mechanism in addition to ASBA for applications by Retail Individual Bidders through intermediaries from January 1, 2019, the UPI Mechanism for UPI Bidders 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.*

*Subsequently, for applications 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 until further notice by SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 ("**UPI Phase II**"). The final reduced timeline of T+3 days for the UPI Mechanism for applications by UPI Bidders ("**UPI Phase III**"), and modalities of the implementation of UPI Phase III was notified by SEBI vide its circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 and made effective on a voluntary basis for all issues opening on or after September 1, 2023 and on a mandatory basis for all issues opening on or after December 1, 2023 ("**T+3 Press Release**"). The Offer has been undertaken pursuant to the processes and procedures under UPI Phase III, 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, and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, 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 Prospectus. SEBI, vide the SEBI RTA Master Circular, consolidated the aforementioned circulars to the extent relevant for RTAs, and rescinded these circulars. Furthermore, pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual bidders in initial public offerings (opening on or after May 1, 2022) whose application size are up to ₹0.50 million shall use the UPI Mechanism. Subsequently, pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, applications made using the ASBA facility in initial public offerings (opening on or after September 1, 2022) shall be processed only after application monies are blocked in the bank accounts of investors (all categories). These circulars are effective for initial public offers opening on/or after May 1, 2021, and the provisions of these circulars, as amended, are deemed to form part of this Prospectus.*

In terms of Regulation 23(5) and Regulation 52 of SEBI ICDR Regulations, the timelines and processes mentioned in SEBI RTA Master Circular, shall continue to form part of the agreements being signed between the intermediaries involved in the public issuance process and lead managers shall continue to coordinate with intermediaries involved in the said process.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding three Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated as per applicable law. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, Bidders were entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, in case of delays in resolving investor grievances in relation to blocking/unblocking of funds. 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 Prospectus. Bidders were advised to make their independent investigations and ensure that their Bids were submitted in

accordance with applicable laws and did 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 the Red Herring Prospectus and this 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 read with Regulation 31 of the SEBI ICDR Regulations, through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the 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 was reserved for domestic Mutual Funds, subject to valid Bids having been 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 were added to the Net QIB Portion. Further, 5% of the Net QIB Portion was available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion was available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids having been received at or above the Offer Price. Further, subject to availability of the Equity Shares in the respective categories, not less than 15% of the Offer was available for allocation to Non-Institutional Bidders out of which (a) one third of such portion was reserved for applicants with application size of more than ₹0.20 million and up to ₹ 1.00 million; and (b) two third of such portion was reserved for applicants with application size of more than ₹ 1.00 million, provided that the unsubscribed portion in either of such sub-categories was allocated to applicants in the other sub-category of Non-Institutional Bidders and not less than 35% of the Offer was available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids having been received at or above the Offer Price.

Bidders must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020 read with press release dated June 25, 2021 and September 17, 2021, read with press release dated September 17, 2021. CBDT circular no.7 of 2022, dated March 30, 2022, read with press release dated March 28, 2023.

In accordance with Rule 19(2)(b) of the SCRR, the Offer will constitute at least 24.79% of the post Offer paid-up Equity Share capital of our Bank (on fully diluted basis).

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which did not have the details of the Bidders' depository account, including DP ID, Client ID, PAN and UPI ID, (for UPI Bidders bidding through UPI Mechanism), as applicable, were treated as incomplete and will be rejected. Bidders did 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, subject to compliance with applicable laws.

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 was extended till further notice. Under this phase, submission of the ASBA Form without UPI by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds was discontinued and replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continued to be six Working Days during this phase.

Phase III: This phase has become applicable on a voluntary basis for all issues opening on or after September 1, 2023 and on a mandatory basis for all issues opening on or after December 1, 2023 vide T+3 Press Release. In this phase, the time duration from public issue closure to listing has been reduced to three Working Days. The Offer was undertaken pursuant to the processes and procedures as notified in the T+3 Press Release as applicable, subject to any circulars, clarification or notification issued by SEBI from time to time, including any circular, clarification or notification which may be issued by SEBI.

The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the SCSBs only after such banks provide a written confirmation, in compliance with the SEBI RTA Master Circular in a format as prescribed by SEBI, from time to time, and such payment of processing fees to the SCSBs shall be made in compliance with circulars prescribed by SEBI and applicable law. The Offer has been made under UPI Phase III of the UPI Circular. All SCSBs offering facility of making application in public issues were required to also provide facility to make application using UPI. Our Bank has appointed certain SCSBs as sponsor bank(s) to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the UPI 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.

