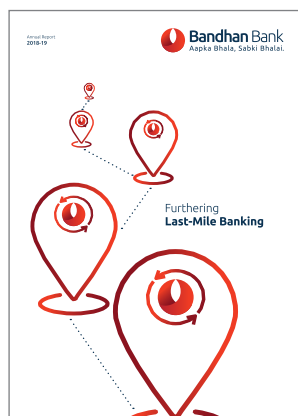




Furthering
Last-Mile Banking



About this report

Our key purpose is to ensure that every individual falls under the purview of formal banking. In order to achieve this, we are reaching out to the unbanked and underbanked population of the country and providing the rightful access to basic banking and financial services. Through this report, we are demonstrating how the Bank is living its purpose.

Forward-looking Statement

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Bank's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Bank cannot guarantee that these assumptions and expectations are accurate or will be realised. The Bank's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Bank assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events. The Bank has sourced the industry information from the publicly available resources and has not verified those information independently.

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Furthering Last-Mile Banking

Even after seven decades of Independence, India has the world's second-largest unbanked population, next only to China, according to the Global Findex Report. India's formal financial services ecosystem lags in physical infrastructure. A significant portion of the population continues to live under the shadow of financial duress – mainly due to the absence of planned household savings.



At Bandhan Bank, what drives us is our purpose – to be a Bank for all, big or small. Like other prominent banks, we provide our banking services to the urban populace. What distinguishes us, though, is our focus on reaching out to the unbanked and underbanked population across urban, semi-urban and rural India. And, helping them gain their rightful access to basic banking and financial services. We touch the lives of low-income households and integrate them into the formal banking system. We provide them access to formal credit and deposit services, like savings accounts and fixed deposits. Our focus is to support the economically weaker sections of the society. We aim to be one of the key enablers in broadening and deepening of financial services till the bottom of the pyramid. With this, our objective is to deliver a far-reaching change in India.

Our deep understanding of the unbanked and underbanked helps us serve our customers better. Through general banking branches and a customer-focussed service culture, we enable them with the banking habit. We also enable them in conducting regular banking and financial transactions. Through our deposit products, we encourage them to adopt the habit of small savings. In addition to this, we also have our effectively priced microcredit served through Doorstep Service Centres (DSC). Through this, we empower our customers in building sustainable livelihoods in a meaningful way.

We are bringing the “financially excluded” inside the perimeter of India’s formal banking sector. This is being achieved through proper delivery systems and information sharing mechanisms and with a mature product range and reach. We are converting them into India’s “banked” population, thus playing a key role in economic development.

Through our banking products and services, at par with any modern bank, we are reaching out to urban target audiences as well. We are on-boarding customers at an impressive rate and giving them benefits they would expect in this day and age. Our deposit products offer attractive interest rates, giving customers the benefit of better returns. Through our various interaction platforms, we know that our customer service, not just through call centre but also through branches, adds more value to customers’ lives.

Our formidable task is to ensure that every individual comes under the purview of formal banking. We promise to give every individual in India her rightful access to basic banking services and improve her essential living standards.

We are Bandhan Bank Limited

Bandhan Bank is focussed on serving the unbanked and underbanked population of India. It offers world-class banking solutions and financial services in the form of asset and liability products and services. It offers regular banking services, microfinance, MSME, and affordable housing finance to urban, semi-urban and rural customers. It works on the ethos of bringing those outside the purview of India's formal banking marketplace within the ecosystem.

The Bank has so far mobilised deposits worth ₹43,232 crore. Its outstanding loan book stands at ₹44,776 crore. It has 4,481 physical touchpoints pan-India which includes 986 branches, 3,014 Doorstep Service Centres (DSC) and 481 ATMs. Through this ecosystem, it serves more than 1.65 crore customers across India.

Bandhan Bank is a subsidiary of Bandhan Financial Holdings Limited (BFHL). BFHL is a wholly-owned subsidiary of Bandhan Financial Services Limited (BFSL). BFSL's public shareholders include International Finance Corporation (IFC), IFC FIG Investment Company, Small Industries Development Bank of India (SIDBI) and Caladium Investment Pte Ltd., a company managed by GIC Special Investments Private Limited.

Vision

To be a world-class bank for convenient and affordable financial solutions to all, in an inclusive and sustainable manner.

Mission

To provide our customers accessible, simple, cost-effective and innovative financial solutions in a courteous and responsible manner. To create value for all stakeholders through a committed team, robust policies and superior systems and technology.

Values

Our values are anchored around our business ethics, consumer focus and corporate responsibility towards society at large.

C Cost-effective and simple

R Respect for all

E Exemplary governance

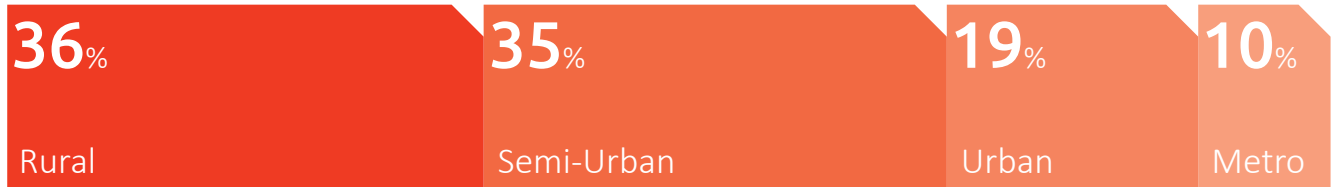
A Accountability, professionalism and discipline

T Transparency and integrity

E Effective teamwork and commitment

All figures mentioned in this report are as on March 31, 2019.

Focused on serving the unbanked



Key Highlights



986

Branches



3,014

DSCs



481

ATMs



1.65 crore

Customers



34

States & UTs



463

Districts

How We Performed

₹43,232 crore

Total Deposits

₹44,776 crore

Total Loans and Advances*

86.24%

Microloans among all assets

40.75%

CASA Ratio

4.23%

ROAA

19.00%

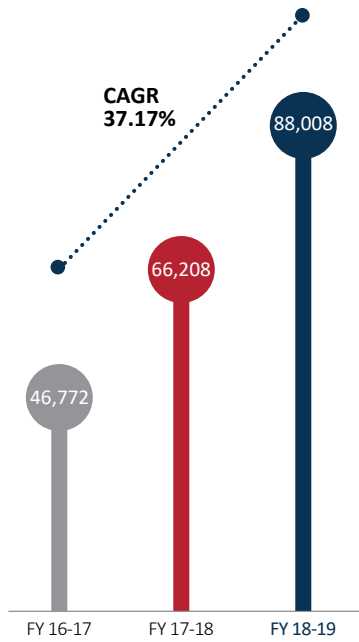
ROAE

Of the total deposits, 7% is from micro banking customers

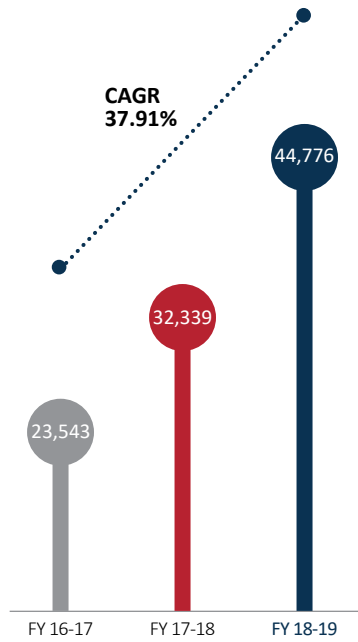
*On book + Off book

Our Financial Scorecard

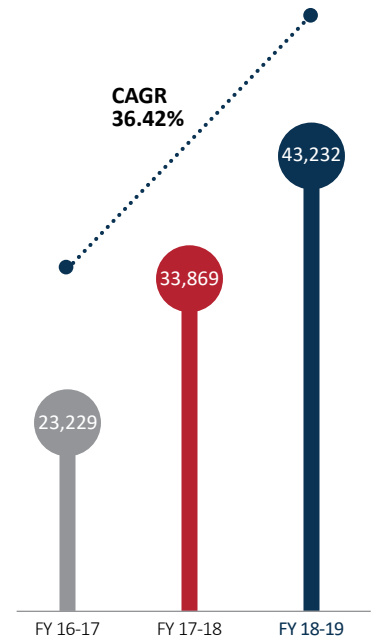
Total Business (₹ in crore)



Advances (₹ in crore)

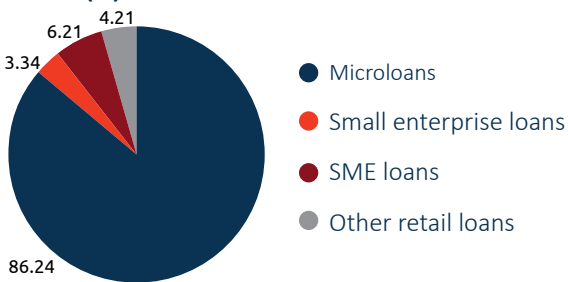


Deposits (₹ in crore)

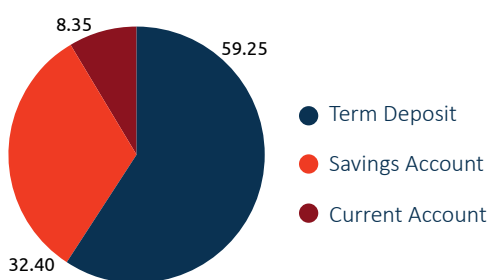


Business Mix in FY 2018-19

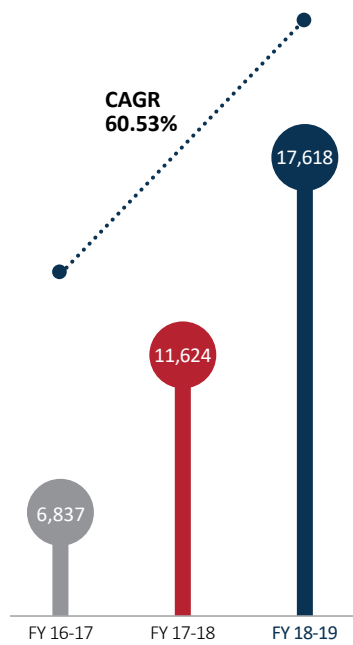
Assets (%)



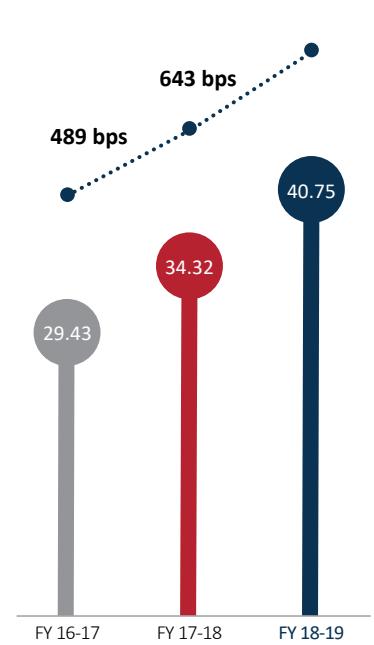
Liabilities (%)



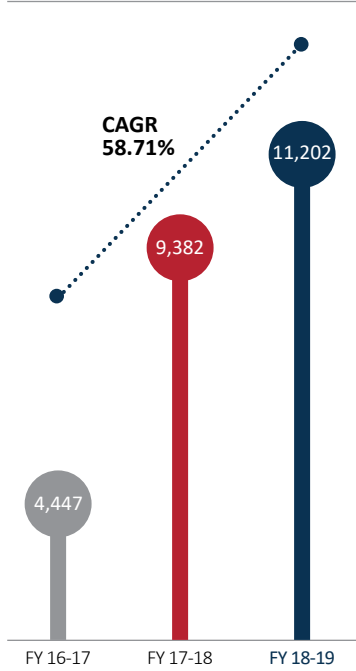
CASA



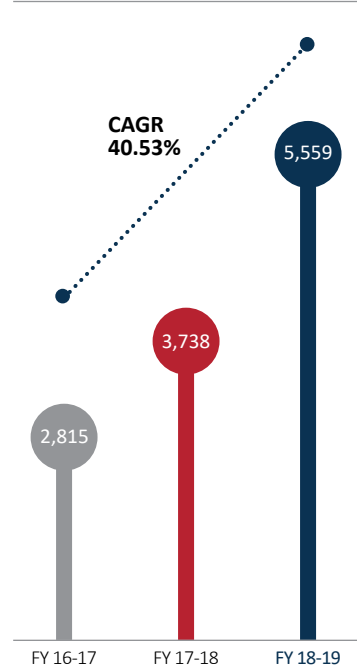
CASA Ratio



Net Worth (₹ in crore)

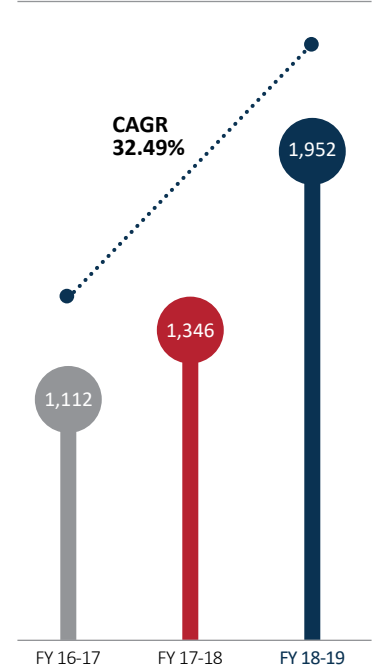


Total Income* (₹ in crore)

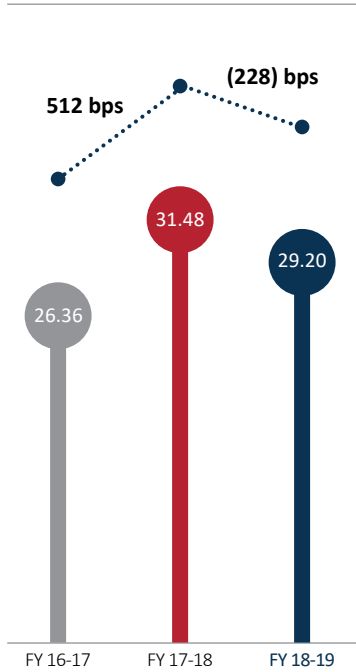


*Net of Interest expenses

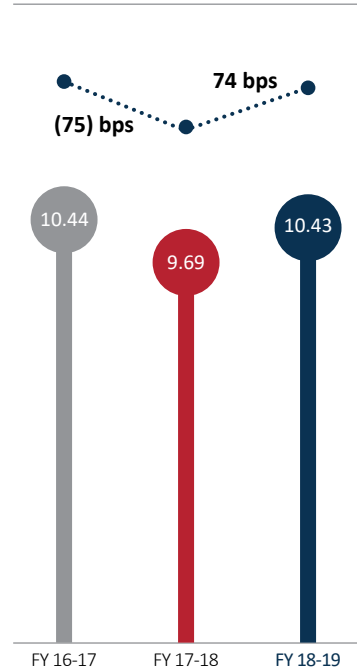
Profit After Tax (₹ in crore)



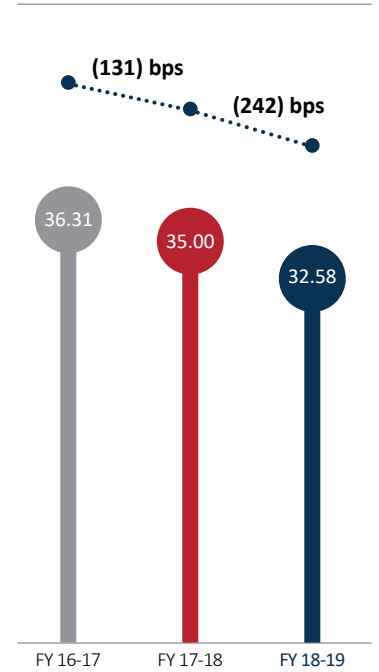
Capital Adequacy Ratio (%)



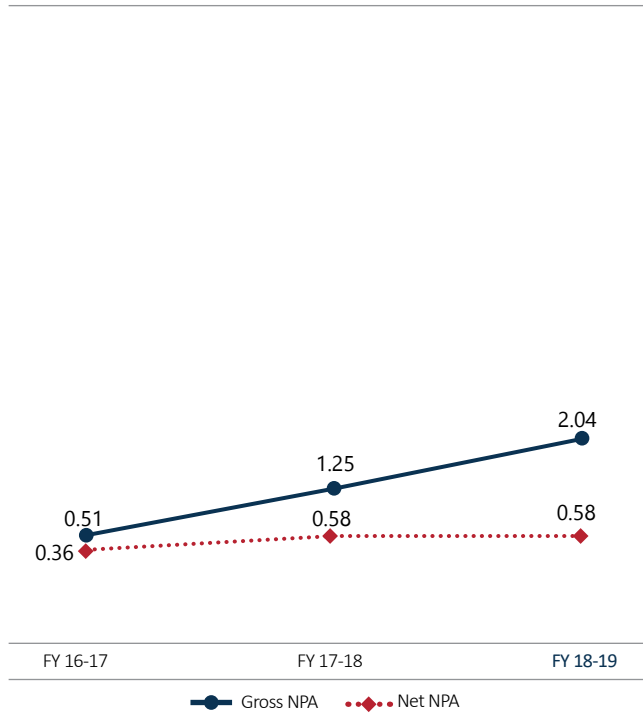
Net Interest Margin (%)



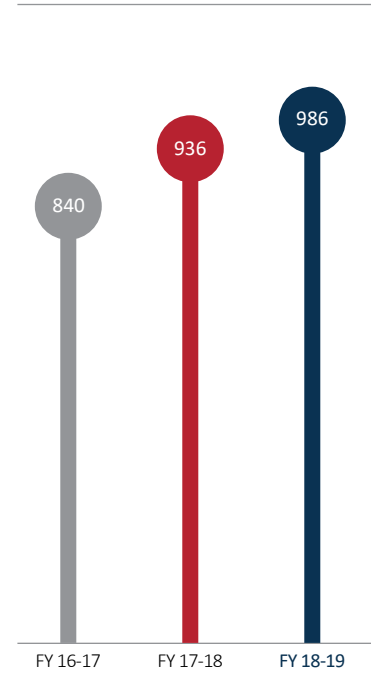
Cost to Income Ratio (%)



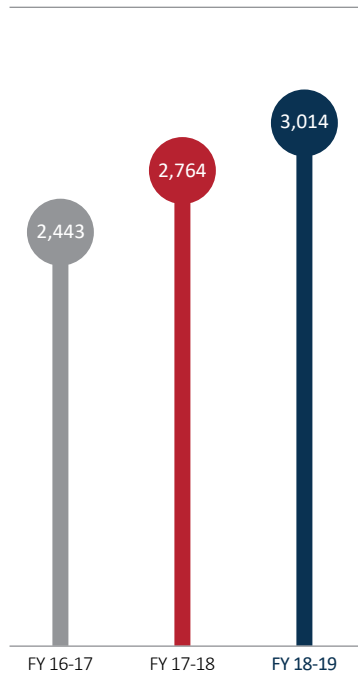
Gross & Net NPA (%)



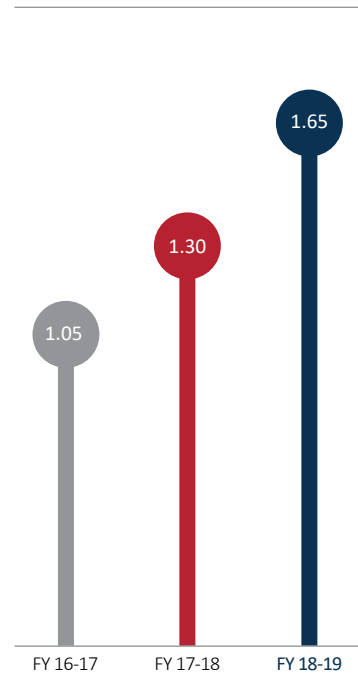
Branches



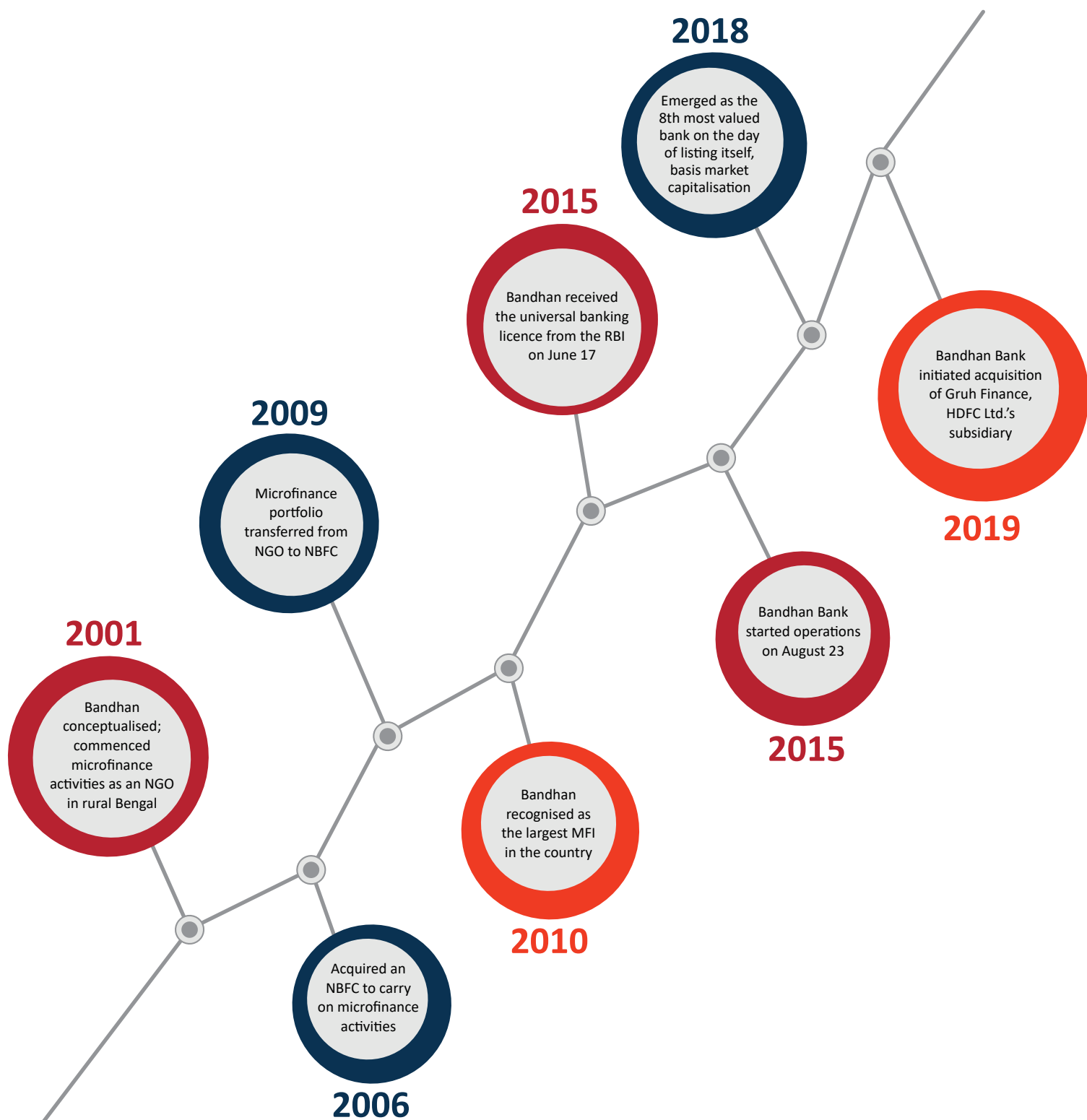
DSCs



Customer Base (crore)



Key Milestones



Building on a Legacy of Trust

Bandhan Bank is indeed the story of hope. From its humble beginning in 2001 as a not-for-profit microfinance organisation to its second avatar of a non-banking finance company, and finally, its transformation into a Universal Bank, it is the story of touching the lives of millions of people. It is the story of ensuring no one is denied the right to build a sustainable livelihood for herself.

The Humble Beginning

Bandhan-Konnagar commenced its journey as a not-for-profit organisation in 2001, with a modest capital of ₹2 lakh. The ignition was the plight of poverty-stricken women in the rural villages of West Bengal. Its goal was to empower these rural women with microcredit. It aimed to help them build sustainable livelihoods for themselves, thus bringing them out of poverty.

The Evolution

Bandhan-Konnagar kick-started its innovative trickle-up approach to poverty alleviation by offering small loans. These loans, which were as less as ₹1,000, were given to the economically weaker sections in Kolkata's suburban Konnagar town and the nearby Bagnan area. Chandra Shekhar Ghosh, the Founder of Bandhan-Konnagar and now the MD & CEO of Bandhan Bank, travelled to small villages across West Bengal to serve those at the bottom of the socio-economic pyramid. Bandhan's loans enabled that strata of the society to help them avoid turning to moneylenders and paying exorbitant rates of interest. In 2006, an NBFC was acquired and later, in 2009, the entire microfinance portfolio was transferred to the NBFC, Bandhan Financial Services Limited. In 2010, Bandhan became the largest microfinance company in the country.

The Logical Step

In April 2014, Bandhan received an in-principle approval for setting up a universal bank. On June 17, 2015, Chandra Shekhar Ghosh walked out of the Reserve Bank of India's Mumbai office with the coveted universal banking licence. Two months later, on August 23, Bandhan Bank commenced operations with 501 bank branches, 2,022 DSCs and an asset base of ₹10,500 crore. Its public shareholders then included International Finance Corporation; an arm of GIC, the sovereign wealth fund of Singapore; and Small Industries Development Bank of India.

The Big Leap

Today, within a span of three and a half years of operations, the Bank has a customer base of 1.65 crore. It has expanded its loan book to ₹44,776 crore, and mobilised ₹43,232 crore as deposits through its network of 986 branches, 3,014 DSCs and 481 ATMs. It provides all the basic services of a universal bank to India's unbanked population through its "brick-and-mortar" banking. With this, it gets them integrated into the formal banking system. The Bank continues providing microcredit to small borrowers, who often lack any credit history.

First

MFI to receive a universal banking licence

First

Bank to be set up in eastern India post-Independence

Numbers that Define Bandhan Bank

4,000

Total Banking Outlets

71%

Distribution Network in Rural and Semi-Urban Areas

32,342

Number of Employees on payrolls

31,973

Employees were trained in general banking and micro banking

3,50,000 km

Distance physically travelled by employees every single day to meet their customers (Distance from Earth to Moon is 3.8 lakh km)

3,000+

Microloans disbursed on an average every hour

99.28%

On-Time Repayment Rates

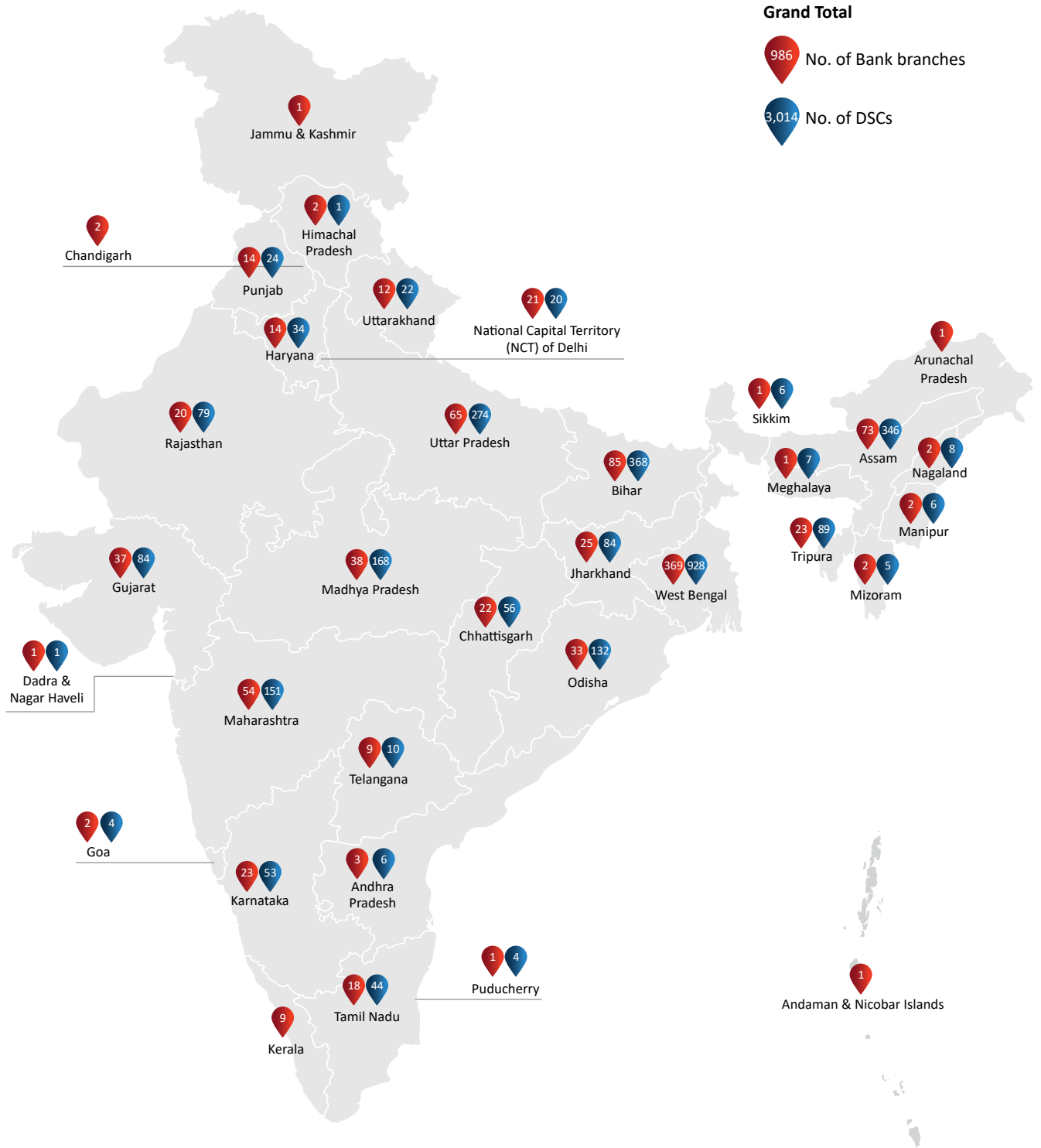
77.36%

Retail to Total Deposits

Our Growing Presence

As we keep expanding our physical presence across India, our singular aim is to provide last-mile connectivity to our customers. We are growing our customer base through the existing network. We are also reaching out to newer geographies and customers by opening new banking outlets – DSCs, bank branches and ATMs.

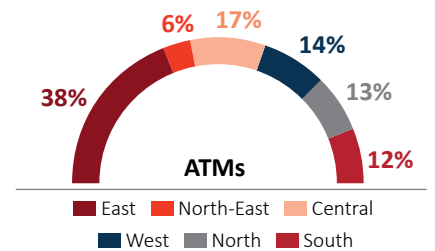
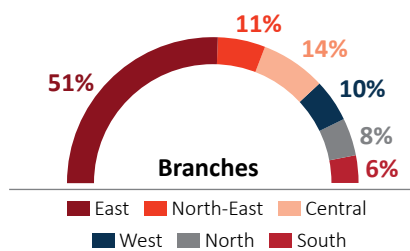
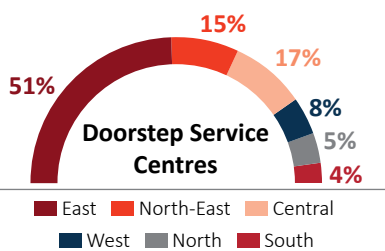




Grand Total

986 No. of Bank branches

3,014 No. of DSCs



Chairman's Message



Dear Shareholders,

It is with a great sense of satisfaction that we present to you our Annual Report for FY 2018-19.

Despite being independent for the past seven decades, a large majority of the Indian populace lives under the pressure of financial coercion, which is mainly due to lack of proper access to the formal banking system. A key factor driving the growth of the nation is mobilisation of formal financial resources at the grass-roots level. This is where your Bank is committed to make a difference, and also contribute to improving the lives of those who have no or limited access to banks.

Your Bank has been founded with a conscious mission to transform the lives of its customers by enabling them with access to banking and financial services, thereby furthering financial inclusion and last-mile delivery of banking services. Your Bank has built the reputation of being a responsible bank with a pan-India presence and multi-product delivery capability. However, our overarching ambition remains to enable financial literacy and financial liberation to low

income borrowers and depositors in rural and semi-urban India. We maintain our strategic focus on customers who otherwise lack any access to the formal financial marketplace. In doing so, we also put our forces to work in the urban centres to draw deposits for retail customers.

Points of Differentiation

Empowering the unbanked and underbanked, and thereby building the nation and contributing to its growth and development, has been and continues to be our raison d'être. Not only are we conducting our routine operations but also simultaneously creating huge value for society. So far, through our microloans aimed at creating sustainable livelihood, we have catalysed the development of millions of entrepreneurs who, in turn, have generated more jobs by way of a ripple effect leading to inclusive and sustainable growth.

Further, it is our keen understanding of this set of customers and their financial requirements that helps us serve them better and also keep our delinquency levels low. Besides financial assistance, your Bank also participates in a number of development oriented programmes targeted at the not-so-privileged sections of the society. Through our implementation partners, we run programmes aimed at poverty alleviation, health improvement, employment generation and sanitation, among others.

Industry Performance

The banking industry was at a crossroads during the year 2018-19. While it continued to support India's economic growth, it also grappled with challenges that tested its strength and resilience. The fag-end of the year witnessed some stability seeping into India's banking industry. The central bank's cutting of rates during its policy meetings also injected liquidity in the system. Additional capital infusion is also likely to help in meeting minimum capital norms.

Private Banks built their assets and increasingly focussed on the liability franchise too. Further, prudent expansion and focus, coupled with better products and interest rates, aided private sector banks and helped them gain market share across geographies. They also reported robust growth in credit in urban and rural markets, as against overall industry growth.

Connecting to Society

Even as the banking sector performed well, rural India has clearly been the “missing piece” in India’s banking landscape. There is a definite need for banking services to be expanded in India’s hinterlands to include those who are economically weaker and do not come under the purview of the formal financial marketplace. At Bandhan Bank, we continue our commitment to develop and provide sustainable and scalable banking and financial solutions to millions of unbanked people.

Your Bank’s principle of work underpins how we create a wide-scale impact on the broad stakeholders of society – country, local communities and people (customers and employees alike). Our key mission is to touch the lives of our customers who belong to the underserved households by providing them the required access to banking and financial services and resulting in their inclusive growth.

Strategic Priorities

Through our services in general banking as well as micro banking, we encourage people to gain confidence and enjoy better customer service. We empower them to take control of their own economic destiny. Our objective is simple – reaching out to more and more customers at the bottom of the pyramid while driving low-cost deposits from all centres; and in doing so, never compromising on the quality of business.

And as we remain poised to achieve this, we are strategically improving our reach to an increased population of India. By catering to all the segments – microcredit, banking, affordable housing and MSME credit – we continue our journey towards being a “bank for all”.

Conclusion

Moving forward, your Bank will look to expand, growing its portfolio of products, and prudently expanding geographic reach to create greater market impact. Our diversified teams and a well-entrenched distribution network, keeps us poised to meet our customers’ aspirations, and that of other stakeholders. This, along with an experienced and capable management, enables us to grow at a healthy pace.

Finally, I would like to mention that it has been a real privilege for me to serve you all as your Bank’s Chairman. I remain confident that the Board, and all the 32,000 plus employees will continue to work with dedication.

In doing all that we do, your Bank will never deter from its core belief-
Aapka Bhala, Sabki Bhalai.

Regards,

Dr. Anup Kumar Sinha



Private Banks built their assets and increasingly focussed on the liability franchise too. Further, prudent expansion and focus, coupled with better products and interest rates, aided private sector banks and helped them gain market share across geographies.

MD & CEO's Message



Dear Shareholders,

We are happy to connect with you yet again through our Annual Report for FY 2018-19. For the last three and a half years, Bandhan Bank has shown character and courage in surging ahead in the banking space. The past year, as well, has seen significant progress for your Bank, with noteworthy advancements in terms of scale of operations, customer base, portfolio, employee base and capabilities.

Your Bank's asset quality, loyal customer base, strong capitalisation, and a highly experienced management team make it an outlier in the banking segment. We see immense market potential with rising penetration, increasing average loan size, existing low credit penetration and the opportunity for faster growth.

Your Bank stands strong in its commitment to the unserved and underserved sections.

During the year, we continued to be guided by the Bank's core values – the foundation upon which the Bank has been built. We demonstrate these values in a variety of ways, including our commitment to transform lives, which is deeply embedded in our culture. Going by these values, we operate responsibly, execute with excellence and conduct business in a socially and environmentally responsible manner.

Furthering Last-Mile Banking

'Bandhan' means 'bond'. Our vision is to be a bank that connects with all those who need access to formal financial services. We recognise and own our responsibilities towards those outside the purview of India's formal banking system. With a formidable network of banking outlets in rural India, we play a complementary role in fulfilling the national priority of promoting financial inclusion for the economically weaker sections. Our general banking and micro banking services empower them to start their own businesses and build sustainable livelihoods for themselves. It is our understanding of this set of customers and our one-to-one connect with each of them that helps us build relationships and deliver growth. As we grow as a universal bank, our core purpose will remain steady, acting as a guiding light to our future course of action.

What truly sets your Bank apart is the all-pervasive impact it creates on customers through its general banking and micro banking services. Customer service, in fact, has been a strong differentiator for your Bank. Through 3,014 Doorstep Service Centres (DSC), 986 branches and 481 ATMs spread across 34 states and union territories, your Bank reaches out to a large cross section of this country. Around 71% of the branches/DSCs are in rural and semi-urban areas, thus furthering the objective of financial inclusion.

While your Bank has 4,000 establishments in terms of DSCs and branches, what gives us reach is the model of operations where our staff members travel miles every day to reach out to customers at their locations. We go the distance to further last-mile banking, take the Bank to the customer and build a special relationship with each of them. You will be happy to note an interesting piece of trivia. All employees at Bandhan Bank put together travel approximately 3.5 lakh km per day to reach out to customers. This is almost the distance from Earth to the Moon!

Operational and Financial Performance

This year marked an inflection point for Bandhan Bank. During the year, our core business of general banking and micro banking products and services, particularly in Retail including CASA, continued its stellar performance. Our total business grew by 32.9% at ₹88,008 crore, while net profit stood at ₹1,952 crore, higher by 45% over the previous year. Our capital adequacy ratio for the year was a healthy 29.2%.

Your Bank has been able to further last-mile banking by significantly increasing the number of customers it serves. The total number of customers stood at 1.65 crore, up by 26.9% over the previous year. What helped acquire more customers and serve the existing base is the extensive network your Bank has built. We added 50 bank branches and 250 DSCs during the year, resulting in a total of 986 bank branches and 3,014 DSCs by the year end. We are now “4,000 banking outlets strong” with a presence in 34 states and union territories.

We displayed stellar growth in our advances at ₹44,776 crore, which was 38.5% higher as compared to the previous year. Group-based lending model and sound risk management led to robust asset quality. We registered on-time repayment rate of over 99% for most of the financial year and our gross NPA is a low 2.04%.

A continued focus led our liabilities base to grow to ₹43,232 crore by the end of FY2019. There was robust traction in CASA at ₹17,618 crore, which translates to a CASA ratio of 40.75%. Keeping a close watch on costs further lowered our cost to income ratio to 32.58%. In terms of retail deposit growth, Central, West and East India led the way with 45%, 41% and 39% growth respectively. Also, of all the total liabilities, only 7% is from micro banking customers.

A major factor in the success of your Bank is the employee force that runs the Bank every day. We added 4,183 more employees to the Bank in the year. The passion and dedication with which the employees work to make Bandhan Bank a bank for all is the reason why we are the talk of the town. In many discussions with customers, I am told that the courteous service that they get at Bandhan Bank is what brings them back to the Bank each time. All this, is thanks to the committed staff.

Key Developments in the Year

RBI's Restrictions

In September 2018, RBI imposed two restrictions upon your Bank. One was that the Bank would have to take prior approval of the RBI to open new branches and the other stated that the remuneration of the MD & CEO would stand frozen at the current level. The former could have had an impact on how your Bank would go about business as usual. However, I am happy to share, as the results also prove, there hasn't been any adverse impact on your Bank. In fact, each time we applied for opening of new branches to the RBI, we received their nod. We received approvals for 65 new branch openings of which we opened 48 in the last financial year. The balance will be opened in the first quarter of FY 2019-20.

Bandhan Bank – Gruh Finance Merger

While your Bank grows organically at a commendable rate in the segments that it operates in, we also evaluate avenues for future growth from other segments. We have been providing credit to the not-so-privileged segment for almost two decades. Since August 2015, we have also offered savings accounts and fixed deposits services to our micro borrowers. The next logical movement was to help them with the finances to afford their own homes. This is where we believed that affordable housing should be our next strategic direction. A recent government declaration stated that there is demand for two crore housing units in the affordable segment and so far only a small percentage of that has been provided for. Looking at the potential and the promise of this line of business, we decided it was time for us to commit to it.

Gruh Finance is a formidable force in the affordable housing segment in India. On close evaluation, we found complementarities in the two businesses as well as certain commonalities. Their geographies of strength are where we are still building our strength. Similarly, the geographies in which we command a leadership position, they are not well entrenched. Gruh is a monoline business whereas Bandhan Bank is a full-fledged universal bank. Our assets are primarily short term whereas they have only long term assets. In terms of target segment, organisation culture, focus on

cost optimisation and ambition, both companies echo each other.

This merger will also help in bringing the stake of the Non-Operative Financial Holding Company (NOFHC) to 61% from 82%, a reduction that is in the direction of resolving the restrictions imposed by the RBI in September 2018.

The RBI, Stock Exchanges and the Competition Commission of India (CCI) have already granted their approval on the merger. The Bank has also applied for approval of the amalgamation to the Hon'ble National Company Law Tribunal (NCLT).

Moving Ahead

Today, we are a differentiated bank with an impeccable asset quality, low NPA, high return on assets and net interest margin, and a strong capital adequacy. We will strive to maintain the growth and quality of assets, with a continued focus on deposit and CASA accretion and also keep our costs under control.

Growth Frontiers

In India, a lot needs to be done in the rural areas to bank the unbanked population, and our aim is to continue to serve this segment by providing them with access to banking. In terms of key focus areas, MSMEs will be one segment considering the potential and the lack of penetration of credit in this segment. Retail banking segment will also be a key area of focus as we see healthy traction, given the vast unbanked and untapped customer base, particularly in rural areas.

Your Bank is fortunate and happy to have earned people's immense love and respect over the years. According to me, earning people's good wishes is the most important achievement. We do, though, understand that we still have a long way to go. We are scaling higher by expanding our presence in all the four corners of India, tapping business growth in branch network and doorstep service centres.

We remain committed to running our Bank the right way. We strive to build relationships and make investments that unlock potential for progress and prosperity. These are just some of the ways in which we are demonstrating our commitment to our customers.

Thanking you,
Warm regards,

Chandra Shekhar Ghosh

A Diverse and Effective Board



Dr. Anup Kumar Sinha
Non-Executive (Independent) Chairman

Dr. Sinha, an economist of repute, is currently the Director of Heritage Business School and an Insurance Regulatory and Development Authority of India (IRDAI) representative on the Life Insurance Council of India.

He was on the Board of the National Bank for Agriculture and Rural Development (NABARD). He served three terms on the Board of Governors at Indian Institute of Management–Calcutta (IIMC) and was also the Dean from 2003-06. He was a Professor of Economics at IIMC for 25 years.

Dr. Sinha holds a Ph.D. in Economics from the University of Southern California, Los Angeles and M.S. in Economics, University of Rochester, USA. He has been actively engaged in training and consulting for a number of organisations in the public and private sector, as well as for international agencies in the fields of economics. He has also authored publications on various topics including economics, rural economy and management.



Mr. Chandra Shekhar Ghosh
Managing Director & Chief Executive Officer

Mr. Ghosh has been one of foremost proponents of microfinance in India. He has more than 30 years of experience in the microfinance and development terrain. He founded Bandhan in 2001 as a not-for-profit enterprise that stood for financial inclusion and women empowerment through sustainable livelihood creation. He was on the forefront of its transformation into an NBFC-MFI and finally a universal bank in August 2015.

Mr. Ghosh has been appointed as the Chairman, Confederation of Indian Industry (CII), Eastern Region, apart from holding the Chairman position of CII's Economic Affairs, Finance & Taxation Committee. He also Co-Chairs the Financial Inclusion Committee of Federation of Indian Chambers of Commerce and Industry (FICCI). He is the Past President of the Bengal Chamber of Commerce and Industry (BCC&I). Mr. Ghosh was elected as 'Senior Ashoka Fellow' in 2007 by Ashoka Foundation (social entrepreneurship award).

An M.Sc. in Statistics, he also attended the HBS-ACCION programme on Strategic Leadership at Harvard Business School in April 2006.

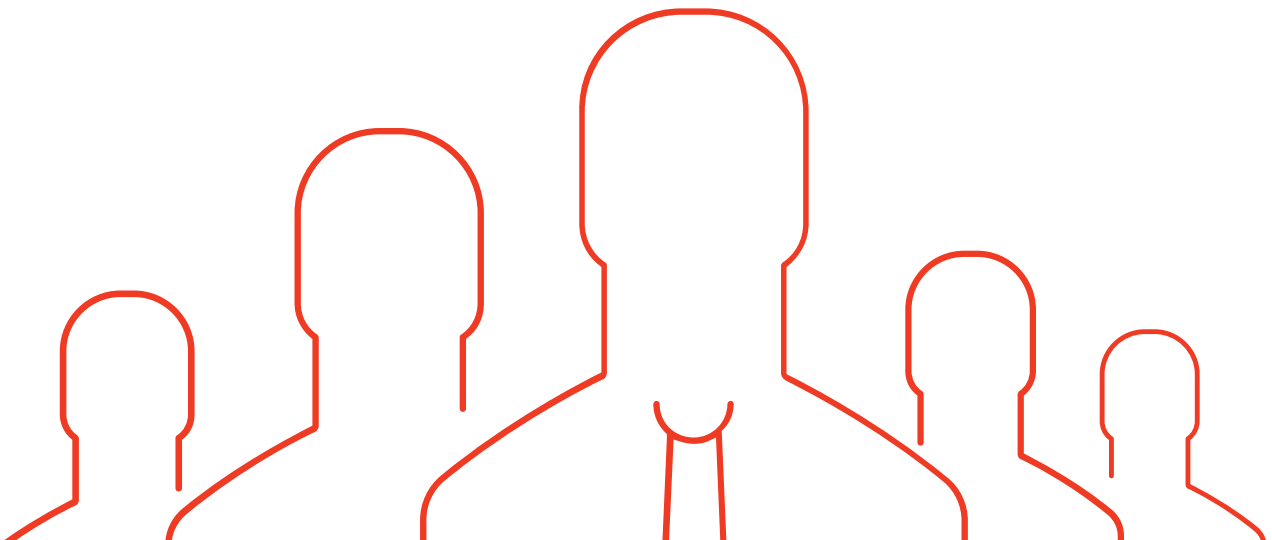


Mr. Harun Rasid Khan
Independent Director

Mr. Khan is currently a Senior Adviser (part-time) with KPMG India and Non-Executive Chairman of National Securities Clearing Corporation Limited.

He retired as the senior Deputy Governor of the Reserve Bank of India (RBI) in July 2016, after nearly 38 years of service. At RBI, he handled diverse areas and spearheaded major projects relating to financial markets, payment and settlement systems, financial inclusion, foreign exchange management and, banking regulation and supervision. He was instrumental in the formulation of the RBI's Payment System Vision 2018. He has overseen some of their major projects like establishment of CCIL, Core Banking Solutions, revamping of NEFT and introduction of UPI for retail payment.

An M.Phil. from Jawaharlal Nehru University and a PGDM graduate from Narsee Monjee Institute of Management Studies, he has been the nominee Director of RBI on the Board of several top Indian banks.




Mr. Bhaskar Sen

Independent Director

Mr. Sen retired as the Chairman and Managing Director (CMD) of United Bank of India. During his tenure as CMD, United Bank of India got listed and went through a major transition, particularly in the areas of systems, processes and corporate governance. He also served as the Executive Director of Dena Bank where he took major initiatives in IT and put the Bank on a robust CBS platform.

He started his career as Probationary Officer with Union Bank of India in the year 1974 and went on to become the General Manager. During his stint there, he handled General Banking, Rural Banking, treasury functions and overseas expansion. He was also on the Board of FIMMDA, National Insurance Company Limited, Industrial Investment Board of India (as CMD) and West Bengal Financial Corporation. He was also the Deputy Chairman of Indian Banks' Association (IBA), Mumbai. Mr. Sen is an honours graduate from University of Calcutta and a CAIIB.


Mr. Chintaman Mahadeo Dixit

Independent Director

Mr. Dixit is on the Boards of SBI Stock Holding Corporation of India Limited, GDA Management Consulting Private

Limited and SBI DFHI Limited. He has been associated in the audits of large public sector undertakings, public and private limited companies, nationalised and scheduled banks, NBFCs, Life Insurance Corporation of India and co-operative banks. He rendered consultancy services to public sector banks in the areas of turnaround strategies, restructuring, takeover, investigation among others.

Mr. Dixit is a Senior Partner at GD Apte & Co., Chartered Accountants, and has over 38 years of professional experience in finance and accountancy sector. He was on the Boards of Dena Bank, Indian Bank and Hindustan Antibiotics Limited.


Mr. Ranodeb Roy

Non-Executive Non-Independent Director

Mr. Roy is the co-founder and CEO of RV Capital Management Private Limited, an asset management company based in Singapore that he founded in November 2011.

He started his career with Bank of America in 1992 in Mumbai. He has worked at Merrill Lynch and at Morgan Stanley (Asia) Singapore Pte. as a Managing Director in the Fixed Income Division.

He holds an MBA from IIM, Ahmedabad, with a major in Finance and Marketing and a B.Tech. in Computer Science & Engineering from IIT, Kanpur.


Dr. Allamraju Subramanyu Ramasastrri

Additional Director (Independent)

Dr. Ramasastrri is presently the Director of Institute for Development and Research in Banking Technology (IDRBT). He is also on the Boards of IDBI Intech Limited, Data Security Council of India, Indian Financial Technology and Allied Services and Indian Institute of Banking and Finance.

He was the Chief General Manager-in-charge of Department of Information Technology at the RBI where he spearheaded significant projects including the implementation of the Next Generation RTGS, adoption of XBRL and ISO 20022, and preparation of IT Vision of RBI for 2011-17.

He guided Bank of Mauritius, Bank of Malaysia and Bank of Uganda on implementation of Data Warehouse and XBRL. At the International Monetary Fund and Bank of International Settlements, he delivered talks on standards and technology for data reporting. He has authored two books titled 'Quantitative Methods for Valuation of Assets' and 'Quantitative Methods for Banking and Finance'.

He holds a Ph.D. in Finance from IIT, Madras and was a top ranker in M.Sc. (Statistics), Madras University.

A Diverse and Effective Board



Dr. Holger Dirk Michaelis

Nominee Director
(Caladium Investment Pte. Ltd.)

Dr. Michaelis is currently a Senior Vice President of GIC Private Limited, overseeing portfolio, strategy and risk group. He has extensive experience in private equity and as a strategic adviser to financial services companies.

Previously, he was a Partner at the Boston Consulting Group where he worked in Germany and China.

Dr. Michaelis pursued his post-graduation in Business Administration (Finance) from UT Austin, USA and holds a doctorate degree in Economics from WHU Koblenz, Germany.



Mr. Santanu Mukherjee

Additional Director (Independent)

Mr. Mukherjee is currently on the Boards of Suven Life Sciences Limited, Donear Industries Limited and Bhanix Finance and Investment Limited.

He is the former Managing Director of State Bank of Hyderabad. He has around four decades of experience in the fields of banking, finance and risk management in various capacities. From 2013 to mid-2014, he was the acting Chief General Manager of State Bank of Bikaner and Jaipur. He has also worked as a CEO of State Bank of India, Paris, from 2004 to 2008. He holds a B.Sc. (Hons.) from Presidency College and is a CAIIB.



Mr. Sisir Kumar Chakrabarti

Independent Director

Mr. Chakrabarti is currently the Independent Director on West Bengal State Electricity Distribution Co. Ltd, Merino Industries Ltd. and Merino Panel Products Ltd.

He retired as Deputy Managing Director of Axis Bank in 2011 after serving the Bank in various capacities in several locations for 17 years. Before joining Axis Bank, he started his career as an officer with State Bank of Bikaner & Jaipur and worked for 21 years. He was also a member of Committee of Directors of Axis Bank & Chairman of Audit Committee of Executives. He was Chairman of Axis Sales & Securities Ltd. and Nominee Director of Experian Credit Information Services Ltd. and Busan Auto Finance Ltd. He is a graduate with honours in English Literature and a CAIIB.



Mr. Snehomoy Bhattacharya

Independent Director

Mr. Bhattacharya has 36 years of experience in the banking industry of which he spent equal time in the public and private sectors. He served as a Director on the Board of Axis Private Equity Limited. Subsequently, he was an adviser to Axis Bank on Leadership Development and Talent Management.

A qualified Cost Accountant, he started his career with State Bank of Bikaner and

Jaipur as Probationary Officer and reached the level of Chief Manager, International Banking. Thereafter, he moved to Axis Bank as Vice President and held various positions including that of the Executive Director (Corporate Affairs), where he oversaw the functioning of the human resources, compliance, internal audit, legal, corporate communications and corporate infrastructure departments. He was also the Head of Human Resources, and the Chairman of the Audit Committee of Executives at Axis Bank.



Ms. Thekedathumadam Subramani Raji Gain

Independent Director

Ms. Gain, is currently an Executive Director at Bankers Institute of Rural Development (BIRD).

She has significant experience in the field of agricultural and rural development. She has worked in various capacities in NABARD where she was involved in capacity building and conducted programmes on organisational and institutional development, microfinance, self-help groups, gender and participatory management. She is a postgraduate in Agricultural Physics from Indian Agricultural Research Institute, New Delhi.

