PROSPECTUS
Dated March 20, 2018
Please read section 32 of the Companies Act, 2013
Book Built Issue

BANDHAN BANK LIMITED

Our Bank was incorporated as Bandhan Bank Limited on December 23, 2014 at Kolkata, West Bengal as a public limited company under the Companies Act, 2013. For further details, see "*History and Certain Corporate Matters*" on page 168.

Registered and Corporate Office: DN 32, Sector V, Salt Lake, Kolkata 700 091; **Tel**: (033) 6609 0909; **Fax**: (033) 6609 0502
Contact Person: Indranil Banerjee, Company Secretary and Compliance Officer; **E-mail**: investors@bandhanbank.com; **Website**: www.bandhanbank.com
Corporate Identity Number: U67190WB2014PLC204622

PROMOTERS OF OUR BANK: BANDHAN FINANCIAL HOLDINGS LIMITED, BANDHAN FINANCIAL SERVICES LIMITED, FINANCIAL INCLUSION TRUST AND NORTH EAST FINANCIAL INCLUSION TRUST

PUBLIC ISSUE OF 119,280,494 EQUITY SHARES* OF FACE VALUE OF ₹10 EACH (THE "EQUITY SHARES") OF BANDHAN BANK LIMITED (OUR "BANK") FOR CASH AT A PRICE OF ₹ 375 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 365 PER EQUITY SHARE) AGGREGATING TO ₹ 44,730.19 MILLION* (THE "ISSUE") CONSISTING OF A FRESH ISSUE OF 97,663,910 EQUITY SHARES* AGGREGATING TO ₹ 36,623.97 MILLION* BY OUR BANK AND AN OFFER FOR SALE OF 14,050,780 EQUITY SHARES* BY IFC AGGREGATING TO ₹ 5,269.04 MILLION* AND 7,565,804 EQUITY SHARES* BY IFC FIG AGGREGATING TO ₹ 2,837.18 MILLION* (COLLECTIVELY, THE "SELLING SHAREHOLDERS") AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE "OFFERED SHARES") ("OFFER FOR SALE"). THE ISSUE CONSTITUTES 10% OF THE POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR BANK.

THE FACE VALUE OF EQUITY SHARES IS ₹ 10 EACH. THE ISSUE PRICE IS ₹ 375 PER EQUITY SHARE AND IS 37.5 TIMES THE FACE VALUE OF THE EQUITY SHARES.

THE PRICE BAND AND THE MINIMUM BID LOT WAS DECIDED BY OUR BANK AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WAS ADVERTISED IN ALL EDITIONS OF THE ENGLISH NATIONAL DAILY NEWSPAPER FINANCIAL EXPRESS, ALL EDITIONS OF THE HINDI NATIONAL DAILY NEWSPAPER JANSATTA AND ALL EDITIONS OF THE BENGALI DAILY NEWSPAPER AAJKAAL (BENGALI BEING THE REGIONAL LANGUAGE OF WEST BENGAL, WHERE THE REGISTERED OFFICE OF OUR BANK IS LOCATED), EACH WITH WIDE CIRCULATION, FIVE WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE AND WAS MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES.

**** SUBJECT TO FINALISATION OF BASIS OF ALLOTMENT***

In terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"), the Issue was for 10% of the post-Issue paid-up equity share capital of our Bank. The Issue has been made through the Book Building Process, in compliance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "**SEBI ICDR Regulations**"), wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("**QIBs**", the "**QIB Portion**"). Further, our Bank in consultation with the Book Running Lead Managers and with intimation to the Selling Shareholders, allocated 60% of the QIB Portion to Anchor Investors on a discretionary basis ("**Anchor Investor Portion**"). At least one-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above Anchor Investor Allocation Price. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids having been received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids having been received at or above the Issue Price. All Bidders, other than Anchor Investors, participated in the Issue through the Application Supported by Blocked Amount ("**ASBA**") process providing details of their respective bank account which were blocked by the SCSBs. Anchor Investors were not permitted to participate in the Issue through the ASBA Process. For details, see "*Issue Procedure*" beginning on page 475.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of our Bank, there has been no formal market for the Equity Shares. The face value of each Equity Shares is ₹10 and the Floor Price is 37 times the face value and the Cap Price is 37.5 times the face value. The Issue Price (determined and justified by our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers as stated under "*Basis for Issue Price*" on page 77) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Bank and the Issue, including the risks involved. The Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to "*Risk Factors*" beginning on page 16.

BANK'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Bank, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to our Bank and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, each Selling Shareholder severally and not jointly accepts responsibility for and confirms only statements made or undertaken expressly by such Selling Shareholder in this Prospectus solely in relation to itself and its respective portion of the Offered Shares. The Selling Shareholders assume no responsibility for any other statements, including, *inter alia*, any of the statements made by or relating to our Bank or its business or by other Selling Shareholders in this Prospectus.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Bank has received an 'in-principle' approval from BSE and NSE for the listing of the Equity Shares pursuant to letters dated January 10, 2018 and January 16, 2018, respectively. For the purposes of the Issue, the Designated Stock Exchange is BSE. A copy of the Red Herring Prospectus and a copy of this Prospectus have been delivered to the Registrar of Companies, West Bengal at Kolkata under Section 26(4) of the Companies Act, 2013. For details of material contracts and documents that were available for inspection from the date of the Red Herring Prospectus up to the Bid/Issue Closing Date, see "*Material Contracts and documents for Inspection*" on page 553.

BOOK RUNNING LEAD MANAGERS					REGISTRAR TO THE ISSUE
Kotak Mahindra Capital Company Limited 1st Floor, 27 BKC, Plot No. 27 G Block Bandra Kurla Complex Bandra (East) Mumbai 400 051 Tel: (91 22) 4336 0000 Fax: (9122) 6713 2447 Email: Bandhan.ipo@kotak.com Investor Grievance Email: kmccredressal @kotak.com Website: www.investmentbank.kotak.com Contact Person: Ganesh Rane SEBI Registration Number: INM000008704	**Axis Capital Limited** 1st floor, Axis House C 2 Wadia International Centre Pandurang Budhkar Marg, Worli Mumbai 400 025 Tel: (91 22) 4325 2183 Fax: (91 22) 4325 3000 Email: bandhan.ipo@axiscap.in Investor Grievance Email: complaints@axiscap.in Website: www.axiscapital.co.in Contact Person: Mayuri Arya SEBI Registration Number: INM000012029	**Goldman Sachs (India) Securities Private Limited** Rational House 951-A, Appasaheb Marathe Marg, Prabhadevi Mumbai 400 025 Tel: (91 22) 6616 9000 Fax: (91 22) 6616 9001 Email: gs-bandhanbank-ipo@gs.com Investor Grievance Email: india-client-support@gs.com Website: www.goldmansachs.com Contact Person: Dipak Daga SEBI Registration Number: INM000011054	**JM Financial Limited**# 7th Floor, Cnergy Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 Tel: (91 22) 6630 3030 Fax: (91 22) 6630 3330 Email: Bandhan.ipo@jmfl.com Investor Grievance Email: grievance.ibd@jmfl.com Website: www.jmfl.com Contact Person: Prachee Dhuri SEBI Registration Number: INM000010361	**J.P. Morgan India Private Limited** J.P. Morgan Tower Off C.S.T. Road Kalina, Santa Cruz (East) Mumbai 400 098 Tel: (91 22) 6157 3000 Fax: (91 22) 6157 3911 Email: bandhanbank_ipo@jpmorgan.com Investor Grievance Email: investorsmb.jpmipl@jpmorgan.com Website: www.jpmipl.com Contact Person: Prateeksha Runwal SEBI Registration Number: INM000002970	**Karvy Computershare Private Limited** Karvy Selenium Tower B, Plot 31-32 Gachibowli, Financial District Nanakramguda Hyderabad 500 032 Tel: (91 40) 6716 2222 Fax: (91 40) 2343 1551 Email: bandhanbank.ipo@karvy.com Investor grievance email: bandhanbank.ipo@karvy.com Website: https://karisma.karvy.com Contact person: M. Muralikrishna SEBI registration number: INR000000221

BID/ISSUE PROGRAMME	
BID/ISSUE OPENED ON	March 15, 2018*
BID/ISSUE CLOSED ON	March 19, 2018

#JM Financial Limited has become a SEBI registered Category I Merchant Banker consequent upon amalgamation of JM Financial Institutional Securities Limited with it effective from January 18, 2018.
**The Anchor Investor Bid/Issue Period was on March 14, 2018, one Working Day prior to Bid/Issue Opening Date.*

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

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

The words and expressions used in this Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder. Notwithstanding the foregoing, the terms used in "Statement of Tax Benefits", "Financial Statements", "Outstanding Litigation and Material Developments", "Main Provisions of the Articles of Association" and " Issue Procedure – Part B" beginning on pages 81, 197, 439, 522 and 485, respectively shall have the meaning ascribed to them in the relevant section.

General Terms

Term	Description
"Our Bank", "the Bank", "the Issuer", "Bandhan" or "BBL"	Bandhan Bank Limited, a company incorporated under the Companies Act, 2013 and having its registered and corporate office at DN 32, Sector V, Salt Lake, Kolkata 700 091
"we", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Bank

Bank Related Terms

Term	Description
Articles of Association/AoA	Articles of association of our Bank, as amended
Audit Committee	Audit committee of our Bank, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations
Auditors/Statutory Auditors	Statutory auditors of our Bank, being M/s S.R. Batliboi & Associates LLP, Chartered Accountants
BEWT	Bandhan Employees Welfare Trust
BFHL	Bandhan Financial Holdings Limited
BFSL	Bandhan Financial Services Limited
Board/Board of Directors	Board of directors of our Bank or a duly constituted committee thereof
Business Transfer Agreement	Business Transfer Agreement dated February 11, 2015 entered amongst our Bank and BFSL
Caladium	Caladium Investment Pte. Ltd.
Corporate Office	Corporate office of our Bank located at DN 32, Sector V, Salt Lake, Kolkata 700 091
Corporate Social Responsibility Committee	Corporate social responsibility committee of our Bank constituted in accordance with the applicable provisions of the Companies Act, 2013
Director(s)	Director(s) of our Bank
Divestment Agreement	Divestment agreement dated April 24, 2015 executed amongst BHFL, IFC, Caladium, SIDBI, BFSL and our Bank
ESOP Scheme, 2017	Bandhan Bank Employee Stock Option Plan, 2017
Equity Shares	Equity shares of our Bank of face value of ₹10 each
IFC	International Finance Corporation
IFC FIG	IFC FIG Investment Company I
Key Management Personnel/KMP	Key management personnel of our Bank as disclosed in "*Our Management- Key Management Personnel*" on page 186
Memorandum of Association/MoA	Memorandum of Association of our Bank, as amended
Nomination & Remuneration Committee	Nomination and remuneration committee of our Bank, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations

Term	Description
Policy Agreement	Policy agreement dated April 24, 2015 amongst our Bank, BFSL, BFHL, IFC, Caladium and SIDBI, as amended and supplemented by accession instrument dated August 1, 2017 executed by IFC FIG
Promoter Group	Persons and entities constituting the promoter group of our Bank as disclosed in "*Our Promoter and Promoter Group*" beginning on page 189
Promoters	Promoters of our Bank, namely, Bandhan Financial Holdings Limited, Bandhan Financial Services Limited, Financial Inclusion Trust and North East Financial Inclusion Trust
Registered Office	Registered office of our Bank located at DN 32, Sector V, Salt Lake, Kolkata 700 091
Registrar of Companies/RoC	Registrar of Companies, West Bengal at Kolkata
Restated Shareholders Agreement	Restated shareholders agreement dated April 24, 2015 executed amongst BFSL, BEWT, FIT, Chandra Shekhar Ghosh, Nilima Ghosh, NEFIT, SIDBI, IFC, Caladium, as amended and supplemented by deed of adherence dated July 31, 2017 executed by IFC FIG, deed of adherence dated August 2, 2017 executed by Angshuman Ghosh
Restated Summary Statements	The Restated yearly Summary Statements of our Bank for the Fiscals ended March 31, 2015 (financial statements from the date of incorporation of our Bank, i.e., December 23, 2014 to March 31, 2015), March 31, 2016 and March 31, 2017 and nine month period ended December 31, 2017, comprising the restated statement of assets and liabilities, the restated statement of profit and loss and the restated cash flow statement, together with the annexures and notes thereto, as prepared and presented in accordance with Indian GAAP (to the extent applicable to banks), in each case restated in accordance with the requirements of Section 26 of the Companies Act, 2013 read with Rule 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectus (Revised 2016)" issued by ICAI. The Restated nine monthly Summary Statements of our Bank for the nine months ended December 31, 2017 and December 31, 2016, comprising the restated statement of assets and liabilities, the restated statement of profit and loss and the restated cash flow statement, together with the annexures and notes thereto, as prepared and presented in accordance with Indian GAAP (to the extent applicable to banks), in each case restated in accordance with the requirements of, the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectus (Revised 2016)" issued by ICAI, to the extent applicable. The Restated half-yearly Summary Statements of our Bank for the half years ended September 30, 2017, March 31, 2017, September 30, 2016 and March 31, 2016, comprising the restated statement of assets and liabilities, the restated statement of profit and loss and the restated cash flow statement, together with the annexures and notes thereto, as prepared and presented in accordance with Indian GAAP (to the extent applicable to banks), in each case restated in accordance with the requirements of the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectus (Revised 2016)" issued by ICAI, to the extent applicable. The Restated half yearly Summary Statements were approved by the Board of Directors and an examination report issued by the auditors on November 22, 2017 for the purpose of their inclusion in the Draft Red Herring Prospectus. There have been no changes in the significant accounting policies or practices in the subsequent period to date. The Restated half yearly Summary Statements are included in this Prospectus also to provide detailed financial data for the understanding of our Bank's financial performance. The Restated yearly Summary Statements, the Restated nine-monthly Summary Statements and the Restated half yearly Summary Statements are collectively referred to as the Restated Summary Statements.
Risk Management Committee	Risk management committee of our Bank, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations
Selling Shareholders	IFC and IFC FIG
Shareholders	Shareholders of our Bank from time to time
SIDBI	Small Industries Development Bank of India
Stakeholders Relationship	Stakeholders relationship committee of our Bank, constituted in accordance with the

Term	Description
Committee	applicable provisions of the Companies Act, 2013 and the Listing Regulations

Issue Related Terms

Term	Description
Acknowledgement Slip	Slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
Allot/Allotment/Allotted	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the respective portion of the Offered Shares pursuant to the Offer for Sale to the successful Bidders
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	Successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	Qualified Institutional Buyer, who applied under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus
Anchor Investor Allocation Price	₹ 375 per Equity Share, being the price at which Equity Shares were allocated to Anchor Investors in terms of the Red Herring Prospectus and this Prospectus which was decided by our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers
Anchor Investor Application Form	Form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which was considered as an application for Allotment in terms of the Red Herring Prospectus and this Prospectus
Anchor Investor Bid/Issue Period	March 14, 2018, being one Working Day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors were submitted and allocation to Anchor Investors was completed
Anchor Investor Escrow Account	Account opened with the Escrow Collection Bank and in whose favour the Anchor Investors transferred money through NACH/NECS/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid
Anchor Investor Issue Price	₹ 375 per Equity Share, being the final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and this Prospectus. The Anchor Investor Issue Price was decided by our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers
Anchor Investor Portion	60% of the QIB Portion which was allocated by our Bank in consultation with the Book Running Lead Managers and with intimation to the Selling Shareholders, to Anchor Investors on a discretionary basis One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price
Application Supported by Blocked Amount or ASBA	Application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorize an SCSB to block the Bid Amount in the ASBA Account
ASBA Account	Bank account maintained with an SCSB and specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the ASBA Form
ASBA Bidders	All Bidders except Anchor Investors
ASBA Form	Application form, whether physical or electronic, used by ASBA Bidders which was considered as the application for Allotment in terms of the Red Herring Prospectus and this Prospectus
Axis	Axis Capital Limited
Banker to the Issue	Escrow Collection Bank, Public Issue Bank and Refund Bank, as the case may be
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Issue and which is described in "*Issue Procedure*" beginning on page 475
Bid	Indication to make an offer during the Bid/Issue Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/Issue Period by an

Term	Description
	Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form The term "Bidding" shall be construed accordingly
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid
Bid cum Application Form	Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	40 Equity Shares and in multiples of 40 Equity Shares thereafter
Bid/Issue Closing Date	March 19, 2018, except in relation to Bids received from the Anchor Investors
Bid/Issue Opening Date	March 15, 2018, except in relation to Bids received from the Anchor Investors
Bid/Issue Period	March 15, 2018 to March 19, 2018, except in relation to Anchor Investors
Bidder	Any prospective investor who made a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
Bidding Centers	Centers at which Designated Intermediaries accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for Syndicate, Broker Centers for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Issue was made
Book Running Lead Managers/ BRLMs	Book running lead managers to the Issue, being Kotak, Axis, Goldman Sachs, JM Financial and J.P. Morgan
Broker Centers	Centers notified by the Stock Exchanges where Bidders submit the ASBA Forms to a Registered Broker The details of such Broker Centers, along with the names and contact details of the Registered Broker are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
CAN/Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/Issue Period
Cap Price	₹ 375 per Equity Share, being the higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price were not be finalised and above which no Bids were accepted
Cash Escrow Agreement	Agreement dated March 9, 2018 entered amongst our Bank, the Selling Shareholders, the Book Running Lead Managers, the Escrow Collection Bank, Public Issue Bank, Registrar to the Issue and the Refund Bank for collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Issue Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof
Client ID	Client identification number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDP	Depository Participant registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of BSE and NSE
Cut-off Price	Issue Price, which was finalised by our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers Only Retail Individual Bidders bidding in the Retail Portion were entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders were not entitled to Bid at the Cut-off Price
Demographic Details	Details of the Bidders including the Bidders' address, name of the Bidders' father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which collect the ASBA Forms, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such

Term	Description
	other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where Bidders submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	Date on which funds are transferred from the Anchor Investor Escrow Account and instructions are given to the SCSBs to unblock the ASBA Accounts and transfer the amounts blocked by the SCSBs, from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, in terms of the Red Herring Prospectus and this Prospectus and the aforesaid transfer and instructions shall be issued only after finalisation of Basis of Allotment in consultation with the Designated Stock Exchange
Designated Intermediary(ies)	Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the ASBA Bidders, in relation to the Issue
Designated RTA Locations	Such locations of the RTAs where Bidders submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	BSE Limited
Draft Red Herring Prospectus or DRHP	The draft red herring prospectus dated December 30, 2017 issued in accordance with the SEBI ICDR Regulations, which did not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Issue
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the ASBA Form and the Red Herring Prospectus constituted an invitation to subscribe to or to purchase the Equity Shares
Escrow Collection Bank	Bank which is a clearing member and registered with SEBI as a banker to an issue and with whom the Anchor Investor Escrow Account has been opened, in this case being Kotak Mahindra Bank Limited
First Bidder	Bidder whose name is mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name also appears as the first holder of the beneficiary account held in joint names
Floor Price	₹ 370 per Equity Share, being the lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price were finalised and below which no Bids were accepted
Fresh Issue	Fresh issue of 97,663,910 Equity Shares* aggregating to ₹ 36,623.97 million* by our Bank ** Subject to finalisation of Basis of Allotment*
General Information Document/GID	General Information Document prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI, as amended from time to time, suitably modified and included in "*Issue Procedure*" beginning on page 475
Goldman Sachs	Goldman Sachs (India) Securities Private Limited
Issue	The initial public offer of 119,280,494 Equity Shares* of face value of ₹10 each for cash at a price of ₹ 375 each (including a share premium of ₹ 365 per Equity Share), aggregating to ₹ 44,730.19 million*, comprising the Fresh Issue of 97,663,910 Equity Shares* aggregating to ₹ 36,623.97 million* and Offer for Sale of 14,050,780 Equity Shares* by IFC aggregating to ₹ 5,269.04 million* and 7,565,804 Equity Shares* by IFC FIG aggregating to ₹ 2,837.18 million* ** Subject to finalisation of Basis of Allotment*
Issue Agreement	Agreement dated December 30, 2017 entered amongst our Bank, the Selling Shareholders, the Book Running Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	₹ 375 per Equity Share, being the final price at which Equity Shares will be Allotted to Bidders other than Anchor Investors. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Issue Price in terms of the Red Herring Prospectus The Issue Price was decided by our Bank and the Selling Shareholders in consultation with

Term	Description
	the Book Running Lead Managers on the Pricing Date
Issue Proceeds	Proceeds of the Issue that are available to our Bank and the Selling Shareholders
J.P. Morgan	J.P. Morgan India Private Limited
JM Financial	JM Financial Limited
Kotak	Kotak Mahindra Capital Company Limited
Maximum RIB Allottees	Maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot, subject to valid Bids having been received at or above the Issue Price
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion), or 1,192,805 Equity Shares* which shall be available for allocation to Mutual Funds only, subject to valid Bids having been received at or above the Issue Price **Subject to finalisation of Basis of Allotment*
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds	Proceeds of the Fresh Issue less our Bank's share of the Issue expenses. For further details regarding the use of the Net Proceeds and the Issue expenses, see "*Objects of the Issue*" beginning on page 74
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	Portion of the Issue being not less than 15% of the Issue consisting of 17,892,075 Equity Shares* which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids having been received at or above the Issue Price **Subject to finalisation of Basis of Allotment*
Non-Resident	Person resident outside India, as defined under FEMA and includes a non-resident Indian, FVCIs and FPIs
Offer for Sale	Offer for sale of 14,050,780 Equity Shares* by IFC aggregating to ₹ 5,269.04 million* and 7,565,804 Equity Shares* by IFC FIG aggregating to ₹ 2,837.18 million* **Subject to finalisation of Basis of Allotment*
Offered Shares	21,616,584 Equity Shares* aggregating to ₹ 8,106.22 million* offered by the Selling Shareholders in the Offer for Sale, comprising, 14,050,780 Equity Shares* aggregating to ₹ 5,269.04 million* by IFC and 7,565,804 Equity Shares* aggregating to ₹ 2,837.18 million* by IFC FIG **Subject to finalisation of Basis of Allotment*
Price Band	Price band of a minimum price of ₹ 370 per Equity Share (Floor Price) and the maximum price of ₹ 375 per Equity Share (Cap Price) The Price Band and the minimum Bid Lot size for the Issue was decided by our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers, and was advertised, five Working Days prior to the Bid/Issue Opening Date, in all editions of the English national daily newspaper Financial Express, all editions of the Hindi national daily newspaper Jansatta, and all editions of the Bengali daily newspaper Aajkaal (Bengali being the regional language of West Bengal, where our Registered Office is located), each with wide circulation
Pricing Date	March 20, 2018, being the date on which our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers, finalised the Issue Price
Prospectus	This prospectus dated March 20, 2018 filed with the RoC after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, *inter alia*, the Issue Price that was determined at the end of the Book Building Process, the size of the Issue and certain other information, including any addenda or corrigenda thereto
Public Issue Account	Bank account opened under Section 40(3) of the Companies Act, 2013 to receive monies from the Anchor Investor Escrow Account and ASBA Accounts on the Designated Date

Term	Description
Public Issue Bank	Bank which is a clearing member and registered with SEBI as a banker to an issue and with whom the Public Issue Account has been opened, in this case being Kotak Mahindra Bank Limited
QIB Portion	Portion of the Issue (including the Anchor Investor Portion) being not more than 50% of the Issue or 59,640,246 Equity Shares*, which shall be available for allocation to QIBs, including the Anchor Investors, subject to valid Bids having been received at or above the Issue Price **Subject to finalisation of Basis of Allotment*
Qualified Institutional Buyers or QIBs or QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	The Red Herring Prospectus dated March 5, 2018 issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which did not have complete particulars of the price at which the Equity Shares were offered and the size of the Issue including any addenda or corrigenda thereto. The Red Herring Prospectus was registered with the RoC at least three days before the Bid/Issue Opening Date
Refund Account	Account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made
Refund Bank	Bank which is a clearing member and registered with SEBI as a banker to an issue and with whom the Refund Account has been opened, in this case being Kotak Mahindra Bank Limited
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the Book Running Lead Managers and the Syndicate Members and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
Registrar Agreement	Agreement dated December 29, 2017 entered amongst our Bank, the Selling Shareholders and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of BSE and NSE
Registrar to the Issue/Registrar	Karvy Computershare Private Limited
Retail Individual Bidder(s)/RIB(s)	Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and Eligible NRIs)
Retail Portion	Portion of the Issue being not less than 35% of the Issue consisting of 41,748,173 Equity Shares* which shall be available for allocation to Retail Individual bidders (subject to valid bids having been received at or above the Issue Price), which shall not be less than the minimum Bid Lot subject to availability in the Retail Portion, and the remaining Equity Shares to be Allotted on a proportionate basis **Subject to finalisation of Basis of Allotment*
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s) QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders could revise their Bids during the Bid/Issue Period and withdraw their Bids until Bid/Issue Closing Date
Self-Certified Syndicate Bank(s) or SCSB(s)	Banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries and updated from time to time
Share Escrow Agent	Escrow agent appointed pursuant to the Share Escrow Agreement, namely, Karvy Computershare Private Limited
Share Escrow Agreement	Agreement dated March 4, 2018 entered amongst our Bank, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of the respective portion of the Offered Shares by the Selling Shareholders and credit of such Equity Shares to the demat account of

Term	Description
	the Allottees
Specified Locations	Bidding Centers where the Syndicate accepts ASBA Forms from Bidders
Syndicate	Book Running Lead Managers and the Syndicate Members
Syndicate Agreement	Agreement dated March 7, 2018 entered amongst our Bank, the Selling Shareholders, the Book Running Lead Managers, the Syndicate Members and the Registrar to the Issue, in relation to collection of Bids by the members of the Syndicate
Syndicate Members	Intermediaries registered with SEBI who is permitted to carry out activities as an underwriter, namely, Kotak Securities Limited and JM Financial Services Limited
Systemically Important Non Banking Financial Company	Systemically important non-banking financial company as defined under Regulation 2(1)(zla) of the SEBI ICDR Regulations
Underwriters	Kotak Mahindra Capital Company Limited, Axis Capital Limited, Goldman Sachs India (Securities) Private Limited, JM Financial Limited, J.P. Morgan India Private Limited, Kotak Securities Limited and JM Financial Services Limited
Underwriting Agreement	Agreement dated March 20, 2018 entered amongst our Bank, the Selling Shareholders and the Underwriters
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

Technical/Industry Related Terms/Abbreviations

Term	Description
Advance to deposit ratio	Our Bank's Gross Advances(excluding IBPC/Assignment) divided by our Bank's total deposits
Average	Average closing month end balances for the specified period / year
Average Advances	Average closing month end balance of Advances for the specified period/year
Average Capital and Reserve & Surplus	Average closing month end balance of Capital & Reserve & Surplus for the specified period/year
Average Cost of Deposits	Interest on Deposits divided by Average closing month end balances of Deposits for the specified period / year
Average Current Accounts or average current deposits	Average closing month end balance of Current Accounts for the specified period/year
Average Deposits (Excluding Current Account Deposits)	Average closing month end balance of Savings Bank Deposits and Term Deposits for the specified period/year
Average interest-bearing liabilities	Average closing month end balances of Deposits (excluding demand deposits) and borrowings for the specified period/year
Average interest-earning assets	Average closing month end balances of Advances, Investments, Balance with Reserve Bank of India- In Other Accounts, Balance with Banks- In Other Deposit Accounts, Money at call & short notice for the specified period/year
Average Investments	Average closing month end balance of Investments for the specified period/year
Average Non-Interest Bearing Liabilities	Average closing month end balance of Capital, Reserves & Surplus, Other Liabilities and Provisions(including Current Accounts) for the specified period/year
Average Non-Interest Earning Assets	Average closing month end balances of Fixed Assets, Other Assets, Cash In Hand, Current Accounts Balance with RBI and Balance with Banks in current account
Average Others Interest Earning Assets	Average closing month end balances of Balance with Reserve Bank of India - In Other Accounts, Balance with Banks - In Other Deposit Accounts, Money at call & short notice for

Term	Description
	the specified period/ year.
Average Others Non Interest Earning Assets	Average closing month end balances of Other Assets, Cash In Hand, Current Accounts Balance with RBI and Balance with Banks in current account for the specified period/year.
Average Others Non-Interest Bearing Liabilities	Average closing month end balances of Other Liabilities and Provisions (including Current Accounts) for the specified period/year
Average Shareholders' Equity	Average closing month end balance of Capital & Reserves & Surplus for the specified period/year
Average Total Asset	Average closing month end balances of Total Assets for the specified period/year
Average Total Deposits	Average closing month end balance of Current Account Deposits, Savings Bank Deposits and Term Deposits for the specified period/year
Book Value per share	Net Asset Value per equity share
Capital Expenditure	It is the addition during the period/year in gross block of Premises, Gross block of Other Fixed Assets, (including Furniture and Fixture) and the change in Capital Work in Progress (including Capital Advances)
CASA ratio	Our Bank's current accounts plus savings accounts divided by its total deposits
Cost of funds	Our Bank's total interest expended divided by average interest bearing liabilities
Cost of Funds (including Current Deposits, Capital, Reserves & Surplus)	Our Bank's total interest expended divided by average interest bearing liabilities and Average Current Deposits, Average Capital and Average Reserves & Surplus
Cost to Income Ratio	Percentage of operating expenses to Net Interest Income plus Other Income
Credit costs	Provision for Standard assets and NPA and technical/ prudential write off
Current account deposits or current accounts	Our Bank's demand deposits
Equity	Our Bank's Capital and Reserves & Surplus at the end of specified period/year
Gross NPA on IBPC/Assignment	Non-performing assets in IBPC/assignment portfolio
IBPC	Inter Bank Participation Certificate
Interest spread	Yield minus Cost of Funds
Liabilities	Aggregate of Deposits, Borrowings, Other Liabilities & Provisions
Net IBPC/Assignment	Balance of IBPC/Assignment as reduced by the provision against the non-performing assets in IBPC/Assigned portfolio
Net Interest Income	Represents our Bank's Interest Earned minus our Bank's interest expended for the specified period/year
Non-interest income	Total income excluding Interest Earned
Net interest margin or NIM	Our Bank's Net Interest Earned divided by its average interest-earning assets
Net NPA on IBPC/Assignment	Non-performing assets in IBPC/assigned portfolio as reduced by provision against these assets
NPA provision	Our Bank's provision for non-performing assets for the specified period/year
Operating Income	Total income of our Bank
Others Interest Earning Assets	Balance with Reserve Bank of India - In Other Accounts, Balance with Banks - In Other Deposit Accounts, Money at call & short notice for the specified period/ year for the specified period/year.
Others Non Interest Earning Assets	Balances of Other Assets, Cash In Hand, Current Accounts Balance with RBI and Balance with Banks in current account for the specified period/year.
Retail term deposits	Deposits as those with a balance below ₹10 million.
Retail-to-total deposit ratio	Our Bank's retail term deposits divided by its total term deposits
Return on Assets (ROA)	Our Bank's profit after tax as restated divided by its average total assets for the specified period/year
Return on Equity (ROE)	Our Bank's profit after tax as restated divided by its average Capital and average Reserves &

Term	Description
	Surplus for the specified period/year
Savings account deposits or savings accounts	Our Bank's savings bank deposits for the specified period/year.
Total Income	Aggregate of Interest Earned and other income for the specified period/year.
Yield On Average Advances	Our Bank's interest/discount on advances/bills and gain on IBPC/assignment divided by the average advances for the specified period/year
Yield on Average Interest Earning Asset	Our Bank's interest earned divided by its average interest-earning assets for the specified period/year

Conventional and General Terms or Abbreviations

Term	Description
₹/Rs./Rupees/INR	Indian Rupees
AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
AS/Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India
Banking Regulation Act	The Banking Regulation Act, 1949, as amended
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate (as a %) : (End Year/Base Year) ^ (1/No. of years between Base year and End year) – 1 [^ denotes 'raised to']
Category II Foreign Portfolio Investors	FPIs who are registered as "Category II foreign portfolio investors" under the SEBI FPI Regulations
Category III Foreign Portfolio Investors	FPIs who are registered as "Category III foreign portfolio investors" under the SEBI FPI Regulations
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Companies Act	Companies Act, 1956 and Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of sections of the Companies Act, 2013, along with the relevant rules made thereunder
Contract Labour Act	Contract Labour (Regulation and Abolition) Act, 1970
CSR	Corporate Social Responsibility
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
DP ID	Depository Participant Identification
DP/Depository Participant	Depository participant as defined under the Depositories Act
EBITDA	Earnings before interest, taxes, depreciation and amortisation = Total operating revenue (net) – total expenses (includes employee benefits expense and other expenses)
EPS	Earnings Per Share
FDI	Foreign direct investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DIPP through notification dated August 28, 2017 effective from August 28, 2017
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations there under
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside

Term	Description
	India) Regulations, 2017
Financial Year/Fiscal/FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FIR	First Information Report
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations
FVCI	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
GAAR	General Anti Avoidance Rules
GIR	General Index Register
GoI or Government or Central Government	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Ind AS	Indian Accounting Standards
India	Republic of India
Indian GAAP	Generally Accepted Accounting Principles in India
IPC	Indian Penal Code, 1860
IPO	Initial public offering
IST	Indian Standard Time
IT	Information Technology
IT Act	The Income Tax Act, 1961
Listing Agreement	Listing Agreement to be entered amongst our Bank with the Stock Exchanges
Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
MCLR	Marginal cost based lending rate
MICR	Magnetic Ink Character Recognition
Mutual Fund (s)	Mutual Fund(s) means mutual funds registered under the SEBI (Mutual Funds) Regulations, 1996
NACH	National Automated Clearing House
NAV	Net Asset Value
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
NRI	Person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB/Overseas Corporate Body	Company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Issue
p.a.	Per annum
P/E	Price/earnings
P/E Ratio	Price/earnings ratio
PAN	Permanent account number

Term	Description
Partnership Act	Limited Liability Partnership Act, 2008
PAT	Profit after tax
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended
RBI New Bank Licensing Guidelines	RBI Guidelines for Licensing of New Banks in the Private Sector dated February 22, 2013
Regulation S	Regulation S under the U.S. Securities Act
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI ESOP Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
State Government	The government of a state in India
Stock Exchanges	BSE and NSE
STT	Securities transaction tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
TAN	Tax deduction account number
U.S. Securities Act	U.S. Securities Act of 1933, as amended
U.S./USA/United States/United States of America	The United States, as such term is defined in Regulation S promulgated under the U.S. Securities Act, as amended
USD/US$	United States Dollars
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

All references in this Prospectus to "India" are to the Republic of India and to the "U.S.", "USA" or "United States" are to the United States of America.

Unless the context requires otherwise, all references to page numbers in this Prospectus are to the page numbers of this Prospectus.

Financial Data

Unless otherwise stated or context requires otherwise, the financial data included in this Prospectus is derived from our Restated Summary Statements. The Restated Summary Statements included in this Prospectus are prepared in accordance with the Companies Act read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, and Indian GAAP and restated in accordance with the SEBI ICDR Regulations.

The Restated half yearly Summary Statements were approved by the Board of Directors and an examination report issued by the auditors on November 22, 2017 for the purpose of their inclusion in the Draft Red Herring Prospectus. There have been no changes in the significant accounting policies or practices in the subsequent period to date. The Restated half yearly Summary Statements are included in this Prospectus also to provide detailed financial data for the understanding of our Bank's financial performance.

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

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

Unless the context requires otherwise, any percentage amounts, as set forth in "*Risk Factors*", "*Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 16, 124 and 384, respectively, and elsewhere in this Prospectus have been calculated on the basis of the Restated Summary Statements.

Currency and Units of Presentation

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India;
- "USD" or "US$" are to United States Dollar, the official currency of the United States; and
- "Euro" or "€" are to Euro, the official currency of the Eurozone.

Except otherwise specified, our Bank has presented certain numerical information in this Prospectus in "million" units. One million represents 1,000,000 and one billion represents 1,000,000,000.

Exchange Rates

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

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and other currencies:

(in ₹)

Currency	As on December 31, 2017	As on March 31, 2017	As on March 31, 2016	As on March 31, 2015
1 USD	63.93	64.84	66.33	62.59
1 Euro	76.39	69.25	75.10	67.51

Source: RBI Reference Rate, except otherwise specified

Industry and Market Data

Unless stated otherwise, industry and market data used in this Prospectus has been obtained or derived from publicly available information as well as various industry publications and sources. Further, information has also been derived from report dated December 22, 2017, titled SME Report (November, 2017), Microfinance Report (December, 2017), Housing

Finance Report (December, 2017) issued by CRISIL Limited. These reports have been commissioned by our Bank. For risks in relation to commissioned reports, see "*Risk Factors – We have commissioned industry reports from certain agencies, which have been used for industry related data in this Prospectus and such data has not been independently verified by us*" beginning on page 30.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the industry and market data used in this Prospectus is reliable, it has not been independently verified by us, the Book Running Lead Managers, or any of their respective affiliates or advisors. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable.

The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which business of our Bank is conducted, and methodologies and assumptions may vary widely among different industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" beginning on page 16. Accordingly, investment decisions should not be based solely on such information.

Disclaimer of CRISIL

This Prospectus contains data and statistics from certain reports and material prepared by CRISIL, which is subject to the following disclaimer:

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

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "will", "will continue", "will pursue", "seek to" or other words or phrases of similar import. Similarly, statements that describe our Bank's strategies, objectives, plans, prospects or goals are also forward-looking statements. Moreover, all forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated without expectations with respect to, but not limited to, regulatory changes pertaining to the banking sector and our ability to respond to them, our ability to successfully implement our strategies, our growth and expansion, technological changes, our Bank's exposure to market risks, general economic and political conditions in India which have an impact on our Bank's business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in completion in the industry we operate in.

Certain important factors that could cause actual results to differ materially from our Bank's expectations include, but are not limited to, the following:

- our limited operating history and our fast growing and rapidly evolving business; and
- our inability to effectively manage the growth associated with the expansion of our branches, ATMs and DSCs effectively.

For further details, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 16, 124, 384, respectively. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure Bidders that the expectation reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Bank as of the date of this Prospectus and are not a guarantee of future performance. These statements are based on the management's beliefs and assumptions, which in turn and based on currently available information. Although the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Bank, our Directors, the Selling Shareholders, the Book Running Lead Managers, the Syndicate Members nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI ICDR Regulations and the Listing Regulations, our Bank and the Book Running Lead Managers will ensure that investors in India are informed of material developments from the date of this Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges. In accordance with requirements of SEBI and as prescribed under applicable law, each Selling Shareholder shall severally and not jointly ensure that the Bidders in India are informed of material developments, in relation to statements and undertakings specifically undertaken or confirmed by such Selling Shareholder in relation to themselves and their respective portion of the Offered Shares in this Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges. Only statements and undertakings which are specifically "confirmed" or "undertaken" by the Selling Shareholders, as the case may be, in the Red Herring Prospectus and this Prospectus shall, severally and not jointly, deemed to be statements and undertakings made by such Selling Shareholders.

SECTION II: RISK FACTORS

An investment in the equity shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Prospectus, including the risks and uncertainties described below. You should read this section together with "Industry Overview", "Our Business", "Selected Statistical Information", "Regulations and Policies" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as the financial statements, including the notes thereto, and other financial information included elsewhere in this Prospectus. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.

The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also materially adversely affect our business, prospects, financial condition and results of operations and cash flows. If any or some combination of the following risks, or other risks that we do not currently know about or believe to be material, actually occur, our business, financial condition and results of operations and cash flows could suffer, the trading price of, and the value of your investment in, our Equity Shares could decline, and you may lose all or part of your investment. Accordingly, you must rely on your own examination of us and the terms of this Issue, including the merits and risks involved.

This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this document.

Risks Relating to our Business

1. ***Our limited operating history and our fast growing and rapidly evolving business make it difficult to evaluate our business and future operating results on the basis of our past performance, and our future results may not meet or exceed our past performance.***

   We were incorporated on December 23, 2014 and began operations on August 23, 2015 when Bandhan Financial Services Limited ("**BFSL**"), our ultimate parent company, transferred its entire microfinance business to us, comprising 6.77 million customers and ₹77,687.90 million of advances, and we simultaneously commenced general banking activities. Bandhan Konnagar was formed in 2001 as a non-governmental organisation ("**NGO**") providing microfinance services to socially and economically disadvantaged women in rural West Bengal. BFSL started its microfinance business in 2006 and the NGO transferred its microfinance business to BFSL in 2009 and thereby the entire microfinance business was undertaken by BFSL.

   As a result of our limited operating history as a bank, there is limited historical financial and operating information available to help investors to evaluate our past performance as an entity with combined general banking and micro banking businesses. Our financial statements as a bank are available only since August 23, 2015.

   Our business in each sector and overall is growing and the results and amounts set forth in our financial statements may not provide a reliable indication of our future performance. Accordingly, you should evaluate our business and prospects in light of the risks, uncertainties and difficulties frequently encountered by both high growth companies and banks that are in the early stages of development. Our failure to mitigate these risks and uncertainties successfully could materially adversely affect our business and operating results, and consequently result in a decline in the trading price of our Equity Shares.