Individual investors bidding under the Non-Institutional Portion bidding for more than ₹0.20 million and up to ₹0.50 million, using the UPI Mechanism, were required to provide their UPI ID in the Bid-cum-Application Form for Bidding through Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.

Further, in terms of the UPI Circulars, the payment of processing fees to the SCSBs was required to be undertaken pursuant to an application made by the SCSBs to the BRLMs, and such application was made only after (i) unblocking of application amounts for each application received by the SCSB has been fully completed, and (ii) applicable compensation relating to investor complaints has been paid by the SCSB.

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.

For Anchor Investors, the Bid cum Application Forms were available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) were required to mandatorily participate in the Offer only through the ASBA process. UPI Bidders were mandatorily required to use the UPI Mechanism for submitting their bids to Designated Intermediaries and were allowed to use ASBA Process by way of ASBA Forms to submit their bids directly to SCSBs. Anchor Investors were not permitted to participate in the Offer through the ASBA process.

UPI Bidders must provide the valid UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that did not contain the UPI ID were liable to be rejected.

ASBA Bidders (other than UPI 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 did not contain such details were liable to be rejected, 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 were liable for rejection. UPI Bidders using the UPI Mechanism could also apply through SCSBs and the mobile applications using the UPI handles as provided on the website of the SEBI.

ASBA Bidders were required to ensure that the Bids were 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 were liable to be rejected. UPI Bidders 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 could submit their ASBA Forms with the SCSBs. ASBA Bidders were required to 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 pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, all the ASBA applications in Public Issues were processed only after the application monies are blocked in the investor's bank accounts. Stock Exchanges accepted the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked. The circular was applicable for all categories of investors viz. Retail, QIB and NIB and also for all modes through which the applications are processed.

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 Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	White
Non-residents including Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral development financial institutions applying on a repatriation basis	Blue
Anchor Investors	White

* *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 was made available at the offices of the BRLMs.

In case of ASBA forms, the relevant Designated Intermediaries were required to 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 UPI Bidders using UPI Mechanism, the Stock Exchanges were required to share the Bid details (including UPI ID) with the Sponsor Banks on a continuous basis to enable the Sponsor Banks to initiate UPI Mandate Request to UPI Bidders for blocking of funds. For ASBA Forms (other than UPI Bidders) Designated Intermediaries (other than SCSBs) were required to submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and were required to not submit it to any non-SCSB bank or any Escrow Collection Bank.

Stock Exchanges were required to 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 allowed modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

For UPI Bidders using UPI Mechanism, the Stock Exchanges shared 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 UPI Bidders for blocking of funds. The Sponsor Bank would initiate request for blocking of funds through NPCI to UPI Bidders, who accepted the UPI mandate request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. In accordance with BSE Circular No: 20220803-40 and NSE Circular No: 25/2022, each dated August 3, 2022, for all pending UPI Mandate Requests, the Sponsor Bank would initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 5:00 pm on the Bid/Offer Closing Date ("**Cut-Off Time**"). Accordingly, UPI Bidders bidding using through the UPI Mechanism accepted UPI mandate requests for blocking of funds prior to the Cut-Off Time and all pending UPI mandate requests at the Cut-Off Time lapsed. For ensuring timely information to investors, SCSBs sent 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 NPCI maintained an audit trail for every bid entered in the Stock Exchanges bidding platform, and the liability to compensate UPI Bidders (using the UPI Mechanism) in case of failed transactions was with the concerned entity (i.e. the Sponsor Bank, NPCI or the bankers to an issue) at whose end the lifecycle of the transaction has come to a halt. The NPCI shared the audit trail of all disputed transactions/ investor complaints to the Sponsor Bank and the bankers to an issue.

The processing fees for applications made by UPI 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 as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022. The processing fees for applications made by the UPI Bidders using the UPI Mechanism may be released to the SCSBs only after such SCSBs provide a written confirmation in compliance with the SEBI RTA Master Circular, in a format prescribed by SEBI or applicable law.

Pursuant to NSE circular dated August 3, 2022, the following is applicable to all initial public offers opening on or after September 1, 2022:

a) Cut-off time for acceptance of UPI Mandate was up to 5:00 pm on the initial public offer closure date and existing process of UPI bid entry by syndicate members, registrars to the offer and depository participants continued till further notice.

b) There shall be no T+1 mismatch modification session for PAN-DP mismatch and bank/ location code on T+1 day for already uploaded bids. The dedicated window provided for mismatch modification on T+1 day was discontinued.

c) Bid entry and modification/ cancellation (if any) was allowed in parallel to the regular bidding period up to 5:00 pm on the initial public offer closure day.

d) Exchanges displayed bid details of only successful ASBA blocked applications i.e. Application with latest status as RC 100 – Block Request Accepted by Investor/ Client.