Our Leadership Team

Deepankar Bose	Head, Corporate Centre
Santanu Banerjee	Head, Human Resources
Sunil Samdani	Chief Financial Officer
Nand Kumar Singh	Head, Banking Operations and Customer Services
Subhro Kumar Gupta	Chief Audit Executive
Sujoy Roy	Head, Branch Banking
Srinivasan Balachander	Chief Compliance Officer
Vijaykumar Ramakrishna	Chief Information Officer
Arvind Kanagasabai	Head, Treasury
Biswajit Das	Chief Risk Officer
Mahendra Mohan Gupta	Head, Legal
Ronendra Chowdhury	Head, Micro Banking
Saurabh Jain	Head, Wholesale Banking
Indranil Banerjee	Company Secretary
Nicky Sharma	Chief Strategy Officer

Our Compassion at Work

Bandhan Bank believes in a hi-touch model. We connect with our customers, not just for transactions but also emotionally. Our DBOs know about their customers' families, what they do, where they stay and their interactions go beyond just instalment payments and deposits. Our DBOs and DSC Heads are almost a part of their families. At our branches as well, we put great emphasis on customer service. Our senior citizen customers have mostly moved from various other banks to Bandhan Bank. They often shower compliments on our branch officials for the compassionate and considerate customer service.

We work on the guiding principle that “the more you demonstrate empathy for your customers and connect that experience to your key performance indicators (KPIs), the more value you will uncover”.

There is an uncomplicated simplicity in the manner which the Bank goes about its routine business. It is a bank that invests in compassion and empathy. It devotes itself to understanding the emotional needs and motivation of its customers, and aligns itself to meet them. It is driven by a constant desire to serve the economically weaker sections overlooked by the formal banking system. The Bank is a true example of how a “for-profit and commercial” bank can also be a model for a social cause.

Customers at the Centre of Everything

The basic principles and tenets that the Bank follows is what sets it apart in the banking space. Even while other banks generally maintain focus on balance sheet growth, Bandhan Bank clearly focusses on customer's growth, which results in a healthy balance sheet as well. Our basic philosophy is to reach out to an unbanked customer and associate with her through different touchpoints. We serve her in the best way possible, enabling real financial inclusion. Our purpose is to not just achieve financial literacy, but also financial liberation for customers.



Hi-Touch backed by Hi-Tech

The Bank follows a “hi-touch” model of banking. It places emphasis on face-to-face meetings with banking customers and borrowers to assess their needs and repayment abilities. At our Doorstep Service Centres, the target of each Doorstep Banking Officer (DBO) is to meet every single micro banking customer 52 times in a year. This helps understand them better and improve the quality of business. In general banking, too, we aim to address all the requirements of a customer – whether it is to open a bank account or a fixed deposit. We also sanction and disburse any type of loan – personal, gold, agri, home, business. At the heart of this hi-touch model is a

robust tech enablement that allows our on-ground staff to serve the customers better.

Our DBOs travel kilometres every day to meet the customers in person. To provide confidence in the collection process and give real-time update on loans, DBOs carry voice-enabled Hand-Held Devices (HHD). These devices are connected to our core banking system and provide customers with real-time information on loans. This is the best example of covering the last mile with the Bank reaching the customer.

Going the Extra Mile

Our endeavour is to serve our customers, even if it means going the extra mile.



Every single customer is greeted one-on-one and with a smile, particularly the Senior Citizens. In all our bank branches, we have dedicated Senior Citizen desks for priority service. Our Senior Citizen customers regard us for our ability to resolve issues quickly. But more importantly, they appreciate our courteousness and timely service. It is our compassion and approach that has enabled growing the customer base from 64 lakh during launch to 1.65 crore today.

For our micro banking customers, we also run financial literacy programmes to spread awareness of what their money can help them achieve. We impart literacy on loans and deposits with an attempt to bring in discipline in their money matters.

Creating an Impact

Your Bank has been able to create substantial impact on customers, markets and communities through the various business and community development initiatives. Today, 71% of our banking outlets are in rural and semi-urban areas, thus reaching out to the populace that needs better and more access to formal financial services. Through our microloans, we have empowered millions of women who have been able to become the financial powerhouses for their families. Our community development programmes have helped many not-so-privileged beneficiaries to not only develop sustainable livelihoods but also create a ripple effect through further employment generation. In the three and a half years of operations,

the Bank has nearly trebled its employee strength to 32,342, thus playing a significant role in employment generation.

Changing the Rules of the Game

Your Bank's genesis is to provide its services to those with no access to formal banking system in the under-penetrated markets. Your Bank offers world-class banking products and services to the urban, semi-urban and rural customers alike. What sets your Bank apart are the strong roots it has amongst the socially disadvantaged. An experience of nearly two decades in the MFI space enables it to understand the customer in that segment. And it is this understanding that helps the Bank contain risks and maintain low delinquency levels.

We Believe in Hope. We Invest in People.



We understand that people matter. Our larger objective is to enhance livelihood opportunities for our customers and help them attain sustainability and self-sufficiency. We aim to usher in life-transformation by unravelling the power of credit for those who need it the most. It is this approach that is empowering the ecosystem and creating wide-scale impact.

Here are a few instances.

Shardaben Bhavsar

Ahmedabad, Gujarat



“Bandhan Bank unlocked new avenues for my business and helped me redefine my family’s future.”

Shardaben Bhavsar, a resident of Ahmedabad led a modest and laborious life, before taking the reins of destiny into her own hands, with a little help from Bandhan Bank.

Her husband owned a cloth printing machine, which was their only source of income. Owing to the dwindling demand, the profits of her husband’s business were on a steep decline. Shardaben was in dire need of reinventing their business to stop their plummeting yields.

With a zeal to secure the future of her business, Shardaben reached out to Bandhan Bank for a loan to start their own manufacturing unit. In 2012, she borrowed ₹15,000 from the Bank to buy a sewing machine for her son who worked as a tailor. In two years, she was able to kick-start the manufacturing business with women’s leggings as their first product. Slowly and steadily, with the help of another loan of ₹40,000, she purchased three more machines. With the tailoring business gaining significant momentum, the cloth printing business took a back seat and so did its losses. They evolved their products as per industry and market needs. Currently, they own 14 tailoring machines and have been able to offer employment to 15 people. The Bhavsars are currently in their seventh loan cycle of ₹1,50,000 and are looking to expand to other verticals as well. They are in the process of acquiring a larger space for accommodating 25 machines and subsequently increase their production capacities.

Shardaben believes that her relationship with Bandhan Bank has been a life changing experience for her business and family.

Nilam Devi

Begusarai, Bihar



“Bandhan Bank’s support has paved the way for my entrepreneurial journey along with sustained financial stability”

Nilam’s journey is a story of relentless perseverance. She has been a harbinger of change for her family and the women in her community.

Nilam’s husband, a farmer, was the sole earning member of the family. He could barely make two ends meet. In spite of her inherent societal inadequacies, she was determined to increase the financial income of the family.

However, she was unable to obtain a loan from mainstream financial bodies owing to the long list of complex documents required. The longer she waited, her goal of starting her own business moved farther away.

Nilam saw the light at the end of the tunnel when she heard about Bandhan Bank. With a simplified application process, she was able to apply and avail her first loan of ₹10,000 from the Bank. She utilised the funds to start her own costume jewellery shop. She gave a new lease of life to her family with her innovative venture. Expressing her gratitude, she says, “Bandhan Bank has helped me step in to the entrepreneurial world and transform myself from job seeker to job giver”.

She believes that her financial independence has also helped her champion the cause of her children’s education. Her son is now a student of engineering whereas her daughter is in the 12th standard.

Sumathi Balasubramaniam Pillai

Silvassa, Dadra & Nagar Haveli



“With Bandhan Bank by our side, we are hopeful to expand our business even further”

Sumathi’s husband was a small time cloth manufacturer. He was in the business of manufacturing plain white cloth and supplying that to traders. His earnings could hardly sustain the family of five. To make matters worse, his machine broke down and this reduced the supply of cloth to his vendor. The improper functioning of the machine caused serious setback to his business.

At this juncture, Sumathi availed a loan of ₹35,000 from Bandhan Bank to purchase a new machine. This support from the Bank came in as a blessing and helped revive their business. Since then there has been no looking back for them! Their sales witnessed an all-time high, demands increased to such an extent that they have now employed three workers. At present, they have two fully functioning machines. Their association with Bandhan Bank continues to thrive. Sumathi is currently in her fifth loan cycle of ₹1,30,000 and has reinvested the money in the expansion of the business. She is happy that her two sons have been able to pursue higher studies, all thanks to the financial support she received from Bandhan Bank that transformed the family’s life.

Value Creation for Stakeholders

At Bandhan Bank, creating value is our central proposition. We aim to be a Bank that truly matters in the lives of all our stakeholders. The foundation on which we build value for stakeholders is the core of our business model. Besides delivering consistent value to our stakeholders, we also measure the impact to increase its effectiveness.



INDUSTRY

Your Bank focusses on a segment that is outside the formal banking system and often has no credit history. With this approach, it becomes an active participant in revolutionising India's banking sector. Our unique business model covers the unbanked and underbanked as well as the urban-banked populace looking for better or more banking services. The former remains our key focus area. By bringing a large population into the formal financial system, your Bank has changed the money habits of people, thus contributing to industry growth.



CUSTOMERS

We listen carefully to our customer, focus on what she really values and offer services straight from the heart. With honesty and straightforwardness in our dealings, we consistently deliver what we promise. This approach has helped us in expanding our customer base to 1.65 crore in just over three and a half years of operations. Furthermore, as we transformed to a bank from an MFI, we passed on the benefit of lower cost of funds to the customer. We have brought down the interest rate on microloans from 22.40% per annum, which was a day before we started the Bank, to the current 18.65%. Our current interest rate on microlending is the lowest in the country. For our Senior Citizens, in FY 2018-19, the differential interest rates on fixed deposits was 0.75% more than the standard rate.



EMPLOYEES

We have been the largest recruiter in India's banking industry for the past three years. Our total employee base has increased from 28,159 in FY2018 to 32,342 in FY2019. From about 13,000 at the time of launching operations, the employee base has nearly trebled. To build human resource capabilities, your Bank hires people with the right quality and experience. With best-in-class training, your Bank strives to empower employees by upskilling them in competencies that ultimately lead to superior customer experience and value delivery.



COUNTRY

Our business model is built on furthering financial inclusion, thereby empowering the underserved population of India. We create women entrepreneurs and generate employment opportunities. Today, your Bank has graduated from being a mere service provider into a national opportunity creator. As a Bank, we have been adding thousands of accounts per day, a significant portion of which is from the society's poorest sections. With this, we usher the unbanked under the purview of the formal banking system and contribute to economic development.



SHAREHOLDERS

We are a differentiated commercial bank with our growth drivers in place. We rank 7th largest among the public and private banks in India in terms of market capitalisation. Today, we have over two lakh shareholders. We continuously engage with our key stakeholders to update about internal developments. We also maintain extremely high governance standards.



SOCIETY

Your Bank supports several development programmes to transform the lives of the disadvantaged and extend our holistic support to the marginalised community. Our objective behind this is to increase their level of awareness, and help them build long-term relationships with the society and with each other, thereby making them self-sufficient, independent and organised.

Leveraging Core Strengths to Better Serve Customers

Our core strength lies in understanding our customers and building strong ties with them. We are leveraging our vast experience in micro banking and retail strength to expand presence and reach out to newer customers. We use our technological capabilities and analytics to understand the needs of customers effectively and serve them accordingly.

Our experience in microfinance gives us a clear understanding of the retail customer. We are leveraging our “retail only” focus, experience, resources and capabilities of understanding this segment of customers. This is used to expand into other segments and grow the loan book. Our thorough understanding of the small borrower, coupled with low NPA, gives us the confidence to serve these customers through additional touchpoints and expand our business.

We are working to maintain a clear dominating presence in core MFI. Our aim is to provide a diversified set of products to our customers and gradually move up the value chain. We are also constantly reviewing our products and services to ensure they keep pace with the changing needs of customers.



We have successfully developed a large diversified retail liability base. Our low-cost CASA stood at a healthy 40.75% of total deposits.

New Products

At Bandhan Bank, we were convinced that we need not have all banking products on day one of operations. We started with basic banking products in lending and deposits, and kept adding to the portfolio. What helps in quick adoption of new products is your Bank’s huge customer base to whom we pitch new products based on needs.

Strong Liability Book

We have built a strong retail book. We have successfully developed a large diversified retail liability base. Our low-cost CASA stood at a healthy 40.75% of total deposits. As we expand our branch network and reach out to newer geographies, we will drive more deposits.

Moving Forward

Today, we have 986 bank branches, 3,014 Doorstep Service Centres, and 481 ATMs across India. As a clear business strategy, we are working towards strengthening our product portfolio and maintaining quality of our assets. We also have a continued focus on deposit and CASA accretion. Moving ahead, MSME will be a key focus area to scale higher and expand our presence.



Our Product Suite

We provide a comprehensive, uniquely designed and growing product portfolio with attractive features and new offerings. Our wide spectrum of asset and liability products and services is designed for our customers in urban, semi-urban and rural India.

RETAIL LIABILITY PRODUCTS

Savings Account

- a. **Premium Savings Account**
This account is offered at a Monthly Average Balance (MAB) of ₹1 lakh. It offers hassle-free banking with seamless banking privileges and complimentary premium services to the customers.
- b. **Advantage Savings Account**
At ₹25,000 MAB, this account offers exclusive banking benefits and unique services, improved access and higher transaction limits, including access to a higher rate of interest and transactions.
- c. **Standard Savings Account**
It offers enhanced banking and superior banking experience with minimum monthly balance requirements, including higher quality banking needs.
- d. **Special Savings Account**
A carefully crafted banking product for the differently abled with diverse needs. Being sensitive to their needs, the Bank offers higher benefits with lower MAB maintenance facilities.
- e. **Sanchay Savings Account**
This account allows improved access to money and makes tracking of the account activity easy. We offer complete doorstep services to our Sanchay customers.
- f. **TASC Savings Account**
Designed to support non-profit entities, the SB-TASC (Trust, Association, Society and Club) is a

savings account offering to non-profit organisations like Trusts, Associations, Societies, Clubs, NGOs, Hospitals, Educational and Research Institutes and entities eligible for a Savings Account as per RBI Guidelines.

- g. **GOS Savings Account**
This account is available to government departments/bodies/agencies for grants/subsidies released for the implementation of various programmes and schemes, sponsored by the Government of India/State Governments, as per RBI Guidelines.
- h. **BSBDA Savings Account**
The product promotes financial inclusion, targeting the unbanked segments of the society with limited access to banking services in any form.
- i. **BSBDA Small Savings Account**
Designed to enable the common man to open and maintain a bank account, the zero balance BSBDA Small-Basic Savings Bank Account can be opened with minimum documentation.

Savings Accounts: Key Benefits

6% interest on deposits above ₹1 lakh

Exclusive banking services and lifestyle privileges for Premium Savings Accounts

Higher transaction limit

Mobile and Internet Banking services for ease of tracking money

Zero penalties on non-maintenance of Monthly Average Balance

NRI Accounts

These accounts are packed with exciting features and benefits. They also offer flexibility to earn attractive returns on savings and fixed deposits. Also now the customers can remit money to their NRI account through SWIFT from overseas with the best conversion rate.

NRI Accounts: Key Benefits

Secured channel for fund transfer

Direct credit to your Bandhan Bank account

Most convenient channel for creating Foreign Currency Non-Resident (FCNR) deposits

Inward remittances are accepted in USD, GBP and EUR

Corporate Salary Account

The Bandhan Bank Salary product is designed to provide a range of banking solutions. Customers have instant access to funds across the vast Bandhan Bank network, thus offering the convenience of banking. There are also exciting offers and discounts on Bandhan Bank's ATM/Debit card.

Salary Account: Key Benefits

Higher transaction limit at other bank ATMs

Daily ATM cash withdrawal and shopping

Account Number Portability

Anywhere, Anytime Banking using our Internet & Mobile Banking platforms

Current Account

- a. **Biz Premium Current Account**
The Biz Premium Current Account allows you to enjoy a host of privileges with an MAB requirement of ₹1,00,000.
- b. **Biz Advantage Current Account**
Provides improved services with an MAB of ₹25,000, along with several enhanced benefits that help manage and grow money with ease.
- c. **Biz Standard Current Account**
Offers best-in-class value to the customers with an MAB of ₹5,000. Best suited for small business owners who require seamless and simple banking services to grow business and money.
- d. **TASC Current Account**
TASC (Trusts, Associations, Society and Clubs Current Account) offers secure banking solutions to Institutions, non-profit organisations, NGOs, trusts, associations, societies, clubs, hospitals and educational institutions. With a monthly average balance of ₹25,000, customers can enjoy complete banking solutions.
- e. **GOS Current Account**
A premium high-end current account aimed at handling the banking and transactional needs of Government Organisations. Carefully crafted to deliver a wide array of solutions to cater to all requirements.

Current Accounts: Key Benefits

Internet banking

Anywhere free banking and higher cash deposits

Higher and privileged other bank ATM withdrawals

Higher transaction limits

At-par cheque facilities in multiple cities

Fixed Deposits

- a. **Premium Fixed Deposit**
Helps grow customer's money with added advantages and differential interest rates for high value deposits. Offers minimum ₹2 crore deposit for select customers for tenures ranging from 7 days to 10 years. Offers a range of privileged benefits, flexibility and ease of account closure.
- b. **Advantage Fixed Deposit**
With this reinvestment plan, one can earn interest that is compounded quarterly and reinvested with the principal amount.
- c. **Standard Fixed Deposit**
The traditional fixed deposit offers monthly and quarterly interest pay-out schedules to ease monetary needs of the customer base and help grow savings and earn better interest rates as per the convenience of the customer.
- d. **Tax Saver Fixed Deposit**
Offers tax saving investment options under Section 80C of the IT Act, with minimum deposit of ₹1,000 and maximum of ₹1.5 lakh in a year. Helps save hard earned income, with benefits and convenience of maximising wealth.
- e. **Recurring Deposits**
A steady income option that can be operated singly or jointly and can be opened with a minimum instalment of ₹100, with tenures ranging from 6 months to 10 years.

Dhan Samriddhi (Cash Certificate Scheme)

Helps in monetary growth by earning interest that is compounded quarterly and reinvested with principal amount. Maturity period ranges from 6 months to 10 years. Boosts income generation by helping meet future financial goals.

EDC-PoS Terminals

Set up merchant acquiring business to increase penetration of PoS terminals in smaller, but cash-intensive towns and villages. Aims to promote a less-cash economy aligning with needs of the government's digital economy goals. Offers services to small businesses operating in urban, semi-urban and other remote locations.

Fixed Deposit: Key Benefits

Automatic renewal deposits feature with less than ₹1 crore of face value

Differential rates and higher rate of interest for high-value deposits

Premature withdrawal option

Overdraft facilities offering against fixed deposits

Our Product Suite



ASSET PRODUCTS

- a. **SME Loans**
Loan offerings include enhanced liquidity, insurance and simplified processes. Also offer ease of payment with low interest rates.
- b. **Micro Banking Loans**
Offers a wide array of loans to benefit small business owners in need of financial assistance. Helps grow additional income generation avenues and offers enhanced opportunities to women entrepreneurs to achieve their business goals.
- c. **Agricultural Loans**
Offers farmers of India the opportunity to secure their future with a range of products – livestock, warehousing and crops. Benefits farmers with attractive interest rates, insurance, age eligibility up to 75 years and doorstep services.
- d. **Retail Loans**
Offers an opportunity to build, buy or reconstruct homes and further life goals; two-wheeler and personal loans also offered with comprehensive options and flexible terms.
- e. **Small Enterprise Loans**
Enhances business with working capital and term loans, with ticket size starting from ₹1 lakh to ₹10 lakh, with composite facilities and flexible payment options.
- f. **Gold Loans**
Aiming at fulfilling quick and urgent monetary needs; easily accessible with simplified documentation process and quick turnaround time. Provides quick accessibility to a jewellery assessor for instant disbursements.

THIRD-PARTY PRODUCTS

The Bank offers a host of third-party products under three main categories – non-life insurance, life insurance and mutual funds.

The strategic focus of the Bank is to become a one-stop shop experience for all banking services to its customers. Accordingly, the Bank has a distribution model for third-party products. In order to further strengthen customer proposition, the Bank assesses the customer requirements and risk profile and accordingly tries to fulfil their needs.

Non-Life Insurance

Offers general insurance products from New India Assurance Company Ltd and Bajaj Allianz General Insurance Company Limited;

offers health insurance products from Apollo Munich Health Insurance Company Ltd.

Non-Life Insurance Products Offered:

- Motor insurance
- Health insurance
- Critical illness insurance
- Fire and allied perils insurance
- Personal accident insurance
- Home insurance

Life Insurance

The Bank offers life insurance products in partnership with HDFC Life Insurance Company Ltd. and Bajaj Allianz Life Insurance Company Ltd.

Life Insurance Products Offered:

- Term Plans
- Traditional Endowment Plans
- Credit Cover for loan products

Mutual Funds

The Bank offers select equity and debt mutual fund products in association with nine Asset Management Companies:

- Franklin Templeton India Mutual Fund
- HDFC Mutual Fund
- ICICI Prudential Mutual Fund
- UTI Mutual Fund
- Reliance Mutual Fund
- SBI Mutual Fund
- Aditya Birla Sunlife Mutual Fund
- Kotak Mutual Fund
- Axis Mutual Fund

DIGITAL PRODUCTS

One of our primary strategies is to offer digital and technological solutions to enable growth and reduce costs. Our ability to undertake banking transactions through digital channels is an important key to our growth and success.

a. Mobile Banking (mBandhan App)

mBandhan is the easiest mobile banking application, designed to meet the daily banking needs of our customers. The user interface of mBandhan is extremely simple, making it very easy for even non-tech savvy people to use mobile banking. With mobile banking, the customers can access and manage the account on their respective phones. One can check account balance, make fund transfers, request a cheque book, open a fixed deposit, block a card, and do much more.

b. Internet Banking

We offer Internet Banking services to our customers through our website www.bandhanbank.com through which we offer various

services. Some of these are – inter-bank and intra-bank fund transfers, utility bill payments, mandate maintenance, cheque book requests, ATM PIN regeneration and opening of fixed deposit accounts. The Internet Banking facilities provide the ability to view account details, loan details, transaction status and cheque status. It also offers online fund transfer through NEFT, RTGS and IMPS, scheduling payments for future dates, and setting up of standing transactions for recurring expenses, online opening of term deposits, modification of beneficiary for fund transfer, and online bill pay.

c. Tab-based Banking

We harnessed technology further to introduce tablet banking (tab-banking) facility for our micro banking customers. Through this, the tablet is used to accelerate the account opening process. This process eases documentation, reduces cost and increases the turnaround time. Tab-based banking facilitates both asset

and liability products. This helps us reach out to potential customers.

d. Hand-Held Devices

These time-tested hand-held point-of-sale devices are utilised for taking deposits from the doorstep of our customers, who can also withdraw money from their accounts. The Hand-Held Devices are also used for collecting credit instalments from customers. Transactions through these devices through biometric authentication work out to be cost-effective even in metros. The DSC employees visit customers' residences and utilise these devices which is connected with the Core Banking System via the Internet to process loan applications, enabling low IT costs.

e. Point of Sale Solutions

We also offer debit and credit card-based merchant PoS solutions (card swiping machines) and Aadhaar-enabled mobile PoS terminals. The launch of Bharat QR Code also enables peer-to-peer payments.

Our Human Capital

Bandhan Bank is dependable, high performing and human. We are a bank that measures economic success with our social responsibilities, building on our business model's core strengths. We firmly believe that people are our greatest asset and our primary source of competitiveness in the industry. It is our people who are enabling us to achieve our strategic mission with an undaunted commitment.

We remain focussed on integrating our corporate values and aligning the personal aspirations of our Bank with that of our business objectives. The Bank has been a huge employment generator for the banking industry over the past three years. We trebled our workforce from about 13,000 at the time of launch to 32,342 currently, thus adding nearly 20,000 people on our payrolls.

Many HR practices that we adopt help drive the culture of performance and alignment to our overall vision. As our business grows, we are building the right capabilities and capacities at all levels. To get the right skill set in order, we are hiring the right mix of people with the relevant banking experience across levels.

It is in the DNA of the Bank to trust people to take up responsibilities and prove their mettle – the entire business philosophy of helping people develop sustainable livelihoods is based on this.

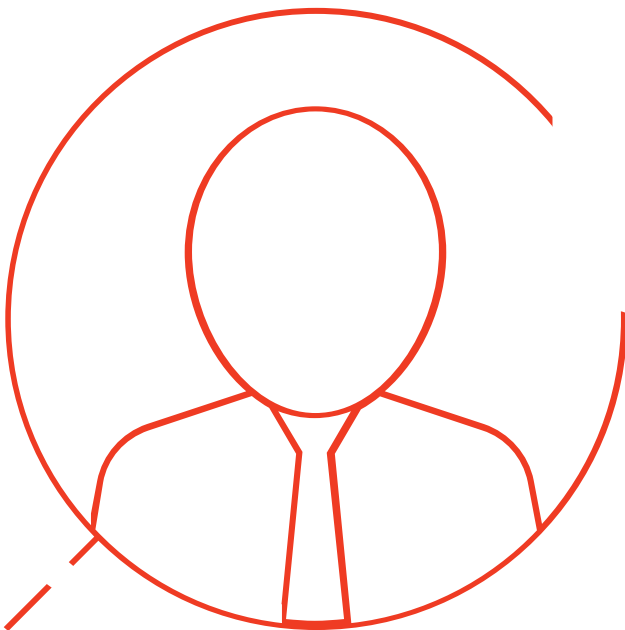
Many believe that since we are a Kolkata-based bank, much of the workforce in the head office would be from the city. Contrary to this, we have a mix of people who have moved cities and settled in Kolkata to work for the Bank. The mix of opportunity of the role, early success of the Bank, and shared vision has made this possible. Today, we are a national bank with a diverse set of people from various cultures and beliefs.

Training Centres

We realise the need for consistent training at the Bank. We ensure the upskilling of our staff members to meet the ever-evolving needs of our customers – be it through customer-facing functions or back-end operations. Hence, we have set up 11 training centres across the country to ensure our staff gets adequate and periodic training to be on top of the game. On an average, a staff member undergoes three training programmes in the year. The training programmes are conducted over a variety of aspects from technical skills to soft skills. In FY 2018-19, a total of 31,973 employees were trained on various facets of general banking and micro banking.

Learning Management System

While we have a formal training setup with our training centres, we also have an online system for learning. The Learning Management System (LMS) is accessible to all employees and they are encouraged to take up the modules. The courses available are on banking principles as well as on disciplines and soft skills. At the end of each course, employees go through a test. Upon successful completion of this, they are given a certificate of completion. The LMS helps employees to refresh their knowledge. It is also a useful tool to induct fresh employees into the banking scheme of things.





Talent Grooming and Retention

Through the various staff engagement programmes and training interventions, Bandhan Bank has been successful in retaining quality talent. Loyalty for us is paramount and there are rewards for being loyal with the Bank. High vintage employees were offered ESOPs. This was largely for their commitment in taking the Bank to the level it has reached today. Similarly, all the training initiatives ensure that employees stay connected to the Bank. It also helps enhance their performance, thereby creating opportunities for bigger roles and responsibilities. We also offer cross-functional opportunities to the employees. Our micro banking performers underwent an assessment and those capable were granted positions in bank branches.

Performance Management System

We foster a performance-based culture that necessitates the adoption of a robust performance management system (PMS). During FY 2018-19, the Bank announced its first-ever list of promotions. This was

after having completed three years since getting the licence. A fixed parameter for being eligible for promotions was – one should have completed three years of service with the Bank. The other criteria varied across grades. The entire promotion appraisal process had three stages – formal appraisal by supervisors; psychometric test; and a face-to-face interview. Since Bandhan Bank believes in a hi-touch approach to customers, we adopted the same for promotion evaluation too. Each eligible candidate, above a certain grade, appeared for promotion interviews to determine if s/he was ready for the next level. A total of 5,507 candidates appeared for the written tests, while 299 appeared for personal interviews.

Attracting Talent

The Bank has been gathering a lot of eyeballs due to the volume of recruitment. Also, the accomplishments of the Bank have been topics of conversation in banking circles. Owing to the newsworthiness of the Bank's

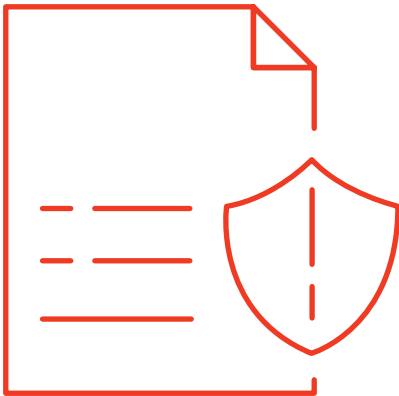
developments and the recruitment numbers being handled, it drew a lot of attraction among prospective employees. The Bank also strengthened the management team by hiring senior resources from various leading banks and working across India. Based out of the headquarters in Kolkata, the management team includes a mix of professionals from various areas of expertise, various geographies and with credible banking experience from prominent banks.

NextGen Bankers' Programme

We have also realised that manpower requirement will be a constant factor for us, as we grow. At the branch level, it is important to recognise the differentiation we create through the Bandhan way of doing things. Hence, we launched the 'NextGen Bankers' Programme', a 9-month banking course. The graduates from this programme get placed in various branches within the Bank. The advantage we build through the programme is that of having Bandhan's DNA infused in them from Day 1.

Risk Management

Banking is our business – so risk management is a necessary and intrinsic part of the way we work. Our customers trust us to make it integral to our service and our culture. It is part of our responsibility to them, as well as to investors, employees and other stakeholders.



We, at Bandhan Bank, review our principal risks regularly, because we work in a dynamic environment where new risks may arise or previously identified risks may have a different impact. Effectively managing risks is the responsibility of all employees. Managers are accountable for successfully managing the risks they own. The Board needs reasonable assurance that our risk management and reporting systems remain sound. So we have a range of policies and processes involving both internal and independent controls: Internal Audit and external auditors. Together, they aim to help the Bank achieve its business objectives while cutting to an acceptable minimum the risk of operational failures, misstatements, inaccuracies and errors, fraud and non-compliance with laws and regulations.

(“2nd LoD”) comprises all the independent risk and control functions. The 3rd Line of Defence (“3rd LoD”) is Audit, which assures the effectiveness of our controls. All the 3 LoDs are independent of each other and accountable for maintaining structures that ensure adherence to the design principles at all levels.

All material risk types are managed via risk management processes. These include credit risk, credit concentration risk, market risk, operational risk, fraud risk, outsourcing risk, liquidity risk, interest rate risk in banking book, strategic risk & business risk, reputational risk, legal & compliance risk and Information Security (InfoSec) risk. Scenarios and measurement approaches for quantifying risk and capital demand are implemented across the material risk types.



We, at Bandhan Bank, review our principal risks regularly, because we work in a dynamic environment where new risks may arise or previously identified risks may have a different impact.

Risk Management Principles

The Bank operates a Three Lines of Defence (“3LoD”) risk management model. The 1st Line of Defence (“1st LoD”) is all the business divisions and service providing divisions who are the “owners” of the risks. The 2nd Line of Defence

Monitoring, stress testing tools and escalation processes are in place for key capital and liquidity thresholds and metrics. Systems, processes and policies are critical components of our risk management capability.

Risk Governance

The Bank's Board, through Risk Management Committee of the Board (RMCB), is informed regularly and – as necessary – on special developments in our risk situation, risk management and risk controlling. They are also informed about our reputation and material litigation cases.

At the meetings of the RMCB, the Management reports on credit, market, liquidity, business, compliance, model, operational as well as litigation and reputational risks. It also reports on credit risk strategy, and credit portfolios, among others. The Risk Committee deliberates with the Management on issues of aggregate risk disposition and risk strategy. It also supports the Board in monitoring the implementation of this strategy.

The Audit Committee monitors, among other matters, the effectiveness of the risk management system, particularly the internal control system and the internal audit system.

The Chief Risk Officer (CRO) has direct management responsibility for all the risk management functions such as Credit Risk Management, Market Risk Management, Operational Risk Management and Liquidity Risk Control. In addition, the CRO is also responsible for monitoring, analysing and reporting risk on a comprehensive basis. This also includes the asset and liability gap, capital, liquidity, legal, compliance and regulatory risks, as well as other non-financial risks.

These are established with the mandate to:

- i. support that the business within each division is consistent with risk appetite that has been set within the Risk Appetite Framework, established by the Board,

- ii. determine and implement risk and management policies, procedures and methodologies that are appropriate to the businesses within each division,
- iii. recommend to the Board/RMCB to approve credit, market and liquidity risk limits,
- iv. conduct periodic portfolio reviews to keep the portfolio of risks within acceptable parameters, and,
- v. develop and implement risk management infrastructures and systems that are appropriate for each division.

Independence of the CRO is ensured through a fixed tenure and periodic reviews by the Board and RMCB.

Several specialised teams such as Credit Risk, Market Risk, and Information Security, among others, within the risk management functions, cover the overarching aspects of risk management. Their mandate is to provide an increased focus on holistic risk management and cross-risk oversight to further enhance our risk portfolio steering. The key objectives are to:

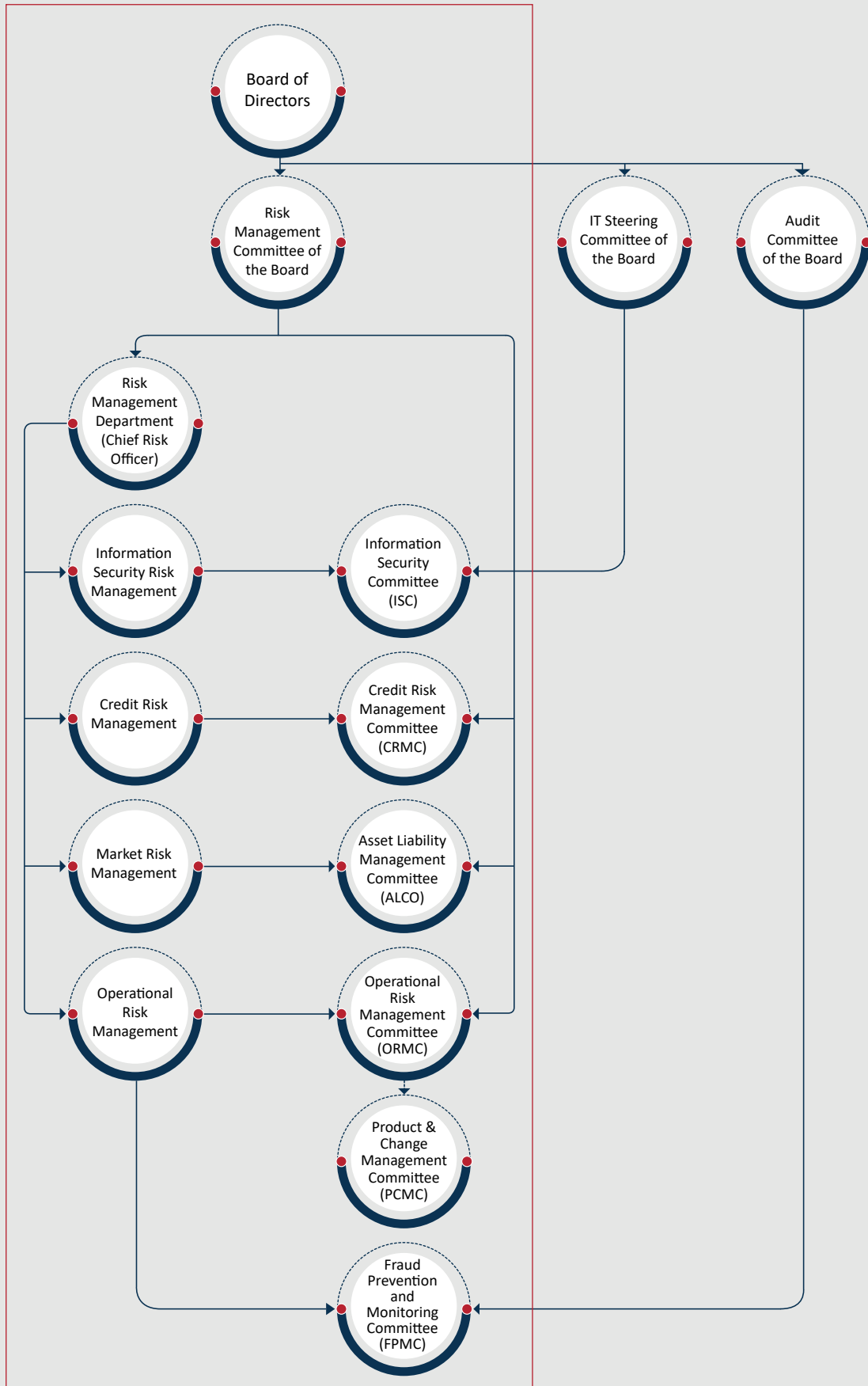
- i. drive key strategic cross-risk initiatives and establish greater cohesion between defining portfolio strategy and governing execution, including regulatory adherence,
- ii. provide a strategic and forward-looking perspective on the key risk issues for discussion at senior levels within the Bank (risk appetite, stress testing framework), and
- iii. strengthen risk culture in the Bank and foster the implementation of consistent risk management standards.



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Risk Management

Risk Management Framework



Risk Culture

The Bank seeks to promote a strong risk culture throughout the organisation. The aim is to help reinforce our resilience by encouraging a holistic approach to the management of risk and return throughout the organisation as well as the effective management of our risk, capital and reputational profile.

We actively take risks in connection with our business and, as such, the following principles underpin the Bank's risk culture:

- i. Risk is taken within a defined risk appetite
- ii. Every risk taken needs to be approved within the risk management framework
- iii. Risk taken needs to be adequately compensated
- iv. Risk should be continuously monitored and managed

Employees must exhibit behaviour that supports a strong risk culture and employees at all levels are responsible for the management and escalation of risks. The culture is nurtured with regular and adequate training of personnel in the business areas on their roles in risk management and through well-defined fraud risk management framework and a whistle-blower policy to prevent and detect fraudulent and unethical activities.

Risk Appetite

The Bank has a well-defined Board approved Risk Appetite Framework (RAF) in place to optimise risk and return. The appetite has been framed through dialogue between risk management and businesses, strategically considering risk-reward trade-offs and within regulatory limit, wherever the same is defined and is quantifiable to the extent possible.

Risk and Capital

The Internal Capital Adequacy Assessment Process (ICAAP) requires banks to identify and assess risks, maintain sufficient capital to face these risks and apply appropriate risk management techniques. With this, it aims to maintain adequate capitalisation on an ongoing and forward-looking basis, i.e., internal capital supply to exceed internal capital demand. The Bank maintains compliance with the ICAAP as required under Pillar 2 of Basel 3, through a risk management and governance framework, methodologies, processes and infrastructure. In line with Basel requirements, the key instruments to help us maintain our adequate capitalisation on an ongoing and forward-looking include:

- i. a strategic planning process which aligns risk strategy and appetite with commercial objectives
- ii. a continuous monitoring process against approved risk, leverage and capital targets set
- iii. regular risk, leverage and capital reporting to management
- iv. stress testing framework which also includes specific stress tests to underpin our recovery monitoring processes

The ICAAP and RAF and the Strategic Document are approved by the Board on an annual basis. These are defined based on the Risk Appetite and Strategic and Capital Plan in order to align risk, capital and performance targets.



The culture is nurtured with regular and adequate training of personnel in the business areas on their roles in risk management and through well-defined fraud risk management framework and whistle-blower policy to prevent and detect fraudulent and unethical activities.

Furthering our Brand Equity

Being a brand born in the East and because of the legacy of Bandhan in its MFI avatar, Bandhan Bank enjoys a good equity in these parts of the country. In the rest of the country, we are a young entity and building our salience is the primary objective. Our marketing strategy, therefore, is two-fold – sustain the equity where we are strong, and build the salience where we are yet to achieve mass recognition. We use product communication to drive our advertising. We also popularise important achievements of the Bank so as to build credibility and drive consideration.

‘Aapka Bhala, Sabki Bhalai.’ is not just a tagline, it is the business purpose. It is also a strong differentiator for us. In many of the campaigns we run, we try to bring out this facet of our business. We run campaigns, both online and offline, highlighting stories and narratives resonating with people. We also execute functional campaigns to drive consumer attraction to the brand through meaningful product benefit. Our overall strategy is to have a mix of campaigns to reinforce our strength with pan-India presence and enviable business performance, localised product communication around the targeted branches and large-scale visibility creation through television advertising around our key product benefit – 6% interest.



We run campaigns, both online and offline, highlighting stories and narratives resonating with people.

TV Campaigns

In FY 2018-19, we executed a thematic TV campaign to drive the salience of our FDs and savings account, through the attractive interest rates they offer. We ran the commercials across 81 channels in 11 languages to cover the length and breadth of the country. We also undertook some tactical advertising of short commercials on television news channels and print media to deliver key messages.

Print Advertising

We use print advertising only for certain significant achievements and for trigger-based advertising. To strengthen and sustain the East connect, we advertise on the Bengali new year with a product plugin. We do large scale print-based pan-India advertising to announce our Foundation Day. For this campaign, we also focus on key business numbers to drive confidence and trust in the Bank among the target audience.

Out-of-Home Media (OOH)

We use this medium extensively because it helps drive salience and product communication in focus catchment areas. Through the year, we did campaigns in 39 cities across the country. Our OOH strategy is to be present in close vicinity of branches so that we can increase awareness and consideration for the Bank in that area. Also, in a few towns, we choose major congregation points for large format displays to gather eyeballs.

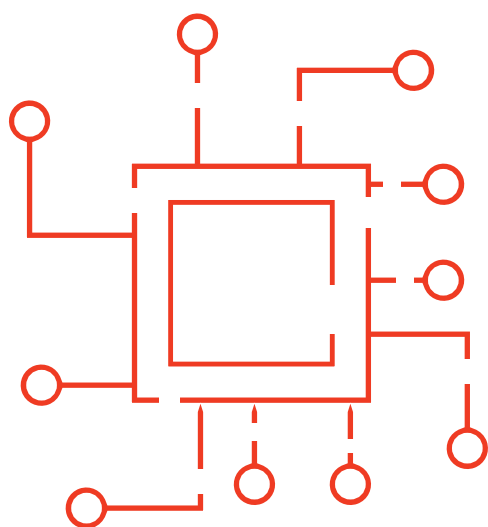
Digital Marketing

In FY 2018-19, we started a fresh focus on the Bank’s digital presence. We ramped up our frequency of posts on the social platforms like Facebook, Twitter and LinkedIn. We are witnessing an increased engagement with the fans and followers on different platforms. We have also witnessed a growth in the number of fans/followers. Customers have started reaching out to us through these platforms for product queries, complaints and requests. We also use video advertising on digital to drive salience within the targeted segments. Our special announcements around our quarterly earnings and other corporate achievements receive healthy interactions from the users.



Our Growth Enablers

We are constantly benchmarking ourselves against international standards in terms of our technological capabilities, compliance, treasury management and operations. Based on these cornerstones for growth, we strive to achieve greater strength and build a Bank that not only meets the financial needs of but also provides high quality services to its customers.



Information Technology

Adoption of the latest technology and innovation remains a key thrust area for the Bank. Technology has been a key enabler and facilitator for the Bank to achieve its goals. It has been identified as one of the strategic pillars to scale higher. Since inception, the Bank has been at the forefront of leveraging technology to provide better products and services to its customers. Technology has enabled the Bank to deliver solutions in line with changing business and provide industry-best solutions to support its business goals. The Bank continues to invest in its technology with state-of-the-art IT enabled core banking services. It has scaled its technology infrastructure to offer banking facilities to the delight of its customers.

To cater to its IT needs, the Bank has created specific tech capabilities, presenting an opportunity to leapfrog its competitors. Its IT approach revolves around developing the strategy, multi-vendor approach, technical capabilities, meeting business goals, strategic aspirations and IT implications. Its strategic IT projects are aimed towards – managing a full cycle of customer relationships from onboarding to retirement; digitising human-centric workflows; having centralised API store; evaluating core banking system; automating mundane tasks; centralising business rules; consolidating customer views; and developing micro banking solution.



To cater to its IT needs, the Bank has created specific tech capabilities, creating an opportunity to leapfrog its competitors.

Technology Initiatives taken during FY2018-19

BHIM *99#

BHIM App: Listing of Bandhan Bank

BHIM Bandhan UPI (Google Play Store)

Chatbot

Gold Loan Lead Generation Module

Bharat QR Customer App (RuPay Version 2)

In-house Utility for De-Duplication

Home Loan Appraisal System

Digitising Documents for Board Meeting

Microbanking Paperless Insurance Claim Management Systems

Branch Health Index

Corporate Internet Banking

Mobile Banking Upgrade

Our Growth Enablers

Compliance

Compliance to regulatory and internal guidelines is deeply embedded in our DNA. The Bank's Board and Senior Management are committed to adhere to the highest standards of regulatory and internal guidelines. This ensures that the Bank's business is conducted within the purview of legality and the broader standards of integrity and ethical conduct. In pursuit of this goal, we have established an enterprise-wide independent Compliance Function. In line with the Bank's policies, the Compliance function is independent of any other function. Also, it oversees compliance aspects and management of compliance risks faced by the Bank.

The Compliance Department periodically appraises the Audit Committee of the Board, the Board of Directors and Senior Management on compliance levels based on changes in the external regulatory environment. The Department also undertakes compliance testing by way of thematic studies, control testing and testing at banking outlets and other offices of the Bank aimed towards review of adherence to significant statutory and regulatory provisions. The department monitors the implementation of Know Your Customers (KYC), Anti-Money Laundering (AML) and Combating of Financing of Terrorism (CFT) guidelines in the Bank.

Banking Operations

Bandhan Bank's unique business model has given rise to differentiated and efficient operations processes. Our processes allow for smoother business while keeping necessary checks and controls in place. We have made significant investments in creating an operations platform across key areas to help ensure compliance, minimise errors and seamlessly deliver our services. Given the uniqueness of micro banking and general banking, we have built and continue to evolve back-end operations that take the best of both worlds to deliver seamless services.

Operational controls and procedures in Branches and Doorstep Service Centres (DSC)

The Bank has two types of banking outlets, bank branches catering to general banking customers and DSCs catering to micro banking customers. Each DSC is linked to a bank branch for operational convenience. DSCs are self-sufficient and are empowered to open deposit accounts using tablets and also open loan accounts after necessary credit bureau(s) check. The highlight of DSC operations are the Hand-Held Devices (HHD) that are connected to the Core Banking System (CBS) through cellular data. Our DBOs carry these HHDs in their group meetings and the entire instalment reconciliation for the customer happens through these HHDs in real time.

To ensure timely and effective support to our branches and DSCs in their day-to-day functioning, we have a regional and central operations team structure. These operations teams maintain oversight of the quality of the operations and adherence to prevalent guidelines at all times.

We lay significant emphasis on processes and controls. To help maintain uniform and consistent standards in transaction processing and service delivery, as well as compliance with regulatory and

statutory guidelines, our various essential operational processes are documented and routed through our Product and Change Management Committee. Once approved, these are circulated to our branches and other departments in the form of circulars for action. We also have Branch Operations Manual and Micro Banking Operations Manual to ensure understanding of the various processes among all staff members thereby resulting in effectiveness of operations at the ground level.

As we expand our presence across the country, we are also decentralising our operations for smoother processing and quicker turnaround time (TAT). We have a Regional Processing Unit (RPU) in Indore. This is in addition to our existing Central Processing Unit (CPU) in Kolkata. All liability accounts are processed in these two centres. All account opening forms and KYC documents are scanned by branches and DSCs and transmitted to the Processing Units, and accounts are opened upon fulfilment of all established KYC requirements. The efficiency of our liability onboarding operations enable us to open thousands of liability accounts on a daily basis.

Our Loan Processing Unit, monitors onboarding and disbursement of all loan products, other than microloans. Our Merchants Risk Containment Unit mitigates the risk of fraud in Electronic Data Capture merchant onboarding through continuous monitoring of transactions to detect unusual or suspicious patterns.

Our Phone Banking Unit uses an IT infrastructure that includes customer relationship management software, a call centre platform, a voice logger/call recording system and computer telephone integration. All calls that land on the interactive voice response system are authenticated by personal identification numbers and mandated

security questions before a request is considered. We monitor the quality of interactions through listening to recorded calls at the supervisory level to ensure that we provide a compliant call centre environment to the customer. On an average, we manage 4,500 calls in a day.

For the clearing of cheques, we participate in all three cheque truncation system clearing grids managed by National Payments Corporation of India (NPCI) as well as local non-Magnetic Ink Character Recognition clearing houses in Bandhan Bank locations. We offer the standard electronic payment and settlement systems such as Real-Time Gross Settlement (RTGS) and National Electronic Funds Transfer (NEFT) managed by the RBI, and Immediate Payment Service (IMPS) and National Automated Clearing House (NACH) managed by NPCI. For processing, reconciliation and dispute resolution pertaining to these payment channels, we have developed centralised hubs with backup centres.

We offer a grievance redressal mechanism with an escalation matrix. We practice the concept of "First Contact Resolution" with the aim of providing a prompt and satisfactory resolution of customer grievances through their first contact with us. A dedicated central team oversees the resolution of customer grievances received through various channels.

Cash Management

For a unique business model like ours, we need to take particular care to ensure adequate cash is available to meet all payment obligations – in branches, DSCs and through ATMs – and excess cash is promptly transferred to avoid accumulation. We have framed internal guidelines for cash handling including verification, sorting, storing and transportation. These guidelines are in line with the regulatory directives and industry best practices, keeping in consideration

safety and security concerns. Procurement and disposal of cash by branches and DSCs is managed by linkages with local currency chests of other banks under the RBI Currency Chest Linkage scheme, centralised cash management arrangements with other commercial banks and current accounts maintained with other local banks. Our regional and central operations teams monitor reconciliation of all current accounts maintained with other banks.

Corporate Banking Operations

Documentation and monitoring of all the loans accounts above ₹10 lakh is carried out by Corporate Banking Operations (CBO) vertical. Further handling forex inward and outward remittance are carried out by a centralised team as per laid down practices.

Overall the Bank has been able to establish key operational standards which enables us to manage the operational risk and run the operations smoothly in a compliant manner to accomplish desired business growth in a cost effective manner with best-in-class customer service. The Bank has a well-defined Business Continuity Plan (BCP) for all critical operational processes.

Treasury

The Bank's treasury department manages the daily cash flows and liquidity of the Bank. The department takes care of the investment portfolio, forex transactions and Assets & Liability management of the Bank. Treasury is responsible for ensuring the safety, liquidity and yield of investments besides maintaining the regulatory obligations (Cash Reserve Ratio, Statutory Liquidity Ratio, etc.). The team focusses on the optimisation of overall portfolio yield while maintaining appropriate portfolio duration in the broader context of the macroeconomic scenario and interest rate movements.

Treasury is provided with Integrated Treasury Management Systems to undertake transactions and generate various MIS reports. The department is provided with all the modern information and dealing facilities like Reuters, Bloomberg and CCIL dealing systems to have a competitive advantage in the market as well as to provide finest rates to the customers.

The vertical helps to cater the foreign exchange transaction needs of the customers. The forex desk provides competitive rates for conversion of major currencies like USD, GBP, EUR. Since the Bank focusses more on retail customers, major transactions in demand are plain vanilla forex products.

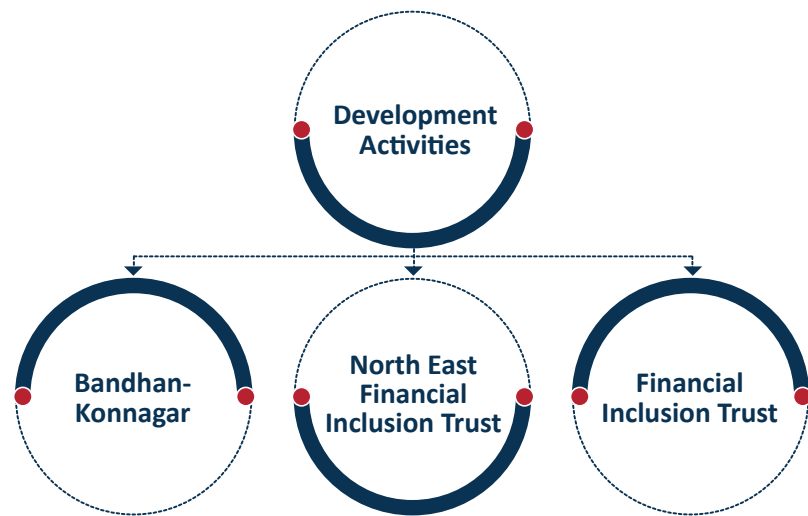
The investment portfolio consists of different financial instruments like Government Securities, State Development Loans, Commercial Papers, Certificate of Deposits, Non-Convertible Debentures, Equity scrips and Mutual Fund investments. Apart from building a core portfolio of investments in expectation to the changes in economic scenario, the team actively participates in the trading activities to monetise short term movements in the market. The investments of treasury increased by 19.89% Y-o-Y to ₹10,037.48 crore during the Financial Year.

Towards Equitable, Inclusive and Sustainable Growth

Bandhan was conceptualised in 2001 as an NGO to meet dual objectives of women empowerment and poverty alleviation. The organisation started delivery of microfinance and development services. As microfinance activities grew, a Non-Banking Financial Company (NBFC) was acquired. This NBFC went on to acquire a universal banking licence and set up Bandhan Bank, without losing its core values. The NGO continued to focus on developmental work. Two trusts were also formed to deliver similar services. Together, the following entities are dedicatedly engaged in development activities which are aimed towards bettering the lives of the underprivileged. They share similar values, ethos and philosophy with which Bandhan was born, have a social mindset and work towards

making a significant contribution towards poverty alleviation. These organisations work closely for the socio-economic progress of people who live in the lowest echelons of the social system. The endeavour of these institutions

is to broad-base the scope of services and minimise areas of income leakage in the not-so-privileged families. These development interventions are aimed at providing holistic support to the deprived community.