2. ***We cannot effectively compare our financial statements for Fiscal Years 2015, 2016 and 2017 due to irregular terms of duration.***

   Our Bank was incorporated on December 23, 2014, however we did not begin operations until August 23, 2015 when BFSL transferred its entire microfinance business to us and we simultaneously launched our commercial and banking operations. As a result, our financial statements for Fiscal Year 2015 do not reflect any operating activities and our financial statements for Fiscal Year 2016 reflect only roughly seven months of operations. Accordingly, our full year financial statements for Fiscal Years 2015, 2016 and 2017 have limited value for comparative purposes.

   For a more fulsome analysis of our financial statements see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on page 384.

3. ***If we are unable to manage the growth associated with the expansion of our branches, ATMs and DSCs effectively, our financial, accounting, administrative and technology infrastructure, as well as our business and reputation could be adversely affected.***

   Our banking businesses have successfully experienced rapid growth over the past few years. We began our operations with 501 branches servicing approximately 7 million customers located in 24 states across India as of

August 23, 2015, and expanded to 887 branches servicing approximately 11.99 million customers located in 33 states as of December 31, 2017. We have also increased our number of ATMs and DSCs from 50 and 2,022 as of August 23, 2015, respectively, to 430 and 2,633 as of December 31, 2017, respectively. We expect the expansion of our geographic footprint and network of branches, ATMs, DSCs and customers to continue, which may further constrain our capital resources and make asset quality management increasingly important. We will need to enhance and improve our financial, accounting, information technology, administrative and operational infrastructure and internal capabilities in order to manage the future growth of our business. Unlike the past, we may not be able to implement the necessary improvements in a timely manner, or at all, and we may encounter deficiencies in existing systems and controls. If we are unable to manage the future expansion of our banking businesses successfully, our ability to provide products and services to our customers would be adversely affected, and, as a result, our reputation could be damaged and our business, results of operations and cash flows materially and adversely impacted.

4. ***A substantial portion of our operations are located in East and Northeast India, making us vulnerable to risks associated with having geographically concentrated operations.***

A substantial number of our branches and DSCs and a significant portion of our deposits and advances are located in East and Northeast India, and in particular the States of West Bengal, Bihar and Assam, or from customers from these areas. Because of this concentration, the success and profitability of our overall operations may be disproportionately exposed to regional factors. These regional factors include, among others: (i) the growth in population, income levels, and deposits, (ii) increased competition as more players enter into these geographies, (iii) general economic conditions, (iv) laws and regulations, (v) increased competition, and (vi) other developments including political unrest, depreciation of goods, floods and other natural calamities. Adverse developments in any of the above factors would affect us more than they might affect banks with greater geographic diversity. Any one of these events may require us to close branches, ATMs or DSCs, temporarily shut down operations, or lower lending levels, and may result in a material adverse change in our business, financial condition, results of operations and cash flows. The following table sets forth a breakdown of our branches, DSCs and total advances in the States of West Bengal, Bihar and Assam in terms of the percentage of our entire network in India as of December 31, 2017:

State/ Union Territory	Branches	DSCs	Total Advances
East India	54.00%	52.00%	58.00%
Northeast India	11.00%	17.00%	23.00%
East and Northeast India Total	65.00%	69.00%	81.00%

5. ***Our business comprises both traditional general banking activities and modern micro banking activities that exposes our business overall to the risks faced by each sector, which may negatively impact our performance.***

We offer a variety of banking products and services in the micro banking and general banking segments. Traditional banks and microfinance institutions are exposed to different risks that may impact their operations and performance, including but not limited to: regulatory requirements, geographic and industry concentration risks, varied customer demographics and borrower profiles, risks associated with secured and unsecured lending practices, and the ability to offer different types of financial products to attract customers. Our presence in each of the general banking and micro banking sectors uniquely exposes us overall to the risks present in each. Accordingly, such exposure to each may result in events that materially adversely impact our operations and financial performance.

6. ***We derive a substantial portion of our interest income from advances that are due within one year, and a significant reduction in these short-term advances may result in a corresponding decrease in our interest income.***

A substantial portion of our advances have tenures due within one year. As of December 31, 2017, 75.80% of our net advances were due in one year or less. The relatively short-term nature of our loans means that, while we will have some asset-liability mismatch, our long-term interest income stream is less certain than if more of our advances were for a longer term. In addition, our customers may not obtain new advances from us upon maturity of their existing advances, particularly if competition increases. The potential instability of our interest income could materially and adversely affect our results of operations, financial position and cash flows.

7. ***Microcredit lending has its own unique risks and, as a result, we may experience increased levels of non-performing loans and related provisions and write-offs that negatively impact our results of operations.***

Even though we operate within the micro banking and general banking segments, a significant portion of our operations remain extending microloans to our customers, as of December 31, 2017, 87.56% of our net advances consists of microloans. Our business and performance could therefore suffer as a result of the disproportionate impact that negative events affecting our micro banking segment have on our business overall. The borrower profile of our microloan customers typically consists of an individual poor woman living in rural India, with limited sources of income, savings and credit histories, and who cannot provide us with any significant collateral (secondary security) for their borrowings. Moreover, individual borrowers generally are less financially resilient than larger corporate borrowers, and, as a result, they can be more adversely affected by declining economic conditions. Furthermore, there is limited financial information available about our focus customer segment from the low-income group. Although we have adopted certain risk management policies and procedures, we cannot assure you that these policies and procedures will continue to be sufficient, adequately address unidentified or unanticipated consequences or that additional risk management policies for individual borrowers will not be required. Failure to maintain sufficient credit assessment policies, particularly for individual borrowers, could adversely affect our credit portfolio, which could have a material and adverse effect on our results of operations, financial condition and cash flows. As a result, customers of our microfinance operations pose a higher risk of default than borrowers with greater financial resources and more established credit histories and borrowers living in urban areas with better access to education, employment opportunities, and social services. In addition, as our microloans are not generally backed by collateral, they may pose a higher degree of risk than loans secured with physical collateral.

8. ***We rely primarily on deposits as a low-cost means of funding our loan portfolio and there is no guarantee that we will be able to source sufficient deposits or alternative funding to support our business.***

Microfinance organisations do not have the same access to low-cost deposits that are available to traditional banks licensed with RBI. Hence, the costs of funds is typically higher for microfinance organisations than for traditional banks and managing the costs of funds is of vital importance to our micro lending activities. While we now operate as a universal bank and have successfully replaced the majority of our bank borrowings with deposits, there is no guarantee that we will be able to generate enough funding from our banking activities to fund our microloan portfolio. We also cannot guarantee that such funds will be realised as quickly as anticipated or be realised at all and this may hamper our growth plans.

Any inability on our part to generate sufficient funding to support our micro banking activities could result in higher cost of funding and, consequently, lower yields, which would have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects. Moreover, if we are not able to source sufficient low cost deposits, we may be forced to raise the interest rates that we charge on our products in order to maintain our yields, and if we do so there we may lose market share as compared to our competitors, who may be able to secure lower costs of funding than we are able to. Additionally, if we are unable to access necessary capital we may be required to curtail or withdraw from some of our current business operations or growth plans in the banking sectors. Any such occurrence may have a material adverse effect on our results of operations, business, financial condition, cash flows and prospectus.

The vast majority of our funding is from deposits and as of December 31, 2017 we had a CASA ratio of 33.22%. Current account and savings account deposits may be withdrawn on demand by our customers and 70.62% of our term deposits had maturities of up to 12 months as of December 31, 2017. As a result, a significant majority of our funding is short term. In the past, a substantial portion of our customer term deposits has been rolled over upon maturity and has been a stable source of funding. However, if a substantial number of our depositors do not roll over term deposits upon maturity, or if our current account or savings account customers withdraw their funds, our liquidity position will be adversely affected. Though retail deposits constitute a large portion of our deposit base, we also accept wholesale deposits depending on the funding requirements. Further, we face a concentration within our deposits, in terms of funding from East and Northeast India, and in particular the states of West Bengal, Assam and Bihar. Any sudden or large withdrawal of such deposits due to any geography specific issues may impact our liquidity position. See "*Risk Factors - A substantial portion of our operations are located in East and Northeast India, making us vulnerable to risks associated with having geographically concentrated operations*" on page 17*"*.

9. ***An increase in our portfolio of non-performing assets may materially and adversely affect our business and results of operations.***

Our management of credit risk involves having appropriate credit policies, underwriting standards, approval processes, loan portfolio monitoring, collection and remedial management and an overall architecture for managing credit risk in our business. If the credit quality of our creditors, the growth of our loan portfolio or our provisioning levels deteriorate due to various factors in either division, this could have a material adverse effect on our overall business, results of operations, financial condition, cash flows and prospects. Although we have credit monitoring and risk mitigation policies and procedures in place for our businesses, these policies and procedures may not be accurate, properly designed, or appropriately implemented, and we could suffer material credit losses. For example, if the value of the collateral securing our credit portfolio is insufficient (including through a decline in its value after the original taking of such collateral) or if we face practical or legal impediments in enforcing collateral, then we will be exposed to greater credit risk and an increased risk of non-recovery if related credit exposures fail to perform. In addition, even if our policies and procedures are accurate and appropriate, we may not be able to anticipate future economic or financial developments or downturns, which could lead to an increase in our NPAs.

Provisions for NPAs are created by a charge to our profit and loss account and are currently subject to minimum provision requirements set by the RBI and our internal provisioning policies, linked to aging of NPAs. In addition to the relevant regulatory minimum provision, we also consider our internal estimate for loan losses and risks inherent in the credit portfolio when deciding on the appropriate level of provisions. The determination of an appropriate level of loan losses and provisions involves a degree of subjectivity and requires that we make estimates of current credit risks and future trends, all of which may be subject to material changes. Any incorrect estimation of risks may result in our provisions not being adequate to cover any further increase in the amount of NPAs or any further deterioration in our NPA portfolio.

The following table sets forth our percentage of Gross NPAs to Gross Advances (excluding IBPC/Assignment) as of the dates indicated.

	March 31,		December 31,	
	2016	**2017**	**2016**	**2017**
Gross NPA to Gross Advances (excluding IBPC/Assignment)	0.15%	0.51%	0.48%	1.67%

A number of factors outside of our control affect our ability to control and reduce NPAs. These factors include developments in the Indian and global economy, domestic or global turmoil, competition, changes in interest rates and exchange rates and changes in regulations, including with respect to regulations requiring us to lend to certain sectors identified by the RBI, or the Government of India. These factors, coupled with other factors such as volatility in commodity markets, decrease in agriculture productivity and declining business and consumer confidence and decreases in business and consumer spending, could impact the operations of our customers and in turn impact their ability to fulfil their obligations under the loans we extended to them. In addition, the expansion of our business may cause our NPAs to increase and the overall quality of our loan portfolio to deteriorate. If our NPAs increase, we will be required to increase our provisions, which would result in our net profit being less than it otherwise would be and could materially adversely affect our financial condition, results of operations and cash flows.

10. ***A decline in the value of security or an inability on our part to enforce such security may have a material adverse effect on the value of our loan portfolio and/or increase our write-offs for credit and other losses.***

The recoverability and/or value of security or assets that have been charged to us as collateral could decline as a result of a deterioration in global and regional economic conditions or of security or asset values, or as a result of adverse changes in the credit quality of our borrowers and counterparties. Among other factors, we consider a mix of cash flow and availability of collateral when making lending decisions. Most of our micro loans are secured by the underlying stock purchased with such loans, and many of our other loans are secured by a variety of methods, including but not limited to liens on inventory, gold, real estate, financial accounts, receivables and other current assets, and charges on fixed assets, such as property, movable assets (such as vehicles) and financial assets (such as marketable securities). In the event of a decline in any of these sectors, some of our loans may exceed the value of their underlying collateral. Changes in security value or asset prices may cause the value of our collateral to decline.

As per the Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances, our exposure is considered as "secured" if the realisable value of the security is more than 10% of the outstanding exposure. As of December 31, 2017, 92.86% of our Net Advances were secured by tangible assets as per the RBI guidelines. We may not be able to realise the full value of the collateral, due to, among other things, stock market volatility, changes in economic policies of the Indian government, obstacles and delays in legal proceedings, borrowers and guarantors not being traceable, our records of borrowers' and guarantors addresses being ambiguous or outdated, defects in the perfection of collateral, and fraudulent transfers by borrowers. In the event that a specialised regulatory agency gains jurisdiction over the borrower, creditor actions can be further delayed. Further, the value of collateral may be less than we expect or may decline. The fluctuations in the prices of assets secured as collateral for a loan may impact our recovery amount during the enforcement of security resulting in write-offs in our loan amount. Any decline in the value of the collateral securing our loans, any inability to obtain additional collateral or our inability to realize the value of collateral may require us to increase our write-offs for credit and other losses. In such a scenario, our losses will increase and our net profits will decline.

11. ***Our micro finance loan portfolio is not supported by any collateral that could help ensure repayment of the loan, and in the event of non-payment by a borrower of one of these loans, we may be unable to collect the unpaid***

balance.

We offer micro finance loans portfolio through each of our general banking and micro banking business models. Micro finance loan portfolio through our general banking model are offered, for example, to entrepreneurs to help in scaling up enterprises. Micro finance loans portfolio are offered through our micro banking business, for example, to individuals and families to assist in starting home-based businesses and to invest in income-generating activities. Micro finance loans portfolio are at higher credit risk than secured loan portfolios because they may not be supported by realisable collateral that could help ensure an adequate source of repayment for the loan. We may be unable to collect in part or at all in the event of non-payment by a borrower. Further, any increase in delinquency in our micro finance loan portfolio could require us to increase our provision for credit losses, which would decrease our earnings.

12. ***We are subject to macro-economic developments and other market factors, and our results of operations may fluctuate or decline from period to period.***

Our business is subject to a number of macro-economic factors that are outside of our control, and can lead to business and financial losses in the future, including growth in GDP, inflation, fiscal deficits, disposable household income in India, international and domestic political and economic conditions, fiscal and monetary policies of governments and central banks, and changes in interest rates. As a result of (i) the volatility of these macro-economic factors, including exchange rates and interest rates, (ii) provisions we make from period to period for non-performing assets, commitments and contingencies (such as for letters of credit and bank guarantees), and (iii) volatility in our trading operations, our results of operations have varied from period to period in the past and may fluctuate or decrease in the future due to these and other factors. Such fluctuations may also adversely affect our liquidity. These factors may also make period-to-period comparisons of our operating results less meaningful than they would be for a business that is not as significantly affected by such factors. Any adverse development in India or global macro-economic conditions could have a material adverse effect on our business, financial condition, results of operations, cash flows and prospects.

13. ***We may face asset-liability mismatches, which could affect our liquidity and consequently may adversely affect our operations and profitability.***

We may face asset and liability mismatches, which represents situations when the financial terms of an institution's assets and liabilities do not match. We cannot assure you that we will be able to maintain a positive asset-liability gap. We may rely on funding options with a short-term maturity period for extending long-term loans, which may lead to negative asset-liability gap. Further, mismatches between our assets and liabilities are compounded in case of pre-payments of the financing facilities we grant to our customers. Any mismatch in our assets and liabilities may lead to a liquidity risk and have a material adverse effect on our operations and profitability.

14. ***Our business is vulnerable to interest rate and investment-related risks. Volatility in interest rates, value of investments and other market conditions could adversely affect our net interest margin, the value of our fixed income portfolio, our income from treasury operations, the quality of our loan portfolio and our financial performance.***

Our results of operations depend to a large extent on the level of our net interest earned as our primary revenue source is interest earned. Net interest earned is the difference between the total interest earned that we receive on our interest-bearing assets and the total interest expense that we pay on our interest-bearing liabilities. The differential between the interest rates that we charge on interest-earning assets and the interest rates that we pay on interest-bearing liabilities, and the volume of such assets and liabilities, tend to have a significant impact on our results of operations. During fiscal year 2017, interest earned represented 90.48% of our total income (interest earned plus other income). Our Gross Advance (excluding IBPC/Assignment) to deposit ratio as of December 31, 2017 was 91.46%. Changes in market interest rates affect the interest rates we charge on our interest-earning assets differently from the interest rates we pay on our interest-bearing liabilities and also affect the value of our investments. An increase in interest rates could result in an increase in interest expense relative to interest earned if we are not able to increase the rates charged on our loans and advances or if the volume of our interest-bearing liabilities is larger or growing faster than the volume of our interest-earning assets. The differences between repricing maturities of rate sensitive liabilities and rate sensitive assets, called repricing gaps, exposes our business to interest rate risk. Our business is also exposed to interest rate risk in the form of non-uniform movement in different interest rate benchmarks that are used for pricing of our assets and liabilities. As the repricing maturities of our liabilities and assets are spread over different time periods, we are exposed to interest rate risk in the form of non-parallel movement in yield curves. Such scenarios would lead to a reduction in our net interest earned and net interest margin. Exposure of our business to interest rate risks as mentioned above would also impact on the long term economic value of our equity. Further, any inability to competitively price our loans and credit substitutes could negatively affect our targeted volume growth, which could materially adversely affect our net profits. The quantum of the changes in interest rates for our assets and liabilities may also be different, leading to a decrease in the interest margin. We charge an interest rate to our borrowers pegged to the MCLR which has been effective since April 1, 2016.

Our cost of funds is sensitive to interest rate fluctuations, which exposes us to the risk of reduction in spreads (which is the difference between the returns that we earn on our advances and investments and the amounts that we must pay to fund them) on account of changing interest rates. See "*Risk Factors - We are subject to macro-economic developments and other market factors, and our results of operations may fluctuate or decline from period to period.*" We also face pre-payment risk on our loans, which may result in losing future interest and reduced cash flow if we are unable to re-invest the proceeds at similar interest rates. For certain products, we may not be able to collect prepayment charges. We are also not permitted by the extant regulatory guidelines to charge foreclosure charges or prepayment penalties on all floating-rate term loans to individual borrowers.

Moreover, changes in interest rates could materially adversely affect our fixed income portfolio and treasury income. For further discussion on this, see "*Risk Factors - Our treasury income and debt investment portfolio are exposed to risks relating to mark-to-market valuation, illiquidity, credit risk and income volatility*".

15. ***We operate a defined benefit gratuity plan in respect of certain eligible employees and cannot guarantee that our obligations will always be fully funded.***

We operate a defined benefit gratuity plan in respect of certain eligible employees that is not fully funded and we may not be able to ensure that these obligations will always be fully funded. The investments of the superannuation funds are made in approved securities. If interest rates were to fall, our liabilities under defined benefit gratuity plan will increase, which would impact our profits and financial performance.

16. ***Any failure or material weakness of our internal control system could cause significant operational errors, which would materially and adversely affect our profitability and reputation.***

We are responsible for establishing and maintaining adequate internal measures commensurate with our size and the complexity of our operations. Our internal or concurrent audit functions are equipped to make an independent and objective evaluation of the adequacy and effectiveness of internal controls on an ongoing basis to ensure that business units adhere to our policies, compliance requirements and internal circular guidelines. While we periodically test and update, as necessary, our internal control systems, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to guarantee effective internal controls in all circumstances. Given our high volume of transactions, it is possible that errors may repeat or compound before they are discovered and rectified. Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal control weaknesses are identified, our actions may not be sufficient to fully correct such internal control weakness. We face operational risks in our business and there may be losses due to deal errors, deficiencies in the credit sanction process, settlement problems, pricing errors, inaccurate financial reporting, fraud and failure of critical systems and infrastructure. Though we have put systems and practices in place and believe they are adequate, there is no guarantee that they will be successful, nor that we will be able to monitor or detect frauds that occur. In addition, we carry out certain processes manually, which may increase the risk that human error, tampering or manipulation will result in losses that may be difficult to detect. As a result, we may suffer material monetary losses. Such instances may also adversely affect our reputation.

17. ***We may face risks associated with our large number of branches and widespread network of operations which may adversely affect our business, financial condition and results of operations.***

We have a large branch and DSC network. As of December 31, 2017, we had 887 branches, 430 ATMs, 2,633 DSCs, and more than 11.00 million customers. As a consequence of our large network, we have had to previously address difficulties in supervising and monitoring local operations and third-party outsourced service providers and have had cases where Know Your Customer ("**KYC**") information was not updated or available for saving accounts and micro loan accounts. Further, we may also be exposed to certain other risks owing to an expensive network, including, amongst others:

- preserving our asset quality as our geographical presence increases and our customer profile changes;
- developing and improving our products and delivery channels;
- recruiting, training and retaining sufficient skilled personnel;
- upgrading, expanding and securing our technology platform;

- complying with regulatory requirements such as KYC; Anti Money Laundering ("**AML**"); Foreign Exchange Management Act ("**FEMA**") and Foreign Account Tax Compliance Act ("**FATCA**") norms;
- maintaining high levels of customer satisfaction;
- difficulties arising from operating a larger and more complex organization;
- difficulties arising from coordinating and consolidating corporate and administrative functions;
- delay in the transfer of data amongst various locations;
- higher technology support costs to achieve last mile connectivity;
- operational risks including integration of internal controls and procedures;
- failure to efficiently and optimally allocate management, technology and other resources across our branch network;
- failure to manage third-party service providers in relation to any outsourced services;
- difficulties in the integration of new branches with our existing branch network;
- difficulties in hiring skilled personnel in sufficient numbers to operate the new branches locally and management to supervise such operations from centralized locations;
- failure to maintain the level of client service at all branches; and
- unforeseen legal, regulatory, property, labour or other issues.

Any of the above reasons may result in our failure to manage our expansive presence, which may materially and adversely affect our brand, reputation, financial condition and result of operations.

18. ***Our business is highly competitive, which creates significant pricing pressures for us to retain existing customers and solicit new business, and our strategy depends on our ability to compete effectively.***

The Indian banking industry is highly competitive. We face strong competition in our business from much larger government controlled public sector banks, Indian and foreign commercial banks, non-banking financial companies, payment banks, small finance banks and other financial services companies as well. Public sector banks, which generally have a much larger customer and deposit base, larger branch networks and Government support for capital augmentation, pose strong competition to us. Mergers among public sector banks, including those encouraged and facilitated by Government efforts, may result in enhanced competitive strengths in pricing and delivery channels for the merged entities. For example, the State Bank of India, India's largest public sector bank, has merged its five associate banks and Bharatiya Mahila Bank with itself, effective from April 1, 2017. Further, a number of private sector banks in India have a larger customer base and greater financial resources than us, giving them a substantial advantage by enabling economies of scale and improving organisational efficiencies. We consider our top five competitors to be HDFC Bank Limited, ICICI Bank Limited, Bharat Financial Inclusion Limited, Bajaj Finance Limited and AU Small Finance Bank Limited.

We may also face additional competition in the future in the Priority Sector Lending ("**PSL**") portfolio. As part of RBI's PSL regulation, banks not meeting the PSL requirements in their lending portfolio are able to purchase PSL Certificates ("**PSLCs**") from PSL-compliant banks in order to make up the deficit. Our bank holds a strong PSL portfolio as we mostly lend to micro borrowers, and consequently generate significant income from selling PSLCs. In order to reduce the need to purchase PSLCs, some banks are moving to increase their PSL portfolio, which may impact competition in the micro lending segment. An increase in competition in the micro lending segment may (i) impact or eliminate our ability to sell PSLCs or reduce the price at which we are able to do so and (ii) result in increased competitive pressures more generally, which may erode our market share and/or require us to reduce rates to remain competitive.

The RBI has liberalised the licensing regime for banks in India and intends to issue licences on an ongoing basis, subject to meeting the RBI's qualification criteria. The RBI is supportive of creating more specialised banks and granting differentiated banking licenses such as for payment banks and small finance banks. The RBI also has plans to create wholesale and long-term finance banks in the near future. In April 2014, the RBI issued in-principle banking licences to two NBFCs, Infrastructure Development and Finance Company Limited ("**IDFC**") and our Bank. Each of IDFC and our Bank began operations as a bank during fiscal year 2016. In November 2014, the RBI released guidelines for licensing of payment banks and for licensing of small finance banks in the private sector. On August 19, 2015 the RBI granted in-principle approval to 11 applicants to set up payment banks. In September 2015, the RBI granted in-principle licences to ten applicants for small finance banks, most of which are microfinance NBFCs. The RBI has also released guidelines with respect to a continuous licensing policy for universal banks in August 2016. The RBI has also put in the public domain, on April 7, 2017, a discussion paper on Wholesale and Long-Term Finance banks. These banks will focus primarily on lending to infrastructure sector and small, medium and corporate businesses. These banks can provide refinancing to lending institutions and may operate in the capital markets in the form of aggregators. The banks can also act like market makers in corporate bonds, credit derivatives and take out financing amongst others.

We also compete with foreign banks with operations in India. In November 2013, the RBI released a framework for the setting up of wholly owned subsidiaries in India by foreign banks. The framework encourages foreign banks to establish a presence in India by granting rights similar to those received by Indian banks, subject to certain restrictions and safeguards. Under the current framework, wholly owned subsidiaries of foreign banks are allowed to raise Rupee resources through issue of non-equity capital instruments. Further, wholly owned subsidiaries of foreign banks may be allowed to open branches in Tier 1 to Tier 6 centres (except at a few locations considered sensitive on security considerations) without having the need for prior permission from the RBI in each case, subject to certain reporting requirements. Any growth in the presence of foreign banks or in foreign investments in Indian banks may increase the competition that we face and as a result may have a material adverse effect on our business.

If the number of scheduled commercial banks, public sector banks, private sector banks, payment banks, small finance banks, and foreign banks with branches in the country increases, we will face increased competition in the businesses, which could have a material adverse effect on our financial condition, results of operations and cash flows.

In addition, we have faced and may face in the future attrition and difficulties in hiring at senior management, specialized functions and other levels due to competition from existing banking entities, as well as new banks and banking entities entering the market. The attrition at our Bank for the year ended March 31, 2017 was 7.80%. Due to such intense competition, we may be unable to execute our growth strategy successfully and offer competitive products and services, which would have a material adverse effect on our business, financial condition, results of operations and cash flows.

19. ***The rise of digital platforms and payment solutions may adversely impact our floats and impact our fees, and there may be disintermediation in the loan market by Fintech companies.***

Through our electronically linked branch network and centralized processing, we effectively provide a nationwide collection, disbursement and payment systems for our clients. Disruption from digital platforms could have an adverse effect on the cash float and fees that we have traditionally received on such services. We also face threat to our loan market from newer business models that leverage technology to bring together savers and borrowers. Over a period, we may not be competitive in facing up to the challenges from such newer entrants. This may, accordingly, have an adverse impact on our business and growth strategy.

20. ***We face the threat of fraud and cyber attacks targeted at disrupting our services, such as hacking, phishing and trojans, and/or theft of sensitive internal data or customer information. This may cause damage to our reputation and adversely impact our business and financial results.***

Our systemic and operational controls may not be adequate to prevent adverse impact from frauds, errors, hacking and system failures. Further, our mobile and internet-based customer applications and interfaces are exposed to being hacked or compromised by third-parties, resulting in thefts and losses to our customers and us. Although we have implemented steps to address gaps previously identified in our data protection cyber security framework, some cyber threats from third-parties may remain, including: (i) phishing and trojans – targeting our customers, wherein fraudsters send unsolicited mails to our customers seeking account sensitive information or to infect customer machines to search and attempt ex-filtration of account sensitive information; (ii) hacking – wherein attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services; (iii) data theft – wherein cyber criminals may attempt to intrude into our network with the intention of stealing our data or information; and (iv) advanced persistent threat – a network attack in which an unauthorized person gains access to our network and remains undetected for a long period of time with an intention to steal our data or information rather than to cause damage to our network or organization. The frequency of such cyber threats may increase in the future with the increased digitisation of our services. Not only are we exposed to such risks from our own actions or those of our employees, but from actions of our third-party service providers, whom we do not control. If we become the target of any of such cyber attacks, it could materially and adversely affect our business, financial condition, results of operations and cash flows.

A significant system breakdown or system failure caused by intentional or unintentional acts would have an adverse impact on our revenue-generating activities and lead to financial loss.

There is also the risk of our customers blaming us and terminating their accounts with us for a cyber-incident that might have occurred on their own system or with that of an unrelated third-party. The RBI on June 2, 2016 issued a framework for cyber-security for banks, prescribing measures to be adopted by banks to address security risks including putting in place a cyber-security policy and requiring banks to report all unusual cyber-security incidents (whether successful or attempts) to the RBI. Any cyber-security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and related financial liability.

Our reputation could be adversely affected by fraud committed by employees, customers or outsiders, or by our perceived inability to properly manage fraud-related risks.

Our current core banking application software is a centralized core banking solution that has been provided by an information technology company. As the software is marketed as a common solution for Indian banks, there can be functional requirements specific to us that may not be addressed adequately and we may have to rely on internal resources for developing alternate solutions. We could incur losses, including losses from errors or fraud if such internally developed customisation proves to be inadequate. If the software is unable to take care of the new operational requirements prescribed by the regulators or if employees who have developed skills relating to such application software leave their employment with us, we may have to rely on third-party software, the cost of which may be significantly higher. In addition, there can be no assurance that the network infrastructure required for communication with the centralized system can be expanded in scale to meet any increase in the volume of our transactions.

21. ***We depend on our brand recognition, and failure to maintain and enhance awareness of our brand would adversely affect our ability to retain and expand our base of customers.***

We believe that any damage to our brand "Bandhan" or our reputation could substantially impair our ability to maintain or grow our business, or have a material adverse effect on our overall business, financial condition, results of operations and cash flows. If we fail to maintain this brand recognition with our existing and target customers due to any issues with our product offerings, a deterioration in service quality, or otherwise, or if any premium in value attributed to our business or to the brands under which our services are provided declines, market perception and customer acceptance of our brands may also decline. We also distribute third-party products via partnerships with external organizations whom we have limited control over. Any negative news affecting such external organizations might also affect our reputation and brand value. In such an event, we may not be able to compete for customers effectively, and our business, financial condition and growth prospects may be materially and adversely affected.

In addition, any unauthorized or inappropriate use of our brand, trademarks and other related intellectual property rights by others in their corporate names or product brands or otherwise could harm our brand image, competitive advantages and business and dilute or harm our reputation and brand recognition. We currently do not own the trademark to the brand and our application for registration is pending. For further details, see "*Our Business"* beginning on page 124. Moreover, we might also be harmed by the actions of or negative press relating to entities which have similar names. Further, if a dispute arises with respect to any of our intellectual property rights or proprietary information, we will be required to produce evidence to defend or enforce our claims, and we may become party to litigation, which may strain our resources and divert the attention of our management. We cannot assure you that any infringement claims that are material will not arise in the future or that we will be successful in defending any such claims when they arise.

Our efforts to protect our intellectual property or proprietary information and the measures we take to identify potential infringement of our intellectual property may not be adequate to detect or prevent infringement, misappropriation or unauthorized use. The misappropriation or duplication of our intellectual property or proprietary information may disrupt our business, distract management and employees, reduce revenues and increase expenses. In addition, we may also become subject to infringement claims. Even if claims against us are not meritorious, any legal, arbitral or administrative proceedings that we may be required to initiate or defend in this regard may be time-consuming, costly and harmful to our reputation, and there is no assurance that such proceedings will ultimately be determined in our favour. Furthermore, the application of laws governing intellectual property rights in India is continuously evolving and there may be instances of infringement or passing-off of our brand in Indian markets. Our failure to adequately protect our brand, trademarks and other related intellectual property rights may adversely affect our business, financial condition, results of operations and cash flows.

22. ***Our success depends, in large part, upon our management team and skilled personnel and on our ability to attract and retain such persons.***

We are highly dependent on the continued services of our management team, in particular, including the efforts of our Managing Director and Chief Executive Officer. We comply with the RBI guidelines on Fit & Proper Criteria for Directors, relevant provisions of the Banking Regulation Act 1949 regarding Board composition, and other applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations.

We are also dependent on our experienced members of our Board of Directors and Senior Management. See "*Our Management*" beginning on page 172 for details of our Board of Directors and Senior Management. Our future performance is dependent on the continued service of these persons. In accordance with requirements prescribed by RBI the retirement age of 70 years for the managing director, CEO and whole-time directors of the Bank, and our Managing Director is aged 57 years. The RBI also mandates certain requirements (including qualification and experience requirements) for directors who sit on the board of banks and approval prior to appointment of certain directors and such requirements will make it more difficult for us to replace our directors when we have to. We may not be able to replace our Board of Directors with similarly experienced professionals, which could materially and adversely impact the quality of our management and leadership team. In addition, six of our Directors are above the age of 60 years.

Other than the Managing Director, our employment agreements with our management team are not fixed and do not obligate them to work for us for any specified period and do not contain non-compete or non-solicitation clauses in the event of termination of employment. If one or more of these key personnel are unwilling or unable to continue in their present positions, we may not be able to replace them with persons of comparable skills and expertise.

We also face a continuing challenge to hire and assimilate a number of skilled personnel. Competition for management and other skilled personnel in our industry is intense, and we may not be able to attract and retain the personnel we need in the future. The loss of key personnel or our inability to replace key personnel may restrict our ability to grow, to execute our strategy, to raise the profile of our brand, to raise funding, to make strategic decisions and to manage the overall running of our operations, which would have a material adverse impact on our results of operations, financial position and cash flows.

23. ***Our business and financial results could be impacted materially by adverse results of legal proceedings.***

There are various outstanding legal proceedings against us, our Directors and our Promoters. These proceedings are pending at different levels of adjudication before various courts, tribunals, quasi-judicial authorities and appellate tribunals. For further details of material legal proceedings involving us, our Promoters and our Directors, including criminal charges, see "*Outstanding Litigation and Material Developments"* beginning on page 439. If any new developments arise, such as a change in the applicable laws or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities.

We cannot assure you that these legal proceedings will be decided in our favour, or that no further liability will arise out of these proceedings. Further, such legal proceedings could divert management time and attention and consume financial resources. Any adverse outcome in any of these proceedings may adversely affect our profitability, reputation, business, and results of operations, financial condition and cash flows.

A summary of pending litigation in relation to criminal matters, tax matters, and actions by regulatory or statutory authorities against us, our Directors and our Promoters, as applicable, as at the date of this Prospectus is set out below. Further, the summary of the pending litigation set out below also includes: (i) other material pending litigation (as determined in accordance with the Materiality Policy) pending as at the date of this Prospectus against us, our Promoters and our Directors; and (ii) any other pending litigation involving us, our Directors and our Promoters where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation may not exceed the prescribed materiality threshold.

Litigation against our Bank

Type of proceeding	**Number of cases**	**Amount, to the extent quantifiable** *(₹ million)*
Criminal	8	-
Tax	2	54.29

Litigation against our Directors

Type of proceeding	**Number of cases**	**Amount, to the extent quantifiable** *(₹ million)*

Type of proceeding	Number of cases	Amount, to the extent quantifiable *(₹ million)*
Criminal	1	-

Litigation against BFSL

Type of proceeding	Number of cases	Amount, to the extent quantifiable *(₹ million)*
Tax	2	83.28

Litigation against FIT

Type of proceeding	Number of cases	Amount, to the extent quantifiable *(₹ million)*
Tax	1	209.37

Note: Income tax assessment is pending for FY2009-2010 where demand of ₹ 209.37 million has been raised. ₹ 51.87 million has been paid against the order and the matter is pending for the filing to the Honourable High Court.

For further details of litigation indicated above and litigation filed by our Bank, Directors and Promoters, see "*Outstanding Litigation and Material Developments*" beginning on page 439.

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

We may be subject to claims by third-parties, both inside and outside India, if we breach their intellectual property rights by using slogans, names, designs, software or other such rights that are of a similar nature to the intellectual property these third-parties may have registered or are using. We might also be in breach of such third-party intellectual property rights due to accidental or purposeful actions by our employees where we may also be subjected to claims by such third-parties.

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

25. *We rely on third-party service providers who may not perform their obligations satisfactorily or in compliance with law.*

We enter into outsourcing arrangements with third-party vendors, separate employees and independent contractors, in compliance with the RBI guidelines on outsourcing. In particular, we outsource a critical part of our IT services to third parties, whilst other vendors, employees and contractors provide services that include, among others, cash management services, software services, certain back office operations and call centre services. We cannot guarantee that there will be no disruptions in the provision of such services or that these third-parties will adhere to their contractual obligation. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreement with us, our business, financial condition, results of operations and cash flows could be adversely affected. In case of any dispute, we cannot assure you that the terms of such agreements will not be breached, which may result in litigation or other costs. Such additional costs, in addition to the cost of entering into agreements with third-parties in the same industry, may materially and adversely affect our business, financial condition, results of operations and cash flows. The "Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by Bank" issued by the RBI places obligations on banks, its directors and senior management for ultimate responsibility for the outsourced activity. Private banks in India are required to ensure that their service provider employs the same high standard of care in performing the services as would be employed by the banks, if the activities were conducted within the banks and not outsourced. Banks are also required to provide prior approval for use of subcontractors by outsourced vendor and to review the subcontracting arrangements and ensure that such arrangements are compliant with aforementioned RBI guidelines. Legal risks, including actions being undertaken by the RBI, if our third-party service providers act unethically or unlawfully, could materially and adversely affect our business, financial condition, results of operations and cash flows.

26. *We do not own the premises at which our Registered and Corporate Office, branches, ATMs, DSCs and other*

office premises are located.

We do not own any of the premises in which our Registered and Corporate Office, branches, ATMs, DSCs and other office premises are situated and are maintained on a leasehold basis. Such leasehold arrangements require renewal or escalations in rentals from time to time during the lease period. If we are unable to renew the relevant lease agreements, or if such agreements are renewed on unfavourable terms and conditions, we may be required to relocate operations and incur additional costs in such relocation. We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under these lease agreements and there is no assurance that we will be able to identify suitable locations to re-locate our operations. This may cause a disruption in our operations or result in increased costs, or both, which may materially and adversely affect our business, financial condition, results of operations and cash flows in respect of such defaulting premises.

Furthermore, some of our lease agreements and leave and license agreements may not be adequately stamped or registered with the registering authority of the appropriate jurisdiction. An instrument not duly stamped, or insufficiently stamped, shall not be admitted as evidence in any Indian court or may attract a penalty as prescribed under applicable law, which could adversely affect the continuance of our operations and business.

27. ***We handle cash in a high volume of transactions occurring through a dispersed network of branches and DSCs; as a result, we are exposed to operational risks, including fraud, petty theft and embezzlement, which could harm our results of operations and financial position.***

As we handle a large amount of cash through a high volume of small transactions taking place in our network, we are exposed to the risk of fraud or other misconduct by employees or outsiders. This risk is further exacerbated by the high level of autonomy on the part of our field officers, which our business model requires. For instance, during FY 2017, we discovered 283 cases of theft, robbery and cash embezzlement by either third parties or employees in an aggregate amount of ₹6.55 million or 0.06% of our profit after tax for FY 2017. Further, for the period ended December 31, 2017, we discovered 209 cases of theft, robbery and cash embezzlement by either third parties or employees in an aggregate amount of ₹ 14.64 million or 0.15% of our profit after tax for December 31, 2017. Fraud and other misconduct can be difficult to detect and deter. Given the high volume of transactions we process on a daily basis, certain instances of fraud and misconduct may go unnoticed or may only be discovered and successfully rectified after substantial delays. Even when we discover such instances of fraud or theft and pursue them to the full extent of the law or with our insurance carriers, there can be no assurance that we will recover any of the amounts involved in these cases. In addition, our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect.

28. ***Our insurance coverage may not be adequate to protect us against all potential losses, which may have a material adverse effect on our business, financial condition and results of operations.***

Our operations are subject to various risks inherent in the banking industry, as well as fire, theft, robbery, earthquake, flood, acts of terrorism and other force majeure events. We maintain insurance for 60.90% of our assets (as of September 30, 2017) and operations in India, including insurance of our micro loan assets, through third-party insurers in India. None of our insurance policies are assigned in favour of any third-party. We may not have identified every risk and further may not be insured against every risk, including operational risk that may occur and the occurrence of an event that causes losses in excess of the limits specified in our policies, or losses arising from events or risks not covered by insurance policies or due to the same being inadequate, could materially harm our results of operations, financial condition and cash flows. There can be no assurance that any claims filed will be honoured fully or timely under our insurance policies. Also, our financial condition may be affected to the extent we suffer any loss or damage that is not covered by insurance or which exceeds our insurance coverage. In addition, we may not be able to renew certain of our insurance policies upon their expiration, either on commercially acceptable terms or at all.

29. ***Deficiencies in the accuracy and completeness of information about our customers and counterparties may adversely impact us.***

We rely on the accuracy and completeness of information about our customers and counterparties, and on representations by them or third-parties as to the accuracy and completeness of such information, while carrying out transactions with these entities or on their behalf. For example, when deciding whether or not to extend credit to a general banking customer, we may rely on reports of independent auditors with respect to the financial statements of the customer and other field verification reports from various agents. We also rely on credit ratings and bureau scores assigned to our customers. We have, in the past, identified cases where there was a deficiency in credit bureau verification. Although we have taken steps to strengthen our internal processes, our results of operations, financial condition and cash flows could be negatively impacted by reliance on missing information or information provided by third-parties that is inaccurate or materially misleading. This may affect the quality of information available to us about the credit history of our borrowers, especially individuals and small businesses. As a consequence, our ability to effectively manage our credit risk may be adversely affected.