The Sponsor Bank had undertaken a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and also ensured 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 had undertaken reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and shared reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks downloaded UPI settlement files and raw data files from the NPCI portal after every settlement cycle and did a three way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Bank 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, 1949 read with Master Direction - Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 and guidelines thereunder, no person either by himself 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.

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.

Accordingly, in case of Bids for such number of Equity Shares, as may result in the shareholding of a Bidder (along with 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 Prospectus.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries shall modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period till 5.00 pm on the Bid/Offer Closing Date after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

The Sponsor Banks 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 and 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, 1949 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 231.

For details of investment by NRIs, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 454. 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 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 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 (Red in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (Red 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.

Eligible NRIs will be permitted to apply in the Offer through Channel I or Channel II (as specified in the UPI Circulars). Further, subject to applicable law, Eligible NRIs may use Channel IV (as specified in the UPI Circulars) to apply in the Offer, provided the UPI facility is enabled for their NRE/ NRO accounts.

For further details, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 454.

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, for calculating the aggregate holding of FPIs in a

company, holding of all registered FPIs shall be included.

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 (Red 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:

1. such offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and

2. 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:

a) FPIs which utilise the multi-investment manager structure;

b) Offshore derivative instruments which have obtained separate FPI registration for ODI and proprietary derivative investments;

c) Sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration;

d) 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;

e) Multiple branches in different jurisdictions of foreign bank registered as FPIs;

f) Government and Government related investors registered as Category 1 FPIs; and

g) 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. Further, in the following cases, the bids by FPIs will not be considered as multiple Bids: involving (i) the MIM Structure and indicating the name of their respective investment managers in such confirmation; (ii) offshore derivative instruments ("**ODI**") which have obtained separate FPI registration for ODI and proprietary derivative investments; (iii) sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration; (iv) 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; (v) multiple branches in different jurisdictions of foreign bank registered as FPIs; (vi) Government and Government related investors registered as Category 1 FPIs; and (vii) Entities registered as Collective Investment Scheme having multiple share classes.

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.

For details of investment by FPIs, see *"Restrictions on Foreign Ownership of Indian Securities"* on page 454. Participation of FPIs shall be subject to the FEMA Non-debt Instruments Rules.

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 and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

Participation of VCFs, AIFs or FVCIs in the Offer shall be subject to the FEMA Rules. Further, VCFs, Category I AIFs or Category II AIFs and FVCIs holding Equity Shares of the Company, shall be exempt from lock-in requirements, provided that such Equity Shares shall be locked in for a period of at least six months from the date of purchase by the venture capital fund or alternative investment fund of Category I or II or foreign venture capital investor.

There is no reservation for Eligible NRI Bidders, AIFs, FPIs and FVCIs. All Bidders will be treated on the same basis with other categories for the purpose of allocation.

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, 1949 and the Master Direction - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended (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, 1949 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 231.

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, respectively. 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:

1. 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;

2. 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

- 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, registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013, 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, registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013, 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 Anchor Investors

In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section, the key terms for participation by Anchor Investors are provided below.

(1) Anchor Investor Application Forms were made available for the Anchor Investor Portion at the offices of the Book Running Lead Managers.

(2) The Bid was for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100 million.

(3) One-third of the Anchor Investor Portion was reserved for allocation to domestic Mutual Funds.

(4) Bidding for Anchor Investors opened one Working Day before the Bid/ Offer Opening Date, and was completed on the same day.

(5) Our Bank, in consultation with the Book Running Lead Managers finalized allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than: (a) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100 million; (b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million, subject to a minimum Allotment of ₹ 50 million per Anchor Investor; and (c) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million, subject to minimum Allotment of ₹ 50 million per Anchor Investor.

(6) Allocation to Anchor Investors was completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, was made available in the public domain by the Book Running Lead Managers before the Bid/ Offer Opening Date, through intimation to the Stock Exchanges.

(7) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

(8) There shall be a lock-in of 90 days on 50% of the Equity Shares allotted to the Anchor Investors from the date of Allotment, and a lock in of 30 days on the remaining 50% of the Equity Shares allotted to the Anchor Investors from the date of Allotment.