Bandhan-Konnagar - It is registered under the West Bengal Societies Registration Act, 1961

Details of Executive Committee members:

Sl. No.	Name	Designation	Profile
1	Ms. Ambalika Das	President	<ul style="list-style-type: none"> Marketing Manager in family confectionery business under the brand name of 'K.C. Das' Founder & Director, Green Reef Outsourcing Pvt. Ltd.
2	Prof. Jayanta Biswas	Secretary	<ul style="list-style-type: none"> Faculty of General & Strategic Management, All India Management Association (AIMA) Co-ordinator (Training & Placement), University of Calcutta Mentor, Ideal Institute of Engineering, Kalyani
3	Mr. Sanjay Mukherjee	Treasurer	<ul style="list-style-type: none"> Chartered Accountant & Cost Accountant by profession Rendering service at Labware Ltd. (software product company)
4	Mr. Ramsebak Bandyopadhyay	Member	<ul style="list-style-type: none"> Retd. IAS officer Served as the Secretary, Ministry of Corporate Affairs (MCA), Government of India
5	Ms. Vijayalakshmi Das	Member	<ul style="list-style-type: none"> CEO, Friends of Women's World Banking (FWWB), a society providing financial and capacity building services to organisations promoting livelihood and self-reliance of poor women
6	Dr. Smita Premchander	Member	<ul style="list-style-type: none"> Faculty, Microfinance Management Course, Indian Institute of Management, Ahmedabad (IIMA) Founder, Sampark, Bangalore
7	Prof. Samar Datta	Member	<ul style="list-style-type: none"> Visiting Professor, Gokhale Institute of Politics & Economics, Pune Retired Professor, Centre for Management in Agriculture at Indian Institute of Management, Ahmedabad (IIMA) Former Faculty, Dept. of Economics, University of Southern California, Los Angeles, USA

Financial Inclusion Trust (FIT) - This Trust is registered as a Public Charitable Trust
Trustee Details:

Sl. No.	Name	Profile
1	Prof. Arindam Banik	<ul style="list-style-type: none"> • Director, International Management Institute (IMI), Kolkata • Member of the American Economic Association, Euro-Asia Management Studies Association, Global Awareness Society International, USA • Author of more than 100 scientific articles on international economics, macroeconomics and economic development • Authored six books published by Palgrave–Macmillan London • Ph.D. from Delhi School of Economics in 1993
2	Mr. Rajendra Kumar Ghose	<ul style="list-style-type: none"> • Former Chairman, Tripura State Human Rights Committee • District & Sessions Judge, Tripura • Presiding Officer, Industrial Tribunal • Secretary, Law & Parliamentary Affairs Dept., under Government of Tripura on deputation
3	Mr. Sanjit Kumar Mallick	<ul style="list-style-type: none"> • Retired as Deputy Superintendent of Police from the West Bengal Police Service (WBPS) • Holds a Bachelor of Commerce degree

North East Financial Inclusion Trust (NEFIT) - This Trust is registered as a Public Charitable Trust
Trustee Details:

Sl. No.	Name	Profile
1	Mr. Yogesh Chand Nanda	<ul style="list-style-type: none"> • Former Chairman of National Bank For Agriculture And Rural Development (NABARD), an apex development financial institution in India • Full-time member of the National Commission of Farmers • Non-executive Chairman of the Agriculture Finance Corporation • Chairman of the Working Group for the formulation of the 11th plan for agriculture credit and the cooperatives • Post graduate from Delhi School of Economics where he secured the first rank in the University
2	Prof. Jayanta Choudhury	<ul style="list-style-type: none"> • Associate Professor (on Deputation) at National Institute of Rural Development and Panchayati Raj (NIRDPR) • Worked at Department of Rural Studies, Tripura University and State Institute of Public Administration and Rural Development, Tripura • Ph.D. in Rural Development from Visva-Bharati University, West Bengal • He is an author/editor of 13 books and has more than 45 research articles published in National and International journals and in edited volumes • Serves as Associate Editor for International Journal of Rural Development & Management Studies (IJRDMS) and TUI – A journal on Tribal Life and Culture, Government of Tripura (Since 2012)
3	Prof. Amit Hazra	<ul style="list-style-type: none"> • Professor, Proctor & Registrar at Visva-Bharati University • Teaches post-graduate students under Rural Development discipline in Palli Charcha Kendra, Visva-Bharati, Sriniketan • Pursued Agricultural Economics from Visva-Bharati University

THE KEY PROGRAMMES RUN BY THESE ENTITIES INCLUDE THE FOLLOWING.

Targeting the Hardcore Poor (THP) Programme:



This is a unique programme designed for the poorest of the poor. Grants (in the form of free assets, not cash) are offered to destitute women. They start generating income out of this asset and

are consequently able to sustain their livelihoods. It is seen that within 18-24 months of this grant intervention, these hardcore poor beneficiaries start to graduate, uplift themselves from extreme poverty and get linked to mainstream society.

This programme follows a 360 degree-approach. Besides providing free assets, consistent counselling and mentoring support is also extended. A weekly subsistence allowance (considerable amount of cash) is also given to these women to meet their daily basic expenses until the assets begin to yield returns. Financial literacy is imparted so that they

can make informed financial decisions. Education on socially relevant issues is also offered to increase their awareness and help them live better lives. Overall confidence building is done so that they don't fall in the poverty trap again.

Over the years, it has been seen that there is positive impact of this intervention in the lives of many. There are certain beneficiaries who have moved from a stage in life where they were even contemplating suicide for want of money to a position where they earn thousands of rupees as monthly income, have a healthy life and are able to support all needs of their families.

Programme Highlights

11

States

4,001

Villages

732

Staff

82,873

Households

55,560

Families graduated

Health Programme



This programme aims at increasing health awareness in order to reduce health expenditure of underprivileged families. It gives special focus on children under 5 years, pregnant women, lactating mothers and adolescent girls regarding safe motherhood, child nutrition, and sanitation issues. Under this initiative, health volunteers are developed by selecting interested women from the villages and providing them adequate training. These health volunteers called

Swastha Sahayikas (SS) then work in the villages to impart health education through regular health forums.

The programme also includes linkage and referral services, distribution of health kit, setting up of water treatment plants to provide safe drinking water, providing basic healthcare service through its polyclinics and rural health centres, improving water and sanitation facilities, among others.

Programme Highlights

7

States

5,517

Villages

586

Staff

7,139

Health volunteers

13,81,460

Households

Education Programme



This programme encourages a diverse age group of underprivileged children to begin and sustain academics amidst a congenial environment. A unique, low cost, innovative model has been adopted to ensure that the not-so-privileged children are able to receive quality education. Education centres have been set in rural

areas. These aim to reach out to the non-school going and dropout children aged 4-8 years from economically constrained families with special focus on the girl child. These free non-formal primary schools provide complimentary school kits and focus on classroom learning, attendance and extracurricular activities.

Programme Highlights

5

States

1,979

Villages

338

Staff

3,332

Schools

1,03,058

Students

Employing the Unemployed Programme



This programme is aimed at addressing the issue of unemployment in India. Vocational centres known as Bandhan Skill Development Centres (BSDC) are set up which provide training to unemployed youth. They can choose from an array of domains such as customer relations and sales, hospitality, information

technology, business process outsourcing, computerised accounting, refrigerator and air conditioner repair, etc. After successful completion of these skill development courses, candidates either generate self-employment or find themselves employment with reputed companies.

Programme Highlights

4 States	102 Villages	100 Staff	15 Skill Development Centres	22,176 Beneficiaries	17,457 Youth Placed
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Financial Literacy Programme



This programme is aimed at deepening financial inclusion in rural communities. In the crusade to ensure holistic development of people and communities, financial literacy and inclusion is the tool that assists them to move from sustenance to a sustainable growth path. Accordingly, this initiative pays special attention in ensuring that our programmes

encourage participants to become financially aware and gain the confidence. The objective of this programme is to increase awareness among rural and disadvantaged women about financial matters thereby empowering them to plan their personal economies. They are also taught to use varied banking services.

Programme Highlights

1 State	806 Villages	66 Staff	2,07,058 Beneficiaries
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Support from government and donors

Besides funding support from Bandhan Bank, these entities are also fortunate to enjoy the trust and support of the state governments and other renowned national and international donor agencies. It is because of the encouragement and faith that these organisations repose in the three entities that they are able to continue their development programmes at scale.

Total programme highlights

These entities are committed to scale up the impact created and the results generated on ground through the programmes mentioned above. They have been able to transform the lives of lakhs of underprivileged.

11 States	11,423 Villages
1,887 Staff	21,00,832 Beneficiaries

Celebrating our Foundation Day

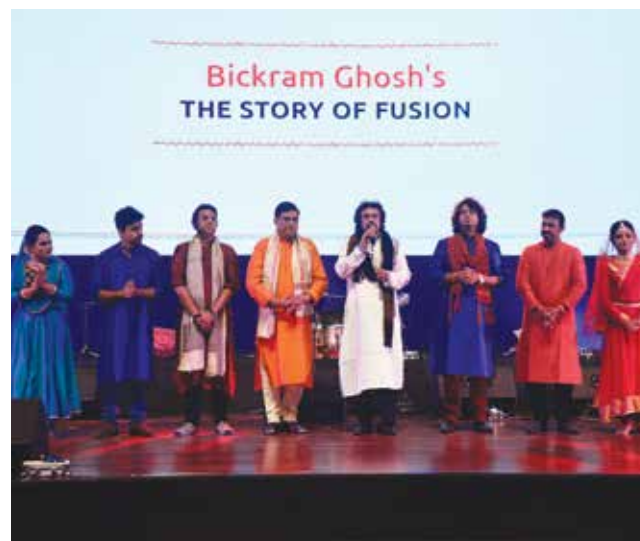
Bandhan Bank was privileged to be inaugurated at the hands of none other than the Hon'ble Finance Minister of India, Shri Arun Jaitley, on August 23, 2015. Since then, we celebrate the day as the Foundation Day where we share the success and achievements of the Bank with all the relevant stakeholders.



The lamp lighting ceremony: (L-R) Mr. Harun Rasid Khan; Mr. Chandra Shekhar Ghosh; Dr. Y.V. Reddy, former Governor, Reserve Bank of India; Ms. Sangeeta Dutta, THP beneficiary; and Ms. Sheela Biswas, our customer



Biswa Bangla Convention Centre, Kolkata, was the venue for the 3rd Foundation Day celebrations of Bandhan Bank



Performance by leading percussionist, Mr. Bickram Ghosh and troupe

On our first anniversary in 2016, we were honoured to have the then Hon'ble President of India, Mr. Pranab Mukherjee. On our second anniversary, the former governor of the Reserve Bank of India, Dr. D. Subbarao, graced the occasion. This was also the year that we instituted the Anniversary Lecture. Dr. Subbarao spoke on "India: Will the Elephant Start Dancing?"

The Bank's Foundation Day in 2018 was celebrated at the prestigious Biswa Bangla Convention Centre in Kolkata. Dr. Y. V. Reddy, former governor of the Reserve Bank of India, was the Chief Guest. The evening was attended by over 1,200 people including bankers, influencers, key dignitaries, bureaucrats, important corporate heads and a few customers. The event had addresses by key dignitaries, real-life stories of beneficiaries and a short fusion concert.

Welcome Address

Mr. C. S. Ghosh, the Bank's MD & CEO, in his welcome address congratulated the dignitaries and the employees on the Bank's completion of three years. Using the analogy of a toddler, Mr. Ghosh pointed out how in just three years, the Bank has been more than just being a toddler. The achievements of the Bank in this short span of time put it in the league of the big players. He thanked the customers and the shareholders for believing in the Bank.

Anniversary Lecture

On the occasion, Dr. Y. V. Reddy delivered the anniversary lecture on "Indian Economy: Asking the Right Questions". In the lecture, he called for putting an end to the "populist negativism" and making all-out efforts to restore the confidence in the banking system. In his speech, he stated that the inefficiency of the banking system in India is the primary reason due to which savers are earning less returns, while the interest charged for loans is very high. He also mentioned that the external constraints imposed by the government and the RBI on banks were also responsible for erosion of the real value of their deposits.

Felicitations

The event also witnessed some deserving people and branches getting recognised for the good work. The award for the Best Bank Branch was won by the Punjabi Bagh branch in East Delhi, while the Best Performing DSC was won by Tezpur DSC from Assam. These awards clearly show that Bandhan Bank is truly a pan-India bank.

Real-Life Inspiration

One of our key beneficiaries, Sangeeta Dutta, narrated the true story of her life. She shared her life story on how till 4-5 years ago she couldn't even afford two square meals a day. She was in such a miserable situation that she had contemplated committing suicide. Following assistance provided by Bandhan through the Targeting the Hardcore Poor (THP) Programme, she bought a sewing machine and started her own cloth manufacturing unit. Now, not only does she earn ₹40,000 per month, she also teaches sewing to others. Her daughter now goes to a good school.

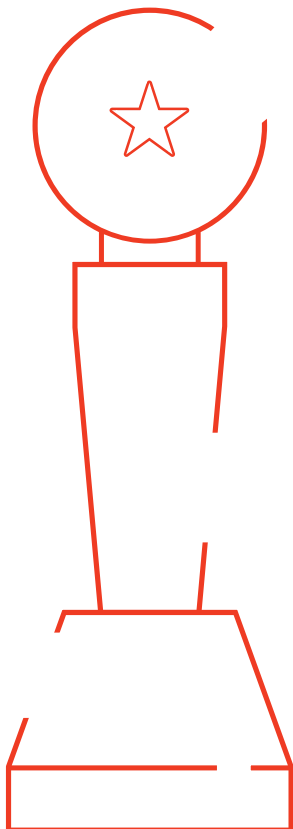
Awards & Accolades



Bandhan Bank was declared as the winner in the 'Noteworthy Lender to the MSE – Private Sector Bank' category at the SIDBI ET MSE Awards 2018 held on January 2019.



Bandhan Bank was given the 'Best Bank of the Year' 2018 at Moneycontrol's 'The Wealth Creator Awards' in November 2018.



Mr. C.S. Ghosh, MD & CEO, Bandhan Bank Ltd., was felicitated at the TiECON Kolkata Super Star Awards 2018 on November 2018. TiE Kolkata gave out a set of awards that recognise the innovative and entrepreneurial spirit in this city/state, so as to support, encourage and reward the best and most accomplished among them.



Bandhan Bank received the award in ‘Best Performing Bank’ in terms of Aadhaar generation and update (using online client) at the Aadhaar Excellence Awards in October 2018.



Bandhan Bank won the ‘Entrepreneur with Social Impact’ Award at the first edition of the CNBC-AWAAZ CEO Awards 2018 presented by the Chhattisgarh Government in July 2018.



Mr. C.S. Ghosh, MD & CEO, Bandhan Bank Ltd., was bestowed with the Pride of Bengal Award on June 2018, at Kolkata. This award was an appreciation for the laurels he had brought to the state of West Bengal.



Bandhan Bank received the ‘MFIN Microfinance Award 2018 – In pursuit of Excellence’ in the following 2 categories in May 2018:

- Risk & Resilience Framework
- Microfinance Plus Activities

Corporate Information

Non-Executive Part-Time Chairman

Dr. Anup Kumar Sinha

Directors

Dr. Anup Kumar Sinha

Mr. Chandra Shekhar Ghosh

Dr. A. S. Ramasastry

Mr. Bhaskar Sen

Mr. C. M. Dixit

Mr. Harun Rasid Khan

Dr. Holger Dirk Michaelis

Mr. Ranodeb Roy

Mr. Santanu Mukherjee

Mr. Sisir Kumar Chakrabarti

Mr. Snehomoy Bhattacharya

Ms. T. S. Raji Gain

Statutory Auditors

S.R. Batliboi & Associates LLP

22 Camac Street, Block-B

3rd Floor, Kolkata- 700 016

Website: <http://www.ey.com>

Phone: +91 33 6615 3400

Registered Office

DN-32, Sector V, Salt Lake, Kolkata- 700 091

Website: www.bandhanbank.com

Email: companysecretary@bandhanbank.com

Phone: 91 33 6609 0909

Fax: 91 33 6609 0502

Listed with Scrip Name

NSE Symbol : BANDHANBK

BSE Scrip Code : 541153

Managing Director & CEO

Mr. Chandra Shekhar Ghosh

Management Team

Deepankar Bose – *Head, Corporate Centre*

Santanu Banerjee – *Head, Human Resources*

Sunil Samdani – *Chief Financial Officer*

Nand Kumar Singh – *Head, Banking Operations and Customer Services*

Subhro Kumar Gupta – *Chief Audit Executive*

Sujoy Roy – *Head, Branch Banking*

Srinivasan Balachander – *Chief Compliance Officer*

Vijaykumar Ramakrishna – *Chief Information Officer*

Arvind Kanagasabai – *Head, Treasury*

Biswajit Das – *Chief Risk Officer*

Mahendra Mohan Gupta – *Head, Legal*

Ronendra Chowdhury – *Head, Micro Banking*

Saurabh Jain – *Head, Wholesale Banking*

Indranil Banerjee – *Company Secretary*

Nicky Sharma – *Chief Strategy Officer*

Secretarial Auditor

CS Deepak Kumar Khaitan

GEM House, 5B Russel Street,

Unit 7B, 7th Floor, Kolkata- 700 071

Email: khaitan52@gmail.com

Phone: 91 33 4004 8935

Corporate Identity Number (CIN)

L67190WB2014PLC204622

Registrars & Transfer Agents

Karvy Fintech Pvt. Ltd.

Karvy Selenium Tower B,

Plot 31-32, Gachibowli,

Financial District, Nanakramguda,

Hyderabad- 500 032

Tel No. 040 67162222

Fax No. 040 23420814

Website: www.karvyfintech.com

Email id: einward.ris@karvy.com

Board's Report

To
The Members,

Your Directors take great pleasure in presenting the Fifth Annual Report of your Bank's business and operations together with the audited accounts for the financial year ('FY') ended March 31, 2019.

Financial Performance of the Bank

The financial highlights for the financial year under review, are presented below:

Summary of Financial Performance
(₹ In Crore)

Particulars	For year ended	
	As on March 31, 2019	As on March 31, 2018
Deposits:	43,231.62	33,869.00
- Savings Bank Deposits	14,008.04	9,209.39
- Current Account Deposits	3,609.69	2,414.53
- Term Deposits	25,613.89	22,245.08
Advances (Net):	39,643.39	29,713.04
- Cash credits, overdrafts and loans repayable on demand	975.84	1,149.39
- Term loans	38,667.55	28,563.65
Total Assets/Liabilities	56,441.71	44,310.06
Net Interest Income	4,496.10	3,032.24
Non-Interest Income:	1,063.05	706.18
Operating Expenses (excluding depreciation)	1,732.79	1,222.39
Profit before Depreciation, Provisions and Tax	3,826.36	2,516.03
Depreciation	78.17	85.92
Provisions	735.14	374.21
Profit before Tax	3,013.05	2,055.90
Provision for Tax	1,061.55	710.34
Profit After Tax	1,951.50	1,345.56
Balance in Profit & Loss Account brought forward from previous year	2,057.60	1,048.43
Appropriations:		
Transfer to Statutory Reserve	487.87	336.39
Transfer to Investment Fluctuation Reserve	87.85	-
Transfer to Capital Reserve	5.94	-
Dividend Paid (Including Dividend Distribution Tax)	143.80	-
Balance carried over to Balance Sheet	3,283.64	2,057.60
EPS (Basic)	16.36	12.26
EPS (Diluted)	16.34	12.26

The Bank commenced its banking business with effect from August 23, 2015 with 501 branches across India. In a span of about three years, the Bank has expanded its presence significantly in metro, urban, semi-urban and rural areas. As on March 31, 2019, its network consisted of 4,000 banking outlets, of which 71 per cent are in rural & semi urban areas, demonstrating your Bank's commitment to financial inclusion. To further the cause of financial inclusion, the Bank has augmented its Doorstep Service Centres ('DSCs') from 2,764 on March 31, 2018 to 3,014

as on March 31, 2019. With the expanding network of branches and DSCs, the number of customers grew during the FY 2018-19 from 1.30 crore to 1.65 crore with a corresponding growth in total deposits by 27.64 per cent to ₹43,231.62 crore, of which ₹17,617.73 crore (40.75 per cent) was Current Account and Savings Account ('CASA') deposits.

During FY 2018-19, your Bank enhanced shareholders' value by increasing its total income by 39.91 per cent to ₹7,707.10 crore

as against the total income for FY 2017-18 of ₹5,508.48 crore. The profit after tax ('PAT') as at the end of the financial year was ₹1,951.50 crore an increase of 45.02 per cent over the previous year of ₹1,345.56 crore. Further Return on Average Equity ('ROAE') was 19.00 per cent in FY 2018-19 against 25.98 per cent in FY 2017-18. Return on Average Asset ('ROAA') was 4.23 per cent in FY 2018-19 against 4.06 per cent in FY 2017-18. The Bank's basic earnings per share ('EPS') increased from ₹12.26 to ₹16.36, and diluted earnings per share from ₹12.26 to ₹16.34 for FY 2017-18 and FY 2018-19, respectively. The net interest margin ('NIM') was 10.43 per cent in FY 2018-19 against 9.69 per cent in FY 2017-18.

The Reserve Bank of India ('RBI') has mandated Priority Sector Lending ('PSL') of 40 per cent of advances for all the Banks. For your Bank, this was an opportunity to leverage on its primary strength as it continues to focus on financial inclusion by providing various financial services to the underserved. During FY 2018-19, your Bank's PSL went up from ₹28,211 crore (net of IBPC of ₹2,425.81 crore) on March 31, 2018 to ₹37,888.15 crore (net of IBPC of ₹4,541.45 crore) on March 31, 2019 of which ₹28,895 crore was sold to other banks falling short of PSL targets by way of Priority Sector Lending Certificate ('PSLC') (as against the previous year of ₹16,454 crore). At the end of FY 2018-19, PSL as a proportion of the gross advances of ₹40,234.63 crore was 94.17 per cent (after IBPC & including PSLC).

Under the Small Enterprises Loan ('SEL') scheme loans between ₹1 lakh and ₹10 lakh, are offered for income generating activities of small enterprises, which are described as enterprises with equipment investments below ₹25 lakh. SEL has helped your Bank to enhance its objective of financial inclusion with significant increase in lending to small enterprises. As on March 31, 2019 total SEL loan outstanding was ₹1,497.36 crore from 84,787 customers as against ₹1,639 crore from 86,089 customers as on March 31, 2018. The Bank ventured into Gold Loan business during FY 2017-18 with operations at 57 branches in Eastern India. As on March 31, 2019, its outstanding gold loan book stood, at ₹128.28 crore from 22,619 customers as against ₹43.1 crore from 8,205 customers as on March 31, 2018. Your Bank has also forayed into the distribution of third-party products/services, which are made available through designated bank branches. The business segment began as a pilot during FY 2017-18 and at present, the Bank distributes mutual funds, standalone health insurance, general insurance and life insurance products. As on March 31, 2019, the Bank distributes mutual funds through 400 branches across various metro and urban locations and 60 semi-urban branches. Currently, your Bank is distributing standalone health insurance products across all branches. The response for the products has been encouraging. The Bank recognises microbanking activities as its core area and strives to perform better in this particular area. However, at the same time your Bank also explores business opportunities in other areas too, with a view to diversify its business risks. Your Bank is also aware of the need for providing best possible services to its ever increasing number of customers particularly those at the bottom of the pyramid. While your Bank uses technology at its optimum level for quality customer services, your Bank also maintains relationship with the customers and addresses the grievances, if any, in a structured and satisfactory manner.

Dividend

Your Bank has a dividend policy that, inter alia, balances the objectives of appropriately rewarding shareholders and retaining capital to maintain a healthy capital adequacy ratio. Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR'), the Board of Directors of the Bank have adopted a dividend distribution policy, which is in line with the parameters prescribed by SEBI for distribution of dividend. The policy is available on the Bank's website: <https://www.bandhanbank.com/pdf/Dividend-Policy.pdf>. In line with this policy and in recognition of the financial performance during FY 2018-19 and the promising future prospects, while retaining capital to maintain a healthy capital adequacy ratio to meet prudential and growth requirements, your Directors are pleased to recommend a dividend of ₹3 per equity share of ₹10 each fully paid-up (30%) for financial year 2018-19, as against a dividend of ₹1 per equity share of ₹10 each fully paid-up (10%) for the financial year 2017-18, for approval by the shareholders at the 5th Annual General Meeting ('AGM') of the Bank. The dividend shall be subject to tax on distribution of dividend to be paid by the Bank. This reflects overall confidence in your Bank's ability to consistently grow earnings over a period of time.

In terms of the provisions of Section 124(5) of the Companies Act, 2013 (the 'Act'), the Bank is not required to transfer the unclaimed dividend amount to the Investors Education and Protection Fund as of yet, since the Bank has declared the dividend only for the financial year 2017-18.

Transfer to Reserves

In line with the RBI regulations, the Bank has transferred an amount of ₹487.87 crore to the statutory reserve during the financial year ended March 31, 2019.

Issuance of Equity Shares & Capital Adequacy Ratio

During the financial year 2018-19, your Bank has issued 2,77,911 equity shares of ₹10 each pursuant to exercise of stock options by the eligible Employees of the Bank aggregating to ₹27,79,110.

Post allotment of aforesaid equity shares, the issued, subscribed and paid-up share capital of your Bank stood at ₹11,93,08,28,550 comprising 1,19,30,82,855 equity shares of ₹10 each fully paid-up.

Your Bank has not issued any equity shares with differential voting rights during the financial year.

Your Bank's capital adequacy ratio (CAR), calculated in line with the RBI Circular on Capital Adequacy Framework, stood at 29.20 per cent on March 31, 2019, well above the minimum regulatory requirements of 10.875 per cent, out of which Tier 1 Capital Ratio was 27.88 per cent and Tier 2 Capital Ratio was 1.32 per cent.

Proceeds from Public Issues:

During the previous year ended March 31, 2018 the Bank has raised capital of ₹3,662.40 crore through Initial Public Offer ('IPO') by issuing 9,76,63,910 Equity shares of ₹10 each. Pursuant to Regulation 32 of the SEBI LODR, your Bank hereby confirms that there has been no deviation in the use of IPO proceeds from the objects stated in the prospectus.

The funds raised through IPO has been fully utilised and statement of the utilisation of the IPO proceeds as on March 31, 2019 is as under:

Particulars	Amount (₹ in Crore)
Gross proceeds of IPO issue- A	3,662.40
Less: Public issue expenses- B	65.37
Net proceeds from Public issue- C = (A-B)	3,597.03
Less: Amounts utilised for the purpose received- D	3,597.03
Balance E = (C-D)	NIL

Rating of Various Debt Instruments

Instrument	Rating (As on March 31, 2019)	Rating Agency	Amount (₹ In crore)
Unsecured Subordinated Non-Convertible Debenture	CARE AA- Stable*	CARE Ratings	160
Term Loans From Banks	[ICRA]AA &	ICRA	80
Certificate of Deposit	[ICRA]A1+	ICRA	3,000

*/& Under Rating Watch with Developing Implications

During the year, ICRA has re-affirmed the short-term rating of [ICRA]A1+ (pronounced ICRA A one plus) for the certificates of deposit programme of your Bank, which has been enhanced to ₹3,000 crore from ₹1,500 crore.

Performance and Financial Position of the Subsidiaries

Your Bank did not have any subsidiaries, associates or Joint Venture Companies during the financial year 2018-19.

Scheme of Amalgamation

In terms of the Guidelines for Licensing of New Banks in the Private Sector issued by the RBI on February 22, 2013 ("Licensing Guidelines") and Licensing conditions, Bandhan Financial Holdings Limited ("BFHL" or the "NOFHC"), the holding company of the Bank was required to bring its excess shareholding to 40% of the paid-up voting equity capital of the Bank within three years from the commencement of operation of the Bank, i.e., by August 22, 2018. The Bank and NOFHC have been exploring various options/opportunities to bring the shareholding to the prescribed level. In view of this, the Board of Directors of the Bank at its meeting held on January 07, 2019, after considering the report of the Audit Committee, have considered and approved scheme of amalgamation of GRUH Finance Limited ("Transferor Company") into and with Bandhan Bank Limited ("Transferee Company" or the "Bank") and their respective Shareholders and Creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other relevant provisions under applicable law ("Scheme"), subject to receipt of applicable regulatory and statutory approvals.

The Scheme contemplates the amalgamation of Transferor Company into and with the Transferee Company and the dissolution without winding up of the Transferor Company pursuant thereto. The share exchange ratio for the amalgamation of the Transferor Company into and with the Transferee Company shall be 568 (five hundred and sixty-eight) fully paid-up equity

shares of face value of ₹10 each of the Transferee Company for every 1,000 (one thousand) fully paid-up equity shares of ₹2 each of the Transferor Company (share exchange ratio).

The appointed date for the Scheme shall be January 01, 2019, or such other date as may be mutually agreed between the Transferor Company and Transferee Company and is the date with effect from which the Scheme shall be operative. A copy of the Scheme setting out the rationale and other information along with various documents as prescribed under SEBI Circular ref. no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 are available on the website of the Bank and can be accessed at <https://www.bandhanbank.com/Scheme-Amalgamation-Gruh-Finance-Limited.aspx>.

On the effectiveness of the Scheme, the shareholding of NOFHC in the Bank would be reduced from current 82.26% to 61% (approx.) of the paid-up voting equity share capital of your Bank post issue of voting equity shares to the shareholders of the Transferor Company in terms of the share exchange ratio.

Your Bank has made necessary applications to various authorities seeking approval on the Scheme of Amalgamation, the status of the same is given herein below:

- Reserve Bank of India vide its letter dated March 14, 2019 conveyed it's 'No-objection' for the voluntary amalgamation of GRUH Finance Limited into and with the Bank.
- BSE Limited vide letter dated April 03, 2019, has issued its observation letter as required under Regulation 37 of the SEBI LODR with "no adverse observation" to the proposed Scheme.
- National Stock Exchange of India Limited vide letter dated April 03, 2019, has issued its observation letter as required under Regulation 37 of the SEBI LODR with "no-objection" to the proposed Scheme.
- The Competition Commission of India ('CCI') by way of its letter dated April 15, 2019 intimated that, at its meeting held on April 15, 2019, it had considered the proposed combination Comb Reg no. (C-2019/03/651) pursuant to the Scheme and approved the same under sub-section (1) of Section 31 of the Competition Act, 2002.
- The Bank has also filed the Company Application in relation to the Scheme with the Hon'ble National Company Law Tribunal, Kolkata bench on April 04, 2019. The Company Application has been heard on April 23, 2019 and stood adjourned for further hearing on May 06, 2019.

In terms of Regulation 38 of the SEBI LODR read with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957, your Bank is required to bring the public shareholding to the level of at least 25% within three years of listing of equity shares on the stock exchanges, i.e., by March 2021. With a view to further facilitate listed entities to comply with the minimum public shareholding ("MPS") requirements, the Securities and Exchange Board of India ("SEBI") has by way of its circular dated February 22, 2018 bearing reference number SEBI/HO/CFD/CMD/

CIR/P/43/2018 ("SEBI Circular"), prescribed the various methods to comply with the MPS requirements. However, the methods prescribed under the SEBI Circular does not include amalgamation as an express method to comply with MPS requirements. On the effectiveness of the Scheme of Amalgamation, the public shareholding in the Bank would increase from current 17.74% to 39% (approx.). Accordingly, your Bank had made an application to SEBI, seeking approval for adoption of the proposed Scheme of Amalgamation as a method to comply with the norms of MPS as required under Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957. Pursuant to the Bank's application to SEBI, SEBI has by way of its letter dated April 03, 2019, conveyed its approval for adoption of the Scheme of Amalgamation as a method under clause (ix) of the Annexure to the SEBI Circular to comply with the MPS norms, subject to compliance with the terms and conditions specified therein.

Board of Directors

As on March 31, 2019, the Board of your Bank consisted of twelve Directors out of which nine are Independent Directors, one Nominee Director (Non-executive) of Caladium Investment Pte. Ltd, one Non-Executive Non-Independent Director and one Managing Director and CEO.

Appointments

Dr. Allamraju Subramanya Ramasastrri

Pursuant to the recommendation of the Nomination and Remuneration Committee ('NRC'), the Board of Directors of the Bank approved the appointment of Dr. Allamraju Subramanya Ramasastrri (DIN: 06916673) as an Additional Director (Independent) of the Bank, with effect from August 08, 2018.

Pursuant to the provisions of Section 161 of the Act, he continues to hold office as an Additional Director of the Bank, up to the date of the ensuing Annual General Meeting ('AGM') or the last date on which the AGM should have been held, whichever is earlier. Your Bank has received a notice in writing from a member proposing the candidature of Dr. Ramasastrri as a Director on the Board of the Bank. Further, the NRC and the Board of Directors of the Bank have also recommended his appointment as an Independent Director, not liable to retire by rotation, to the Shareholders at the ensuing AGM for a period of three years with effect from August 08, 2018.

Dr. Anup Kumar Sinha

Pursuant to the recommendation of the NRC, the Board of Directors of the Bank approved the appointment of Dr. Anup Kumar Sinha (DIN: 08249893) as an Additional Director (Independent) of the Bank, with effect from January 07, 2019. Pursuant to the provisions of Section 161 of the Act, he continues to hold office as an Additional Director of the Bank, up to the date of the ensuing AGM or the last date on which the AGM should have been held, whichever is earlier. Your Bank has received a notice in writing from a member proposing the candidature of Dr. Sinha as a Director on the Board of the Bank. Further, the NRC and the Board of Directors of the Bank have also recommended his appointment as an Independent Director, not liable to retire by rotation, to the Shareholders at the ensuing AGM for a period of three years with effect from January 07, 2019.

Additionally, pursuant to the recommendation of NRC, the Board of Directors of the Bank at its meeting held on January 07, 2019 have also approved the appointment of Dr. Anup Kumar Sinha as Non-Executive Part-Time Chairman of the Bank for a period of three years with effect from January 07, 2019. The Board also approved the remuneration of ₹24 lakh per annum (consolidated) in addition to sitting fees and reimbursement of other expenses for attending meetings of the Board and Committees and traveling and official expenses for performing his duty as Non-Executive Part-time Chairman of the Bank, subject to approval of the Shareholders. The appointment and remuneration of Dr. Sinha as the Non-Executive Part-time Chairman of the Bank has been pursuant to approval of the RBI.

Mr. Santanu Mukherjee

Pursuant to the recommendation of the NRC, the Board of Directors of the Bank approved the appointment of Mr. Santanu Mukherjee (DIN: 07716452) as an Additional Director (Independent) of the Bank, with effect from January 07, 2019. Pursuant to the provisions of Section 161 of the Act, he continues to hold office as an Additional Director of the Bank, up to the date of the ensuing AGM or the last date on which the AGM should have been held, whichever is earlier. Your Bank has received a notice in writing from a member proposing the candidature of Mr. Mukherjee as a Director on the Board of the Bank. Further, the NRC and the Board of Directors of the Bank have also recommended his appointment as an Independent Director, not liable to retire by rotation, to the Shareholders at the ensuing AGM for a period of three years with effect from January 07, 2019.

Re-appointment

Dr. Holger Dirk Michaelis

In terms of the provisions of Section 152 of the Act, out of the two Non-Executive Non-Independent Directors, Dr. Holger Dirk Michaelis (DIN: 07205838), Nominee Director, being longest in office, shall retire at the ensuing AGM and being eligible, offers himself for re-appointment.

Ms. Thekedathumadam Subramani Raji Gain

Ms. Thekedathumadam Subramani Raji Gain (DIN: 07256149) was appointed as an Independent Director of the Bank with effect from August 06, 2015 for a period of three years. Accordingly, pursuant to the recommendation of NRC, the Board of Directors at their meeting held on July 18, 2018 had approved the re-appointment of Ms. Gain as an Independent Director of the Bank for a period of four years with effect from August 06, 2018, which is subject to approval of Shareholders of the Bank by way a special resolution. Your Bank had received a notice in writing from a member proposing the re-appointment of Ms. Gain as a Director on the Board of the Bank. Further, the NRC and the Board of Directors of the Bank have also recommended her re-appointment as an Independent Director, not liable to retire by rotation, for the approval of Shareholders at the ensuing AGM, for second term of four years with effect from August 06, 2018, by way of special resolution.

Relevant details including the profiles of the above named persons setting out their accomplishments are appended to the Explanatory

Statement accompanying the Notice for the AGM and report on Corporate Governance forming part of this Annual Report.

Shareholders Approved Appointments

During the financial year 2018-19, pursuant to recommendations of the NRC and the Board of Directors of the Bank, the Shareholders of the Bank at its fourth AGM held on July 19, 2018 had approved the following appointments:

- Mr. Ranodeb Roy (DIN: 00328764), Non-Executive Non-Independent Director, who retired by rotation and being eligible, offered himself for re-appointment, was re-appointed by the Shareholders.
- Mr. Chandra Shekhar Ghosh (DIN: 00342477) was re-appointed as Managing Director & CEO of the Bank, for a period of three years with effect from July 10, 2018. The RBI vide its letter dated July 04, 2018 had approved the re-appointment of Mr. Ghosh as Managing Director & CEO of the Bank for a period of three years with effect from July 10, 2018 till July 09, 2021.
- Mr. Harun Rasid Khan (DIN: 07456806) was appointed as an Independent Director of the Bank for a period of three years with effect from March 27, 2018, not liable to retire by rotation.
- Mr. Snehomoy Bhattacharya (DIN: 02422012) was re-appointed as an Independent Director of the Bank, with effect from July 09, 2018 for a period of four years, not liable to retire by rotation.
- Prof. Krishnamurthy Venkata Subramanian (DIN: 00487747) was re-appointed as an Independent Director of the Bank, with effect from July 09, 2018 for a period of five years, not liable to retire by rotation. However, Prof. Subramanian resigned from the Board which was effective from January 04, 2019.
- Mr. Chintaman Mahadeo Dixit (DIN: 00524318) was re-appointed as an Independent Directors of the Bank, with effect from July 09, 2018 for a period of two years, not liable to retire by rotation.
- Mr. Sisir Kumar Chakrabarti (DIN: 02848624) was re-appointed as an Independent Director of the Bank, with effect from April 01, 2018 for a period of three years, not liable to retire by rotation.
- Mr. Bhaskar Sen (DIN: 03193003) was re-appointed as an Independent Director of the Bank, with effect from April 01, 2018 for a period of three years, not liable to retire by rotation.
- Ms. Georgina Elizabeth Baker (DIN: 06601316) was appointed as a Nominee Director (Non-executive Director – category Professional) of International Finance Corporation and IFC FIG Investment Company I (jointly) on the Board of the Bank with effect from July 26, 2016. Ms. Baker ceased to be a Director of the Bank with effect from August 31, 2018, pursuant to withdrawal of her nomination by IFC.
- Dr. Holger Dirk Michaelis (DIN: 07205838) was appointed as a Nominee Director (Non-executive Director – category Professional) of Caladium Investment Pte. Ltd. on the Board of the Bank with effect from February 12, 2016.

Cessations

Dr. Ashok Kumar Lahiri

Dr. Ashok Kumar Lahiri (DIN: 07234290), Non-Executive Part-time (Independent) Chairman of the Bank, had demitted from the office with effect from the close of business hours on April 09, 2018, due to his difficulties in discharging the duties satisfactorily as he was simultaneously a Member of the Fifteenth Finance Commission.

Thereafter, Pursuant to the recommendation of the NRC, the Board of Directors of the Bank approved the appointment of Mr. Harun Rasid Khan (DIN: 07456806) as the Non-Executive Part-time Chairman of the Bank with effect from June 05, 2018 subject to approval of the RBI. Due to non-receipt of the RBI approval and increasing commitment of Mr. Khan in his other work areas, the Bank submitted an application under Section 10B of the Banking Regulation Act, 1949 with the RBI for appointment of Dr. Anup Kumar Sinha as Non-Executive Part-time Chairman of the Bank on the basis of recommendation of the NRC and the Board. In terms of the approval received from the RBI and the recommendation of the NRC, the Board at their meeting held on January 07, 2019 approved the appointment of Dr. Anup Kumar Sinha as Non-Executive Part-time Chairman of the Bank for a period of three years with effect from January 07, 2019.

Mr. Pravir Kumar Vohra

Mr. Pravir Kumar Vohra (DIN: 00082545) who was appointed as an Additional Director (Independent) of the Bank, not liable to retire by rotation, with effect from June 05, 2018 for a period of three years, had resigned from the office with effect from June 25, 2018 due to conflict of his responsibilities with another opportunity he was considering in the financial services sector.

Mr. Boggarapu Sambamurthy

Mr. B. Sambamurthy (DIN: 00246211), Independent Director, ceased to be a Director of the Bank with effect from July 09, 2018, due to completion of his tenure of three years as an Independent Director as approved by the Shareholders.

Ms. Georgina Elizabeth Baker

Ms. Georgina Elizabeth Baker (DIN: 06601316), Nominee Director, International Finance Corporation (IFC) and IFC FIG Investment Company I (jointly) ceased to be a Director of the Bank with effect from August 31, 2018, pursuant to withdrawal of her nomination by IFC.

Prof. Krishnamurthy Venkata Subramanian

Prof. Krishnamurthy (DIN: 00487747), Independent Director of the Bank, tendered his resignation from the office of Director of the Bank with effect from December 23, 2018 vide his communication dated January 04, 2019 due to his appointment as the Chief Economic Advisor (CEA) to the Government of India. Accordingly, in terms of the provisions of Section 168(2) of the Act, Prof. Krishnamurthy ceased to be a Director of the Bank with effect from January 04, 2019.

The Board places on record its sincere appreciation for the valuable services rendered by Dr. Ashok Kumar Lahiri, Mr. B. Sambamurthy, Prof. Krishnamurthy Venkata Subramanian, Ms. Georgina Elizabeth

Baker and Mr. Pravir Kumar Vohra during their association with the Bank in the capacity of Chairman / Directors.

Apart from the above, no other Director was appointed or has resigned during the year under review.

Key Managerial Personnel

Mr. Chandra Shekhar Ghosh, Managing Director & CEO, Mr. Sunil Samdani, Chief Financial Officer and Mr. Indranil Banerjee, Company Secretary of the Bank are the Key Managerial Personnel as per the provisions of the Act and rules made thereunder.

Meetings of the Board and Board Committees

The Board met thirteen times during the Financial Year 2018-19, viz., on April 09, 2018, April 27, 2018, June 04, 2018, June 05, 2018, July 18, 2018, August 08, 2018, October 10, 2018, October 31, 2018, November 14, 2018, January 07, 2019, January 10, 2019, February 26, 2019 and February 27, 2019. The details of Board meetings held during the financial year, attendance of Directors at the meetings, etc., have been provided separately in the Report on Corporate Governance forming part of this Annual Report.

The Bank currently has following nine Board Committees, additionally the meeting of Independent Directors was also held during the financial year:

1. Audit Committee
2. Nomination & Remuneration Committee
3. Risk Management Committee
4. Customer Service Committee
5. Corporate Social Responsibility Committee
6. Stakeholders Relationship Committee
7. IT Strategy Committee
8. Special Committee for monitoring High Value Frauds
9. Committee of Directors

The details with respect to the composition, terms of reference, numbers of meetings held, etc., of these Board Committees are provided in the Report on Corporate Governance forming part of this Annual Report.

Corporate Social Responsibility

Your Bank has constituted the Corporate Social Responsibility ('CSR') Committee of the Board of Directors, in accordance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility) Rules, 2014, as amended.

The CSR initiatives of your Bank are undertaken through Bandhan-Konnagar which is a Society Registered under the West Bengal Societies Registration Act, 1960. Various programmes run by Bandhan-Konnagar include targeting the hard core poor (THP), education, health, employment generation. Through the THP programme, assistance is extended to the women who are destitute or below the pyramid section of the society of a designated area where they are brought to the mainstream with

support and guidance. The education programme are run through various pre-primary and primary schools across various areas and assisting them to enter the proper education system. The health programme is attributed to development of awareness and provide basic necessary health support, awareness development for improvement of hygiene and guidance. Through the employing the unemployment programme the basic training is given to the youth who find some way to engage themselves either in running entrepreneurship or engaging in the service after completion of their training. Your Bank's objective is to help people from economically backward communities join the mainstream society by enabling them to generate sustained income on their own in due course.

The details of CSR activities/projects undertaken during the year is given as **Annexure – 1** and forms part of this Board's Report. The CSR Policy as recommended by the CSR Committee and approved by the Board is available on the Bank's website: <https://www.bandhanbank.com/pdf/CSR-Policy-New-Format.pdf>.

Declaration from Independent Directors

The Bank has received necessary declarations from all the Independent Directors under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI LODR that they meet the criteria of independence laid down thereunder. The Board of Directors of the Bank has reviewed the disclosures of independence submitted by the Independent Directors and is of the opinion that the Independent Directors of the Bank fulfil the conditions specified in the Act and SEBI LODR and are independent of the management.

Familiarisation Programmes for Independent Directors

The familiarising programme for the Independent Directors are disclosed in the Report on Corporate Governance that forms part of this Annual Report.

Board Evaluation

Pursuant to the recommendation of NRC, the Board of Directors of the Bank has approved the Performance Evaluation Policy which laid down evaluation process and criteria for the performance evaluation of all the Directors including Chairman, MD & CEO, Board Level Committees and the Board as a whole. Details of Board Evaluation process and performance evaluation carried out for financial year 2018-19 is included separately in the Report on Corporate Governance forming part of this Annual Report.

Appointment of Directors

Appointment of Directors on the Board of the Bank is guided by the provisions of the Banking Regulation Act, 1949 and the rules framed thereunder, the Companies Act, 2013 and the SEBI LODR. Further, the Board considers various skill sets, practical experience, gender diversity while appointing directors on the Board of the Bank. The details of the same have been included in the Report on Corporate Governance forming part of this Annual Report.

Remuneration Policy

The Board of Directors of the Bank had formulated and adopted compensation policy and HR Policy for Remuneration of

Employees of the Bank including the Executive Directors and the remuneration of Non-Executive Directors including the Chairman of the Bank are governed by the respective regulatory provisions. The details of the same have been included in the Report on Corporate Governance forming part of this Annual Report.

Employees Remuneration

As on March 31, 2019, your Bank had 32,342 employees. The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are appended separately as **Annexure – 2(a)** and form part of this report. The ratio of the remuneration of each Director to the median remuneration of the employees of the Bank and other details in terms of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as **Annexure – 2(b)**.

Employee Stock Options

Your Bank has instituted Employees Stock Option Plans to enable its employees to participate in your Bank's future growth and financial success. Your Bank provides its employees a platform for participating in important decision making and instilling long-term commitment towards future growth of the Bank by way of rewarding them through stock options. Accordingly, with the approval of the Shareholders of the Bank, the Bank had instituted an Employees Stock Option Scheme (ESOP), i.e., Bandhan Bank Employee Stock Option Plan Series I ('Scheme'). In terms of the Shareholders' approved Scheme and the remuneration Policy of the Bank, NRC has approved the grant of 22,20,725 Stock Options to the eligible Employees of the Bank at a grant price of ₹180 per Option in the month of December 2017 under Tranche 1.

The Scheme was approved by the shareholders of the Bank in the general meeting before the Initial Public Offering ('IPO') of the Bank on March 27, 2018. However, in terms of compliance of Regulation 12 of the SEBI (Share Based Employee Benefits) Regulations, 2014 ('SEBI SBEB') the Scheme is required to be approved by the shareholders after the IPO of the Bank. Accordingly, your Bank proposes to seek the shareholders approval of the Scheme which was approved by the shareholders before the IPO of the Bank. In view of the above Regulations, your Bank has made no grants under the Scheme after the listing of its equity shares on the stock exchanges pursuant to the IPO. Approval of the Shareholders' of the Bank is being sought on the Scheme along with granting of additional 5,25,36,327 ESOPs under the Scheme in multiple tranches in terms of the provisions of the SEBI SBEB which is forming part of the AGM Notice.

The Scheme is administrated by the NRC. In terms of the Scheme, the Options would vest not earlier than one year and not later than four years from the date of grant as decided by the Board / NRC. The Options granted shall be equally vested over four years. The exercise period shall be maximum of five years from the date of respective vesting of Options. Further, the source of shares is primary in nature, since your Bank has been issuing new equity shares upon exercise of Options. None of the Directors were

issued the stock options, except the Managing Director & CEO which has been approved by the Board of Directors, Shareholders and the RBI.

The information pertaining to Employee Stock Options as prescribed under SEBI SBEB read with SEBI Circular dated June 16, 2015 on Requirements specified under the SEBI (Share Based Employee Benefits) Regulations, 2014 is attached as **Annexure – 3**.

Deposits

Being a banking company, the disclosures required as per Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, read with Sections 73 and 74 of the Act are not applicable to your Bank.

The details of the deposits received and accepted by your Bank as a banking company are enumerated in the financial statements for the financial year ended March 31, 2019.

Internal Financial Controls, Audit and Compliance

Your Bank has an Internal Audit department and a Compliance department, which independently carry out evaluation of the adequacy of all internal controls. These departments ensure that operating and business units adhere to laid down internal processes and procedures as well as to regulatory and legal requirements. The audit department also proactively recommends improvements in operational processes and service quality. The Bank has put in place extensive internal controls including audit trails, appropriate segregation of front- and back-office operations, post-transaction monitoring processes at the backend to mitigate operational risks. It further ensures independent checks and balances, and adherence to the laid down policies and procedures of the Bank are according to regulatory guidelines. Your Bank has adhered to the highest standards of compliance and governance and has placed controls and appropriate structure to ensure this.

To safeguard independence, the internal audit department reports directly to the Chairman of the Audit Committee of the Board. The Audit Committee of the Board also reviews the performance of the Audit department and Compliance department. It further appraises the effectiveness of controls and compliance with regulatory guidelines. The Board of Directors confirms that there are internal controls in place with reference to the Financial Statements and that such controls are operating effectively.

Related Party Transactions

There were no materially significant transactions with related parties including promoters, Directors, key managerial personnel or relatives of the Directors during the financial year 2018-19, which could lead to a potential conflict of interest between the Bank and these parties. The details of the transactions with related parties, if any, were placed before the Audit Committee from time to time. There were no material individual transactions with related parties, which were not in the ordinary course of business of the Bank, nor were there any transactions with related parties, which were not on arm's length basis. Accordingly, AOC-2 is not applicable to the Bank. Necessary disclosure as required under the Accounting Standards (AS 18) has been made in the notes to the financial statements to the extent applicable to the Bank.

Your Bank's Policy on dealing with Related Party Transactions is available on the Bank's website: <https://www.bandhanbank.com/pdf/RelatedParty-Transactions-Policy.pdf>

Particulars of Loans, Guarantees or Investments

In terms of the provisions of Section 186 (11) of the Act, the provisions of Section 186 of Act except sub-section (1), do not apply to any loan made, any guarantee given or security provided or any investment made by a banking company in the ordinary course of its business. However, the particulars of investments made by the Bank are disclosed in the Financial Statements as per the applicable provisions of the Banking Regulation Act, 1949.

Whistle-Blower Policy/Vigil Mechanism

Your Bank has adopted a Whistle-Blower Policy pursuant to which the Bank's employees can raise their concerns relating to fraud, malpractice or any other activity or event, which is against the interests of the Bank or society as a whole. According to this policy, the Audit Committee has been entrusted with the responsibility of reviewing the complaints received and the action taken thereof. Detailed information on the Vigil Mechanism of the Bank is provided in the Report on the Corporate Governance which forms part of this Annual Report.

Business Responsibility Report

In terms of the provisions of SEBI LODR, a Business Responsibility Report describing the initiatives taken by your Bank from environmental, social and governance perspective is available on the Bank's website at the link: www.bandhanbank.com

Significant and Material Orders Passed by Regulators or Courts or Tribunals

During FY 2018-19, no significant or material orders were passed by any Regulators or Courts or Tribunals against the Bank impacting its going concern status and operations in future. However, the Reserve Bank of India vide its letter dated September 19, 2018 has imposed two restrictions on the Bank, one is withdrawal of general permission to open new branches whereby the Bank is not permitted to open new branches without the prior approval of the RBI and the other is freezing of remuneration of the MD & CEO at the existing level due to non-compliance of one licensing condition of dilution of excess shareholding of Non-operative Financial Holding Company ('NOFHC') in the Bank to 40% of the paid-up capital of the Bank, within three years from the commencement of the operations of the Bank. Your Bank has taken initiatives to comply with the only remaining licensing condition and in that regard amalgamation of GRUH Finance Limited into and with the Bank has been approved by the Board by which the existing shareholding of NOFHC in the Bank will be brought down to 61% (approx.). Your Bank along with NOFHC has also initiated several other steps to comply with the only remaining licensing condition at the earliest. Your Bank is constantly in touch with the RBI on the matter.

Statutory Auditors and their Report

The Members of the Bank at the 1st Annual General Meeting held on June 29, 2015 have approved the appointment of S. R. Batliboi & Associates, LLP, Chartered Accountants, (ICAI Firm Registration Number 101049W) as Statutory Auditors of the Bank and was thereafter re-appointed every year with the prior-approval of the

RBI and the approval of the Shareholders. However, as per the RBI circular DBS.No.ARS.BC.8/08.91.001/2000-2001 dated January 30, 2001 and DBS.ARS.BC.04/08.91.001/2017-2018 dated July 27, 2017, Statutory Auditors for Private Banks cannot be appointed for more than four years. Hence the term for current Auditors of the Bank will end at the ensuing AGM. Accordingly, on the basis of recommendations of the Audit Committee, the Board of Directors of the Bank have approved the appointment of Deloitte Haskins & Sells, Chartered Accountants (ICAI Firm Registration Number 117365W) as the Statutory Auditors of the Bank for a period of four years from the conclusion of 5th AGM till the conclusion of 9th AGM, subject to approval of Shareholders of the Bank and by the RBI every year as required under the RBI circular dated January 30, 2001 and July 27, 2017 as mentioned above. The approval of the RBI has been received for appointment of Deloitte Haskins & Sells, Chartered Accountants, as the Statutory Auditors of the Bank for the financial year 2019-20, i.e., from the conclusion of 5th AGM till the conclusion of 6th AGM. Accordingly, your Board recommends to the shareholders, the appointment of Deloitte Haskins & Sells, Chartered Accountants (ICAI Firm Registration Number 117365W), as the statutory auditors of your Bank for a period of four years from the conclusion of ensuing AGM till the conclusion of 9th AGM, subject to approval of the RBI on an annual basis.

The Report given by the Auditors on the financial statements of the Bank for the financial year ended on March 31, 2019 forms part of this Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report. Also, no offence of fraud was reported by the Auditors of the Bank.