30. ***Any future hedging strategies may not be successful in preventing all risk of losses.***

In the future, we may utilize a variety of financial instruments, such as derivatives, interest rate swaps, futures and forward contracts to seek to hedge against any declines in our assets as a result of changes in currency exchange rates, certain changes in the equity markets and market interest rates and other events. Hedging transactions may also limit the opportunity for gain if the value of the hedged positions should increase, it may not be possible for us to hedge against a change or event at a price sufficient to fully protect our assets from the decline in value of the positions anticipated as a result of such change. In addition, it may not be possible to hedge against certain changes or events at all. While we may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, or the risks posed by the occurrence of certain other events, unanticipated changes in currency or interest rates or the non-occurrence of other events being hedged may result in our poorer overall performance than if we had not engaged in any such hedging transaction. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the position being hedged may vary. Moreover, for a variety of reasons, we may not seek to establish a perfect correlation between such hedging instruments and the positions being hedged. Such imperfect correlation may prevent us from achieving the intended hedge or expose us to additional risk of loss.

31. ***Our treasury income and debt investment portfolio are exposed to risks relating to mark-to-market valuation, illiquidity, credit risk and income volatility.***

We had a debt investment portfolio available for sale of ₹ 31,035.18 million as of December 31, 2017, which primarily comprises of fixed-rate bonds. We have put in place different limits and controls over investment portfolio exposures, like the modified duration and price variation per basis point ("**PVBP**") tests to manage risks in our investments, but in the event interest rates rise, our portfolio will be exposed to the adverse impact of the mark-to-market valuation of such bonds. Any rise in interest rates leading to a fall in the market value of such debentures or bonds may materially and adversely affect our business, financial condition, results of operations and cash flows. We may face income volatility due to the illiquid market for the disposal of some of debt investment portfolio.

Profit/(Loss) on sale of Investments (Net) was 0.77% of our total net income (which comprises Net Interest Income plus other income) for fiscal year 2017.

Our income from our treasury operations is subject to volatility due to, among other things, changes in interest rates and foreign currency exchange rates as well as other market fluctuations. For example, an increase in interest rates may have a negative impact on the value of certain investments such as Government securities and corporate bonds and may require us to mark down the value of these investments on our balance sheet and recognize a loss on our income statement. Though we currently do not invest in corporate debt instruments as part of our normal business, we may decide to do so in the future and consequently expose ourselves to the risk of the issuer defaulting on its obligations. Changes in corporate bond spreads also affect valuations and expose us to risk of valuation losses. Although we have risk and operational controls and procedures in place for our treasury operations, such as sensitivity limits, position limits, stop loss limits and exposure limits, that are designed to mitigate the extent of such losses, there can be no assurance that we will not lose money in the course of trading on our fixed income book in held for trading and available-for-sale portfolio. Any such losses could materially and adversely affect our business, financial condition, results of operations and cash flows.

32. ***Changes in our defined benefit gratuity plan's liabilities and obligations could have a materially adverse effect on us.***

We operate a defined benefit gratuity plan in respect of certain eligible employees. The defined benefit gratuity plan is administered by a Board of Trustees and funded with an insurance company in the form of qualifying insurance policy. Should the value of assets to liabilities in respect of the defined benefit scheme operated by us record a deficit, due to either a reduction in the value of the defined benefit gratuity plan's assets (depending on the performance of financial markets) and/or an increase in the defined benefit gratuity plan's liabilities due to changes in legislation, mortality assumptions, discount rate assumptions, inflation, the expected rate of return on scheme assets, or other factors, this could result in us having to make increased contributions to reduce or satisfy the deficits which would divert resources from use in other areas of our business and reduce our capital resources.

33. ***Potential employee strikes could have a materially adverse effect on our business and operations.***

As of December 31, 2017, we had a total of 27,176 employees. None of our workforce is currently unionized. Labour unions for banking employees organize strikes, and we may in the future be affected by strikes, work stoppages or other labour disputes if any portion of our workforce were to become part of a union in the future. In the event of a labour dispute, protracted negotiations and strike action may impair our ability to carry on our day-to-day operations, which could materially and adversely affect our business results of operations, financial condition and cash flows.

34. ***We rely extensively on our information technology systems and any unforeseen internal or external disruptions may have a detrimental impact on our operations.***

Our information technology systems are a critical part of our business that help us mange, among other things, our risk management, deposit servicing and loan origination functions, as well as our increasing portfolio of products and services. We are heavily reliant on our technology systems in connection with financial controls, risk management and transaction processing. In addition, our delivery channels include ATMs, DSCs, mobile applications and the internet, we use to provide services and perform transactions on behalf of our customers and we may need to regularly upgrade our systems, including our software, back-up systems and disaster recovery operations so that it remains competitive. Our hardware and software systems are subject to both potential internal and external disruptions such as damage or incapacitation by human error, natural disasters, power loss, nation/region-wide interruptions in the infrastructure, sabotage, computer viruses and similar events or the loss of support services from third-parties such as internet backbone providers. There is no warranty under our information technology licence agreements that the relevant software or system is free of interruptions, will meet our requirements or be suitable for use in any particular condition. While we have faced unscheduled downtime of our IT services in the past, we have not experienced widespread disruptions of service to our customers. There can be no assurance that we will not encounter disruptions in the future due to substantially increased numbers of customers and transactions, or for other reasons. Any inability to maintain the reliability and efficiency of our systems could adversely affect our reputation, and our ability to attract and retain customers. In the event we experience system interruptions, errors or downtime (which could result from a variety of causes, including changes in customer use patterns, technological failure, changes to systems, linkages with third-party systems and power failures), we are unable to develop necessary technology or any other failure occurs in our systems, this may materially and adversely affect our business, financial condition, results of operations and cash flows.

35. ***Our success depends on our ability to respond to new technological advances.***

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

36. ***Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and lender consents and there can be no assurance that we will be able to pay dividends in the future.***

We have not declared any dividends since our incorporation, and our Board of Directors did not recommend the payment of any dividend for fiscal year 2017. We largely intend to invest our future earnings, if any, to fund our growth. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividends in the future.

37. ***Banking companies in India, including us, are required to report financial statements under the IND-AS for periods beginning from April 1, 2018. In the future, we may be materially adversely affected by this transition.***

The Ministry of Corporate Affairs, in its press release dated January 18, 2016, issued a roadmap for implementation of IND-AS for scheduled commercial banks, insurers, insurance companies and NBFCs. This roadmap requires these institutions to prepare IND-AS based financial statements for the accounting periods beginning from April 1, 2018 onwards with comparatives for the periods ending March 31, 2018. The RBI, by its circular dated February 11, 2016, requires all scheduled commercial banks to comply with IND-AS for financial statements beginning April 1, 2018 and banks are also required to be in preparedness to submit pro forma IND-AS financial statements to the RBI from the half-year ended September 30, 2016, onwards. The RBI does not permit banks to adopt IND-AS earlier than the prescribed timelines. In addition, banks shall disclose in the annual report, the strategy for IND-AS implementation, including the progress made in this regard from fiscal year 2017 onwards.

While we have been discussing, including with the RBI, the possible impact of IND-AS on our financial reporting, the nature and extent of such impact is still uncertain. Further, the new accounting standards will change, among other things, our methodology for estimating allowances for expected loan losses and for classifying and valuing our investment portfolio and our revenue recognition policy. For estimation of expected loan losses, the new accounting standards may require us to calculate the present value of the expected future cash flows realisable from our advances, including the possible liquidation of collateral (discounted at the loan's effective interest rate). This may result in us recognising allowances for expected loan losses in the future which may be higher or lower than under current Indian GAAP. There can be no assurance, therefore, that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IND-AS than under Indian GAAP. In our transition to IND-AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. Moreover, there is increasing competition for the small number of IFRS experienced accounting personnel available as more Indian companies begin to prepare IND-AS financial statements. Further, there is no significant body of established practice on which to draw in forming judgments regarding the new system's implementation and application. There can be no assurance that our adoption of IND-AS will not adversely affect our reported results of operations, financial condition or cash flows and any failure to successfully adopt IND-AS could materially adversely affect our business, financial condition, results of operations and cash flows.

Moreover, although we currently have an internal control framework in place in order to report our financial statements under Indian GAAP, we will have to modify our internal control framework and adopt new internal controls in order to report under IND-AS. These new internal controls will require, amongst others, a transition to more model-based evaluation of certain items, as well as staff that are adequately knowledgeable with IND-AS. There is no guarantee that we will be able to implement effective internal controls under IND-AS in a timely manner or at all, and any failure to do so could materially adversely affect our results of operations, financial condition and cash flows.

38. ***We have commissioned industry reports from certain agencies, which have been used for industry related data in this Prospectus and such data has not been independently verified by us.***

We have commissioned the CRISIL research report titled "SME Report (November, 2017), Microfinance Report (December, 2017), Housing Finance Report (December, 2017)" published in December 22, 2017 2017. The report uses certain methodologies for market sizing and forecasting. Neither we, nor any of the Book Running Lead Managers have independently verified such data and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Accordingly, investors should read the industry related disclosure in this Prospectus in this context. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information.

39. ***Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and International Financial Reporting Standards ("IFRS"), which investors may be more familiar with and may consider material to their assessment of our financial condition.***

Our financial statements are prepared and presented in conformity with Indian GAAP. No attempt has been made to reconcile any of the information given in this document to any other principles or to base it on any other standards. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

40. ***Statistical and industry data in this document may be incomplete or unreliable.***

Neither we nor any person related to this offering have independently verified data obtained from industry publications and other industry sources referred to in this document and therefore, while we believe such data to be true, we cannot assure you that such data is complete or reliable. Such data may also be produced on different bases from those used in the industry publications we have referenced. Therefore, discussions of matters relating to India, its economy and the industries in which we currently operate are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable and investors are advised not to place undue reliance on such data. See "*Industry Overview*" beginning on page 88.

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

We propose to use the Net Proceeds to augment our Bank's Tier-I capital base to meet our Bank's future capital requirements such as organic and inorganic growth and expansion and to comply with regulatory requirements for enhanced capital base, as may be prescribed in the future. Our proposed deployment of Net Proceeds has not been appraised and is based on management estimates. Our management will have broad discretion to use the Net Proceeds.

Various risks and uncertainties, including those set forth in this "Risk Factors" section, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business. For example, our organic and inorganic growth and expansion plans could be delayed due to failure to receive regulatory approvals, technical difficulties, human resource, technological or other resource constraints, or for other unforeseen reasons, events or circumstances. We may not be able to attract personnel with sufficient skill or sufficiently train our personnel to manage our expansion plans. Accordingly, use of the Net Proceeds to meet our future capital requirements, fund our growth and for other purposes identified by our management may not result in actual growth of our business, increased profitability or an increase in the value of our business and your investment.

42. ***Our business is subject to seasonality, which may contribute to fluctuations in our results of operations and financial condition.***

We experience significant seasonality in our business, as demand by our customers for new micro loans is primarily concentrated during the third and fourth quarters of the fiscal year owing to agricultural conditions and other factors. Because of this demand, we typically disburse more micro loans during our third and fourth quarters than during our first and second quarters.

Accordingly, our results of operations in one quarter may not accurately reflect the trends for the entire financial year and may not be comparable with our results of operations for other quarters.

43. ***We may undertake strategic investments or divestments, acquisitions and joint ventures, which may not perform in line with our expectations.***

We may, depending on our management's view and market conditions, pursue strategic investments or divestments, undertake acquisitions and enter into joint ventures.

We may enter into various acquisitions including the acquisition of certain portfolios or accounts, in its entirety or part thereof, from other banks or financial institutions. Since we may only be able to undertake limited diligence on the security and collateral of such acquired accounts, there are no assurances that the asset quality, creditworthiness of such borrowers or the security and collateral provided under these portfolios and accounts are of a similar level to our existing borrowers, portfolios or accounts. This may result in difficulties should any of such portfolios or accounts enter into default, which might materially and adversely affect our business, financial condition, results of operations and cash flows.

We cannot assure you that we will be able to undertake such strategic investments or divestments, acquisitions (including by way of a merger, or share or asset acquisition) or joint ventures in the future, either on terms acceptable to us or at all. Moreover, we require regulatory approval for acquisitions, and we cannot guarantee that we will receive such approvals in a timely manner, or at all.

We may have future plans to be involved in new businesses, including complementary businesses, technologies, services and products, and we may enter into strategic partnerships or joint ventures with parties that we believe can provide access to new markets, technology, capabilities or assets.

These new businesses subject us to many risks, and we can provide no assurances that any such ventures will be successful or meet our expectations. In addition, these new ventures may require regulatory approvals, and we cannot assure you that we will be able to procure such approvals, either in a timely manner or at all. If these new ventures are not successful, we may suffer losses, dilute value to shareholders or may not be able to take advantage of appropriate investment opportunities or conclude transactions on terms commercially acceptable to us. These ventures may require significant investments of capital and we may not realize our expected (or any) returns on these investments. Our management may also need to divert its attention from our operations in order to integrate such new businesses, which may affect the quality of operational standards and our ability to retain the business of our existing customers. We could also have difficulty in integrating the acquired products, services, solutions, technologies, management and employees into our operations. We may face litigation or other claims arising out of our new businesses, including disputes with regard to additional payments or other closing adjustments. These difficulties could disrupt our ongoing business, distract our management and employees, and increase our expenses. As a result, our business, financial condition, results of operations and cash flows could be materially adversely affected.

Risks Relating to Regulations

We operate in a highly regulated environment and there are numerous laws and regulations impacting many aspects of our operations, including our capital maintenance, lending limits and the types of business in which we can engage. As such, we are exposed to a number of risks relating to regulations, including these detailed below. Any change to the existing legal framework or enactment of stricter laws will require us to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

It may also impact our ability to undertake certain types of businesses, which may impact our growth and profits.

44. ***We operate in a highly regulated environment.***

We operate in a highly regulated environment in which we are regulated by SEBI, RBI, IRDAI, PFRDA, and other domestic and international regulators. Accordingly, legal and regulatory risks are inherent and substantial in our businesses. As we operate under licences or registrations obtained from appropriate regulators, we are subject to actions that may be taken by such regulators in the event of any non-compliance with any applicable policies, guidelines, circular, notifications and regulations issued by the relevant regulators.

Being regulated, we are subject to regular scrutiny and supervision by their respective regulators, such as regular inspections that may be conducted by the RBI. The requirements imposed by regulators are designed to ensure the integrity of the financial markets and to protect investors and depositors. Any non-compliance with regulatory guidelines and directions may result in substantial penalties and reputational impact, which may affect the price of our Equity Shares. Among other things, in the event of being found non-compliant, we could be fined or prohibited from engaging in certain business activities.

In addition, we are also exposed to the risk of us or any of our employees being non-compliant with insider trading rules or engaging in front running in securities markets. In the event of any such violations, regulators could take regulatory actions, including financial penalties against us and the concerned employees. This could have a materially adverse financial and reputational impact on us.

Any change to the existing legal or regulatory framework will require us to allocate additional resources, which may increase our regulatory compliance costs and direct management attention and consequently affect our business.

For more information, see "*Risk Factors - Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, across the multiple jurisdictions we operate in may materially adversely affect our business and financial performance.*"

45. ***Changing laws, rules and regulations, conditions imposed by the New Bank Licensing Guidelines and legal uncertainties, including adverse application of tax laws and regulations, across the multiple jurisdictions we operate in may materially adversely affect our business and financial performance.***

Our business and financial performance could be materially adversely affected by changes in the laws, rules, regulations or directions applicable to us and our businesses, or the interpretations of such existing laws, rules and regulations, or the promulgation of new laws, rules and regulations, in India or in the other jurisdictions we operate in.

The governmental and regulatory bodies in India and other jurisdictions where we operate may notify new regulations and/or policies, which may require us to obtain approvals and licenses from the government and other regulatory bodies, or impose onerous requirements and conditions on our operations, in addition to those which we are undertaking currently. Any such changes and the related uncertainties with respect to the implementation of new regulations may have a material adverse effect on our business, financial condition, results of operations and cash flows. See "*Regulations and Policies*" beginning on page 158.

Banking Regulations

We operate in a highly regulated environment in which the RBI extensively supervises and regulates all banks. Our business could be directly affected by any changes in policies for banks in respect of directed lending, reserve requirements, provisioning and other areas. For example, the RBI could change its methods of enforcing directed lending standards so as to require more lending to certain sectors, which could require us to change certain aspects of our business. In addition, we could be subject to other changes in laws and regulations, such as those affecting the extent to which we can engage in specific businesses or those that reduce our margins through a cap on either fees or interest rates chargeable to our customers or those affecting foreign investment or ownership requirements in the banking industry, as well as changes in other governmental policies and enforcement decisions, income tax laws, foreign investment laws and accounting principles. Laws and regulations governing the banking sector may change in the future and any changes may materially adversely affect our business, our future financial performance and the price of our Equity Shares.

The global financial regulations and guidelines developed by bodies such as the Basel Committee on Banking Supervision ("**BCBS**") as implemented from time to time, in India by the RBI, with or without customization. The RBI may also bring in other prudent regulations as it may deem fit from time to time, for compliance by banks in India. Such regulations may involve higher compliance costs and require banks to maintain higher capital ratios, prescribe maintenance of capital to cover those risks that are hitherto not linked to capital requirements, increase capital coverage for those risks covered at present and other prudential measures, the inability to cover which may result in the RBI placing restrictions on distribution of profits and expansion of business. This may impact our ability to achieve planned growth and impact our profitability.

Further, the RBI New Bank Licensing Guidelines requires amongst other things, our Promoter, BFHL to reduce its shareholding in our Bank to 40% within three years from the date of commencement of our business as a Bank. BFHL is also required to reduce its shareholding further to 20% and 15% within 10 years and 12 years, respectively, from the date of commencement of our business as a Bank. There can be no assurance that BFHL or our Bank will be able to comply with these requirements within the stipulated time period which may subject BFHL or us to regulatory actions.

Cash Reserve Ratio ("CRR") and Statutory Liquidity Ratio ("SLR") requirements

Under RBI regulations, we are subject to statutory reserve requirements, namely the CRR and SLR. The CRR currently applicable to banks in India is 4.0% of a bank's total of demand and time liabilities and banks do not earn any interest on those reserves.

Further, the RBI requires banks to maintain a SLR of 19.50%, effective from October 14, 2017. For fiscal year 2017, the majority of Government securities held by us comprised fixed rate instruments.

Fluctuations in our CRR and SLR for the nine months ended 31 December 2017 and for the last three years are shown in the table below:

	Nine months ended 31 December 2017	*FY2017*	*FY2016*	*FY2015*
CRR	4.12%	4.17%	6.09%	N.A
SLR	24.90%	44.63%	33.22%	N.A

In an environment of rising interest rates, the value of Government securities and other fixed income securities may depreciate. Our large portfolio of Government securities may limit our ability to deploy funds into higher yielding investments.

Further, a decline in the valuation of our trading book as a result of rising interest rates may adversely affect our financial condition, results of operations and cash flows. As a result of the statutory requirements imposed on us, we may be more structurally exposed to interest rate risk as compared to banks in other countries.

Further, the RBI may increase the CRR and SLR requirements to higher proportions as a monetary policy measure. Any increases in the CRR from the current levels could affect our ability to deploy our funds or make investments, which could in turn have a negative impact on our results of operations. We are also exposed to the risk of the RBI increasing the applicable risk weight requirement for different asset classes from time to time. If we are unable to meet the reserve requirements of the RBI, the RBI may impose penal interest or prohibit us from receiving any further fresh deposits, which may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Tax

The application of various Indian and international sales, value-added and other tax laws, rules and regulations to our services, currently or in the future, may be subject to interpretation by applicable authorities, and if amended/ notified, could result in an increase in our tax payments (prospectively or retrospectively) and/or subject us to penalties, which could affect our business operations. Further, we have incomplete income tax assessments for the previous years and we run the risk of the Income Tax Department assessing our tax liability that may be materially different from the provision that we carry in our books for the past periods.

The Government had proposed two major reforms in Indian tax laws, namely the goods and services tax ("**GST**"), and provisions relating to the General Anti-Avoidance Rule (the "**GAAR**").

The goods and service tax has been implemented with effect from July 1, 2017 and has replaced the indirect taxes on goods and services such as central excise duty, service tax, central sales tax, state VAT and surcharge collected by the central and State Governments. The GST has increased administrative compliance for banks which is a consequence of increased registration and form filing requirements.

Furthermore, the GST has reduced the taxation threshold such that companies with an aggregate turnover exceeding ₹2 million are now liable for GST. Aggregate turnover would be computed on an all-India basis and shall include both exempted and non- taxable supplies. Import and inter-state supplies shall be taxable without any threshold limit. Further, central registration has been replaced with state registration, resulting in additional compliance requirements.

As regards GAAR, the provisions were introduced in the Finance Act 2012, and as per the Finance Act 2015, such provisions shall be effective from effect from April 1, 2018. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests (i) creates rights or obligations which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for *bona fide* purposes. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty. As the taxation system is intended to undergo significant overhaul, its consequent effects on the banking system cannot be determined at present and there can be no assurance that such effects would not adversely affect our business, future financial performance and the trading price of the Equity Shares.

The Government of India issued a set of Income Computation and Disclosure Standards ("**ICDS**") that has been applied in computing taxable income and the payment of income taxes since April 1, 2016. ICDS apply to all taxpayers following an accrual system of accounting for the purpose of computation of income under the heads of "*Profits and gains of business or profession*" and "*Income from other sources*".

The objective of introducing ICDS is to ensure consistency in the computation and in the reporting of taxable income. Currently, the computation of our total income is in accordance with the provisions of ICDS. There are no assurances that the ICDS will not be amended by the authorities. If the ICDS is amended, it might have a material adverse effect on our business, financial condition, results of operations and cash flows.

Further, the Government has announced the union budget for the financial year 2019 and the Finance Bill, 2018 has been tabled before the Parliament which has proposed various amendments. For example, it includes a proposal to withdraw an exemption previously granted in respect of payment of long term capital gains tax. Accordingly, such tax may become payable by the investors from April 1, 2018. While the Finance Bill, 2018 has been approved by the Lok Sabha, however, the Finance Act has not yet been passed by the Parliament. As such, there is no certainty on the impacts that the Finance Bill, 2018 may have on our business and operations or on the industry in which we operate.

Labour Laws

As of December 31, 2017, we had a total of 27,176 employees. Our full-time employees are employed by us and are entitled to statutory employment benefits, such as a defined benefit gratuity plan, among others. In addition to our employees, we empanel agencies for our outsourcing requirements and also engage persons on a contractual basis.

We are subject to various labour laws and regulations governing our relationships with our employees and contractors, including in relation to minimum wages, working hours, overtime, working conditions, hiring and terminating the contracts of employees and contractors, contract labour and work permits.

A change of law that requires us to increase the benefits to the employees from the benefits now being provided may create potentially liability for us. Such benefits could also include provisions which reduce the number of hours an employee may work for or increase in number of mandatory casual leaves, which all can affect the productivity of the employees.

A change of law that requires us to treat and extend benefits to our outsourced personnel, and personnel retained on a contractual basis, as being full-time employees may create potentially liability for us. If we fail to comply with current and future health and safety and labour laws and regulations at all times, including obtaining relevant statutory and regulatory approvals, this could materially and adversely affect our business, future financial performance and results of operations.

Currently, none of our workforce is unionized. If in the future any portion of our workforce were to join a union, it is possible that future calls for work stoppages or other similar actions could have a material adverse impact on our day-to-day operations, until disputes are resolved. Any changes or amendments in the industry wide settlement or periodical wage revisions may materially and adversely affect our business, future financial performance, results of operations and cash flows.

46. ***We depend on various licenses issued by domestic and foreign regulators for our banking and other operations and we are subject to supervision and inspection by authorities such as RBI.***

We are also required to maintain various licenses issued by domestic regulators and foreign regulators for our banking and other operations including operation of our branches and DSCs. Domestically, we maintain our licenses and registrations with the RBI, IRDA, PFRDA and SEBI**.** Any license we have obtained may be revoked if we fail to comply with any of the terms or conditions relating to such license, or restrictions may be placed on our operations. Any failure to obtain, renew or maintain any required approvals, permits or licenses, may result in the interruption of all or some of our operations, which could materially and adversely affect our business, results of operations and cash flows. Many of these approvals are required to be renewed from time to time. For further details, including pending material approvals and licenses, see "*Government and Other Approvals*" beginning on page 443. We may not have, or may not receive, all necessary approvals, or be able to obtain renewals of all our approvals within the time frames anticipated by us or may not obtain the same at all, which could adversely affect our business.

In the future, we may be required to obtain new registrations, permits and approvals for any of our existing business, as a result of change in current regulations or for any proposed expansion strategy or diversification into additional business lines or new financial products. There can be no assurance that the relevant authorities will issue any permits or approvals required by us in a timely manner, or at all, and/or on favourable terms and conditions. If we fail to obtain any applicable approvals, licenses, registrations or consents in a timely manner, we may not be able to undertake certain operations of our business which may affect our business, results of operations and cash flows. The RBI issues instructions and guidelines to banks on branch authorisation from time to time. With the objective of liberalising and rationalising the branch licensing process, the RBI, effective May 18, 2017, granted general permission to domestic banks to open branches in Tier 1 to Tier 6 centres, subject to certain eligibility criteria. If we are unable to perform in a manner satisfactory to the RBI or satisfy the RBI's eligibility criteria, it may have an impact on the number of branches we will be able to open in Tier 1 to Tier 6 centres, and this would in turn have an impact on our future growth and may also result in the imposition of penal measures by the RBI.

The RBI conducts periodic on-site inspections on all matters addressing our banking operations and relating to, among other things, our Bank's portfolio, risk management systems, credit concentration risk, counterparty credit risk, internal controls, credit allocation and regulatory compliance. For instance, RBI has conducted an inspection in the past and has issued compliance reports, which related to various matters such as internal controls and processes, constitution documents, management functions and policies and other operational matters. We have suitably responded to and complied with these observations from time to time and have implemented and are in the process of implementing the recommendations made by RBI pursuant to the report. During the course of finalizing this inspection, the RBI inspection team shares its findings and recommendations with us and provides us an opportunity to provide clarifications, additional information and, where necessary, justification for a different position, if any, than that observed by the RBI. The RBI incorporates such findings in its final inspection report and, upon final determination by the RBI of the inspection results, we are required to take actions specified therein by the RBI to its satisfaction, including, without limitation, requiring us to make provisions, impose internal limits on lending to certain sectors and tighten controls and compliance measures and restricting our lending and investment activities. Any significant deficiencies identified by the RBI that we are unable to rectify to the RBI's satisfaction could lead to sanctions and penalties imposed by the RBI, as well as expose us to increased risks. Any failure to meet other RBI or the SEBI requirements could materially and adversely affect our reputation, business, financial condition, cash flows, results of operations, pending applications or requests with the RBI and our ability to obtain the regulatory permits and approvals required to expand our business.

47. ***In order to support and grow our business, we must maintain a minimum capital adequacy ratio.***

As at December 31, 2017, our capital adequacy ratio was at 24.85%. The RBI requires a minimum capital adequacy ratio of 13.0% of our total risk-weighted assets. Basel III capital regulations are effective in India from April 1, 2013 are required to be fully implemented by March 31, 2019 in a phased manner. Our ability to support and grow our business would become limited if the capital adequacy ratio is low. While we may access the capital markets to offset any declines to our capital adequacy ratio, we may be unable to access the markets at the appropriate time or the terms of any such financing may be unattractive due to various reasons attributable to changes in the general environment, including political, legal and economic conditions.

The Basel Committee on Banking Supervision issued a comprehensive reform package entitled "*Basel III: A global regulatory framework for more resilient banks and banking systems*" in December 2010. In May 2012, the RBI released guidelines on implementation of Basel III capital regulations in India and in July 2015, the RBI issued a master circular consolidating all relevant guidelines on Basel III. The key items covered under these guidelines include: (i) improving the quality, consistency and transparency of the capital base; (ii) enhancing risk coverage; (iii) graded enhancement of the total capital requirement; (iv) introducing a capital conservation buffer and countercyclical buffer; and (v) supplementing the risk-based capital requirement with a leverage ratio. One of the major changes in the Basel III capital regulations is that the Tier I capital will predominantly consist of common equity ("**Common Equity Tier 1**") of the banks which includes common shares, reserves and stock surplus. Innovative perpetual debt instruments and perpetual non-cumulative preference shares will not be considered a part of Common Equity Tier I capital. Basel III also defines criteria for Additional Tier I and Tier II instruments to improve their loss absorbency. The guidelines also set-out criteria for loss absorption through conversion/write-down/write-off of all non-common equity regulatory capital instruments at the point of non-viability. The point of non-viability is defined as a trigger event upon the occurrence of which non-common equity Tier I and Tier II instruments issued by banks in India under the Basel III rules may be required to be written off or converted into common equity. The capital requirement, including the capital conservation buffer, will be 11.5% once these guidelines are fully phased-in. Domestically, systemically important banks would be required to maintain Common Equity Tier ("**CET**") I capital requirement ranging from 0.2% to 0.8% of risk weighted assets. Banks will also be required to have an additional capital requirement increasing linearly up to 2.5% of the risk weighted assets if the RBI announces the implementation of countercyclical capital buffer requirements. Additionally, the Basel III Liquidity Coverage Ratio ("**LCR**"), which is a measure of high quality liquid assets compared to anticipated cash outflows over a 30 day stressed period, was applied in a phased manner starting with a minimum requirement of 60.0% from January 1, 2015 and will reach a minimum of 100.0% on January 1, 2019.

If we are unable to meet any existing or new and revised requirements, our business, future financial performance and the price of our Equity Shares could be adversely affected.

For details, see also "*Selected Statistical Information*" beginning on page 415.

48. ***RBI guidelines relating to prompt corrective action could materially and adversely affect our business, future financial performance and results of operations.***

On April 13, 2017, the RBI revised the Prompt Corrective Action ("**PCA**") framework for banks. The new PCA framework has stipulated thresholds for capital ratios, non-performing assets, profitability and leverage for banks. When the PCA framework is triggered, the RBI would have a range of discretionary actions it can take to address the outstanding issues. These discretionary actions include conducting special supervisory meetings, conducting reviews, inspections and special audits of the Bank, advising banks' boards for altering business strategy, review of capital planning, restricting staff expansion, imposing restrictions on director's or management's compensation, as applicable, removing of managerial persons and superseding the Board of Directors. If we were to violate the RBI's rules and regulations and become covered by the PCA framework, it could materially and adversely affect our business, financial condition, results of operations and cash flows.

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

U.S. law generally prohibits U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries that are the subject of comprehensive sanctions and with certain persons or businesses that have been specially designated by the OFAC or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions.

We provide transfer, settlement and other services to our customers, who may be doing business with, or located in, countries to which certain OFAC-administered and other sanctions apply, such as Iran. Although we believe we have compliance systems in place that are sufficient to block prohibited transactions, there can be no assurance that we will be able to fully monitor all of our transactions for any potential violation. Although we do not believe that we are in violation of any applicable sanctions, if it were determined that transactions in which we participate violate U.S. or other sanctions, we could be subject to U.S. or other penalties, and our reputation and future business prospects in the United States or with U.S. persons, or in other jurisdictions, could be adversely affected. We rely on our staff to be up-to-date and aware of the latest sanctions in place. Further, investors in the Equity Shares could incur reputational or other risks as the result of our customers' dealings in or with countries or with persons that are the subject of U.S. sanctions.

50. ***RBI may remove any employee, managerial person or may supersede our Board of Directors in certain circumstances.***

The Banking Regulation Act confers powers on the RBI to remove from office any directors, chairman, chief executive officer or other officers or employees of a bank in certain circumstances. RBI also has the powers to supersede the board of directors of a bank and appoint an administrator to manage the bank for a period of up to 12 months in certain circumstances. The RBI may exercise powers of supersession where it is satisfied, in consultation with the Central Government that it is in the public interest to do so, to prevent the affairs of any bank from being conducted in a manner that is detrimental to the interest of the depositors, or for securing the proper management of any bank. Should any of the steps as explained herein are taken by RBI, our business, results of operations and financial conditions would be materially and adversely affected.

Risks Relating to India

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

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

52. ***Financial instability in other countries may cause increased volatility in Indian financial markets.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the prices of the Equity Shares.

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

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

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

- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian customers and Indian corporations;
- epidemic or any other public health in India or in countries in the region or globally, including in India's various neighbouring countries;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- political instability, including terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- civil unrest, acts of violence, regional conflicts or situations or war may adversely affect the financial markets;
- international business practices that may conflict with other customs or legal requirements to which we are

subject, including anti-bribery and anti-corruption laws;

- logistical and communication challenges;

- downgrading of India's sovereign debt rating by rating agencies;

- changes in government policies, including taxation policies, social and civil unrest and other political, social and economic developments in or affecting India;

- occurrence of natural calamities and force majeure events;

- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis; and

- being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so.

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

54. ***Investors may have difficulty enforcing foreign judgments in India against us or our management and enforcing actions against IFC.***

We are constituted in India. All or substantially all of our Directors and our Managing Director and Chief Executive Officer named herein are residents of India and substantially all of our assets and the assets of such persons are located in India. As a result, it may not be possible for investors outside of India to effect service of process on us or such persons from their respective jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India predicated upon our civil liabilities or such Directors and the Managing Director and Chief Executive Officer under laws other than Indian Law.

Under the provisions of the International Finance Corporation (Status, Immunities and Privileges) Act, 1958 and the United Nations (Privileges and Immunities) Act, 1947, IFC, one of our Selling Shareholders, has certain immunities, including from legal process, search, requisition, confiscation, expropriation or any other seizure or attachment in respect of its properties and assets, in India. Additionally, all officers and employees of IFC are immune from legal process with respect to acts performed by them in their official capacity. There can be no assurance that you will be able to institute or enforce any action against IFC in India. Similar limitations may exist in other jurisdictions including the US.

Risks Relating to the Equity Shares

55. ***Financial difficulty and other problems in certain financial institutions in India could materially adversely affect our business and the price of our Equity Shares.***

We are exposed to the risks of the Indian financial system by being a part of the system. The financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Such "systemic risk", may materially adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with which we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and materially adversely affect our business. Our transactions with these financial institutions expose us to various risks in the event of default by a counterparty, which can be exacerbated during periods of market illiquidity.

56. ***Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.***

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realised on the sale of Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long-term capital gains tax in India.

The recent Finance Act 2017 amendments provided that where the shares have been acquired on or after 1 October 2004 and on which STT has not been paid at the time of acquisition, then the exemption of long term capital gains under section 10(38) of the Income Tax Act 1961 would not be available. This amendment further provides that the Government will notify certain modes of acquisition to which the recent amendment made by Finance Act 2017 would not be applicable and the shares acquired by such modes of acquisition would continue to get the benefit of section 10(38) of the Income Tax Act 1961.

Further, any gain realised on the sale of listed Equity Shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. Additionally, in view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in this Issue.

57. ***Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.***

Our Articles, the instructions issued by the RBI, and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors’ fiduciary duties and liabilities, and shareholders’ rights may differ from those that would apply to a bank or corporate entity in another jurisdiction. Shareholders’ rights under Indian law may not be as extensive as shareholders’ rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a bank or corporate entity in another jurisdiction.

58. ***The market value of the Equity Shares may fluctuate due to the volatility of the Indian securities markets.***

Indian securities markets may be more volatile than and not comparable to, the securities markets in certain countries with more developed economies and capital markets than India. Indian stock exchanges have, in the past, experienced substantial fluctuations in the prices of listed securities. Indian stock exchanges (including the BSE and the NSE) have experienced problems which, if such or similar problems were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of Indian stock exchanges have, from time to time, imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Further, from time to time, disputes have occurred between listed companies, stock exchanges and other regulatory bodies, which in some cases may have a negative effect on market sentiment.

59. ***You will not, without prior RBI approval, be able to acquire Equity Shares if such acquisition would result in an individual or group holding 5.00% or more of our share capital or voting rights; you may not be able to exercise voting rights in excess of 10.00% of the total voting rights.***

The Banking Regulation Act, as amended on January 18, 2013, read with the Reserve Bank of India (Prior Approvals for Acquisition of shares or voting rights in Private Sector Banks) Directions, 2015, requires any person to seek prior approval of the RBI, to acquire or agree to acquire shares or voting rights of a bank, either directly or indirectly, beneficial or otherwise, by himself or acting in concert with other persons, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in the aggregate shareholding of such persons to be 5.00% or more of the paid-up share capital of a bank or entitles him to exercise 5.00% or more of the voting rights in a bank.

The RBI, as per Master Direction – Ownership in Private Sector Banks, Directions, 2016 released on May 12, 2016, laid out shareholding and voting rights limits in Private Sector Banks. It restricts ownership limits of individuals and non-financial entities (other than the promoter and promoter group) at 10.00% of the paid-up capital. In the case of entities from the financial sector, other than regulated or diversified or listed, the limit is 15.00% of the paid-up capital.

Further, any acquisition of shareholding/voting rights of 5.00% or more of the paid-up capital of the bank or total voting rights of the bank shall be subject to obtaining prior approval from the RBI. Such approval may be granted by the RBI if it is satisfied that the applicant meets certain fitness and propriety tests. The RBI may require the proposed acquirer to seek further RBI approval for subsequent acquisitions. Further, the RBI may, by passing an order, restrict any person holding more than 5.00% of our total voting rights from exercising voting rights in excess of 5.00%, if such person is deemed to be not fit and proper by the RBI. For further details, see “*Regulations and Policies*” beginning on page 158.

60. ***Foreign Account Tax Compliance withholding may affect payments on the Equity Shares.***

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including India) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Equity Shares, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Equity Shares, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Equity Shares, such withholding would not apply prior to 1 January 2019. Investors should consult their own tax advisors regarding how these rules may apply to their investment in the shares. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Equity Shares, no person will be required to pay additional amounts as a result of the withholding.

61. ***Our Bank may be classified as a passive foreign investment company for U.S. federal income tax purposes, which could result in materially adverse U.S. federal income tax consequences to U.S. Holders of the equity shares.***

Based on the anticipated market price of the Equity Shares, and the composition of our income, assets and operations, we do not expect to be treated as a passive foreign investment company (a "**PFIC**") for U.S. federal income tax purposes for the most recent taxable year, and do not expect to be a PFIC for the current taxable year or in the foreseeable future. However, the application of the PFIC rules is subject to uncertainty in several respects, and we cannot assure investors that the U.S. Internal Revenue Service will not take a contrary position. Furthermore, PFIC status is based in part on factual information that can only be obtained after the close of each taxable year. If we are a PFIC for any taxable year during which a U.S. Holder (as defined in "Certain Tax Considerations — Certain U.S. Federal Tax Considerations) holds the Equity Shares, certain materially adverse U.S. federal income tax consequences could apply to such U.S. Holder. See Section "*Certain Tax Considerations— Certain U.S. Federal Income Tax Considerations — Passive Foreign Investment Company*" on page 85.

62. ***We may be classified as a passive foreign investment company for U.S. federal income tax purposes, which could result in materially adverse U.S. federal income tax consequences to U.S. Holders of the Equity Shares.***

Based on the anticipated market price of the Equity Shares, and the composition of our income, assets and operations, we do not expect to be treated as a passive foreign investment company (a "**PFIC**") for U.S. federal income tax purposes for the most recent taxable year, and do not expect to be a PFIC for the current taxable year or in the foreseeable future. However, the application of the PFIC rules is subject to uncertainty in several respects, and we cannot assure investors that the U.S. Internal Revenue Service will not take a contrary position. Furthermore, PFIC status is a factual determination that can only be made annually after the close of each taxable year. If we are a PFIC for any taxable year during which a U.S. Holder (as defined in "*— Certain U.S. Federal Tax Considerations*" beginning on page 84) holds the Equity Shares, certain materially adverse U.S. federal income tax consequences could apply to such U.S. Holder. See "*— Certain U.S. Federal Income Tax Considerations — Passive Foreign Investment Company*" on page 85.

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

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

Prominent Notes:

1. Initial public offer of 119,280,494 Equity Shares* of ₹ 10 each for cash at a price of ₹ 375 per Equity Share (including a share premium of ₹ 365 per Equity Share) aggregating to ₹ 44,730.19 million*. The Issue comprises of a Fresh Issue of 97,663,910 Equity Shares* aggregating to ₹ 36,623.97 million* and an Offer for Sale of 21,616,584

Equity Shares* aggregating to ₹ 8,106.22 million* by the Selling Shareholders.

** Subject to finalisation of Basis of Allotment*

2. In terms of Rule 19(2)(b) of the SCRR, the Issue constitutes 10% of the post-Issue paid-up Equity Share capital of our Bank. The Issue has been made through the Book Building Process, in compliance with Regulation 26(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be available for allocation, on a proportionate basis, to QIBs. Our Bank, in consultation with the Book Running Lead Managers and with intimation to the Selling Shareholders, allocated 60% of the QIB Portion to Anchor Investors on a discretionary basis. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids having been received at or above the Issue Price. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders, subject to valid Bids having been received at or above the Issue Price.