(9) Neither the (a) Book Running Lead Managers (s) or any associate of the Book Running Lead Managers (other than mutual funds sponsored by entities which are associate of the Book Running Lead Managers or insurance companies promoted by entities which are associate of the Book Running Lead Managers or Alternate Investment Funds (AIFs) sponsored by the entities which are associates of the Book Running Lead Managers or FPIs, other than individuals, corporate bodies and family offices, sponsored by the entities which are associate of the Book Running Lead Managers) nor (b) the Promoters, Promoter Group or any person related to the Promoters or members of the Promoter Group shall apply under the Anchor Investors category.

(10) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

The above information was 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 Prospectus. Bidders were 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, the Red Herring Prospectus and this Prospectus.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.

Information for Bidders

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder's responsibility to obtain the Acknowledgment Slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised Acknowledgment Slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid. In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Bank, the Selling Shareholders, and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Bank, the management or any scheme or project of our Bank; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

General Instructions

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. UPI Bidders can revise their Bid(s) during the Bid/ Offer Period and withdraw their Bid(s) until Bid/ Offer Closing Date. Anchor Investors are not allowed to withdraw or lower the size of their Bids after the Anchor Investor bidding date.

***Do's*:**

A. Check if you are eligible to apply as per the terms of theRed 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;

B. Ensure that you have Bid within the Price Band;

C. Ensure that the PAN is linked with Aadhaar in compliance with Central Bureau of Direct Taxes notification dated February 13, 2020 and press release dated June 25, 2021;

D. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;

E. Ensure that you (other than in the case of Anchor Investors) have mentioned the correct ASBA Account number if you are not a UPI Bidder bidding using the UPI Mechanism in the Bid cum Application Form and if you are a UPI Bidder

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;

F. 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. Bidders (other than Anchor Investors) shall submit the Bid cum Application Form in the manner set out in the General Information Document.

G. 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;

H. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

I. 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;

J. If the first Bidder is not the ASBA Account holder (or the UPI-linked bank account holder, as the case may be), ensure that the Bid cum Application Form is signed by the ASBA Account holder (or the UPI-linked bank account holder, as the case may be.

K. 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;

L. UPI Bidders 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 UPI Bidders 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;

M. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgement;

N. 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 Banks, 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 UPI Bidders submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Banks for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

O. 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, 1961. 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;

P. Ensure that the Demographic Details are updated, true and correct in all respects;

Q. 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;

R. Ensure that the category and the investor status is indicated;

S. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;

T. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;

U. The ASBA Bidders shall ensure that Bids above ₹0.50 million are uploaded only by the SCSBs;

V. UPI Bidders Bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the first Bidder (in case of joint account) in the Bid cum Application Form;

W. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs;

X. Since allotment will be in demat form only, 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;

Y. 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;

Z. UPI Bidders who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which UPI Bidders 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 UPI Bidder's ASBA Account;

AA. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 5:00 p.m. on the Bid/ Offer Closing Date;

BB. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;

CC. UPI Bidders 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 UPI Bidder may be deemed to have verified the attachment containing the application details of the UPI Bidder 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

DD. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and UPI Bidders 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:

(a) Do not Bid for lower than the minimum Bid size;

(b) Do not Bid for a Bid Amount exceeding ₹0.20 (for Bids by Retail Individual Bidders);

(c) Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

(d) Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

(e) Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

(f) Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

(g) Do not submit the Bid for an amount more than funds available in your ASBA account.

(h) 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;

(i) In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;

(j) If you are a UPI Bidder and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;

(k) Anchor Investors should not Bid through the ASBA process;

(l) Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Bank;

(m) Do not Bid on a physical Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

(n) Do not submit the General Index Register (GIR) number instead of the PAN;

(o) 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;

(p) 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;

(q) 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);

(r) Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

(s) Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;

(t) Do not submit a Bid using UPI ID, if you are not a UPI Bidder;

(u) If you are a QIB, do not submit your Bid after 3:00 pm on the QIB Bid/Offer Closing Date;

(v) Do not Bid on another ASBA Form after you have submitted a Bid to any of the Designated Intermediaries;

(w) Do not Bid on another ASBA Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;

(x) Do not Bid for Equity Shares in excess of what is specified for each category;

(y) 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 this Prospectus;

(z) 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 UPI Bidders Bidding using the UPI Mechanism, in the UPI-linked bank account where funds for making the Bid are available;

(aa) 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. UPI Bidders can revise or withdraw their Bids on or before the Bid/Offer Closing Date;

(bb) Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;

(cc) If you are an UPI Bidder 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;

(dd) Do not Bid if you are an OCB;

(ee) 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 UPI Bidder using the UPI Mechanism;

(ff) Do not submit more than one Bid cum Application Form for each UPI ID in case of UPI Bidders Bidding using the UPI Mechanism;

(gg) 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 UPI Bidders using the UPI Mechanism);

(hh) UPI Bidders 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

(ii) In case of ASBA Bidders (other than 3 in 1 Bids) Syndicate Members shall ensure that they do not upload any bids above ₹0.50 million.