Secretarial Auditors and their Report

Pursuant to the provisions of Section 204 of the Act, your Bank has appointed Mr. Deepak Kumar Khaitan, Practising Company Secretary (C.P. 5207) as Secretarial Auditor to conduct Secretarial Audit of the Bank for the FY 2018-19. Accordingly, the Secretarial Audit Report for FY 2018-19 is annexed to this report as **Annexure – 4**. There are no reservations, adverse remark or disclaimer in the Secretarial Audit Report except three observations, i.e., first w.r.t. the letter dated September 19, 2018 by Reserve Bank of India, which has been explained above under the head 'Significant and Material Orders Passed by Regulators or Courts or Tribunals', second w.r.t. the Securities and Exchange Board of India ('SEBI') approving the Scheme of Amalgamation as a method to comply with Minimum Public Shareholding ('MPS') requirements, which has also been explained above under the 'Scheme of Amalgamation' and third w.r.t. SGL bouncing. In this regard, it may be noted that no penalty has been levied on the Bank by the RBI during the year ended March 31, 2019 and March 31, 2018. However a single instance of SGL bouncing occurred on October 04, 2018 due to security being available in Repo account instead of Primary account with the RBI. A lenient view was taken by the RBI and the monetary penalty was waived off with necessary directions vide letter dated October 25, 2018. Appropriate control measures have been taken by your Bank internally to prevent such recurrence.

No offence of fraud was reported by the Secretarial Auditor of the Bank.

Cost Records

In terms of the provisions of Section 148(1) of the Act read with

Rule 3 of the Companies (Cost Records and Audit) Rules, 2014, your Bank is not required to maintain cost records and accordingly is not required to undergo cost audit.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

Energy and natural resource conservation have been one of the focus area for the Bank and conscious efforts are being made towards improving energy performance, year on year. Some of the steps undertaken by the Bank towards conservation of energy are as under:

- Replacement of CFL and conventional lighting to LED in select premises
- Saving of water through use of Bio-blocks in urinals at Select Large Facilities
- Installations of green locks and AC controllers in air conditioning machines in order to save energy
- Put controls on usage of lifts, ACs, common passage lights and other electrical equipment

Your Bank has used information technology in its operations, details of the same has been provided under section on Information Technology at Bandhan Bank in this Report. The Bank is however, constantly pursuing its goal of technological upgradation in a cost-effective manner for delivering quality customer services.

The Foreign exchange earnings of the Bank for the financial year 2018-19 was ₹36.49 lakh whereas foreign exchange outgo was of ₹1.93 crore during FY 2018-2019.

Corporate Governance

Corporate governance is based on the principles of conducting the business with all integrity, fairness, and being transparent with all transactions, making necessary disclosures and decisions, complying with the laws of the land, accountability and responsibility towards the stakeholders and commitment of conducting the business in an ethical manner. Your Bank is committed to achieve the highest standards of Corporate Governance and also adheres to the Corporate Governance requirements set by regulators/applicable laws. A separate section on Corporate Governance standards followed by your Bank and the relevant disclosures, as stipulated under the SEBI LODR, the Act and rules made thereunder is annexed to this Report as **Annexure – 5**.

A Certificate from CS Deepak Kumar Khaitan, Practicing Company Secretary (C.P. 5207), confirming compliance by the Bank to the conditions of Corporate Governance as stipulated under SEBI LODR, is annexed to the Report on Corporate Governance, which forms part of this Annual Report.

Annual Return

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return as at March 31, 2019 forms part of this Report as **Annexure – 6** and the Annual Return of the Bank as at March 31, 2019 is placed on its website and can be accessed at www.bandhanbank.com.

Management's Discussions and Analysis

The Management Discussion and Analysis report for the financial

year 2018-19 as prescribed under SEBI LODR is enclosed as **Annexure – 7** which forms part of this report.

Information Under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Your Bank has zero tolerance towards any action on the part of any of its employees, which may fall under the ambit of 'sexual harassment' at workplace and is fully committed to uphold and maintain the dignity of every woman constituent associated with the Bank. It takes all necessary measures to ensure a harassment free workplace and has instituted an Internal Committee for redressal of complaints and to prevent/prohibit sexual harassment, in compliance with the guidelines enumerated in the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Policy provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. All the complaints received, decisions taken and dissemination of action initiated by the Bank placed to the Audit Committee of the Board periodically. Details of the cases filed and resolved during the financial year 2018-19 is given hereunder:

Number of complaints pending as at the beginning of the financial year	Number of complaints filed during the financial year	Number of complaints disposed of during the financial year	Number of complaints pending as at the end of the financial year
0	14	14	0

Human Resource Management

Your Bank recognises that the human resource is key to organisational success. Thus, the goal of the Human Resources ('HR') department is to ensure that the employees are recruited, engaged, retained and motivated to contribute to the Bank's growth and strategic mission. The HR Department proactively engages with employees at all levels for this purpose. Its vision is to create an environment of learning and superior performance in line with the Bank's corporate values and aligning the personal aspirations of employees to business imperatives.

The employee engagement initiatives place greater emphasis on learning and development, providing opportunities for staff to seek aspirational roles, streamlining the Performance Management System and introducing performance-linked rewards. A host of programmes are being run to meet the ongoing learning and development needs in the Bank and promote a climate of learning, self-growth and excellence. The learning architecture in your Bank focusses on:

1. Developing tailor-made, competency-mapped programmes for different sets of employees, based on their roles in the Bank
2. Induction/orientation of new hires for acquaintance with the culture of the Bank
3. Training on operational risk, audit, compliance and regulatory aspects for frontline staff

4. People management, customer-centric and compliance-based programmes for employees in leadership roles

Through its 11 residential training centres across the country, and through a wide range of training programmes, your Bank has provided 1,00,060 days of training to its people. The trainings were provided to people across departments and functions, to build their professional competence and improve their skill sets, and thus, enable them to contribute to your Bank's mission.

Additionally, the Bank continues to engage with leading management institutes for leadership and management development programmes and specialised programmes for employees across senior and mid-management levels of staff.

Your Bank believes that the Performance Management ('PM') process is a powerful driver of individual and corporate performance. An online PM System ('PMS'), with focus on building transparency in performance assessments, employee ownership of the goals and encouraging dialogue on performance and developmental feedback between the appraisee and appraiser, was introduced in your Bank. Softer behavioural attributes, like the employee's adherence to values of the organisation, customer focus, accountability, ability to work in a team, and others build a culture conducive to sustainable business performance and promote desired behaviour. Recognising their importance, attention was also paid to such softer behavioural attributes.

Your Bank shall continue to leverage and/or align HR practices to build critical organisational capabilities, build a conducive work environment to enhance and shape employee satisfaction, and enable achievement of the strategic goals.

Risk Management Framework

Managing risk is an integral part of the banking business and your Bank aims at delivering a superior stakeholder value by achieving an appropriate equilibrium between risk and return. Your Bank has put in place an Integrated Risk Management framework that articulates its risk appetite and drills down the same into a limit framework for various risk categories. The risk governance framework ensures oversight, monitoring for vulnerability mapping and an integrated evaluation for effective risk management.

The Board of Directors provides oversight on all the risks assumed by the Bank. The Board has established Committees with specific terms of reference to facilitate focused oversight. At organisational level, overall risk management is assigned to an independent Risk Management Committee of Board ('RMCB'). The Bank's Risk Committee reviews risk management policies, key risk indicators and the limit frameworks including stress test limits for various risks. Policies approved by the Board of Directors or Committees of the Board from time to time constitute the governing framework for each type of risk. Business activities are undertaken within this policy framework.

The Bank has set up various executive-level committees, having participation from various business and control functions, that

are designed to review and oversee matters pertaining to various material risks.

Commitment towards the independence of Risk Management Department of the Bank, headed by a Chief Risk Officer ('CRO'), an employee of rich experience and seniority, to facilitate independent evaluation, monitoring and reporting of various risks is supervised by RMCB on a regular basis and reviewed by the Board on an annual basis. The Bank is in constant endeavour to upgrade its system and processes for establishment of an effective risk management system.

Credit Risk

Credit risk is the risk that arises when a borrower is unable to meet its financial obligation to the lender. All credit risk aspects are governed by Credit Policy and Credit Risk Policy of the Bank. The Credit Risk Management Committee ('CRMC'), chaired by MD & CEO, oversees and reviews the credit risk of your Bank. The CRMC reports to the RMCB, the apex body for risk management in the Bank.

Your Bank has a uniqueness in terms of the composition of its credit portfolio with the preponderance of the small ticket microbanking portfolio and is also expanding into the General Banking loans, the Bank has various assessment approaches in tandem with the segmental risk profile of borrowers. Credit Underwriting is not part of Business and reports into a separate Underwriting Unit under the Risk Department. For large size loans, credit proposals are approved at the Head Office Credit Committees depending on the delegation of power vested in them. To limit the magnitude of credit risk, prudential limits are laid down on various aspects of credit, benchmark on various ratios, borrower type limits, industry and sectoral limits, among others.

An independent Credit Risk Management Department ('CRMD'), reporting into the CRO, implements the Credit Risk framework.

Market and Liquidity Risk

The Asset-Liability Management Committee ('ALCO'), reporting into the RMCB, functions as the top operational unit for managing the balance sheet within the performance/risk parameters laid down by the Board. It determines the asset liability management strategy in light of the current and expected business environment and reviews positions of the trading groups and the interest rate and liquidity gap positions on the banking book. The ALCO also sets deposit and benchmark lending rates.

Market risk arises largely from the Bank's statutory reserve management and trading activity and is managed through a well-defined Board-approved Investment Policy and Market Risk Policy that caps risk in different trading desks or/and various securities through trading risk limits/triggers and is supplemented by a Board approved stress testing framework that simulates various market risk scenarios to measure losses and initiate remedial measures.

Liquidity Risk is the risk that a bank may not be able to meet its short term financial obligations due to an asset-liability mismatch or interest rate fluctuations. Your Bank's framework for liquidity

and interest rate risk management is spelt out in its Asset Liquidity-Management policy that is implemented, monitored and periodically reviewed by the ALCO. The Liquidity Coverage Ratio ('LCR') seeks to ensure that the Bank has an adequate stock of unencumbered High-Quality Liquid Assets ('HQLA') that can be converted into cash easily and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario. Your Bank is maintaining the LCR limit as prescribed by the RBI.

An independent Market Risk Management Department ('MRMD'), reporting into the CRO, implements the Market & Liquidity Risk framework

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. To manage operational risks, the Bank has in place a comprehensive operational risk management framework, whose implementation is supervised by the Operational Risk Management Committee ('ORMC'), chaired by MD & CEO and reviewed by the RMCB.

The risk framework employs a judicial mixture of quantitative and qualitative assessment tools to assess the operational risk in products and processes. An independent Operational Risk Management Department ('ORMD'), reporting into the CRO, implements the framework.

The Bank has well laid down processes for management of its day-to-day activities which is approved by Product & Process Change Management Committee ('PCMC') comprising of senior functionaries of Business and Control groups. The Bank follows established, well-designed controls, which include traditional four eye principles, effective separation of functions, segregation of duties, call back processes, reconciliation, exception reporting and periodic MIS.

Your Bank as a part of its strategy, has outsourced significant portion of its Information Technology Operations, an independent Outsourcing Committee comprising of members of Senior Management oversees the outsourcing risk framework under the guidance of the RMCB.

The Bank undertakes fraud risk assessment to identify and understand risks to its business. The Fraud Prevention and Monitoring Committee ('FPMC'), comprising senior functionaries of the Bank, is responsible for identification of frauds, deliberation, analysis of fraud events, gaps in controls and processes and initiate remedial actions and reports into the Audit Committee of the Board ('ACB').

Information Security Management

The Bank operates in a highly automated environment and makes use of the latest technologies to support various operations. This throws up operational risks such as business disruption, risks related to information assets, data security, integrity, reliability and availability amongst others. In view of the same, your Bank has established an information security architecture to assess its

IT-related vulnerabilities and manage the existing and emerging cybersecurity risks.

The IT Strategy Committee of the Board ('ITSCB') is the apex body through which the Board keeps an oversight on the entire IT strategy of the Bank, including the cybersecurity strategy. The RMCB and the ACB also monitors the InfoSec aspects from their corresponding angles.

The teams monitor systems from the standpoint of operations, availability and security. In the endeavour towards providing high availability and continuity of services to its customers, including high availability of customer-facing IT systems, the Bank has a Board-approved Business Continuity Plan which includes plans for recovery of its IT systems in the event of any disaster or contingency. The Bank has a Board-approved Information Security and Cyber Security Policy which also incorporates a cyber-crisis management plan. The Bank has used the service of renowned auditing firms to conduct Statutory Audit of IT systems and controls. The Bank has laid down processes for change management, identity management, access management and security operations and these processes are periodically reviewed and refined to keep abreast of emerging risks and to ensure that commensurate controls to mitigate such risks are put in place.

With technology becoming an integral part of the banking industry, the Bank has established an information security architecture to assess its IT-related vulnerabilities and manage the existing and emerging cybersecurity risks. A well-documented Board approved information security policy is put in place. In addition, employees mandatorily periodically undergo information security training and sensitisation exercises.

Information Security (InfoSec) Team, under Chief Information Security Officer ('CISO'), reports into the overall Risk Management Department under CRO. The team follows strategies and procedures for managing the processes, tools and policies necessary to prevent, detect, document and counter threats to digital and non-digital information, and automated processes. InfoSec responsibilities include establishing a set of processes that will safeguard information assets regardless of how the information is structured or whether it is in transit/being processed or is at rest in storage. Your Bank is also building up its own independent 24*7 C-SOC (Cyber Security Operations Centre) for state of the art centralised and consolidated cybersecurity incident prevention, security event monitoring, detection and response capabilities.

Your Bank reaches out to customers through various channels, both brick and mortar like Branches & door step centres and click like Internet Banking, Mobile Banking, UPI as also ATMs. The security of digital channels is very critical given high number of cybersecurity incidents getting reported across the globe. Your Bank has taken up various steps, like two-factor authentications, implementation of transaction limit for digital channels, implementation of data leakage prevention solution, monitoring of transactions for card based transactions to

protect its digital channels from misuse by external and internal incidents.

Information Technology at Bandhan Bank

Your Bank has taken giant strides in its IT & Digital Initiatives for the Bank. Information technology has played a key driver in this journey with solutions around the key levers of the Bank. Few key initiatives across Payments, Customer Experience, Operational Efficiency and Channel Upgrades are mentioned below:

Payments

BHIM *99#: This initiative has been introduced to drive digital usage of banking services especially in Rural Areas. This form of mobile banking uses Unstructured Supplementary Service Data ('USSD') channel and can be used by customers without a smartphone. This application provides basic banking services like Fund Transfer and Balance Enquiry through simple steps.

BHIM App: Your Bank has been listed as an issuer in NPCI and other Bank's Payment System Player ('PSP') apps so that customers can send and receive funds to/from Bandhan Accounts using Unified Payments Interface as mode of the transaction.

BHIM Bandhan UPI (Google Play store): Your Bank has launched its own Android UPI Application hosted in Google Play store thereby announcing its arrival as a Payment System Player in the UPI Payment Ecosystem.

Bharat QR Customer App (RuPay Version 2) : Enhancement of the Bharat QR App thereby providing additional features to buyers and sellers while performing QR based payments.

Customer Experience

Chatbot: A software driven automated "Question and Answer" bot deployed within the Bandhan Bank website as virtual agents. These agents can serve multiple customers at the same time. Customers now receive response to their basic queries through questions asked to the bot using natural English language.

Home Loan Appraisal System: An intelligent scorecard built on credit score algorithms and set of business rules. This utility equips your Bank's Credit Underwriters to assess the customer quality during the loan review cycle.

Micro Home Loan: Through this solution, your Bank has been able to help customers by providing loans to build houses as part of affordable housing initiative.

Paperless Insurance Claim: Your Bank has established system integration with its insurance partner, HDFC for digitising the insurance claims.

Agri and Term Loans with Kisan Credit Card: Through this solution, your Bank has been able to support farmers through disbursement of Agri and term loans using their Kisan credit card.

Operational Efficiency

Gold Loan Lead Generation: Through this module, all prospective leads are captured and tracked periodically and effectively by the Bank.

De-Dupe: This utility helps Central Processing Unit Team to validate KYC input errors and rectify them as and where required.

Meet2Govern: End-to-End digitisation of the meeting management software through document generation, meeting schedules and effective workflows.

Data Driven Decision: Branch Health Index: An in-house developed Visual Dashboard to analyse branch performance against defined criterias.

Channels Upgrades

Corporate Internet Banking Upgrade:

1. Delivery of Corporate Internet Banking phase II
In Phase II of Corporate Internet Banking, the Bank has introduced the following functionalities:
 - i) Bulk file upload for inter-bank & intra-bank Fund Transfers
 - ii) Account-wise transaction limit set-up
 - iii) Transaction in Cash Credit (CC) & Overdraft (OD) accounts
2. New functionalities in mBandhan application in Android version:
 - i) VISA, Rupay Offers
 - ii) Facility to update E-mail ID
 - iii) Change of language from "Hotlist Debit Card" to "Block Debit Card"
 - iv) Option to create and save Nominee details for TD purposes
 - v) Apply for a new SB/CA/Loan
 - vi) Favourite Transactions
 - vii) Update Limits per transaction/daily limit at customer's end
 - viii) Sequence change
 - ix) ATM PIN regeneration

Material Changes and Commitment Affecting Financial Position of the Bank

There was no material changes and commitments, affecting the financial position of the Bank, which has occurred between the end of the financial year of the Bank, i.e., March 31, 2019 and the date of this Directors' Report.

Compliance with Secretarial Standards

The Board of Directors affirm that the Bank has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India (SS1 and SS2) respectively relating to Meetings of the Board, its Committees and the General Meetings.

Directors' Responsibility Statement

Pursuant to the provisions of Section 134(3)(c) read with Section 134(5) of the Act, the Directors hereby confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the Bank's state of affairs as on March 31, 2019, and of its profit for the year ended on that date;
- iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the annual accounts on a going concern basis;

- v) they have laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and
- vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

Acknowledgments

The Board of Directors places on record its gratitude to the RBI, other government and regulatory authorities, financial institutions and correspondent banks for their strong support and guidance. The Board acknowledges the support of the shareholders, and also places on record its sincere thanks to its valued clients and customers for their patronage. The Board also expresses its deep sense of appreciation to all employees of the Bank for their strong work ethic, excellent performance, professionalism, teamwork, commitment and initiative, which has led to the Bank making commendable progress in today's challenging environment. Your Board will continue to ask for more and more improvements as your Bank continues its unique journey by combining microbanking with traditional commercial banking.

For and on behalf of the Board of Directors
Bandhan Bank Limited

Anup Kumar Sinha

Place: Mumbai
Date: May 02, 2019

Non-executive Part-time Chairman
(DIN: 08249893)

Annexure-1

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2018-19

1	A brief outline of the Bank's CSR Policy including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes.	Refer Section on Corporate Social Responsibility forming part of the Board's Report.
2	Composition of CSR Committee:	i. Ms. T. S. Raji Gain, Chairperson ii. Mr. Chandra Shekhar Ghosh, Member iii. Mr. Harun Rasid Khan, Member
3	Average net profit of the Bank for last three financial years	₹1,39,129 lakh
4	Prescribed CSR expenditure (two per cent of the amount mentioned in item 3 above)	₹2,783 lakh
5	Details of CSR spent during the financial year:	
(a)	Total amount to be spent for the financial year (2018-19)	₹2,783 lakh
(b)	Amount unspent, if any	Not applicable
(c)	Manner in which the amount spent during the financial year	Details Given below

Details of amount spent on CSR activities during the Financial Year 2018-19

Sl. No	CSR Project or activity identified	Sector in which the project is covered (Clause No. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programme (1) Local Area or other (2) Specify the State and districts where projects or programme was undertaken	Amount outlay (budget project or programme wise) (₹ in lakh)	Amount spent on project or programme Sub-heads: 1. Direct expenditure on project or programmes. 2. Overheads (₹ in lakh)	Cumulative expenditure upto the reporting period (₹ in lakh)	Amount Spent: Directly or through implementing agency
1	Targeting the Hardcore Poor Programme	Clause No. (i) Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water. Clause (x) Rural development projects	West Bengal, Bihar, Odisha & Jharkhand	1,295	1,295	1,295	Implementing Agency: Bandhan-Konnagar*
2	Education Programme	Clause No. (ii) Promoting education, including special education and employment enhancing vocation skills, especially among children, women, elderly and the differently abled and livelihood enhancement projects	West Bengal, Bihar	693	693	693	Implementing Agency: Bandhan-Konnagar*
3	Health Programme	Clause No. (i) Eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water. Clause (x) Rural development projects	West Bengal, Jharkhand	880	855	855	Implementing Agency: Bandhan-Konnagar*

Sl. No	CSR Project or activity identified	Sector in which the project is covered (Clause No. of Schedule VII to the Companies Act, 2013 as amended)	Projects or programme (1) Local Area or other (2) Specify the State and districts where projects or programme was undertaken	Amount outlay (budget project or programme wise) (₹ in lakh)	Amount spent on project or programme Sub-heads: 1. Direct expenditure on project or programmes. 2. Overheads (₹ in lakh)	Cumulative expenditure upto the reporting period (₹ in lakh)	Amount Spent: Directly or through implementing agency
4	Employing the Unemployed	Clause No. (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects	West Bengal, Odisha, Madhya Pradesh	132	157	157	Implementing Agency: Bandhan-Konnagar*
	Total			3,000	3,000	3,000	

*Bandhan-Konnagar is a society registered under the Societies of West Bengal Registration Act XXVI of 1961

6. The Bank has spent two per cent of the average net profit of the last three financial years and there were no unspent amount which is required to be reported.

7. Responsibility Statement

The Responsibility Statement of the CSR Committee of the Board of Directors of the Bank, is reproduced below:

‘The implementation and monitoring of Corporate Social Responsibility (CSR) policy, is in compliance with CSR objectives and policy of the Bank.’

Chandra Shekhar Ghosh
Managing Director & CEO
(DIN: 00342477)

T. S. Raji Gain
Chairperson
Corporate Social Responsibility Committee
(DIN: 07256149)

For and on behalf of the Board of Directors
Bandhan Bank Limited

Place: Mumbai
Date: May 02, 2019

Anup Kumar Sinha
Non-Executive Part-time Chairman
(DIN: 08249893)

Annexure - 2(a)

Details of Employees as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the financial year 2018-19

Sl. No.	Name of the Employee	Designation	Remuneration received during FY 2018-19 (Amt. in ₹)	Nature of employment, whether contractual or otherwise	Qualifications and experience	Date of joining the Bank	Age (in years)	Last employment before joining the Bank
1.	Chandra Shekhar Ghosh	Managing Director & CEO	2,04,47,379	Regular	M.Sc. in Statistics with more than 31 years of experience	From the incorporation of the Bank	59	Bandhan Financial Services Limited
2.	Deepankar Bose	Head, Corporate Centre	1,12,91,400	Regular	M.A in Economics with 36 years of experience in banking industry	March 22, 2018	60	State Bank Of India
3.	Sunil Samdani	Chief Financial Officer	1,10,02,852	Regular	CA with 21 years of experience	March 14, 2015	44	Karvy Financial Services Ltd.
4.	Rahul Johri*	Head, Retail Banking	1,07,17,211	Regular	B. Tech and Masters in Management with 26 years of experience	March 01, 2016	51	DBS Bank Ltd
5.	Subhro Kumar Gupta	Chief Audit Executive	1,00,93,655	Regular	MBA with 34 years of experience	February 06, 2017	59	ICICI Bank Ltd
6.	Santanu Banerjee	Head, Human Resources	1,00,02,323	Regular	M.Sc. & MBA – Finance with 23 years of experience	September 03, 2014	50	Axis Bank Ltd.
7.	Vijaykumar Ramakrishna	Chief Information Officer	98,77,570	Regular	BE- Electronics & MBA- Finance with 17 years of experience	February 01, 2016	46	YES Bank Limited
8.	Ronti Kar	Head, Information Technology Applications, Technology Governance & Admin	83,40,918	Regular	Masters in Computer Science & Engineering with 25 years of experience	Since the commencement of business	51	Bandhan Financial Services Limited
9.	Dibakar Chandra Ghosh	Head, Information Technology Operations, Systems & Networking	74,10,975	Regular	Masters in Computer Science with 24 years of experience	Since the commencement of business	51	Bandhan Financial Services Limited
10.	Arvind Kanagasabai	Head- Treasury	72,04,580	Regular	Bachelor's degree in commerce & post graduate diploma in Human Resource Development with more than 30 years of experience	November 24, 2016	58	SBI DFHLL, Mumbai.

* ceased to be in the employment of the Bank with effect from September 30, 2018.

Notes:

1. Remuneration shown above includes basic salary, allowances, performance bonus, cash allowances in lieu of perquisites or taxable value of perquisites, if availed as computed as per Income-tax rules but excludes gratuity, PF settlement, super annuation settlement, perquisite on ESOP & super annuation perquisite.
2. All appointments are terminable by one / three months' notice as the case may be on either side.
3. None of the employees listed above hold 2% or more of the paid-up share capital of the Bank as at March 31, 2019.
4. Other than Mr. Chandra Shekhar Ghosh, Managing Director & CEO, who holds 0.13% of the paid up share capital of the Bank, the shareholding of the employees listed above does not exceed 0.01% of the paid up share capital of the Bank as at March 31, 2019.
5. None of the employees listed above is a relative of any director of the Bank, except Mr. Dibakar Chandra Ghosh who is the relative of MD & CEO.

For and on behalf of the Board of Directors
Bandhan Bank Limited

Anup Kumar Sinha
Non-Executive Part-time Chairman
(DIN: 08249893)

Place: Mumbai
Date: May 02, 2019

Annexure - 2(b)

Disclosure on remuneration as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for FY 2018-19
1. Ratio of remuneration of each Director to the median employees' remuneration for the year

Designation	Ratio
Chairman	36:1
Managing Director & CEO	102:1

Note:

- Fixed pay for the computation of ratio has been considered.
- Fixed pay includes – Basic, Allowances and employer contribution of Provident Fund.
- The above includes all employees of the Bank excluding advisors.

2. Percentage increase in remuneration of each Director, CFO, CEO, CS or Manager, if any, in the financial year

Designation	Percentage Increase
Chairman	100
Managing Director & CEO	Nil
CFO	27.62
CS	65.4

3. Percentage increase in the median remuneration of employees in the financial year

Percentage increase in the median remuneration of employees in the financial year 2018-19 was 16.38 per cent.

4. The number of permanent employees on the rolls of the Bank

As on March 31, 2019 the number of permanent employees on the rolls of the Bank was 32,342.

5. Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

The average percentage increase for Managerial personnel: 17.55 per cent

The average percentage increase for Non-Managerial Staff: 17.32 per cent

6. Affirmation that the remuneration is as per the remuneration policy of the Bank: Yes

For and on behalf of the Board of Directors
Bandhan Bank Limited

Anup Kumar Sinha

Non-Executive Part-time Chairman
(DIN: 08249893)

Place: Mumbai

Date: May 02, 2019

Annexure-3

Disclosure on the Employees' Stock Options for the financial year 2018-19

Date of Shareholders Approval	November 23, 2017 and December 20, 2017
Total Number of options approved	22,20,725
Total Number of options outstanding at the Beginning of the period	22,20,725
Total number of option Granted (During FY 2018-2019)	Nil
Exercise price or the Pricing Formula	₹180 derived by Fair Market Value
Option Vested (During FY 2018-2019)	5,54,551
Option Exercised (During FY 2018-2019)	2,84,885
Total Number of shares arising as a result of Exercise of option	*2,84,885
Total number of Options in force	18,57,049
Options Lapsed/Forfeited	78,791
Total Number of Options outstanding at the end of the Year	18,57,049
Total Number of Options Exercisable at the end of the Year	2,50,019
Variation in terms of options	None
Money realised by exercise of Options (During FY 2018-2019)	₹5,09,30,460
Scheme Name	Bandhan Bank Employee Stock Option Plan Series 1, Tranche 1
Total Number of Options Granted to senior Managerial Personal (KMP)	2,68,616
Total Number of Options Granted to senior Managerial Personal (SMP excluding KMP)	1,40,528
Any other employee who received a grant in any one year of options amounting to 5% or more of options granted during that year	Nil
Identified employees who are granted options, during any one year equal to or exceeding 1% of the Issued Capital (excluding outstanding warrants and conversions) to the Bank at the time of grant	Nil
Diluted Earnings Per Share ('EPS') of the Bank after considering the effect of potential equity shares on account of exercise of Options	₹16.29
Impact of the difference between the Intrinsic Value of the Options and the Fair Value of the Options on Profits and on EPS	₹(6.59 crore) on Profits & ₹(0.06) per share on EPS
Weighted average price of the shares exercised during the year	₹180 per share
Weighted average fair values of the outstanding options	₹72.54
Method used to account for ESOS- Intrinsic or fair value	Intrinsic value

* 6,974 Options exercised during the year but yet to be allotted as at the end of financial year.

The weighted average fair value of stock options granted was ₹68.97. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Share Price on the date of Grant (₹): ₹180

Exercise price (₹): ₹180

Dividend yield (%): 0.23%

Expected volatility (%): 23.55% - 29.85%

Risk-free interest rate (%): 6.7%- 7.1%

Weighted average share price (₹): ₹180

For and on behalf of the Board of Directors
Bandhan Bank Limited

Anup Kumar Sinha
Non-Executive Part-time Chairman
(DIN: 08249893)

Place: Mumbai

Date: May 02, 2019

Annexure-4

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members

BANDHAN BANK LIMITED

Registered Office: DN-32, Sector V, Salt Lake, Kolkata-700 091

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **BANDHAN BANK LIMITED having CIN L67190WB2014PLC204622** (hereinafter called 'the Bank' or 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorised representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Bank has, during the audit period covering the financial year ended on March 31, 2019 (hereinafter called 'the Audit Period') complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on March 31, 2019 according to the provisions of:

- (i). The Companies Act, 2013 and the Rules made thereunder (hereinafter called as 'the Act');
- (ii). The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder (hereinafter called as 'the SCRA');
- (iii). The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv). Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, wherever applicable;
- (v). The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (hereinafter called as 'the SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009(Not applicable to the Bank during the Audit Period);
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the Bank during the Audit Period)
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as 'SEBI LODR');
 - (j) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018; and
- (vi). The following other laws as applicable specifically to the Bank as per the Management Representation Letter issued by the Bank of even date:
- (a) The Banking Regulation Act, 1949 and notifications and circulars issued by the Reserve Bank of India (hereinafter called as the 'RBI') from time to time
 - (b) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
 - (c) Recovery of Debts Due to Banks and Financial Institutions Act, 1993
 - (d) The Deposit Insurance & Credit Guarantee Corporation Act, 1961
 - (e) The Deposit Insurance & Credit Guarantee Corporation General Regulations 1961
 - (f) The Insolvency and Bankruptcy Code 2016

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement (Debt Listing Agreement) entered into by the Bank with BSE Limited read with the SEBI LODR.
- (iii) The Listing Agreement entered (Equity Listing Agreement) into by the Bank with BSE Limited and National Stock Exchange of India Limited read with the SEBI LODR.

During the period under review the Bank has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above subject to the following observations:-

- (i) The RBI has vide letter dated 19th September, 2018 imposed the following restrictions on the Bank due to non-compliance of licensing condition of dilution of excess shareholding of the Non Operative Financial Holding Company, i.e., Bandhan Financial Holdings Limited (hereinafter referred to as 'the NOFHC') in the Bank to 40% within three years from the commencement of the operations (i.e. within three years from August 23, 2015) of the Bank:-
 - (a) Withdrawal of general permission to open new branches. The Bank is not permitted to open new branches, without prior approval of the RBI.
 - (b) Freezing of remuneration of the MD & CEO at the existing level.
- (ii) The Bank has adopted the method of amalgamation to comply with one of the licensing conditions i.e. dilution of excess shareholding of the NOFHC in the Bank to 40% within three years from the commencement of the operations (i.e. within three years from August 23, 2015) which will also bring the public shareholding to atleast 25% (within three years of listing i.e. three years from March 27, 2018) as required under Regulation 38 of the SEBI LODR read with Rule 19(2) and 19A of the SCRA but the method of amalgamation is not prescribed as per Circular No. SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018 by the Securities and Exchange Board of India (hereinafter referred to as 'the SEBI'). Accordingly, the Bank had made an application to SEBI seeking approval to adopt the method of amalgamation to comply with minimum public shareholding norms under the above Circular, which has been approved by SEBI vide its letter dated April 03, 2019. As explained by the Officers of the listed entity, the proposed amalgamation will increase the public shareholding from current 17.74% to 39% (approx) and also partly help to reduce the shareholding of the NOFHC from current 82.26% to 61% (approx).
- (iii) The RBI had issued a notice to the Bank for SGL bouncing. A lenient view was taken by the RBI and the monetary penalty was waived off with necessary directions vide letter dated October 25, 2018.

I further report that

The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the Audit Period were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent at least seven days in advance or at a shorter notice in accordance with the Acts and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at board meetings and committee meetings held during the Audit Period carried out unanimously as recorded in the minutes of the respective meetings.

I further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the Audit Period, the following specific events/ actions have a major bearing on the Bank's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc., referred to as above are as follows :-

- (a) Allotment of 2,77,911 equity shares of face value of ₹10/- each at an exercise price of ₹180/- per share, under Bandhan Bank Employee Stock Option Plan Series 1.
- (b) Proposed scheme of amalgamation of GRUH Finance Limited into and with Bandhan Bank Limited and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 with appointed date being January 1, 2019.
- (c) Application made to the RBI for the acquisition of voting equity capital in the Bank by Housing Development and Finance Corporation Limited ('HDFC') in accordance with 'Prior Approval for Acquisition of Shares or Voting Rights in Private Sector Banks: Direction 2016' and 'The Guidelines for Licensing of New Banks in the Private Sector', and the RBI granted approval to HDFC to acquire shareholding of 9.9% or less in the paid-up equity capital of the Bank, while conveying 'no objection' to the amalgamation as mentioned in paragraph (b) herein above, subject to compliance of the conditions as mentioned in the no objection letter.

This report is to be read with our letter of even date which is annexed as **Annexure A** and form an integral part of this report.

Deepak Kumar Khaitan

Place: Kolkata

F.C.S. No.: 5615 / C.P. No.: 5207

Date: May 02, 2019

ICSI Unique Code No.: I2003WB347200

Annexure A

to the SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

The Members

BANDHAN BANK LIMITED

Registered Office : DN-32, Sector V, Salt Lake, Kolkata-700 091

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Whereever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

Place: Kolkata

Date: May 02, 2019

Deepak Kumar Khaitan

F.C.S. No.: 5615 / C.P. No.: 5207

ICSI Unique Code No.: I2003WB347200

Report on Corporate Governance

[Report on Corporate Governance pursuant to the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') and the Companies Act, 2013, for the financial year ended on March 31, 2019 forming part of the report of the Board of Directors]

Bank's Philosophy on Corporate Governance

Your Bank believes in adopting and adhering to the best standards of corporate governance. It consistently benchmarks itself against such practices. The Bank understands and respects its fiduciary role and responsibility towards its shareholders and strives hard to meet their expectations. The Bank's philosophy on corporate governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its engagements with its stakeholders. It acknowledges that best Board practices, transparent disclosures and shareholder empowerment are necessary for creating shareholder value. The philosophy on corporate governance is an important tool for shareholder protection and maximisation of their long-term values.

Your Bank is in compliance with corporate governance requirements specified in Regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI LODR.

Board of Directors

Your Bank entrusts its Board of Directors (the 'Board') with the ultimate responsibility of the management, affairs, directions and performance of the Bank and is vested with requisite powers, authorities and duties. The Corporate Governance philosophy of your Bank establishes that the Board's independence is essential to bring objectivity and transparency in the Management and the dealings of the Bank.

The composition of the Board of Directors of the Bank is governed by the provisions of the Companies Act, 2013 (the 'Act') and rules made thereunder, the Banking Regulation Act, 1949 (the 'BR Act') and the guidelines/circulars issued by the Reserve Bank of India ('RBI') in this regard, provisions of SEBI LODR, the Articles of Association of the Bank, other applicable laws and the best practices in Corporate Governance.

As on March 31, 2019, the Board of your Bank consisted of twelve Directors, of whom nine are Independent Directors including Non-Executive (Independent) Part-time Chairman, one Nominee Director (Non-executive) of Caladium Investment Pte. Ltd., one Non-executive Non-Independent Director and one Managing Director and CEO.

The Board of the Bank also comprises of one woman Independent Director. The composition of the Board of the Bank represents various skill sets, special knowledge, practical experience, qualification, professionalism and diversity as required under applicable laws as well as required for banking business. The Board has been reviewing its strength and combination from time to time to ensure that it remains aligned with the statutory provisions as well as business requirements.

In terms of the provisions of BR Act, your Bank has separate offices for Chairman and Managing Director. Your Bank has a Non-Executive (Independent) Part-time Chairman and a Managing Director & CEO, both approved by the RBI. The Chairman provides overall direction and guidance to the Board whereas the Managing Director & CEO of the Bank is responsible for the overall management of the Bank reporting to Board.

The operational and functional heads assist the Managing Director & CEO in the operations, execution and functioning of the Bank.

Appointment of Directors

During the financial year under review, following Directors were appointed on the Board:

1. Dr. Allamraju Subramanya Ramasastry (DIN: 06916673) was appointed as an Additional Director (Independent) of the Bank with effect from August 08, 2018.
2. Dr. Anup Kumar Sinha (DIN: 08249893) was appointed as an Additional Director (Independent) of the Bank, with effect from January 07, 2019. He was also appointed as a Non-Executive (Independent) Part-time Chairman of the Board for a period of three years, with effect from January 07, 2019, in terms of the approval of the RBI.
3. Mr. Santanu Mukherjee (DIN: 07716452) was appointed as an Additional Director (Independent) of the Bank, with effect from January 07, 2019.
4. Ms. Thekedathumadam Subramani Raji Gain (DIN: 07256149) was re-appointed as an Independent Director for second term of four years with effect from August 06, 2018, subject to approval of Shareholders by way of special resolution.
5. Mr. Harun Rasid Khan (DIN: 07456806) was appointed as an Independent Director of the Bank for a period of three years with effect from March 27, 2018 by the Shareholders at 4th Annual General Meeting ('AGM') held on July 19, 2018.
6. Ms. Georgina Elizabeth Baker (DIN: 06601316) was appointed as a Nominee Director [Non-executive Director – category Professional] of International Finance Corporation and IFC FIG Investment Company I (jointly) with effect from July 26, 2016, by the Shareholders at 4th AGM held on July 19, 2018. Ms. Baker ceased to be a Director of the Bank with effect from August 31, 2018, pursuant to withdrawal of her nomination by IFC.
7. Dr. Holger Dirk Michaelis (DIN: 07205838) was appointed as a Nominee Director [Non-executive Director – category Professional] of Caladium Investment Pte Ltd with effect from February 12, 2016, by the Shareholders at 4th AGM held on July 19, 2018.

Re-appointment of Directors

During the financial year under review, following Directors were re-appointed on the Board by the Shareholders at 4th AGM held on July 19, 2018:

1. Mr. Ranodeb Roy (DIN: 00328764), Non-Executive Non-Independent Director, who retired by rotation and being eligible, offered himself for re-appointment, was re-appointed.
2. Mr. Chandra Shekhar Ghosh (DIN: 00342477) was re-appointed as Managing Director & CEO of the Bank, for a period of three years with effect from July 10, 2018. The RBI vide its letter dated July 04, 2018 had approved the re-appointment of Mr. Ghosh as Managing Director & CEO of the Bank for a period of three years with effect from July 10, 2018 till July 09, 2021.
3. Mr. Snehomoy Bhattacharya (DIN: 02422012) was re-appointed as an Independent Director of the Bank, with effect from July 09, 2018 for a period of four years, not liable to retire by rotation.
4. Prof. Krishnamurthy Venkata Subramanian (DIN: 00487747) was re-appointed as an Independent Director of the Bank, with effect from July 09, 2018 for a period of five years, not liable to retire by rotation. However, Prof. Krishnamurthy resigned from the Board which was effective from January 04, 2019.
5. Mr. Chintaman Mahadeo Dixit (DIN: 00524318) was re-appointed as an Independent Director of the Bank, with effect from July 09, 2018 for a period of two years, not liable to retire by rotation.
6. Mr. Sisir Kumar Chakrabarti (DIN: 02848624) was re-appointed as an Independent Director of the Bank, with effect from April 01, 2018 for a period of three years, not liable to retire by rotation.
7. Mr. Bhaskar Sen (DIN: 03193003) was re-appointed as an Independent Director of the Bank, with effect from April 01, 2018 for a period of three years, not liable to retire by rotation.

Cessation of Directorships

During the financial year under review, following Directors were retired / resigned from the Board:

1. Dr. Ashok Kumar Lahiri (DIN: 07234290), Non-Executive Part-Time (Independent) Chairman of the Bank, had demitted from the office with effect from the close of business hours on April 09, 2018, due to his difficulties in discharging the duties satisfactorily as he was simultaneously a Member of the Fifteenth Finance Commission.
2. Mr. Pravir Kumar Vohra (DIN: 00082545) who was appointed as an Additional Director (Independent) not liable to retire by rotation, with effect from June 05, 2018 for a period of three years, had resigned from the office with effect from June 25, 2018 citing the reason that his responsibilities in

the Bank will be in conflict with another opportunity he was considering in the financial services sector.

3. Mr. Boggarapu Sambamurthy (DIN: 00246211), Independent Director, ceased to be a Director of the Bank with effect from July 9, 2018, due to completion of his tenure of three years as an Independent Director as approved by the Shareholders.
4. Ms. Georgina Elizabeth Baker (DIN: 06601316), Nominee Director, International Finance Corporation (IFC) and IFC FIG Investment Company I (jointly) ceased to be a Director of the Bank with effect from August 31, 2018, pursuant to withdrawal of her nomination by IFC.
5. Prof. Krishnamurthy Venkata Subramanian (DIN: 00487747), Independent Director of the Bank, tendered his resignation from the office of Director of the Bank with effect from December 23, 2018 vide his communication dated January 04, 2019 due to his appointment as the Chief Economic Advisor (CEA) to the Government of India. Accordingly, in terms of the provisions of Section 168(2) of the Act, Prof. Krishnamurthy Venkata Subramanian ceased to be a Director of the Bank with effect from January 04, 2019.

Apart from the above, no other Director was appointed or has resigned during the year under review.

Independent Directors

As on March 31, 2019, the Board consisted of following nine Independent Directors, in accordance with the provisions of the Act and SEBI LODR:

Sl. No.	Name	Date of Appointment / Re-appointment
1.	Dr. Anup Kumar Sinha	January 07, 2019
2.	Mr. Bhaskar Sen	April 01, 2018
3.	Dr. Allamraju Subramanya Ramasastry	August 08, 2018
4.	Mr. Chintaman Mahadeo Dixit	July 09, 2018
5.	Mr. Harun Rasid Khan	March 27, 2018
6.	Mr. Santanu Mukherejee	January 07, 2019
7.	Mr. Sisir Kumar Chakrabarti	April 01, 2018
8.	Mr. Snehomoy Bhattacharya	July 09, 2018
9.	Ms. Thekedathumadam Subramani Raji Gain	August 06, 2018

During the year under review, the Independent Directors exclusively met once, i.e., on August 08, 2018 to assess the quality, quantity and timeliness of flow of information between the Management and the Board and other governance related matters. The Meeting was attended by seven Independent Directors and accordingly, the sitting fees were paid for attending the meeting.

In accordance with Clause VIII of Schedule IV to the Act and Regulation 17(10) of SEBI LODR, the Board of Directors has evaluated the performance of the Independent Directors as per the criteria laid down in the 'Performance evaluation policy' of the Bank for the Directors, Board and Board Committees.

In accordance with Regulation 25(4) of the SEBI LODR and Clause VII of Schedule IV to the Act, the Independent Directors met exclusively for a meeting on May 01, 2019 without the presence of the Managing Director & CEO, Non-Executive Directors or Managerial Personnel, to review the performance of Non-Independent Directors and the Board as a whole for the Financial Year 2018-19. The Independent Directors also reviewed the performance of the Chairman of the Bank.

The Board has also laid down a policy for familiarisation of the Independent Directors with the operations of the Bank, as well as, to make them aware about their rights, responsibilities and liabilities as an Independent Director. The details of the Policy on Familiarisation Programme of the Independent Directors along with an overview of the familiarisation programmes conducted for the Independent Directors of the Bank are available on the website of the Bank and can be accessed at the link: <https://www.bandhanbank.com/pdf/Familiarisation-Programme-for-Independent-Directors.pdf>

All Independent Directors have given necessary declaration of independence under Section 149(7) of the Act and Regulation 25(8) of the SEBI LODR. In the opinion of the Board, the Independent Directors meet the requirements prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI LODR and are independent of the management. A formal letter of appointment has been addressed to the Independent Directors at the time of appointment. The terms and conditions of appointment of Independent Directors has been disclosed on the website of the Bank and can be accessed at the link: <https://www.bandhanbank.com/pdf/Terms-condition-appointment-Independent-Directors.pdf>

Non-Executive Directors' Compensation and Disclosures

In terms of the provisions of the Act and the SEBI LODR, Non-Executive Directors including Independent Directors are eligible to receive the remuneration by way of fees for attending the meeting of the Board of Directors and the Board Committees and

reimbursement of expenses for participation in the Board and other meetings. Accordingly, the Non-Executive Directors including Independent Directors of the Bank are paid fees for attending the meetings of the Board and the Board Committees and the reimbursement of expenses for participation in such meetings. During FY 2018-19, the Board at its meeting held on April 27, 2018, approved the proposal to increase the sitting fees for attending a meeting of the Board of Directors from ₹50,000 to ₹75,000 per meeting and for the Board Committees from ₹30,000 to ₹50,000 per meeting, which is subject to deduction of tax at source. Details of sitting fees paid to the Non-Executive Directors are given at respective places in this Report. Additionally, the Non-Executive Chairman of the Bank is eligible for the RBI approved remuneration. The details of which is also provided in this Report.

Other Provisions as to Board and Committees

Your Bank's Board plays an important role in ensuring good Corporate Governance and functioning of the Bank. All information, as applicable and specified in Regulation 17(7) read with Schedule II Part A of SEBI LODR are regularly placed before the Board. Agenda and Agenda Notes are circulated to the Directors in advance before each meeting of the Board and Committees for facilitating meaningful and focused discussions at the meetings. In case of exigencies or urgency of matters, proposals are approved through circulation which is submitted in the next meeting for noting.

The Members of the Board have complete freedom to express their opinion and the decisions are arrived after detailed discussions.

The Board meets at least once in a quarter and at least four times in a year to review and approve the quarterly/annual financial results and operations of the Bank. Apart from the above, Board meetings are convened, as and when required, by giving proper notice. The intervening period between two Board meetings is well within the maximum gap of 120 days between any two consecutive meetings as specified in Regulation 17(2) of SEBI LODR and Section 173(1) of the Act.

During the year under review, the Board met Thirteen times. The details of Board meetings held during the financial year ended on March 31, 2019 are as under:

Sl. No.	Date	City	No. of Directors Present
1	April 09, 2018	Kolkata	10
2	April 27, 2018	Mumbai	6
3	June 04, 2018	Raichak (South 24 Parganas)	10
4	June 05, 2018	Kolkata	10
5	July 18, 2018	Kolkata	7
6	August 08, 2018	Kolkata	10
7	October 10, 2018	Mumbai	8
8	October 31, 2018	Kolkata	9
9	November 14, 2018	Kolkata	11
10	January 07, 2019	Mumbai	12
11	January 10, 2019	Mumbai	10
12	February 26, 2019	Kolkata	10
13	February 27, 2019	Kolkata	11

Details of Directors with regards to outside directorship and Committee positions, as well as Board meetings/AGM as on March 31, 2019 are as follows:

Sl. No.	Name of the Director	Designation	Attendance during FY 2018-19			Directorship(s) on the Board of other Companies [§]	Membership(s) / Chairperson(s) of Committees of other companies*
			No. of Board meetings held	No. of Board Meetings attended	Last AGM held on July 19, 2018		
1.	Dr. Anup Kumar Sinha ¹	Non-Executive (Independent) Part-time Chairman	4	4	N.A.	Nil	Nil
2.	Mr. Chandra Shekhar Ghosh	Managing Director & CEO	13	13	Yes	Nil	Nil
3.	Mr. Harun Rasid Khan	Independent Director	13	12	Yes	1	2(2)
4.	Mr. Bhaskar Sen	Independent Director	13	13	Yes	Nil	Nil
5.	Mr. Chintaman Mahadeo Dixit	Independent Director	13	12	Yes	2	2(1)
6.	Mr. Ranodeb Roy	Non-Executive Non-Independent	13	9	Yes	2	Nil
7.	Mr. Sisir Kumar Chakrabarti	Independent Director	13	11	Yes	3	4(1)
8.	Mr. Snehomoy Bhattacharya	Independent Director	13	9	Yes	Nil	Nil
9.	Ms. T. S. Raji Gain	Independent Director	13	12	No	Nil	Nil
10.	Dr. A. S. Ramasastry ²	Additional Director (Independent)	7	6	N.A.	2	Nil
11.	Dr. Holger Dirk Michaelis	Nominee Director (Caladium Investment Pte. Ltd.)	13	9	No	Nil	Nil
12.	Mr. Santanu Mukherjee ³	Additional Director (Independent)	4	4	N.A.	3#	1
13.	Prof. K. V. Subramanian ⁴	Independent Director	9	5	No	N.A.	N.A.
14.	Mr. Boggarapu Sambamurthy ⁵	Independent Director	4	4	N.A.	N.A.	N.A.
15.	Ms. Georgina Elizabeth Baker ⁶	Nominee Director (International Finance Corporation)	6	0	No	N.A.	N.A.
16.	Dr. Ashok Kumar Lahiri ⁷	Non-Executive (Independent) Part-time Chairman	1	1	N.A.	N.A.	N.A.

[§] Excluding Private Limited Companies, Foreign Companies and Companies under Section 8 of the Act.

* Includes memberships of Audit Committee and Stakeholders Relationship Committee of all Indian Public Limited Companies; figures in brackets indicate number of Committee Chairmanships, as per Regulation 26 of the SEBI LODR.

Includes the directorship in two Listed Entities as Independent Director i.e., Suen Lifesciences Limited and Donear Industries Limited

1. Appointed as an Additional Director (Independent) of the Bank, with effect from January 07, 2019. He was also appointed as Non-Executive Part-time Chairman of the Bank with effect from January 07, 2019 for a period of three years, pursuant to approval of the RBI.
2. Appointed as an Additional Director (Independent) of the Bank, with effect from August 08, 2018.
3. Appointed as an Additional Director (Independent) of the Bank, with effect from January 07, 2019.
4. Resigned from the office of Director due to his appointment as Chief Economic Advisor (CEA) to the Government of India and his cessation was with effect from January 04, 2019
5. Ceased to be a Director of the Bank due to retirement as an Independent Director with effect from July 09, 2018.
6. Ms. Georgina Elizabeth Baker, ceased to be a Director of the Bank with effect from August 31, 2018, pursuant to withdrawal of her nomination by IFC.
7. Demitted from directorship with effect from the close of business hours on April 09, 2018.

Mr. Pravir Kumar Vohra (DIN: 00082545) who was appointed as an Additional Director (Independent) of the Bank with effect from June 05, 2018 for a period of three years, had resigned from the office with effect from June 25, 2018 due to conflict of his responsibilities with another opportunity he was considering in the financial services sector.

As on March 31, 2019, none of the Directors of the Board held Directorships in more than ten Public Companies or seven listed entities. Besides, none of them was a member of more than ten Committees or Chairman of more than five Committees as specified in the Regulation 26 of SEBI LODR, across all the Companies in which he/she is a Director. Necessary disclosures as required under the Act and SEBI LODR have been made by the Directors.

None of the Directors is acting as an Independent Director in more than seven listed Companies. The Independent Directors are also in compliance with Regulation 25(1) of SEBI LODR.

Skills / Expertise / competence of Board of Directors

Your Bank, being the Banking Company is regulated by the provisions of BR Act, besides the SEBI LODR and the Act. In terms of Section 10A(2)(a) of the BR Act, not less than fifty-one per cent, of the total number of members of the Board of Directors shall consist of persons, who shall have special knowledge or practical experience in respect of one or more of the following matters, namely; (i) accountancy, (ii) agriculture and rural economy, (iii) banking, (iv) co-operation, (v) economics, (vi) finance, (vii) law, (viii) small-scale industry, (ix) Information Technology (x) Payment & Settlement Systems (xi) Human Resources (xii) Risk Management (xiii) Business Management; (ix) any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank, be useful to the banking company. Further, not less than two Directors shall be persons having special knowledge or practical experience in respect of agriculture and rural economy, co-operation or small- scale industry.

The Board of Directors of the Bank is guided by the above provisions and the business requirements as and when any new Directors are appointed on the Board.