3. Our net worth as on March 31, 2017 was ₹ 44,464.5 million as per our Restated Summary Statements. Our Net Asset Value per Equity Share was ₹ 40.60 as at March 31, 2017, as per our Restated Summary Statements. For details, see "*Financial Statements*" beginning on page 197.

4. The average cost of acquisition of Equity Shares by our Promoters is ₹ 26.17 per Equity Share. For details, see "*Capital Structure*" beginning on page 65.

5. There has been no change in our Bank's name since incorporation.

6. There has been no financing arrangement whereby our Promoter Group, the directors of our Promoters, the Directors of our Bank and their relatives, have financed the purchase by any other person of securities of our Bank other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus with SEBI and until the date of this Prospectus.

7. Investors may contact any of the Book Running Lead Managers as well as the Registrar to the Issue for any complaint pertaining to the Issue. For details of the Book Running Lead Managers and the Registrar to the Issue, see "*General Information*" beginning on page 57.

8. The aggregate short-term loans and advances given to a related party of our Bank for Fiscal Year 2017 was nil, and accordingly, the value of the aggregate short-term loans and advances given to a related party of our Bank as a percentage of net worth of our Bank for the Fiscal Years 2017, 2016 and 2015 was nil.

9. The aggregate revenue from operations of our Bank from related party transactions for Fiscal Year 2017 was nil, and accordingly, the value of the revenue from operations of our Bank from a related party of our Bank as a percentage of the total revenue of our Bank, for Fiscal Years 2017, 2016 and 2015 was nil.

10. All grievances, in relation to the Bids through ASBA process, may be addressed to the Registrar to the Issue, with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted, quoting the full name of the sole or first Bidder, ASBA Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of submission of ASBA Form, address of Bidder, the name and address of the relevant Designated Intermediary, where the ASBA Form was submitted by the Bidder and ASBA Account number in which the amount equivalent to the Bid Amount was blocked. Further, the Bidder shall enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents or information mentioned hereinabove. Further, all grievances of the Anchor Investors may be addressed to the Registrar to the Issue, giving full details such as the name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the Book Running Lead Managers where the Bid cum Application Form was submitted by the Anchor Investor.

SECTION III: INTRODUCTION

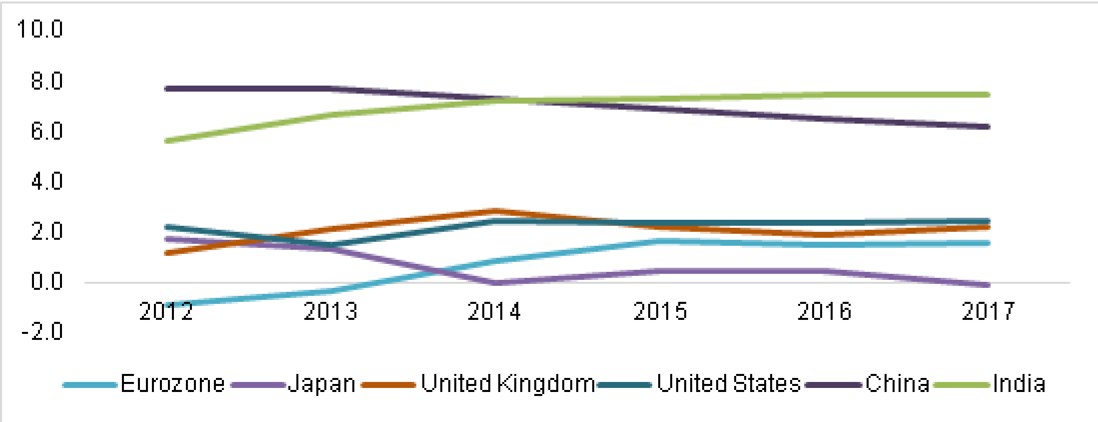
SUMMARY OF INDUSTRY

Investors should note that this is only a summary of the industry in which our Bank operates and does not contain all information that should be considered before investing in the Equity Shares. Investors should read this Prospectus, including the information in "Industry Overview" and "Financial Information" beginning on pages 88 and 197, respectively. An investment in the Equity Shares involves a high degree of risk and for details relating to such risks, see "Risk Factors" beginning on page 16.

THE INDIAN ECONOMY

India is one of the fastest-growing economies in the world. Over the past three fiscal years, India has grown as a result of an improved growth-inflation mix. Fiscal and monetary policies have focused on raising both the quality and rate of growth while reducing India's deficit. The Government of India has adopted a framework targeting inflation while modernising its central banking system. Consequently, CRISIL views an improvement in India's financial stability and ability to withstand global economic events in comparison with the past.

GDP growth (percentage change)



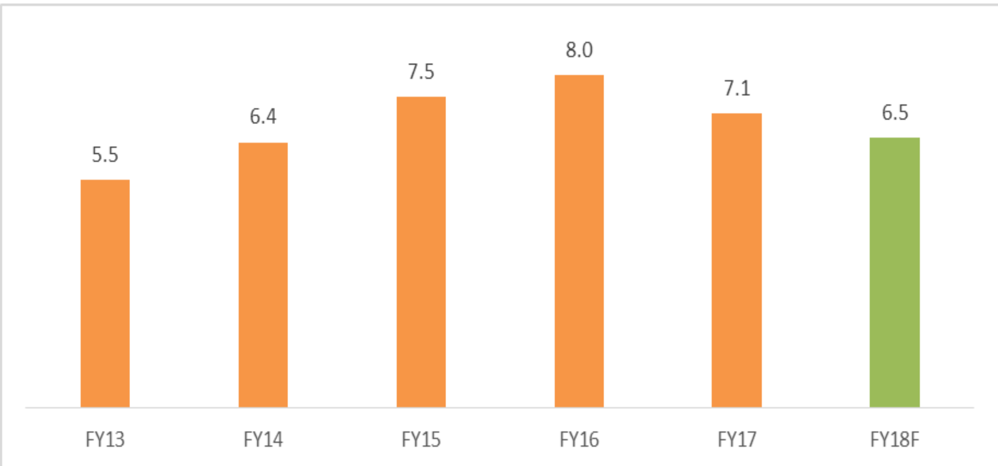
Source: IMF, CRISIL Research (September 2017)

Outlook on GDP growth

Growth forecast at 6.5% in fiscal year 2018; to pick up pace gradually

CRISIL Research estimates GDP growth in fiscal year 2018 at 6.5% driven by growth in agriculture and services sector.

Annual GDP growth (%)



F: Forecast

Source: Central Statistics Office (CSO), CRISIL Research (January 2018)

On the external front, however, global growth prospects this fiscal year seem better to have improved relative to the preceding fiscal year. Factors such as the falling trade intensity of growth, geo – political risks and uncertainties surrounding the pace of normalisation of monetary policy in advanced nations, and appreciation of the Rupee, could limit the impact of the contribution of exports on India's domestic economic growth. Manufacturing growth could, therefore, slow to 7.6% in fiscal year 2018 from 4.6% in fiscal year 2017.

Agricultural growth expected to be buoyant

Rainfall in 2017 has been 5% below the long-term average for India. Six states have seen rainfall levels fall 10% or more blow what is considered normal for India, whereas nearby eight states received rainfall levels exceeding the norm in India, causing floods and associated damage.

Rainfall across India has been uneven. Some large crop – producing states, such as Haryana, Uttar Pradesh and Punjab, had reduced rainfall, but the impact is by and large minimal on crop production, as these regions are able to rely on large irrigation cover to supplement their water needs. On the other hand, Kerala, Madhya Pradesh and Karnataka have also received inadequate rainfall to support crop production, and these states are unable to rely on extensive irrigation cover to supplement their water. However, as Kerala, Madhya Pradesh and Karnataka together contribute less than 5% of all kharif production in India, the overall level of sowing is progressing at a healthy pace.

As of August 2017, total kharif sowing was 3.3% higher on – year, and 5% higher than what is considered normal for India. However, given the high base of 4.9% in the fiscal year 2017, CRISIL Research expects agriculture to grow by 2.1% in fiscal year 2018.

Services sector estimated to grow at 8.3% in fiscal year 2018

The services sector may perform a little better this fiscal year as CRISIL Research expects some improvement in areas such as trade, hotels & transportation (as agriculture production remains robust and construction activity is expected to gather pace), and financial services, real estate and professional services (on account of improved performance of the capital markets, and some pick-up in consumer credit on the back of improved rate transmission post demonetisation). On the whole, CRISIL Research estimates services sector growth at 8.3% in fiscal year 2018 compared with 7.7% in fiscal year 2017.

Structural reforms to push economic growth higher in the next five years

CRISIL Research expects the pace of economic growth to pick up in the medium term, as structural reforms, such as GST and the bankruptcy code, aimed at removing constraints and raising the trend rate of growth, begin to have an impact on the economy. Assuming the monetary and fiscal policies remain prudent, these reforms would lead to efficiency gains and improve the prospects for sustainable high growth in years to come. An improving macroeconomic environment (softer interest rate and stable inflation), urbanisation, rising middle class, and business-friendly government reforms, will drive growth in the long term. As per the IMF forecast, the Indian economy is projected to grow at a 7.7% CAGR over the next five years. Growth in India will be higher than many emerging and developed economies, such as Brazil, Russia and China.

Savings Scenario

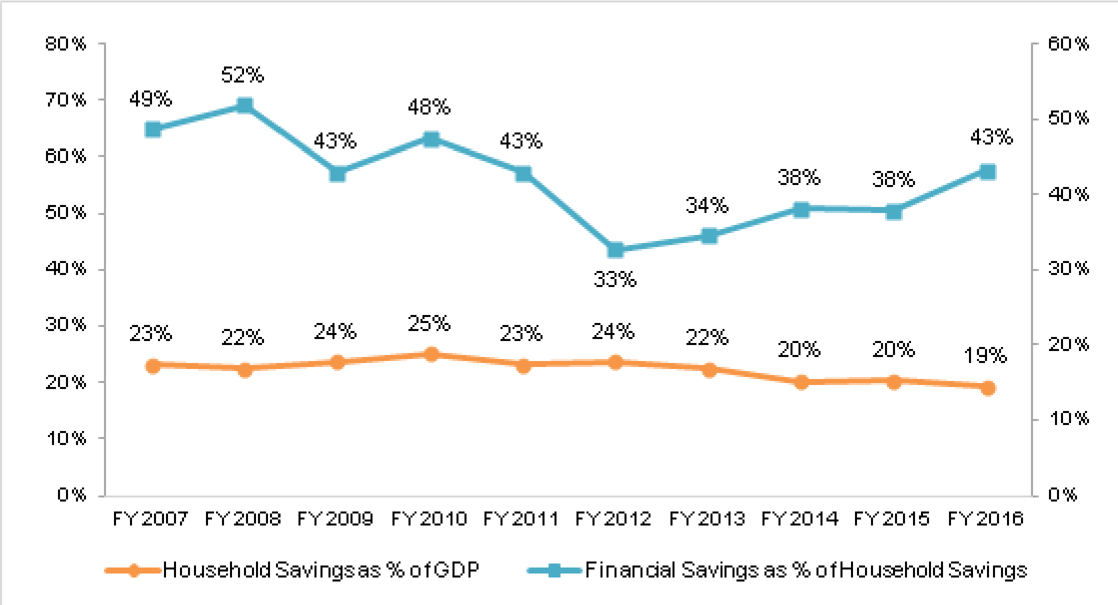
Strong growth foreseen in household financial savings

While CRISIL Research projects GDP growth in India to improve, control over inflation is another key structural positive. When the country witnessed rainfall 23% less than the norm during the monsoon in fiscal year 2010, consumer price index-linked (CPI) inflation climbed to 12.4%. However, despite two similar low rainfall monsoons in CY2014 and CY2015, CPI inflation averaged 6% in fiscal year 2015 dropping to 5% in fiscal year 2016 and 2017. In fiscal year 2018, CRISIL Research expects CPI inflation to fall further, to average 4%. Over the long term too, the Reserve Bank of India (RBI) is committed to keep inflation low and within a range. Lower inflation provides impetus to overall savings, as people can increase their saving.

In the past eight years ending fiscal year 2017, household savings in financial assets have grown at a CAGR of 12%.With rising income and inflation under control, the household savings rate (household savings as a percentage of GDP) is likely to increase gradually. Although the share of household savings has remained subdued since fiscal year 2012, the proportion of financial savings has increased significantly during the period.

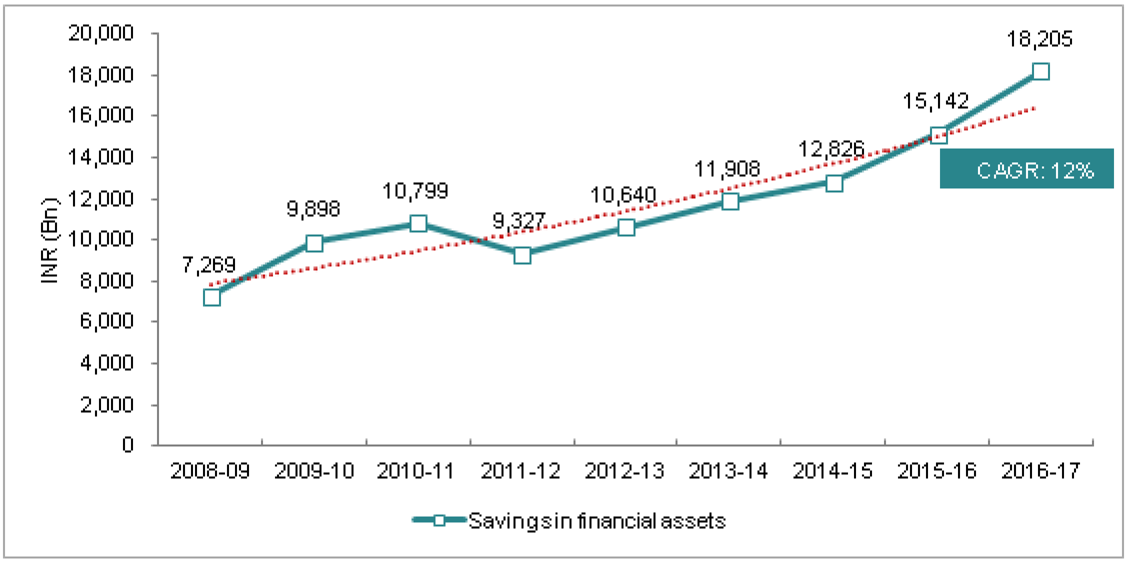
Furthermore, benign inflationary pressures would reduce the attractiveness of gold and real estate – which represent the physical savings of households – as investment alternatives. Consequently, the share of financial savings within household savings could rise further from 43% in fiscal year 2016.

Trend in household savings and financial savings



Source: RBI, CRISIL Research September 2017

Trends in savings in financial assets



Source: RBI, CRISIL Research September 2017

SUMMARY OF BUSINESS

Investors should note that this is only a summary of our business and does not contain all information that should be considered before investing in the Equity Shares. Investors should read this Prospectus, including the information in the sections "Risk Factors" and "Financial Information" on pages 16 and 197, respectively. An investment in the Equity Shares involves a high degree of risk and for details relating to such risks, see "Risk Factors" beginning on page 16.

Overview

We are a commercial bank focused on serving underbanked and underpenetrated markets in India. We have a banking license that permits us to provide banking services pan-India across customer segments. We currently offer a variety of asset and liability products and services designed for micro banking and general banking, as well as other banking products and services to generate non-interest income.

We were incorporated on December 23, 2014 and began operations on August 23, 2015 when Bandhan Financial Services Limited ("**BFSL**"), our ultimate parent company, transferred its entire microfinance business to us and we simultaneously commenced general banking activities. Bandhan Konnagar was formed in 2001 as a non-governmental organisation ("**NGO**") providing microfinance services to socially and economically disadvantaged women in rural West Bengal. BFSL started its microfinance business in 2006 and the NGO transferred its microfinance business to BFSL in 2009 and thereby the entire microfinance business was undertaken by BFSL. By the time BFSL transferred its microfinance business to us, it was India's largest microfinance company by number of customers and size of loan portfolio. We believe that the "Bandhan" brand is instrumental to our success.

Our strength lies in microfinance, including a network of 2,022 doorstep service centres ("**DSCs**") and 6.77 million micro loan customers that BFSL transferred to us, which we have grown to 2,633 DSCs and 9.86 million micro loan customers as of December 31, 2017. To complement our micro loan business, since obtaining our banking license we have also focused particularly on creating a strong general banking business. To this end, we launched our general banking business on August 23, 2015 by opening a greenfield network of 501 bank branches and 50 automated teller machines ("**ATMs**"), which as of December 31, 2017 we have grown to 887 bank branches and 430 ATMs, together serving over 2.13 million general banking customers. Our distribution network is particularly strong in East and Northeast India, with West Bengal, Assam and Bihar together accounting for 56.37% and 57.58% of our branches and DSCs as of December 31, 2017, respectively, though our focus is to expand across India.

We currently offer a variety of asset and liability products and services designed for micro banking and general banking. Our asset products consist of retail loans including a substantial portfolio of micro loans, as well as micro, small and medium enterprise ("**SME**") loans and small enterprise loans. As of December 31, 2017, 96.49% of our Gross Advances were in priority sector lending ("**PSL**") compliant with the Reserve Bank of India ("**RBI's**") PSL requirements. Our liability products consist of savings accounts, current accounts and a variety of fixed deposit accounts. Since beginning banking operations, we have built a strong base of current account and savings account deposits, which together stood at ₹84,018.45 million as of December 31, 2017, a CASA ratio of 33.22%. We believe that our CASA ratio provides us a stable source of low-cost funding, allowing us to provide cost-effective loans to our target customer base. Moreover, as of December 31, 2017, our retail-to-total deposit ratio stood at 85.07%.

In addition to our loan and deposit products, we also offer other banking products and services to generate non-interest income and cater towards the additional needs of our customers. These products and services include debit cards, internet banking, mobile banking, EDC-POS terminals, online bill payment services and the distribution of third-party general insurance products and mutual fund products. In addition, because our PSL portfolio significantly exceeds the RBI's PSL requirements, we generate PSL certificates that we are able to sell to other banks, providing us with an additional stream of non-interest income.

As of December 31, 2017, our deposits and Gross Advances (including IBPC/Assignment) stood at ₹252,939.56 million and ₹243,643.89 million, respectively. For the nine months ended December 31, 2017 and 2016, we had net interest margins ("**NIMs**") of 9.86% and 10.34%, return on equity ("**RoE**") of 25.55% and 27.88% and return on assets ("**RoA**") of 4.07% and 4.39%, respectively (each on an annualised basis). For FY 2017 and FY 2016, we had Total Income of ₹43,201.23 million and ₹17,312.54 million and profit after tax as restated of ₹11,119.52 million and ₹2,752.47 million, respectively. As we only began operations on August 23, 2015, figures for FY 2016 include our micro banking and general banking operations only for the period from August 23, 2015 to March 31, 2016, and accordingly, our FY 2016 financial statements are not comparable with our FY 2017 financial statements. Our unsecured subordinated non-convertible debenture instruments were rated CARE AA- (Stable) by Care Ratings Limited and AA-(Positive) by ICRA. Our rating for term loans are rated AA- (Positive) and our certificates of deposit are rated A1+ by ICRA.

Strengths

Operating Model Focused on Serving Underbanked and Underpenetrated Markets

We are a commercial bank focused on serving underbanked and underpenetrated markets in India. Our historical strength lies in microfinance, with our group beginning operations in 2001 as an NGO providing microfinance services to socially and economically disadvantaged women in rural West Bengal. While our business model has transitioned over the years, operating as an NGO and then a non-bank finance company ("**NBFC**") before becoming a bank, the provision of micro loans to women has remained the core focus. We believe that this focus provides us with significant competitive advantages as described below.

We reach our micro loan customers largely through our extensive network of doorstep service centres, which are low overhead banking outlets located nearby our customers. Given their low overhead, DSCs are a cost effective means of reaching micro loan customers, who generally are underbanked.

In addition, our focus on underbanked and underpenetrated markets allows us to meet certain regulatory requirements. In particular, the RBI requires (i) that banks locate at least 25% of their banking outlets in what it calls "unbanked rural" areas, and (ii) that at least 40% of all lending be made to "priority sectors", which includes micro loans. Therefore, while traditional commercial banks may not be well suited to targeting unbanked rural areas or providing PSL-compliant lending, and thus see a drag on their profitability and yields as a result of those requirements, we do not. Rather, we target these segments by choice, operating a low-cost network designed to cost-effectively and profitably reach these segments. In particular, according to CRISIL Research, Eastern and Northeastern India, which are our strongest markets, have the lowest presence of bank branches per capita of any regions in India. See "*Industry Overview*". As we focus specifically on serving underbanked and underpenetrated markets, 29.15% of our banking outlets were located in unbanked rural areas and 96.49% of our Gross Advances were PSL compliant, each as of December 31, 2017.

By the time BFSL transferred its microfinance business to us in 2015, it was India's largest microfinance company by asset size. This scale, experience and history in micro loans, combined with our general banking business, provides us with significant synergies, including (i) our brand recognition, with its roots in financial inclusion, engenders good will and loyalty, (ii) our established distribution network and customer relationships, which we believe provides us with a strong base of customers who may one day require more general banking services as they improve their economic situation, providing a potential customer pipeline for products such as home, business and other loans and third-party insurance and investment products and (iii) the fact that we are able to use the low cost of funds provided by banking deposits to reduce our rates on micro loans and capture market share while building customer loyalty.

Consistent Track Record of Growing a Quality Asset and Liability Franchise

Our micro loan business began in 2001 as part of Bandhan Konnagar, an NGO. Our microloan business was then transitioned to BFSL, an NBFC in 2009, which then established us as a bank and transferred the micro loan business to us in 2015. Across these phases of development, our micro loan business has consistently grown a quality asset base. Since we began our general banking business, we have grown to offer a broad and diversified range of asset and liability products to our customers, while maintaining strong asset quality.

Since March 31, 2016, our Gross Advances (including IBPC/Assignment) have grown from ₹155,784.35 million to ₹243,643.89 million as of December 31, 2017, while our customers have increased from 6.77 million to 11.99 million, respectively. On the liability side, our deposits have grown from zero as of August 23, 2015, when we opened our general banking business, to ₹252,939.56 million as of December 31, 2017, with our CASA ratio standing at 33.22% as of December 31, 2017 and our retail-to-deposit ratio standing at 85.07% as of December 31, 2017. The growth in our liability business has led to a reduction in our cost of funding, as we have been able to increasingly tap into low-cost deposits. We believe that our access to low cost deposits provides significant synergies with our focus on micro lending by allowing us to lower the interest rates we charge on our micro loans while maintaining profitable spreads, thus allowing us to further grow our portfolio and capture market share.

Our growth has been achieved despite difficult conditions in India's micro finance industry and banking industry. For example, while a crisis in the southern state of Andhra Pradesh beginning in 2010 led to significant pressure on the microlending industry and significant write-offs amongst microfinance institutions, our micro loan business thrived at the time, growing from India's fourth largest microloan portfolio as of March 31, 2010 to India's largest microloan portfolio as of March 31, 2012. Moreover, as demonetisation in late 2016 contributed to gross NPAs for the banking industry exceeding 16% (according to CRISIL Research) for fiscal year 2017, our percentage of Gross NPA to Gross Advance (excluding IBPC/Assignment) was 0.51% as of March 31, 2017.

We focus on growing in a sustainable manner and not at the expense of sacrificing our asset quality. As of December 31, 2017, our percentage of Gross NPAs to Gross Advances (excluding IBPC/Assignment) ("**NPAs**") was 1.67% of our portfolio. We believe that our strong NPA position is largely driven by our group-based individual lending model, our focus on income-generating loans made to women, our strong systems to track loan utilization, monitor credit and ensure collection, and our extensive risk management practices, such as lending progressively higher amounts only to members who have built up a track record of good repayment, which taken together have led to low rates of default. Moreover, we are conservative in our approach to providing for non-performing loans, providing for them sooner and in higher amounts than required under RBI regulations. As on December 31, 2017 and for FY 2017, our Provision for NPA was ₹2,021.73 million and ₹250.92 million, respectively.

Extensive, Low Cost Distribution Network

We provide our products and services primarily through an extensive physical network of branches, DSCs and ATMs. We began operations on August 23, 2015 with 6.77 million customers and 2,022 DSCs from our micro loan business, as well as 501 branches and 50 ATMs that we established for our general banking business. This extensive footprint that our micro loan business provided allowed us to expand into the general banking market in a way that a new entrant into the market could not, enabling us to tap into the large and growing Indian retail banking market rapidly and profitably. We have since grown so that as of December 31, 2017, we operated in 33 States and Union Territories in India, reaching 11.99 million customers through 887 branches, 2,633 doorstep service centres and 430 ATMs, with 2.13 million of our customers belonging to our general banking business. Our distribution network is particularly strong in East and Northeast India, with West Bengal, Assam and Bihar together accounting for 56.37% and 57.58% of our branches and DSCs as of December 31, 2017, respectively, though our focus is to expand across India. As of December 31, 2017, we had 27,176 employees spread across our Bank.

In addition to being extensive, our distribution network is relatively low cost, which in particular is a result of our "hub and spoke" model of using DSCs and associated bank branches, as well as our focus on tech initiatives. This low-cost model is demonstrated by our operating cost-to- income ratio was 35.38% and 36.31% for the nine months ended December 31, 2017 and for FY 2017, respectively.

We operate our DSCs and branches on a hub and spoke model, whereby on average every three to four DSCs are linked to a corresponding bank branch in their area. Customers of these DSCs automatically become customers of the associated bank branches, allowing them to open accounts and conduct their banking needs at the associated branch. Through our DSCs, we are able to provide personalised services in close proximity to our customers. Moreover, this "hub and spoke" model provides us with a low cost means of extending our network deep into underbanked areas in India, as our DSCs have low overhead. For example, our DSC employees use handheld devices connected via the Internet to our core banking system to process loan applications, allowing us to keep IT costs low compared to a bank branch, which requires full-fledged computer terminals.

In addition to our physical network, we also provide debit cards, as well as offer a comprehensive suite of digital solutions, including a mobile banking app and online banking. These channels help with efficient, yet secure, customer outreach, particularly for our liability products and general banking customers, who tend to be more tech savvy. On the asset side, our digital and technology initiatives are generally focused on reducing processing time, so that we can quickly respond to customer requests, and on reducing operating costs.

Customer-Centric Approach

Our mission is to provide our customers accessible, simple, cost-effective and innovative financial solutions in a courteous and responsible manner. In furtherance of this mission, we design products that cater to the specific needs of our customers, such as offering educational micro loans and healthcare micro loans so that our customers can further their or their families' educations and ensure that they or their families can pay for medical treatment. On the liability side, we offer a variety of daily deposits, recurring deposits, and other services so that our customers can realise their savings goals within the means available to them. Similarly, we insure all of our micro loan customers, so that if they pass away their loan balance is paid off in full without their family needing or feeling pressured to repay the loans.

We also seek to pass on the benefits of our low cost of funds to our customers, and since becoming a bank have lowered our interest rates on micro loans from 22.4% to 21.0% in August 2015 to 18.52% to 18.40% as of December 31, 2017. In addition, we provide financial education and borrower's training to certain groups of current and potential customers, helping to increase their financial literacy and willingness to take micro loans.

We undertake these initiatives to foster customer loyalty, encourage the timely repayment of loans by our customers, increase the likelihood that our customers will take additional loans from us rather than our competitors, and increase the likelihood that our customers will use us for their general banking and financial needs, including savings products, insurance products and investment products.

Consistent Financial Performance and Robust Capital Base

We have since our inception delivered consistent financial results for our shareholders and are currently in a robust financial position that, we believe, will enable us to grow our business quickly. Our Net Interest Income in FY 2016 amounted to ₹9,328.36 million, while Net Interest Income in FY 2017 amounted to ₹24,034.98 million. Our net interest margin for the nine months ended December 31, 2017 was 9.86%, while our return on assets and return on equity were 4.07% and 25.55%, respectively (each on an annualised basis). Our cost-to-income ratio for the nine months ended December 31, 2017 was 35.38% (on an annualised basis). Additionally, since beginning operations we have generated increasing non-interest income as a percentage of our overall income, improving from 8.66% for March 2016 to 35.38% for the nine months ended

December 31, 2017. This increase in non-interest income has helped to improve our margins and returns.

In addition to our consistent financial performance, we are well capitalised with a robust capital base. We have grown our Gross Advances (including IBPC/Assignment) from ₹155,784.35 million as of March 31, 2016 to ₹243,643.89 million as of December 31, 2017 and our total deposits from ₹120,887.48 million as of March 31, 2016 to ₹252,939.56 million as of December 31, 2017. Of our total deposits, our share of retail deposits has increased from 37.95% as of March 31, 2016 to 85.07% as of December 31, 2017. Moreover, our CASA ratio has improved from 21.55% as of March 31, 2016 to 33.22% as of December 31, 2017. Our CASA ratio and large percentage of retail deposits provide us with stable access to low cost funding. Moreover, we are well above regulatory capital requirements, having as of December 31, 2017 a statutory liquidity ratio ("**SLR**"), cash reserve ratio ("**CRR**") and capital adequacy ratio ("**CAR**") of 24.90%, 4.12% and 24.85%, as compared to requirements of 19.50%, 4% and 13%, respectively. We believe that this strong capital base places us well to pursue the further growth of our business. As a result of our performance for the year ended March 31, 2016 and nine months ended December 31, 2017, our return on assets increased from 3.07% to 4.07%, respectively, while our return on equity increased from 15.96% to 25.55%, respectively (each on an annualised basis).

Experienced and professional team, backed by strong independent board

Our management team has a strong track record and significant experience in the microfinance and banking industries. Our founder, Managing Director and Chief Executive Officer, Mr. Chandra Shekhar Ghosh, has 37 years of experience in the Indian microfinance industry. Throughout his career, Mr. Chandra Shekhar Ghosh has been the recipient of numerous accolades, including a lifetime contribution honour from the Microfinance India Awards for his contributions to the microfinance sector, and designation as a Senior Ashoka Fellow. The members of our senior management have a track record that combines professional and entrepreneurial skills in microfinance and banking, with an average of 23.9 years' experience in the financial services industry. We believe that this commitment and experience of our senior management will help us to drive the growth of our business and maintain the continuity of our company culture after our listing, all while continuing to focus on creating and maintaining shareholder value.

Our management team is supported by a strong and independent board, which provides us with robust corporate governance oversight. Eight out of the twelve directors on our board are Independent Directors, and each member possesses knowledge and experience in the fields of microfinance and/or banking.

Beyond our senior management team and board, our employees are a critical asset for our business. We typically hire our employees from villages and the locations that we serve, helping our employees to relate and connect with the client base in each region that we service. Our employees receive initial and ongoing standardized training in order to build a platform of consistent knowledge and skills. We operate eight training centres across India, and our training programmes allow our employees to upgrade their skill sets while providing us with consistent quality across our operations. Moreover, our training programmes provide employees with instruction on work ranging from our DSCs to branch offices, while allowing us to recruit local talent in the locations we serve. The skill of our employee base provides us with a deep roster of talent that can form the base of our management teams in the future, and employee advancement through our DSCs, branches and management teams has enabled us to maintain our core values as an organisation.

Strategy

Maintain focus on micro lending while expanding further into other retail and SME lending

As India's largest micro lender in terms of overall advances as of March 2017 (according to CRISIL Research),we will aim to maintain our leading position in the micro lending space while expanding further into other retail and SME lending in order to capitalise on growth opportunities in India's micro lending and banking industries. We expect the Indian market for micro banking and general banking to continue to grow in the foreseeable future.

We seek to leverage on our existing network and reputation and the scalability of our business model to benefit from this growth potential by opening new branches and centres and attracting new members all across India. Our network is particularly strong in East and Northeast India, with West Bengal, Assam and Bihar together accounting for 56.37% and 57.58% of our branches and DSCs as of December 31, 2017, respectively. While East and Northeast India are our strongholds, we are continuing to develop a pan-Indian network, and our strategy is to increasingly diversify our geographical footprint. Accordingly, we have increased our footprint to 33 State and Union Territories from 24 State and Union Territories when we began banking operations.

In order to grow our asset portfolio, we intend to open branches and DSCs where we can grow our customer base for micro loans as well as tap into the rural affluent and mass affluent populations in order to grow our retail and SME lending. We may also open targeted branches in urban areas in order to grow our business amongst urban mass market customers. In addition to expanding our network, we will also seek to grow our business by increasing our digital reach and by leveraging on our broad network and customer base to improve cross-selling opportunities and improve our wallet share of customers.

We also intend to use our existing branches to penetrate into villages where we already have a presence and where we believe we can benefit from our strong reputation to increase our customer base. Through the increased customer base driven by greater geographical presence, we believe we will enhance our market position, establish greater brand recognition and continue to grow our business.

While we intend to grow, we aim to do so in a selective and calculated manner, focusing on attractive and profitable expansion opportunities.

Continue to strengthen our liability franchise

We aim to strengthen our liability franchise with a particular focus on growing our deposit base in order to provide a stable, low-cost source of funding. Our primary focus for funding is to seek retail deposits, as opposed to wholesale deposits or other forms of funding. We intend to seek retail deposits due to their particularly low cost of funds and because, we believe, that retail customers are more loyal and therefore their deposits more secure than wholesale customers.

We intend to grow our retail deposit base through the continued expansion of our branch network to reach new customers and by providing a convenient banking experience to our customers to meet the needs of their particular demographics. In addition to the rural and semi-urban branches that we intend to open to enhance our asset base, and in order to fund those assets, we will also seek to selectively open branches specifically focused on collecting deposits in urban areas where there is a large potential deposit base. We also believe that our existing branches, as they become more mature, will continue to be a source of additional new deposits and hence strengthen our funding base.

In addition to expanding our branch network, we will also seek to develop products and services designed for our rural and urban mass retail customers, as well as by continuing to actively promote our accounts and deposits, and by offering attractive interest rates. For example, we recently launched additional products and services designed for non-resident Indians ("**NRIs**") and foreign currency remittances, in order to increase our business with the large Indian diaspora. Moreover, we believe that our broad micro banking platform provides us with opportunities to receive deposits from relatively underbanked and unbanked segments of Indian society as they become increasingly affluent over time.

Since becoming a bank, we have consistently grown our deposit base, from nil when we began operations to ₹ 120,887.48 million, ₹ 232,286.58 million and ₹ 252,939.56 million as of March 31, 2016, March 31, 2017 and December 31, 2017, respectively. Our focus on retail deposits has enabled us to build a strong CASA position and retail-to-deposit ratio, standing at 33.22% and 85.07% as of December 31, 2017, respectively, providing us with stable access to low cost funding.

Boost share of non-interest income

We intend to complement income from our core asset products with non-interest income from other sources in order to diversify our income stream and improve our margins. In particular, we will seek to leverage our strong PSL-compliant portfolio by increasingly selling PSL certificates to non-PSL compliant banks. Additionally, in 2017 we entered into arrangements to begin distributing third-party insurance products and third-party mutual funds, in return for which we receive a commission based upon the value of insurance product or mutual fund sold. We will also commence distribution of life insurance products as a corporate agent in December 2017, for which we have received a license from IRDAI. As we expand our network, we expect to increase the size of our PSL-compliant loan portfolio as well as grow the distribution of third party products, thereby increasing our income stream from both sources.

We have also commenced inward and outward foreign currency remittances. The service is made available to non-resident Indians ("**NRI**") and resident Indian customers within defined regulatory guidelines. These remittance services will provide a further stream of non-interest income for us.

Enhance our digital platform to improve customer acquisition and retention and reduce costs

We believe that proactive adoption and development of digital and technology offerings are critical to running a competitive bank. Therefore, we are continually investing to enhance our digital and technology platform as a means of driving enhanced customer satisfaction, enhanced customer retention and reduced costs.

For example, we have established internet banking facilities, a mobile banking app, online and mobile payment modes for cashless payments, e-commerce payments through Verified by Visa and Rupay Pay Secure, and other online payment and other services. We are also implementing online investment options allowing customers to invest in mutual funds and buy shares in initial public offerings, as well as further online payment systems such as the Unified Payment Interface, the Bharat QR Code and the Aadhaar Enabled Payment System, in addition to online KYC and other services.

By furthering our digital and technology platform, we believe that we can reduce our operating costs and increase efficiencies, as customers migrate towards digital solutions and away from traditional branch banking. Moreover, with a more advanced information technology platform, we believe we will reduce risks, costs and errors and operate with greater cohesiveness and efficiency.

Further, as we develop a track record of long-standing digital relationships with our customers, we expect that we will be able to engage in data analytics with the goal of more proactively addressing our customers' banking and financial needs. We believe that this will help us to increase cross-selling opportunities not only of our own products but also the third-party products that we distribute, such as insurance and mutual funds.

Enhance retail banking systems and procedures to improve efficiency

We intend to enhance our retail banking systems and procedures in order to improve our retail banking efficiency. Whereas the performance of our micro loan business and DSC network have been refined for over 15 years, as a comparatively new player in the general banking segment we are seeking to build that same level of refinement for our retail banking operations. In furtherance of this, we are taking a number of steps, including improving the efficiency of work undertaken in our branches, increasing multi-tasking by our branch employees, and closely monitoring the interaction between our DSCs and linked branches to optimise the linkage between them. We believe that by building the same level of skill and expertise in our retail banking operations that we have developed in our micro loan operations, this will result in reduction of costs and thereby improve profitability. For example, we are utilising our employee training centres throughout India, which were initially developed to train micro banking staff, to train staff hired into our general banking business.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the Restated Summary Statements as at and for nine month ended December 31, 2017 and the financial years ended March 31, 2017, 2016 and 2015.

The Restated Summary Statements referred to above are presented under "Financial Statements" beginning on page 197. The summary financial information presented below should be read in conjunction with the Restated Summary Statements, the notes thereto and "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 197 and 384, respectively.