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 – Company Secretary and Compliance Officer*" on page 84 and "*Our Management – Key Managerial Personnel*" on page 266.

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 – Book Running Lead Managers*" on page 85.

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:

S. No.	Name of BRLM	E-mail	Telephone
1.	Nuvama Wealth Management Limited (*formerly known as Edelweiss Securities Limited*)	capitalsfb.ipo@nuvama.com	+91 22 4009 4400
2.	DAM Capital Advisors Limited	capitalsfb.ipo@damcapital.in	+91 22 4202 2500
3.	Equirus Capital Private Limited	capitalsfb.ipo@equirus.com	+91 22 4332 0734

For details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

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 Red Herring Prospectus and this Prospectus 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 Bidders other than to the Retail Individual Bidders, Non-Institutional 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.

Not less than 15% of the Offer shall be available for allocation to Non-Institutional Bidders. The Equity Shares available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following: (i) one-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹0.20 million and up to ₹ 1.00 million, and (ii) two-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹ 1.00 million, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders. The Allotment to each Non-Institutional Bidders shall not be less than the minimum application size, subject to the availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares, if any, shall be allotted on a proportionate basis, in accordance with the conditions specified in the SEBI ICDR Regulations.

Payment into Escrow Account(s) for Anchor Investors

Our Bank, in consultation with the BRLMs, in their absolute discretion, had decided the list of Anchor Investors to whom the CAN was sent, pursuant to which the details of the Equity Shares allocated to them in their respective names were notified to

such Anchor Investors. Anchor Investors were 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) were drawn in favour of:

(a) In case of resident Anchor Investors: "CAPITAL SMALL FINANCE BANK LIMITED – ANCHOR R A/C"

(b) In case of non-resident Anchor Investors: "CAPITAL SMALL FINANCE BANK LIMITED – ANCHOR NR A/C"

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, published a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and Jalandhar edition of The Daily Nawan Zamana, 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 published 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 Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and Jalandhar edition of The Daily Nawan Zamana, 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 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 with the RoC

Our Bank, each of the Selling Shareholders and the Syndicate have entered into an Underwriting Agreement on or immediately after the finalisation of the Offer Price but prior to the filing of Prospectus.

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 424.

Undertakings by our Bank

Our Bank undertakes the following:

(a) adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders (including Anchor Investor Application Form from Anchor Investors);

(b) the complaints received in respect of the Offer shall be attended to by our Bank expeditiously and satisfactorily;

(c) 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 three Working Days of the Bid/Offer Closing Date or such other period as may be prescribed by SEBI vide its circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023;

(d) if Allotment is not made within three Working Days from the Bid/ Offer Closing Date or such other prescribed timelines under applicable laws, 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 three Working Days from the Bid/ Offer Closing Date or such other prescribed by SEBI vide its circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund; and

(e) Except for the Equity Shares that may be allotted pursuant to the exercise of vested employee stock options, if any granted under the ESOP 2018, ESOP MRT and the ESOP 2023, 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 and this 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 Shareholder and its respective portion of the Equity Shares offered by it in the Offer for Sale that:

(a) it is the legal and beneficial owner of the Offered Shares, and holds clear and marketable title to such Equity Shares;

(b) 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;

(c) 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, pledge, security interest defects, claim, trust or any other encumbrances or transfer restriction and shall be in dematerialised form at the time of transfer;

(d) 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;

(e) 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;

(f) 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;

(g) 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; and

(h) it is not debarred or prohibited from accessing the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI or any securities market regulator in any other jurisdiction or any authority or court.

The decisions with respect to the Price Band, the minimum Bid Lot, revision of Price Band have been taken by our Bank, in consultation with the BRLMs. The Offer Price has been decided by our Bank, in consultation with the BRLMs, on the Pricing Date in accordance with the Book Building Process and this 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 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 Prospectus shall be statements and undertakings made by our Bank even if the same relate to any one or more of the Selling Shareholders.