Profile of Board of Directors

The profile of the Board of Directors of the Bank as on March 31, 2019 are as under:

Sl. No.	Name of Director	Designation	DIN	Special knowledge or practical experience	Profile
1.	Dr. Anup Kumar Sinha (appointed w.e.f. January 07, 2019)	Non-Executive (Independent) Part-time Chairman	08249893	Economics and Agriculture	<p>Dr. Anup Sinha, aged 67 years, is an economist with a Ph.D. from the University of Southern California, Los Angeles. He is also M.S. in Economics, University of Rochester, USA and Master in Economics from University of Calcutta. He is currently the Director of Heritage Business School of Calcutta. He has taught at Presidency College and Indian Institute of Management Calcutta. He has held visiting appointments at University of Calcutta, Indian Statistical Institute, University of Southern California, Washington University at St. Louis, Curtin University at Perth and Kyoto University.</p> <p>He has served on the Board of NABARD. He is currently the IRDAI representative on the Life Insurance Council of India. He served three terms on the Board of Governors at Indian Institute of Management, Calcutta (IIMC) and also as the Dean during 2003-06. He received the Best Faculty Award from the IIMC Alumni Association in 2003 and 2004. In 2012, 2014 and 2015 he won the Most Popular Teacher Award from the outgoing MBA students of IIMC. He served IIMC as Professor of Economics for 25 years.</p> <p>He has been actively engaged in training and consulting for a number of organisations in the public and private sector, as well as for international agencies in the fields of economics. He has also authored publications on various topics including economics, rural economy, management, etc.</p> <p>Dr. Sinha has been on our Board since January 07, 2019. He did not hold any equity shares of the Bank as on March 31, 2019.</p>

Sl. No.	Name of Director	Designation	DIN	Special knowledge or practical experience	Profile
2.	Mr. Chandra Shekhar Ghosh	Managing Director & CEO	00342477	Financial Services (Microfinance Sector), Medium & Small-Scale Industry, Banking, and Finance	<p>Mr. Ghosh, aged 58 years, is the Managing Director and Chief Executive Officer of our Bank. He played an instrumental role in establishing the Bank upon receiving the banking license on June 17, 2015. He has led from the front for setting up the organisational objective, vision and mission of the Bank.</p> <p>Mr. Ghosh has more than 30 years of experience in the microfinance and development terrain. He holds an M.Sc. in Statistics. He has significant experience in the finance and microfinance sector.</p> <p>Mr. Ghosh is the Past President of the Bengal Chamber of Commerce and Industry (BCC&I). He has been appointed as the Chairman, Confederation of Indian Industry (CII), Eastern Region apart from holding the Chairman position of CII's Economic Affairs, Finance & Taxation Committee. He also Co-Chairs the Financial Inclusion Committee of Federation of Indian Chambers of Commerce and Industry (FICCI).</p> <p>Mr. Ghosh was elected as 'Senior Ashoka Fellow' in 2007 by Ashoka Foundation (social entrepreneurship award). In the year 2014, he won Forbes India Leadership Award in the category 'Entrepreneur with Social Impact'. He was also declared 'Entrepreneur of the Year' by India's leading business daily, The Economic Times, in 2014. He received an award for his 'Lifetime contribution to the microfinance sector by an individual' in the Microfinance India Awards 2015. He was bestowed with 'Entrepreneur of the Year' Award in the category 'Financial Services' by Ernst & Young and the 'Indian of the Year' award in the 'Business' category by CNN News 18. He was also conferred with the C. Rangarajan Award for Excellence in Banking at the 48th Skoch Summit.</p> <p>He has been the Managing Director & CEO on our Board since July 10, 2015. Mr. Ghosh held 15,24,436 equity shares of the Bank as on March 31, 2019.</p>
3.	Mr. Harun Rasid Khan	Independent Director	07456806	Banking and Payment & Settlement	<p>Mr. Khan, aged 64 years, is an M.Phil. from Jawaharlal Nehru University, a PGDM graduate from Narsee Monjee Institute of Management Studies and a CAIIB with a long career in the Reserve Bank of India (RBI).</p> <p>He retired as the senior Deputy Governor of the RBI in July 2016, after nearly 38 years of service, holding different responsible position. While serving at the RBI, Mr. Khan had handled diverse areas and spearheaded major projects relating to financial markets, payment and settlement systems, financial inclusion, foreign exchange management, banking regulation and supervision. He was instrumental in formulation of the Payment System Vision 2018 of the RBI. He has overseen some of the major projects of the RBI like establishment of CCIL, Core Banking Solutions, revamping of NEFT, introduction of UPI for retail payment, etc.</p>

Sl. No.	Name of Director	Designation	DIN	Special knowledge or practical experience	Profile
					<p>He has been the nominee Director of the RBI on the Boards of the Bank of Rajasthan, Bank of Maharashtra, Dena Bank, NABARD and National Housing Bank. He has also chaired and was associated with various important Committees in the financial sector such as Committee on Rural Credit and Microfinance, Inter Regulatory Corporate Debt Working Group and Committee in Digital Payments.</p> <p>Currently, he is a Senior Advisor (part-time) with KPMG India and Non-Executive Chairman of National Securities Clearing Corporation Limited.</p> <p>Mr. Khan has been on our Board since March 27, 2018. He did not hold any equity shares of the Bank as on March 31, 2019.</p>
4.	Mr. Bhaskar Sen	Independent Director	03193003	Banking and Treasury Operations	<p>Mr. Sen, aged 66 years, is an Honours Graduate from University of Calcutta, a Certified Associate of Indian Institute of Bankers and has significant experience in the Banking sector.</p> <p>He was the Chairman and Managing Director of United Bank of India and Executive Director of Dena Bank. He started his career as Probationary Officer with Union Bank of India in the year 1974 and went on to become the General Manager. During his stint with Union Bank of India, he handled General Banking, rural banking, treasury functions, overseas expansion, etc. During his tenure with Dena Bank, he took major initiatives in IT projects and put the Bank on a robust CBS platform. During his tenure as CMD, United Bank got listed and went through a major transition, particularly in the areas of systems, processes and corporate governance.</p> <p>He was also on the Board of FIMMDA, National Insurance Company Limited, Industrial Investment Board of India (as CMD) and West Bengal Financial Corporation. He was the Deputy Chairman of IBA, Mumbai and Alternate Chairman, Committee on BASEL II implementation & Risk Management, IB.</p> <p>Mr. Sen has been on our Board since December 23, 2014. He did not hold any equity shares of the Bank as on March 31, 2019.</p>
5.	Mr. Chintaman Mahadeo Dixit	Independent Director	00524318	Accountancy, Finance and Law	<p>Mr. Dixit, aged 68 years, is a Chartered Accountant. He is a Senior Partner in GD Apte & Co., Chartered Accountants. He has over 38 years of professional experience in finance and accountancy sector. He has been very actively associated in the audits of large Public Sector Undertakings, Public and Private Limited Companies, Nationalised and Scheduled Banks, NBFCs, LIC and Co-operative Banks. He rendered consultancy services to Public sector Banks in the areas of turnaround strategies, restructuring, takeover, investigation, etc.</p> <p>He was on the Boards of Dena Bank, Indian Bank and Hindustan Antibiotics Limited. Currently, he is on the Boards of SBI Stock Holding Corporation of India Limited, GDA Management Consulting Private Limited and SBI DFHI Limited.</p> <p>Mr. Dixit has been on our Board since July 09, 2015. He did not hold any equity shares of the Bank as on March 31, 2019.</p>

Sl. No.	Name of Director	Designation	DIN	Special knowledge or practical experience	Profile
6.	Mr. Ranodeb Roy	Non-Executive Non-Independent	00328764	Banking and Finance	<p>Mr. Roy, aged 51 years, is an MBA from IIM, Ahmedabad (1992) ranked 1st in the final year batch with a major in finance and Marketing and received Bachelor of Technology in Computer Science & Engineering from IIT, Kanpur (1990).</p> <p>He has significant experience in the Banking and finance sector. He is the founder of RV Capital Management Private Limited and is currently the Chief Executive Officer. He started his career with Bank of America 1992 in Mumbai. He has worked at Merrill Lynch and at Morgan Stanley (Asia) Singapore Pte. as a Managing Director in the fixed income division.</p> <p>Mr. Roy has been on our Board since July 26, 2016. He did not hold any equity shares of the Bank as on March 31, 2019.</p>
7.	Mr. Sisir Kumar Chakrabarti	Independent Director	02848624	Banking and Small & Medium Enterprise	<p>Mr. Chakrabarti, aged 67, years, is a Graduate (Hons. in English Literature) and a Certified Associate of Indian Institute of Bankers. He has significant experience in the banking industry.</p> <p>He retired as Dy. Managing Director of Axis Bank in 2011 after serving the Bank in various capacities in several locations for 17 years as Dy. General Manager, General Manager, Sr. Vice President, President and Executive Director. Before joining Axis Bank, he started his career as an officer with State Bank of Bikaner & Jaipur and worked for 21 years. He was also a member of Committee of Directors of Axis Bank & Chairman of Audit Committee of Executives. Was Chairman of Axis Sales & Securities Ltd. and Nominee Director of Experian Credit Information Services Ltd and Busan Auto Finance Ltd.</p> <p>Currently, he is an Independent Director on West Bengal State Electricity Distribution Co. Ltd, Merino Industries Ltd. and Merino Panel Products Ltd.</p> <p>Mr. Chakrabarti has been on our Board since December 23, 2014. He did not hold any equity shares of the Bank as on March 31, 2019.</p>

Sl. No.	Name of Director	Designation	DIN	Special knowledge or practical experience	Profile
8.	Mr. Snehomoy Bhattacharya	Independent Director	02422012	Banking, Human Resource and Law	<p>Mr. Bhattacharya, aged 66 years, a Science graduate from the University of Calcutta and is a qualified Cost Accountant from the Institute of Cost and Works Accountant of India.</p> <p>He has 36 years of experience in banking industry of which 18 years in the public sector and 18 years in private sector. He started his career with State Bank of Bikaner and Jaipur as Probationary Officer and reached upto the level of Chief Manager, International Banking before moving to Axis Bank. He started his position as Vice President with Axis Bank and held various positions including as the Executive Director (Corporate Affairs), where he oversaw the functioning of the human resources, compliance, internal audit, legal, corporate communications and corporate infrastructure departments. He was also the Head of Human Resources, and the Chairman of the Audit Committee of Executives at Axis Bank. He was previously a Director on the Board of Axis Private Equity Limited. Subsequently, he was an advisor to Axis Bank on Leadership Development and Talent Management.</p> <p>Mr. Bhattacharya has been on our Board since July 09, 2015. He did not hold any equity shares of the Bank as on March 31, 2019.</p>
9.	Ms. T. S. Raji Gain	Independent Director	07256149	Agriculture & Rural Economy	<p>Ms. Gain, 57 years, is a postgraduate in Science (Agricultural Physics) from Indian Agricultural Research Institute, New Delhi. She has significant experience in the field of agricultural and rural development.</p> <p>She has worked in various capacities in the National Bank for Agriculture and Rural Development (NABARD), co-ordinating work and capacity building related to designing and conducting programmes on organisational and institutional development, micro-finance, Self Help Groups, Participatory Management and Gender.</p> <p>Currently, she is an Executive Director at Bankers Institute of Rural Development (BIRD).</p> <p>Ms. Gain has been on our Board since August 06, 2015. She did not hold any equity shares of the Bank as on March 31, 2019.</p>
10	Dr. A. S. Ramasastrri (appointed w.e.f. August 08, 2018)	Additional Director (Independent)	06916673	Information Technology and Finance	<p>Dr. Ramasastrri, aged 61 years, holds a Ph.D. in Finance from the Indian Institute of Technology, Madras and was the top ranker in M.Sc. (Statistics) from Madras University and B.Sc. (Statistics) from Loyola College, Madras. He also attended Advanced Management Programmes at the University of Oxford and Kellogg School of Management.</p> <p>He is presently the Director of Institute for Development and Research in Banking Technology is widely known for his commendable domain knowledge in Banking technology such as cyber security, analytics, cloud computing, payment systems, in addition to his other areas of expertise. Prior to joining the Institute, he was the Chief General Manager-in-charge of Department of Information Technology at the RBI. In the RBI, he had spearheaded many important projects including the implementation of the Next Generation RTGS, adoption of XBRL and ISO 20022 and preparation of IT Vision of the RBI for 2011-17.</p>

Sl. No.	Name of Director	Designation	DIN	Special knowledge or practical experience	Profile
					<p>He has authored two books titled 'Quantitative Methods for Valuation of Assets' and 'Quantitative Methods for Banking and Finance'. He had also guided the Bank of Mauritius, Bank of Malaysia and Bank of Uganda on implementation of Data Warehouse, XBRL, etc., and delivered talks on standards and technology for data reporting at the International Monetary Fund and Bank of International Settlements.</p> <p>Currently, he is on the Boards of IDBI Intech Limited, Data Security Council of India, Indian Financial Technology and Allied Services and Indian Institute of Banking and Finance.</p> <p>Dr. Ramasastri has been on our Board since August 08, 2018. He did not hold any equity shares of the Bank as on March 31, 2019.</p>
11	Dr. Holger Dirk Michaelis	Nominee Director (Caladium Investment Pte. Ltd.)	07205838	Risk Management, Finance and Economics	<p>Dr. Michaelis, aged 49 years, holds a postgraduate degree in Business Administration (Finance) from UT Austin, USA. He has a doctorate degree in Economics from WHU Koblenz, Germany and has significant experience in private equity.</p> <p>He also has experience as strategic advisor to financial services companies. Previously, he was a Partner at the Boston Consulting Group where he worked in Germany and China. He is currently a Senior Vice President of GIC Private Limited, overseeing portfolio, strategy and risk group. He is a Nominee Director of the Bank nominated by Caladium Investment Pte. Ltd.</p> <p>Dr. Michaelis has been a Nominee Director on the Board since February 12, 2016. He did not hold any equity shares of the Bank as on March 31, 2019.</p>
12.	Mr. Santanu Mukherjee (appointed w.e.f. January 07, 2019)	Additional Director (Independent)	07716452	Risk Management, Finance and Economics	<p>Mr. Mukherjee, aged 62 years, is an B.Sc., honors from Presidency College under University of Calcutta and CAIIB from the Indian Institute of Banking & Finance.</p> <p>He is the former Managing Director of State Bank of Hyderabad, an associate bank of country's largest lender State Bank of India.</p> <p>He has around four decades of experience in the field of banking, finance, risk management, etc. in various capacities. From 2013 to mid of 2014 he was acting as Chief General Manager of State Bank of Bikaner and Jaipur. He has also worked as a Chief Executive Officer of State Bank of India, Paris from 2004 to 2008. He joined as a probationary officer and carried out important domestic and overseas assignments in the SBI Group.</p> <p>Currently, he is on the Boards of Suven Life Sciences Limited, Donear Industries Limited and Bhanix Finance and Investment Limited.</p> <p>Mr. Mukherjee has been on the Board since January 07, 2019. He did not hold any equity shares of the Bank as on March 31, 2019</p>

In terms of Section 10 (2A) of the BR Act, all Directors other than the Chairman and/or Whole-time Directors or MD & CEO cannot hold office continuously for a period exceeding eight years.

The Nomination & Remuneration Committee ('NRC') of the Board undertakes the process of due diligence and evaluates whether the members of the Board other than NRC members adhere to the 'fit and proper' criteria as prescribed by the RBI and adherence to the 'fit and proper' criteria by the members of the NRC is evaluated by the Board of Directors annually, and at the time of appointment of Directors.

Policy on Appointment of Directors

The Policy of the Board on appointment of Directors is guided by the provisions of the BR Act and the rules framed thereunder, the Act and the SEBI LODR and the guidelines issued by the RBI, from time to time, in this regard. While appointing a Director on its Board, your Bank follows the direction of RBI with regard to 'fit and proper' criteria as applicable to private sector banks, signing of deed of covenants, which includes the requirement for Directors to discharge their duties and responsibilities to the best of their abilities, individually and collectively, to be eligible to be appointed as Directors of the Bank. The Board also ensures that the Director has the requisite skill sets, practical experience, special knowledge required for the banking business and as prescribed under Section 10A(2)(a) of BR Act and the Board is duly constituted including gender diversity, while appointing directors on the Board of the Bank. NRC carries out the due diligence while appointing a director including ascertaining the fit and proper status of the candidate for the office of director, fulfilment of criteria of independence as prescribed under the Act and SEBI LODR in case of independent directors, and thereafter recommends to the Board for approval. The appointment of Chairman and the Executive Directors including Managing Director & CEO on the Board is made with the prior approval of RBI. The Board including Managing Director & CEO also takes into account the outcome of performance evaluation while considering the re-appointment/continuation of appointment of independent directors.

Key Managerial Personnel

Mr. Chandra Shekhar Ghosh, Mr. Sunil Samdani and Mr. Indranil Banerjee, continue to be the Managing Director & CEO, Chief Financial Officer and Company Secretary, respectively. These three personnel are statutorily required under Section 203 of the Act.

Board Evaluation

Pursuant to recommendation of the NRC, the Board of Directors have framed 'Performance Evaluation Policy' for the Directors, Board and Board Committees. A questionnaire for the evaluation of the Board and its Committees, and of individual Directors, covering various aspects of their respective performance, including quality, roles, responsibilities, process, functioning, participation, contribution, attendance, adherence to the code of conduct, best practices and in case of Independent Directors, fulfilment of the independence criteria and their independence from the management, has been provided to each Director. The Board of Directors have done the evaluation of the performance of the Independent Directors excluding the director being evaluated. Similarly, Independent Directors have done the

evaluation of the performance of the Non-Independent Directors including MD & CEO, and the Chairman of the Board and Board as a Whole. Thereafter, the report by the Board and the Independent Directors are submitted to NRC. The NRC, after taking into account these reports, made its recommendations to the Board. The Board considered the recommendations of the NRC, report on the performance evaluation of Board as a Whole and the Committees. Board evaluation has provided some valuable inputs for underscoring the optimal role and responsibilities of the Board and its Committees, for their functioning, and streamlining and improving the quality, quantity and timeliness of flow of information between the Bank's Management and the Board to effectively and reasonably perform its duties.

The Board of Directors of the Bank were satisfied with the outcome of the performance evaluation process of the Directors, Board and its Committees. They were of the view that the Directors have been discharging their roles and responsibilities as expected by the Board and the regulatory provisions and the Board is duly constituted representing various expertise, skill sets and qualification required for the banking business. There was no observation during the performance evaluation of the previous years so is the case with the current year. The Board was also of the view that since there has been growing complexities in the banking business, the directors would also be required to be abreast with the latest development in the industry as well as Indian economy.

Board Committees

The Board has constituted the following committees to oversee specific areas:

1. Audit Committee
2. Nomination & Remuneration Committee
3. Risk Management Committee
4. Information Technology Strategy Committee
5. Customer Service Committee
6. Corporate Social Responsibility Committee
7. Special Committee for Monitoring High Value Frauds
8. Stakeholders Relationship Committee
9. Committee of Directors

Audit Committee

Qualified and Independent Audit Committee

Your Bank has a qualified and independent Audit Committee with the powers and the role that are in accordance with Section 177 of the Act and Rules made thereunder and Regulation 18 of SEBI LODR, which acts as a link between the Management, the Statutory Auditors, Internal Auditors and the Board of Directors and oversees the financial reporting process.

The Audit Committee provides direction to the audit function and monitors the quality of internal and statutory audit. Its responsibilities include examining the financial statements and auditors' report and overseeing the financial reporting process to ensure fairness, sufficiency and credibility of financial statements, recommending appointment, terms of appointment and removal

of statutory auditors, and reviewing and monitoring, jointly with Management, the internal audit of the Bank.

Meetings of the Audit Committee

On March 31, 2019, the Audit Committee comprised of three Independent Directors, chaired by Mr. Chintaman Mahadeo Dixit, who is a Chartered Accountant. During FY 2018-19, the Committee met ten times on April 27, 2018, May 29, 2018, May 30, 2018, July 18, 2018, August 7, 2018, October 10, 2018, November 13, 2018, January 07, 2019, January 10, 2019 and February 25, 2019.

The composition of the Committee and attendance of the members at the meetings held during financial year 2018-19 were as follows:

Name of Member	Category	Number of meetings attended	Gross Amount of Sitting fees paid (₹)
Mr. Chintaman Mahadeo Dixit, Chairman	Independent Director	10	4,80,000
Mr. Bhaskar Sen	Independent Director	10	4,80,000
Mr. Sisir Kumar Chakrabarti	Independent Director	8	4,00,000

A brief description of the terms of reference of the Audit Committee is given below:-

1. Oversight of the Bank's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
2. Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Bank;
3. Approval of payment of statutory auditors for any other services rendered by the statutory auditors;
4. 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 clause (c) of sub-section 3 of Section 134 of the Act, as amended;
 - 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. Modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board of Director for approval;
6. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modifications of transactions of the Bank with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Bank, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Monitoring the end use of funds raised through public offers and related matters;
13. Reviewing with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
14. 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;
15. Discussion with the internal auditors on any significant findings and follow up there on;
16. 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;
17. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. 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;

19. To review the functioning of the whistle blower mechanism;
 20. Approving the appointment of the 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;
 21. Carrying out any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 ('the Act') or the SEBI Listing Regulations or by any other regulatory authority; and
 22. Review of (1) management discussion and analysis of financial condition and results of operations; (2) statement of significant related party transactions (as defined by the audit committee), submitted by management; (3) management letters/letters of internal control weaknesses issued by the statutory auditors; (4) internal audit reports relating to internal control weaknesses; (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; (6) statement of deviations including (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; (b) annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
6. Analysing, monitoring and reviewing various human resource and compensation matters;
 7. Determining the Bank's policy on remuneration and any compensation payment, for the Chief Executive Officer (CEO), the Executive Directors, key managerial personnel including pension rights and determination of remuneration packages of such personnel;
 8. 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 and in accordance with the remuneration policy approved by the Board;
 9. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
 10. To propose to the Board, the members that must form part of the Nomination and Remuneration Committee;
 11. To report on the systems and on the amount of the annual remuneration of Directors and senior management;
 12. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003
 13. Performing such other activities as may be delegated by the Board of Directors and/or specified/provided under the Act, together with the rules framed thereunder, as amended and to the extent notified, or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, or by any other regulatory authority.
 14. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and decide their 'fit & proper' status;
 15. To oversee the framing, review and implementation of compensation policy of the Bank and recommend to the Board the overall remuneration philosophy and policy including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based remuneration to employees;
 16. To review the HR strategy and policy including the conduct and ethics of the Bank and review any fundamental changes in the organisational structure, which could have wide ranging and high-risk implications;
 17. To review and recommend to the Board, the succession policy at the level of Managing Director & CEO, other WTDs, senior management one level below the Board and key roles.

Nomination & Remuneration Committee

Your Bank has formed the Nomination and Remuneration Committee of the Board in compliance with the requirements of Section 178 of the Act and Regulation 19 of the SEBI LODR.

The Nomination & Remuneration Committee is involved in the following activities:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommending to the Board of Directors a policy, relating to the remuneration of the Directors, key managerial personnel and other employees;
2. Formulating criteria for evaluation of the performance of the Independent Directors and the Board of Directors;
3. Devising a policy on Board of Directors diversity;
4. Identifying persons who qualify to become Directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board of Directors their appointment and removal, and carrying out evaluations of every Director's performance;
5. 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;

18. Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

Remuneration policy

RBI vide its circular DBOD No. BC. 72/29.67.001/2011-12 dated January 13, 2012, has issued guidelines on 'Compensation of Whole-time Directors/Chief Executive Officers/Risk takers and Control function staff and others' for implementation by private sector banks and foreign banks from the financial year 2012-13. The Bank's Compensation Policy, is in line with the RBI circular and also in compliance with the requirements of the Remuneration Policy as prescribed under the Act. The remuneration of Chairman and Executive Director including Managing Director & CEO is subject to prior approval of the RBI and the approval of Shareholders'.

The remuneration payable to Non-executive/ Independent Directors is governed by the provisions of the BR Act, the RBI guidelines issued from time to time and the provisions of the Act and related rules to the extent these are not inconsistent with the provisions of the BR Act, 1949/the RBI guidelines. The permitted modes of remuneration for the Non-executive/Independent Directors are sitting fee for attending each meeting of the Committee/Board as approved by the Board from time to time within the limits as provided under the Act and related rules.

On March 31, 2019, the NRC comprised of four Directors including three independent Directors and one Non-Executive Non-Independent Director, and was chaired by Mr. Bhaskar Sen, an Independent Director. There were Nine meetings of the Committee during the financial year 2018-19, i.e., on April 09, 2018, May 18, 2018, June 4, 2018, July 18, 2018, August 8, 2018, October 10, 2018, November 01, 2018, January 07, 2019 and March 29, 2019.

Composition of Nomination & Remuneration Committee of the Board and attendance at Meetings held during financial year 2018-19 were as under:

Name of Member	Category	Number of meetings attended	Gross Amount of Sitting fees paid (₹)
Mr. Bhaskar Sen, Chairman	Independent Director	9	4,30,000
Mr. Boggarapu Sambamurthy (Ceased to be member w.e.f. June 05, 2018)	Independent Director	3	1,30,000
Mr. Harun Rasid Khan (Inducted in the Committee w.e.f. June 05, 2018)	Independent Director	5	2,50,000
Mr. Snehomoy Bhattacharya	Independent Director	7	3,30,000
Mr. Ranodeb Roy	Non-Executive Non-Independent Director	7	3,50,000

Risk Management Committee

The Risk Management Committee has been formed as per the guidelines of the RBI on Risk Management Systems and the constitution of Risk Management Committee is also in compliance with Regulation 21 of SEBI LODR. The functions of the Committee are to review the Bank's risk management policies pertaining to credit, market, liquidity, operational, outsourcing, reputation, business continuity and disaster recovery plan.

The Bank has laid down a procedure to inform the Board Members, on a periodic basis, about the identified risks and the steps taken to mitigate and minimise the same. The Bank has already identified and assessed major elements of risks, which may adversely affect the various divisions of the Bank. The Risk Management Committee reviews the identified risks, including assessment of the said risks and procedures, which are being implemented for the monitoring, mitigating and minimisation of the said risks.

On March 31, 2019, the Risk Management Committee comprised of four Directors including two Independent Directors and two non-independent Director and was chaired by Mr. Bhaskar Sen, an independent Director. There were five meetings of the Committee during the financial year 2018-19 i.e., May 24, 2018, August 06, 2018, October 30, 2018, December 19, 2018 and February 28, 2019.

Committee composition and attendance at its meetings held during financial year 2018-19 were as follows:

Name of Member	Category	Number of meetings attended	Gross Amount of Sitting fees paid (₹)
Mr. Bhaskar Sen, Chairman	Independent Director	5	2,50,000
Mr. Chandra Shekhar Ghosh	Managing Director & CEO	5	-
Prof. Krishnamurthy Venkata Subramanian (Ceased to be member w.e.f. June 05, 2018)	Independent Director	1	50,000
Mr. Ranodeb Roy	Non-Executive Non-Independent Director	5	2,50,000
Dr. A. S. Ramasastry (Inducted in the Committee w.e.f. October 10, 2018)	Independent Director	3	1,50,000

Information Technology (IT) Strategy Committee

The IT Strategy Committee, constituted pursuant to the RBI circulars/guidelines, approves strategy for IT and policy documents, ensures that IT strategy is aligned with the business strategy, reviews IT risks, ensures proper balance of IT investments for sustaining the Bank's growth, oversees the aggregate funding of IT at the Bank-level, ascertains if the management has

adequate resources to ensure proper administration of IT risks and reviews the contribution of IT.

As on March 31, 2019, the IT Strategy Committee comprised of three Directors including two Independent Directors and the Managing Director & CEO, and was chaired by Dr. A.S. Ramasastrri, an Independent Director. There were five meetings of the Committee held during FY 2018-19, i.e., on May 18, 2018, August 06, 2018, October 30, 2018, December 19, 2018 and March 07, 2019.

Composition of the IT Strategy Committee and attendance at its meetings held during financial year 2018-19 were as follows:

Name of Member	Category	Number of meetings attended	Gross Amount of Sitting fees paid (₹)
Dr. A. S. Ramasastrri, Chairman (Inducted in Committee w.e.f. October 10, 2018)	Independent Director	3	1,50,000
Mr. Chandra Shekhar Ghosh	Managing Director & CEO	5	-
Prof. Krishnamurthy Venkata Subramanian (ceased to be member w.e.f. January 04, 2019)	Independent Director	1	50,000
Mr. Boggarapu Sambamurthy (Ceased to be member w.e.f. June 05, 2018)	Independent Director	1	50,000
Mr. Chintaman Mahadeo Dixit	Independent Director	4	2,00,000

Customer Service Committee

The Customer Service Committee of the Board, constituted pursuant to the RBI circulars/guidelines, for the purpose of reviewing customer service initiatives, overseeing the functioning of customer service, evolving innovative measures for enhancing the quality of customer service and improving the overall satisfaction level of customers.

As on March 31, 2019, the Customer Service Committee comprised of four Directors, including three independent Directors and Managing Director & CEO, and was chaired by Mr. Sisir Kumar Chakrabarti, an Independent Director. There were five meetings of the Committee held during FY 2018-19, i.e., on May 14, 2018, August 9, 2018, October 31, 2018, November 20, 2018 and March 07, 2019.

Composition of the Customer Service Committee and attendance at its meetings held during financial year 2018-19 were as follows:

Name of Member	Category	Number of meetings attended	Gross Amount of Sitting fees paid (₹)
Mr. Sisir Kumar Chakrabarti, Chairman	Independent Director	5	2,50,000
Mr. Chandra Shekhar Ghosh	Managing Director & CEO	5	-
Ms. T. S. Raji Gain (Inducted in the Committee w.e.f. June 05, 2018)	Independent Director	4	2,00,000
Mr. Snehomoy Bhattacharya	Independent Director	5	2,50,000

Corporate Social Responsibility Committee

The functions of the Corporate Social Responsibility Committee include review of Corporate Social Responsibility ('CSR') initiatives undertaken by the Bank for inclusive growth, formulation and recommendation to the Board of a CSR Policy indicating the activities to be undertaken by the Bank, and the amount of expenditure to be incurred on such activities. It also makes recommendations to the Board with respect to the CSR initiatives, policies and practices of the Bank, monitors the conformity of CSR activities, implementation and compliance with the CSR Policy, and reviews and implements, if required, and any other matter related to CSR initiatives as recommended/suggested by the regulatory or statutory authorities.

As on March 31, 2019, the CSR Committee comprised of three Directors including two Independent Directors and the Managing Director & CEO, and was chaired by Ms. Thekedathumadam Subramani Raji Gain, an Independent Director. During the financial year, there were two meetings of the Committee on August 09, 2018 and February 26, 2019.

The composition of the Corporate Social Responsibility Committee and attendance at its meetings held during financial year 2018-19 were as follows:

Name of Member	Category	Number of meetings attended	Gross Amount of Sitting fees paid (₹)
Ms. T. S. Raji Gain, Chairperson	Independent Director	2	1,00,000
Mr. Chandra Shekhar Ghosh	Managing Director & CEO	2	-
Mr. Harun Rasid Khan (inducted in the Committee w.e.f. June 05, 2018)	Independent Director	2	1,00,000
Mr. Chintaman Mahadeo Dixit (Ceased to be the member w.e.f. June 05, 2018)	Independent Director	-	-

Details of the policy developed and implementation by the Bank of its CSR activities during FY 2018-19 have been enumerated in the Bank's website: <https://www.bandhanbank.com/pdf/CSR-Policy-New-Format.pdf>. The Report on CSR activities is at **Annexure – 1** of the Directors' Report.

Special Committee for Monitoring High Value Frauds

The Special Committee for Monitoring High Value Fraud was constituted as per the RBI circulars/guidelines. The Committee is required to meet and review as and when a fraud involving an amount of ₹1 crore and above comes to light. However, the Board at its meeting held on June 05, 2018 decided to convene the meeting of the Committee once in a year for any fraud involving an amount of above ₹10 lakh.

As on March 31, 2019, the Special Committee for Monitoring High Value Frauds comprised of four Directors including three independent Directors and the Managing Director & CEO, and Mr. Sisir Kumar Chakrabarti, an Independent Director is the chairman of the Committee. The Committee met once during the financial year on March 29, 2019.

The details of the composition of the Special Committee for Monitoring High Value Frauds and attendance at its meeting held during financial year 2018-19 were as follows:

Name of Member	Category	Number of meetings attended	Gross Amount of Sitting fees paid (₹)
Mr. Sisir Kumar Chakrabarti, Chairman	Independent Director	1	50,000
Mr. Chandra Shekhar Ghosh	Managing Director & CEO	1	-
Mr. Bhaskar Sen	Independent Director	1	50,000
Mr. Snehomoy Bhattacharya	Independent Director	1	50,000

Stakeholders Relationship Committee

The Bank has a Stakeholders Relationship Committee of the Board, constituted in accordance with the provisions of Section 178(5) of the Act and Regulation 20 of SEBI LODR, to specifically look into various matters relating to shareholders/investors, including transfer and transmission of shares, as well as non-receipt of annual report, issue of share certificates (including issue of renewed or duplicate share certificates), share certificates after transfers/transmissions, and so on. In addition, the Committee looks into other issues including status of dematerialisation/ re-materialisation of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement, from time to time.

As on March 31, 2019, Stakeholders Relationship Committee comprised of three independent Directors and Mr. S.K. Chakrabarti, an Independent Director is the Chairman. During the financial year 2018-19, there were four meetings of the Committee held on June 06, 2018, August 07, 2018, November 13, 2018 and February 25, 2019.

The details of the composition of the Stakeholders Relationship Committee and attendance at its meetings held during financial year 2018-19 were as follows:

Name of Member	Category	Number of meetings attended	Gross Amount of Sitting fees paid (₹)
Mr. Sisir Kumar Chakrabarti, Chairman	Independent Director	4	2,00,000
Mr. Chintaman Mahadeo Dixit	Independent Director	4	2,00,000
Mr. Snehomoy Bhattacharya (Inducted in the Committee w.e.f. July 18, 2018)	Independent Director	3	1,50,000
Mr. Boggarapu Sambamurthy (Ceased to be member of the Committee w.e.f. July 09, 2018)	Independent Director	1	50,000

Status of Shareholders' Complaints as on March 31, 2019

Particulars	Total
Number of Shareholders' complaints pending at the beginning of the Year	Nil
Number of Shareholders' complaints received during the Year	455
Number of Shareholders' complaints disposed of during the Year	455
Number of Shareholders' complaints unresolved at the end of the Year	Nil

There was no investor complaint pending against the Bank as on March 31, 2019 on SCORES, the web based complaint redressal system of SEBI.

Pursuant to the authorisation of the Board of the Bank, Company Secretary/ Stakeholders Relationship Committee is authorised to approve the Transfe/ Transmission/ Sub-division/ Consolidation/ Renewal/ Replacement/ Issue of Duplicate Share Certificate(s)/ Deletion of Name(s) and Dematerialisation/ Rematerialisation of shares of the Bank. A summary of transfer/ transmission, etc. of securities of the Bank so approved is also placed at Stakeholders Relationship Committee meeting. A certificate from a Practicing Company Secretary is obtained on a half yearly basis, as per the provisions of Regulations 40 (9) & (10) of SEBI LODR, relating to compliance with the formalities of share transfer and the same is also submitted to the Stock Exchanges.

In compliance with Regulations 7(2) & (3) of SEBI LODR, a Compliance Certificate is submitted to the Stock Exchanges where the shares of the Bank are listed. The said certificate is duly signed by both the Company Secretary & Compliance Officer of the Bank and the authorised representative of the Share Transfer Agent on a half yearly basis to certify that all activities relating to both

physical and electronic share transfer facility of the Bank are maintained by Karvy Fintech Private Limited, Registrar and Share Transfer Agent (RTA) of the Bank.

Committee of Directors

The Committee of Directors was constituted by the Board on November 22, 2017. It considers and sanctions loan proposals, and issues required prompt decision and any other issue that the management may propose for operational purposes, except on strategic and policy issues.

As on March 31, 2019, the Committee of Directors comprised of four Directors including three independent Directors and the Managing Director & CEO and was chaired by the Managing Director & CEO. There were five meetings of the Committee during FY 2018-19, i.e., on May 14, 2018, June 29, 2018, December 28, 2018, March 07, 2019 and March 25, 2019.

The details of the composition of the Committee of Directors and attendance at its meetings held during financial year 2018-19 were as follows:

Name of Member	Category	Number of meetings attended	Gross Amount of Sitting fees paid (₹)
Mr. Chandra Shekhar Ghosh, Chairman	Managing Director & CEO	5	-
Mr. Bhaskar Sen	Independent Director	5	2,50,000
Mr. Sisir Kumar Chakrabarti	Independent Director	5	2,50,000
Mr. Snehomoy Bhattacharya	Independent Director	4	2,00,000

Annual General Meetings

(Details of Annual General Meetings for the previous three financial years are as under)

Details of General Body Meetings

Sl. No.	Particulars of meeting	Location	Date & Time	Special Resolutions passed, if any
1.	2nd Annual General Meeting	DN-32, Sector – V, Salt Lake, Kolkata- 700 091	June 20, 2016 at 11:30 A.M.	Nil
2.	3rd Annual General Meeting	DN-32, Sector – V, Salt Lake, Kolkata- 700 091	May 12, 2017 at 11.00 A.M.	Nil
3.	4th Annual General Meeting	Science City Auditorium, Kolkata, J.B.S Haldane Avenue, Mirania Gardens, East Topsia, Topsia, Kolkata, West Bengal- 700 046	July 19, 2018 at 11:30 A.M.	Eight special resolutions were passed

Postal Ballot

During the financial year ended on March 31, 2019, no Special Resolution was passed by the Members of the Bank through Postal Ballot. Further, no special resolution is proposed to be conducted through postal ballot. None of the businesses proposed to be transacted at the ensuing 5th Annual General Meeting of the Bank require passing a resolution through Postal Ballot.

Disclosures for Material Subsidiary

The Bank does not have any subsidiary at present. Therefore, requirement to formulate a policy for determining 'material' subsidiary is not applicable to the Bank.

Commodity Price Risks and Foreign Exchange Risks and Hedging Activities

Your Bank has not taken any position in commodity. The Bank has no foreign currency liability, neither in Foreign currency bonds nor bilateral or syndicated loans. Your Bank has Board approved Market Risk policy which defines risk control framework for undertaking any Foreign exchange risk. Vide Market Risk policy, Board of the Bank has defined overall Net Overnight Open Position (NOOP) Limit, Stop Loss Limit, Aggregate Gap limit (AGL), Value at Risk (VaR) limit to control the Foreign exchange risk within its risk control framework.

Accounting Treatment

The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the BR Act. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the RBI from time to time, the accounting standards notified under section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

Indian Accounting Standard (IND AS) implementation

The RBI issued a circular in February, 2016 requiring banks to implement Indian Accounting Standards (Ind AS) and prepare Ind AS financial statements with effect from April 01, 2018.

In line with the RBI guidelines on Ind AS implementation, the Bank has formed a Steering Committee comprising members from the concerned functional areas. As advised by the RBI, the Bank has also submitted Proforma Ind AS financial statements every quarter starting from quarter ended June 30, 2018 to the RBI.

However, the RBI in its press release issued on March 22, 2019 has deferred the applicability of Ind AS till further notice for Scheduled Commercial Banks.

The Bank has made a diagnostic study to identify the gaps, process and system changes required to implement Ind AS and is in the process of implementing necessary changes in its IT system and other processes. The Bank is regularly holding workshops and training for its staff.

Related-Party Transactions

There were no materially significant transactions with related parties including promoters, Directors, key managerial personnel or relatives of the Directors during the financial year 2018-19, which could lead to a potential conflict of interest between the Bank and these parties. The details of the transactions with related parties, if any, were placed before the Audit Committee from time to time. There were no material individual transactions with related parties, which were not in the ordinary course of business of the Bank, nor were there any transactions with related parties, which were not on arm's length basis. Accordingly, AOC-2 is not applicable to the Bank. Necessary disclosure as required under the Accounting Standards (AS 18) has been made in the notes to the financial statements to the extent applicable to the Bank.

Your Bank's Policy on dealing with Related Party Transactions is available on the Bank's website: <https://www.bandhanbank.com/pdf/RelatedParty-Transactions-Policy.pdf>

Penalties, Strictures

During the last three years, there were no penalties or strictures

imposed on the Bank by the Stock Exchanges and/ or SEBI and/or any other statutory authorities on matters relating to capital market.

Whistle Blower Policy/ Vigil Mechanism

The Bank has implemented the Whistle Blower Policy by way of forming a vigil mechanism, as required under Section 177 of the Act and Regulation 22 of SEBI LODR. The said policy provides for adequate safeguards against the victimisation of the Directors and employees who avail this mechanism and ensures that the personnel gets direct access to the Chairman of the Audit Committee as defined in the Act and SEBI LODR. The said policy can be accessed on the Bank's website at the link: <https://www.bandhanbank.com/pdf/Vigilance-Policy.pdf>.

None of the Bank's personnel has been denied access to the Audit Committee.

Remuneration to Directors

Remuneration to the Managing Director & CEO of the Bank is recommended by the NRC, examined and approved by Audit Committee and thereafter approved by the Board subject to prior approval of Reserve Bank of India and the approval of the Members of the Bank. Similarly, the remuneration of the Non-Executive Chairman is also recommended by the NRC and thereafter approved by the Board subject to prior approval of Reserve Bank of India and the approval of the Members of the Bank.

Non-Executive Directors are entitled to sitting fees for attending the meetings of the Board and Committees thereof.

Details of total remuneration paid to all the Directors of your Bank during the financial year ended on March 31, 2019 are as follows:

Amount in (₹)

Sl. No.	Name of the Directors	Salary	Perquisite and Allowances	Sitting fees	Contribution to Provident & Other Funds	Bonus(s)	Pension	Total
1.	Dr. Anup Kumar Sinha ¹	5,61,290	-	3,00,000	-	-	-	8,61,290
2.	Dr. A.S. Ramasastry ²	-	-	7,50,000	-	-	-	7,50,000
3.	Dr. Ashok Kumar Lahiri ³	29,032	-	50,000	-	-	-	79,032
4.	Mr. Chandra Shekhar Ghosh ⁸	1,77,00,000	-	-	19,50,000	7,97,379	-	2,04,47,379
5.	Mr. Bhaskar Sen	-	-	24,35,000	-	-	-	24,35,000
6.	Mr. Boggarapu Sambamurthy ⁴	-	-	4,80,000	-	-	-	4,80,000
7.	Mr. Chintaman Mahadeo Dixit	-	-	17,80,000	-	-	-	17,80,000
8.	Mr. Harun Rasid Khan	-	-	12,75,000	-	-	-	12,75,000
9.	Prof. Krishnamurthy Venkata Subramanian ⁵	-	-	5,25,000	-	-	-	5,25,000
10.	Mr. Santanu Mukherjee ⁶	-	-	3,00,000	-	-	-	3,00,000
11.	Mr. Ranodeb Roy	-	-	12,75,000	-	-	-	12,75,000
12.	Mr. Sisir Kumar Chakrabarti	-	-	20,00,000	-	-	-	20,00,000
13.	Mr. Snehomoy Bhattacharya	-	-	16,80,000	-	-	-	16,80,000
14.	Ms. T.S. Raji Gain	-	-	12,00,000	-	-	-	12,00,000
15.	Ms. Georgina Elizabeth Baker ⁷	-	-	-	-	-	-	-
16.	Dr. Holger Dirk Michaelis	-	-	6,25,000	-	-	-	6,25,000

1. Appointed as an Additional Director (Independent) of the Bank, with effect from January 07, 2019. He was also appointed as Non-Executive Part-time Chairman of the Bank with effect from January 07, 2019 for a period of three years, pursuant to approval of the RBI. The remuneration approved by the RBI and the Board is ₹24 lakh per annum (consolidated) in addition to sitting fees and reimbursement of other expenses for attending meetings of the Board and Committees and traveling and official expenses for performing his duty. His remuneration is subject to approval of Shareholders of the Bank.

2. Appointed as an Additional Director (Independent) of the Bank, with effect from August 08, 2018.

3. Demitted from directorship with effect from the close of business hours on April 09, 2018.
 4. Ceased to be a Director of the Bank due to retirement as an Independent Director with effect from July 09, 2018.
 5. Resigned from the office of Director due to his appointment as Chief Economic Advisor (CEA) to the Government of India and his cessation was with effect from January 04, 2019
 6. Appointed as an Additional Director (Independent) of the Bank, with effect from January 07, 2019.
 7. Ms. Georgina Elizabeth Baker ceased to be a Director of the Bank with effect from August 31, 2018, pursuant to withdrawal of her nomination by IFC.
 8. Mr. Ghosh has been granted 2,00,000 options during FY 2017-18 which was approved by the RBI and Shareholders, the Options will be vested and exercised as per the Stock Option Scheme of the Bank as disclosed in the Directors Report. During FY 2018-19, 50,000 options were exercised by Mr. Ghosh.
- Mr. Pravir Kumar Vohra (DIN: 00082545) who was appointed as an Additional Director (Independent) with effect from June 05, 2018, had resigned with effect from June 25, 2018, during his tenure no board meeting was held. Accordingly, no sitting fees was paid to him.

There was no pecuniary relationship or significant/material transactions of the Non-Executive Directors vis-à-vis the Bank. None of the Directors are related to each other.

Code of Conduct

The Bank has framed and adopted Code of Conduct applicable to all Directors and also a Code of Conduct for senior management personnel of the Bank, which is approved by the Board. The Code of Conduct for senior management attempt to set forth the guiding principles on which the Bank shall operate and, conduct its daily business with its multitudinous stakeholder's, viz., shareholders, customers, creditors, employees, government, regulatory agencies, media and society. This Code has been posted on the Bank's website at <https://www.bandhanbank.com/pdf/Code-Conduct-for-Senior-Management.pdf>. The Code of Conduct for Directors also contains reference to the duties of the Independent Directors as laid down in Schedule IV to the Act. This Code has been posted on the Bank's website at <https://www.bandhanbank.com/pdf/Code-Conduct-for-Directors.pdf>. All Directors and senior management personnel have affirmed compliance with the Code of Conduct/Ethics as approved and adopted by the Board.

Declaration as required under Regulation 26(3) read with para D of Schedule V of SEBI LODR with respect to financial year ended on March 31, 2019, signed by the Managing Director & CEO has been provided to the Board and is reproduced in this Report.

Compliance with Mandatory Requirements

The Bank has complied with all the applicable mandatory requirements of the Conditions of Corporate Governance as prescribed under the SEBI LODR.

Compliance with Non-Mandatory Requirements

a) Board of Directors

The office of Non-Executive Chairman of the Bank is maintained by the Bank at its expenses and all the expenses incurred in performance of his duties are reimbursed by the Bank.

b) Shareholder's Rights

The Bank publishes its results on its website at www.bandhanbank.com, which is accessible to the public at large. The same are also available on the websites of the Stock Exchanges on which the Bank's shares are listed. Along with the quarterly results, detailed earnings updates are also given on the website of the Bank. Further, a quarterly investors'/ analysts' conference call is made to

discuss the financial results and performance of the Bank, the transcripts of which are posted on the website of the Bank. The Bank's results for each quarter are published in an English newspaper having nation-wide circulation and in a Bengali newspaper having a wide circulation in West Bengal (normally Financial Express and Aajkal). In view of the foregoing, the half yearly results of the Bank are not sent to the shareholders individually.

c) Audit Qualifications

During the period under review, there is no audit qualification in the Bank's financial statements. Further, there were no audit qualification in the Secretarial Audit Report and the observations made therein has been explained in the Directors Report at appropriate places. The Bank continues to adopt best practices to ensure regime of unqualified financial statements.

d) Reporting of Internal Auditor

The Internal Auditor of the Bank reports directly to the Audit Committee of the Bank.

Other Disclosures

The Management Discussion & Analysis Report

The Management Discussion & Analysis Report, giving an overview of the industry, the Bank's business and its financials is provided separately as **Annexure - 7** to the Directors' Report forming part of this Annual Report.

Means of Communication

The Board of Directors of the Bank has been approving the quarterly financial results within 45 days of the end of respective quarter and the audited annual financial results for the quarter and year ended ending on March 31 within 60 days from the end of the financial year. The results are promptly forwarded to the stock exchanges and are published in one English and one Bengali (regional language) newspaper normally Financial Express and Aajkal, within 48 hours of the conclusion of the Board meeting. The results as well as other press releases are simultaneously displayed on the Bank's website, www.bandhanbank.com. The website also displays all official news releases by the Bank from time to time as also the earnings updates and presentations made to investors and analysts. In addition to this, earnings update are also prepared and posted on the website of the Bank.

Proceeds from Public Issues

During the previous year ended March 31, 2018 the Bank has raised capital of ₹3,662.40 crores through Initial Public Offer (IPO) by issuing 9,76,63,910 Equity shares of ₹10/- each. Pursuant to Regulation 32 of the SEBI LODR, your Bank hereby confirms that there has been no deviation in the use of IPO proceeds from the objects stated in the prospectus.

The funds raised through IPO has been fully utilised and the statement of the utilisation of the IPO proceeds as on March 31, 2019 is as under:

Particulars	Amount (₹ in Cr)
Gross proceeds of IPO issue- A	3,662.40
Less: Public issue expenses- B	65.37
Net proceeds from Public issue- C = (A-B)	3,597.03
Less: Amounts utilised for the purpose received- D	3,597.03
Balance E = (C-D)	NIL

Policy for Preservation of Documents

In accordance with Regulation 9 of SEBI LODR, the Bank has

framed a Policy for preservation of documents, which has been approved by the Board of Directors of the Bank. This Policy is intended to guide the Bank and its officers on maintenance of any documents, their preservation and disposal. The said policy can be accessed on the Bank's website: <https://www.bandhanbank.com/pdf/Policy-Preservation-of-Documents.pdf>

Policy for Determination of Materiality of Events/ Information and Archival Policy

In accordance with Regulation 30 of SEBI LODR, the Bank has framed a Policy for Determination of Materiality of Events/ Information, which provides guidance to the Board, management and staff on the assessment of materiality of events, which will have bearing on the performance/ operations of the Bank. The policy has been uploaded on the Bank's website: <https://www.bandhanbank.com/pdf/Determination-Materiality-Policy.pdf>. Further, the Bank has an Archival Policy in line with the requirements of SEBI LODR to ensure that information relating to the Bank is adequately disclosed on its website as required by law. The policy have been uploaded on the Bank's website: <https://www.bandhanbank.com/pdf/Archival-Policy.pdf>.

General Shareholder Information

1)	Corporate Identity Number (CIN) of the Bank	L67190WB2014PLC204622
	Address for Correspondence	Registered Office: DN-32, Sector-V, Salt Lake, Kolkata - 700091 Contact: Mr. Indranil Banerjee, Company Secretary & Compliance Officer
2)	Date, Time And Venue of the Annual General Meeting (AGM)	5th Annual General Meeting (AGM) of the Bank will be held on June 28, 2019 at 11:00 A.M. at Mini Auditorium, Biswa Bangla Convention Centre, DG Block (Newtown), Action Area I, New Town, West Bengal 700156.
3)	Financial Year	Starts on April 1 and ends on March 31
4)	Date of Book Closure	Saturday, June 22, 2019 to Friday, June 28, 2019 (both days inclusive)
5)	Dividend Payment Date	Dividend will be paid from the date commencing from the day after the ensuing AGM on June 28, 2019
6)	Listing on Stock Exchanges	i) National Stock Exchange of India Limited (NSE) Exchange Plaza, 5th Floor, Bandra Kurla Complex, Mumbai - 400051 ii) BSE Limited (BSE) Phiroze Jeejabhoy Towers, Dalal Street, Fort, Mumbai - 400001 The Bank has paid the Annual Listing Fees to NSE & BSE for the financial year 2019-2020. During the Financial Year the equity shares of the Bank have not been suspended from trading on the said Stock Exchanges or by any Regulatory / Statutory Authority.
7)	Stock Code	NSE – BANDHANBNK BSE – 541153
8)	Registrars & Share Transfer Agent (both Physical & Demat Segments) (Equity & Debentures)	Karvy Fintech Private Limited (Formerly known as KCPL Advisory Services P Ltd) Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Tel No. 040 – 67162222 Fax No. 040 23420814 Email : einward.ris@karvy.com
9)	Share Transfer System	The Bank's shares which are in compulsory dematerialised(demat) form are transferable through the depository system. Shares in physical form are processed by the Registrars and Share Transfer Agents, Karvy Fintech Private Limited and approved by the Stakeholders' Relationship Committee of the Bank or authorised officials of the Bank. Requests for transfer of shares in physical form received either at the office of the Bank or at the Office of the Registrar are generally approved within a maximum period of 15 days from the date of receipt provided the documents are complete in all respects. However, no such request has been received during FY 2018-19.

		Shareholders are requested to convert their physical holdings into electronic holdings which will negate risks associated with physical certificates. Further, SEBI vide notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018, has amended Regulation 40 of SEBI LODR, mandating transfer of securities to be carried out only in dematerialised form with effect from December 5, 2018. Thereafter, SEBI has extended the deadline for transfer of securities only in Demat mode effective from April 1, 2019.
10)	Dematerialisation of Shares and Liquidity	The shares of the Bank are available for trading in the dematerialised form under both the Depository Systems in India- National Securities Depository Limited (NSDL) and Central Depository Service (India) Limited (CDSL). The annual custody fees for the financial year 2018-2019 have been paid to NSDL and CDSL. Trading in Bank's shares can now be done only in the dematerialised form. As on March 31, 2019, 119,30,81,800 Shares representing 99.999 per cent of the total Share Capital of the Bank were held in dematerialised form. The International Securities Identification Number (ISIN) of the Bank, as allotted by NSDL and CDSL is INE545U01014.
11)	Outstanding ADRs/GDRs/ Warrants or Any Convertible Instruments, Conversion Date and Likely Impact on Equity	Not applicable
12)	Reconciliation of Share Capital Audit	Reconciliation of Share Capital Audit, as mandated by SEBI, has been carried out by Company Secretary in Practice on quarterly basis since listing, and reports on the reconciliation of total issued and listed capital with that of total share capital admitted/ held in dematerialised form with NSDL and CDSL and those held in physical form. The Report in this regard has been submitted to stock exchanges, viz., BSE Ltd. and National Stock Exchange of India Ltd. and being placed before the Board of Directors of the Bank for its review.