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Statement of Assets and Liabilities

(₹ In million)

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Capital & Liabilities				
Capital	10,951.41	10,951.41	10,951.41	5,010.50
Reserves & Surplus	43,090.14	33,513.14	22,393.62	5.76
Deposits	252,939.56	232,286.58	120,887.48	-
Borrowings	13,306.94	10,289.38	30,516.48	-
Other liabilities and provisions	11,904.50	15,320.39	12,816.01	252.62
Total	**332,192.55**	**302,360.90**	**197,565.00**	**5,268.88**
Assets				
Cash and balances with Reserve Bank of India	12,587.07	60,120.66	8,102.87	0.10
Balance with Banks and Money at call and short notice	11,332.04	13,529.33	23,631.13	4,012.50
Investments	72,911.64	55,164.87	37,580.34	-
Advances	229,307.47	168,390.78	124,375.46	-
Fixed Assets	2,329.80	2,517.86	2,372.31	1,086.12
Other Assets	3,724.53	2,637.40	1,502.89	170.16
Total	**332,192.55**	**302,360.90**	**197,565.00**	**5,268.88**
Contingent liabilities	300.71	236.30	49.02	1,030.33
Bills for collection	-	-	-	-

Statement of Profit and Loss

(₹ In million)

	Nine months ended December 31, 2017	Year ended March 31, 2017	Year ended March 31, 2016	Period ended March 31, 2015
I. Income				
Interest Earned	34,517.02	39,087.09	15,813.61	-
Other Income	5,028.05	4,114.14	1,498.93	79.53
TOTAL	**39,545.07**	**43,201.23**	**17,312.54**	**79.53**
II. Expenditure				
Interest Expended	12,828.70	15,052.11	6,485.25	-
Operating Expenses	9,453.35	10,220.05	6,159.18	56.48
Provisions & Contingencies	2,651.27	884.35	533.01	-
TOTAL	**24,933.32**	**26,156.51**	**13,177.44**	**56.48**
III. Profit before tax	14,611.75	17,044.72	4,135.10	23.05
IV. Tax Expenses				
- Current tax	5,413.80	6,251.83	1,695.38	25.80
- Deferred tax	(379.05)	(326.63)	(312.75)	(8.51)
TOTAL	**5,034.75**	**5,925.20**	**1,382.63**	**17.29**
Profit after tax as restated	**9,577.00**	**11,119.52**	**2,752.47**	**5.76**
Earnings per Share				
Basic & Diluted (Rs.)	8.74	10.15	3.40	0.01
Face value per share (Rs.)	10	10	10	10

* *Not annualised*

Statement of Cash Flows

(₹ In million)

Particulars	Nine months ended December 31, 2017	Year ended March 31, 2017	Year ended March 31, 2016	Period ended March 31, 2015
A. Cash flow from Operating Activities :				
Profit Before Taxation	14,611.75	17,044.72	4,135.10	23.05
Adjustments for :				
Depreciation and amortization	623.42	668.52	357.74	0.04
Provision on Standard Assets	517.08	324.05	511.70	-
Provision for non-performing assets and other contingencies	1,743.33	541.39	21.30	-
Interest income on fixed deposits	-	-	-	(79.53)
Provision for depreciation in value of investments	390.86	18.90	-	-
Loss on Sale of Fixed Assets	-	3.01	-	-
Operating Profit Before Working Capital Changes	**17,886.44**	**18,600.59**	**5,025.84**	**(56.44)**
Movements in working capital :				
Increase in Advances	(62,687.50)	(44,529.37)	(45,779.50)	(90.82)
Increase in Other Assets	(708.08)	(807.87)	(481.11)	-
Decrease/(Increase) in Investment	(5,304.65)	8,288.49	(14,318.93)	-
Increase in Deposit	20,652.98	111,399.10	120,887.48	-
Increase/(Decrease) in Other Current Liabilities and Provisions	(3,933.37)	1,715.86	7,184.37	152.00
Cash generated from operations	**(34,094.18)**	**94,666.64**	**72,518.15**	**4.74**
Direct Taxes Paid	(5,385.92)	(5,814.72)	(2,981.61)	-
Net Cash flows generated from/(used in) Operating Activities (A)	**(39,480.10)**	**88,852.09**	**69,536.54**	**4.74**
B. Cash flow from Investing Activities :				
Purchase of Fixed Assets/Capital work-in-progress	(435.36)	(817.83)	(1,601.50)	(1,011.35)
Sale of Fixed Assets/Capital work-in-progress	-	0.75	-	-
Payment for Business Acquisition	-	-	(12,331.46)	-
Interest income on fixed deposits	-	-	-	8.71
Increase in Held to Maturity Investment	(12,832.97)	(25,891.93)	(23,259.41)	-
Deposits (created)/encashed with banks and financial institutions	(699.90)	(0.13)	9.96	(12.49)
Net Cash flows (used in) Investing Activities (B)	**(13,968.23)**	**(26,709.15)**	**(37,182.41)**	**(1,015.13)**
C. Cash flow from Financing Activities :				
Proceeds from share issue (Including share premium)	-	-	25,504.33	5,010.50
Share issue expenses	-	-	(13.17)	-
Net proceeds from short term borrowings	7,550.75	532.91	-	-
Repayment of long term borrowings	(4,533.20)	(20,759.99)	(62,717.53)	-
Net Cash flows generated from/(used in) Financing Activities(C)	**3,017.55**	**(20,227.08)**	**(37,226.37)**	**5,010.50**
Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)	**(50,430.78)**	**41,915.86**	**(4,872.24)**	**4,000.11**
Cash and Cash Equivalents at the beginning of the period	73,647.33	31,731.47	4,000.11	-
Add: Cash and Cash Equivalents acquired on acquisition of assets and liabilities from BFSL	-	-	32,603.60	-
Cash and Cash Equivalents at the end of the period	**23,216.55**	**73,647.33**	**31,731.47**	**4,000.11**
Components of Cash and Cash Equivalents :				
Cash and Balances with Reserve Bank of India	12,587.07	60,120.66	8,102.87	0.11
Balance with Banks and Money at call and short notice	10,629.48	13,526.67	23,628.60	4,000.00
	23,216.55	**73,647.33**	**31,731.47**	**4,000.11**

THE ISSUE

The following table summarizes the Issue details:

Issue of face value ₹ 10 each (1)(2)		119,280,494 Equity Shares* of face value of ₹ 10 each aggregating to ₹ 44,730.19 million*
of which:		
(i)	Fresh Issue(1)	97,663,910 Equity Shares* of face value ₹ 10 each aggregating to ₹ 36,623.97 million*
(ii)	Offer for Sale(2)	21,616,584 Equity Shares* of face value ₹ 10 each aggregating up ₹ 8,106.22 million*
	of which:	
	Offer for Sale by IFC	14,050,780 Equity Shares* of face value of ₹ 10 each
	Offer for Sale by IFC FIG	7,565,804 Equity Shares* of face value of ₹ 10 each
of which:		
A)	QIB Portion(3)(4)	Not more than 59,640,246 Equity Shares* of face value of ₹ 10 each
	of which	
	Anchor Investor Portion	35,784,147 Equity Shares* of face value of ₹ 10 each
	Balance available for allocation to QIBs other than Anchor Investors	23,856,099 Equity Shares* of face value of ₹ 10 each
	of which:	
	Available for allocation to Mutual Funds only (5% of the QIB Portion (excluding the Anchor Investor Portion))(3)	1,192,805 Equity Shares* of face value of ₹ 10 each
	Balance of QIB Portion for all QIBs including Mutual Funds	22,663,294 Equity Shares* of face value of ₹ 10 each
B)	Non-Institutional Portion(3)	Not less than 17,892,075 Equity Shares* of face value of ₹ 10 each
C)	Retail Portion(3)(5)	Not less than 41,748,173 Equity Shares* of face value of ₹ 10 each
Pre and post Issue Equity Shares		
Equity Shares outstanding prior to the Issue		1,095,141,034 Equity Shares of face value of ₹ 10 each
Equity Shares outstanding after the Issue		1,192,804,944 Equity Shares* of face value of ₹ 10 each
Utilisation of Net Proceeds		See "*Objects of the Issue*" beginning on page 74 for information about the use of proceeds from the Fresh Issue. Our Bank will not receive any proceeds from the Offer for Sale.

* *Subject to finalisation of Basis of Allotment*

(1) *The Fresh Issue has been authorised by our Board pursuant to resolution passed on December 19, 2017 and by our Shareholders pursuant to special resolution passed on December 20, 2017.*

(2) *The Selling Shareholders severally and not jointly, specifically confirm that their respective portion of the Offered Shares are eligible for the Issue in accordance with the SEBI ICDR Regulations. For details on the authorisations of the Selling Shareholders in relation to their respective portion of the Offered Shares, see "Other Regulatory and Statutory Disclosures" beginning on page 445.*

(3) *Subject to valid bids having been received at or above the Issue Price, under-subscription, if any, in any category, except in the QIB Portion, is allowed to be met with spill-over from any other category or combination of categories of Bidders at the discretion of our Bank and the Selling Shareholders, in consultation with the Book Running Lead Managers and the Designated Stock Exchange, subject to applicable laws.*

(4) *Our Bank, in consultation with the Book Running Lead Managers and with intimation to the Selling Shareholders, allocated 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In case of non-Allotment in the Anchor Investor Portion, 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor*

Investors), including Mutual Funds, subject to valid Bids having been received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 1,192,805 Equity Shares, the balance Equity Shares available for allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, see "Issue Procedure" beginning on page 475. In accordance with Section 12B of the Banking Regulation Act read with the Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, dated November 19, 2015, no person (along with his relatives, associate enterprises or persons acting in concert with such person) can acquire or hold 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI. Accordingly, in case of Bids for such number of Equity Shares, as may result in the shareholding of a Bidder (along with his relatives, associate enterprises or persons acting in concert with such person) exceeding 5% or more of the total paid-up share capital of our Bank, such Bidder is required to submit the approval obtained from the RBI with the Registrar, at least one Working Day prior to the finalisation of the Basis of Allotment. In case of failure by such Bidder to submit the approval obtained from the RBI within the above time period, our Bank may Allot maximum number of Equity Shares, as adjusted for the Bid Lot (and in case of over-subscription in the Issue, after making applicable proportionate allocation for the Equity Shares Bid for), that will limit the aggregate shareholding of the Bidder (along with his relatives, associate enterprises or persons acting in concert with such person and including existing shareholding, if any) to less than 5% of the post-Issue paid-up Equity Share capital of our Bank. For further details, see "Regulations and Policies" and "Issue Procedure" on pages 158-167 and 475-520, respectively.

Allocation to Bidders in all categories except the Anchor Investor Portion and the Retail Portion, if any, shall be made on a proportionate basis subject to valid Bids having been received at or above the Issue Price. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be allocated on a proportional basis. For further details, see "*Issue Procedure – Basis of Allotment*" beginning on page 509.

GENERAL INFORMATION

Our Bank was incorporated as Bandhan Bank Limited on December 23, 2014 at Kolkata, West Bengal as a public limited company under the Companies Act, 2013. For further details, see "*History and Certain Corporate Matters*" beginning on page 168. For details of the business of our Bank, see "*Our Business*" beginning on page 124.

Registered and Corporate Office

DN 32
Sector V, Salt Lake
Kolkata 700 091
Tel: (033) 6609 0909
Fax: (033) 6609 0502
Website: www.bandhanbank.com
Email: investors@bandhanbank.com
Corporate Identity Number: U67190WB2014PLC204622
Registration Number: 204622

Address of the RoC

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

The Registrar of Companies, West Bengal at Kolkata

Nizam Palace
2nd MSO Building
2nd Floor, 234/4
A.J.C. Bose Road
Kolkata 700 020

Board of Directors

As on the date of this Prospectus, the Board of Directors of our Bank consists of:

Name	Designation	DIN	Address
Dr. Ashok Kumar Lahiri	Independent Director (part-time Chairman)	07234290	V-39/23, DLF Phase 3, Nathupur, DLF, Gurgaon 122 002
Chandra Shekhar Ghosh	Managing Director and Chief Executive Officer	00342477	B-5, Survey Park, P.O- Santoshpur, P.S.- Purba Jadavpur, Kolkata 700 075
Bhaskar Sen	Independent Director	03193003	178, Purbalok, 9th Street, KMC, Purba Jadavpur, Kolkata 700 099
Boggarapu Sambamurthy	Independent Director	00246211	Flat 902, Peagaisi Meenakshi Sky Lounge, Khanamet Survey No. 50&51, Sherlingampalli, Mandalam, Hyderabad 500 081
Chintaman Mahadeo Dixit	Independent Director	00524318	Laxmi Niwas 759/122, Prabhat Road, Shivaji Nagar, Pune 411 004
Georgina Elizabeth Baker	Nominee Director	06601316	8316 Loring Drive, Bethesda, 20817
Dr. Holger Dirk Michaelis	Nominee Director	07205838	212 Depot Road, #02-63, Singapore 109700
Krishnamurthy Venkata Subramanian	Independent Director	00487747	H-2, 404, Riddhi Gardens CHSL, Film City Road, Malad, Mumbai 400 097
Ranodeb Roy	Non-Executive Director	00328764	1050 1 Survey Park, Kolkata 700 075
Sisir Kumar Chakrabarti	Independent Director	02848624	50A, Purna Das Road, Flat No. 212, Kolkata 700 029
Snehomoy Bhattacharya	Independent Director	02422012	Flat- 30L, Tower IV, South City Apartment, Prince Anwarshah Road, Kolkata 700 068
Thekedathumadam Subramani Raji Gain	Independent Director	07256149	Flat No. 3D, Susham Apartment, 112 NSC Bose Road, Kolkata 700 040

For further details, see "*Our Management*" beginning on page 172.

Chief Financial Officer

Sunil Samdani is the Chief Financial Officer of our Bank. His contact details are as follows:

Sunil Samdani
DN 32
Sector V, Salt Lake
Kolkata 700 091
Tel: (033) 6609 0909
Fax: (033) 6609 0502
Email: sunil.samdani@bandhanbank.com

Company Secretary and Compliance Officer

Indranil Banerjee is the Company Secretary and Compliance Officer of our Bank. His contact details are as follows:

Indranil Banerjee
DN 32
Sector V, Salt Lake
Kolkata 700 091
Tel: (033) 6609 0909
Fax: (033) 6609 0502
Email: investors@bandhanbank.com

Investors can contact the Company Secretary and Compliance Officer or the Registrar to the Issue in case of any post-Issue related problems such as non-receipt of letter of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Investors can contact the Chief Financial Offer and Compliance Officer and/or the Registrar to the Issue in case of any post-Issue related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode etc. For all Issue related queries and for redressal of complaints, investors may also write to the BRLMs or the Registrar to Issue, in the manner provided below.

All grievances, and other terms of Anchor Investors, may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, PAN, date of submission of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder and ASBA Account number.

Further, the Bidders shall also enclose a copy of the Acknowledgment Slip duly received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances of the Anchor Investors may be addressed to the Registrar to the Issue, giving full details such as the name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs where the Bid cum Application Form was submitted by the Anchor Investor.

Book Running Lead Managers

Kotak Mahindra Capital Company Limited

1st Floor, 27 BKC, Plot No. 27
G Block, Bandra Kurla Complex
Bandra (East)
Mumbai 400 051
Tel: (91 22) 4336 0000
Fax: (9122) 6713 2447
Email: Bandhan.ipo@kotak.com
Investor grievance email: kmccredressal @kotak.com
Website:www.investmentbank.kotak.com
Contact Person: Ganesh Rane
SEBI Registration Number: INM000008704

Axis Capital Limited

1st floor, Axis House
C 2 Wadia International Centre
Pandurang Budhkar Marg, Worli
Mumbai 400 025
Tel: (91 22) 4325 2183
Fax: (91 22) 4325 3000
Email: bandhan.ipo@axiscap.in
Investor grievance email: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Mayuri Arya
SEBI Registration Number: INM000012029

Goldman Sachs (India) Securities Private Limited

951-A, Appasaheb Marathe Marg
Prabhadevi
Mumbai 400 025
Tel: (91 22) 6616 9000
Fax: (91 22) 6616 9001
Email: gs-bandhanbank-ipo@gs.com
Investor grievance email: india-client-support@gs.com
Website: www.goldmansachs.com
Contact Person: Dipak Daga
SEBI Registration Number: INM000011054

JM Financial Limited*

7th Floor, Cnergy, Appasaheb Marathe Marg
Prabhadevi
Mumbai 400 025
Tel: (91 22) 6630 3030
Fax: (91 22) 6630 3330
Email: Bandhan.ipo@jmfl.com
Investor grievance e-mail: grievance.ibd@jmfl.com
Website: www.jmfl.com
Contact Person: Prachee Dhuri
SEBI Registration Number: INM000010361

** JM Financial Limited has become a SEBI registered Category I Merchant Banker consequent upon amalgamation of JM Financial Institutional Securities Limited with it effective from January 18, 2018*

J.P. Morgan India Private Limited

J.P. Morgan Tower
Off C.S.T. Road
Kalina, Santa Cruz (East)
Mumbai 400 098
Maharashtra, India
Tel: (91 22) 6157 3000
Fax: (91 22) 6157 3911
Email: bandhanbank_ipo@jpmorgan.com
Investor grievance email:
investorsmb.jpmipl@jpmorgan.com
Website: www.jpmipl.com
Contact Person: Prateeksha Runwal
SEBI Registration Number: INM000002970

Syndicate Members

Kotak Securities Limited
12-BKC, Plot No. C-12
G Block, Bandra Kurla Complex
Bandra (E), Mumbai 400 051
Maharashtra, India
Tel: (91 22) 6218 5470
Fax: (91 22) 6661 7041
Email: umesh.gupta@kotak.com
Website: www.kotak.com
Contact Person: Umesh Gupta
SEBI Registration Number: BSE: INB010808153;
and NSE: INB230808130

JM Financial Services Limited
2,3&4, Kamanwala Chambers, Gr Floor
Sir P.M. Road, Fort, Mumbai 400 001
Maharashtra, India
Tel: (91 22) 6136 3400
Fax: Not applicable
Email:surajit.misra@jmfl.com/deepak.vaidya@jmfl.com/
tn.kumar@jmfl.com
Website: www.jmfinancialservices.in
Contact Person: Surajit Misra/Deepak Vaidya/TN Kumar
SEBI Registration Number: INB231054835;
and INB011054831

Legal Advisors to the Issue

Indian Legal Counsel to our Bank

Cyril Amarchand Mangaldas
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel, Mumbai 400 013
Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

Indian Legal Counsel to the Book Running Lead Managers

Khaitan & Co
One Indiabulls Centre
13th Floor, Tower 1
841, Senapati Bapat Marg
Mumbai 400 013
Tel: (91 22) 6636 5000
Fax: (91 22) 6636 5050

International Legal Counsel to the Book Running Lead Managers

Clifford Chance
12 Marina Boulevard
25th Floor
Marina Bay Financial Centre Tower 3
Singapore 018 982
Tel: (65) 6410 2200
Fax: (65) 6410 2288

Indian Legal Counsel to the Selling Shareholders

AZB & Partners
AZB House
Plot No. A8, Sector-4
Noida 201 301
Tel: (91 120) 417 9999
Fax: (91 120) 417 9900

Statutory Auditors to our Bank

S.R. Batliboi & Associates LLP
22, Camac Street
Block- C, 3rd Floor
Kolkata 700 016
Tel: (91 33) 6615 3400
Fax: (91 33) 6614 3400
Email: srba@in.ey.com
ICAI Firm Registration Number: 101049W/E300004

Registrar to the Issue

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32 Gachibowli
Financial District Nanakramguda
Hyderabad 500 032
Tel: (91 40) 6716 2222
Fax: (91 40) 2343 1551
Email: bandhanbank.ipo@karvy.com
Investor grievance email: bandhanbank.ipo@karvy.com
Website: www.karisma.karvy.com
Contact Person: M. Muralikrishna
SEBI Registration Number: INR000000221

Banker to the Issue

Escrow Collection Bank/Refund Bank/Public Issue Bank

Kotak Mahindra Bank Limited
Kotak Infiniti, 6th floor, Building No. 21, Infinity Park
Off Western Express Highway, General AK Vaidya Marg
Malad (East), Mumbai 400 097
Tel: (91 22) 6605 6588
Fax: (91 22) 6713 2416
Email: cmsipo@kotak.com
Website: www.kotak.com
Contact Person: Prashant Sawant
SEBI Registration Number: INBI00000927

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries and updated from time to time, please refer to the above-mentioned link.

Registered Brokers

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at https://www.bseindia.com and https://www.nseindia.com, respectively, as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and https://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of the Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Experts

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

Our Bank has received written consent dated March 20, 2018 from the Statutory Auditors namely, S. R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of the reports of the Statutory Auditors on Restated yearly Summary Statements dated January 31, 2018, the Restated nine monthly Summary Statements dated January 31, 2018 and the Restated half yearly Summary Statements dated November 22, 2017 and the statement of possible special tax benefits dated February 27, 2018, included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U. S. Securities Act.

Monitoring Agency

In terms of the proviso to Regulation 16(1) of the SEBI ICDR Regulations, our Bank is not required to appoint a monitoring agency for this Issue.

Appraising Entity

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

Credit Rating

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

Trustees

As this is an issue of equity shares, the appointment of trustees is not required.

Inter-se allocation of responsibilities

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

Sr. No.	Activity	Responsibility	Coordinator
1.	Capital structuring, positioning strategy and due diligence of our Bank including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus and of statutory advertisements including a memorandum	Kotak, Axis, Goldman Sachs, JM Financial and J.P. Morgan	Kotak
2.	Drafting and approval of all statutory advertisements	Kotak, Axis, Goldman Sachs, JM Financial and J.P. Morgan	Kotak
3.	Drafting and approval of all publicity material other than statutory advertisements as mentioned above including corporate advertising, brochures etc. and filing of media compliance report	Kotak, Axis, Goldman Sachs, JM Financial and J.P. Morgan	Axis
4.	Appointment of intermediaries (including co-ordinating all agreements to be entered with such parties) – Registrar to the Issue, advertising agency, printers and Banker(s) to the Issue	Kotak, Axis, Goldman Sachs, JM Financial and J.P. Morgan	JM Financial
5.	Marketing and road-show presentation and preparation of frequently asked questions and answers for the road show team	Kotak, Axis, Goldman Sachs, JM Financial and J.P. Morgan	J.P. Morgan
6.	Retail marketing of the Issue, which will cover, *inter-alia*: • Finalising media, marketing and public relations strategy • Finalising centres for holding conferences for brokers etc. • Follow-up on distribution of publicity and Issue material including form, Red Herring Prospectus/Prospectus and deciding on the quantum of the Issue material • Finalising collection centres	Kotak, Axis, Goldman Sachs, JM Financial and J.P. Morgan	Axis
7.	Non- institutional marketing of the Issue	Kotak, Axis, Goldman Sachs, JM Financial and J.P. Morgan	JM Financial
8.	Domestic institutional marketing of the Issue, which will cover, *inter alia*: • Institutional marketing strategy • Finalizing the list and division of domestic investors for one-to-one meetings • Finalizing domestic road show and investor meeting schedules	Kotak, Axis, Goldman Sachs, JM Financial and J.P. Morgan	Kotak
9.	International institutional marketing of the Issue, which will cover, *inter alia*: • Co-ordination for industry section and interaction with industry expert, if any • Institutional marketing strategy • Finalizing the list and division of international investors for one-to-one meetings • Finalizing international road show and investor meeting schedules	Kotak, Axis, Goldman Sachs, JM Financial and J.P. Morgan	Goldman Sachs
10.	Coordination with Stock Exchanges for book building software, bidding terminals and mock trading and payment of STT (if applicable) on behalf of the Selling Shareholders	Kotak, Axis, Goldman Sachs, JM Financial and J.P. Morgan	JM Financial
11.	Managing the book and finalization of pricing in consultation with our Bank including co-ordination for and intimation to stock exchanges for anchor portion	Kotak, Axis, Goldman Sachs, JM Financial and J.P. Morgan	J.P. Morgan
12.	Post-Bidding activities management of escrow accounts, co-ordinating, underwriting, co-ordination of non-institutional allocation, announcement of allocation and dispatch of refunds to the Bidders etc. The post- Issue activities will involve essential follow up steps,	Kotak, Axis, Goldman Sachs, JM Financial and J.P. Morgan	JM Financial

Sr. No.	Activity	Responsibility	Coordinator
	including the finalisation of trading, dealing of instruments, and demat of delivery of shares with the various agencies connected with the work such as the Registrar to the Issue, Banker to the Issue, the bank handling refund business and SCSBs		

Book Building Process

The book building, in the context of the Issue, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application forms within the Price Band, which was decided by our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers, and which was notified in all editions of the English national daily newspaper Financial Express, all editions of the Hindi national daily newspaper Jansatta and all editions of the Bengali daily newspaper Aajkaal (Bengali being the regional language of West Bengal, where our Registered Office is located), each with wide circulation, five Working Days prior to the Bid/Issue Opening Date and was made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Issue Price was determined by our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers after the Bid/Issue Closing Date.

All Bidders, except Anchor Investors, participated in the Issue only through the ASBA process. Anchor Investors were not permitted to participate in the Issue through ASBA process.

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

For further details, see "*Issue Structure*" and "*Issue Procedure*" beginning on pages 473 and 475, respectively.

Illustration of Book Building and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see "*Issue Procedure – Part B – Basis of Allocation - Illustration of the Book Building Process and Price Discovery Process*" beginning on page 507.

Underwriting Agreement

Our Bank and the Selling Shareholders have entered into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued and offered in the Issue. The Underwriting Agreement is dated March 20, 2018. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein.

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

Name, Address, Telephone Number, Fax Number and Email of the Underwriters	Indicative Number of Equity Shares to be Underwritten*	Amount Underwritten (in ₹ million)
Kotak Mahindra Capital Company Limited 1st Floor, 27 BKC, Plot No. 27 "G" Block, Bandra Kurla Complex, Bandra (East) Mumbai 400 051 Maharashtra, India Tel: +91 22 4336 0000; Fax: +91 22 6713 2447 Email: bandhan.ipo@kotak.com	23,855,999	8,946.00
Axis Capital Limited 1st Floor, Axis House, C-2, Wadia International Centre Pandurang Budhkar Marg, Worli Mumbai 400 025 Maharashtra, India Tel: +91 22 4325 2183; Fax: +91 22 4325 3000 E-mail: bandhan.ipo@axiscap.in	23,856,099	8,946.04
Goldman Sachs India (Securities) Private Limited Rational House, 951-A, Appasaheb Marathe Marg, Prabhadevi; Mumbai 400 025 Maharashtra, India Tel: +91 22 6616 9000; Fax: +91 22 6616 9001 E-mail: gs-bandhanbank-ipo@gs.com	23,856,099	8,946.04
JM Financial Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi	23,855,999	8,946.00

Name, Address, Telephone Number, Fax Number and Email of the Underwriters	Indicative Number of Equity Shares to be Underwritten*	Amount Underwritten (in ₹ million)
Mumbai 400 025 Maharashtra, India Tel: +91 22 6630 3030; Fax: +91 22 6630 3330 E-mail: Bandhan.ipo@jmfl.com		
J.P. Morgan India Private Limited J.P. Morgan Tower, Off C.S.T. Road, Kalina, Santa Cruz (East), Mumbai 400 098 Maharashtra, India Tel: (91 22) 6157 3000; Fax: (91 22) 6157 3911 Email: bandhanbank_ipo@jpmorgan.com	23,856,098	8,946.04
Kotak Securities Limited 12-BKC, Plot No. C-12, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, Maharashtra, India Tel: +91 22 6218 5470; Fax: +91 22 6661 7041 E-mail: umesh.gupta@kotak.com	100	0.04
JM Financial Services Limited 2, 3 & 4, Kamanwala Chambers; Gr Floor, Sir P.M. Road, Fort, Mumbai 400 001, Maharashtra, India Tel: +91 22 6136 3400 E-mail: surajit.misra@jmfl.com/ deepak.vaidya@jmfl.com/ tn.kumar@jmfl.com	100	0.04

** Subject to finalisation of Basis of Allotment*

The above-mentioned underwriting commitments are indicative and will be finalised after actual allocation in accordance with provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on certificates provided by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. Our Committee of Directors, at its meeting held on March 20, 2018, has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Bank.

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

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

The extent of underwriting obligations and the Bids underwritten in the Issue shall be as per the Underwriting Agreement.

Updates from the Red Herring Prospectus to this Prospectus

In addition to Issue related updates, this Prospectus includes certain updates in relation to our Bank, which have occurred after filing of the Red Herring Prospectus with the RoC. Such updates have occurred in the normal course of business and day to day operations of our Bank and include updates in the nature of receipt of approvals applied for and updates in relation to the details of certain of our Directors. For further details, see "*Government and Other Approvals*" and "*Our Management*" beginning on pages 443 and 172, respectively.

CAPITAL STRUCTURE

The Equity Share capital of our Bank as on the date of this Prospectus is set forth below.

(In ₹ except share data)

Sr. No.	Particulars	Aggregate value at face value	Aggregate value at Issue Price**
A.	**AUTHORIZED SHARE CAPITAL**		
	5,000,000,000 Equity Shares of face value of ₹ 10 each	50,000,000,000	
B.	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**		
	1,095,141,034 Equity Shares of face value of ₹ 10 each	10,951,410,340	
C.	**PRESENT ISSUE IN TERMS OF THIS PROSPECTUS**		
	Issue of 119,280,494 Equity Shares* of face value of ₹10 each(1)(2)	1,192,804,940	44,730,185,250
	of which		
	Fresh Issue of 97,663,910 Equity Shares* of face value of ₹ 10 each aggregating to ₹ 36,623.97 million* (1)	976,639,100	36,623,966,250
	Offer for Sale of 21,616,584 Equity Shares of face value of ₹ 10 each aggregating to ₹ 8,106.22 million* (2)	216,165,840	8,106,219,000
D.	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE**		
	1,192,804,944 Equity Shares* of face value of ₹10 each	11,928,049,440	
E.	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue	19,550,245,484	
	After the Issue	55,197,572,634*	

* *Subject to finalisation of Basis of Allotment*

** *Issue Price is ₹375 per Equity Share*

(1) *The Fresh Issue has been authorized by our Board of Directors pursuant to a resolution passed on December 19, 2017 and by our Shareholders pursuant to a special resolution passed on December 20, 2017.*

(2) *The respective portion of the Offered Shares have been held by the Selling Shareholders for a period of at least one year prior to filing of the Draft Red Herring Prospectus in accordance with Regulation 26(6) of the SEBI ICDR Regulations and accordingly, are eligible for the Issue in accordance with the provisions of the SEBI ICDR Regulations. For details on the authorisations of the Selling Shareholders in relation to their respective portion of the Offered Shares, see "Other Regulatory and Statutory Disclosures" beginning on page 445.*

There have been no changes to the authorised share capital of our Bank since its incorporation.

1. **Notes to the capital structure**

Equity Share capital history of our Bank

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

Date of allotment	Number of equity shares allotted	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Reason for allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (in ₹)
December 29, 2014	50,000	10	10	Cash	Initial subscription to the Memorandum of Association(1)	50,000	500,000
January 14, 2015	501,000,000	10	10	Cash	Preferential allotment(2)	501,050,000	5,010,500,000
August 21, 2015	261,591,452	10	42.93	Cash	Rights issue(3)	762,641,452	7,626,414,520
August 25, 2015	220,316,030	10	42.93	Cash	Rights issue(4)	982,957,482	9,829,574,820
February 12, 2016	112,183,552	10	42.93	Cash	Preferential allotment(5)	1,095,141,034	10,951,410,340

(1) Allotment of 49,994 Equity Shares to BFHL and one Equity Share each to Chandra Shekhar Ghosh, Partha Pratim Samanta, Pritish Kumar Saha, Swapan Kumar Saha, Abhijit Ghosh and Pravakar Ghosh who held the Equity Shares as nominees of BFHL, pursuant to the Board resolution passed on December 29, 2014.
(2) Allotment of 501,000,000 Equity Shares to BFHL on a preferential basis, pursuant to Board resolution passed on January 14, 2015, and Shareholder resolution passed on January 14, 2015.
(3) Allotment of 261,591,452 Equity Shares to BFHL on rights basis in the same proportion as the fully paid-up equity shares held by each existing shareholder, pursuant to Board resolution passed on August 21, 2015.
(4) Allotment of 220,316,030 Equity Shares to BFHL on rights basis in the same proportion as the fully paid-up equity shares held by each existing shareholder, pursuant to Board resolution passed on August 25, 2015.
(5) Allotment of 54,041,462 Equity Shares, 54,648,030 Equity Shares, and 3,494,060 Equity Shares to IFC, Caladium and SIDBI, respectively, on a preferential basis, pursuant to Board resolution passed on February 12, 2016, and Shareholder resolution passed on February 8, 2016.

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

Our Bank has not issued any Equity Shares at a price which is lower than the Issue Price during a period of one year preceding the date of the Draft Red Herring Prospectus and until the date of this Prospectus.

3. **Issue of Equity Shares in the last two years**

For details of issue of Equity Shares by our Bank in the two immediately preceding years from the date of the Draft Red Herring Prospectus and until the date of this Prospectus, see "- *Equity Share Capital History of our Bank*" beginning on page 65.

4. **Issue of Equity Shares for consideration other than cash or out of revaluation reserves**

Our Bank has not issued any Equity Shares, including by way of bonus issue, out of revaluation of reserves at any time since incorporation.

Further, our Bank has not issued Equity Shares for consideration other than cash.

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

Except BFHL, none of our Promoters hold any Equity Shares in our Bank. As on the date of this Prospectus, BFHL holds 981,483,046 Equity Shares, equivalent to 89.62% of the pre-Issue paid-up Equity Share capital of our Bank.

Build-up of the shareholding of BFHL in our Bank

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

Date of allotment/ transfer	Nature of transaction	Number of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Issue price/ transfer price per Equity Share (₹)	Percentage of the pre-Issue capital (%)	Percentage of the post-Issue capital (%)
December 29, 2014	Initial subscription to the Memorandum of Association	50,000	Cash	10	10	0.01	0.004
January 14, 2015	Preferential allotment	501,000,000	Cash	10	10	45.75	42.00
August 21, 2015	Rights issue	261,591,452	Cash	10	42.93	23.89	21.93
August 25, 2015	Rights issue	220,316,030	Cash	10	42.93	20.12	18.47
December 22, 2017	Transfer	(1,474,436)	Cash	10	180	0.13	(0.12)
Total		**981,483,046******				**89.62**	**82.28**

*** This includes six Equity Shares held by five nominees of BFHL, of which two Equity Shares are held by Partha Pratim Samanta, and one Equity Share each is held by Pritish Kumar Saha, Swapan Kumar Saha, Abhijit Ghosh, and Pravakar Ghosh, as nominees of BFHL.*

All the Equity Shares held by BFHL were fully paid-up on the respective dates of allotment of such Equity Shares.

As of the date of this Prospectus, none of the Equity Shares held by BFHL are pledged.

6. **Shareholding of our Promoters and Promoter Group**

BFHL holds 981,483,046 Equity Shares in our Bank, which is equivalent to 89.62% of the pre-Issue paid-up Equity Share capital of our Bank as on the date of this Prospectus. Our Promoter Group and directors of our Promoters do not hold any Equity Shares in our Bank as on the date of this Prospectus.

7. **Details of Promoters' contribution and lock-in**

(i) Pursuant to Regulation 32 and 36 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Issue Equity Share capital of our Bank held by the Promoters shall be locked in for a period of three years as minimum promoters' contribution from the date of Allotment, and the Promoters' shareholding in excess of 20% of the fully diluted post-Issue Equity Share capital of our Bank shall be locked in for a period of one year from the date of Allotment.

(ii) Details of the Equity Shares to be locked-in for three years from the date of Allotment as minimum Promoter's contribution are set forth in the table below.

Name of Promoter	Date of allotment of the Equity Shares*	Date of transaction and when made fully paid-up	Nature of transaction	Number of Equity Shares allotted	Face Value (₹)	Issue/ acquisition price per Equity Share (₹)	Number of Equity Shares locked-in	Percentage of the post-Issue paid-up capital (%)
BFHL	January 14, 2015	January 14, 2015	Preferential allotment	501,000,000	10	10	238,560,989	20%
	Total						**238,560,989**	**20%**

* *All Equity Shares allotted to BFHL were fully paid-up at the time of allotment.*

(iii) BFHL has confirmed that its contribution has been financed from the invested capital of BFHL and no loans or financial assistance from any bank or financial institutions have been availed by BFHL for this purpose.

(iv) The minimum Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as 'promoter' under the SEBI ICDR Regulations. Our Bank undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution in terms of Regulation 33 of the SEBI ICDR Regulations. In this connection, we confirm the following:

(a) The Equity Shares offered for Promoters' contribution do not include Equity Shares acquired in the three immediately preceding years for consideration other than cash, and revaluation of assets or capitalisation of intangible assets, or resulting from a bonus issue by utilisation of revaluation reserves or unrealised profits of our Bank or bonus issue against Equity Shares, which are otherwise ineligible for computation of Promoters' contribution;

(b) The Promoters' contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares were offered to the public in the Issue;

(c) Our Bank has not been formed by the conversion of a partnership firm into a company;

(d) The Equity Shares forming part of the Promoters' contribution are not subject to any pledge; and

(e) All the Equity Shares held by BFHL are in dematerialised form.

Other lock-in requirements:

(i) Notwithstanding the lock-in requirements under the SEBI ICDR Regulations, in terms of the RBI New Bank Licensing Guidelines, BFHL is required to hold a minimum of 40% of the paid-up voting equity capital of our Bank, which shall be locked-in for a period of five years from the date of commencement of business of our Bank, which is from August 23, 2015 till August 22, 2020.

(ii) In addition to the 20% of the fully diluted post-Issue shareholding of our Bank held by BFHL and locked in for three years as specified above, the entire pre-Issue Equity Share capital of our Bank, (other than the Equity Shares offered pursuant to the Offer for Sale) will be locked-in for a period of one year from the date of Allotment. Any unsubscribed portion of the Equity Shares offered pursuant to the Offer for Sale will be locked-in as required under the SEBI ICDR Regulations.

(iii) The Equity Shares held by the Promoters, which are locked-in may be transferred to and amongst the members of the Promoter Group or to any new promoter or persons in control of our Bank, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations, as applicable.

(iv) The Equity Shares held by the Promoters which are locked-in for a period of one year from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans.

(v) The Equity Shares held by persons other than the Promoters and locked-in for a period of one year from the date of Allotment in the Issue may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations.

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

8. **History of the Equity Share Capital held by the Selling Shareholders**

As on the date of this Prospectus, the Selling Shareholders hold 54,041,462 Equity Shares, constituting 4.93% of the pre-Issue paid-up Equity Share capital of our Bank in the following manner:

Sr. No.	Name of the Selling Shareholder	Number of Equity Shares	Percentage of the pre-Issue capital (%)
1.	IFC	35,126,951	3.21
2.	IFC FIG	18,914,511	1.73

9. **Employee Stock Option Plan Series 1**

Pursuant to the resolution passed by our Board on July 26, 2017, our Bank has instituted the Bandhan Bank Employee Stock Option Plan Series 1 ("**ESOP Series 1**") for grant of options to eligible employees which may result in the issue of up to 54,757,052 Equity Shares in multiple tranches under ESOP Series I. Subsequently, pursuant to the resolutions passed on November 23, 2017 and December 20, 2017, our Shareholders approved grant of 2,190,000 and 30,725 employee stock options, respectively, exercisable into not more than 2,220,725 Equity Shares. Our Board and our Shareholders have also approved grant of 200,000 options to Chandra Shekhar Ghosh which is subject to the approval of the RBI. The eligible employees include permanent employees (including executive directors and non-executive directors excluding the independent directors) of our Bank. The vesting of options granted under ESOP Series 1, 2017 will commence one year after the date of grant of options and may extend up to four years from the date of grant of options. The exercise period for the options granted under the ESOP Scheme, 2017 would be five years from the date vesting, subject to any change as may be approved by the Board. The exercise price shall be decided by the Nomination and Remuneration Committee, in such manner, during such period, on such terms and conditions as it may deem fit, provided that the exercise price per option shall not be less than the face value of the Equity Shares and shall not be more than the market price as defined in the SEBI ESOP Regulations and shall be subject to compliance with accounting policies under the SEBI ESOP Regulations. As of date, 2,020,725 options have been granted under ESOP Series 1. The following table sets forth the particulars of the options granted under ESOP Series 1 as on the date of filing of this Prospectus:

Particulars	Details
Options granted	2,020,725
The pricing formula	Fair market value
Exercise price of options	₹180
Total options vested	Nil
Options exercised	Nil
Total number of Equity Shares that would arise as a result of full exercise of options already granted (net of cancelled options)	2,020,725

<table>
<tr><th>Particulars</th><th>Details</th></tr>
<tr><td>Options forfeited/lapsed/cancelled</td><td>Nil</td></tr>
<tr><td>Variation in terms of options</td><td>Nil</td></tr>
<tr><td>Money realised by exercise of options</td><td>Nil</td></tr>
<tr><td>Options outstanding (in force)</td><td>2,020,725</td></tr>
<tr><td>Employee wise details of options granted to</td><td></td></tr>
<tr><td>(i) Senior managerial personnel, i.e. Directors and Key Management Personnel</td><td>See Note 1 below</td></tr>
<tr><td>(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year.</td><td>See Note 2 below</td></tr>
<tr><td>(iii) Identified employees who are granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Bank at the time of grant.</td><td>Nil</td></tr>
<tr><td>Fully diluted EPS on a pre-Issue basis on exercise of options calculated in accordance with Accounting Standard (AS) 20 ‘Earning Per Share’</td><td>Nil</td></tr>
<tr><td>Difference between employee compensation cost calculated using the intrinsic value of options and the employee compensation cost that shall have been recognised if our Bank had used fair value of options and impact of this difference on profits and EPS of our Bank for the last three Fiscals</td><td>Nil</td></tr>
<tr><td>Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock for the last three Fiscals</td><td><table>
<tr><th>Basis</th><th>Grant A</th></tr>
<tr><td>Exercise price (in ₹)</td><td>180</td></tr>
<tr><td>Fair value of options at the time of grant (in ₹)</td><td>N/A</td></tr>
<tr><td>Weighted average share price (in ₹)</td><td>N/A</td></tr>
</table></td></tr>
<tr><td>Description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option for the last three Fiscals</td><td>To ascertain the reasonableness of the valuation of options, various quantitative factors of our Bank were considered<table>
<tr><th>Basis</th><th>Grant A</th></tr>
<tr><td>Dividend yield (%)</td><td>N/A</td></tr>
<tr><td>Expected volatility (in %)</td><td>N/A</td></tr>
<tr><td>Risk-free interest rate (in %)</td><td>N/A</td></tr>
<tr><td>Weighted average share price (in ₹)</td><td>N/A</td></tr>
<tr><td>Exercise price (in ₹)</td><td>N/A</td></tr>
<tr><td>Expected life of options granted (in years)</td><td>N/A</td></tr>
</table></td></tr>
<tr><td>Vesting schedule</td><td>Will commence one year after the date of grant of options and may extend up to four years from the date of grant of options, unless otherwise varied in accordance with the ESOP Series 1 and rules framed thereunder.</td></tr>
<tr><td>Lock-in</td><td>The Equity Shares arising pursuant to the exercise of vested options shall not be subject to any lock-in period and shall be freely transferable, subject to Bank’s Code of Conduct and in accordance with the SEBI Insider Trading Regulations</td></tr>
<tr><td>Impact on profits and EPS of the last three years if our Bank had followed the accounting policies specified in Regulation 15 of the SEBI ESOP Regulations in respect of options granted in the last three years</td><td>Nil</td></tr>
<tr><td>Aggregate number of Equity Shares intended to be sold by holders of Equity Shares allotted on exercise of options granted under the ESOP Scheme, 2017, within three months after the listing</td><td>Not applicable, since no Equity Shares have been allotted under the ESOP Series 1 as on the date of this Prospectus.</td></tr>
</table>

Particulars	Details
of Equity Shares	
Aggregate number of Equity Shares intended to be sold by holders of Equity Shares allotted on exercise of options granted under the ESOP Scheme, 2017, within three months after the listing of Equity Shares by Directors, senior managerial personnel and employees having Equity Shares issued under ESOP Scheme, 2017 amounting to more than 1% of the issued capital of our Bank	Not applicable, since no Equity Shares have been allotted under the ESOP Series 1 as on the date of this Prospectus.