The filing of this Prospectus also does not absolve the Selling Shareholders from any liabilities to the extent of the statements specifically made or confirmed by themselves in respect of themselves and of their respective Offered Shares, under Section 34 or Section 36 of Companies Act, 2013.

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 was specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who—*

1. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

2. 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

3. 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, 1999. 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, 1999 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 October 15, 2020.

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. For further details, see "*Offer Procedure*" beginning on page 435. For details of the aggregate limit for investments by NRIs and FPIs in our Bank, see "*Offer Procedure – Bids by Eligible NRIs*" and "*Offer Procedure – Bids by FPIs*" on pages 441 and 441.

On October 17, 2019, Ministry of Finance, Department of Economic Affairs, had notified the FEMA NDI Rules, which had replaced the Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations 2017. Foreign investment in this Offer shall be on the basis of the FEMA NDI Rules. 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 have sought 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 was required to intimate our Bank and the Registrar in writing about such approval along with a copy thereof within the Bid/ Offer Period. 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 change in the beneficial ownership will also require approval of the Government of India. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020 issued on December 8, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India.

Foreign Investment Laws

The foreign investment in our Bank is governed by, *inter alia*, the FEMA, 1999 as amended, the FEMA Regulations, the FDI Policy issued and amended by way of press notes.

In terms of the FDI Policy, FEMA Regulations 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 above information was 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 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, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Bank are detailed below:

PART A

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 Banking Regulation Act, 1949, the Companies Act, 2013 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 RBI.

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 of Association, 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 Companies Act, 2013. 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 RBI, 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 Companies Act, 2013 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 Banking Regulation Act, 1949 and the LODR Regulations. The Board shall include persons with professional and other experience as required under the Banking Regulation Act, 1949. Our Bank shall appoint such number of independent directors and woman director as may be required under the Companies Act, 2013, Banking Regulation Act, 1949 or any other law for the time being in force. Subject to Sections 152, 160 and other applicable provisions of the Companies Act, 2013 and Banking Regulation Act, 1949, 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 Companies Act, 2013 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 Companies Act, 2013 and the Banking Regulation Act, 1949 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 Companies Act, 2013 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 (excluding Directors, if any, whose place may be vacant at that time and any fraction contained in that one third being rounded-off as one), or 3 Directors, whichever is higher, provided that at least half of the directors attending the meetings of the board shall be independent directors. Provided further that where at any time the number of interested Directors exceeds or is equal to 2/3rd of the total strength of the number of the remaining Directors, that is to say, the number of directors who are not interested and present at the meeting being not less than 3, shall be the quorum during such time.

c. 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 Banking Regulation Act, 1949 and the guidelines, our Bank may appoint an Independent Director as the Chairman on part time basis with prior approval of RBI. All meetings of the Directors shall be presided over by the Chairman. But if at any meeting of the Directors the Chairman is not present at the time appointed for holding the same, then and in that case, the directors shall choose one amongst the Independent Directors to preside at the meeting.

Votes of Members

Subject to the provisions of the Companies Act, 2013, 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 Companies Act, 2013. 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 Banking Regulation Act, 1949.

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 Banking Regulation Act, 1949 are complied with. Subject to the provisions of Section 123 of the Companies Act, 2013 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 Companies Act, 2013 and Banking Regulation Act, 1949 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 Companies Act, 2013 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 Companies 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 Banking Regulation Act, 1949, the Companies Act, 2013 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 Companies Act, 2013 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 Companies Act, 2013 in which relief is granted

to him by the Court. Subject to the provisions of Section 197 of the Companies Act, 2013 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.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been 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 and were also made available on the website of the Bank which could be accessed at https://www.capitalbank.co.in/ipo-2023-documents.html. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, were available for inspection at our Registered Office and Corporate Office between 10 a.m. and 5 p.m. on all Working Days from the date of the Red Herring Prospectus until the Bid / Offer Closing Date (except for such agreements executed after the Bid / Offer Closing Date).

Material Contracts for the Offer

a) Offer Agreement dated September 28, 2023 between our Bank, the Selling Shareholders and the BRLMs, as amended pursuant to an amendment agreement dated January 15, 2024.

b) Registrar Agreement dated September 28, 2023 between our Bank, the Selling Shareholders and the Registrar to the Offer, as amended pursuant to an amendment agreement dated January 15, 2024.

c) Cash Escrow and Sponsor Bank Agreement dated February 1, 2024 between our Bank, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s), Sponsor Bank, Public Offer Account Bank and the Refund Bank(s).

d) Share Escrow Agreement dated September 28, 2023 between the Selling Shareholders, our Bank and the Share Escrow Agent, as amended pursuant to an amendment agreement dated January 15, 2024.

e) Syndicate Agreement dated January 31, 2024 between our Bank, the Selling Shareholders, the BRLMs, the Registrar to the Offer and Syndicate Members.

f) Underwriting Agreement dated February 10, 2024, between our Bank, the Selling Shareholders and the Underwriters.