Shareholders holding 1% and above as on March 31, 2019

Name of Holder	Present Holdings	% of Holdings
Bandhan Financial Holdings Limited	98,14,83,040	82.26
Caladium Investment Pte. Ltd.	5,46,48,030	4.58
International Finance Corporation	2,10,76,171	1.77
Axis Mutual Fund Trustee Limited	1,80,55,525	1.51
Nomura India Investment Fund Mother Fund	1,21,69,744	1.02

Distribution Schedule – Consolidated as on March 31, 2019

Ordinary Shares held	No. of Shareholders	% of Shareholders	Number of Shares	% of Shares
1-5000	2,00,251	99.73	1,53,16,609	1.28
5001-10000	214	0.11	15,30,521	0.13
10001-20000	113	0.06	16,18,772	0.14
20001-30000	36	0.02	8,91,700	0.07
30001-40000	23	0.01	8,19,430	0.07
40001-50000	16	0.01	7,16,483	0.06
50001-100000	31	0.02	21,11,565	0.18
100001 & Above	102	0.05	1,17,00,77,775	98.07
Total	*2,00,786	100.00	1,19,30,82,855	100.00

* Number of shareholders on the basis of folios

Top 10 Shareholders as on March 31, 2019

Name of Holder	Present Holdings	% of Holdings
Bandhan Financial Holdings Limited	98,14,83,040	82.264
Caladium Investment Pte. Ltd.	5,46,48,030	4.580
International Finance Corporation	2,10,76,171	1.767
Axis Mutual Fund Trustees Limited	1,80,55,525	1.51
Nomura India Investment Fund	1,21,69,744	1.02
IFC FIG Investment Company I	1,13,48,707	0.95
Amansa Holding Private Limited	70,72,629	0.59
Oppenheimer Developing Markets Fund	68,49,773	0.57
Aditya Birla Sunlife Trustee Private Limited	61,80,744	0.52
The Nomura Trust and Banking Co. Ltd.	38,65,671	0.32

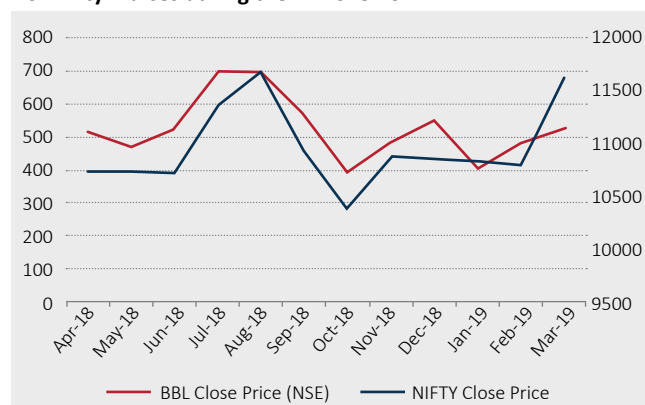
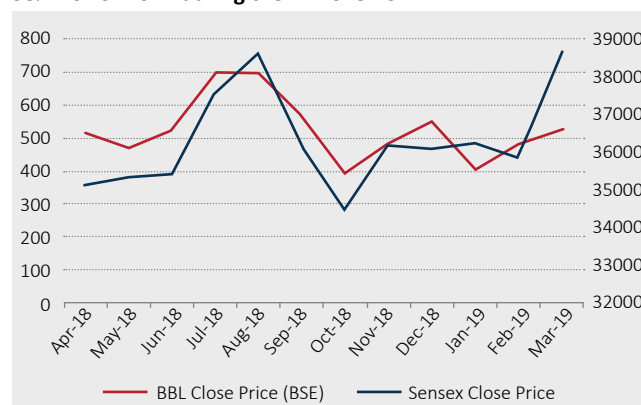
Shareholding pattern as on March 31, 2019

Category of Shareholders	No. of Shares held at the end of the year			
	Demat	Physical	Total	% of Total Shares
A. Promoter				
1) Indian				
a) Individual*/ HUF	6	-	6	0.00
b) Central Govt	-	-	-	-
c) State Govt(s)	-	-	-	-
d) Bodies Corp	98,14,83,040	-	98,14,83,040	82.26
e) Banks / FI	-	-	-	-
f) Any Other	-	-	-	-
Sub-total(A)(1):-	98,14,83,046	-	98,14,83,046	82.26
2) Foreign				
a) NRIs-Individuals	-	-	-	-
b) Other-Individuals	-	-	-	-
c) Bodies Corp.	-	-	-	-
d) Banks / FI	-	-	-	-
e) Any Other....	-	-	-	-
Sub-total (A)(2):-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	98,14,83,046	-	98,14,83,046	82.26
B. Public Shareholding				
1. Institutions				
a) Mutual Funds	2,87,43,164	-	2,87,43,164	2.41
b) Banks / FI	36,48,586	-	36,48,586	0.31
c) Central Govt	-	-	-	-
d) State Govt(s)	-	-	-	-
e) Venture Capital Funds	-	-	-	-
f) Insurance Companies	-	-	-	-
g) FIs	6,63,15,824	-	6,63,15,824	5.56
h) Foreign Venture Capital Funds	-	-	-	-
i) Others (specify)	-	-	-	-
Foreign Bodies Corporate	8,70,72,908	-	8,70,72,908	7.30
Sub-total (B)(1)	18,57,80,482	-	18,57,80,482	15.57
2. Non Institutions				
a) Bodies Corp.				
i. Indian	32,73,551	-	32,73,551	0.27
ii. Overseas	-	-	-	-
b) Individuals				
i. Individual shareholders holding nominal share capital upto ₹1 lakh	1,44,63,667	1,055	14,434,722	1.21
ii. Individual shareholders holding nominal share capital in excess of ₹1 lakh	57,12,517	0	57,12,517	0.48
c) Others(Specify)				
i. Clearing Members	6,01,077	-	6,01,077	0.05
ii. NRI	6,43,139	-	6,43,139	0.05
iii. NRI Non Repat	4,67,436	-	4,67,436	0.04
iv. Trusts	11,750	-	11,750	0
v. HUF	5,73,174	-	5,73,174	0.05
vi. NBFC	1,319	-	1,319	0
vii. Alternate Investment Fund	70,642	-	70,642	0.01
Sub-total (B)(2)	2,58,18,272	1,055	2,58,19,327	2.16
Total Public Shareholding (B)=(B)(1)+ (B)(2)	21,15,98,754	1,055	21,15,99,809	17.74
C. Shares held by Custodian for GDRs & ADRs				
1. Promoter and Promoter Group	-	-	-	-
2. Public	-	-	-	-
Total (C)=(C)(1)+ (C)(2)	-	-	-	-
Grand Total (A+B+C)	1,19,30,81,800	1,055	1,19,30,82,855	100.00

(*5 Individuals holding equity shares as nominees of the Promoter, Bandhan Financial Holdings Limited and they are neither the promoters nor forming part of the promoter group)

Market Price Data: High and Low during each month in the financial year 2018-19

Month	NSE			BSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-18	540.80	469.15	4,96,25,353	540.00	469.65	73,38,620
May-18	520.90	463.10	1,37,17,322	521.00	463.40	21,77,728
Jun-18	560.00	456.15	2,17,57,912	560.00	456.15	14,77,342
Jul-18	719.80	523.00	3,49,67,267	719.00	523.40	42,16,269
Aug-18	741.80	612.00	2,33,21,428	741.00	611.80	26,39,627
Sep-18	696.00	531.00	3,07,80,005	695.20	531.85	15,31,659
Oct-18	521.35	368.10	5,37,52,899	521.40	369.15	56,33,199
Nov-18	498.20	391.00	1,32,36,227	498.00	390.90	22,78,387
Dec-18	583.70	462.00	2,26,26,013	587.00	461.00	19,99,192
Jan-19	563.70	397.00	4,25,75,958	564.00	397.65	40,35,714
Feb-19	497.75	397.95	2,27,63,905	497.05	398.60	14,33,574
Mar-19	532.40	478.00	1,39,39,761	530.00	476.45	9,77,931

Performance of the Bank's Equity Shares as compared with NSE Nifty Indices during the FY 2018-19**Performance of the Bank's Equity Shares as compared with S&P BSE SENSEX during the FY 2018-19****Code for Prevention of Insider Trading**

The Bank has adopted a Code of Conduct for the prevention of insider trading in the securities of the Bank ('Code') in line with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015. The code, inter-alia, prohibits trading in the securities of the Bank by insiders while in possession of unpublished price sensitive information in relation to the Bank. The Code has been aligned with the recent amendments to the SEBI (Prohibition of Insider Trading) Regulations, 2015 and duly approved by the Board. The Company Secretary of the Bank acts as 'Compliance Officer' in terms of the Code and is responsible for implementation and overseeing compliance with the Code across the Bank.

Debenture Trustees

The SEBI LODR require companies, which have listed their debt securities, to disclose the names of their debenture trustees with contact details in their Annual Report. The following is the debenture trustee for the privately placed debentures of the Bank:

Axis Trustee Services Limited

Axis House, 2nd Floor, Wadia International Centre,
Pandurang Budhkar Marg, Worli, Mumbai – 400 025
Tel No.: 022 2425 5226

Plant Locations

Being in the banking business, the Bank does not have any plant. However, the Bank has 986 Branches, 3014 DSCs and 481 ATMs as on March 31, 2019. The locations of the branches are also displayed on the Bank's website.

CEO and CFO Certification

The Managing Director & CEO and the CFO of the Bank give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI LODR. The quarterly certificate for the quarter ended March 31, 2019 on financial results was placed before the Board in terms of Regulation 33(2) of SEBI LODR.

Compliance Certificate

A Certificate from CS Deepak Kumar Khaitan, Practicing Company Secretary (C. P. No. 5207), regarding compliance with the conditions of Corporate Governance, as stipulated in SEBI LODR, is annexed to this Report and forms part of the Annual Report.

The Certificate from the Practicing Company Secretary will be sent to the Stock Exchanges along with the Annual Report of the Bank.

Certificate on Directors status

A Certificate from CS Deepak Kumar Khaitan, Practicing Company Secretary (C. P. No. 5207) that none of the Directors on the

Board of the Bank have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority, is annexed to this Report and forms part of the Annual Report.

Other Useful information for Shareholders

1) Unpaid/Unclaimed Dividends

The Bank was incorporated on December 23, 2014. Since inception, the Bank has declared the dividend only in its 4th Annual General Meeting held in 2018. Hence, the Bank is not required to transfer any amount to Investor Education and Protection Fund (IEPF).

2) Rating of Various Debt Instruments

Details of rating of various debt instruments of the Bank for financial year 2018-19 has been provided in the Directors Report forming part of this Annual Report.

3) Total fees for all services paid by the Bank to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part

Your Bank did not have any subsidiary as on March 31, 2019. The fees paid to the S.R. Batliboi & Associates LLP, Chartered Accountants, Statutory Auditors of the Bank for the financial year 2018-19 is as under:

Nature of Services	₹ in crore
Audit Fees	0.60
Certification and Other Fees to Auditors	0.19
Tax Audit Fees	0.03
Others	0.16
Total	0.98

4) Equity Shares in the Suspense Account

In terms of Regulation 39 (4) of the SEBI LODR read with

Schedule VI of the said Regulation, the details of Equity shares lying in the suspense account are given below

Particulars (From April 1, 2018 to March 31, 2019)	No. of Cases	No. of Shares
Number of cases outstanding at the beginning of the financial year	25	1,000
Number of Shareholders approached during the financial year	24	960
Number of Cases and Shares Transferred during of the financial year	24	960
Number of Cases Outstanding at the end of the financial year	1	40

5) Green Initiative in Corporate Governance

In furtherance of the 'Green Initiative in Corporate Governance' initiated by the Ministry of Corporate Affairs, the Bank once again requests all the shareholders, holding shares in dematerialised form and who have not yet registered their e-mail address, to register their e-mail address with the Bank for receiving notice/documents including Annual Report in electronic mode through their concerned Depository Participants. Shareholders who hold shares in physical form and who have not yet registered their e-mail address are requested to register their e-mail id with Karvy Fintech Private Limited, Registrar and Share Transfer Agent of the Bank.

For and on behalf of the Board of Directors

Bandhan Bank Limited

Anup Kumar Sinha

Non-Executive Part-time Chairman

(DIN: 08249893)

Place: Mumbai

Date: May 02, 2019

Declaration as Prescribed Under Schedule V of the SEBI LODR

I confirm that for the year under review, all Directors and Senior Management have affirmed their adherence to the provisions of the Code of Conduct of Directors and senior management personnel.

Place: Mumbai
Date: May 02, 2019

Chandra Shekar Ghosh
Managing Director & CEO
(DIN : 00342477)

Compliance Certificate**Regarding Compliance of Conditions of Corporate Governance****For the Financial year ended on March 31, 2019**

[as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To the Members of
Bandhan Bank Limited
(CIN L67190WB2014PLC204622)

1. I have reviewed the compliance of conditions of Corporate Governance by Bandhan Bank Limited (hereinafter referred to as 'the Bank' or 'the Company'), for the year ended on March 31, 2019 (hereinafter referred to as 'audit period'), as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the 'SEBI LODR').
2. In my opinion and to the best of my information and according to the examinations of the relevant records and the explanations given to me and the management representation letter of even date, I certify that the Bank has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paras C, D and E of Schedule V of the SEBI LODR, for the audit period.
3. The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to review the procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.
4. I further state that such compliance is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

Place: Kolkata
Date : May 02, 2019

Deepak Kumar Khaitan
F.C.S. No.: 5615/ C.P. No.: 5207
ICSI Unique Code No.:I2003WB347200

Certificate of Non Disqualification of Directors

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

To,
The Members of
Bandhan Bank Limited
DN-32, Sector V Salt Lake
Kolkata – 700 091

I have examined the relevant registers, records, forms and returns filed, notices, minutes books, other books and papers and disclosures received from the Directors of Bandhan Bank Limited having CIN L67190WB2014PLC204622 and having registered office at DN-32, Sector V Salt Lake, Kolkata – 700 091 (hereinafter referred to as 'the Bank' or 'the Company'), produced before me by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with sub-clause (i) of Clause 10 Para C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'the SEBI LODR'), as amended.

In my opinion and to the best of my information and according to the verifications (including DIN status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Bank, its officers and specific intimations in Form DIR 8 [pursuant to Section 164(2) of the Companies Act, 2013 read with Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014] as received by the Bank from each Director and the Management Representation Letter of even date, I hereby certify for the Financial Year ended on March 31, 2019, that none of the Directors who were on the Board of the Bank, as per details herein below, have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other statutory authority.

The following Directors were on the Board of the Bank during the financial year ended on March 31, 2019 :-

Sl. No.	Name of the Director (in order of Date of Appointment)	DIN	Date of Appointment in the Bank
1.	Bhaskar Sen	03193003	23.12.2014
2.	Chandra Shekhar Ghosh	00342477	23.12.2014
3.	Sisir Kumar Chakrabarti	02848624	23.12.2014
4.	Boggarapu Sambamurthy (ceased to be director with effect from July 9, 2018)	00246211	09.07.2015
5.	Chintaman Mahadev Dixit	00524318	09.07.2015
6.	Krishnamurthy Venkata Subramanian (ceased to be director with effect from January 4, 2019)	00487747	09.07.2015
7.	Snehomoy Bhattacharya	02422012	09.07.2015
8.	Ashok kumar Lahiri (ceased to be director with effect from April 9, 2018)	07234290	10.07.2015
9.	Thekedathumadam Subramani Raji Gain	07256149	06.08.2015
10.	Holger Dirk Michaelis	07205838	12.02.2016
11.	Georgina Elizabeth Baker (ceased to be director with effect from August 31, 2018)	06601316	26.07.2016
12.	Ranodeb Roy	00328764	26.07.2016
13.	Harun Rasid Khan	07456806	27.03.2018
14.	Pravir Kumar Vohra (ceased to be director with effect from June 25, 2018)	00082545	05.06.2018
15.	Allamraju Subramanya Ramasastry	06916673	08.08.2018
16.	Santanu Mukherjee	07716452	07.01.2019
17.	Anup Kumar Sinha	08249893	07.01.2019

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

Place: Kolkata
Date: May 02, 2019

Deepak Kumar Khaitan
F.C.S. No.: 5615/ C.P. No.: 5207
ICSI Unique Code No.: I2003WB347200

Annexure-6

Form No. MGT. 9

Extract of Annual Return as on the Financial Year ended on March 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and Other Details:

- i. CIN: L67190WB2014PLC204622
- ii. Registration Date: December 23, 2014
- iii. Name of the Company: Bandhan Bank Limited
- iv. Category / Sub-Category of the Company: Public Company/ Limited by Shares
- v. Address of the Registered office and contact details: DN-32, Sector-V, Salt Lake, Kolkata – 700091, Ph: 033-66090909; Fax : 033-66090502
- vi. Whether listed company: Yes
- vii. Name, Address and Contact details of Registrar and Transfer Agent (Debt and Equity): Karvy Fintech Private Limited, (Formerly 'Karvy Computershare Private Limited') Karvy Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032, Phone: 040-67162222, Fax : 040-23001153, Toll Free No : 1800 345 4001

II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Banking and Financial Services	Code: 64191	100

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bandhan Financial Holdings Limited DN-32, Sector- V, Salt Lake City, Kolkata- 700091	U67190WB2014PLC204317	Holding	82.26	2(87)

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual*/ HUF	6	-	6	0.00	6	-	6	0.00	0
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	98,14,83,040	-	98,14,83,040	82.28	98,14,83,040	-	98,14,83,040	82.26	0.02
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	98,14,83,046	-	98,14,83,046	82.28	98,14,83,046	-	98,14,83,046	82.26	0.02
2) Foreign									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-	-	-	-	-	-	-	-	-
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	98,14,83,046	-	98,14,83,046	82.28	98,14,83,046	-	98,14,83,046	82.26	0.02
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	1,70,14,977	-	1,70,14,977	1.43	2,87,43,164	-	2,87,43,164	2.41	0.98
b) Banks / FI	8,99,374	34,94,060	43,93,434	0.37	36,48,586	-	36,48,586	0.31	0.06
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	2,75,96,870	-	2,75,96,870	2.31	6,63,15,824	-	6,63,15,824	5.56	3.24
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
Foreign Bodies Corporate	8,70,72,908	-	8,70,72,908	7.30	8,70,72,908	-	8,70,72,908	7.30	0.00
Sub-total (B)(1)	13,25,84,129	34,94,060	13,60,78,189	11.41	18,57,80,482	-	18,57,80,482	15.57	4.16
2. Non Institutions									
a) Bodies Corp.									
(i) Indian	70,65,369	-	70,65,369	0.59	32,73,551	-	32,73,551	0.27	0.32
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹1 lakh	1,76,24,777	-	1,76,24,777	1.49	1,44,63,667	1,055	1,44,34,722	1.21	0.28
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	49,98,035	-	49,98,035	0.40	57,12,517	0	57,12,517	0.48	0.08
c) Others(Specify)									
i. Clearing Members	4,22,88,041	-	4,22,88,041	3.55	6,01,077	-	6,01,077	0.05	3.49
ii. NRI	48,499	-	48,499	0	6,43,139	-	6,43,139	0.05	0.05
iii. NRI Non Repat	20,906	-	20,906	0	4,67,436	-	4,67,436	0.04	0.04
iv. Trusts	4,34,495	-	4,34,495	0.04	11,750	-	11,750	0	0.04
v. HUF	12,63,227	-	12,63,227	0.11	5,73,174	-	5,73,174	0.05	0.06
vi. NBFC	-	-	-	-	1,319	-	1,319	0	0
vii. Alternate Investment Fund	15,00,360	-	15,00,360	0.13	70,642	-	70,642	0.01	0.12
Sub-total (B)(2)	7,52,43,709	-	7,52,43,709	6.31	2,58,18,272	1,055	2,58,19,327	2.16	4.14
Total Public Shareholding (B)=(B)(1)+ (B)(2)	20,78,27,838	34,94,060	21,13,21,898	17.72	21,15,98,754	1,055	21,15,99,809	17.74	0.02
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	1,18,93,10,884	34,94,060	1,19,28,04,944	100	1,19,30,81,800	1,055	1,19,30,82,855	100	-

* 5 Individuals holding equity shares as nominees of the Promoter, Bandhan Financial Holdings Limited and they are neither the promoters nor forming part of the promoter group.

ii. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Bandhan Financial Holdings Limited	98,14,83,046	82.28	-	98,14,83,046	82.26	-	0.02
2.	Bandhan Financial Services Limited	-	-	-	-	-	-	-
3.	North East Financial Inclusion Limited	-	-	-	-	-	-	-
4.	Financial Inclusion Trust	-	-	-	-	-	-	-
5.	Bandhan Konnagar*	-	-	-	-	-	-	-
	Total	98,14,83,046	82.28	-	98,14,83,046	82.26	-	0.02

(*Bandhan Konnagar is a promoter group entity)

iii. Change in Promoters' Shareholding (please specify, if there is no change)

1	Bandhan Financial Holdings Limited	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Bank	No. of shares	% of total shares of the Bank
	At the beginning of the year	98,14,83,046	82.28	98,14,83,046	82.28
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the End of the year*	98,14,83,046	82.26	-	-

(*Decrease in the % of shareholding of promoters due to increase in total paid up capital of the Bank on account of issue of shares during the year pursuant to exercise of ESOPs)

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl.No.	1. Caladium Investment Pte. Ltd	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Bank	No. of shares	% of total shares of the Bank
	At the beginning of the year	5,46,48,030	4.58	5,46,48,030	4.58
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the End of the year	5,46,48,030	4.58	-	-

Sl.No.	2. International Finance Corporation	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Bank	No. of shares	% of total shares of the Bank
	At the beginning of the year	2,10,76,171	1.77	2,10,76,171	1.77
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	-	-	-	-
	At the End of the year	2,10,76,171	1.77	-	-

Sl.No.	3. Axis Mutual Fund Trustees Limited	Shareholding at the beginning of the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Bank		No. of shares	% of total shares of the Bank
	At the beginning of the year	23,49,134	0.20		23,49,134	0.20
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	Date	Reason	Increase/Decrease		
		06/04/2018	Purchase	1,04,52,469	1,28,01,603	1.07
		13/04/2018	Purchase	7,72,000	1,35,73,603	1.14
		27/04/2018	Purchase	4,17,357	1,39,90,960	1.17
		27/04/2018	Sale	-2,83,220	1,37,07,740	1.15
		04/05/2018	Purchase	5,70,000	1,42,77,740	1.20
		11/05/2018	Purchase	50,000	1,43,27,740	1.20
		18/05/2018	Purchase	19,500	1,43,47,240	1.20
		25/05/2018	Purchase	6,43,000	1,49,90,240	1.26

Sl.No.	Shareholding at the beginning of the year			Cumulative Shareholding during the year	
	No. of shares		% of total shares of the Bank	No. of shares	% of total shares of the Bank
3. Axis Mutual Fund Trustees Limited	01/06/2018	Purchase	35,900	1,50,26,140	1.26
	08/06/2018	Purchase	11,66,156	1,61,92,296	1.36
	08/06/2018	Sale	-1,651	1,61,90,645	1.36
	15/06/2018	Purchase	19,47,667	1,81,38,312	1.52
	22/06/2018	Purchase	2,70,268	1,84,08,580	1.54
	22/06/2018	Sale	-4,638	1,84,03,942	1.54
	29/06/2018	Purchase	2,44,000	1,86,47,942	1.56
	29/06/2018	Sale	-22,080	1,86,25,862	1.56
	06/07/2018	Purchase	5,56,810	1,91,82,672	1.61
	06/07/2018	Sale	-19,475	1,91,63,197	1.61
	13/07/2018	Sale	-34,700	1,91,28,497	1.60
	20/07/2018	Purchase	3,67,978	1,94,96,475	1.63
	27/07/2018	Purchase	18,295	1,95,14,770	1.64
	27/07/2018	Sale	-27,031	1,94,87,739	1.63
	03/08/2018	Sale	-5,650	1,94,82,089	1.63
	10/08/2018	Purchase	2,86,147	1,97,68,236	1.66
	10/08/2018	Sale	-34,234	1,97,34,002	1.65
	17/08/2018	Purchase	1,94,173	1,99,28,175	1.67
	24/08/2018	Purchase	40,000	1,99,68,175	1.67
	24/08/2018	Sale	-1,40,000	1,98,28,175	1.66
	31/08/2018	Purchase	3,77,474	2,02,05,649	1.69
	07/09/2018	Purchase	2,40,000	2,04,45,649	1.71
	14/09/2018	Purchase	2,16,000	2,06,61,649	1.73
	14/09/2018	Sale	-97,185	2,05,64,464	1.72
	21/09/2018	Sale	-22,700	2,05,41,764	1.72
	28/09/2018	Purchase	3,62,017	2,09,03,781	1.75
	05/10/2018	Purchase	1,487,500	2,23,91,281	1.88
	12/10/2018	Purchase	90,621	2,24,81,902	1.88
	12/10/2018	Sale	-3,25,845	2,21,56,057	1.86
	26/10/2018	Purchase	32,845	2,21,88,902	1.86
	02/11/2018	Purchase	6,70,000	2,28,58,902	1.92
	23/11/2018	Purchase	2,00,000	2,30,58,902	1.93
	23/11/2018	Sale	-1,50,537	2,29,08,365	1.92
	30/11/2018	Purchase	50,000	2,29,58,365	1.92
	30/11/2018	Sale	-1,43,564	2,28,14,801	1.91
07/12/2018	Purchase	2,00,000	2,30,14,801	1.93	
07/12/2018	Sale	-1,66,643	2,28,48,158	1.92	
14/12/2018	Purchase	1,39,162	2,29,87,320	1.93	
14/12/2018	Sale	-14,783	2,29,72,537	1.93	
21/12/2018	Purchase	14,690	2,29,87,227	1.93	
21/12/2018	Sale	-14,043	2,29,73,184	1.93	
28/12/2018	Purchase	4,50,975	2,34,24,159	1.96	
31/12/2018	Purchase	25	2,34,24,184	1.96	
04/01/2019	Sale	-1,01,681	2,33,22,503	1.96	
11/01/2019	Purchase	36,310	2,33,58,813	1.96	
11/01/2019	Sale	-11,00,283	2,22,58,530	1.87	
18/01/2019	Purchase	2,00,000	2,24,58,530	1.88	
01/03/2019	Sale	-55,00,000	1,69,58,530	1.42	
08/03/2019	Purchase	60,349	1,70,18,879	1.43	
15/03/2019	Purchase	7,41,803	1,77,60,682	1.49	
22/03/2019	Purchase	94,843	1,78,55,525	1.50	
29/03/2019	Purchase	2,00,000	1,80,55,525	1.51	
At the End of the year			1,80,55,525	1.51	-

Sl.No.	Shareholding at the beginning of the year			Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Bank		No. of shares	% of total shares of the Bank
4. Nomura India Investment Fund Mother Fund					
At the beginning of the year	0		0.00	-	-
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Date	Reason	Increase/Decrease	-	-
	06/04/2018	Purchase	1,07,91,434	1,07,91,434	0.90
	13/04/2018	Purchase	1,75,000	1,09,66,434	0.92
	27/04/2018	Purchase	2,50,000	1,12,16,434	0.94
	08/06/2018	Purchase	93,642	1,13,10,076	0.95
	20/07/2018	Sale	-5,00,000	1,08,10,076	0.91
	31/08/2018	Purchase	3,11,091	11,121,167	0.93
	05/10/2018	Sale	-1,91,338	1,09,29,829	0.92
	26/10/2018	Purchase	5,00,000	1,14,29,829	0.96
	02/11/2018	Purchase	2,50,000	1,16,79,829	0.98
	09/11/2018	Sale	-1,00,000	1,15,79,829	0.97
	30/11/2018	Sale	-3,50,000	1,12,29,829	0.94
	04/01/2019	Purchase	2,00,000	1,14,29,829	0.96
	25/01/2019	Purchase	2,50,000	1,16,79,829	0.98
	01/02/2019	Purchase	4,89,915	1,21,69,744	1.02
At the End of the year	1,21,69,744		1.02	-	-

Sl.No.	Shareholding at the beginning of the year			Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Bank		No. of shares	% of total shares of the Bank
5. IFC FIG Investment Company I					
At the beginning of the year	1,13,48,707		0.95	-	-
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-		-	-	-
At the End of the year	1,13,48,707		0.95	-	-

Sl.No.	Shareholding at the beginning of the year			Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Bank		No. of shares	% of total shares of the Bank
6. Amansa Holdings Private Limited					
At the beginning of the year	11,94,183		0.10	11,94,183	0.10
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Date	Reason	Increase/Decrease	-	-
	11/05/2018	Purchase	9,08,241	21,02,424	0.18
	18/05/2018	Purchase	1,79,247	22,81,671	0.19
	25/05/2018	Purchase	6,19,738	29,01,409	0.24
	08/06/2018	Purchase	2,74,509	31,75,918	0.27
	28/09/2018	Purchase	3,87,234	35,63,152	0.30
	05/10/2018	Purchase	95,48,00	45,17,952	0.38
	12/10/2018	Purchase	5,84,146	51,02,098	0.43
	26/10/2018	Purchase	6,50,453	57,52,551	0.48
	02/11/2018	Purchase	12,54,142	70,06,693	0.59
	30/11/2018	Purchase	23,618	70,30,311	0.59
	07/12/2018	Purchase	11,539	70,41,850	0.59
	14/12/2018	Purchase	4,11,979	74,53,829	0.62
	01/03/2019	Sale	-3,81,200	70,72,629	0.59
At the End of the year	70,72,629		0.59	-	-

Sl.No.	Shareholding at the beginning of the year			Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Bank		No. of shares	% of total shares of the Bank
7. Oppenheimer Developing Markets Fund					
At the beginning of the year	0		0.00	-	-
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Date	Reason	Increase/Decrease	-	-
	08/02/2019	Purchase	3,65,917	3,65,917	0.03
	15/02/2019	Purchase	4,24,760	7,90,677	0.07
	22/02/2019	Purchase	3,04,072	10,94,749	0.09
	01/03/2019	Purchase	22,50,473	33,45,222	0.28
	08/03/2019	Purchase	35,04,551	68,49,773	0.57
At the End of the year	68,49,773		0.57	-	-

Sl.No.	Shareholding at the beginning of the year			Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Bank		No. of shares	% of total shares of the Bank
8. Aditya Birla Sun Life Trustee Private Limited					
At the beginning of the year	24,13,649		0.20	24,13,649	0.20
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Date	Reason	Increase/Decrease	-	-
	06/04/2018	Purchase	17,18,000	41,31,649	0.35
	13/04/2018	Purchase	33,000	41,64,649	0.35
	20/04/2018	Purchase	20,000	41,84,649	0.35
	27/04/2018	Purchase	1,95,000	43,79,649	0.36
	04/05/2018	Purchase	4,12,000	47,91,649	0.40
	11/05/2018	Purchase	1,19,000	49,10,649	0.41
	18/05/2018	Purchase	9,75,000	58,85,649	0.49
	25/05/2018	Purchase	1,90,000	60,75,649	0.51
	01/06/2018	Purchase	1,12,000	61,87,649	0.52
	29/06/2018	Purchase	1,00,000	62,87,649	0.52
	13/07/2018	Purchase	81,900	63,69,549	0.53
	31/08/2018	Sale	-24,000	63,45,549	0.53
	28/09/2018	Purchase	13,000	63,58,549	0.53
	28/09/2018	Sale	-2,63,000	60,95,549	0.51
	05/10/2018	Sale	-12,92,004	48,03,545	0.40
	12/10/2018	Purchase	3,00,000	51,03,545	0.42
	12/10/2018	Sale	-60,000	50,43,545	0.42
	26/10/2018	Purchase	1,05,000	51,48,545	0.43
	23/11/2018	Sale	-40,000	51,08,545	0.42
	07/12/2018	Purchase	2,77,500	53,86,045	0.45
	07/12/2018	Sale	-20,000	53,66,045	0.45
	14/12/2018	Purchase	5,55,000	59,21,045	0.49
	21/12/2018	Purchase	3,55,856	62,76,901	0.52
	28/12/2018	Purchase	200	62,77,101	0.52
	11/01/2019	Purchase	3,90,000	66,67,101	0.56
	18/01/2019	Sale	-92,232	65,74,869	0.55
	25/01/2019	Sale	-25,000	65,49,869	0.55
	01/02/2019	Purchase	1,06,000	66,55,869	0.55
	08/02/2019	Purchase	50,000	67,05,869	0.56
	08/02/2019	Sale	-80,250	66,25,619	0.55
	15/02/2019	Sale	-62,900	65,62,719	0.55
	22/02/2019	Sale	-1,04,600	64,58,119	0.54
	01/03/2019	Purchase	2,100	64,60,219	0.54
	01/03/2019	Sale	-1,11,100	63,49,119	0.53
	08/03/2019	Purchase	3,800	63,52,919	0.53
	08/03/2019	Sale	-81,300	62,71,619	0.52
	15/03/2019	Purchase	150	62,71,769	0.52
	15/03/2019	Sale	-29,100	62,42,669	0.52
	29/03/2019	Sale	-21,925	62,20,744	0.52
At the End of the year	61,80,744		0.52	-	-

Sl.No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Bank	No. of shares	% of total shares of the Bank
9.	The Nomura Trust and Banking Co. Ltd				
	At the beginning of the year	0	0.00	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Date	Reason	Increase/Decrease	
		06/04/2018	Purchase	43,95,129	43,95,129
		28/09/2018	Sale	-1,25,926	42,69,203
		05/10/2018	Sale	-95,405	41,73,798
		09/11/2018	Sale	-1,64,127	40,09,671
		30/11/2018	Sale	-1,50,000	38,59,671
		01/03/2019	Sale	-31,000	38,28,671
		22/03/2019	Purchase	37,000	38,65,671
	At the End of the year	38,65,671	0.32	-	-

Sl.No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Bank	No. of shares	% of total shares of the Bank
10.	Aberdeen Global Indian Equity Limited				
	At the beginning of the year	9,37,787	0.08	9,37,787	0.08
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Date	Reason	Increase/Decrease	
		06/04/2018	Purchase	1,14,350	10,52,137
		13/04/2018	Purchase	2,97,960	13,50,097
		20/04/2018	Purchase	1,38,689	14,88,786
		22/06/2018	Purchase	4,67,375	19,56,161
		29/06/2018	Purchase	7,32,625	26,88,786
		24/08/2018	Purchase	3,70,000	30,58,786
		12/10/2018	Purchase	7,35,000	37,93,786
	At the End of the year	37,93,786	0.32	-	-

v. Shareholding of Directors and Key Managerial Personnel

Sl.No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Bank	No. of shares	% of total shares of the Bank
1.	Mr. Chandra Shekhar Ghosh, Managing Director and CEO				
	At the beginning of the year	14,74,436	0.12	14,74,436	0.12
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Date	Reason	Increase/Decrease	
		February 14, 2019	Allotment of Shares on account of Exercise of ESOPs	50,000	15,24,436
	At the End of the year	15,24,436	0.13	-	-

Sl.No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Bank	No. of shares	% of total shares of the Bank
2.	Mr. Sunil Samdani, Chief Financial Officer				
	At the beginning of the year	0	0.00	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Date	Reason	Increase/Decrease	
		January 10, 2019	Allotment of Shares on account of Exercise of ESOPs	15,118	15,118
	At the End of the year	15,118	0.00	-	-

Sl.No.	Mr. Indranil Banerjee, Company Secretary	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Bank	No. of shares	% of total shares of the Bank
	At the beginning of the year	0	0.00	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Date	Reason	Increase/Decrease	
		January 10, 2019	Allotment of Shares on account of Exercise of ESOPs	2,035	0.00
	At the End of the year	2,035	0.00	-	-

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lakh)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	28,500.00	33,86,900.20	34,15,400.20
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	989.81	3,637.82	4,627.63
Total (i+ii+iii)	-	29,489.81	33,90,538.02	34,20,027.83
Change in Indebtedness during the financial year				
• Addition	36,149.41	-	9,34,933.19	9,71,082.61
• Reduction	-	12,699.69	-	12,699.69
Net Change	36,149.41	(12,699.69)	9,34,933.19	9,58,382.92
Indebtedness at the end of the financial year				
i) Principal Amount	36,135.06	16,000.00	43,23,162.03	43,75,297.08
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	14.35	790.12	2,309.19	3,113.66
Total (i+ii+iii)	36,149.41	16,790.12	43,25,471.21	43,78,410.75

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Chandra Shekhar Ghosh MD & CEO	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,84,97,379	1,84,97,379
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2.	Stock Option exercised during the year*	1,49,76,500	1,49,76,500
3.	Sweat Equity	-	-
4.	Commission		
	- as % of profit	-	-
	- others, specify...	-	-
5.	Others, please specify (PF employer's Contribution)	19,50,000	19,50,000
6.	Total (A)**	2,04,47,379	2,04,47,379
	Ceiling as per the Act		5% of Net Profit

*Includes the stock options granted during FY 2017-18, and vested and exercised during the financial year 2018-19.

**Doesn't include the value of perquisite on account of exercise of ESOPs during the financial year 2018-19.

B. Remuneration to Other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors												Total Amount
		Dr. Ashok Kumar Lahiri	Dr. Anup Kumar Sinha	Dr. A. S. Ramasastry	Mr. Bhaskar Sen	Mr. Boggarapu Sambamurthy	Mr. Mahadeo Dixit	Mr. Chintaman	Mr. Harun Rasid Khan	Prof. Krishnamurthy Venkata Subramanian	Mr. S. K. Chakrabarti	Mr. Snehomoy Bhattacharya	Mr. Santanu Mukherjee	
	a. Fee for attending board and committee meetings	50,000	3,00,000	7,50,000	24,35,000	4,80,000	17,80,000	12,75,000	5,25,000	20,00,000	16,80,000	3,00,000	12,00,000	1,27,75,000
	b. Commission	-	-	-	-	-	-	-	-	-	-	-	-	-
	c. Others, please specify	29,032	5,61,290	-	-	-	-	-	-	-	-	-	-	5,90,322
	Total (1)	79,032	8,61,290	7,50,000	24,35,000	4,80,000	17,80,000	12,75,000	5,25,000	20,00,000	16,80,000	3,00,000	12,00,000	1,33,65,322
	2. Other Non-Executive Directors	Mr. Ranodeb Roy	Dr. Holger Dirk Michaelis (Caladium Investment Pte. Ltd.)	Ms. Georgina Elizabeth Baker (IFC)										
	a. Fee for attending board and Committee meetings	12,75,000	6,25,000	-										19,00,000
	b. Commission	-	-	-										-
	c. Others, please specify	-	-	-										-
	Total (2)	12,75,000	6,25,000	-										19,00,000
	Total (B)=(1+2)													1,52,65,322
	Total Managerial Remuneration													3,57,12,701
	Overall Ceiling as per the Act													11% of the Net Profit

Note: Mr. Pravir Kumar Vohra (DIN: 00082545) who was appointed as an Additional Director (Independent) with effect from June 05, 2018, had resigned with effect from June 25, 2018, during his tenure no board meeting was held. Accordingly, no sitting fees was paid to him.

C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	47,09,359	1,06,09,758	1,53,19,117
	(b) Value of perquisites u/s17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Options exercised during the year*	7,19,169	53,42,701	60,61,870
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit			
	- others, specify..			
5.	Others, please specify (PF employer's Contribution)	1,87,086	3,93,094	5,80,180
	Total**	48,96,445	1,10,02,852	1,58,99,297

*Includes the stock options granted during FY 2017-18, and vested and exercised during the financial year 2018-19.

**Doesn't include the value of perquisite on account of exercise of ESOPs during the financial year 2018-19.

VII. Penalties / Punishment/ Compounding of Offences:

Particulars of Remuneration	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made. If any (give details)
A. Company					
Penalty					
Punishment			NIL		
Compounding					
B. Directors					
Penalty					
Punishment			NIL		
Compounding					
C. Other Officers In Default					
Penalty					
Punishment			NIL		
Compounding					

For and on behalf of the Board of Directors

Bandhan Bank Limited**Anup Kumar Sinha**

Non-Executive Part-time Chairman

(DIN: 08249893)

Place: Mumbai

Date: May 02, 2019

Management Discussion & Analysis Report

A. Global and Indian Economy Scenario: An Overview

1. Global Economic Scenario

1. The global economic growth has weakened after witnessing a growth of 3.8 per cent in 2017. The International Monetary Fund (IMF) predicts that the global economic growth would be slow in 2019 before picking up slightly in 2020. The growth forecast had been reduced from 3.7 per cent to 3.5 per cent for 2019 and 3.6 per cent for 2020.¹
2. While the advanced economies are showing signs of slowdown, the emerging economies excluding China are expected to fuel the world's economic growth engines. Rising trade tensions and tariff escalations between the United States and China pose a major risk to the world economy. Some of the key factors which may have an adverse effect on the global economy in future include the uncertainty related to Brexit outcome and its spill over impact, an accelerated slowdown of the Chinese economy and financial tightening specifically in the United States and Europe.

2. Indian Economic Scenario

1. As per GDP data available from Central Statistics Office, Ministry of Statistics and Programme Implementation, India's GDP revived in the first half of fiscal 2019 (GDP growth of 8.2 per cent in Q1 FY19 and 7.1 per cent in Q2 FY19). This revival was primarily driven by growth in manufacturing (13.5 per cent in Q1 FY19 and 7.4 per cent in Q2 FY19), construction (8.7 per cent in Q1 FY19 and 7.8 per cent in Q2 FY19), utility services (7.3 per cent in Q1 FY19 and 9.2 per cent in Q2 FY19) and government expenditure (9.9 per cent in Q1 FY19 and 10.9 per cent in Q2 FY19). In Q3 FY19, GDP growth slowed down to 6.6 per cent. This slowdown was due to decline in agricultural growth to 2.7 per cent from 3.8 per cent in Q2 FY19 and liquidity constraint.²
2. India's CPI (Consumer Price Index) inflation stood at 2.86 per cent in March 2019. While the CPI inflation declined from 3.7 per cent in September 2018 to 2.0 per cent in January 2019, the increase in food and beverage prices again pushed up the inflation to 2.86 per cent in March 2019. The annual WPI (Wholesale Price Index) was also on a rise on account of increase in food and fuel prices and stood at 3.18 per cent in March 2019.³
3. The Government of India was successful in achieving the fiscal deficit target of 3.4 per cent of GDP for FY 2018-19. However, the government witnessed a shortfall in tax collection by more than ₹1 lakh crore.⁴
4. In the World Bank's Ease of Doing Business Index 2018, India achieved a rank of 77, moving up 23 places. This was fuelled by major reforms in the areas of starting a business, construction permits, credit supply, electricity supply, tax payment and trading across borders.
5. With a vision of doubling farmer's income by 2022, Union Cabinet approved Agriculture Export Policy in 2018. The policy aims to double agricultural exports and integrate Indian farm products with the global market.⁵ To provide further impetus to farmers' income, the government fixed the minimum support price (MSP) of 22 Kharif and Rabi crops at minimum 50% over production cost.⁶
6. Liberalisation of Foreign Direct Investment (FDI) policy fuelled inflow of as much as USD 269 billion in the last 5 years in India.⁷
7. The Government of India has taken many effective steps that are likely to drive growth in MSME sector. One of the major steps taken by the Government was the launch of a scheme of sanctioning loans up to ₹1 crore in 59 minutes through online portal. As on December 2018, 1.12 lakh loan applications amounting to ₹37,412 crore have been approved by public sector banks⁸ under this initiative.

Future outlook:

1. India is likely to outperform global average economic growth and sustain 7 per cent growth to become a USD 4 trillion economy by 2024. A combination of favourable demographics, rising urbanisation and shift from unorganised to organised sector are expected to drive growth in private consumption. Discretionary spending is expected to increase going forward owing to the presence of large middle class and growth in affluent class. The Government's focus on rural India in the election year 2019 is expected to provide an impetus to rural consumption. The rise in social sector spending, improvement in agricultural productivity, increase in financial inclusion and adoption of digital technology are expected to strengthen rural demand.

1 IMF world economy update, January 2019

2 Press note on Estimates of Gross Domestic Product for the first quarter, second quarter and third quarter, Central Statistics Office, Government of India. Figures in bracket for sectoral growth represents GVA

3 RBI, https://www.business-standard.com/article/news-cm/cpi-inflation-rises-to-2-86-in-march-2019-119041200885_1.html, <https://www.businessinsider.in/india-wholesale-inflation-up-second-month-in-a-row/articleshow/68898692.cms>

4 <https://economictimes.indiatimes.com/news/economy/indicators/government-meets-fy19-fiscal-deficit-goal-of-3-4/articleshow/68798803.cms>

5 Agriculture Export Policy, Ministry of Commerce and Industry, Government of India

6 <https://www.businesstoday.in/top-story/good-news-for-farmers-govt-hikes-msp-of-22-crops-to-a-minimum-of-50-over-cost/story/299820.html>

7 Department of Promotion of industry and internal trade, Ministry of Commerce and Industry, Government of India

8 <https://economictimes.indiatimes.com/small-biz/sme-sector/over-1-12-lakh-msme-loan-applications-approved-under-59-minutes-scheme/articleshow/67287738.cms>

B. Indian Banking industry developments during FY 2018-19 and future outlook:

1. As per the RBI, non-food credit (NFC) grew at 13.2 per cent year-on-year in February 2019 vis-à-vis 9.8 per cent in February 2018 driven primarily by growth in lending to services and housing segments.⁹
2. According to the RBI, credit growth for agriculture and allied segment at 7.5 per cent has seen a decline in February 2019 vis-à-vis February 2018 when it was 9 per cent.¹⁰ Farm loan waiver has been a continuous hurdle for the banking sector. The states of Madhya Pradesh, Rajasthan and Chhattisgarh have announced loan waiver of ₹50,000 crore,¹¹ ₹70,000 crore¹² and ₹6,100¹³ crore respectively as per the commitments made before assembly elections of 2018.
3. The microfinance industry is witnessing a robust growth. As per the latest MFIN report (December 2018), in Q3 FY19, the industry grew at 43 per cent (y-o-y). Market share of Banks and NBFC-MFIs stood at 32.2 per cent and 36.5 per cent respectively as on Q3 FY 2018-19. Banks and NBFC-MFIs have witnessed year-on-year growth of 49.5 per cent and 44 per cent respectively in Q3 FY 2018-19.
4. For smooth and affordable access to credit facility, the Government of India announced “Interest Subvention Scheme” for all GST registered Micro Small and Medium Enterprises (MSMEs). The scheme will allow 2 per cent interest subvention for all loans availed from scheduled commercial banks.¹⁴
5. In December 2018, the RBI announced that from April 2019 retail loans will be benchmarked to an external rate. This move is expected to bring standardisation as banks will have to adjust their loan rates as per the external benchmark. This will ensure transparency and better understanding of loan products and pricing for the borrowers.
6. The Insolvency and Bankruptcy Code, 2016 completed two years of operation in 2018. So far, 264 cases that have seen a result after admission under this code. 80 per cent of these cases have been liquidated and rest 20 per cent were resolved.
7. In October 2017, the Government of India planned to capitalise public sector banks by infusing an amount of ₹2,11,000 crore over the next two years. As on December 2018, an amount of ₹42,000 crore remained to be infused. Further, in the month of December 2018, the ministry of Finance sought an approval from the Parliament to infuse an additional amount of ₹41,000 crore.¹⁵
8. After IL&FS defaults, public and private sector banks almost stopped lending to NBFCs and housing finance companies, leading to a liquidity crunch in the NBFC sector. Through open market purchase, the RBI infused liquidity to the tune of ₹2.98 lakh crore in 2018-2019 to manage the liquidity crisis.¹⁶
9. Going forward, the following trends and opportunities are likely to play a role in the developments in the Indian banking sector:
 - Microfinance is witnessing an encouraging upward trend. There is huge opportunity for further growth as majority of households still have limited or no access to formal financial services.
 - Retail lending is expected to witness high growth driven by mortgage, personal loan and credit card sectors. Government support with schemes such as Pradhan Mantri Awas Yojana (PMAY- Urban and Rural) and reforms such as RERA will provide the impetus for growth in affordable housing sector.
 - With high government focus and impetus, MSME segment is expected to drive growth in advances.
 - The rapid pace of digital adoption is expected to lead to higher share of transactions through digital channels in coming years.

C. Strategy

Your Bank has clearly laid out its aspirations to be an affordable financial institution by providing simple, cost-effective and innovative financial solutions in a courteous and responsible manner (Exhibit I). It intends to create value for all stakeholders through a committed team, robust policies and superior systems and technology.

9 RBI- Data from February 16, 2018-February 15, 2019 is considered for y-o-y growth in 2019, Data from February 17, 2017 to February 16, 2018 is considered for y-o-y growth in 2018

10 RBI- Data from February 16, 2018-February 15, 2019 is considered for y-o-y growth in 2019, Data from February 17, 2017 to February 16, 2018 is considered for y-o-y growth in 2018

11 <https://economictimes.indiatimes.com/news/politics-and-nation/mp-cm-kamal-nath-launches-rs-50000-cr-farm-loan-waiver-scheme/articleshow/67542855.cms>

12 <https://www.hindustantimes.com/jaipur/rajasthan-farm-loan-waiver-to-cost-state-rs-70-000-crore/story-wmclZvthaDcoDGUENnUpM.html>

13 <https://thewire.in/politics/congress-governments-in-mp-chhattisgarh-announce-farm-loan-waivers-on-day-1>

14 <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11478&Mode=0>

15 https://www.business-standard.com/article/economy-policy/capital-infusion-govt-pumps-rs-10-882-crore-in-4-public-sector-banks-118123100892_1.html

16 <https://economictimes.indiatimes.com/news/economy/finance/rbi-injected-rs-2-98-lakh-crore-liquidity-in-2018-19/articleshow/68839821.cms>

EXHIBIT I: MISSION, VISION AND VALUES

VISION	To be a world-class bank for convenient and affordable financial solutions to all, in an inclusive and sustainable manner.
MISSION	To provide our customers accessible, simple, cost-effective and innovative financial solutions in a courteous and responsible manner. To create value for all stakeholders through a committed team, robust policies and superior systems and technology.
VALUES	Cost-effective and Simple Respect for all Exemplary governance Accountability, professionalism and discipline Transparency and integrity Effective teamwork and commitment

Guided by its mission and vision, the Bank has defined a few core pillars to enable its growth. These core pillars include:

- 1) Dominate and defend the core microfinance business
- 2) Explore and expand into adjacent domains of retail and micro enterprises

- 3) Garner low cost funds from core segment and adjacent segment

In line with these strategic pillars of growth, the Bank will continue exploring opportunities in micro banking as its core activity. Apart from micro banking, the Bank has identified Micro Small Medium Enterprise (MSME) and Affordable Housing segments which would be the focus areas for the Bank in next three years to drive its growth. In building its liability books, the strategic focus of the Bank will continue to be on retail customers. The target customer segments will be mass affluent, affluent, small traders, salaried individuals and senior citizens.

As part of its strategy, the Bank has been part of various social development programmes to focus on enhancing education, health, poverty alleviation, livelihood promotion, market linkages, enterprise development, employment generation and financial literacy. Going forward, the Bank will continue to engage with the community through strategic interventions aimed at contributing to the society.

Your Bank is committed to execute its strategy ensuring professional integrity, corporate governance and ethical standards, and all legal and regulatory compliance.

D. Financial Performance of the Bank

The financial highlights for the year under review, are presented below:

Summary of Financial Performance (₹ in crore)

Particulars	For the year ended	
	As on March 31, 2019	As on March 31, 2018
Deposits:	43,231.62	33,869.00
- Savings Bank Deposits	14,008.04	9,209.39
- Current Account Deposits	3,609.69	2,414.53
- Term Deposits	25,613.89	22,245.08
Advances (Net):	39,643.39	29,713.04
- Cash credits, overdrafts and loans repayable on demand	975.84	1,149.39
- Term loans	38,667.55	28,563.65
Total Assets/Liabilities	56,441.71	44,310.06
Net Interest Income	4,496.10	3,032.24
Non-Interest Income:	1,063.05	706.18
Operating Expenses (excluding depreciation)	1,732.79	1,222.39
Profit before Depreciation, Provisions and Tax	3,826.36	2,516.03
Depreciation	78.17	85.92
Provisions	735.14	374.21
Profit before Tax	3,013.05	2,055.90
Provision for Tax	1,061.55	710.34
Profit After Tax	1,951.50	1,345.56
Appropriations:		
Transfer to Statutory Reserve	487.87	336.39
Transfer to Investment Fluctuation Reserve	87.85	-
Transfer to Capital Reserve	5.94	-
Dividend Paid (Including Dividend Distribution Tax)	143.80	-
Balance carried over to Balance Sheet	3,283.64	2,057.60
EPS (Basic)	16.36	12.26
EPS (Diluted)	16.34	12.26

The financial performance of your Bank during the year ended March 31, 2019, remained healthy with Total Net Revenue (Net Interest Income Plus Other Income) rising by 48.70 per cent to ₹5,559.15 crore from ₹3,738.42 crore in the previous year. Net Interest Income grew by 48.28 per cent to ₹4,496.10 crore due to robust growth in advances and a healthy net interest margin (NIM) of 10.43 per cent in FY 2018-19 as against 9.69 per cent in FY 2017-18.

Other Income grew by 50.53 per cent to ₹1,063.05 crore. The largest component was Income from sale of PSLC, which increased by 104.66 per cent to ₹308.58 crore. Income from treasury-related activities (such as sale of investments, unrealised profit/loss on account of revaluation of investments in the fixed income portfolio, equity and preference shares portfolio) decreased from ₹46.50 crore in fiscal 2018 to ₹37.84 crore in fiscal 2019 primarily due to sale of investments.

Operating (Non-Interest) Expenses increased to ₹1,810.96 crore from ₹1,308.31 crore in last fiscal 2018. Infrastructure and staffing expenses contributed to 67.95 per cent of this increase. During the year, your Bank has set up 50 new branches, 250 new Doorstep Service Centres and 21 ATMs. Employee strength increased from 28,159 in fiscal 2018 to 32,342 as on March 31, 2019. Staff expenses also went up due to annual wage revisions. Despite increase in infrastructure and staff expenses, the Cost to Income Ratio slightly improved to 32.58 per cent from 35.00 per cent in FY 2017-18.

The profit after tax (PAT) for the year ended stood at ₹1,951.50 crore, an increase of 45.02 per cent over the previous year.

Key Ratios

The following table sets forth, for the periods indicated, the key financial ratios.

Particulars	FY 2018-19	FY 2017-18
Fee to Total Income (%)	13.79%	12.82%
Cost to income (%)	32.58%	35.00%
Earnings per share [#]	₹16.36	₹12.26
Book Value per share	₹93.89	₹78.65
Return on average net worth*	19.00%	25.98%
Net Interest Margin	10.43%	9.69%
Capital Adequacy ratio	29.20%	31.48%

[#]Basic earning per share (EPS) of the bank increased because of higher profits

*Return on average net worth as percentage decreased because the Bank had raised capital in the month of March 2018. The profit Y-o-Y has increased by 45.02%.

E. Business Segment-wise Performance Micro Banking

1. The Bank's microfinance strategy is guided by its philosophy of financial inclusion and economic empowerment of the disadvantaged sections of the society.

The Return on average net worth was 19 per cent in FY 2018-19 against 25.98 per cent in FY 2017-18. Return on Average Asset (ROAA) was 4.23 per cent in FY 2018-19 against 4.06 per cent in FY 2017-18. The Bank's basic earnings per share (EPS) increased from ₹12.26 in FY 2017-18 to ₹16.36 in FY 2018-19 and diluted earnings per share from ₹12.26 in FY 2017-18 to ₹16.34 in FY 2018-19.

Total Provisions and Contingencies was ₹1,796.68 crore as compared to ₹1,084.55 crore in fiscal 2018. Your Bank made General Provisions of ₹91.26 crore during the year.

Total liabilities (including capital and reserves) increased by 27.38 per cent from ₹44,310.06 crore as on March 31, 2018 to ₹56,441.71 crore as on March 31, 2019. Total advances (net) stood at ₹39,643.39 crore, a growth of 33.42 per cent from FY 2017-18.