Note 1: Details regarding options granted under the ESOP Scheme, 2017 to the senior managerial personnel *i.e.* Directors and Key Management Personnel of our Bank are set forth below:

Name of senior managerial personnel	Total number of options granted	Total number of options cancelled/forfeited	Total number of options outstanding
Rahul Johri	33,714	Nil	33,714
Santanu Banerjee	60,475	Nil	60,475
Sunil Samdani	60,475	Nil	60,475
Vijay Kumar Ramakrishna	17,639	Nil	17,639
Nand Kumar Singh	28,824	Nil	28,824
Biswajit Das	14,412	Nil	14,412
Sourav Kar	19,178	Nil	19,178
Indranil Banerjee	8,141	Nil	8,141

Note 2: Employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year, under the ESOP Scheme, 2017 are set forth below:

Name of employee	Number of options granted
NA	NA

10. **Shareholding Pattern of our Bank**

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

Category (I)	Category of shareholder (II)	Number of shareholders (III)	Number of fully paid up equity shares held (IV)	Number of Partly paid-up equity shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of shares held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				Number of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								Number of Voting Rights			Total as a % of (A+B+ C)			Number (a)	As a % of total Shares held (b)	Number (a)	As a % of total Shares held (b)	
								Class eg: Equity Shares	Class eg: Others	Total								
(A)	Promoter and Promoter Group	6*	981,483,046	Nil	NA	981,483,046	89.62	981,483,046	Nil	981,483,046	89.62	NA	NA	NA		NA		981,483,046
(B)	Public	5	113,657,988	Nil	NA	113,657,988	10.38	113,657,988	Nil	113,657,988	10.38	NA	NA	Nil		Nil		110,163,928
(C)	Non Promoter-Non Public	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA	NA	Nil		Nil		Nil
(C1)	Shares underlying DRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA	NA	Nil		Nil		Nil
(C2)	Shares held by Employee Trusts	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	NA	NA	Nil		Nil		Nil
	Total	**11***	**1,095,141,034***	**Nil**	**Nil**	**1,095,141,034**	**100**	**1,095,141,034**	**Nil**	**1,095,141,034**	**100**	**NA**	**NA**	**Nil**		**Nil**		**1,091,646,974**

* *This includes six Equity Shares held by five nominees of BFHL, of which two Equity Shares are held by Partha Pratim Samanta, and one Equity Share each is held by Pritish Kumar Saha, Swapan Kumar Saha, Abhijit Ghosh, and Pravakar Ghosh.*

11. **Details of Equity Shareholding of the 10 largest Equity Shareholders of our Bank**

(i) The largest Equity Shareholders and the number of Equity Shares held by them as on the date of this Prospectus is set forth in the table below.

Sr. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre- Issue Equity Share capital (%)
1.	BFHL	981,483,046*	89.62
2.	IFC	35,126,951	3.21
3.	IFC FIG	18,914,511	1.73
4.	Caladium	54,648,030	4.99
5.	SIDBI	3,494,060	0.32
6.	Chandra Shekhar Ghosh	1,474,436	0.13
	Total	**1,095,141,034**	**100**

* *This includes six Equity Shares held by five nominees of BFHL, of which two Equity Shares are held by Partha Pratim Samanta, and one Equity Share each is held by Pritish Kumar Saha, Swapan Kumar Saha, Abhijit Ghosh, and Pravakar Ghosh.*

(ii) The largest Equity Shareholders and the number of Equity Shares held by them 10 days prior to the date of this Prospectus is set forth in the table below.

Sr. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre- Issue Equity Share capital (%)
1.	BFHL	981,483,046*	89.62
2.	IFC	35,126,951	3.21
3.	IFC FIG	18,914,511	1.73
4.	Caladium	54,648,030	4.99
5.	SIDBI	3,494,060	0.32
6.	Chandra Shekhar Ghosh	1,474,436	0.13
	Total	**1,095,141,034**	**100**

* *This includes six Equity Shares held by five nominees of BFHL, of which two Equity Shares are held by Partha Pratim Samanta, and one Equity Share each is held by Pritish Kumar Saha, Swapan Kumar Saha, Abhijit Ghosh, and Pravakar Ghosh.*

(iii) The largest Equity Shareholder and the number of Equity Shares held by it two years prior to the date of this Prospectus is set forth in the table below:

Sr. No.	Name of the Shareholder	Number of Equity Shares	Percentage of the pre- Issue capital (%)
1.	BFHL	982,957,482	100%
	Total	**982,957,482***	**100%**

* *This includes six Equity Shares held by six nominees of BFHL, of which one Equity Share each is held by Chandra Shekhar Ghosh, Pratim Samanta, Pritish Kumar Saha, Swapan Kumar Saha, Abhijit Ghosh, and Pravakar Ghosh.*

12. Except for Chandra Shekhar Ghosh, Managing Director and Chief Executive Officer of our Bank, who holds 1,474,436 Equity Shares, none of our Directors or Key Management Personnel hold any Equity Shares of our Bank.

13. All Equity Shares Allotted pursuant to the Issue will be fully paid-up at the time of Allotment and there are no partly-paid up Equity Shares as on the date of this Prospectus.

14. As on the date of this Prospectus, the Book Running Lead Managers and their respective associates do not hold any Equity Shares in our Bank.

15. As on the date of this Prospectus, our Bank has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 232 of the Companies Act, 2013.

16. Except as disclosed in "*Notes to Capital Structure*", our Bank has not made any public issue or rights issue of any kind or class of securities since its incorporation.

17. No payment, direct or indirect in the nature of discount, commission and allowance or otherwise shall be made either by our Bank or the Promoters to the persons who are Allotted Equity Shares.

18. Except for Chandra Shekhar Ghosh, Managing Director and Chief Executive Officer of our Bank, who has purchased 1,474,436 Equity Shares of our Bank, none of the members of the Promoter Group, or the directors of the Promoters, or Directors and their immediate relatives have purchased or sold any securities of our Bank during the

period of six months immediately preceding the date of the Draft Red Herring Prospectus and until the date of this Prospectus.

19. As on the date of filing of this Prospectus, our Bank has 11 Shareholders, of whom five are nominees holding Equity Shares on behalf of BFHL.

20. Neither our Bank, nor the Directors have entered into any buy-back, safety net and/or standby arrangements for purchase of Equity Shares from any person. Further, the Book Running Lead Managers have not entered into any buy-back, safety net and/or standby arrangements for purchase of Equity Shares from any person.

21. Any oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the nearest multiple of minimum allotment lot.

22. Our Promoters and Promoter Group will not participate in the Issue.

23. There have been no financing arrangements whereby the members of the Promoter Group, or the directors of the Promoters, or Directors and their relatives have financed the purchase by any other person of securities of our Bank, during a period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus and until the date of this Prospectus.

24. Other than the Equity Shares which may be issued pursuant to exercise of options under the ESOP Scheme, 2017, and the Issue, our Bank presently does not intend or propose to alter its capital structure for a period of six months from the Bid/ Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares, or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly, for Equity Shares), whether on a preferential basis, or by way of issue of bonus Equity Shares, or on a rights basis, or by way of further public issue of Equity Shares, or qualified institutions placement, or otherwise.

25. The Issue has been made through the Book Building Process in terms of Rule 19(2)(b) of the SCRR and in compliance with Regulation 26(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Issue shall be allocated on a proportionate basis to QIBs. Our Bank, in consultation with the Book Running Lead Managers and with intimation to the Selling Shareholders, allocated 60% of the QIB Portion to Anchor Investors on a discretionary basis, out of which one-third was reserved for domestic Mutual Funds only, subject to valid Bids having been received from domestic Mutual Funds at or above the Anchor Investor Issue Price, in accordance with the SEBI ICDR Regulations. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids having been received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids having been received at or above the Issue Price.

26. Under-subscription, if any, in any category, except in the QIB Portion, is allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers and the Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws.

27. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

28. There will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges.

29. No person connected with the Issue, including, but not limited to, the Book Running Lead Managers, the members of the Syndicate, our Bank, the Directors, the Promoters and members of the Promoter Group, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or otherwise to any Bidder for making a Bid.

30. Except as disclosed in "*Capital Structure – Employee Stock Option Plan, 2017*" beginning on page 68, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares, as on the date of this Prospectus.

OBJECTS OF THE ISSUE

The Issue comprises a Fresh Issue and an Offer for Sale.

Offer for Sale

The Selling Shareholders are entitled to the respective portion of the proceeds of the Offer for Sale net of their proportion of Issue related expenses. Our Bank will not receive any proceeds from the Offer for Sale. Other than listing fees, payment of Issue expenses will be shared proportionately as mutually agreed amongst our Bank and the Selling Shareholders and in accordance with applicable law, upon the successful completion of the Issue and such payments shall be made as stipulated in the Cash Escrow Agreement. In the event the Issue is withdrawn or not completed for any reason whatsoever, all Issue related expenses shall be borne by our Bank.

Fresh Issue

In terms of the RBI New Bank Licensing Guidelines, the Equity Shares of our Bank are required to get listed on the stock exchanges within three years from the date of commencement of business of our Bank, i.e., on or before August 22, 2018. In light of the above, since our Bank is required to get listed on the stock exchanges on or before August 22, 2018, our Bank is undertaking this Issue.

The objects of the Fresh Issue are to augment our Bank's Tier-I capital base to meet our Bank's future capital requirements. Further, the proceeds from the Issue will also be used towards meeting the expenses in relation to the Issue.

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

Net Proceeds

The details of the Net Proceeds are set forth below:

Particulars	Amount (in ₹ million)
Gross proceeds of the Fresh Issue	36,623.97*
(Less) Issue related expenses in relation to the Fresh Issue	776.03
Net Proceeds	**35,847.94**

**Subject to finalisation of basis of allotment.*

The Memorandum of Association enable us to undertake our existing activities, and the activities for which the funds are being raised by our Bank in the Issue.

Requirements and Details of the Objects of the Issue

The objects of the Fresh Issue are to augment our Bank's Tier-I capital base to meet our Bank's future capital requirements such as organic and inorganic growth and expansion and to comply with regulatory requirements for enhanced capital base, as may be prescribed in the future. The Net Proceeds are currently expected to be deployed in accordance with the schedule set forth below:

(In ₹ million)

Particulars	Amount to be funded from the Net Proceeds	Deployment in the Financial Year 2018
For augmentation of our Bank's Tier – I capital base	35,847.94	35,847.94

Appraising Entity

The objects of the Issue for which the Net Proceeds will be utilized have not been appraised by any bank or financial institution.

Bridge Financing Facilities

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

Means of Finance

The entire requirements of the objects detailed above are intended to be funded from the Net Proceeds. Accordingly, we confirm that there is no need for us to make firm arrangement of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

Issue Expenses

The total Issue related expenses are estimated to be approximately ₹ 963.37 million. The Issue related expenses consist of listing fees, underwriting fees, selling commission and brokerage, fees payable to the Book Running Lead Managers, legal counsels, Registrar to the Issue, Banker to the Issue including processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges. Other than listing fees, payment of Issue expenses will be shared proportionately as mutually agreed amongst our Bank and the Selling Shareholders and in accordance with applicable law, upon the successful completion of the Issue and such payments shall be made as stipulated in the Cash Escrow Agreement. In the event the Issue is withdrawn or not completed for any reason whatsoever, all Issue related expenses shall be borne by our Bank. However, for ease of operations, expenses of the Selling Shareholders in relation to the Issue may, at the outset, be borne by our Bank on behalf of the Selling Shareholders, and the Selling Shareholders agree that that they shall severally and not jointly reimburse our Bank, upon the successful completion of the Issue, in the manner as stipulated under the Cash Escrow Agreement, on a pro-rata basis, in proportion to their respective portion of the Offered Shares, for any expenses incurred by our Bank on behalf of such Selling Shareholder. The break-up for the estimated Issue expenses are as follows:

Activity	**Amount (₹ in million)**	**As a % of total estimated Issue related expenses[(1)]**	**As a % of Issue size**
Payment to the Book Running Lead Managers (including underwriting fees, brokerage and selling commission)	395.86	41.09%	0.89%
Commission and processing fees for SCSBs[(1)]	9.38	0.97%	0.02%
Brokerage and selling commission for members of the Syndicate, Registered Brokers, RTAs and CDPs[(2) (3)]	89.87	9.33%	0.20%
Fees payable to Registrar to the Issue	20.55	2.13%	0.05%
Printing and stationery expenses	40.00	4.15%	0.09%
Advertising and marketing expenses	197.94	20.55%	0.44%
Others: i. Listing fees; ii. SEBI, BSE and NSE processing fees; iii. Fees payable to Legal Counsels; and iv. Miscellaneous.	209.77	21.77%	0.47%
Total estimated Issue expenses	**963.37**	**100.00%**	**2.15%**

(1) *SCSBs will be entitled to a processing fee of ₹ 10 (plus applicable taxes) per valid Bid cum Application Form for processing the Bid cum Application Form procured by the members of the Syndicate, the Registered Brokers, RTAs or CDPs from Retail Individual Bidders and Non-Institutional Bidders and submitted to the SCSBs.*

(2) *Selling commission on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by Members of the Syndicate, SCSBs, RTAs and CDPs would be as follows:*

Portion for Retail Individual Bidders	0.35% of the amount allotted* (plus applicable taxes)
Portion for Non-Institutional Bidders	0.20% of the amount allotted* (plus applicable taxes)

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

Further, the members of the Syndicate, RTAs and CDPs will be entitled to bidding charges of ₹ 10 (plus applicable taxes) per valid ASBA Form. The terminal from which the Bid has been uploaded will be taken into account in order to determine the total bidding charges payable to the relevant RTA/ CDP and members of the Syndicate.

(3) *Registered Brokers will be entitled to a commission of ₹ 10 (plus applicable taxes) per valid ASBA Form directly procured by the Registered Brokers from the Retail Individual Bidders and Non-Institutional Bidders and submitted to SCSBs for processing.*

Monitoring Agency

In terms of the proviso to Regulation 16(1) of the SEBI ICDR Regulations, our Bank is not required to appoint a monitoring agency for this Issue. To the extent applicable, our Bank will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilised.

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act, 2013, our Bank shall not vary the objects of the Fresh Issue without our Bank being authorised to do so by the Shareholders by way of a special resolution through a postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act, 2013. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Bengali, the vernacular language of the jurisdiction where our Registered Office is situated. Our Promoters will be required to provide an exit opportunity to such shareholders who do not agree to the above stated proposal, at a price and in such manner as may be prescribed by SEBI in Chapter VI-A of the SEBI ICDR Regulations.

Other Confirmations

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

Our Bank has not entered into and is not planning to enter into any arrangement/agreements with Promoters, Promoter Group, Directors and Key Management Personnel in relation to the utilization of the Net Proceeds. Further, except in the ordinary course of business, there is not existing or anticipated interest of such individuals and entities in the objects of the Fresh Issue as set out above.

BASIS FOR ISSUE PRICE

The Issue Price was determined by our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers on the basis of assessment of market demand for the Equity Shares offered in the Issue through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Issue Price is 37 times the face value at the lower end of the Price Band and 37.5 times the face value at the higher end of the Price Band. Investors to see "*Our Business*", "*Risk Factors*" and "*Financial Statements*" beginning on pages 124, 16 and 197, respectively, to have an informed view before making an investment decision.

Qualitative Factors

Some of the qualitative factors which form the basis for computing the Issue Price are:

1. Operating model focused on serving underbanked and underpenetrated markets;
2. Consistent track record of growing a quality asset and liability franchise;
3. Extensive, low cost distribution network;
4. Customer-centric approach; and
5. Experienced and professional team, backed by strong independent board.

For further details, see "*Our Business – Strengths*" beginning on page 125.

Quantitative Factors

Certain information presented below relating to our Bank is based on the Restated Summary Statements prepared in accordance with Indian GAAP, the Companies Act, 2013 and restated in accordance with SEBI ICDR Regulations. For details, see "*Financial Statements*" beginning on page 197.

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

1. Basic and Diluted Earnings Per Share ("EPS"), as adjusted for changes in capital:

As per Restated Summary Statements:

Fiscal Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2017	10.15	10.15	3
March 31, 2016	3.40	3.40	2
March 31, 2015	0.01	0.01	1
Weighted Average	**6.21**	**6.21**	

For the nine month period ended December 31, 2017, the basic EPS and the diluted EPS was ₹ 8.74 (not annualised).

Notes:

(1) Basic earnings per share (₹) = $\dfrac{\text{Net profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year or period}}$

(2) Diluted earnings per share (₹) = $\dfrac{\text{Net profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of diluted equity shares outstanding during the year or period}}$

(3) The face value of each Equity Share is ₹10.

(4) Basic and diluted earnings per Equity Share are computed in accordance with Accounting Standard 20 'Earnings per Share', notified under the Companies (Accounting Standards) Rules, 2006.

(5) The figures disclosed above are based on the Restated Summary Statements. The above statement should be read with significant accounting policies and notes on Restated Summary Statements as appearing in the Financial Statements.

2. Price/Earning ("P/E") ratio in relation to Price Band of ₹ 370 to ₹ 375 per Equity Share:

Particulars	P/E at the lower end of Price band (number of times)	P/E at the higher end of Price band (number of times)
Based on basic EPS for the year ended March 31, 2017	36.45	36.95
Based on diluted EPS for the year ended March 31, 2017	36.45	36.95

Industry Peer Group P/E ratio

	Industry P/E*
Highest	71.57
Lowest	4.48
Industry Composite	35.36

** Source: For Industry P/E, P/E figures for the peers are computed based on closing market price as on January 31, 2018 at BSE, divided by Basic EPS for the Fiscal Year 2017.*

3. Average Return on Net Worth ("RoNW")

As per the Restated Summary Statements:

Fiscal Year ended	RoNW %	Weight
March 31, 2017	25.01%	3
March 31, 2016	8.25%	2
March 31, 2015	0.11%	1
Weighted Average	**15.27%**	

For the nine month period ended December 31, 2017, the RoNW was 17.72% (not annualised).

Notes:

(1) Return on net worth (%) = Net profit after tax as restated, attributable to equity shareholders / Net worth at the end of the period / years.

(2) Net worth has been computed by aggregating paid-up share capital and reserves and surplus (securities premium, general reserve and surplus in the Statement of Profits and Losses) and excluding revaluation reserve as per the Restated Summary Statements.

4. Minimum Return on Increased Net Worth after the Issue needed to maintain Pre-Issue EPS as at March 31, 2017:

Particulars	At Floor Price (%)	At Cap Price (%)
To maintain pre-Issue basic EPS	15.02	14.93
To maintain pre-Issue diluted EPS	15.02	14.93

5. Net Asset Value per Equity Share of face value of ₹10 each (as adjusted for changes in capital)

(i) Net asset value per Equity Share as on December 31, 2017 is ₹ 49.35.

(ii) Net asset value per Equity Share as on March 31, 2017 is ₹ 40.60.

(iii) After the Issue (as at March 31, 2017):

(a) At the Floor Price: ₹67.57

(b) At the Cap Price: ₹67.98

(iv) Issue Price: ₹ 375

Notes:

(1) Issue Price per Equity Share has been determined on conclusion of the Book Building Process.

(2) Net Asset Value Per Equity Share = Net worth as at the end of the year (or period) / Total number of equity shares outstanding at the end of the year (or period)

(3) Net worth has been computed by aggregating paid up share capital and reserves and surplus (securities premium, general reserve and surplus in the Statement of Profits and Losses) and excluding revaluation reserve as per the Restated Summary Statements.

6. Comparison of Accounting Ratios with Listed Industry Peers as of March 31, 2017

Name	Type	Face Value per equity share (`)	Total income (in ` million)	Basic EPS (`)	P/E	P/B	RoNW (%)	Net Asset Value (`)
Bandhan Bank Limited	Bank	10.0	43,201.23	10.15	-	-	25.01%	40.60
Peers								
Axis Bank Limited	Bank	2.0	575,966.96	16.54	35.88	2.52	7.04%	235.41
HDFC	Bank	2.0	861,489.86	59.95	33.47	5.60	16.65%	358.21

Name	Type	Face Value per equity share (`)	Total income (in ` million)	Basic EPS (`)	P/E	P/B	RoNW (%)	Net Asset Value (`)
Bank Limited								
IndusInd Bank Limited	Bank	10.0	185,771.63	48.06	36.50	5.09	13.90%	344.91
ICICI Bank Limited	Bank	2.0	1,133,976.31	17.51	20.16	1.96	10.84%	179.63
IDFC Bank Limited	Bank	10.0	95,973.75	3.00	18.75	1.30	7.24%	43.18
Kotak Mahindra Bank Limited	Bank	5.0	339,837.66	26.89	41.27	5.31	12.86%	209.09
RBL Bank Limited	Bank	10.0	44,686.21	12.61	40.03	4.37	10.29%	115.57
YES Bank Limited	Bank	10.0	206,427.98	79.12	4.48	0.73	15.15%	482.81
AU Small Finance Bank Limited	Small Finance Bank	10.0	14,459.89	11.73	56.00	9.39	38.33%*	69.92
Equitas Holdings Limited	Small Finance Bank (Hold Co.)	10.0	15,565.52	4.79	30.97	2.25	7.14%	66.03
Ujjivan Financial Services Limited	Small Finance Bank (Hold Co.)	10.0	13,976.24	17.76	21.29	2.57	11.83%	147.03
Bajaj Finance Limited	NBFC	2.0	100,065.30	34.01	49.32	9.61	19.13%	174.59
Gruh Finance Limited	NBFC	2.0	14,873.90	8.15	71.57	19.10	26.65%	30.54

* *Includes one-time income on sale of housing finance business.*

Source: All the financial information for listed industry peers mentioned above is on a consolidated basis (unless otherwise available) and is sourced from the financial results of the respective company for the year ended March 31, 2017

Source for Bandhan Bank Limited: Based on the Restated Summary Statements for the year ended March 31, 2017.

Notes:

(1) *Basic EPS refers to the Basic EPS sourced from the financial results of the respective company for the year ended March 31,2017*
(2) *P/E Ratio has been computed based on the closing market price of equity shares on BSE on January 31, 2018 divided by the Basic EPS provided under Note 1.*
(3) *P/B Ratio has been computed based on the closing market price of equity shares on BSE on January 31, 2018 divided by the Net Asset Value as per Note 5.*
(4) *RoNW is computed as net profit after tax divided by closing net worth. Net worth has been computed as sum of share capital and reserves and surplus.*
(5) *Net Asset Value ("**NAV**") is computed as the closing net worth divided by the equity shares outstanding as on March 31, 2017.*

The Issue Price of ₹ 375 has been determined by our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers, on the basis of assessment of market demand from investors for Equity Shares through the Book Building Process and, is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" beginning on pages 16, 124, 384 and 197, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to factors mentioned in "*Risk Factors*" beginning on page 16 and you may lose all or part of your investments.

7. The Issue Price is 37.5 times of the face value of the Equity Shares.

STATEMENT OF TAX BENEFITS

The Board of Directors
Bandhan Bank Limited

DN -32, Sector V
Salt Lake City
Kolkata -700091

1. We hereby confirm that the enclosed Annexure, prepared by Bandhan Bank Limited (the "Bank"), provides the possible tax benefits available to the Bank and to the shareholders of the Bank under the Income Tax Act, 1961 (the "Act") as amended by the Finance Act, 2017, i.e. applicable for the financial year 2017-18 relevant to the assessment year 2018-19, presently in force in India. Several of these benefits are dependent on the Bank or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Bank and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which are based on business imperatives of the Bank faces in the future, the Bank or its shareholders may or may not choose to fulfil.

2. The Central Board for Direct Taxes ('CBDT') has constituted a Committee to suggest framework to compute book profit which constitutes the tax base for Minimum Alternate Tax ('MAT') levy for companies converging to Ind-AS. Till date the Committee has made two reports, which are yet to be accepted by the Government. Since the Committee recommendations do not carry any weightage in law as they may or may not be accepted, we have not expressed our opinion on the transitional impact of Ind-AS, which maybe applicable to the Bank from FY 2018-19 onwards.

3. The benefits discussed in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Bank's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

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

For **S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Amit Kabra

Partner

Membership No.: 094533

Gurgaon

February 27, 2018

ANNEXURE

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE ISSUER BANK AND ITS SHAREHOLDERS

Special tax benefits available under the Income Tax Act, 1961 (‘the Act’):

TO THE BANK

1. In terms of Section 36(1) (viia) of the Act, the Bank is entitled to claim deduction in respect of any provision for bad and doubtful debts made by the bank of an amount not exceeding 8.5% of the total income (computed before making any deduction under this clause and Chapter VIA of the Act) and an amount not exceeding 10% of the aggregate average advances made by rural branches computed in the manner prescribed under Rule 6ABA.

2. As per the provisions of section 36(1)(iiia) of the Act, the Company is entitled to claim deduction in respect of pro-rata amount of discount on a zero coupon bond, having regard to the period of life of such bond, calculated in the manner as may be prescribed by rules in this behalf. Zero coupon bond is defined under section 2(48) of the Act to mean a bond issued by any infrastructure capital company or infrastructure capital fund or public sector company or scheduled bank on or after June 1, 2005 in respect of which no payment and benefit is received or receivable before maturity or redemption from infrastructure capital company or infrastructure capital fund or public sector company or scheduled bank and which is notified by the Central Government in this behalf.

3. Under section 36(1) (vii) of the Act, the amount of any bad debts, or part thereof, written off as irrecoverable in the accounts of the bank for the previous year is allowable as deduction. However, the amount of the deduction relating to any such debt or part thereof shall be limited to the amount by which such debt or part thereof exceeds the credit balance in the provision for bad and doubtful debts account including provisions made towards rural advances made under section 36(1)(viia) of the Act. Further, if the amount subsequently recovered on any such debt or part is greater than the difference between the debt or part of debt and the amount so allowed, the excess shall be deemed to be profits and gains of business or profession and accordingly, chargeable to tax in accordance with Section 41(4) in the year in which it is recovered.

4. In terms of Section 36(1)(viii) of the Act, the Company is allowed deduction in respect of any special reserve created and maintained by the bank for an amount not exceeding 20% of the profits derived from the business of long term finance for industrial or agricultural development or development of infrastructure facility in India or development of housing in India. Further, if the aggregate amount carried to the Special Reserve account from time to time exceeds twice the paid-up capital and general reserves, no deduction shall be allowed on the excess amount under the Section 36(1)(viii) of the Act. The amount withdrawn from such a Special Reserve Account would be chargeable to income tax in the year of withdrawal, in accordance with the provisions for Section 41(4A) of the Act.

5. In terms of section 43D of the Act, interest on certain categories of bad and doubtful debts as specified in Rule 6EA of the Income Tax Rules, 1962, shall be chargeable to tax only in the year of receipt or credit to Profit and Loss Account, whichever is earlier.

6. Under Section 47(xv) of the Act, no capital gain is chargeable on any transfer in a scheme of lending of any securities under an agreement or arrangement, which the assessee has entered into with the borrower of such securities and which is subjected to the guidelines issued by the Securities and Exchange Board of India or Reserve Bank of India, in this regard.

7. As per Section 80JJAA, where the gross total income of an assessee includes any profit and gain derived from manufacture of goods in a factory, there shall, subject to the condition specified in subsection (2), be allowed a deduction of an amount equal to thirty per cent of additional wages paid to the new regular workmen employed by the assessee in such factory, in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment in provided.

   However, the Finance Act, 2016 has amended the said provisions and has stated that where the gross total income of an assessee, to whom section 44AB applies, includes any profit and gain derived from business, there shall, subject to the condition specified in subsection (2), be allowed a deduction of an amount equal to thirty per cent of additional employee cost incurred in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment in provided. The said amendment is applicable from AY 2017-18

Further, the Finance Bill, 2018 has also proposed to rationalize this deduction of 30% by allowing the benefit for a new employee who is employed for less than the minimum period during the first year but continues to remain employed for the minimum period in subsequent year. This amendment will take effect, from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

TO SHAREHOLDERS OF THE BANK

Special Tax Benefits:

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

Note:

1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

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

3. The above statement of possible tax benefits is as per the current direct tax laws relevant for the assessment year 2018-19. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.

4. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company

5. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the nonresident has fiscal domicile.

CERTAIN U.S. FEDERAL TAX CONSIDERATIONS

The following discussion describes certain U.S. federal income tax consequences of the investment in shares, and is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), the U.S. Treasury regulations promulgated thereunder, judicial decisions, revenue rulings and revenue procedures of the Internal Revenue Service ("**IRS**"), and other administrative pronouncements of the IRS, all available as of the date hereof. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below. No ruling will be sought from the IRS with respect to any statement in this discussion and there can be no assurance that the IRS will not challenge such statements, or, if challenged, that a court will uphold such statement. This discussion is applicable to U.S. Holders (as defined below) that hold the Equity Shares as capital assets for U.S. federal income tax purposes (generally property held for investment). This discussion does not address any U.S. federal estate or gift tax consequences, the alternative minimum tax, the Medicare tax on net investment income or any state, local, or non-U.S. tax consequences.

For purposes of this discussion a "U.S. Holder" is a beneficial owner of an ordinary share that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust.

This discussion does not address all U.S. federal income tax consequences applicable to any particular investor, and does not address all of the tax consequences applicable to persons subject to special treatment under the U.S. federal income tax laws, including a person who is:

- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organization;
- a person holding the Equity Shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting;
- a person liable for alternative minimum tax;
- a U.S. expatriate or former U.S. citizen or long-term resident;
- an investor that holds shares through a financial account at a foreign financial institution that does not meet the requirements to be exempt from withholding with respect to certain payments under Section 1471 of the Code;
- persons who acquired shares pursuant to the exercise of any employee share option or otherwise as compensation;
- partnerships or other pass-through entities, or persons holding shares through such partnerships or other pass-through entities;
- a person who actually or constructively owns 10% or more of the total combined value of all classes of our voting stock; or
- a person whose functional currency is not the U.S. dollar.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds shares, the tax treatment of a partner will depend upon the status of the partner and the activities of the partnership. Partnerships considering an investment in the Equity Shares should consult their own tax advisors as to the particular U.S. federal income tax consequences of acquiring, holding and disposing of the Equity Shares.

Investors are urged to consult their tax advisors about the application of the U.S. federal tax rules to their particular circumstances as well as the state, local, non-U.S. and other tax consequences to them of the purchase, ownership, and disposition of the Equity Shares.

We expect, and this summary assumes, that we will not be a passive foreign investment company for U.S. federal income tax purposes. See the discussion under "—Passive Foreign Investment Company."

Distributions on Equity Shares

Distributions, including any Indian taxes withheld respect to such distributions will be includible in a U.S. Holder's income as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, as determined under U.S. federal income tax principles, the distribution will first be treated as a tax free return of capital, and the balance in excess of a U.S. Holder's adjusted tax basis in the Equity Shares will be taxed as capital gain recognized on a sale or exchange. However, we do not expect to calculate our earnings and profits in accordance with U.S. federal income tax principles, and, accordingly, U.S. Holders should expect that a distribution will generally be treated as a dividend. Such dividends will not be eligible for the dividends received deduction allowed to U.S. corporations for certain dividends.

With respect to certain non-corporate U.S. Holders, including individual U.S. Holders, dividends may be taxed at the lower capital gain rates applicable to "qualified dividend income", provided (1) we are eligible for the benefits of the income tax treaty between the United States and India (the "**Treaty**"), (2) we are neither a PFIC nor treated as such with respect to a U.S. Holder (as discussed below) for either the taxable year in which the dividend was paid or the preceding taxable year, (3) certain holding period requirements are met and (4) U.S Holders are not under an obligation to make related payments with respect to positions in substantially similar or related property. We expect to be eligible for Treaty benefits as long as there is substantial and regular trading of the Equity Shares on the BSE and NSE. U.S. Holders should consult their tax advisors regarding the availability of the lower capital gain rates applicable to qualified dividend income for dividends paid with respect to the Equity Shares.

U.S. Holders should consult their own tax advisors regarding how to account for distributions that are paid in a currency other than the U.S. dollar.

Sale or Other Taxable Disposition of Equity Shares

A U.S. Holder will recognize U.S. source capital gain or loss upon the sale or other taxable disposition of Equity Shares in an amount equal to the difference between the U.S. dollar value of the amount realized upon the disposition and the U.S. Holder's adjusted tax basis in such shares. Any capital gain or loss will be long-term if the Equity Shares have been held for more than one year at the time of the sale or other taxable disposition. Certain non-corporate U.S. Holders, including individuals, are eligible for reduced rates of taxation on long-term capital gains. The deductibility of capital losses is subject to limitations.

U.S. Holders should consult their own tax advisors regarding how to account for sale or other disposition proceeds that are paid in a currency other than the U.S. dollar.

Treatment of Non-U.S. Taxes

U.S. tax rules relating to foreign tax credits and deductions for non-U.S. taxes paid are complex. U.S. Holders should consult their own advisors about the applicability of these rules to their particular circumstances.

Passive Foreign Investment Company

In general, a non-U.S. corporation will be a PFIC for any taxable year if at least (i) 75 per cent. of its gross income is classified as "passive income" or (ii) 50 per cent. of the average quarterly value of its assets produce or are held for the production of passive income. For this purpose, passive income generally includes, among other items, dividends, interest, gains from certain commodities transactions, certain rents, royalties and gains from the disposition of passive assets. However, under the proposed Treasury regulations discussed below, interest or other income derived from the active conduct of banking business of a non-U.S. corporation that meets certain conditions will not be considered passive income.

We do not believe we were a PFIC for our most recent taxable year and we do not expect to be a PFIC for the current taxable year or in the foreseeable future, although there can be no assurance in this regard because our status as a PFIC depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. Our belief is based in part on proposed Treasury regulations, which are proposed to be effective retroactively for taxable years beginning after 31 December 1994, and on estimates of our income and assets. Because the proposed Treasury regulations may not be finalized in their current form, the application of the proposed regulations is not entirely clear and the composition of our income and assets will vary over time, there can be no assurance that we were not or will not become a PFIC for any particular taxable year.

A non-U.S. corporation is classified as a PFIC in any year in which it meets either the income or asset test discussed above, which depends on the actual financial results for each year in question. Accordingly, it is possible that we may become a PFIC in the current or any future taxable year due to changes in our asset or income composition. In addition, the composition of our income and assets will be affected by how, and how quickly, we spend the cash we raise in offerings.

If we are a PFIC for any taxable year during which a U.S. Holder holds the Equity Shares, such U.S. Holder will be subject to special tax rules with respect to any "excess distribution" received and any gain realized from a sale or other disposition, including a pledge, of shares. Distributions received in a taxable year that are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or a U.S. Holder's holding period for the Equity Shares will be treated as excess distributions. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over a U.S. Holder's holding period for the Equity Shares;

- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income; and

- the amount allocated to each other taxable year will be subject to tax at the highest tax rate in effect for that year and the interest charge applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to taxable years prior to the year of disposition or excess distribution in which we were a PFIC cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale or other disposition of the Equity Shares cannot be treated as capital, even if a U.S. Holder holds the Equity Shares as capital assets. In addition, non-corporate U.S. Holders will not be eligible for reduced rates of taxation on any dividends received from us if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year. A U.S. Holder will be required to additional information with its U.S. federal income tax return if such U.S. Holder holds the Equity Shares in any year in which we are a PFIC.

In certain circumstances, in lieu of being subject to the excess distribution rules discussed above, a U.S. Holder may make an election to include gain on the stock of a PFIC as ordinary income under a mark-to-market method, provided that such stock is "regularly traded" on a "qualified exchange." In general, the Equity Shares will be treated as "regularly traded" for a given calendar year if more than a *de minimis* quantity of the Equity Shares is traded on a qualified exchange on at least 15 days during each calendar quarter of such calendar year. A non-U.S. securities exchange on which the Equity Shares are will be a "qualified exchange" if it is (i) regulated or supervised by a governmental authority of the country in which the market is located; (ii) has trading volume, listing, financial disclosure, surveillance, and other requirements designed to prevent fraudulent and manipulative acts and practices, to remove impediments to and perfect the mechanism of a free and open, fair and orderly, market, and to protect investors; and the laws of the country in which the exchange is located and the rules of the exchange ensure that such requirements are actually enforced; and (iii) the rules of the exchange effectively promote active trading of listed stocks. No assurance can be given that the Equity Shares will be regularly traded on a qualified exchange for purposes of the mark-to-market election.

If a U.S. Holder makes an effective mark-to-market election, such U.S. Holder will include in each year as ordinary income the excess of the fair market value of the Equity Shares at the end of the year over the adjusted tax basis in the Equity Shares. Such U.S. Holder will be entitled to deduct as an ordinary loss each year the excess of the adjusted tax basis in the Equity Shares over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's adjusted tax basis in the Equity Shares will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. Any distributions that we make would generally be subject to the rules discussed below under "—Distributions," except that the lower rate applicable to qualified dividend income would not apply. If a U.S. Holder makes a mark-to-market election it will be effective for the taxable year for which the election is made and all subsequent taxable years (provided that, for any subsequent taxable year in which we are not a PFIC, a U.S. Holder will not include in income mark-to-market gain or loss) unless the Equity Shares are no longer regularly traded on a qualified exchange or the IRS consents to the revocation of the election.

Investors in certain PFICs can elect to be taxed on their share of the PFIC's ordinary income and net capital gain by making a qualified electing fund election (a "QEF election"), which, if made, would result in tax treatment different from (and generally less adverse than) the general tax treatment for PFICs described above under the excess distribution regime. We do not expect that a U.S. Holder will be eligible to make a QEF election with respect to the Equity Shares.

Each U.S. Holder is urged to consult its own tax advisor concerning the U.S. federal income tax consequences of holding shares if we are a PFIC in any taxable year during its holding period.

Information Reporting and Backup Withholding

A U.S. Holder may be subject to information reporting on amounts received by such U.S. Holder from a distribution on, or disposition of shares, unless such U.S. Holder establishes that it is exempt from these rules. If a U.S. Holder does not establish that it is exempt from these rules, it may be subject to backup withholding on the amounts received unless it provides a taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. Backup withholding is not an additional tax and the amount of any backup withholding from a payment that is received will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

In addition, U.S. Holders should consult their tax advisors about any reporting obligations that may apply as a result of the acquisition, holding or disposition of the Equity Shares. Failure to comply with applicable reporting obligations could result in the imposition of substantial penalties.

SECTION IV: ABOUT OUR BANK

INDUSTRY OVERVIEW

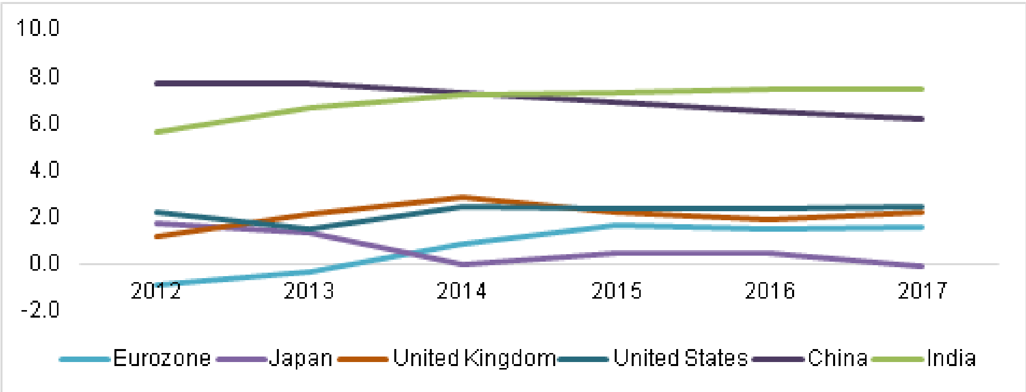
*We have commissioned CRISIL in respect of research report titled "SME Report (November, 2017), Microfinance Report (December, 2017), Housing Finance Report (December, 2017)" dated December 22, 2017 (the "**Reports**"). The Reports use certain methodologies for market sizing and forecasting. Neither we, nor any of the Book Running Lead Managers, have independently verified such data and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Accordingly, investors should read the industry related disclosure in this Prospectus in this context. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information.*

Industry and market data used in this section has been extracted from the Reports. For further details and risks in relation to commissioned reports, see "Risk Factors"—We have commissioned industry reports from certain agencies, which have been used for industry related data in this Prospectus and such data has not been independently verified by us" beginning on page 30, and "Certain Conventions, Presentation of Financial Industry and Market Data—Industry and Market Data" beginning on page 13.

1. The Indian Economy

India is one of the fastest-growing economies in the world. Over the past three fiscal years, India has grown as a result of an improved growth-inflation mix. Fiscal and monetary policies have focused on raising both the quality and rate of growth while reducing India's deficit. The Government of India has adopted a framework targeting inflation while modernising its central banking system. Consequently, CRISIL views an improvement in India's financial stability and ability to withstand global economic events in comparison with the past.