A. Material Documents

a) Certified copies of the updated Memorandum of Association and Articles of Association of our Bank as amended from time to time.

b) RBI letter dated March 30, 2022 approving amendments to Articles of Association of our Bank.

c) Certificate of incorporation issued by the RoC dated May 31, 1999 to our Bank, under the name Capital Local Area Bank Limited.

d) Certificate of commencement of business issued by the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh dated August 12, 1999.

e) 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, 1949.

f) 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, 1949.

g) RBI letter dated February 16, 2017 with respect to the inclusion of our Bank in the second schedule of the RBI Act, 1934.

h) 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.

i) 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.

j) RBI letter dated April 21, 2022 approving the appointment of our Part-Time Chairman.

k) RBI letter dated April 4, 2022, approving the re-appointment of our Managing Director and Chief Executive Officer for a period of three years with effect from April 24, 2022.

l) 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.

m) Waiver cum amendment agreement dated September 27, 2023 executed among our Bank, PI Ventures, SIDBI, Amicus, OIJIF II, Sarvjit Singh Samra, Amarjit Singh Samra, Navneet Kaur Samra, Surinder Kaur Samra, Dinesh Gupta, Amarpreet Kaur, Shahbaz Singh Samra, Dinesh Gupta HUF and Santokh Singh Chhokar read with first amendment agreement dated January 15, 2024 to the waiver cum amendment agreement dated September 27, 2023.

n) Securities Subscription Agreement dated May 2, 2023 entered into by and among our Bank, Max Life Insurance Company Limited, Promoters and Santokh Singh Chokkar.

o) Resolution of the Board of Directors dated August 11, 2023 and January 15, 2024, authorising the Offer and other related matters.

p) Shareholders' resolution dated September 25, 2023, in relation to this Offer and other related matters.

q) Resolution of the Board of Directors dated September 25, 2023 approving the Draft Red Herring Prospectus.

r) Resolution of the Board of Directors dated February 1, 2024 approving the Red Herring Prospectus.

s) Copies of the annual reports of our Bank for the Fiscals 2023, 2022 and 2021.

t) The examination report of the Statutory Auditors dated January 15, 2024, on our Bank's Restated Financial Information, included in this Prospectus.

u) KPI Certificate dated February 1, 2024 from M/s VP Bhalla & Associates, independent chartered accountants.

v) Resolution dated January 15, 2024, passed by the Audit Committee approving the KPIs for disclosure.

w) ESOP 2023, ESOP 2018 and ESOP MRT.

x) The Restated Financial Information.

y) The statement of special tax benefits dated January 15, 2024, from the Statutory Auditors.

z) Affidavit dated January 13, 2024 furnished by our Bank confirming receipt of due amounts in respect of the Allotted Shares pursuant to allotments made on January 12, 2000, from each of the respective allottees and that the Allotted Shares have been allotted to concerned allottees/Promoters in compliance with applicable laws.

aa) A certificate dated January 15, 2024 issued by M/s VP Bhalla & Associates, independent chartered accountants, confirming that all allotments made under ESOP 2018 are made to eligible employees of the Bank.

bb) Board resolutions / authorisations and consents from the Selling Shareholders as disclosed in "*Other Regulatory and Statutory Disclosures*" on page 409.

cc) Written consent of the Directors, the BRLMs, the Syndicate Members, Legal Counsel to our Bank 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.

dd) Written consent dated January 15, 2024 from our Statutory Auditors, namely, M/s T R Chadha & Co. LLP, Chartered Accountants, to include their name in this 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 January 15, 2024, issued by it on our Restated Financial Information, and the statement of special tax benefits dated January 15, 2024 included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus.

ee) Report titled "*Report on Small Finance Banks and various loan products*" dated December, 2023, issued by CRISIL MI&A and the engagement letter dated August 16, 2021, read with the addendum dated July 11, 2023 and December 27, 2023.

ff) Due diligence certificate dated September 28, 2023 addressed to SEBI from the BRLMs.

gg) In principle listing approvals each dated December 8, 2023 issued by BSE and NSE, respectively.

hh) SEBI final observation letter dated January 8, 2024.

ii) Tripartite agreement dated August 11, 2017 between our Bank, NSDL and the Registrar to the Offer.

jj) 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 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, 2013 and other relevant laws.