Priority Sector Lending and Investment

The Reserve Bank of India (RBI) has mandated Priority Sector Lending (PSL) of 40 per cent of advances for all the Banks. Your Bank's strength lies in priority sector lending as it continues to focus on financial inclusion by providing various financial services to the underserved. During FY 2018-19, your Bank's PSL went up from ₹28,211 crore (net of IBPC of ₹2,425.81 crore) on March 31, 2018 to ₹37,888.15 crore (net of IBPC of ₹4,541.45 crore) on March 31, 2019 of which ₹28,895 crore was sold to other banks falling short of PSL targets by way of Priority Sector Lending Certificate ('PSLC') (as against the previous year of ₹16,454 crore). At the end of FY 2018-19, PSL as a proportion of the gross advances of ₹40,234.63 crore was 94.17 per cent (after IBPC & including PSLC).

2. In FY 2018-19, your Bank opened 250 new Doorstep Service Centres (DSC) pan-India with sole focus of financial inclusion. Your Bank's commitment to financial inclusion is also reflected from the fact that it offered loans to 17,82,739 new borrowers in FY 2018-19. The growth of over 40 per cent in the aggregate

micro banking asset portfolio from ₹27,670 crore to ₹38,614.60 crore during FY 2018-19, is another indicator of our commitment.

3. The micro banking loans are now in six categories to better cater to the demands of the customers:
 - a. Suchana Loan: Loan size is from ₹1,000 to ₹25,000 (no processing fee) and is sanctioned to micro banking customers for income generating activities.
 - b. Srishti Loan: Loan size is from ₹25,001 to ₹1,50,000 and is sanctioned to micro banking customers for expanding their business.
 - c. Suraksha Loan: Loan size is up to ₹10,000 and is sanctioned to micro banking customers to meet emergency expenses due to health issues.
 - d. Susikhsha Loan: Loan size is up to ₹10,000 and is sanctioned to micro banking customers to meet expenses towards education of their children.
 - e. Su Briddhi: Sanctioned to micro banking customers to meet extra business requirement during their ongoing loan and extra capacity to repay.
 - f. Su Awas: Loan size is up to ₹10,00,000 and is sanctioned to micro banking customers to meet renovation or new construction of their homes.

Small Enterprise Loan (SEL)

1. Your Bank's portfolio in Small Enterprise Loan (SEL), a unique business loan product for small and mid-size entrepreneurs, is available in amounts between ₹1 lakh to ₹10 lakh. The loan outstanding was ₹1,497.36 crore with 84,787 borrowers as on March 31, 2019.
2. Small businesses over the past years have weathered turbulent times and hence in fiscal year 2018-19 the Bank felt it necessary to review the loan product as per market requirements. This necessitated temporary halt for few months on sourcing fresh loan applications. During this period, market study was conducted and accordingly changes in product, sourcing and decision models were implemented.

Small & Medium Enterprises Loan (SME)

1. The SME business vertical focuses on loans with ticket size of more than ₹10 lakh, which are extended to business entities involved in manufacturing, trading and services through products designed to cater to their specific business needs. This vertical also covers lending to NBFCs.

2. The range of products offered includes fund based facilities such as cash-credit, term loans, overdrafts, demand loan and non-fund based facilities such as bank guarantees and inland letter of credit.
3. In FY 2018-19, lending to SMEs (including NBFCs) stood at ₹2,781.20 crore, a growth of 70% from last year.
4. With the focus on building a quality portfolio, the Bank leverages the branch channel as the primary source of business generation.

MFI Lending

1. The MFI Lending business vertical lends to Micro Finance Institutions, Society and Trusts engaged in microfinance activities. While most of these loans are given as Term Loans, the Bank also has credit exposure through Direct Assignments. Leveraging its rich experience in micro banking, the Bank has developed an internal credit rating model to assess the credit risk while lending to this segment.
2. Your Bank has expanded its MFI lending business by providing financial assistance to Micro Finance Institutions operating across geographies namely Assam, West Bengal, Odisha, Punjab, Maharashtra, Tamil Nadu, Telangana, Uttar Pradesh, Karnataka, Kerala and NCT of Delhi.
3. The MFI lending portfolio stood at ₹1,986.70 crore on March 31, 2019.

Retail Assets

1. As on March 31, 2019, your Bank had 71,759 loan accounts in retail segments (such as Home Loan, Loan Against property, Personal Loan and Two Wheeler Loan) and the total retail asset outstanding stood at ₹1,882.93 crore.
2. Major growth in retail lending has been fueled by Housing and Loan Against property segments which have grown by 1,109 per cent and 252 per cent respectively in FY 2018-19. Your Bank has consolidated its position in affordable home loans by suitably leveraging its existing branch network and customer base. Your Bank is now a priority choice of developers who are into construction of affordable housing projects and referral partners for reaching out to more customers in this segment. Going forward, the government schemes such as Pradhan Mantri Awas Yojana (PMAY- Urban and Rural) and reforms such as RERA are expected to provide further impetus for growth in affordable housing sector.

Agri Business

1. In FY 2018-19, as a step forward towards the financial inclusion commitment of your Bank and to reach

deeper in to the bottom of pyramid in the agriculture sector, the Bank launched Kisan Loan product under KCC scheme of the Reserve Bank of India. This product is designed to meet short term and long term credit requirements of farmers engaged in agriculture and allied activities and complies with the priority sector guidelines of the Reserve Bank of India. This product will ensure single window system for acquiring farm loans and will empower the farmers to take well-timed sound financial decisions. The Bank will ensure timely and hassle free delivery of credit and round the clock access of funds to meet production, consumption and investment needs of farmers. Farmers would be given option of convenient mode of withdrawals and repayment of funds.

2. The product is currently offered through selective branches in Madhya Pradesh and the Bank will roll this out in other states in FY 2019-20.
3. Your Bank extended cumulative KCC limit of ₹2.04 crore to 26 farmers in FY 2018-19 and built a loan outstanding portfolio of ₹1.82 crore.

Gold Loans

1. Gold jewellery plays a dual role in India. On one hand it is an investment while on the other hand it works as an adornment, hence a considerable number of Indians

Bank Deposits

3. Your Bank's customer deposits grew by 27.65 per cent during FY 2018-19 (Table 1). The composition of deposits indicate that your Bank has been able to reduce its funding through bulk term deposits replacing it with retail deposits which comprises 77.36% of total deposits. Your Bank's focus towards generation of low cost deposits has resulted in the growing its CASA book to 40.75% at the end of the FY 2018-19.

TABLE 1	As at March 31,	
	2019	2018
Type of deposit		
Total	43,232	33,869
Of which:		
Current account	3,610	2,415
Savings account	14,008	9,209
Term deposits	25,614	22,245
Of which		
Retail term deposit	15,827	12,737
Bulk term deposit [^]	9,787	9,508

[^]Term deposit of ₹1 crore and above

Third-party Products

1. The strategic focus of the Bank is to become a one-stop-shop experience for all banking services to its customers. Accordingly, the Bank has a distribution model for third-party products. Service levels and incentive alignment are key to avoid mis-selling. In order to further strengthen customer proposition, the Bank will assess the customer requirements for new third party products and accordingly fulfill the needs of the customers considering their risk profile.

invest in gold. Gold purchase is driven by income and income levels are expected to rise in the country.

2. During FY 2017-18, your Bank forayed into the gold loan business by commencing gold loan operations at 57 branches in eastern India. The number of these branches increased to 60 in the FY 2018-19. On March 31, 2019, the Bank's outstanding gold loan book stood at ₹128.28 crore from 22,619 customers.

Branch Banking

1. In building its liability business, the strategic focus of the bank has been on retail customers. During the year, your Bank set up 50 new branches and 21 new ATMs. As a result, the branch distribution network went up to 986 branches and 481 ATMs in FY 2018-19. Additionally, in the month of August 2018, a project named DSC+ was initiated to mobilise deposits from existing DSC locations. Since then 73 such DSCs have been operationalised to provide enhanced banking services such as deposits and remittances, and a total of INR 31.89 crore of deposits have been mobilised.
2. The branch network has been distributed over different types of locations, to maintain an appropriate balance among rural (banked and unbanked), semi-urban, urban and metropolitan regions.

2. The year FY 2018-19 marked the Bank's entry into distribution of general and life insurance products from its branches.
3. The Bank distributes mutual funds, standalone health insurance, general insurance and life insurance products. Mutual funds are being distributed only through select metro and urban branches and as on March 31, 2019, 460 branches are 'live' for mutual fund distribution and 961 branches are activated for sourcing Health Insurance business.

- Total mutual fund business sourced in FY2018-19 was ₹132.11 crore earning an income of ₹1.69 crore. The total Health Insurance business done in the FY 2018-19 was ₹51.96 crore earning a total fee income of INR 8.04 crore. Additionally, a total of ₹2.13 crore and ₹470.67 crore of general insurance and life insurance business was garnered in the FY 2018-19 earning a fee income of ₹0.24 crore and ₹22.50 crore respectively.

Merchant Acquiring

- Your Bank established its merchant acquiring business in FY 2017-18 and started setting up point-of-sale (PoS) terminals in major towns and cities as well as comparatively smaller, cash-intensive towns and villages.
- During the FY 2018-19, the Bank installed 4,847 EDC- PoS terminals and transactions worth ₹4,630 crore were carried out on your Bank's installed terminals.

Digital Banking

- The Bank has worked towards enhancing customer experience through digitalisation of everyday banking activities using an array of digital channels. The Bank offers competitive mobile banking and internet banking applications to its customers with robust security measures to make online banking convenient, safe and secure. With a focus on convenience for its corporate clients, it also offers state-of-the-art corporate internet banking facility.
- During the year, the Bank focused on a set of new initiatives to bring convenience at a single click. Some notable initiatives include launch of Bharat QR, Bharat Bill Pay, bill payments facility and UPI services for our customers. The Bank has also taken steps in actively engaging with start-ups and fintechs to work on new-age digital channels. The Bank launched its chatbot – B Assist on its website.
- The focus of the Bank is in line with the government's mission of mobile-first transactions. During FY 2018-19, the number of customers who activated the mobile banking channel of Bandhan Bank increased 2.26 folds, while its retail web application and corporate web application grew 1.48 and 1.58 folds, respectively.

F. Internal control systems and their adequacy

- Your Bank has implemented robust internal controls across all processes and departments. These controls are driven through various well defined policies and procedures which are reviewed periodically. Your Bank has a procedure of testing the controls at regular time spans for their design and operating effectiveness to ascertain the reliability and authenticity of financial information.

- Your Bank has an Internal Audit department and a Compliance department, which independently carry out evaluation of the adequacy of all internal controls. These departments ensure that operating and business units adhere to laid down internal processes and procedures as well as to regulatory and legal requirements. The audit department also proactively recommends improvements in operational processes and service quality. The Bank has put in place extensive internal controls including audit trails, appropriate segregation of front- and back-office operations, post-transaction monitoring processes at the backend to mitigate operational risks. It further ensures independent checks and balances, and adherence to the laid down policies and procedures of the Bank are according to regulatory guidelines. Your Bank has adhered to the highest standards of compliance and governance and has placed controls and appropriate structure to ensure this. To safeguard independence, the internal audit department reports directly to the Chairman of the Audit Committee of the Board. The Audit Committee of the Board also reviews the performance of the Audit department and Compliance department. It further appraises the effectiveness of controls and compliance with regulatory guidelines. The Board of Directors confirms that there are internal controls in place with reference to the Financial Statements and that such controls are operating effectively.

G. Risks and concerns

- The Bank is exposed to various risks by the very nature of its business. Your Bank has put in place a comprehensive Enterprise wide Integrated Risk Management framework supported by detailed policies and processes for management of Credit Risk, Market Risk, Liquidity Risk, Operational Risk and various other Risks. Please refer section on Risk Management Framework of the Directors' Report.

H. Material developments in Human Resources

- Your Bank recognises that human resource is key to organisational success. Thus, the goal of the Human Resources (HR) department is to ensure that the employees are recruited, engaged, retained and motivated to contribute to the Bank's growth and strategic mission. The HR department proactively engages with employees at all levels for this purpose. Its vision is to create an environment of learning and superior performance in line with the Bank's corporate values and aligning the personal aspirations of employees to business imperatives.
- In FY 2018-19, the Bank increased its employee strength to 32,342 from 28,159 in fiscal 2018. A host of programmes were conducted to meet the

ongoing learning and development needs in the Bank and promote a climate of learning, self-growth and excellence. The learning architecture in your Bank focusses on:

- Developing tailor-made, competency-mapped programmes for different sets of employees, based on their roles in the Bank
 - Induction/orientation of new hires for acquaintance with the culture of the Bank
 - Training on operational risk, audit, compliance and regulatory aspects for frontline staff
 - People management, customer-centric, and compliance-based programmes for employees in leadership roles
 - Creating trained pool of resources via NextGen Bankers' Programme.
3. Through its eleven residential training centres across the country, and through a wide range of training programmes, your Bank has provided training to employees across departments and functions, to build their professional competence and improve their skill sets, and thus, enable them to contribute to your Bank's mission.
4. In FY 2018-19, your Bank embarked on digitisation of HR processes. An enterprise wide Human Resource Management System (HRMS) application would be operationalised in the ensuing financial year. Your Bank believes that effective reward and recognition

process is a powerful driver of individual and corporate performance. Accordingly, the Bank also initiated a comprehensive review of its reward and recognition framework.

I. Disclosure of Accounting Treatment

1. The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the RBI from time to time, the accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

For and on behalf of the Board of Directors
Bandhan Bank Limited

Anup Kumar Sinha
Non-Executive Part-time Chairman
(DIN: 08249893)

Place: Mumbai
Date: May 02, 2019

Independent Auditor's Report

To
The Members of Bandhan Bank Limited

Report on the Audit of the Financial Statements Opinion

We have audited the accompanying financial statements of Bandhan Bank Limited ("the Bank"), which comprise the Balance sheet as at March 31, 2019, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 and the Companies Act, 2013, as amended ("the Act") in the manner so required for the banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2019, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Bank in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together

with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matter
<p>(a) Identification of Non Performing Advances and provisioning for Advances (Refer Schedule 17.4.3 to the financial statements)</p> <p>Loans and advances constitute a major portion of the Bank's assets and the quality of the Bank's loan portfolio is measured in terms of the proportion of non-performing assets (NPAs) to the total loans and advances. As at March 31, 2019, the Bank has reported total gross loans and advances of ₹4,023,463.28 lakhs (March 31, 2018: ₹2,991,327.29 lakhs), gross non-performing advances of ₹81,955.65 lakhs (March 31, 2018: ₹37,314.06 lakhs) and a corresponding provision for non-performing advances of ₹59,123.91 lakhs (March 31, 2018: ₹20,023.68 lakhs).</p> <p>Identification and provisioning of NPAs is governed by the prudential norms prescribed by the Reserve Bank of India (RBI). These norms prescribe several criteria for a loan to be classified as a NPA including overdue aging.</p>	<ul style="list-style-type: none"> We considered the Bank's accounting policies for NPA identification and provisioning and assessing compliance with the prudential norms prescribed by the RBI (IRAC Norms). Tested the operating effectiveness of the controls (including application and IT dependent controls) for classification of loans in the respective asset classes, viz., standard, sub-standard, doubtful and loss with reference to IRAC norms. Performed test of details to test whether the provisioning rates applied for respective asset classes were in accordance with the Bank's accounting policies and assessed the rates used by the management wherever such rates were higher than the minimum rates prescribed by RBI. Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which need to be considered as NPA

Key audit matters	How our audit addressed the key audit matter
<p>Given the volume and variety of loans, judgement is involved in the application of RBI norms for classification of loans as NPA and in view of the significance of this area to the overall audit of financial statements, it has been considered as a key audit matter.</p>	<ul style="list-style-type: none"> • Considered the special mention accounts (SMA) reports submitted by the Bank to the RBI's central repository of information on large credits (CRILC) to assess whether any accounts from such reporting need to be considered as non-performing. • Tested the Bank's controls to identify loan accounts of a common borrower to ensure all facilities availed by a delinquent customer are classified as NPA. • Reviewed the fraud listing and the fraud returns submitted by the Bank during the year to Reserve Bank of India (RBI) and verified that provision are as per IRAC norms • Performed analytical procedures on various financial and non-financial parameters to test accounts identified as NPA. • Tested the arithmetical accuracy of computation of provision for Advances.
<p>(b) IT systems and controls</p> <p>As a Scheduled Commercial Bank that operates on core banking solution across its branches, the reliability and security of IT systems plays a key role in the business operations. The Bank continued to be highly dependent on third party service providers for its core IT infrastructure. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner.</p> <p>The IT infrastructure is critical for smooth functioning of the Bank's business operations as well as for timely and accurate financial accounting and reporting.</p> <p>Due to the pervasive nature and complexity of the IT environment we have ascertained IT systems and controls as a key audit matter.</p>	<ul style="list-style-type: none"> • For testing the IT general controls and application controls, we included specialized IT auditors as part of our audit team. The specialized team also assisted in testing the accuracy of the information produced by the Bank's IT systems. • We tested the design and operating effectiveness of the Bank's IT access controls over the information systems that are critical to financial reporting. • We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were reviewed and authorized. • We inspected requests of changes to systems for approval and authorization. We considered the control environment relating to various interfaces, configuration and other application controls identified as key to our audit. • In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting. • If deficiencies were identified, we tested compensating controls or performed alternate procedures.

Information Other than the Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank provision of section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design

and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014.
2. As required sub section (3) of section 30 of the Banking Regulation Act, 1949 and the appointment letter dated August 8, 2018, we report that:
 - a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
 - c. The financial accounting systems of the Bank are centralised and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the branches; we have visited 38 branches and 32 Doorstep Service Centers (DSCs) associated with the Bank branches, for the purpose of our audit.
3. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Profit and Loss Account, the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting policies prescribed by RBI;
 - e. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Bank with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;
 - g. In our opinion, the entity being a banking company, the remuneration to the whole-time director during the year ended March 31, 2019 has been paid by the Bank in accordance with the provisions of Section 35B (1) of the Banking Regulation Act, 1949; and
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 12 to the financial statements;
 - ii. The Bank did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

For S. R. Batliboi & Associates LLP

Chartered Accountants

Firm's Registration No.: 101049W/E300004

per Amit Kabra

Partner

Membership No.: 094533

Place: Mumbai

Date: May 2, 2019

Annexure 1 to the Independent Auditor's Report of Even Date on the Financial Statements of Bandhan Bank Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Bandhan Bank Limited ("the Bank") as of March 31, 2019 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of

internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

A bank's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become

inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2019 based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls

Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S. R. Batliboi & Associates LLP

Chartered Accountants

Firm's Registration No.: 101049W/E300004

per Amit Kabra

Partner

Membership No.: 094533

Place: Mumbai

Date: May 2, 2019

Balance Sheet

as at March 31, 2019

	Schedule	As at March 31, 2019	As at March 31, 2018
(₹)			
Capital & Liabilities			
Capital	1	11,93,08,28,550	11,92,80,49,440
Reserves & Surplus	2	1,00,08,66,42,291	81,89,14,21,979
Deposits	3	4,32,31,62,02,686	3,38,69,00,19,980
Borrowings	4	5,21,35,05,584	2,85,00,00,000
Other liabilities and provisions	5	14,86,99,46,431	7,74,10,70,083
Total		5,64,41,71,25,542	4,43,10,05,61,482
Assets			
Cash and balances with Reserve Bank of India	6	38,79,15,46,935	28,37,06,71,271
Balance with Banks and Money at call and short notice	7	19,23,50,19,670	26,73,51,64,184
Investments	8	1,00,37,48,48,103	83,71,94,08,237
Advances	9	3,96,43,39,37,392	2,97,13,03,60,626
Fixed Assets	10	3,31,19,59,281	2,38,12,83,507
Other Assets	11	6,26,98,14,161	4,76,36,73,657
Total		5,64,41,71,25,542	4,43,10,05,61,482
Contingent liabilities	12	1,20,93,55,499	76,24,16,986
Bills for collection		16,99,200	-
Significant Accounting Policies and Notes to Accounts	17 & 18		

Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

Firm Registration Number :- 101049W/E300004

Per Amit Kabra

Partner

Membership Number : 94533

Place : Mumbai

Date : May 02, 2019

For Bandhan Bank Limited**Anup Kumar Sinha**

Chairman

Bhaskar Sen

Independent Director

Chandra Shekhar Ghosh

Managing Director & CEO

Indranil Banerjee

Company Secretary

C.M. Dixit

ACB Chairman &

Independent Director

Sunil Samdani

Chief Financial Officer

Profit & Loss Account

for the year ended March 31, 2019

		(₹)	
	Schedule	Year ended March 31, 2019	Year ended March 31, 2018
I. Income			
Interest Earned	13	66,44,05,16,749	48,02,29,63,240
Other Income	14	10,63,04,78,019	7,06,18,45,715
Total		77,07,09,94,768	55,08,48,08,955
II. Expenditure			
Interest Expended	15	21,47,95,27,793	17,70,06,04,007
Operating Expenses	16	18,10,96,13,282	13,08,31,03,397
Provisions & Contingencies	18.1	17,96,68,34,767	10,84,55,33,402
Total		57,55,59,75,842	41,62,92,40,806
III. Net Profit for the year (I-II)		19,51,50,18,926	13,45,55,68,149
Balance in Profit & Loss Account brought forward from previous year		20,57,60,23,488	10,48,43,47,376
IV. Amount available for appropriations		40,09,10,42,414	23,93,99,15,525
V. Appropriation			
Transfer to Statutory Reserves		4,87,87,54,732	3,36,38,92,037
Transfer to Capital Reserve		5,93,67,107	-
Transfer to Investment Fluctuation Reserve		87,85,39,364	-
Dividend Paid (Including Dividend Distribution Tax)		1,43,79,89,579	-
Balance carried over to Balance Sheet		32,83,63,91,632	20,57,60,23,488
Total		40,09,10,42,414	23,93,99,15,525
VI. Earnings per Share (Refer note 18.16)			
Basic (₹)		16.36	12.26
Diluted (₹)		16.34	12.26
Face value per share (₹)		10	10
Significant Accounting Policies and Notes to Accounts	17 & 18		

Schedules referred to above form an integral part of the Profit & Loss Account.

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

Firm Registration Number :- 101049W/E300004

Per Amit Kabra

Partner

Membership Number : 94533

Place : Mumbai

Date : May 02, 2019

For Bandhan Bank Limited

Anup Kumar Sinha

Chairman

Bhaskar Sen

Independent Director

Chandra Shekhar Ghosh

Managing Director & CEO

Indranil Banerjee

Company Secretary

C.M. Dixit

ACB Chairman &
Independent Director

Sunil Samdani

Chief Financial Officer

Cash Flow Statement

for the year ended March 31, 2019

	Year ended March 31, 2019	Year ended March 31, 2018
(₹)		
A. Cash flow from Operating Activities :		
Profit Before Taxation	30,13,05,39,107	20,55,89,74,395
Adjustments for :		
Depreciation and amortization	78,17,25,368	85,92,30,013
Provision on Standard Assets	91,25,61,920	1,06,98,83,682
Provision for non- performing assets	6,68,49,25,475	2,26,14,46,117
Provision for other contingencies	13,13,75,920	(3,98,44,775)
Provision for depreciation in value of investments	(37,75,48,729)	45,06,42,132
(Profit) on sale of fixed assets	(4,86,881)	-
Operating Profit Before Working Capital Changes	38,26,30,92,180	25,16,03,31,564
Movements in working capital :		
(Increase) in Advances	(1,05,98,85,02,241)	(1,31,00,10,28,157)
(Increase) in Other Assets	(82,16,98,899)	(1,45,38,68,595)
(Increase)/Decrease in Investment	9,47,72,56,514	(8,71,17,44,069)
Increase in Deposit	93,62,61,82,706	1,06,40,34,41,341
(Decrease)/Increase in Other Current Liabilities and Provisions	5,75,05,27,104	(8,28,88,22,697)
Cash flows generated/ (used in) operations	40,30,68,57,364	(17,89,16,90,613)
Direct Taxes Paid (net of refunds)	(10,96,55,50,382)	(8,09,63,41,519)
Net Cash flows generated/ (used in) Operating Activities (A)	29,34,13,06,982	(25,98,80,32,132)
B. Cash flow from Investing Activities :		
Purchase of Fixed Assets/Capital work-in-progress	(1,71,34,01,062)	(72,26,50,494)
Sale of Fixed Assets/Capital work-in-progress	14,86,800	-
(Increase) in Held to Maturity Investment	(25,75,51,47,650)	(20,29,34,33,996)
Deposits (created)/encashed with banks and financial institutions	1,34,78,21,982	(1,34,99,03,730)
Net Cash flows used in Investing Activities (B)	(26,11,92,39,930)	(22,36,59,88,220)
C. Cash flow from Financing Activities :		
Dividend paid (Including Dividend Distribution Tax)	(1,43,79,89,579)	-
Proceeds from share issue (Including share premium)	5,00,23,980	36,62,39,66,250
(Payment for)/refund from share issues expenses	7,09,46,095	(72,46,16,897)
Proceeds from/ (Repayment) of short term borrowings	3,36,35,05,584	(53,29,02,917)
Repayment of long term borrowings	(1,00,00,00,000)	(6,90,64,81,279)
Net Cash flows generated from Financing Activities(C)	1,04,64,86,080	28,45,99,65,157
Net Increase/ (Decrease) In Cash And Cash Equivalents (A+B+C)	4,26,85,53,132	(19,89,40,55,195)
Cash And Cash Equivalents At The Beginning of the year	53,75,32,77,852	73,64,73,33,047
Cash And Cash Equivalents At The End of the year	58,02,18,30,984	53,75,32,77,852
Components of Cash and Cash Equivalents :		
Cash and Balances with Reserve Bank of India (Refer Schedule no. 6)	38,79,15,46,935	28,37,06,71,271
Balance with Banks and Money at call and short notice (Refer Schedule no. 7)	19,23,02,84,049	25,38,26,06,581
	58,02,18,30,984	53,75,32,77,852

Cash and Cash Equivalents excludes Fixed Deposits of ₹47,35,621 (Previous Year: ₹1,35,25,57,603) with original maturity of more than three months.

The accompanying notes are an integral part of these financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

Firm Registration Number :- 101049W/E300004

For Bandhan Bank Limited

Per Amit Kabra

Partner

Membership Number : 94533

Anup Kumar Sinha

Chairman

Chandra Shekhar Ghosh

Managing Director & CEO

C.M. Dixit

ACB Chairman &
Independent Director

Place : Mumbai

Date : May 02, 2019

Bhaskar Sen

Independent Director

Indranil Banerjee

Company Secretary

Sunil Samdani

Chief Financial Officer

Schedules

forming part of the Balance sheet as at March 31, 2019

Schedule 1 - Capital

	(₹)	
	As at March 31, 2019	As at March 31, 2018
Authorized Capital		
5,00,00,00,000 (Previous Year: 5,00,00,00,000) equity shares of ₹10/- each	50,00,00,00,000	50,00,00,00,000
Issued, subscribed and fully paid-up capital		
1,19,30,82,855 (Previous Year: 1,19,28,04,944) Equity Share of ₹10/- each	11,93,08,28,550	11,92,80,49,440
Total	11,93,08,28,550	11,92,80,49,440

Schedule 2 - Reserves & Surplus

	(₹)	
	As at March 31, 2019	As at March 31, 2018
I. Statutory Reserve		
Opening Balance	6,83,33,31,465	3,46,94,39,428
Additions during the Year	4,87,87,54,732	3,36,38,92,037
Deduction during the Year	-	-
Total	11,71,20,86,197	6,83,33,31,465
II. Capital Reserve		
Opening Balance	91,11,289	91,11,289
Additions during the Year ¹	5,93,67,107	-
Deduction during the Year	-	-
Total	6,84,78,396	91,11,289
III. Share Premium Account		
Opening Balance	54,47,29,55,737	19,55,02,45,484
Additions during the Year	11,81,90,965	35,64,73,27,150
Deduction during the Year	-	72,46,16,897
Total	54,59,11,46,702	54,47,29,55,737
IV. Investment Fluctuation Reserve		
Opening Balance	-	-
Additions during the Year	87,85,39,364	-
Deduction during the Year	-	-
Total	87,85,39,364	-
V. Balance in Profit and Loss Account	32,83,63,91,632	20,57,60,23,488
GRAND TOTAL (I+II+III+IV+V)	1,00,08,66,42,291	81,89,14,21,979

1. Appropriations made for profit on sale of investments in held to maturity category, net of taxes and transfer to Statutory reserve.

Schedules

forming part of the Balance sheet as at March 31, 2019

Schedule 3 - Deposits

	As at March 31, 2019	As at March 31, 2018
(₹)		
A. I. Demand Deposits		
i) From Banks	80,71,81,030	46,37,16,458
ii) From Others	35,28,97,00,654	23,68,15,61,110
II. Savings Bank Deposits	1,40,08,04,06,571	92,09,38,52,928
III. Term Deposits		
i) From Banks	35,76,36,80,624	21,02,75,75,977
ii) From Others	2,20,37,52,33,807	2,01,42,33,13,507
Total	4,32,31,62,02,686	3,38,69,00,19,980
B. I. Deposits of branches in India	4,32,31,62,02,686	3,38,69,00,19,980
II. Deposits of branches outside India	-	-
Total	4,32,31,62,02,686	3,38,69,00,19,980

Schedule 4 - Borrowings

	As at March 31, 2019	As at March 31, 2018
(₹)		
I. Borrowings in India		
i) Reserve Bank of India	-	-
ii) Other banks	-	25,00,00,000
iii) Other Institutions & agencies*	5,21,35,05,584	2,60,00,00,000
II. Borrowings outside India	-	-
Total	5,21,35,05,584	2,85,00,00,000
Secured borrowings included in I(ii & iii) above	3,61,35,05,584	-

* Borrowings from other institutions and agencies includes Subordinated Debt of ₹1,60,00,00,000 (Previous Year: ₹1,60,00,00,000) in the nature of Non-Convertible Debentures.

Schedule 5 - Other liabilities and provisions

	As at March 31, 2019	As at March 31, 2018
(₹)		
I. Bills Payable	97,36,68,683	45,33,48,720
II. Inter-office Adjustments(Net)	-	-
III. Interest accrued	31,13,66,377	46,27,63,330
IV. Contingent Provision against Standard Assets	3,53,80,28,710	2,62,54,66,790
V. Provision for Income Tax (Net of Advance tax and Tax deducted at source)	57,62,09,039	24,17,97,635
VI. Others *	9,47,06,73,622	3,95,76,93,608
Total	14,86,99,46,431	7,74,10,70,083

*Includes ₹4,57,04,77,490 (Previous year ₹74,18,66,003) payable for inter Bank Participation Certificate (IBPC) transactions (refer note no. 18.31)

Schedules

forming part of the Balance sheet as at March 31, 2019

Schedule 6 - Cash and balances with Reserve Bank of India

	As at March 31, 2019	As at March 31, 2018
I. Cash In hand	3,74,98,25,486	2,01,33,17,115
II. Balance with Reserve Bank of India		
i) In Current Account	15,29,17,21,449	13,85,73,54,156
ii) In Other Accounts	19,75,00,00,000	12,50,00,00,000
Total	38,79,15,46,935	28,37,06,71,271

Schedule 7 - Balances with Banks and Money at call and short notice

	As at March 31, 2019	As at March 31, 2018
I. In India		
i) Balance with Banks		
a) In Current Account	6,22,76,71,903	6,35,25,77,889
b) In Other Deposit Accounts	47,35,621	2,70,25,57,603
ii) Money at call & short notice		
a) With banks	6,27,66,20,000	14,00,00,00,000
b) With other institutions	6,69,43,23,540	3,63,70,60,927
Total	19,20,33,51,064	26,69,21,96,419
II. Outside India		
a) In Current Account	3,16,68,606	4,29,67,765
b) In Other Deposit Accounts	-	-
c) Money at call & short notice	-	-
Total	3,16,68,606	4,29,67,765
GRAND TOTAL (I+II)	19,23,50,19,670	26,73,51,64,184

Schedule 8 - Investments

	As at March 31, 2019	As at March 31, 2018
I. Investment in India in		
i) Government Securities	92,09,40,05,794	77,73,36,19,839
ii) Other Approved Securities	-	-
iii) Shares	1,21,72,800	20,00,000
iv) Debentures & Bonds	-	-
v) Subsidiaries and /or joint ventures	-	-
vi) Others (Mutual Fund units, Certificate of Deposits and Pass Through certificates)	8,36,06,67,500	6,45,33,35,118
Total	1,00,46,68,46,094	84,18,89,54,957
Less- Provision for Depreciation on Investment	9,19,97,991	46,95,46,720
Total	1,00,37,48,48,103	83,71,94,08,237
II. Investments outside India	-	-
Total	-	-
GRAND TOTAL (I+II)	1,00,37,48,48,103	83,71,94,08,237

Schedules

forming part of the Balance sheet as at March 31, 2019

Schedule 9 - Advances

	As at March 31, 2019	As at March 31, 2018
(₹)		
A.		
i) Bills Purchased & Discounted	-	-
ii) Cash credits, overdrafts and loans repayable on demand	9,75,84,15,795	11,49,38,86,153
iii) Term loans*	38,667,55,21,597	2,85,63,64,74,473
Total	3,96,43,39,37,392	2,97,13,03,60,626
* Net of loans outstanding under Inter bank participation certificate ₹45,41,45,22,510 (Previous Year: ₹24,25,81,33,997).		
B.		
i) Secured by tangible assets (Including Advances against fixed deposits and book debts)	3,77,60,44,14,097	2,76,14,51,55,762
ii) Covered by Bank/Government Guarantees	-	-
iii) Unsecured	18,82,95,23,295	20,98,52,04,864
Total	3,96,43,39,37,392	2,97,13,03,60,626
C. I.		
I. Advances in India		
i) Priority Sector	3,76,94,38,16,238	2,80,14,26,31,771
ii) Public Sector	-	-
iii) Banks	-	-
iv) Others	19,49,01,21,154	16,98,77,28,855
Total	3,96,43,39,37,392	2,97,13,03,60,626
II. Advances Outside India	-	-
Total	-	-
GRAND TOTAL (I+II)	3,96,43,39,37,392	2,97,13,03,60,626

* Priority sector includes ₹28,895 crore (previous year: ₹16,454 crore), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC). During the year ended March 31, 2019, the Bank has bought PSLC amounting ₹895 crore (previous year: NIL), which is not included in above.

Schedule 10 - Fixed Assets

	As at March 31, 2019	As at March 31, 2018
(₹)		
I) Premises		
Gross Block		
At cost as at 31st March of the preceding year	1,41,52,36,544	1,22,77,78,316
Addition during the Year	11,62,30,952	18,74,58,228
Deduction during the Year	-	-
Total	1,53,14,67,496	1,41,52,36,544
Depreciation		
As at the beginning of the Year	52,03,33,277	28,01,79,281
Charge for the year	20,14,49,963	24,01,53,996
Deduction during the Year	-	-
Depreciation to date	72,17,83,240	52,03,33,277
Net Block	80,96,84,256	89,49,03,267
II) Other Fixed Assets (Including Furniture & Fixture)		
Gross Block		
At cost as at 31st March of the preceding year	2,85,04,44,069	2,31,56,51,705
Addition during the Year	50,74,71,858	53,56,26,411
Deduction during the Year	17,97,838	8,34,047
Total	3,35,61,18,089	2,85,04,44,069
Depreciation		
As at the beginning of the Year	1,36,40,63,829	74,53,87,714
Charge for the year	58,02,75,404	61,90,76,018
Deduction during the Year	7,97,918	3,99,903
Depreciation to date	1,94,35,41,315	1,36,40,63,829
Net Block	1,41,25,76,774	1,48,63,80,240
III) Capital Work-in-progress (including capital advances)	1,08,96,98,251	-
GRAND TOTAL (I+II+III)	3,31,19,59,281	2,38,12,83,507

Schedules

forming part of the Balance sheet as at March 31, 2019

Schedule 11 - Other Assets

	(₹)	
	As at March 31, 2019	As at March 31, 2018
I) Inter Office adjustment (Net)	-	-
II) Interest Accrued	2,56,07,16,378	1,80,63,25,941
III) Stationery and stamps	-	-
IV) Non banking assets acquired in satisfaction of claims	-	-
IV) Others*	3,70,90,97,783	2,95,73,47,716
Total	6,26,98,14,161	4,76,36,73,657

* Includes Deferred Tax Assets of ₹2,27,14,50,000 (Previous Year: ₹1,58,70,08,395)(Refer note no. 18.14)

Schedule 12 - Contingent liabilities

	(₹)	
	As at March 31, 2019	As at March 31, 2018
I) Claims against the Bank not acknowledged as debts	5,17,88,688	46,46,240
II) Liability for partly paid investments	-	-
III) Liability on account of outstanding forward exchange contracts	6,91,55,000	-
IV) Guarantees given on behalf of constituents		
(a) In India	62,71,75,964	55,00,74,397
(b) Outside India	-	-
V) Acceptances, endorsements and other obligations	-	-
VI) Other items-Capital Commitments	46,12,35,847	20,76,96,349
Total	1,20,93,55,499	76,24,16,986

Schedule 13 - Interest Earned

	(₹)	
	Year ended March 31, 2019	Year ended March 31, 2018
I) Interest/discount on advances/bills	57,27,23,48,588	38,23,60,24,092
II) Income on investments	6,17,11,91,217	4,90,02,21,178
III) Interest on balances with Reserve Bank of India and other inter-bank funds	71,41,50,960	1,41,61,06,857
IV) Others (Includes gain on IBPC)	2,28,28,25,984	3,47,06,11,113
Total	66,44,05,16,749	48,02,29,63,240

Schedule 14 - Other Income

	(₹)	
	Year ended March 31, 2019	Year ended March 31, 2018
I) Commission, exchange and brokerage	5,99,04,17,546	4,04,50,44,819
II) Profit/(Loss) on sale of investments (Net)	37,78,27,957	46,33,76,216
III) Profit/(Loss) on sale of fixed assets (Net)	4,86,881	-
IV) Profit on exchange/derivative transactions (Net)	5,74,277	16,15,419
V) Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	-	-
VI) Miscellaneous income (Refer Note no. 18.34)	4,26,11,71,358	2,55,18,09,261
Total	10,63,04,78,019	7,06,18,45,715

Schedules

forming part of the Balance sheet as at March 31, 2019

Schedule 15 - Interest Expended

	(₹)	
	Year ended March 31, 2019	Year ended March 31, 2018
I) Interest on deposits	20,96,35,08,921	16,81,57,57,766
II) Interest on Reserve Bank of India/Inter-bank borrowings	31,22,95,482	52,40,17,055
III) Others	20,37,23,390	36,08,29,186
Total	21,47,95,27,793	17,70,06,04,007

Schedule 16 - Operating Expenses

	(₹)	
	Year ended March 31, 2019	Year ended March 31, 2018
I) Payments to and provisions for employees	10,08,69,37,878	6,87,98,00,843
II) Rent, taxes and lighting	1,63,01,67,676	1,34,40,92,422
III) Printing and stationery	23,85,77,917	21,09,96,413
IV) Advertisement and publicity	28,25,43,661	22,35,76,442
V) Depreciation on bank's property	78,17,25,368	85,92,30,013
VI) Directors' fees, allowance and expenses	2,10,68,551	1,17,50,291
VII) Auditors' fees and expenses (Refer Note 18.39)	2,55,46,040	1,10,30,762
VIII) Law charges	2,72,55,976	1,46,19,290
IX) Postage, telegrams, telephones etc.	28,07,13,762	20,20,43,862
X) Repairs and maintenance	2,55,09,948	1,36,74,768
XI) Insurance	53,73,00,955	36,45,62,882
XII) Other expenditure (Refer Note No. 18.35)	4,17,22,65,550	2,94,77,25,409
Total	18,10,96,13,282	13,08,31,03,397

Significant accounting policies

forming part of the financial statements for the year ended March 31, 2019

Schedule 17

1. Background

Bandhan Bank Limited (the 'Bank'), incorporated on December 23, 2014 in India, is a banking company, governed by the Banking Regulation Act, 1949.

Pursuant to the Banking license received from Reserve Bank of India on June 17, 2015, the Bank has commenced its banking operations from August 23, 2015.

2. Basis of preparation

The accompanying financial statements have been prepared under the historical cost convention and on the accrual basis of accounting, unless otherwise stated and comply with the requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India ('Indian GAAP'), the guidelines issued by RBI from time to time, the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India.

3. Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) as at the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognised prospectively in the current and future periods. Actual results could differ from estimates.

4. Significant Accounting Policies

4.1 Revenue Recognition

Interest income is recognised in the profit and loss account on an accrual basis, except in the case of interest on non-performing assets, which is recognised as income on realisation, as per the income recognition and asset classification norms of RBI.

Profit or Loss on sale of investments is recognised in the Profit and Loss Account. However, the profit on sale of investments in 'Held to Maturity' category is appropriated (net of applicable taxes and amount required to be transferred to statutory reserve) to 'Capital Reserve Account'.

Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis.

Dividend is accounted on an accrual basis when the right to receive the dividend is established.

Loan processing fees is accounted for upfront when it becomes due.

All fees from deposit accounts are accounted for as and when they are due and realised.

Income from sale of Priority Sector Lending certificate is recognised over the period of PSLC.

All other fees are accounted for as and when they become due.

4.2. Investments

A) Classification

Investments are classified into three categories, viz. Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) at the time of purchase.

Basis of classification:

Investments that the Bank intends to hold till maturity are classified as "Held to Maturity (HTM)".

Investments that are held principally for sale within 90 days from the date of purchase are classified as "Held for Trading (HFT)".

Investments, which are not classified in any of the above two categories, are classified as "Available for Sale (AFS)" investments.

However, for disclosure in the Balance Sheet, investments in India are classified under six categories Government Securities, Other approved securities, Shares, Debentures and Bonds, Investment in Subsidiaries/ Joint Ventures and Others.

An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.

Investments are classified as performing or non-performing as per RBI guidelines. Non performing investments are subjected to similar income recognition and provisioning norms as prescribed by RBI for non-performing advances.

B) Valuation

Broken period interest and costs such as brokerage paid at the time of acquisition of the security are charged to Profit and Loss account. Cost of investments is computed on weighted average cost method.

Schedules

forming part of the Balance sheet as at March 31, 2019

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

'Held to Maturity' securities are carried at their acquisition cost or at amortised cost if acquired at a premium over the face value. Any premium paid on acquisition, over the face value, is amortised over the remaining period of maturity by applying constant yield method. Where in the opinion of the management, a diminution, other than temporary in the value of investments classified under HTM has taken place, suitable provisions are made.

Quoted investments are valued at traded/quoted price available from recognized stock exchanges, subsidiary general ledgers account transactions, price list of RBI, or prices declared by Primary Dealers Association of India ("PDAI") jointly with Fixed Income Money Market and Derivatives Association ("FIMMDA") as at the balance sheet date. The market/fair value of unquoted government securities which are in the nature of statutory liquidity ratio (SLR) securities included in the 'Available for Sale' and 'Held for trading' categories is valued as per the rate published by the FIMMDA.

Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available or at Re.1 as per the RBI guidelines.

The units of Mutual Funds are valued at the latest repurchase price/ net asset value declared by the Mutual Fund.

Transfer of securities between categories of investments is accounted as per the RBI Guidelines

Repurchase ('repo') and reverse repurchase ('reverse repo') transactions including transaction under the liquidity adjustment facility (with RBI) are accounted for as borrowing and lending transactions. Accordingly, securities given as collateral under an agreement to repurchase them continue to be held under the investment account of the Bank and the Bank would continue to accrue the coupon/discount on the security during the repo period. Also, the Bank continues to value the securities sold under repo as per the investment classification of the security. The difference between the clean price of the first leg and

clean price of the second leg is recognized as interest income/expense over the period of the transaction in the profit and loss account.

4.3 Loans /Advances and Provisions thereon

Advances are classified into performing and non-performing advances ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs other than micro lending portfolio are made for sub-standard and doubtful assets at rates as prescribed by the RBI.

The Bank has a policy of deferment of installments for micro loan borrowers in case the group meetings have been suspended and the same has not been considered as overdue for the purpose of NPA classification.

Micro Loans Granted for ₹25,000 or more are considered as secured loans as the underlying loan agreements include a clause of hypothecation whereby all movable goods procured by the borrowers from time to time from the proceeds of loan are hypothecated in favour of the Bank by way of a first and exclusive charge.

Amounts recovered against debts written off in earlier years are recognised in the profit and loss account as credit to Miscellaneous Income under the head 'Other Income'

The Bank maintains general provision on standard advances as prescribed by RBI. In case of micro lending portfolio, a general provision on standard advances is maintained at 1% which is higher than the minimum provisioning requirement as specified in the RBI guidelines. Provision made against standard assets is included in "Other liabilities & provisions".

For micro loans, provision for NPAs have been provided at rates which are higher than the minimum rates prescribed by RBI. In case of sub standard assets the rate is 25% and for doubtful and loss assets the rate is 100%.

In case of non-performing micro lending portfolio, where 30 days have elapsed from the completion of loan tenure, the Bank is making 100% provision.

Non-performing loans, which have been fully provided for, are written off when the prospect of recovery is considered remote as per the management estimates.

4.4 Inter Bank Participation Certificate

The Bank enters into Inter Bank Participation with risk sharing as issuing Bank and the aggregate amount of participation are reduced from the aggregate advance outstanding.

Schedules

forming part of the Balance sheet as at March 31, 2019

Gain on IBPC is the excess of income earned on the participation pool and interest paid to the issuing Bank and is recognised on accrual basis.

4.5 Tangible Assets

All fixed assets are stated at historical cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Asset under development as at the balance sheet date are shown as Capital Work in Progress. Advance paid towards such development are shown as capital advance.

4.6 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss, if any.

4.7 Depreciation

Depreciation is charged over the estimated useful life of a fixed asset on a straight-line basis. The useful lives of the groups of fixed assets are given below:

Asset	Useful life
Improvements to leasehold premises	3
Furniture & Fixtures	10
Office equipments (including air conditioners)	5
Motor vehicles	8
Computers	3
Software	3

4.8 Impairment

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

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

4.9 Foreign Currency transactions

All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.

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 a foreign currency, are reported using the exchange rate at the date of transaction. Non-monetary items, which are measured at fair value or others similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences arising on the settlement of monetary items or on reporting such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Foreign exchange spot and forward contracts outstanding as at the Balance Sheet date and held for trading, are revalued at the closing spot and forward rates respectively as notified by FEDAI and at interpolated rates for contracts of interim maturities.

Contingent liabilities at the Balance Sheet date on account of outstanding forward foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in a foreign currency are stated at the closing rates of exchange notified by the FEDAI.

4.10 Employee Stock Option Scheme (ESOS)

In case of Employee stock option plan, measurement and disclosure of the employee share based payment plans is done in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The cost of equity-settled transactions is measured using the intrinsic value method and recognised, together with a corresponding increase in the 'Stock options outstanding account' in reserve. 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.

4.11 Retirement and employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Bank has no obligation, other than the contribution payable to the provident fund. The Bank recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution

Significant accounting policies

forming part of the financial statements for the year ended March 31, 2019

already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

The Bank provides for compensated absences based on actuarial valuation conducted by an independent actuary.

Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

4.12 Income Taxes

Tax expenses comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflects 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 recognised 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 realised. If the Bank has carried forward unabsorbed depreciation and tax losses, all deferred tax assets is recognised only to the extent that there is a virtual certainty supported by convincing evidence that sufficient taxable income will be available in future against which such deferred tax assets can be realised.

At each reporting date, the Bank re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

4.13 Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to equity

shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

4.14 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the Bank has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Bank or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Bank does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent Assets are not recognised in the financial statements.

4.15 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight line basis over the lease term.

4.16 Cash and Cash equivalent

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

4.17 Share Issue Expenses

Share issue expenses are adjusted against the Securities Premium Account in terms of Section 52(2) of the Companies Act, 2013.

Notes to Accounts

forming part of the financial statements for the year ended March 31, 2019

Schedule 18

The following disclosures have been made taking into account the requirements of Accounting Standards (ASs) and Reserve Bank of India (RBI) guidelines in this regard.

18.1 "Provisions & Contingencies" recognised in the Profit & Loss Account comprise:

	(₹ in crore)	
	Year ended March 31, 2019	Year ended March 31, 2018
Provision for Income Tax		
- Current Tax	1,130.00	777.58
- Deferred tax (Refer Note No. 18.14)	(68.45)	(67.24)
Total Tax Expenses	1,061.55	710.34
Provision for Standard assets	91.26	106.99
Provision for non-performing assets [Includes bad debts written off ₹277.49 crore (Previous Year: ₹51.00)]	668.49	226.14
Provision for depreciation in value of investments	(37.76)	45.06
Provision for restructured assets	-	-
Provision for unhedged foreign currency exposure	-	-
Provision for country risk	-	-
Provision for other contingencies	13.14	(3.98)
Total	1,796.68	1,084.55

18.2 Capital

During the year ended March 31, 2019, the Bank has allotted 2,77,911 Equity Shares (previous year- NIL) of ₹10/- each in respect of stock option exercised aggregating to value ₹5.00 crore. Accordingly, share capital increased by ₹0.28 crore and share premium increased by ₹4.72 crore.

Details of movement in the paid-up equity share capital of the Bank are given below:

	(₹ in crore)	
Particulars	As at March 31, 2019	As at March 31, 2018
At the beginning of the year	1,192.80	1,095.14
Addition pursuant to share issued during the year	0.28	97.66
Outstanding at the end of the year	1,193.08	1,192.80

18.3 Proposed dividend

The Board of Directors at its meeting held on May 2, 2019, has proposed a dividend of ₹3 per share for the year ended March 31, 2019, subject to the approval of the members at the ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not accounted for proposed dividend (including dividend distribution tax) aggregating : ₹431.50 crore [previous year: ₹143.80 crore (including dividend distribution tax)] as a liability for the year ended March 31, 2019. However, the Bank has reckoned proposed dividend in determining capital funds in computing capital adequacy ratio as at March 31, 2019.

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18.4 The capital adequacy ratio of the Bank, calculated as per the RBI guidelines (under Basel III) is set out below:

Particulars	(₹ in crore)	
	As at March 31, 2019	As at March 31, 2018
Capital adequacy (%)		
Common Equity Tier 1 (%)	27.88	30.30
Tier 1 capital ratio (%)	27.88	30.30
Tier 2 capital ratio (%)	1.32	1.18
CRAR (%)	29.20	31.48
Amount of equity capital raised/issued (including share premium)	5.00	3,662.40
Amount of additional Tier I capital raised of which:	-	-
Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
Perpetual Debt Instruments (PDI)	-	-
Amount of Tier II capital raised of which:	-	-
Debt capital instrument	-	-
Preferential capital instrument	-	-
Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares	-	-

The Bank has not redeemed any subordinated debt during the year ended March 31, 2019 and year ended March 31, 2018.

18.5 Investments

A) The Details of investments are set out below:

Particulars	(₹ in crore)	
	As at March 31, 2019	As at March 31, 2018
(1) Value of Investment		
(i) Gross value of Investments		
a) In India	10,046.68	8,418.89
b) Outside India	-	-
(ii) Provision for Depreciation		
a) In India	9.20	46.95
b) Outside India	-	-
(iii) Net value of Investments		
a) In India	10,037.48	8,371.94
b) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments:		
(i) Opening balance	46.95	1.89
(ii) Add: Provisions made during the year	102.48	45.06
(iii) Less: Write-offs/write-back of excess provisions during the year	(140.23)	-
(iv) Closing balance	9.20	46.95

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forming part of the financial statements for the year ended March 31, 2019

B) Repo Transactions (in face value terms)

(₹ in crore)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as at March 31, 2019
Securities sold under Repo				
i. Government securities	-	1,597.19	335.88	361.35
	-	(604.32)	(95.33)	-
ii. Corporate debt securities	-	-	-	-
	-	-	-	-
iii. Any Other Securities	-	-	-	-
	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	-	2,876.99	937.40	2,594.43
	-	(6,704.22)	(2,454.95)	(1,363.78)
ii. Corporate debt securities	-	-	-	-
	-	-	-	-
iii. Any Other Securities	-	-	-	-
	-	-	-	-

Previous year figures are shown in "()".

C) Non SLR Investment Portfolio

i) Issuer composition of Non SLR investments

(₹ in crore)

Particulars	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)
(i) Public Sector Units	-	-	-	-	-
	-	-	-	-	-
(ii) Financial Institutions	199.78	199.78	-	-	199.78
	-	-	-	-	-
(iii) Banks	636.28	636.28	-	-	636.28
	(185.95)	-	-	-	(185.95)
(iv) Private Corporates	1.22	0.20	-	1.22	0.20
	(0.20)	(0.20)	-	(0.20)	(0.20)
(v) Subsidiaries / Joint Ventures	-	-	-	-	-
	-	-	-	-	-
(vi) Others	-	-	-	-	-
	(459.38)	(59.38)	-	(59.38)	(459.38)
(vii) Provision held towards depreciation	-	-	-	-	-
	-	-	-	-	-
Total	837.28	836.26	-	1.22	836.26
	(645.53)	(59.58)	-	(59.58)	(645.53)

Amounts reported under columns (3), (4), (5) and (6) above are not mutually exclusive.

Previous year figures are shown in "()"

ii) Non performing Non-SLR investments

The Bank does not have any Non performing Non-SLR investment as on March 31, 2019 and March 31, 2018.

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D) Sale and transfers of Securities to / from HTM Category

During the year ended March 31, 2019 and the previous year ended March 31, 2018 the Bank has not sold and transferred securities to or from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include onetime transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM.

18.6 Derivatives

The Bank has not entered into any derivative transaction during the year ended March 31, 2019 and March 31, 2018. Currently Bank is not entering into derivative transactions like Forward Rate Agreements, Exchange Traded Derivatives, Options and Swaps. However, at later stage, Bank may place a separate policy on dealing in derivatives before the Board based on extant regulatory guidelines and internal capabilities, on approval of which derivative transactions may be undertaken.