GDP growth (percentage change)



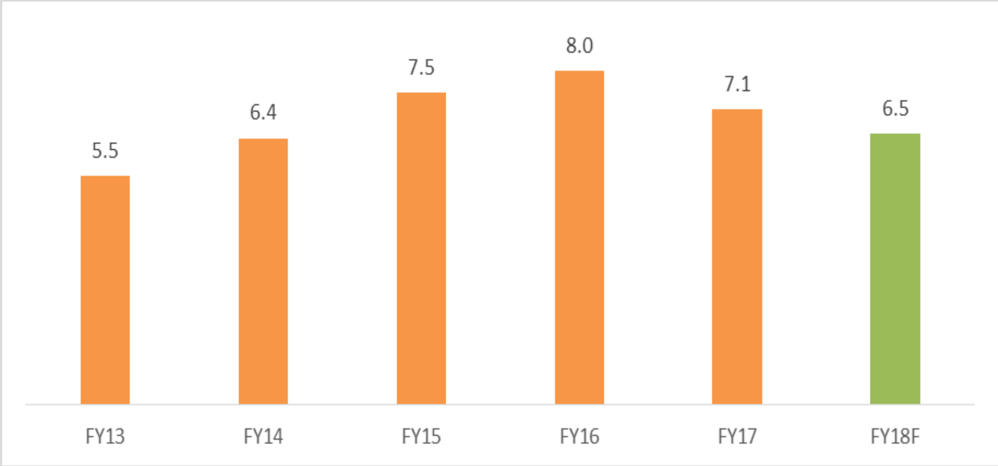
Source: IMF, CRISIL Research (September 2017)

Outlook on GDP growth

Growth forecast at 6.5% in fiscal year 2018; to pick up pace gradually

CRISIL Research estimates GDP growth in fiscal year 2018 at 6.5% driven by growth in agriculture and services sector.

Annual GDP growth (%)



F: Forecast

Source: Central Statistics Office (CSO), CRISIL Research (January 2018)

On the external front, however, global growth prospects this fiscal year seem better to have improved relative to the preceding fiscal year. Factors such as the falling trade intensity of growth, geo – political risks and uncertainties surrounding the pace of normalisation of monetary policy in advanced nations, and appreciation of the Rupee, could limit the impact of the contribution of exports on India's domestic economic growth. Manufacturing growth could, therefore, slow to 4.6% in fiscal year 2018 from 7.9% in fiscal year 2017.

Agricultural growth expected to be buoyant

Rainfall in 2017 has been 5% below the long-term average for India. Six states have seen rainfall levels fall 10% or more blow what is considered normal for India, whereas nearby eight states received rainfall levels exceeding the norm in India, causing floods and associated damage.

Rainfall across India has been uneven. Some large crop – producing states, such as Haryana, Uttar Pradesh and Punjab, had reduced rainfall, but the impact is by and large minimal on crop production, as these regions are able to rely on large irrigation cover to supplement their water needs. On the other hand, Kerala, Madhya Pradesh and Karnataka have also received inadequate rainfall to support crop production, and these states are unable to rely on extensive irrigation cover to supplement their water. However, as Kerala, Madhya Pradesh and Karnataka together contribute less than 5% of all kharif production in India, the overall level of sowing is progressing at a healthy pace.

As of August 2017, total kharif sowing was 3.3% higher on – year, and 5% higher than what is considered normal for India. However, given the high base of 4.9% in the fiscal year 2017, CRISIL Research expects agriculture to grow by 2.1% in fiscal year 2018.

Services sector estimated to grow at 8.3% in fiscal year 2018

The services sector may perform a little better this fiscal year as CRISIL Research expects some improvement in areas such as trade, hotels & transportation (as agriculture production remains robust and construction activity is expected to gather pace), and financial services, real estate and professional services (on account of improved performance of the capital markets, and some pick-up in consumer credit on the back of improved rate transmission post demonetisation). On the whole, CRISIL Research estimates services sector growth at 8.3% in fiscal year 2018 compared with 7.7% in fiscal year 2017.

Structural reforms to push economic growth higher in the next five years

CRISIL Research expects the pace of economic growth to pick up in the medium term, as structural reforms, such as GST and the bankruptcy code, aimed at removing constraints and raising the trend rate of growth, begin to have an impact on the economy. Assuming the monetary and fiscal policies remain prudent, these reforms would lead to efficiency gains and improve the prospects for sustainable high growth in years to come. An improving macroeconomic environment (softer interest rate and stable inflation), urbanisation, rising middle class, and business-friendly government reforms, will drive growth in the long term. As per the IMF forecast, the Indian economy is projected to grow at a 7.7% CAGR over the next five years. Growth in India will be higher than many emerging and developed economies, such as Brazil, Russia and China.

Savings Scenario

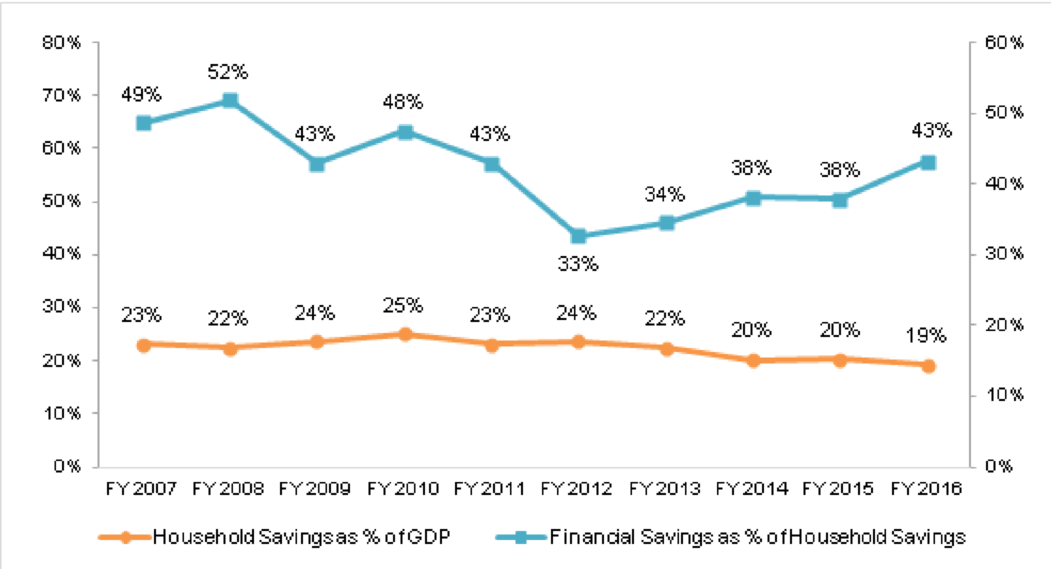
Strong growth foreseen in household financial savings

While CRISIL Research projects GDP growth in India to improve, control over inflation is another key structural positive. When the country witnessed rainfall 23% less than the norm during the monsoon in fiscal year 2010, consumer price index-linked (CPI) inflation climbed to 12.4%. However, despite two similar low rainfall monsoons in CY2014 and CY2015, CPI inflation averaged 6% in fiscal year 2015 dropping to 5% in fiscal year 2016 and 2017. In fiscal year 2018, CRISIL Research expects CPI inflation to fall further, to average 4%. Over the long term too, the Reserve Bank of India (RBI) is committed to keep inflation low and within a range. Lower inflation provides impetus to overall savings, as people can increase their saving.

In the past eight years ending fiscal year 2017, household savings in financial assets have grown at a CAGR of 12%.With rising income and inflation under control, the household savings rate (household savings as a percentage of GDP) is likely to increase gradually. Although the share of household savings has remained subdued since fiscal year 2012, the proportion of financial savings has increased significantly during the period.

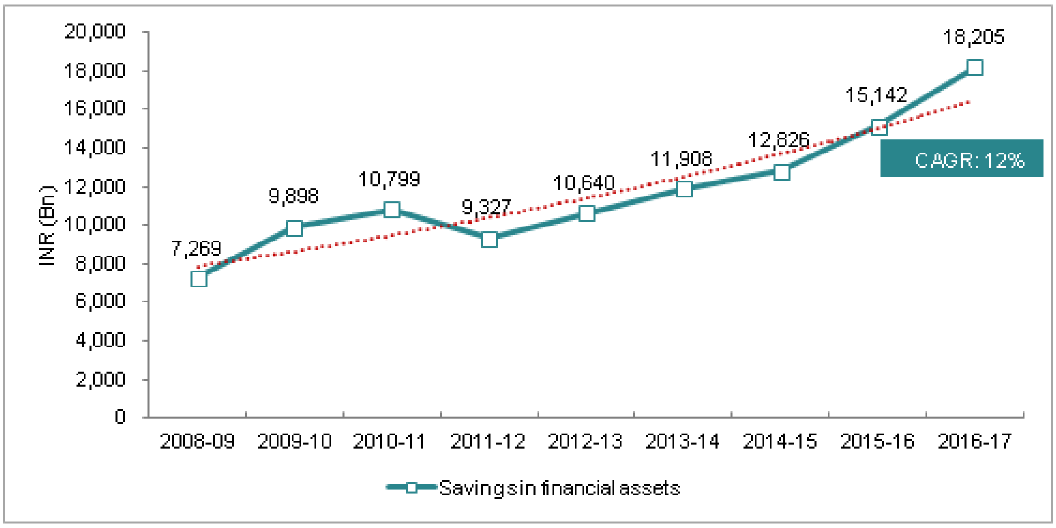
Furthermore, benign inflationary pressures would reduce the attractiveness of gold and real estate – which represent the physical savings of households – as investment alternatives. Consequently, the share of financial savings within household savings could rise further from 43% in fiscal year 2016.

Trend in household savings and financial savings



Source: RBI, CRISIL Research September 2017

Trends in savings in financial assets



Source: RBI, CRISIL Research September 2017

2. Financial inclusion in India

2.1 Addressable market and under-penetration of credit and banking services in India

i) Current scenario and key developments

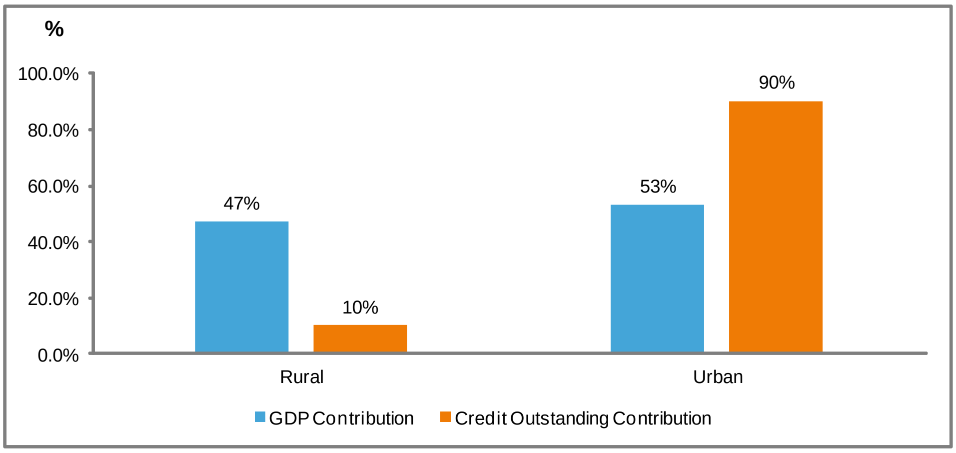
Financial inclusion is imperative for sustaining India's continued and equitable economic growth. Financial access strongly underpins economic opportunity, and in India, the major reasons for financial exclusion are poverty and low income, social iniquities, financial illiteracy, high transaction costs, and the lack of proper infrastructure. Consequently, a significant proportion of the population remains without access to formal banking facilities.

The global average of the adult population with an account (at a bank, financial institution, or with mobile money providers) is approximately 62%. India ranks below that global average, at approximately 53%. However, India ranks above South Asia as a whole, where the proportion is relatively low at around 46%. Financial inclusion is especially poor in some of India's neighbouring countries. According to the global Findex database, in 2014, of the world's unbanked adults, 21% or approximately 420 million, are from India, which is about two-thirds of South Asia's total unbanked adults. China, India, and Indonesia together account for 38% of the world's unbanked. The total global unbanked population stands at 2 billion.

ii) Rural areas account for half of GDP, but less than 10% of banking credit

As of fiscal year 2016, there were almost 640,000 villages in rural India, inhabited by some 850 million consumers, who make up 65-70% of the population and contribute around half of the country's gross domestic product (GDP). Although rural India contributes 47% of India's GDP, its share in total credit outstanding is just 10%, in comparison with 90% for urban India as of fiscal year 2016. This extreme divergence in the share of rural areas in India's GDP and banking credit is an indicator of the very low penetration of banking in rural areas.

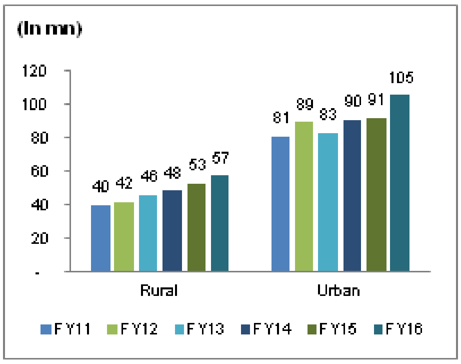
Low penetration of banking credit in rural areas (2015-16)

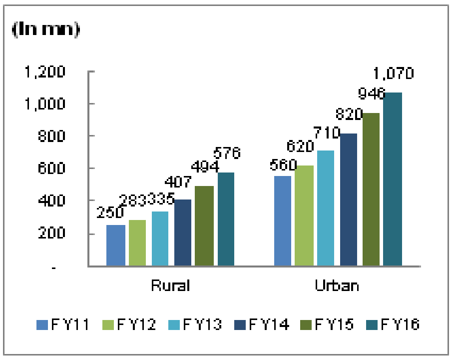


Source: CSO, RBI 2016, CRISIL Research estimates (for GDP contribution)

Buoyed by the Government's sustained efforts to bolster financial inclusion, the number of credit accounts in rural India grew at a 7% CAGR, with the number of deposit accounts rising at an 18% CAGR in fiscal year 2016 from fiscal year 2011. This growth was higher than the five-year CAGR of 5% in the number of credit accounts, and 14% in the number of deposit accounts in urban India. Notwithstanding, the number of credit and deposit accounts in rural India was almost half that of urban India as of fiscal year 2016.

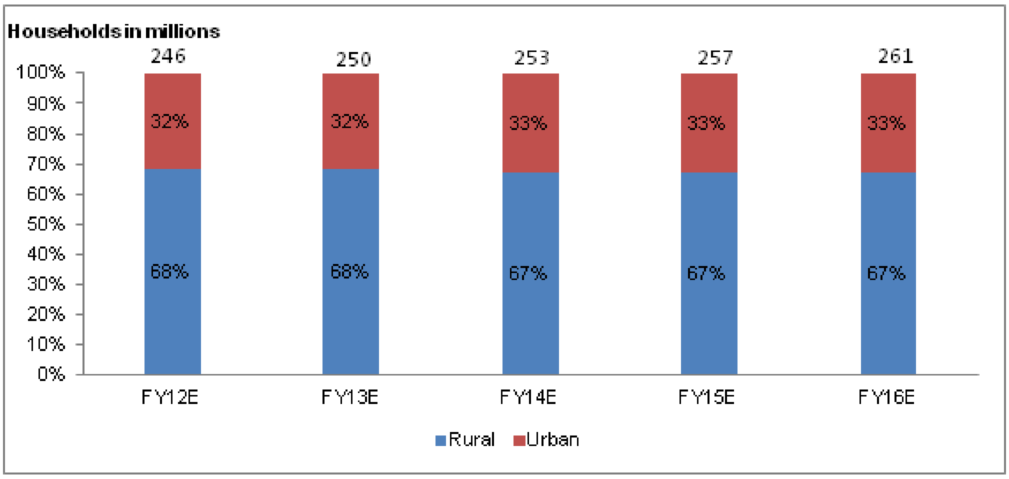
Number of credit accounts; urban versus rural Deposit accounts in urban areas twice versus rural





Source: RBI, CRISIL Research July 2017

Two thirds of total households are in rural India



Note: Household count assumes 5 persons per household as per CRISIL estimates.

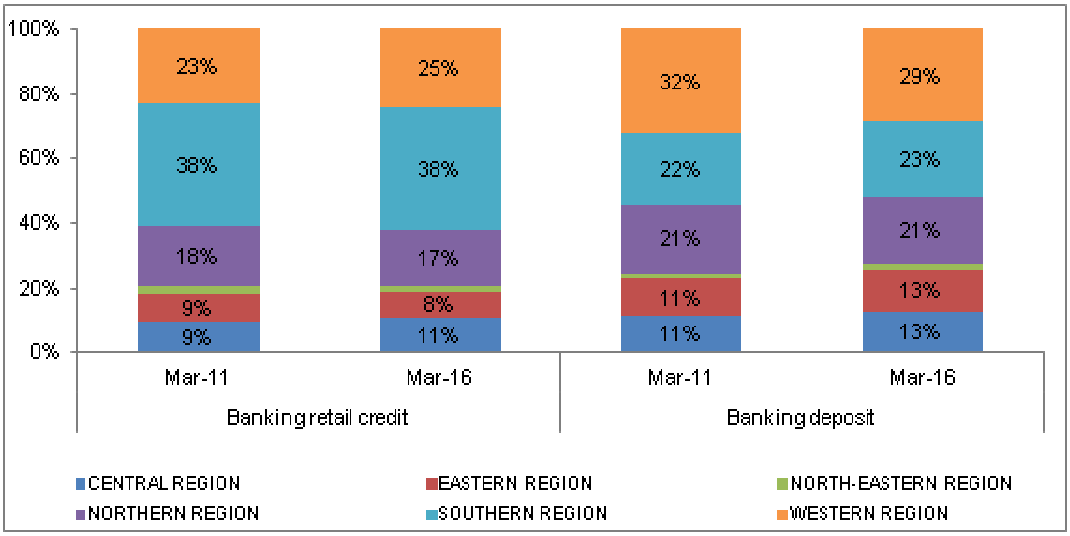
Source: Census 2011, CRISIL Research November 2017

Note: *E: Estimated*

iii) Region-wise asymmetry: Northern and eastern regions have a lower share in total bank credit and deposits

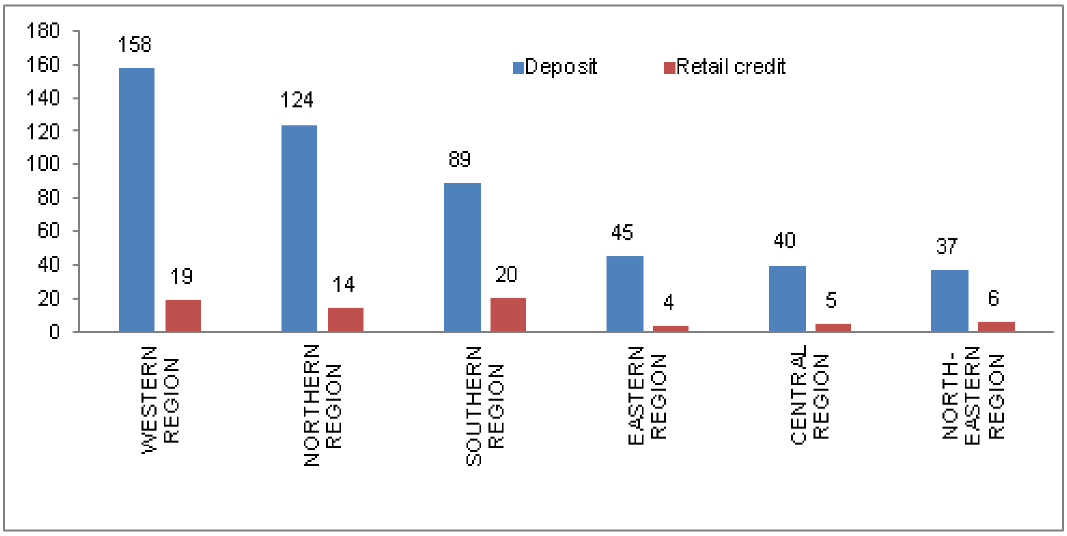
Indian banking credit and deposits are predominantly concentrated in the southern and western regions, whereas banking credit and deposit penetration have been empirically low in the northern and eastern regions. Credit and deposit penetration in the south has increased over the past six years. Banking retail credit per capita in the eastern region is the lowest, and is five times lower than the southern region.

Region-wise share of banking retail credit and deposits



Source: RBI, CRISIL Research November 2017

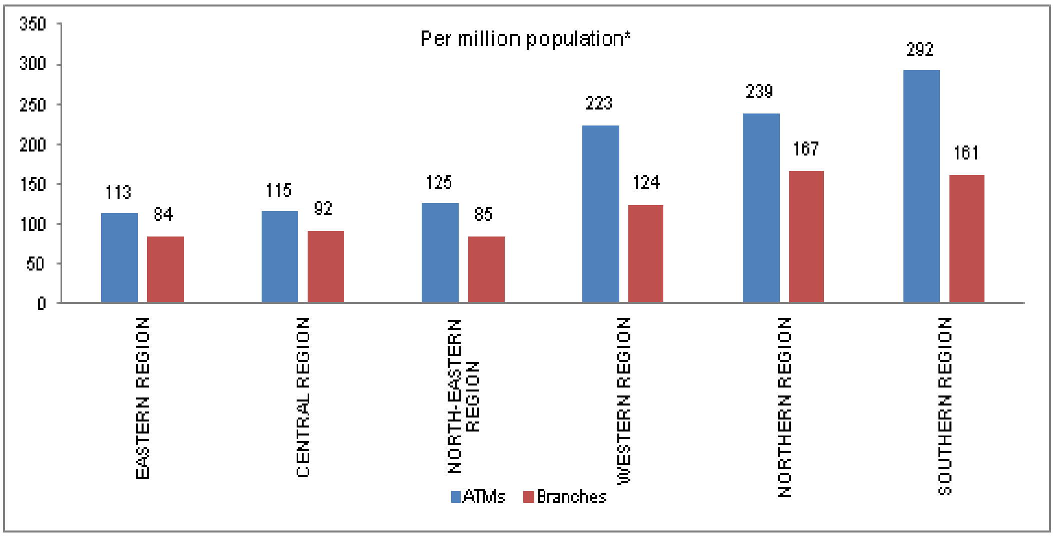
Region-wise per capita* banking retail credit and deposits (Rs '000s) – (2016)



Source: RBI, Census India, CRISIL Research; Note: '*' population as per the census data of 2011

Low per capita retail credit in eastern, central and north eastern regions shows the low penetration of banks in these regions compared with other parts of the country. This provides an opportunity for the banks to further penetrate these regions and expand their reach in specific areas within them.

Region-wise presence of bank ATM and branches (2016)



Source: RBI, Census India, CRISIL Research; Note: '*' population is as per the census data of 2011

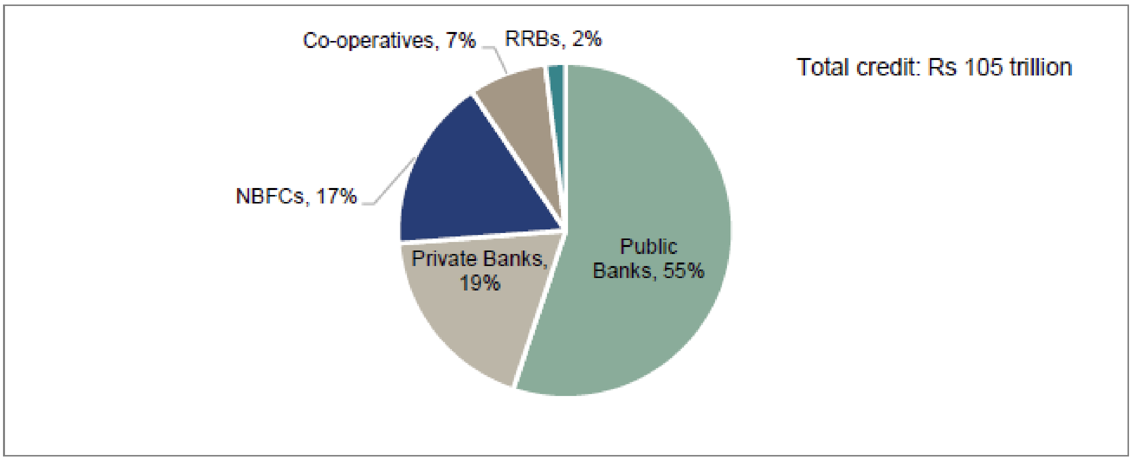
iv) Key steps taken by the Government to boost financial inclusion

A lot of progress has been made in the past five to seven years to incorporate unbanked areas into India's formal banking system. The RBI and Government have taken a number of measures to simplify financial inclusion, such as the introduction of no-frill accounts, a business correspondent (BC) model, liberalisation of RBI's branch expansion/ATM policy, new technology-led products and services, hosting of financial literacy programmes, introduction of payment banks and small finance banks, creation of Aadhaar card, Pradhan Mantri Jan Dhan Yojana (PMJDY), and Micro Units Development & Refinance Agency Ltd (MUDRA). However, there remains much ground to be covered to bring people in rural and remote areas into the financial mainstream.

Indian credit business dominated by public sector banks, strong presence of other players required for better financial inclusion

The systemic credit in India (including banks and NBFCs) is dominated by public sector banks, which account for approximately 55% share of total credit. Private banks have approximately one fifth of the credit share. On the other hand, NBFCs account for approximately 18% credit share in the system, primarily on account of NBFC's strong presence in the housing, infrastructure and auto sectors. Regional rural banks are very small, and account for just 2% of total systemic credit. Credit co-operatives, on the other hand, holds a 7% share of total systemic credit, distributed between urban and rural co-operatives.

Public and private banks together account for a share of more than three quarters of overall systemic credit (fiscal year 2016)



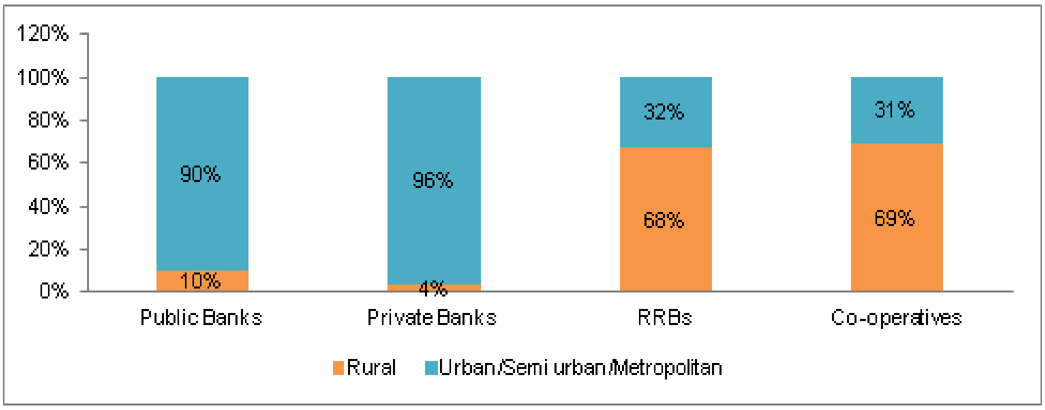
Note: Data for Rural co-operatives is estimated based on the latest available numbers from RBI

Source: Database of Indian Economy (2016), RBI (December 2016), CRISIL Research (November 2017)

Most of the agricultural land in India is present in rural areas and hence, the majority of lending in rural areas is towards agricultural purposes. Due to the lower banking penetration in rural regions, the share of public and private banks in rural areas is still very low, at around 10% and 4%, respectively. On the other hand, regional rural banks, which were developed to cater the needs of the rural population, have almost 68% of their total portfolio in rural areas.

Amongst other players, NBFCs have only a limited presence in rural areas, as only a few NBFCs in specific segments provide credit in rural regions. NBFCs in the micro-finance sector have good penetration in rural areas, with almost 38% of their total micro-finance credit outstanding in rural areas. Auto finance NBFCs also provide commercial vehicle loans, tractor loans and other pre and post-harvest finance options in rural areas. Since some of the low cost housing finance and micro-finance companies are expanding their reach in rural areas, the share of rural credit for NBFCs (including HFCs) is expected to increase in the coming years, considering the underpenetrated nature of the rural market.

Low banking penetration in rural regions leads to lower share of banks in their overall credit (fiscal year 2016)



Note: Data for rural co-operatives is estimated based on the latest available numbers from the RBI

Source: Database of Indian Economy (2016), RBI (December 2016), CRISIL Research (November 2017)

The primary contributors to India's systemic credit, such as co-operatives, regional rural banks (RRBs), and micro-finance NBFCs, play a key role in fulfilling the banking needs of India's rural population. This is because a large proportion of their portfolios is concentrated in rural areas.

The RBI’s priority sector lending norms, which include loans given to agriculture, micro, small and medium enterprises, education, housing, weaker sections, social infrastructure, and renewable energy will improve credit flow in rural areas. As per the revised norms of 2016, 75% of the total loans by RRBs must be given in the priority sector, against 60% previously, whereas commercial banks have a priority sector lending target of 40%. With the emergence of new players in the banking space (including new commercial banks such as IDFC and Bandhan Bank, along with small finance banks) and with tighter priority sector lending norms, the share of rural credit in the future bank credit will increase.

The RBI has taken several steps to provide banking facilities in all unbanked villages. A roadmap to cover villages with a population of more than 2,000 was first rolled out in 2010. As of March 31, 2017, 96% (472,136 villages) of the total villages allotted had been covered. Of these, 19,875 villages have been served through brick-and-mortar branches, 431,359 villages through BCs, and 20,902 villages through other modes.

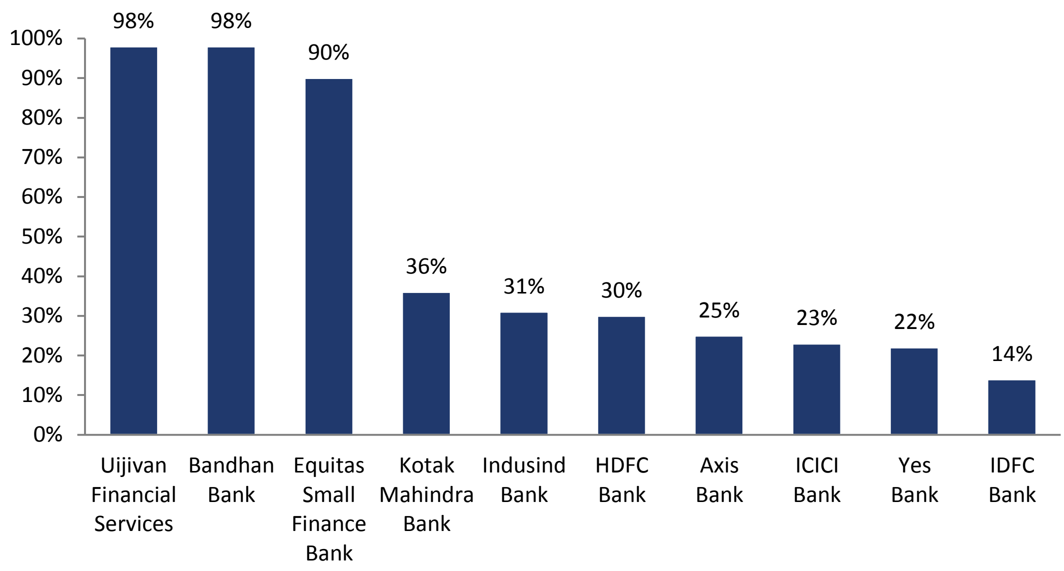
Priority sector lending certificates (PSLCs)

Introduced in April 2016, the scheme provides a mechanism to incentivise banks to diversify lending to different groups within the PSL, and thereby boosting the overall PSL market. This scheme allows a bank to benefit by selling over-achievement of targets in particular sectors through PSLCs to another bank. There are only four eligible categories of PSLCs: (i) PSLC General; (ii) PSLC Small and Marginal Farmer; (iii) PSLC Agriculture; and PSLC Micro Enterprises.

Amongst the four PSLC categories, the highest trading was observed in case of PSLC –Small and marginal farmer, and PSLC – General categories, with transaction volume being ₹229.9 billion and ₹200.2 billion, respectively.

Bandhan Bank has the second highest priority sector advances ratio, amongst its peer set in fiscal year 2017 based on disclosures in the balance sheet.

Ratio of priority sector advances as disclosed in balance sheet to total advances (fiscal year 2017)



Note: The data is not a direct indicator of achievement/non-achievement of priority sector targets. The share of priority sector advances has been calculated using the disclosed data in the balance sheet of each entity (as total advances in priority sector / total advances).

Source: Company reports, disclosures by Bandhan Bank available in the public domain, CRISIL Research (November 2017)

3. Overview of the Indian Banking Industry

3.1 *Evolution of the sector and regulations and landscape and description of the various banks*

The banking industry plays a crucial role in mobilising savings and stimulating the economic development of a nation. The banking structure in India has multiple layers to cater to the varied and specific requirements of customers. The existing banking structure in India has evolved over several decades, and has been serving the credit and banking services needs of the economy. The evolution of the Indian banking industry following the country's independence can be divided into three different phases. Nationalisation of banks in the first phase was one the biggest structural reforms the industry has seen. In the second phase, the Indian economy was liberalised in 1991 to make it more market and service-oriented. This move markedly improved the performance and strength of the banking structure. At present, the Indian commercial banking system is well – developed and comparable to most of the advanced and emerging economies in the world.

'On-tap' Licensing of Universal Banks in the Private Sector

After a successful experience of licensing two universal banks in 2014 and granting final approvals for Small Finance Banks and Payments Banks, the Reserve Bank released the framework for granting licences to universal banks on a continuous basis. The Reserve Bank of India (RBI) has released the final guidelines for 'on-tap' licensing of Universal Banks in the Private Sector on 1 August 2016. An 'on-tap' facility would mean the RBI will accept applications and grant license for banks throughout the year. The policy allows aspirants to apply for universal bank license at any time, subject to the fulfilment of the set conditions. There are several conditions for applying for new bank licenses set for individual applicants and entities like NBFCs.

Some of the key features of the guidelines to be eligible for the on tap license are:

- Minimum 10 years of successful track record of existing NBFCs (that are resident-owned and controlled) / promoter / promoting entity / promoter group / entities / group in private sector (that are resident owned and controlled). Non-financial business of such entity / group should not account for 40% or more in cases where total assets of the entity / group is more than ₹50 billion.

- Initial minimum paid-up voting equity capital of ₹5 billion. Minimum net worth of ₹5 billion at all times (also applicable to NBFCs converting into banks).

- Aggregate foreign investment limit not more than 74%.

- The entity after getting the licence of a bank as per the guidelines shall get its shares listed on the stock exchanges within six years of the commencement of business by the bank. The bank shall open at least 25% of its branches in unbanked rural centres (population up to 9,999 as per the latest census). The bank shall comply with the priority sector lending targets and sub-targets as applicable to the existing domestic scheduled commercial banks.

As per RBI guidelines, the licensing window will be open on-tap, and the applications in the prescribed form along with requisite information could be submitted to the Reserve Bank at any point of time. The applications will be referred to a Standing External Advisory Committee (SEAC) to be set up by the Reserve Bank. The Committee will submit its recommendations to the Reserve Bank for consideration. The Internal Screening Committee (ISC), consisting of the Governor and the Deputy Governors, will examine all the applications and then submit its recommendations to the Committee of the Central Board of the Reserve Bank for the final decision to issue in-principle approval. The validity of the in-principle approval issued by the Reserve Bank will be 18 months from the date of granting in-principle approval and would thereafter lapse automatically.

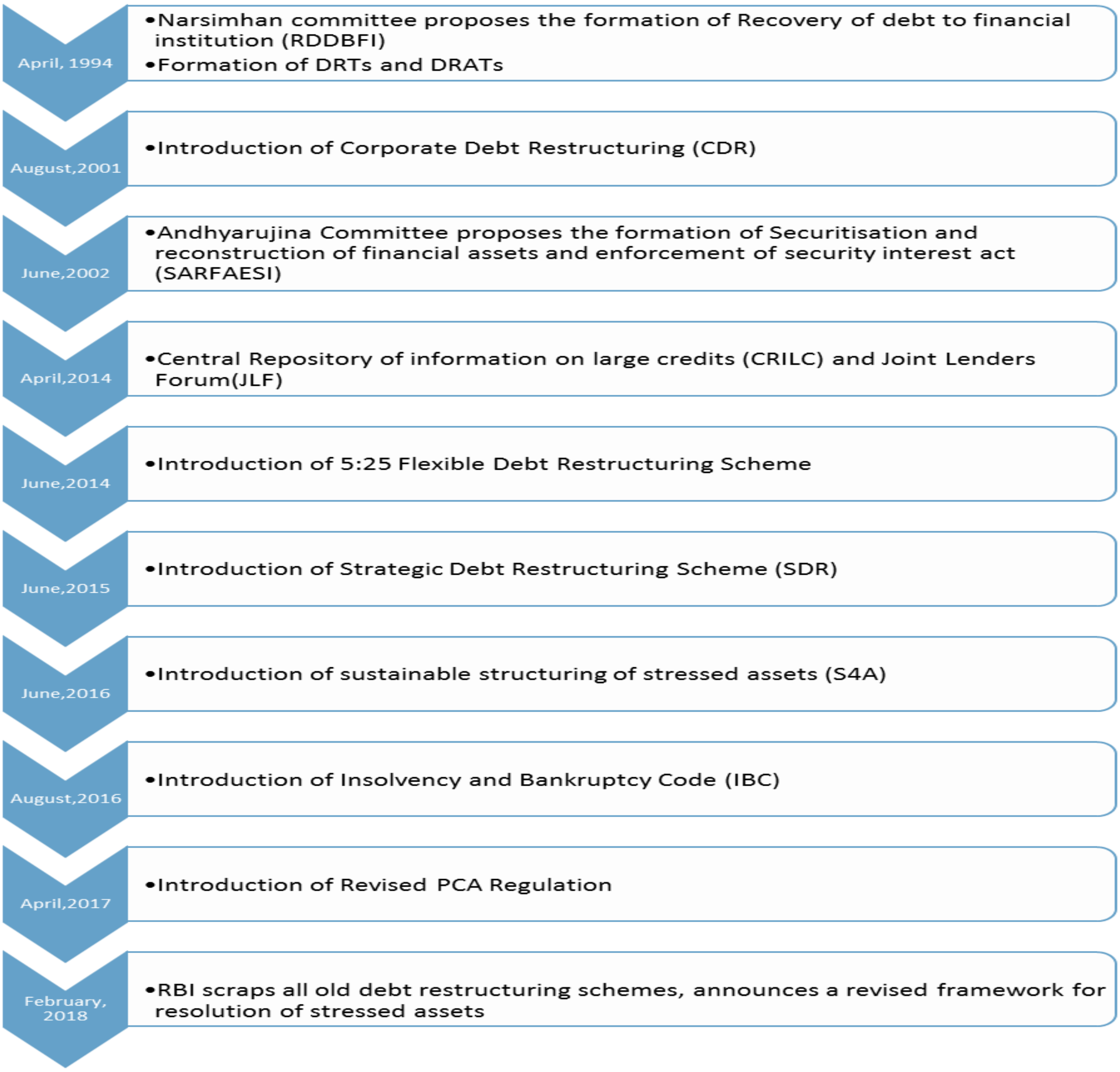
3.2 *Regulatory developments to control NPAs in the banking industry*

The RBI has implemented several initiatives in order to resolve the ageing issue in relation to non-performing assets, as in the past two years the gross NPA levels in the corporate (industry) sector for the overall banking industry surged to over 16%.

Analysis of the GNPAs of scheduled commercial banks in different sectors indicates that the industrial sector accounts for the largest percentage of non-performing assets, its percentage of GNPAs exceeding 16% as for fiscal year 2017. This was an increase of more than 10% from fiscal year 2015. The high rate of GNPAs in the industrial sector signifies the poor performance of corporations and the credit growth of banks in the industrial sector has accordingly reduced over the past few years. On the other hand, the retail segment contains the lowest level of GNPAs, 2.2% for fiscal year 2017. Consequently, credit growth has been significantly high in the retail sector in the past two years for SCBs. GNPAs of public sector banks in the industrial sector remain very high at 19%, which has impacted the profitability of public sector banks.

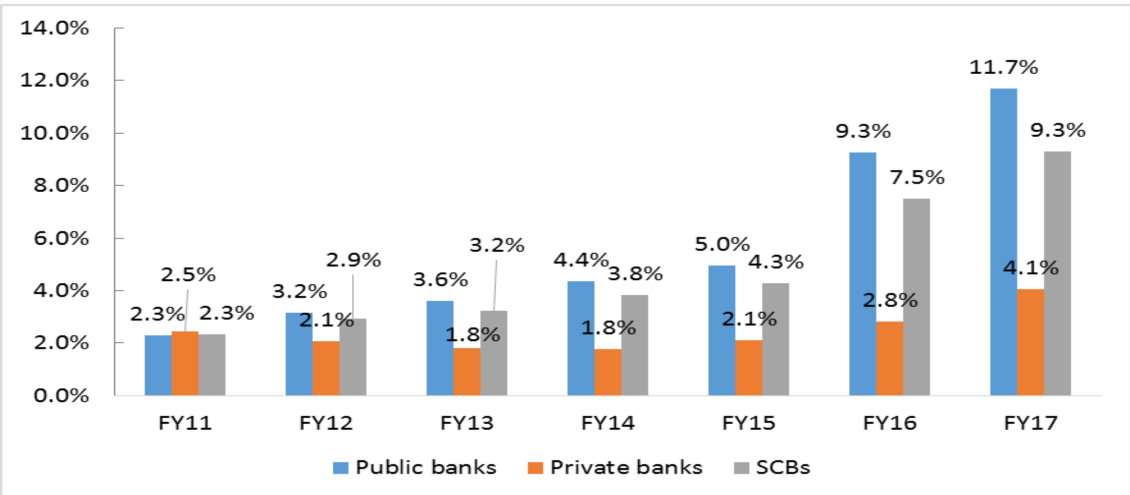
As of Q3 FY 18, the gross NPA level for scheduled commercial banks is estimated to be at 10.7%. Public sector banks' gross NPA is estimated to be higher at 13.5% compared to private banks' gross NPA level of 4.2% at the end of Q3 FY18.