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 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, 1992 as the case may be, have been complied with and no statement, disclosure and undertaking made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, 1956 the SCRR, the SEBI Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

_____

Navin Kumar Maini
Independent Director and Part – Time Chairman

Place: Delhi

Date: February 10, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 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, 1992 as the case may be, have been complied with and no statement, disclosure and undertaking made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, 1956 the SCRR, the SEBI Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

_____

Sarvjit Singh Samra
Managing Director and Chief Executive Officer

Place: Jalandhar

Date: February 10, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 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, 1992 as the case may be, have been complied with and no statement, disclosure and undertaking made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, 1956, the SCRR, the SEBI Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

_____

Munish Jain
Executive Director and Chief Financial Officer

Place: Jalandhar

Date: February 10, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 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, 1992 as the case may be, have been complied with and no statement, disclosure and undertaking made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, 1956, the SCRR, the SEBI Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

_____

Srinath Srinivasan
Non-Executive Director

Place: Mumbai

Date: February 10, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 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, 1992 as the case may be, have been complied with and no statement, disclosure and undertaking made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, 1956, the SCRR, the SEBI Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

_____

Mahesh Parasuraman
Non-Executive Director

Place: Bengaluru

Date: February 10, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 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, 1992 as the case may be, have been complied with and no statement, disclosure and undertaking made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, 1956, the SCRR, the SEBI Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

_____

Dinesh Gupta
Non-Executive Director

Place: Jalandhar

Date: February 10, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 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, 1992 as the case may be, have been complied with and no statement, disclosure and undertaking made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, 1956, the SCRR, the SEBI Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

_____

Gurpreet Singh Chug
Independent Director

Place: Jalandhar

Date: February 10, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 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, 1992 as the case may be, have been complied with and no statement, disclosure and undertaking made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, 1956, the SCRR, the SEBI Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

_____

Sham Singh Bains
Independent Director

Place: Alawalpur

Date: February 10, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 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, 1992 as the case may be, have been complied with and no statement, disclosure and undertaking made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, 1956, the SCRR, the SEBI Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

_____

Nageswara Rao Yalamanchili
Independent Director

Place: Mumbai

Date: February 10, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 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, 1992 as the case may be, have been complied with and no statement, disclosure and undertaking made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, 1956, the SCRR, the SEBI Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

_____

Balbir Singh
Non-Executive Director

Place: Chandigarh

Date: February 10, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 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, 1992 as the case may be, have been complied with and no statement, disclosure and undertaking made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, 1956, the SCRR, the SEBI Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

_____

Rachna Dikshit
Independent Director

Place: Gurgaon

Date: February 10, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 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, 1992 as the case may be, have been complied with and no statement, disclosure and undertaking made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, 1956, the SCRR, the SEBI Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

_____

Kamaldeep Singh Sangha
Independent Director

Place: Ludhiana

Date: February 10, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 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, 1992 as the case may be, have been complied with and no statement, disclosure and undertaking made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the SCRA, 1956, the SCRR, the SEBI Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR BANK

_____

Sukhen Pal Babuta
Independent Director

Place: Chandigarh

Date: February 10, 2024

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 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 Prospectus.

_____

Signed for and on behalf of **Oman India Joint Investment Fund II**

Name: Srinath Srinivasan

Designation: CEO

Place: Mumbai

Date: February 10, 2024

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 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 Prospectus.

_____

Signed for and on behalf of **Amicus Capital Private Equity I LLP**

Name: Mahesh Parasuraman

Designation: Authorised Signatory

Place: Bengaluru

Date: February 10, 2024

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 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 Prospectus.

_____

Signed for and on behalf of **Amicus Capital Partners India Fund I**

Name: Mahesh Parasuraman

Designation: Authorised Signatory

Place: Bengaluru

Date: February 10, 2024

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 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 Prospectus.

For and on behalf of Vijay Kumar Bhandari (jointly with Sneh Bhandari), Rachna Monga, Rashpal Singh (jointly with Surinder Kaur), Nalini Rampilla, Kalyana Chakravarthy Pilla, Darshna Devi and Ramesh Kaur

_____

Signed for and on behalf of the Other Selling Shareholders

Name: Amit Sharma

Designation: Company Secretary and Compliance Officer (POA Holder)

Place: Jalandhar

Date: February 10, 2024