18.7 Asset Quality

A) Non Performing Assets

Particulars	(₹ in crore)	
	As at March 31, 2019	As at March 31, 2018
i) Net NPAs to Net Advances (%)	0.58%	0.58%
ii) Movement of NPAs (Gross)		
a) Opening balance	373.14	86.26
b) Additions during the year	763.86	351.58
c) Reductions during the year [Includes bad debts written off ₹277.49 crore (Previous Year: ₹51.00 crore)]	(317.44)	(64.70)
d) Closing balance	819.56	373.14
iii) Movement of Net NPAs		
a) Opening balance	172.90	61.17
b) Additions during the year	82.42	122.65
c) Reductions during the year	(27.00)	(10.92)
d) Closing balance	228.32	172.90
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	200.24	25.09
b) Provisions made during the year	681.44	228.93
c) Provision utilised for Write-off / write-back of excess provisions	(290.44)	(53.78)
d) Closing balance	591.24	200.24

B) Particulars of accounts restructured

The Bank does not have any restructured account as at and for the year ended March 31, 2019 and March 31, 2018.

C) Details of Financial Assets sold to Securitisation / Reconstruction company

The Bank did not sell any Financial Assets to Securitisation / Reconstruction company for Reconstruction during the year ended March 31, 2019 and March 31, 2018.

D) Details of Non Performing Financial Assets Purchased / Sold

The Bank did not purchase/sell any Non Performing Financial Assets during the year ended March 31, 2019 and March 31, 2018.

E) Provisions on Standard Assets

Particulars	(₹ in crore)	
	As at March 31, 2019	As at March 31, 2018
Provisions towards Standard Assets	353.80	262.55

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forming part of the financial statements for the year ended March 31, 2019

F) Disclosure on Advances

(₹ in crore)

Particulars	(₹ in crore)	
	As at March 31, 2019	As at March 31, 2018
Gross Advances (Including IBPC/Assignment)	44,776.08	32,339.09
Less: Managed Advance (IBPC/Assignment)	4,541.45	2,425.81
Gross Advances (Excluding IBPC/Assignment)	40,234.63	29,913.28
Less: Provision on NPA	591.24	200.24
Net Advances (Refer Schedule 9)	39,643.39	29,713.04

18.8 The key business ratios and other information is set out below :

(₹ in crore)

Particulars	(₹ in crore)	
	Year ended March 31, 2019	Year ended March 31, 2018
Interest income as a percentage to working funds ¹	14.46%	14.37%
Non-interest income as a percentage to working funds ¹	2.31%	2.11%
Operating profit as a percentage to working funds ^{1,2}	8.16%	7.27%
Return on assets ¹	4.25%	4.03%
Profit per employee (₹ in crore) ³	0.06	0.05
Business (deposits less inter-bank deposits plus advances) per employee (₹ in crore) ³	2.58	2.32

- Working funds represent 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 year ended March 31, 2019 and March 31, 2018.
- Operating profit is profit for the year before considering provisions and contingencies.
- Productivity ratios are based on average number of employees for the year.

18.9 Exposures

A) Exposure to Real Estate Sector

(₹ in crore)

Category	(₹ in crore)	
	As at March 31, 2019	As at March 31, 2018
a) Direct exposure*		
(i) Residential Mortgages- represents lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	1,072.87	188.45
(ii) Commercial Real Estate	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
1. Residential	-	-
2. Commercial Real Estate	-	-
b) Indirect exposure	-	-
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
Total Exposure to Real Estate Sector	1,072.87	188.45

* Includes purchase of retail mortgage loans through IBPC route.

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forming part of the financial statements for the year ended March 31, 2019

B) Exposure to Capital Market

Category	(₹ in crore)	
	As at March 31, 2019	As at March 31, 2018
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	1.22	0.20
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	-	-
Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	-	-
Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	-	-
Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
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	-	-
Bridge loans to companies against expected equity flows/issues	-	-
Underwriting commitments taken up in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds	-	-
Financing to stock brokers for margin trading	-	-
All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	1.22	0.20

C) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Bank

During the year ended March 31, 2019 and March 31, 2018, the Bank's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.

D) Unsecured Advances against Intangible Collaterals

During the year ended March 31, 2019 and March 31, 2018, there are no unsecured advances for which intangible securities such as charge over the rights, licenses, authority etc. has been taken as collateral by the Bank.

E) Risk Category wise Country Exposure

The Bank does not have any Risk Category wise country exposure for the year ended March 31, 2019 and March 31, 2018.

18.10 Miscellaneous

Disclosure of penalties imposed by RBI

No penalty has been levied on the Bank by RBI during the year ended March 31, 2019 and March 31, 2018. However a single instance of SGL bouncing occurred on October 04, 2018 due to security being available in Repo account instead of Primary account with RBI. No monetary penalty was imposed by RBI and appropriate control measures have been taken internally to prevent such recurrence.

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18.11 Employee Benefits

A) Gratuity

The Bank has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on departure and it is computed at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the Gratuity plan.

(₹ in crore)

Particulars	As at March 31, 2019	As at March 31, 2018
i) Table Showing changes in present value of Defined Benefit obligation:		
Present value of defined benefit obligations as at beginning of the year	42.86	32.99
Interest cost	3.29	2.53
Current service cost	13.15	8.66
Benefit Paid	0.26	0.13
Actuarial loss/(gain) on obligations	6.03	(1.19)
Present value of defined benefit obligations as at end of the year	65.07	42.86
ii) Table showing fair value of plan assets:		
Fair value of plan assets as at beginning of the year	17.65	16.34
Expected return on plan assets	1.39	1.31
Contributions paid	-	0.02
Benefits Paid	0.26	0.13
Actuarial gain/(loss) on plan assets	(0.13)	0.11
Fair value of plan assets at end of the year	18.65	17.65
iii) Actuarial Gain/(Loss) recognised:		
Actuarial (gain)/loss on obligations	6.03	(1.19)
Actuarial (loss)/gain for the year-Plan assets.	(0.13)	0.11
Net Actuarial gain/(loss) recognised in the year	(6.16)	1.30
iv) The amounts to be recognised in the Balance Sheet and Profit and Loss Account:		
Present value of obligations at the end of the year	65.07	42.86
Fair value of plan assets at the end of the year	18.65	17.65
Net liability recognised in balance sheet	46.42	25.21
v) The Principal assumptions used in the actuarial valuation are shown below :		
Discount Rate	7.60%	7.70%
Salary Escalation	8.00%	8.00%
Withdrawal Rate	8.00%	8.00%
Expected rate of return on assets	8.00%	8.00%

vi) Expenses Recognised in Profit and Loss Account:

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Current Service Cost	13.15	8.66
Interest Cost	3.29	2.53
Expected return	(1.39)	(1.31)
Net Actuarial loss/(Gain) recognised in the year	6.16	(1.30)
Expenses recognised in profit and loss account	21.21	8.58
Actual return on plan assets	1.26	1.42

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vii) Amounts for the current and previous year are as follows: [Refer note (ix) below]

	(₹ in crore)			
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
a) Defined Benefit Obligations	65.07	42.86	32.99	21.52
b) Plan Assets	18.65	17.65	16.34	15.89
c) Deficit	(46.42)	(25.21)	(16.65)	(5.63)
d) Experience adjustments on plan liabilities [(Gain)/Loss]	5.38	-	-	-
e) Experience adjustments on plan assets [Gain]/(Loss)]	(0.13)	-	-	-

viii) The Major categories of Plan Assets as a percentage of the fair value of Total Plan Asset are as follows:

Particulars	(₹ in crore)	
	As at March 31, 2019	As at March 31, 2018
Insurance Managed Fund	100%	100%

ix) The Bank was incorporated on December 23, 2014 and did not have any employees in the year ended March 31, 2015 hence figures for the year 2015 are not furnished.

x) The estimates of future salary increases considered in actuarial valuation, takes account of inflation, seniority and other relevant factors, such as supply and demand in the employment market.

xi) The Bank expects to contribute ₹10 crore to gratuity fund in 2019-20 (Previous year ended March 31, 2018 : ₹10 crore)

xii) The overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the year over which the obligation is to be settled.

B) Provident Fund

Amount incurred as expense for defined contribution to Provident Fund is ₹41.21 crore (Previous year ended March 31, 2018 : ₹29.70 crore).

18.12 Segment Reporting

A) Segment Identification

Pursuant to the guidelines issued by RBI on AS 17- Segment Reporting- Enhancement of Disclosures dated April 18, 2007, the following business segments have been reported:

i) Treasury :

Treasury operations include investments in sovereign securities and trading operations. The Treasury segment also includes the central funding unit.

ii) Retail banking :

Includes lending to individuals/small businesses through the branch network and other delivery

channels subject to the orientation, nature of product, granularity of the exposure and low value of individual exposure thereof. It also includes liability products, card services, internet banking, mobile banking, ATM services and NRI services. All deposits sourced by branches are classified in retail category.

iii) Corporate/Wholesale Banking:

Includes corporate relationships not included under Retail Banking.

iv) Other Banking Business :

Include para banking activities like third party product distribution and other banking transaction not covered under any of the above three segments.

Income, expenses, assets and liabilities are either specifically identified with individual segments or are allocated to segments on a systematic basis.

The liabilities of the Bank are first used by the units generating the same. Any excess liabilities of the units are pooled to central funding unit (Treasury). Treasury then lends these funds to other units at appropriate rates.

The transfer pricing mechanism of the Bank is periodically reviewed. The segment results are determined based on the transfer pricing mechanism prevailing for the respective reporting periods.

Revenues of the Treasury segment primarily consist of fees and gains or losses from trading operations and interest income on the investment portfolio. The principal expenses of the segment consist of interest

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expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses.

Revenues of the Corporate/Wholesale Banking segment consist of interest and fees earned on loans given to customers falling under this segment and fees arising from these. Revenues of the Retail Banking segment are derived from interest earned on loans classified under this segment, fees for banking services and ATM interchange fees. Expenses of the Corporate/Wholesale Banking and Retail Banking segments primarily comprise interest expense on deposits and funds borrowed from other internal segments, infrastructure and premises

expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

Segment income includes earnings from external customers and from funds transferred to the other segments. Segment result includes revenue as reduced by interest expense and operating expenses and provisions, if any, for that segment. Segment-wise income and expenses include certain allocations. Inter segment interest income and interest expense represent the transfer price received from and paid as per the transfer pricing mechanism presently followed by the Bank.

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forming part of the financial statements for the year ended March 31, 2019

B) Segment Information

i) Primary (Business Segment)

(₹ in crore)

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Other banking business	Total
Segment Revenue					
Gross interest income (external customers)	716.07	5,736.18	191.80	-	6,644.05
	(660.22)	(4,044.98)	(97.10)	-	(4,802.30)
Other income	38.13	989.93	2.29	32.69	1,063.04
	(46.51)	(647.69)	(3.44)	(8.54)	(706.18)
Total income as per profit and Loss Account	754.20	6,726.11	194.09	32.69	7,707.09
	(706.73)	(4,692.67)	(100.54)	(8.54)	(5,508.48)
Add: Inter segment interest income	39.56	70.51	-	-	110.07
	-	(235.46)	-	-	(235.46)
Total segment revenue	793.76	6,796.62	194.09	32.69	7,817.16
	(706.73)	(4,928.13)	(100.54)	(8.54)	(5,743.94)
Less: Interest expenses	99.27	2,002.05	46.64	-	2,147.96
	(105.65)	(1,608.75)	(55.66)	-	(1,770.06)
Less: Inter segment interest expenses	-	-	110.07	-	110.07
	(228.46)	-	(7.00)	-	(235.46)
Less: Operating expenses	152.18	1,635.56	16.15	7.07	1,810.96
	(106.17)	(1,193.27)	(8.81)	(0.06)	(1,308.31)
Operating Profit	542.31	3,159.01	21.23	25.62	3,748.18
	(266.45)	(2,126.11)	(29.07)	(8.48)	(2,430.11)
Less: Provisions for non performing assets/others	(37.75)	378.68	394.20	-	735.13
	(45.06)	(329.15)	-	-	(374.21)
Segment results	580.06	2,780.33	(372.97)	25.62	3,013.05
	(221.39)	(1,796.96)	(29.07)	(8.48)	(2,055.90)
Less: provisions for tax					1,061.55
					(710.34)
Net profit					1,951.50
					(1,345.56)
Other information					
Segment assets	14,789.88	38,841.84	2,579.36	3.50	56,214.58
	(11,809.24)	(30,338.46)	(2,000.28)	(3.38)	(44,151.36)
Unallocated assets					227.14
					(158.70)
Total assets	14,789.88	38,841.84	2,579.36	3.50	56,441.72
	(11,809.24)	(30,338.46)	(2,000.28)	(3.38)	(44,310.06)
Segment liabilities*	14,235.63	41,453.28	695.19	-	56,384.10
	(11,186.04)	(31,405.11)	(1,694.73)	-	(44,285.88)
Unallocated liabilities					57.62
					(24.18)
Total liabilities	14,235.63	41,453.28	695.19	-	56,441.72
	(11,186.04)	(31,405.11)	(1,694.73)	-	(44,310.06)
Capital Expenditure	-	171.34	-	-	171.34
	-	(72.31)	-	-	(72.31)
Depreciation	-	78.17	-	-	78.17
	-	(85.92)	-	-	(85.92)

Notes:

The business of the Bank does not extend outside India and it does not have any assets outside India or earnings emanating from outside India. Accordingly, the Bank has reported operations in the domestic segment only.

*Treasury segment liabilities includes share capital and reserve & surplus

Previous year figures are shown in "()".

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18.13 Related Party disclosure

A) Names of related parties and nature of relationship

Entities	Nature of relationship
Bandhan Financial Services Limited (BFSL)	Ultimate Parent Company
Bandhan Financial Holdings Limited	Parent Company
Key Management Personnel	
Mr. Chandra Shekhar Ghosh	Managing Director & Chief Executive Officer
Mr. Indranil Banerjee	Company Secretary
Mr. Sunil Samdani	Chief Financial Officer

Relatives of Key Management Personnel

Nilima Ghosh, Angshuman Ghosh, Suchitra Ghosh, Vaskar Ghosh, Dibakar Ghosh, Nidhi Samdani, Sohan Samdani, Manju Somani, Asha Baheria, Usha Kothari, Saswati Banerjee, Arati Banerjee, Ishaan Banerjee, Mousumi Mukherjee.

B) Transactions and Balances

i) Outstanding as at March 31, 2019

(₹ in crore)

Particulars	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposit	267.92	77.13	0.79	2.92	348.76
	(194.57)	(35.41)	(1.12)	(1.88)	(232.98)

ii) Maximum outstanding during the year

(₹ in crore)

Particulars	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposit	746.86	252.14	2.65	4.51	1,006.16
	(272.53)	(151.24)	(1.78)	(2.71)	(428.26)

iii) Transactions during the year ended March 31, 2019

(₹ in crore)

Particulars	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Interest expenditure	15.31	6.51	0.06	0.13	22.01
	(17.97)	(1.47)	(0.06)	(0.13)	(19.63)
Remuneration	-	-	3.63	1.10	4.73
	-	-	(3.64)	(0.77)	(4.41)
Stock options exercised during the year*	-	-	1.21	0.11	1.32
	-	-	-	-	-

Previous year figures are shown in“()”.

*No of options vested & exercised under Employee Stock Option Plan Series 1.

As per Bandhan Bank Employee Stock Option Plan Series-1- 2,68,616 number of stock options were granted to Key Management Personnel. Refer note no. 18.32.

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18.14 The major components of Deferred Tax Assets (DTA) arising out of timing differences are as under :

Particulars	(₹ in crore)	
	As at March 31, 2019	As at March 31, 2018
Deferred Tax Assets		
Depreciation on fixed assets	27.77	19.18
Provisions for loan losses	123.63	90.86
Provision for depreciation in value of investments	3.21	16.25
Expenditure charged to the profit & Loss account in the current year but allowed for tax purposes on payment basis	72.53	32.41
Total Deferred Tax Assets	227.14	158.70

18.15 Liability for Operating Leases

The Door step service center premises are generally rented on cancellable terms for less than twelve months with no escalation clause and renewable at the option of the Company. The Head office and the Bank Branches office premises are obtained on non-cancellable lease terms. Lease payment during the year are charged in the statement of profit & loss.

The amount of rent expenses included in the Profit & Loss account towards operating leases aggregate to ₹135.12 crore (Previous year ended March 31, 2018: ₹110.12 crore).

Particulars of future minimum lease payment in respect of Head office & Bank branches are as mentioned below :

Particulars	(₹ in crore)	
	As at March 31, 2019	As at March 31, 2018
a) Not later than 1 year	107.91	94.81
b) Later than 1 year and not later than 3 years	226.92	198.33

18.16 Earnings per Share

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20- "Earnings per Share".

Particulars	(₹ in crore)	
	Year ended March 31, 2019	Year ended March 31, 2018
Basic		
Weighted Average Number of equity shares	1,19,28,47,803	1,09,75,49,185
Net Profit after tax available for equity share holders	1,951.50	1,345.56
Basic Earnings Per Share (FV ₹10/-)	16.36	12.26
Diluted		
Weighted Average Number of equity shares (including dilutive potential equity share)	1,19,41,69,046	1,09,79,02,980
Net Profit after tax available for equity share holders	1,951.50	1,345.56
Diluted Earnings Per Share (FV ₹10/-)	16.34	12.26
Nominal value per share	10.00	10.00

The dilutive impact is due to stock options granted to employees of the Bank.

18.17 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.

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18.18 Description of contingent liabilities

a) Claims against the Bank not acknowledged as debts:

These represent claims filed against the Bank in the normal course of business.

b) Guarantees given on behalf of constituents:

As a part of its banking activities, the Bank issues guarantees on behalf of its customers to enhance their credit standing. Guarantees represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.

c) Other items:

Other items represent outstanding amount of estimated amount of contracts remaining to be executed on capital account.

18.19 Additional Disclosures

A) Floating Provisions

The Bank does not have any floating provision as at March 31, 2019 and March 31, 2018.

B) Draw Down from Reserve

There has been no draw down from reserves during the year ended March 31, 2019 and March 31, 2018.

C) Disclosure of customer complaints

i) Customer Complaints:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
i) No. of complaints pending at the beginning of the year	23	Nil
ii) No. of complaints received during the year	1797	683
iii) No. of complaints redressed during the year	1793	660
iv) No. of complaints pending at the end of the year	27	23

ii) Awards passed by the Banking Ombudsman

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
i) No. of unimplemented Awards at the beginning of the year	Nil	Nil
ii) No. of Awards passed by the Banking Ombudsmen during the year	Nil	Nil
iii) No. of Awards implemented during the year	Nil	Nil
iv) No. of unimplemented Awards at the end of the year	Nil	Nil

iii) ATM related complaints

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
i) No. of complaints pending at the beginning of the year	935	Nil
ii) No. of complaints received during the year	35,673	16,950
iii) No. of complaints redressed during the year	36,094	16,015
iv) No. of complaints pending at the end of the year	514	935

The above information is as certified by the Management and relied upon by the auditors.

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D) Letter of Comfort (LOC's) issued by the Bank

The Bank has not issued any Letter of Comfort (LOC) during the year ended March 31, 2019 and March 31, 2018.

E) Provision coverage ratio

Particulars	As at March 31, 2019	As at March 31, 2018
The provision coverage ratio of the Bank computed in terms of the RBI guidelines	72.14%	53.66%

F) Bancassurance Business

The following table shows breakup of Income derived from Sale of Insurance/Mutual Funds

Particulars	(₹ in crore)	
	Year ended March 31, 2019	Year ended March 31, 2018
For selling life insurance policies	22.50	5.39
For selling non-life insurance policies	8.28	2.40
For selling mutual fund products	1.69	0.73
Others	0.22	0.02

G) Concentration of Deposits, Advances Exposures & NPAs

I) Concentration of Deposits

Particulars	(₹ in crore)	
	As at March 31, 2019	As at March 31, 2018
i) Total Deposits of twenty largest depositors	5,646.31	6,350.00
ii) Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	13.06%	18.75%

II) Concentration of Advances

Particulars	(₹ in crore)	
	As at March 31, 2019	As at March 31, 2018
i) Total Advances to twenty largest borrowers	2,663.70	1,876.29
ii) Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	5.95%	5.80%

III) Concentration of Exposures

Particulars	(₹ in crore)	
	As at March 31, 2019	As at March 31, 2018
i) Total Exposure to twenty largest borrowers / customers	2,663.70	1,878.92
ii) Percentage of Exposures to twenty largest borrowers / customers to total exposure of the bank on borrowers / customers	5.92%	5.77%

IV) Concentration of NPAs

Particulars	(₹ in crore)	
	As at March 31, 2019	As at March 31, 2018
Total Exposure to top four NPA accounts	402.64	0.40

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Particulars	(₹ in crore)	
	Year ended March 31, 2019	Year ended March 31, 2018
V) Movement of NPAs		
Gross NPAs- as on April 01	373.14	86.26
Additions (Fresh NPAs) during the year	763.86	351.58
Sub total (A)	1,137.00	437.84
Less :-		
(i) Upgradations	5.29	3.96
(ii) Recoveries (excluding recoveries made from upgraded accounts)	34.66	9.74
(iii) Technical / Prudential Write offs	277.49	51.00
(iv) Write offs other than those under (iii) above	-	-
Sub total (B)	317.44	64.70
Gross NPAs as on March 31 (A-B)	819.56	373.14

Particulars	(₹ in crore)	
	Year ended March 31, 2019	Year ended March 31, 2018
VI) Movement of Technical/Prudential written off accounts		
Opening balance of Technical/Prudential written off accounts	78.12	31.19
Add: Prudential/Technical write offs during the year	277.49	51.00
Sub Total (A)	355.61	82.19
Less: Recoveries made from previously technical/prudential written off accounts during the year (B)	10.97	4.07
Closing Balance (A-B)	344.64	78.12

VII) Overseas Assets, NPAs and Revenue

The Bank does not have any overseas assets as on March 31, 2019 and March 31, 2018.

VIII) Off-balance Sheet SPVs sponsored

The Bank has not sponsored any special purposes vehicle which is required to be consolidated as per accounting norms.

H) Divergence in the asset classification and provisioning

RBI vide its circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 and Notification dated April 01, 2019, has directed banks shall make suitable disclosures, if either or both of the following conditions are satisfied:-

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

There has been no divergence observed by RBI for the financial year 17-18 in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition asset classification and provisioning (IRACP) which require such disclosures.

18.20 Disclosure of Provision for Frauds

Particulars	(₹ in crore)	
	Year ended March 31, 2019	Year ended March 31, 2018
No. of Frauds reported during the year to Reserve Bank of India	82	34
Amount involved in such Frauds	2.78	2.56
Amount involved in fraud net of recoveries / write-offs as at the end of the year	3.26	2.37
Provision held as at the end of the year	3.26	2.37
Unamortised provision debited from "reserves" as at the end of the year	-	-

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18.21 Disclosures on Remuneration

Qualitative Disclosures

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

The Bank's Nomination and Remuneration Committee (NRC) oversees the framing, review and implementation of the Compensation Policy on behalf of the Board of Directors. The NRC reviews the policy at least once a year to ensure that the reward design is aligned to industry best practices and is consistent with effective risk management and long term business interests of the Bank. The NRC works in close coordination with the Risk Management Committee of the Bank, to achieve the effective alignment between remuneration and risks.

As on March 31, 2019 the NRC comprises of the following directors.

Shri Bhaskar Sen- Chairman

Shri B. Sambamurthy

(Ceased to be member w.e.f. June 05, 2018)

Shri Snehomoy Bhattacharya

Shri Ranodeb Roy

Shri Harun Rasid Khan

(Inducted in the Committee w.e.f. June 05, 2018)

The NRC functions with the following main objectives:

- (i) To identify persons who are qualified to become directors in accordance with the criteria laid down, recommend to the Board their appointment, re-appointment or removal and to carry out evaluation of every Director's performance;
- (ii) To formulate the criteria for determining qualifications, positive attributes and independence of a Director and decide their 'fit & proper' status;
- (iii) To oversee the framing, review and implementation of compensation policy of the Bank and recommend to the Board the overall remuneration philosophy and policy including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock based remuneration to employees;
- (iv) To oversee the framing, implementation and review of the Remuneration of the WTDs/MD/CEOs as per the RBI Guidelines and Companies Act, 2013. The Committee shall recommend to the Board the remuneration package for the Managing Director & CEO and the other Whole Time Directors – including the level of fixed pay, variable pay, stock based Remuneration and perquisites;
- (v) To review the HR strategy and policy including the conduct and ethics of the Bank and review any

fundamental changes in the organization structure which could have wide ranging and high risk implications;

- (vi) To review and recommend to the Board, the succession policy at the level of Managing Director & CEO, other WTDs, senior management one level below the Board and key roles.

b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy

Objectives of the Remuneration Policy

The Compensation Policy reflects the Bank's objectives for good corporate governance as well as sustained and long-term value creation for stakeholders. The aims of the Bank's remuneration framework are to:

- i) Attract, motivate and retain people with requisite skill, experience and ability to deliver the Bank's strategy;
- ii) Create an alignment and balance between the rewards and risk exposure of shareholders and interests of employees;
- iii) Link rewards to creation of long term sustainable shareholder value consistent with strategic goals and appropriate risk management; and
- iv) Encourage behavior consistent with the Bank's values and principles.

To achieve the above objectives, the philosophy adopted by the Bank is as follows:

- i) Market referenced: offer employees competitive salary, achieved through benchmarking with peer groups.
- ii) Making fixed salary the main remuneration component.
- iii) Ensure that jobs of similar internal value are grouped and pegged within a range guided by market benchmarked jobs.
- iv) Risk factoring: A significant portion of the senior and top management compensation will be variable, of which, for some key roles, part of the variable compensation may be deferred.
- v) Focus on 'Total rewards', all aspects of compensation, rewards and well defined benefits, including rewarding work environment and personal development.
- vi) The focus will be to ensure that the Bank is competitive in its overall salary offer to its employees without being excessively expensive for the Bank.

The compensation structure for the MD & CEO also mirrors the Bank's philosophy of aligning with the

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principles of sound compensation practices to ensure:

- i) Effective and independent governance of compensation.
- ii) Effective alignment of compensation with prudent risk taking.
- iii) Effective supervisory oversight and engagement by stakeholders.

Design & Structure of Remuneration process

The total compensation is a prudent mix of fixed remuneration and performance-based variable remuneration

The key remuneration elements are:

- 1) Fixed Pay
- 2) Discretionary Performance-based Variable Remuneration

The Bank ensures that the fixed pay element is reasonable, taking into account the market rates and trends. The fixed pay is reviewed annually using market intelligence provided by a leading global performance/reward consulting and benchmarking firm for financial services industry to ensure that the Bank remains competitive in marketplace and that the Bank is able to attract and retain best talent. The level of fixed pay shall be sufficient enough in order to discourage inappropriate risk-taking.

Performance-based variable remuneration may comprise cash bonus, stock linked instruments, and is awarded by ensuring:

- i) an appropriate balance between fixed and performance-based components;
- ii) that the fixed component represents a higher proportion of the total remuneration;
- iii) that the performance-based component reflects the risk underlying the achieved result;
- iv) that a part of the performance-based component may be deferred;
- v) that no hedging of deferred shares takes place;

Presently, the bank utilises only two form of performance based variable remuneration, viz., cash bonus, ESOP, as referred in note no 18.32 is linked to continuous service with the Bank.

The compensation policy of the Bank is reviewed by the NRC and approved by the Board of Directors. The NRC oversees the implementation of the policy and reviews the fixed pay increases, the organizational performance threshold for bonus to be paid, cash bonus and deferred variable remuneration.

c) Description of the ways in which current and future risks are taken into account in the remuneration process

The MD & CEO, employees in the grades of SVPs and above and employees engaged in the functions of Risk Control and Compliance are included in the policy of risk alignment of compensation.

The alignment of compensation to prudent risk taking is ensured through the following:

- i) Structure of remuneration is such that a significant part of performance based variable remuneration is deferred.
- ii) Performance hurdles includes financial and non-financial parameters, ensuring compensation is aligned to both.
- iii) Fixed Salary is reasonable and sufficient, thereby discouraging inappropriate risk taking.
- iv) Annual Bonus Plan is managed with an independent governance framework.
- v) Variable remuneration awards are conditional, discretionary and contingent upon a sustainable and risk-adjusted performance. They are therefore capable of forfeiture or reduction at the Bank's discretion.
- vi) For employees included in the policy of risk alignment of compensation, NRC has the discretion to apply malus and clawback – ex-post risk adjustment, allowing the Bank to adjust previously awarded remuneration to take account of subsequent performance and potential risk outcomes and thus enabling to recoup variable pay in the event of a negative contribution.

Deferral of Variable Pay

To ensure that risk measures are not focused only on the achievement of short term goals, variable payout is deferred, if it exceeds 50% of the fixed pay.

The Bank's compensation policy aims to ensure that both ex-ante estimates and ex-post outcomes of risk affect payoffs; so that one or the other, can better address the various situations or risks.

d) Description of ways in which the Bank seeks to link performance, during a performance measurement period with levels of remuneration.

The Bank has a performance measurement framework in place to assess the achievements of the organization as a whole, its business lines and organizational units as well as individual employees. In order to maximise the incentive to deliver adequate performance and to take into account any risks of the business activities, the Bank seeks to closely link remuneration outcomes with performance and risk

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outcomes. Accordingly, the Bank's performance management and compensation philosophy is designed in a manner to help achieve the Bank's business objectives.

The performance management system in the Bank is aligned to the balanced scorecard approach. The goal setting process helps individuals to have clarity on their roles and align their profiles in line with the broad organization strategy. Both quantitative / financial and qualitative / non-financial performance measures are considered. The qualitative or non-financial measures include customer service, adherence to risk and compliance standards, behavior and values such as accountability, team work, etc., which builds a culture conducive to sustainable business performance.

The performance appraisal process starts with the employee conducting self-appraisal followed by the assessment of the supervisor via appraisal feedback and discussion. For all employees of the Bank, half-yearly appraisal is followed by the annual appraisal. The mid-year feedback process includes feedback on performance and on competencies with an objective of a mid-course review, to help plan and prioritize corrective actions for employees to remain aligned to achievement of their business goals and self-development. The performance appraisal ratings is reviewed/ calibrated by a committee comprising senior leaders.

Individual fixed pay increases and variable remuneration are based on the final performance ratings. In addition, the fixed pay increase is also influenced by an employee's position in the salary range and relevant market salaries. Performance related variable compensation is linked to corporate performance, business performance and individual performance. The performance ratings based bonus distribution matrix is reviewed by the NRC.

Employees engaged in all control functions including Compliance and Risk do not carry business profit targets in their goal sheets and hence are compensated based on their achievement of key result areas as per the balance score card. The aim is to ensure that the remuneration system and outcomes relating to such control functions maintain the independence of the function and Bank's robust risk management framework. Accordingly, for the control functions, the variable pay is conservative to promote prudent risk management behavior and the 'pay mix' is skewed towards fixed pay.

In the case of performance evaluation of the Managing Director and Chief Executive Officer of the Bank, factors such as financial performance measures, cost management initiatives, other strategic initiatives, prudential risk and compliance management, recognition and awards to the Bank, etc., is taken into account, which may vary from year

to year depending on the Bank's strategic priorities. Based on the inputs from NRC, the Board reviews the performance and recommends the rate of bonus to be paid, and the increments for the MD & CEO, for regulatory approval in terms of Section 35B of the Banking Regulation Act, 1949 (B.R. Act, 1949).

e) Bank's policy on deferral and vesting of variable remuneration and bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

In terms of RBI guidelines, the Compensation Policy specifically addresses the following categories of employees:

Category I : MD&CEO / Whole Time Directors

Category II : Risk Control and Compliance Staff

Category III: Other Categories of Staff

The following principles are applied for grant and deferral of performance-based variable remuneration for the above categories of employees.

Category I

- i) Variable Remuneration will not exceed 70% of annual Fixed Pay.
- ii) If the Variable Remuneration exceeds 50% of annual Fixed Pay, 40% of the Variable Remuneration will be deferred over a period of 3 years, on a proportionate basis.
- iii) In case the variable remuneration is a mix of cash and stock linked instruments (other than ESOP), a proper balance between cash and share / stock linked instruments will be ensured.
- iv) In the event of negative contributions of the Bank, the unvested deferred variable remuneration of the reference year will be held back (malus). In such cases, the vested / paid variable remuneration will also be subject to suitable claw back arrangements.

Category II

- i) The mix of Fixed Pay and Variable remuneration will be weighed towards Fixed Pay.
- ii) The parameters of assessment will be independent of the performance of the business areas they oversee.
- iii) The compensation will be commensurate to their key role in the Bank.

Category III

- i) Variable Remuneration will be as per the NRC approved pay-out levels in terms of grade and role matrix.
- ii) In case the variable remuneration is a mix of cash and stock linked instruments (other than ESOP), a proper balance between cash and share / stock linked instruments will be ensured.

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- iii) If the Variable Remuneration exceeds 50% of annual Fixed Pay, 40% of the Variable Remuneration will be deferred over a period of 3 years, on a proportionate basis.
- iv) In the event of negative contributions of the relevant line of business, the unvested deferred variable remuneration of the reference year will be held back (malus). In such cases, the vested / paid variable remuneration will also be subject to suitable claw back arrangements.

Negative contribution of the Bank and / or relevant line of business is defined as:

- i) If there is reasonable evidence of employee malfeasance and breach of integrity; or
 - ii) If the performance, decisions or actions taken leads to the Bank or the relevant business unit suffering a significant material downturn in its financial performance.
- f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.**
- The Bank presently utilizes only one form of variable remuneration, viz., cash bonus, which is linked to corporate performance, business performance and individual performance ensuring differential pay based on the performance. ESOP, as referred in note 18.32 is linked to continuous service with the Bank.

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Quantitative disclosures :

The quantitative disclosures pertaining to the MD & CEO, employees in the grades of SVPs and above, for the year ended March 31, 2019 are given below:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
a) i) Number of meetings held by the Remuneration Committee during the year.	9	9
ii) Remuneration paid to its members (sitting fees)	₹14,90,000	₹9,90,000
b) Number of employees having received a variable remuneration award during the year.	19	10
c) Number and total amount of sign on awards made during the year.	Nil	Nil
d) Details of guaranteed bonus, if any, paid as joining / sign on bonus.	Nil	Nil
e) Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil
f) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms.	Nil	₹0.07 crore (Cash)
g) Total amount of deferred remuneration paid out in the year (paid in cash)	₹0.07 crore	₹0.14 crore
h) Breakdown of amount of remuneration awards for the year to show fixed and variable, deferred and non deferred.	Fixed- ₹15.66 crore, Variable- ₹2.11 crore, Non-deferred- ₹0 crore, Deferred- ₹0.07 crore	Fixed- ₹11.63 crore Variable- ₹1.56 crore, Non-deferred- ₹1.42 crore, Deferred- ₹0.14 crore
i) Shares granted under ESOP	Nil	4,15,539
ii) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments.	Nil	Nil
j) Total amount of reductions during the year due to ex post explicit adjustments.	Nil	Nil
k) Total amount of reductions during the year due to ex post implicit adjustments.	Nil	Nil

18.22 Disclosure relating to Securitisation

There are no securitisation transactions undertaken by the Bank during the year ended March 31, 2019 and March 31, 2018.

18.23 Credit default swaps

The Bank has not transacted in credit default swaps during the year ended March 31, 2019 and March 31, 2018.

18.24 Intra Group Exposures

The Bank did not have any intra group exposure during the year ended March 31, 2019 and March 31, 2018.

18.25 Transfer to Depositor education and awareness fund (DEAF)

During the year ended March 31, 2019 and March 31, 2018 the Bank was not required to transfer any amount to Depositor Education and Awareness Fund.

18.26 Unhedged Foreign Currency Exposure

The borrowers of the Bank do not have any Unhedged Foreign Currency Exposure as at March 31, 2019 and March 31, 2018.

The above information is as certified by the Management and relied upon by the auditors.

18.27 Disclosure on Liquidity Coverage Ratio

(a) Qualitative disclosure

The Bank has adopted the Basel III framework on liquidity standards as prescribed by RBI and has put in place requisite systems and processes to enable periodical computation and reporting of the Liquidity Coverage Ratio (LCR). The Risk department computes the LCR and reports the same to the Asset Liability Management Committee (ALCO) every month for review.

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The Bank follows the criteria laid down by RBI for calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-day period. HQLA predominantly comprises Government securities in excess of minimum SLR requirement viz. Treasury Bills, Central and State Government securities and excess of minimum cash reserve ratio (CRR).

The Board of Directors has the overall responsibility for management of liquidity risk. The Board at overall level decides the strategy, policies and procedures of the bank to manage liquidity risk in accordance with the liquidity risk tolerance/limits. The Board has constituted Risk Management Committee, which reports to the Board, and consist of Managing Director and certain other Board members. The Committee is responsible for evaluating the overall risks faced by the bank including liquidity risk.

All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation template.

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(b) Quantitative Disclosure as on March 31, 2019

Particulars	Day end Average for quarter ended June 30, 2018				Day end Average for quarter ended September 30, 2018				Day end Average for quarter ended December 31, 2018				Day end Average for quarter ended March 31, 2019			
	Total		Total		Total		Total		Total		Total		Total			
	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)		
High Quality Liquid Assets																
1) Total High Quality Liquid Assets (HQLA)	-	5,663.23	-	6,827.36	-	7,187.33	-	7,187.33	-	7,187.33	-	7,187.33	-	7,405.34		
Cash Outflows																
2) Retail Deposits and deposits from small business customers, of which:	17,108.79	1,584.73	18,935.28	1,766.53	20,630.17	1,919.81	22,816.28	2,125.82								
a) Stable deposits	2,522.96	126.15	2,539.97	127.00	2,864.11	143.21	3,116.22	155.81								
b) Less stable deposits	14,585.83	1,458.58	16,395.31	1,639.53	17,766.05	1,776.61	19,700.07	1,970.01								
3) Unsecured wholesale funding, of which:	9,673.71	5,086.33	9,856.43	4,813.11	9,244.77	4,651.14	10,597.33	5,284.19								
a) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-								
b) Non-operational deposits (all counterparties)	9,673.71	5,086.33	9,856.43	4,813.11	9,244.77	4,651.14	10,597.33	5,284.19								
c) Unsecured debt	-	-	-	-	-	-	-	-								
4) Secured wholesale funding	-	-	-	-	-	-	-	-								
5) Additional requirements, of which:	-	-	-	-	-	-	-	-								
a) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-								
b) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-								
c) Credit and liquidity facilities	-	-	-	-	-	-	-	-								
6) Other contractual funding obligations	1,249.19	1,249.19	1,644.69	1,644.69	650.85	650.85	1,181.68	1,181.68								
7) Other contingent funding obligations	55.04	1.65	55.15	1.65	55.06	1.65	55.25	1.66								
8) Total Cash outflows	28,086.73	7,921.90	30,491.69	8,225.99	30,587.82	7,225.48	34,827.68	8,603.08								
Cash Inflows																
9) Secured lending (eg. Reverse repos)	-	-	-	-	-	-	-	-								
10) Inflows from fully performing exposures	6,188.34	4,678.54	5,453.83	3,842.82	5,305.17	3,576.14	5,508.13	3,668.51								
11) Other cash inflows	-	-	-	-	-	-	-	-								
12) Total Cash Inflows	6,188.34	4,678.54	5,453.83	3,842.82	5,305.17	3,576.14	5,508.13	3,668.51								
13) Total HQLA		5,663.23		6,827.36		7,187.33		7,405.34								
14) Total Net Cash outflow		3,243.36		4,383.17		3,649.35		4,934.57								
15) Liquidity Coverage Ratio(%)		174.61%		155.76%		196.95%		150.07%								

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(c) Quantitative Disclosure as on March 31, 2018

(₹ in crore)

Particulars	Average for the quarter ended June 30, 2017			Average for the quarter ended September 30, 2017			Average for the quarter ended December 31, 2017			Average for the quarter ended March 31, 2018		
	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Value (Average)	Total Unweighted Value (Average)	Total Weighted Value (Average)	Total Value (Average)
High Quality Liquid Assets												
1) Total High Quality Liquid Assets (HQLA)	-	2,803.42	-	4,009.93	-	5,006.03	-	5,221.36	-	-	-	5,221.36
Cash Outflows												
2) Retail Deposits and deposits from small business customers, of which:	11,837.72	1,182.48	13,001.00	1,237.55	14,453.19	1,348.24	15,949.16	1,470.99				
a) Stable deposits	25.80	1.29	1,251.11	62.56	1,941.57	97.08	2,478.47	123.92				
b) Less stable deposits	11,811.92	1,181.19	11,749.89	1,174.99	12,511.62	1,251.16	13,470.69	1,347.07				
3) Unsecured wholesale funding, of which:	5,174.00	2,020.51	8,804.93	4,337.24	10,818.62	5,726.52	9,956.30	5,462.81				
a) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-				
b) Non-operational deposits (all counterparties)	5,174.00	2,020.51	8,804.93	4,337.24	10,818.62	5,726.52	9,956.30	5,462.81				
c) Unsecured debt	-	-	-	-	-	-	-	-				
4) Secured wholesale funding	-	-	-	-	-	-	-	-				
5) Additional requirements, of which:	-	-	-	-	-	-	-	-				
a) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-				
b) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-				
c) Credit and liquidity facilities	-	-	-	-	-	-	-	-				
6) Other contractual funding obligations	2,225.37	2,225.37	1,319.13	1,319.13	705.53	705.53	1,297.71	1,297.71				
7) Other contingent funding obligations	5.17	0.26	6.30	0.31	9.86	0.49	22.91	1.15				
8) Total Cash outflows	19,242.26	5,428.62	23,131.36	6,894.23	25,987.20	7,780.78	27,226.08	8,232.66				
Cash Inflows												
9) Secured lending (eg. Reverse repos)	-	-	-	-	-	-	-	-				
10) Inflows from fully performing exposures	7,935.22	6,728.59	5,665.01	4,457.95	5,109.03	3,847.82	4,146.39	2,763.71				
11) Other cash inflows	-	-	-	-	-	-	-	-				
12) Total Cash Inflows	7,935.22	6,728.59	5,665.01	4,457.95	5,109.03	3,847.82	4,146.39	2,763.71				
13) Total HQLA		2,803.42		4,009.93		5,006.03		5,221.36				
14) Total Net Cash outflow		1,357.16		2,436.28		3,932.96		5,468.95				
15) Liquidity Coverage Ratio(%)		206.57%		164.59%		127.28%		95.47%				

The average for the quarter is computed on day-wise outstanding balance.

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forming part of the financial statements for the year ended March 31, 2019

18.28 Maturity pattern of certain items of assets and liabilities

(₹ in crore)

Particulars	Day 1	2 to 7 days	8 to 14 days	15 to 28 days	29 days to 3 months	Over 3 month & up to 6 months	Over 6 month & up to 1 year	Over 1 Year & up to 3 years	Over 3 Years & up to 5 years	Over 5 years	Total
Liabilities											
Borrowings	-	361.35	-	-	-	-	-	160.00	-	-	521.35
	-	-	-	(25.00)	-	(100.00)	-	-	(160.00)	-	(285.00)
Deposits	160.99	1,043.96	1,325.51	356.94	2,174.70	2,326.17	9,729.85	24,429.19	1,454.38	229.93	43,231.62
	(98.53)	(988.03)	(1,075.97)	(535.47)	(5,747.15)	(2,539.80)	(7,670.94)	(14,690.84)	(387.89)	(134.38)	(33,869.00)
Foreign Currency Liabilities	-	-	-	-	-	1.38	-	2.07	-	-	3.45
	-	-	-	-	-	-	-	-	-	-	-
Total	160.99	1,405.31	1,325.51	356.94	2,174.70	2,327.55	9,729.85	24,591.26	1,454.38	229.93	43,756.42
	(98.53)	(988.03)	(1,075.97)	(560.47)	(5,747.15)	(2,639.80)	(7,670.94)	(14,690.84)	(547.89)	(134.38)	(34,154.00)
Assets											
Advances	188.18	788.70	974.19	2,143.69	7,362.67	9,694.13	12,131.78	5,966.97	48.70	344.37	39,643.39
	(240.62)	(585.56)	(700.04)	(1,479.20)	(4,842.28)	(6,118.78)	(8,233.69)	(7,162.33)	(181.48)	(169.06)	(29,713.04)
Investment	-	249.74	-	1.02	622.16	-	1,590.04	591.24	767.45	6,215.84	10,037.49
	(400.00)	(182.33)	-	(31.09)	(12.83)	(1,095.33)	(506.59)	(429.18)	(149.32)	(5,565.27)	(8,371.94)
Foreign Currency Assets	30.82	-	-	-	-	-	-	-	-	-	30.82
	(4.30)	-	-	-	-	-	-	-	-	-	(4.30)
Total	219.00	1,038.44	974.19	2,144.71	7,984.83	9,694.13	13,721.82	6,558.21	816.15	6,560.21	49,711.70
	(644.92)	(767.89)	(700.04)	(1,510.29)	(4,855.11)	(7,214.11)	(8,740.28)	(7,591.51)	(330.80)	(5,734.33)	(38,089.28)

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.

Previous year figures are shown in "()".

Notes to Accounts

forming part of the financial statements for the year ended March 31, 2019

18.29 Sector-wise advances

(₹ in crore)

Sr. No.	Sector	As at March 31, 2019			As at March 31, 2018		
		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 and allied activities	16,766.97	121.23	0.72%	12,399.94	138.92	1.12%
2	Advances to industries sector eligible as priority sector lending	5,594.50	81.02	1.45%	4,360.05	84.90	1.95%
3	Services	14,769.16	188.37	1.28%	11,324.46	136.75	1.21%
4	Personal loans	757.52	9.22	1.22%	126.55	3.27	2.58%
	Sub Total (A)	37,888.15	399.85	1.06%	28,211.00	363.84	1.29%
B	Non Priority Sector						
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry sector	12.35	-	-	-	-	-
3	Services	574.99	385.09	66.97%	352.66	-	-
4	Personal loans	1,759.14	34.61	1.97%	1,349.61	9.30	0.69%
	Sub Total (B)	2,346.48	419.71	17.89%	1,702.27	9.30	0.55%
	Total (A+B)	40,234.63	819.56	2.04%	29,913.27	373.14	1.25%

*Priority sectors includes ₹28,895 crore (previous year: ₹16,454 crore), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC). During the year ended March 31, 2019, the Bank has bought PSLC amounting ₹895 crore (previous year: NIL), which is not included in above.

18.30 Details of Priority sector lending certificates (category wise) sold and purchased:

(₹ in crore)

Sl. No.	Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
		Purchase	Sale	Purchase	Sale
i)	PSLC – Agriculture	-	4,954.00	-	1,399.00
ii)	PSLC- Small & Marginal farmers(SFMF)	345.00	8,725.00	-	5,975.00
iii)	PSLC- Micro Enterprises	-	14,316.00	-	2,395.00
iv)	PSLC – General	550.00	900.00	-	6,685.00

18.31 Details of Inter-Bank Participation Certificate (IBPC) transactions

During the year ended March 31, 2019 the Bank has sold its advances through IBPCs. The details are as follows:

(₹ in crore)

Sl. No.	Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
		Sale	Purchase	Sale	Purchase
i)	Aggregate value of IBPCs entered	6,498.50	663.54	5,500.00	-
ii)	Aggregate consideration received	6,498.50	663.54	5,500.00	-
iii)	Aggregate gain recorded	201.19	-	318.45	-
iv)	IBPCs outstanding [including principal amount of ₹457.05 crore (March 31, 2018 : ₹74.19 crore) collected against the pool sold and not yet due for payment and included under other liabilities]	4,998.50	-	2,500.00	-

Notes to Accounts

forming part of the financial statements for the year ended March 31, 2019

18.32 Employee Stock Option Scheme (ESOS)

On July 26, 2017 the board of directors approved the Bandhan Bank Employee Stock Option Plan Series 1 for issue of stock options to eligible employees and directors of the Bank. The relevant terms of the grant are as below:

Description	
Date of Grant	December 19, 2017
Date of Board/ Compensation committee approval	July 26, 2017
Number of options granted	2220725*
Method of Settlement	Equity
Graded Vesting;	
1st Vesting	25% on 12 months from the date of grant
2nd Vesting	25% on expiry of one year from the 1st vesting date
3rd Vesting	25% on expiry of two year from the 1st vesting date
4th Vesting	25% on expiry of three year from the 1st vesting date
Exercise period	5 years from the date of vesting of the option
Vesting Conditions	Continuous service with the Bank and has not served any notice of resignation**
Weighted average remaining contractual life (years)	6.52 yrs
Weighted average exercise price per option (₹)	180

* Includes 2,00,000 options granted to MD which was earlier subject to approval from RBI, now granted

** However, if the participant's employment terminates due to retirement (including pursuant to any early/ voluntary retirement scheme), the whole of the unvested options shall vest on the first vesting date relating to the said grant, immediately following the date of superannuation.

The details of activity under the Scheme 2017 Plan are summarized below:

Description	March 31, 2019 (No. of options)	March 31, 2018 (No. of options)
Opening Balance	22,20,725	-
Granted during the year	-	22,20,725*
Forfeited during the year	78,791	-
Exercised during the year ***	2,84,885	-
Exercisable at the end of the year	18,57,049	-
Weighted average remaining contractual life of options (years)	6.52	7.23
Weighted average share price during the exercise period (in ₹)	180	180

*** Includes 6,974 shares against which application money was received but pending allotment amounting to ₹0.09 crore.

The weighted average fair value of stock options granted was ₹68.97. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs;

Particulars	
Share Price on the date of Grant (₹)	180
Exercise price (₹)	180
Dividend yield (%)	0.23%
Expected volatility (%)	23.55%- 29.85%
Risk-free interest rate (%)	6.7%- 7.1%
Weighted average share price (₹)	180

The expected volatility reflects the assumption that is indicative of future trends, which may also not necessarily be the actual outcome.

Notes to Accounts

forming part of the financial statements for the year ended March 31, 2019

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

Particulars	(₹ in crore)	
	Year ended March 31, 2019	Year ended March 31, 2018
Profit after tax as reported	1,951.50	1,345.56
Add: ESOP cost using the intrinsic value method	-	-
Less: ESOP cost using the fair value method	6.59	1.83
Proforma profit after tax	1,944.91	1,343.73
Weighted Average Number of equity shares	1,19,28,47,803	1,09,75,49,185
Weighted Average Number of equity shares (including dilutive potential equity share)	1,19,41,69,046	1,09,79,02,980
Earnings Per Share		
Basic		
- As reported	16.36	12.26
- Proforma	16.30	12.24
Diluted		
- As reported	16.34	12.26
- Proforma	16.29	12.24

18.33 Corporate Social Responsibility

- a) Gross amount required to be spent by the Bank during the year ended is ₹27.83 crore (Previous year ended March 31, 2018 : ₹14.14 crore)
- b) The following table sets forth, for the periods indicated, the amount spent by the Bank on CSR related activities;

Sl. No.	Particulars	(₹ in crore)					
		Year ended March 31, 2019			Year ended March 31, 2018		
		In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
i)	Construction/ acquisition of any assets	-	-	-	-	-	-
ii)	On purpose other than (i) above	30.00	-	30.00	14.14	-	14.14

18.34 Miscellaneous income includes ₹308.58 crore (previous year ended March 31, 2018 ₹150.78 crore) Income from sale of Priority sector lending certificates.

18.35 Other Expenditure includes IT operating expenses of ₹71.55 crore (previous year ended March 31, 2018 ₹70.69 crore) and ATM expenses of ₹48.88 crore (previous year ended March 31, 2018 ₹62.35 crore).

18.36 On January 7, 2019, the Board of Directors of the Bank approved a merger of Gruh Finance Limited with the Bank in an all stock transaction through a Composite Scheme of Arrangement. The Scheme has been approved by Reserve Bank of India (RBI), the Competition Commission of India (CCI), the Securities and Exchange Board of India (SEBI) / Stock Exchanges, and is only subject to approval from National Company Law Tribunal (NCLT) and respective shareholders and creditors of each entities. The appointed date for the transaction is proposed to be January 01, 2019 and the effective date shall be based on the receipt of the aforesaid approvals. Pending the same, the proposed transaction does not have any impact on the current financial statements of the Bank as at and for the year ended March 31, 2019.

18.37 As on March 27, 2018 the Bank has raised capital of ₹3,662.40 crore through Initial Public Offer (IPO) by issuing 97,663,910 Equity shares of ₹10/- each.

Pursuant to Regulation 32 of the Listing Regulations, we hereby confirm that there has been no deviation in the use of IPO proceeds from the objects stated in the prospectus.

Notes to Accounts

forming part of the financial statements for the year ended March 31, 2019

Statement of the utilization of the IPO proceeds as on March 31, 2019

Particulars	Amount (₹ in crore)
Gross proceeds of IPO issue- A	3,662.40
Less: Public issue expenses- B	65.37
Net proceeds from Public issue- C = (A-B)	3,597.03
Less: Amounts utilized for the purpose received- D	3,597.03
Balance E = (C-D)	-

The objects of the IPO was to augment the Bank Tier-1 capital base so as to meet its future capital requirements arising out of growth of the Company's .

The above statement has been placed before the Audit Committee and they have reviewed that there has been no deviation in the use of IPO proceeds from the objects as mentioned in the prospectus.

18.38 As per RBI notification DBR.BP.BC.No.37/21.04.048/2018-19 Dt: April 24, 2019 all scheduled commercial banks are required to Disclose on Exposure to Infrastructure Leasing & Financial Services Limited (ILFS) and its group entities:

Position as on: March 31, 2019

Name of the Entity	(₹ in crore)			
	Amount outstanding (1)	Of (1), total amount of exposures which are NPAs as per IRAC norms and not classified as NPA. (2)	Provisions required to be made as per IRAC norms. (3)	Provisions actually held (4)
Infrastructure Leasing & Financial Services Limited	384.95	NIL	57.74	384.95
IL & FS Skills Development Corporation Ltd	12.41	NIL	0.05	0.05

18.39 Details of payments to Auditors

Particulars	(₹ in crore)	
	Year ended March 31, 2019	Year ended March 31, 2019
Statutory Audit Fees	0.63	0.63
Others	1.92	0.47

18.40 Previous year figures have been regrouped/reclassified, wherever necessary, to conform to current year classification.

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

Firm Registration Number :- 101049W/E300004

Per Amit Kabra

Partner

Membership Number : 94533

Place : Mumbai

Date : May 02, 2019

For Bandhan Bank Limited

Anup Kumar Sinha

Chairman

Bhaskar Sen

Independent Director

Chandra Shekhar Ghosh

Managing Director & CEO

Indranil Banerjee

Company Secretary

C.M. Dixit

ACB Chairman &
Independent Director

Sunil Samdani

Chief Financial Officer



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