Considering the increasing NPA levels especially in the corporate sector, some key initiatives taken by RBI to curb the problem are as follows:



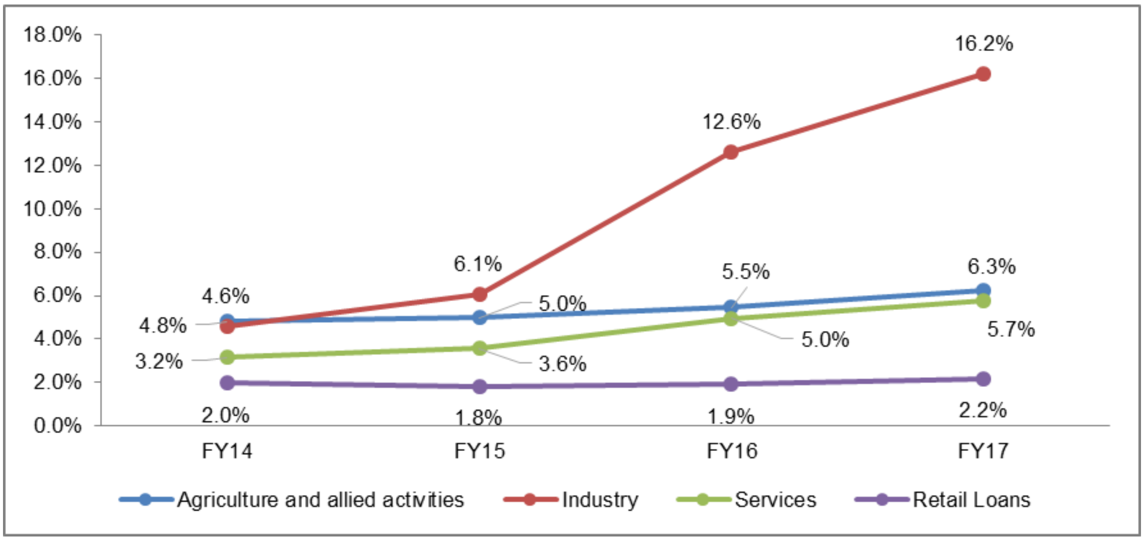
Source: RBI, CRISIL Research (February 2018)

Overall gross NPA levels of scheduled commercial banks



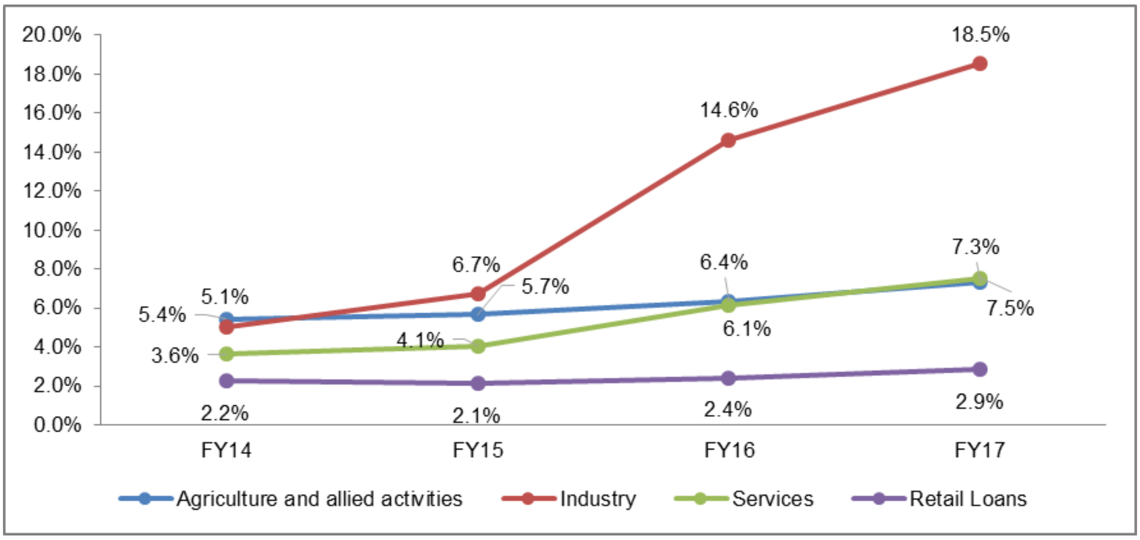
Source: RBI (Statistical Tables Relating to Banks in India- December 2017), CRISIL Research

Sectoral GNPAs of scheduled commercial banks



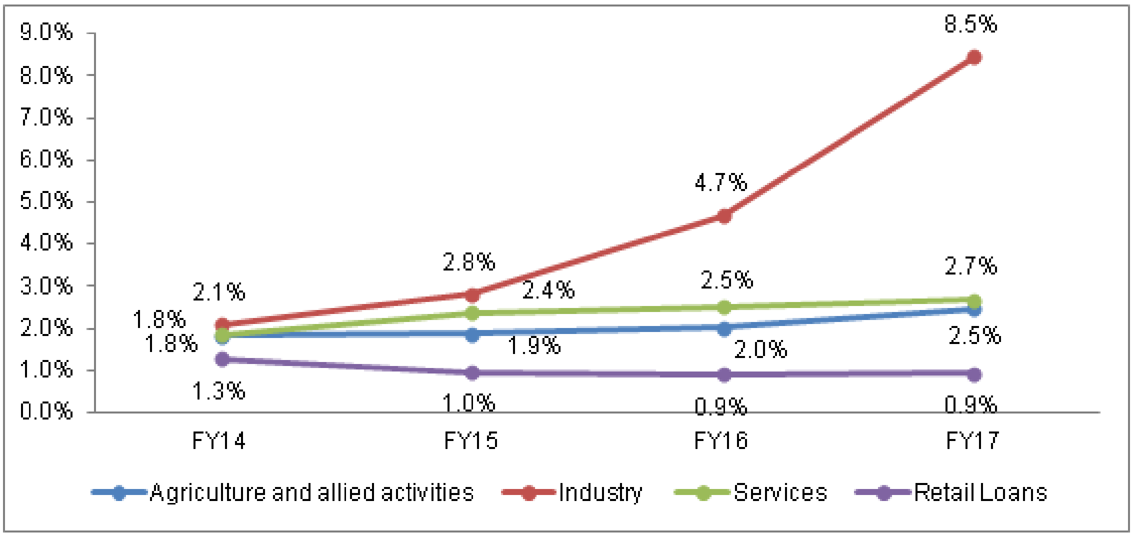
Source: Company reports, CRISIL Research (August 2017)

Public banks' sectoral GNPAs



Source: Company reports, CRISIL Research (August 2017)

Private banks' sectoral GNPAs



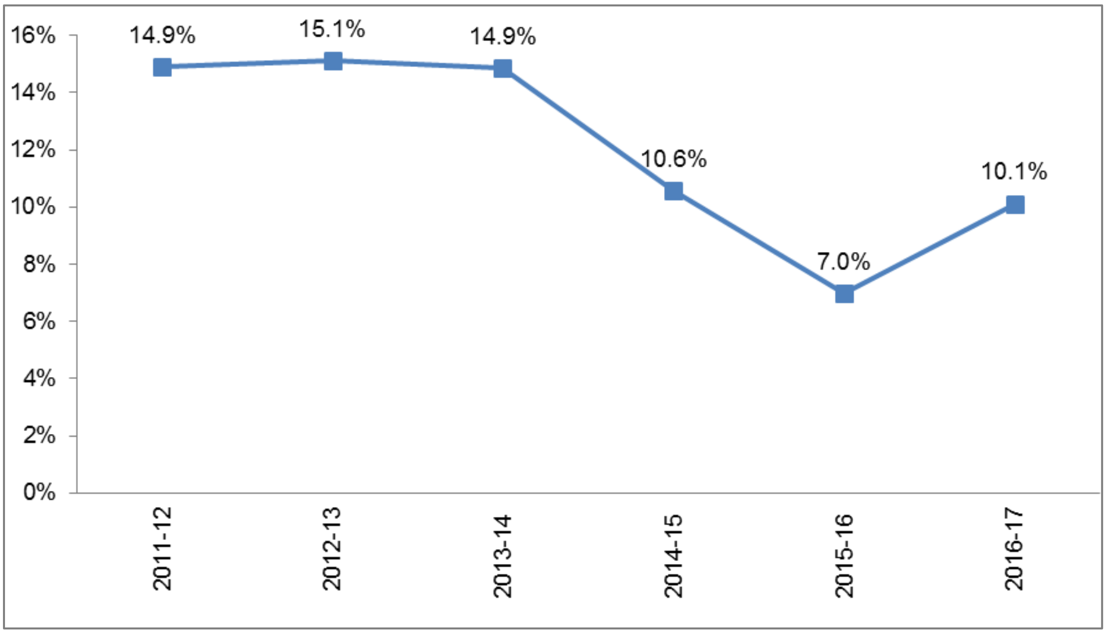
Source: Company reports, CRISIL Research (August 2017)

3.3 Demonetisation impact

Post demonetisation spike in deposits growth to moderate in near term

Deposits with the Indian banking industry recorded a significant growth of 10.1% year on year in fiscal year 2017, compared with 7% in fiscal year 2016, owing to demonetisation. However, a lower inflation rate, record growth in the mutual funds industry (25% year on year in December 2017), a strong upswing in the stock market, and expected rate cuts in savings and term deposits by banks (in step with the 50 bps rate cut by the State Bank of India), will lower the demand for bank deposits going forward. The growth in deposits within the banking sector is expected to be moderate and will remain in single digit i.e. below 10% in fiscal years 2018. As per the latest RBI data, year on year deposits growth as of February 2, 2018 was 5.7%.

Trend in deposits growth in banking industry



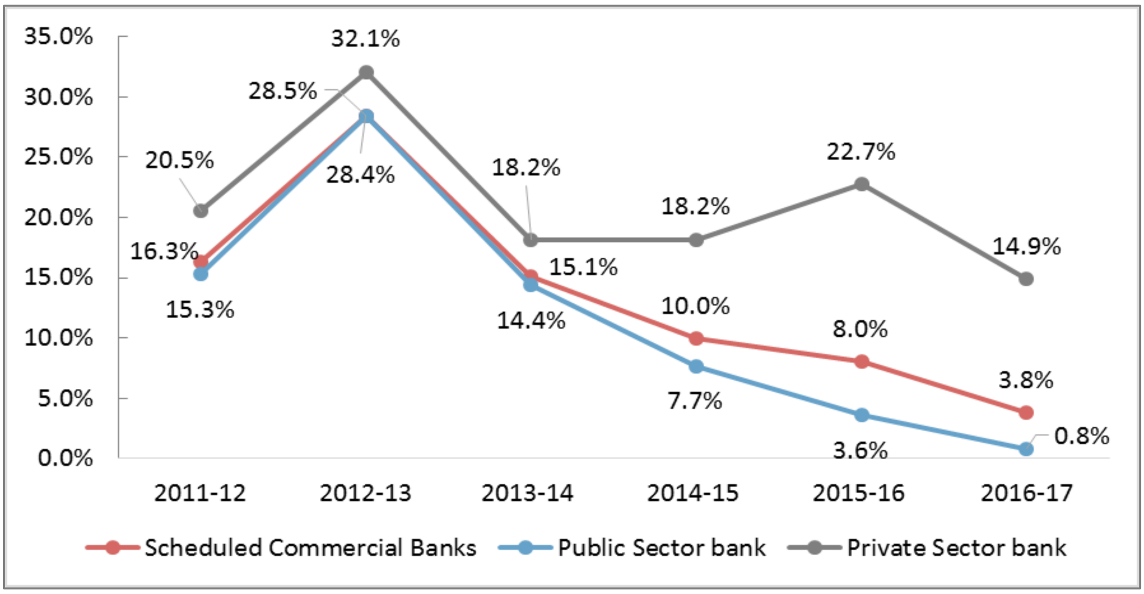
Source: RBI (Statistical Tables Relating to Banks in India- December 2017), CRISIL Research

3.4 Growth potential of credit and deposits – including a comparison of rural, urban and regional outlook

Banking credit growth to recover this fiscal year

Banking credit growth slumped in the previous two fiscal years owing to asset quality and capital adequacy issues. However, CRISIL Research projects bank credit to surge in fiscal year 2018, from 3.8% in fiscal year 2017, owing to improvements in working capital demand, marginal pick-up in private investment, increased government spending on the infrastructure sector, improvements in commodity prices, and higher expectations of a good monsoon season. As per the latest RBI data, year on year credit growth as of February 2, 2018 was 11.0%. However, further growth could be depressed by poor asset quality and poor capital adequacy ratios of banks (especially for the public sector banks, or PSBs). Limits on the lending operations of a few PSBs as a result of the PCA framework could restrict credit growth in the banking sector.

Credit growth for SCBs, private and public sector banks

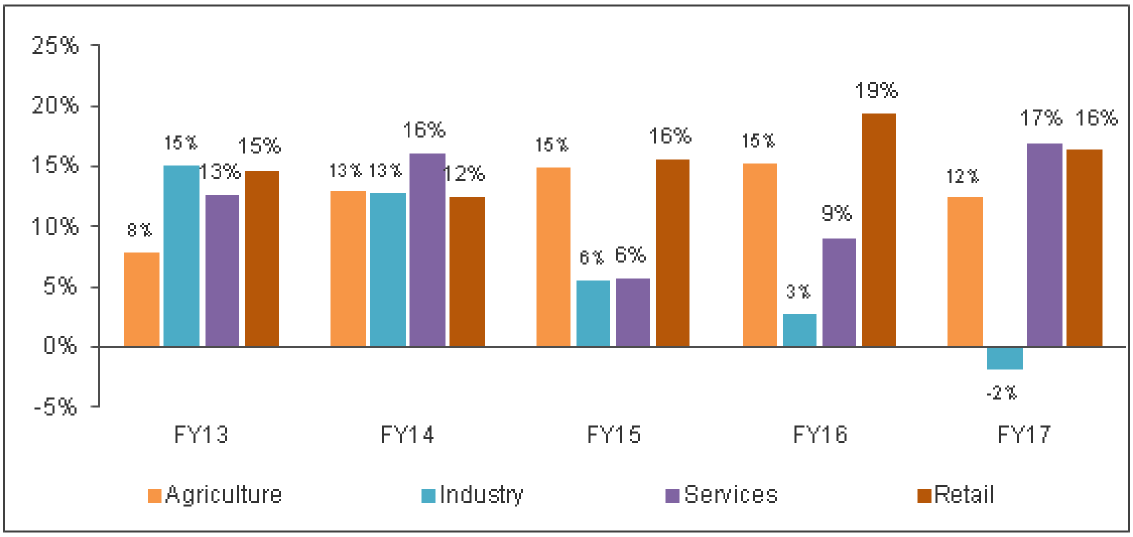


Source: RBI (Statistical Tables Relating to Banks in India- December 2017), CRISIL Research

Retail segment growth to lead

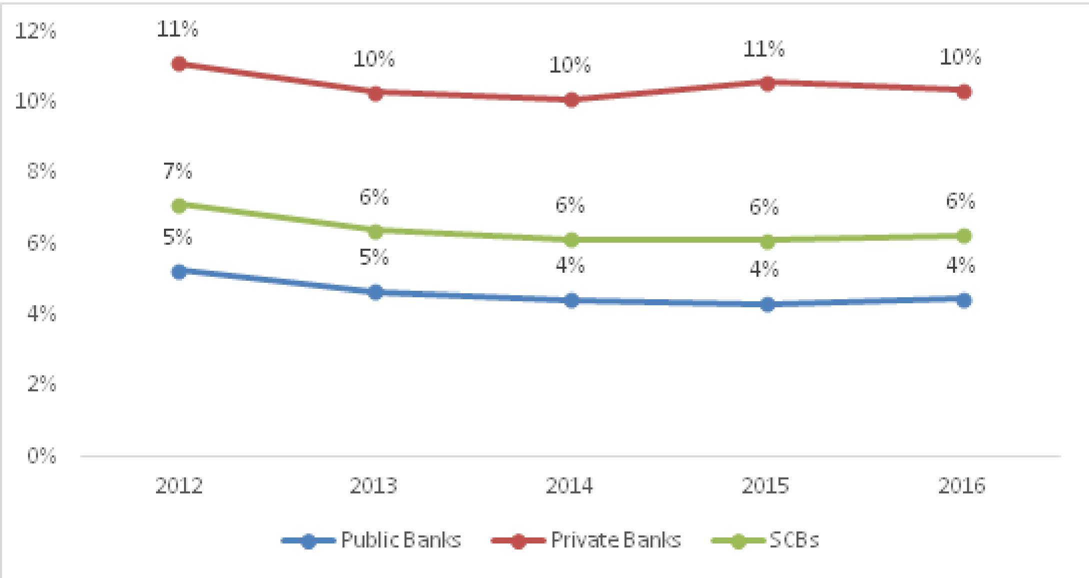
Though demonetisation significantly affected the retail sector's credit performance in fiscal year 2017, which dropped approximately 300 basis points (bps) from fiscal year 2016, growth remained significantly higher than industrial and agricultural credit growth in fiscal year 2017. The retail segment represents more than one-fifth (23% as of March 2017) of overall banking credit, and in turn, derives a major share from housing finance, with housing finance accounting for 53% in total retail credit by banks as of March 2017. Consequently, the retail segment was negatively impacted by the demonetisation-driven slump in the real estate sector. Retail credit grew approximately 16% year-on-year, while industrial credit contracted on year by 2%.

Growth in occupation-wise deployment of credit



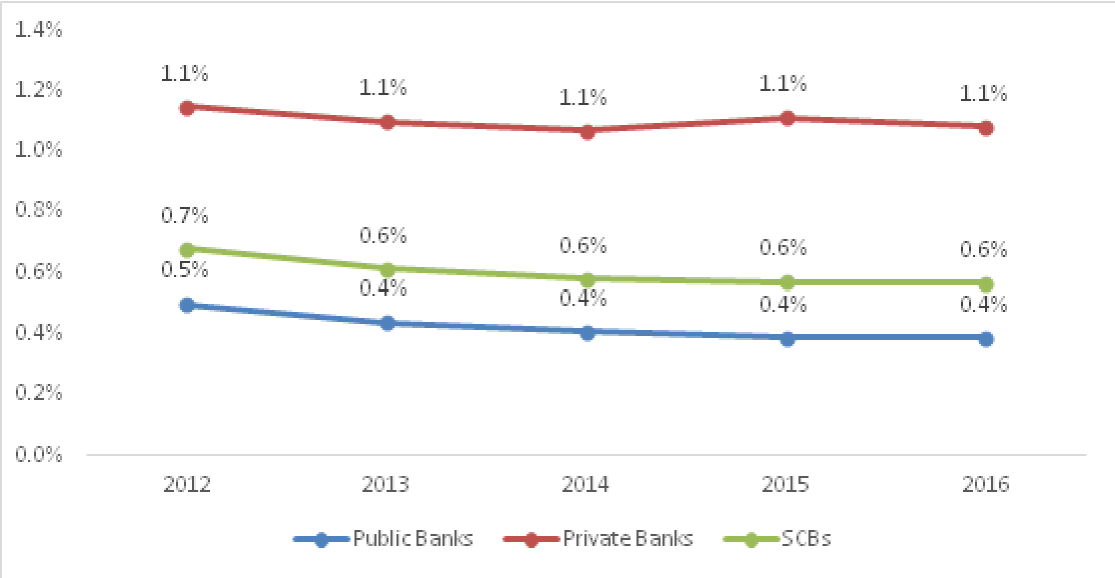
Source: RBI, CRISIL Research August 2017

Fee income as % of total income



Source: RBI (December 2016), CRISIL Research (November 2017)

Fee income as % of total average assets



Source: RBI (December 2016), CRISIL Research (November 2017)

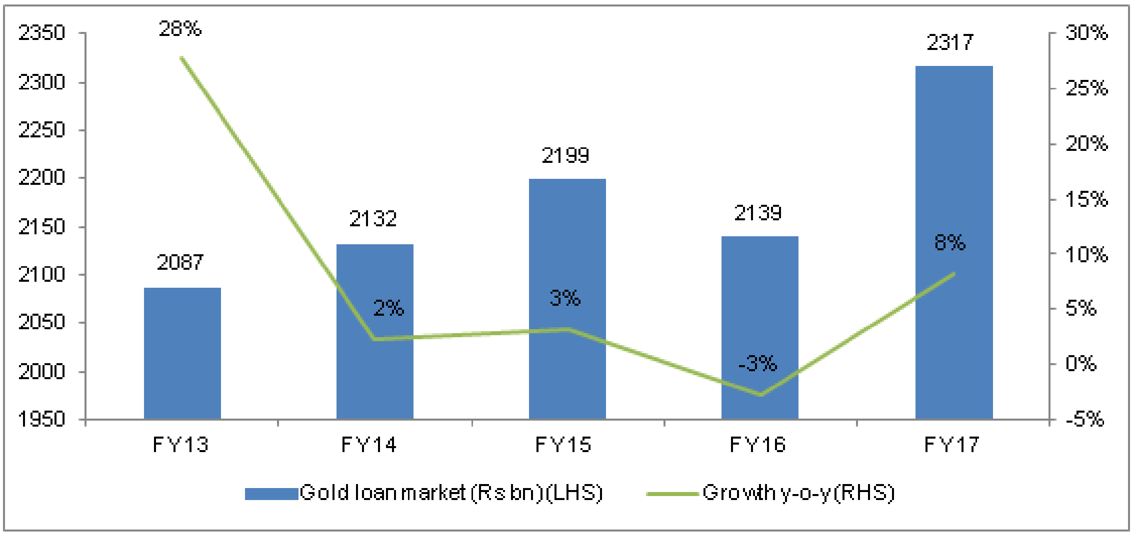
i) Gold Loans

ii) NBFCs emerge as major drivers of growth

Until a couple of decades ago, unorganised private moneylenders played a significant part in lending to private consumers in India's finance market. They would lend against gold at usurious interest rates and engage in predatory lending practices. However, this situation changed with the entry of organised players, such as banks and NBFCs. Formal financial institutions introduced innovative, cheaper products and offered better customer service, thus capturing market from money lenders. NBFCs have emerged as major drivers of this growth in recent times with their extensive network, faster turn-around-time and better ability to serve non-bankable customers.

In fiscal year 2017, industry AUM recorded 8% growth, while NBFC AUMs are estimated as per CRISIL Research to have grown 13%. Aided by a profitable monsoon season and a variety of international factors, such as Brexit, gold prices recovered 12% in fiscal year 2017, which has boosted activity in the gold loan industry.

Growth in gold loan AUMs of organised lenders



Note: Includes agriculture lending by banks with gold as collateral

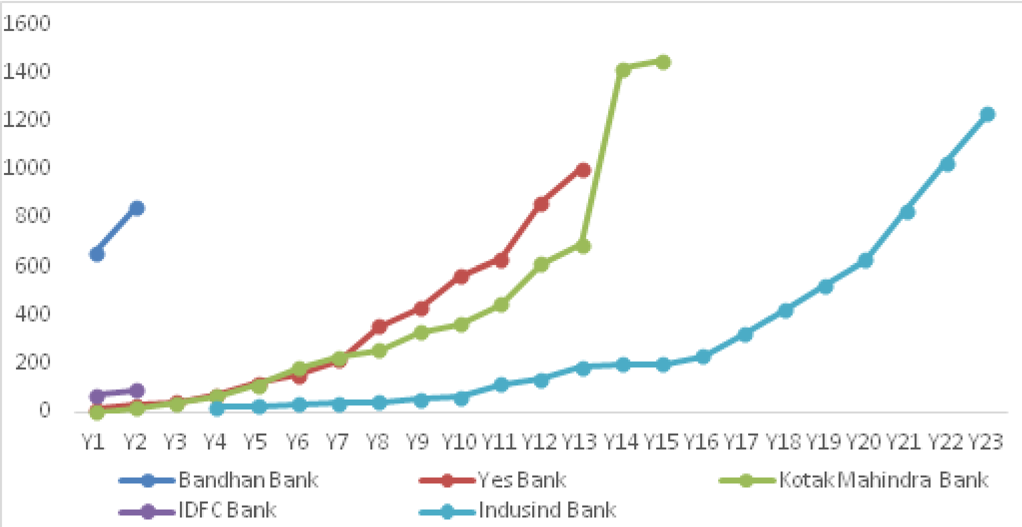
Source: Company reports, CRISIL Research (November 2017)

3.5 Evolution of the number of branches, CASA ratio and Advances for the new private sector banks – including Kotak Mahindra, IndusInd Bank, Yes Bank, IDFC Bank and Bandhan Bank – from inception

Comparative analysis of the evolution of new private banks since inception

Bandhan Bank, the biggest micro-finance player (in terms of asset size) before 2015, currently has more than 800 branches. Significantly, it was the only player to begin operations with over 500 branches. Most of its branches are micro branches catering mainly to retail customers. With its strong retail presence and high number of branches, Bandhan Bank's CASA ratio was approximately 28.18% in its second year of operation, well above many other new private banks during their initial stages.

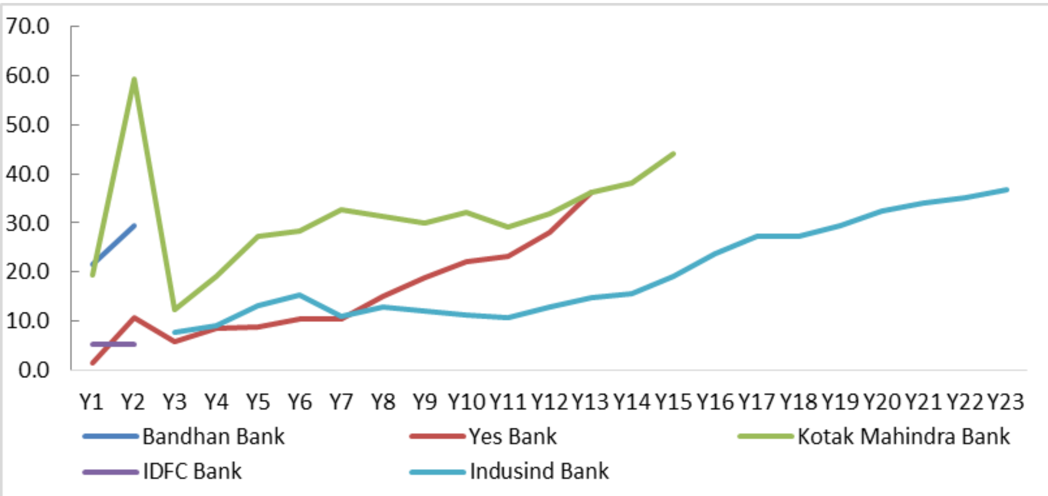
Bandhan Bank far ahead of new banks in its first two years of operation in terms of reach through branches



Note: Year of inception of banks are: - Indusind bank – 1994, Kotak Mahindra bank – 2003, Yes bank – 2004, Bandhan Bank – 2015 and IDFC bank - 2015

Source: Company reports, RBI, CRISIL Research (November 2017)

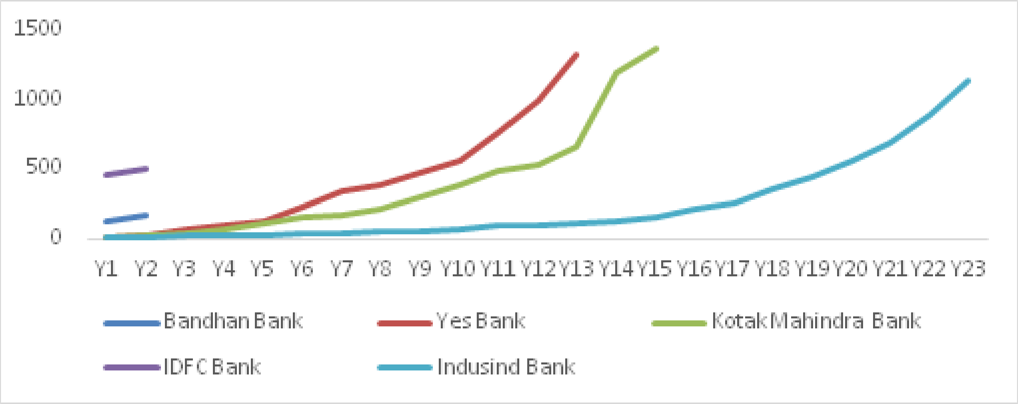
Strong increase in the CASA ratio of Kotak Mahindra and Bandhan Bank in first two years post inception



Note: Year of inception of banks are: Indusind bank – 1994, Kotak Mahindra bank – 2003, Yes bank – 2004, Bandhan Bank – 2015 and IDFC bank – 2015

Source: Company reports, RBI, CRISIL Research (November 2017)

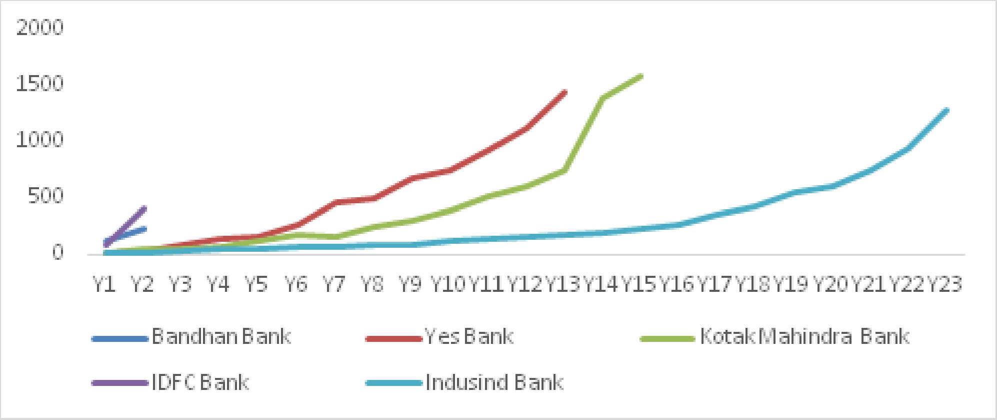
Evolution of advances



Note: Year of inception of banks are: Indusind bank – 1994, Kotak Mahindra bank – 2003, Yes bank – 2004, Bandhan Bank – 2015 and IDFC bank – 2015

Source: Company reports, RBI, CRISIL Research (November 2017)

Evolution of deposits



Note: Year of inception of banks are: Indusind bank – 1994, Kotak Mahindra bank – 2003, Yes bank – 2004, Bandhan Bank – 2015 and IDFC bank – 2015

Source: Company reports, RBI, CRISIL Research (November 2017)

Priority sector lending

PSL includes small-value loans to farmers for agriculture and allied activities, MSMEs, poor people for housing, students for educational purposes, and other low income groups. PSL aims to ensure the adequate and timely availability of credit for those vulnerable sections which are deprived of credit due to the perceived lack of availability and creditworthiness.

Performance in achievement of priority sector targets			
2017 *	Public sector banks	Private sector banks	Foreign banks
	39.5%	42.5%	36.9%

Note:-

1. Percentage to adjusted net bank credit (ANBC) or credit equivalent of off balance sheet exposure (OBE), whichever are higher, in the respective groups.

2. (*) – Provisional

Source: RBI Annual Report (2017)

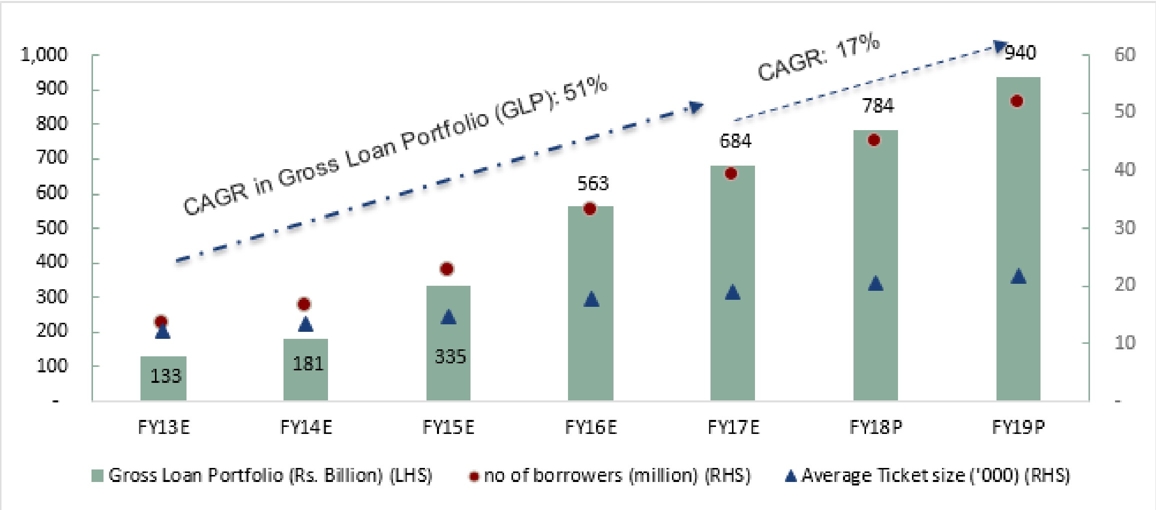
4. Microcredit sector

Industry size to reach near INR 1 trillion in next two years driven by rising penetration

The gross loan portfolio ("**GLP**") of MFIs grew at 51% CAGR from fiscal year 2013 to fiscal year 2017. This growth was fuelled largely by the growth in GLP of some large players, such as Janalakshmi Micro-finance, Bharat Financial Inclusion Ltd, Ujjivan Financial Services and Satin Creditcare Network Ltd.

CRISIL Research anticipates additional opportunities to capture market share from unorganised moneylenders in the future, which will continue to drive MFI industry growth. There are many unorganised moneylenders in the domestic micro-finance industry. Hence, there is large scope for MFIs to grow their portfolio by covering areas that are least penetrated and where unorganised players predominate.

CRISIL Research expects the MFI loan portfolio to witness healthy growth support by growth in both client base and average ticket size.



Note: Overall, GLP includes only NBFC-MFIs and SFBs and excludes, for all years, numbers of Bandhan. However, Bharat financial is included in the market size; E: Estimated; P: Projected

Source: Bharat Micro-finance 2016, MFIN, CRISIL Research (November 2017)

CRISIL Research expects the MFI loan portfolio growth to be at around 16-18% annually in the next two years, much lower compared with the past four years, as rural areas in well-penetrated states mature and the focus of some top players converting into SFBs shifts towards selling other banking products.

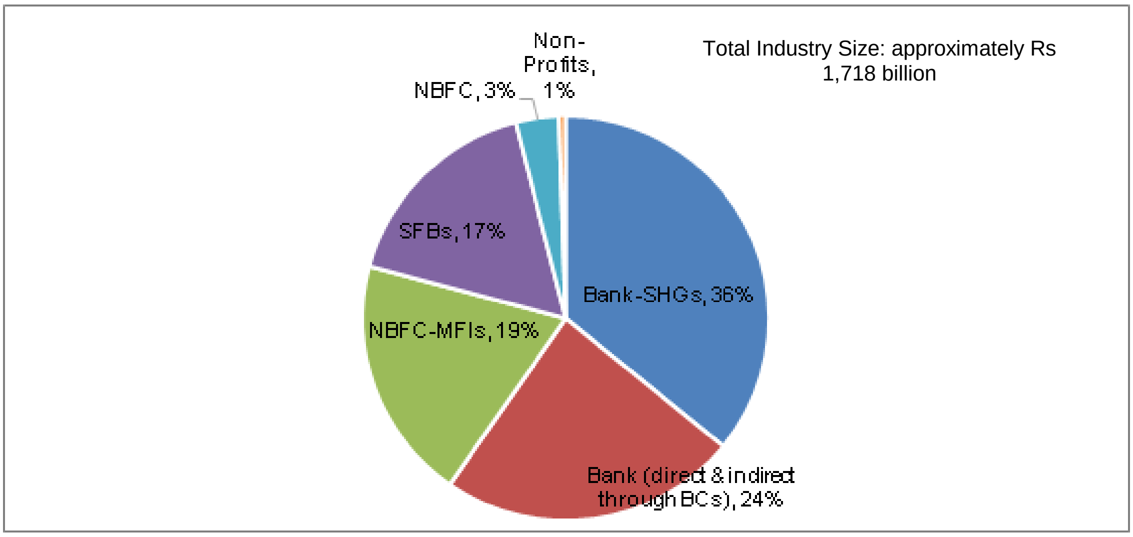
As in the past where players have shown resilience despite issues faced by the industry, CRISIL Research feels factors that will define future success are:

- ability to attract funds and maintain healthy capital positions
- strong promoters who have witnessed various business cycles and successfully tackled events that impact the industry
- loan recovery and control ageing of NPAs
- geographic and diversification
- adoption of technology to improve efficiency and lower costs
- ability to manage local stakeholders

Banks (including direct and indirect bank lending through business correspondents bcs) account for approximately 60% share of the overall micro-finance credit in India

There are multiple players in the micro-finance industry with varied organisational structures. Loans in the micro-finance sector are given by banks, NBFCs-MFIs (specifically constituted to fulfil only the needs of the micro-finance sector), other NBFCs, and non-profit organisations. Banks provide loans under the self-help group model; however, they also provide micro-finance loans directly or through business correspondents in order to meet their priority sector lending targets. The share of different player groups in the overall micro-finance industry is:

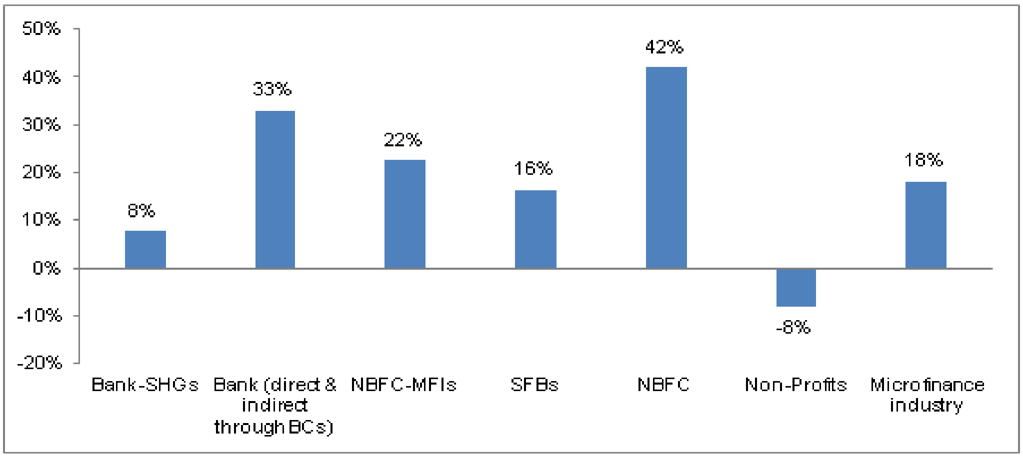
Banks continued to be the largest lenders in the micro-finance space (fiscal year 2017E)



Source: MFIN Report 2017, CRISIL Research (November 2017)

The share of NBFCs has been increasing in the past few years on account of their high growth. However, demonetisation impacted the growth of micro-finance companies, leading to the share NBFC MFIs remaining stable; 19% in fiscal year 2017. Due to the high growth in the last fiscal year in the portfolio of banks – in the case of direct and indirect lending through BCs (excluding SHGs) – their share increased from 21% in fiscal year 2016 to 24% in fiscal year 2017.

Year on year growth in loan amounts outstanding (fiscal year 2017E)



Source: MFIN Report 2017, CRISIL Research (November 2017)

Bandhan Bank is the largest player in the micro-finance space

Bandhan Bank has the largest overall gross micro-banking asset portfolio, with ₹213.8 billion as of March 2017, (also counting gross advances, which includes IBPC/Assignment, in the microfinance segment). Amongst the banks (private as well as public), the outstanding loans given by Bandhan Bank is more than three times higher than its closest competitor, the State Bank of India.

Micro-finance portfolio of top three players in each player group:

Public Sector Banks:

Rank	**Players**	**Gross advances (Rs billion)**
1	State Bank Of India*	61.3
2	Andhra Bank*	49.3
3	Canara Bank*	32.7

Note: *Self Help Group (SHG) portfolio of bank. Banks provide loans in the microfinance space mainly in the form of the SHG model whereas Bandhan Bank (and previously, NBFC-MFI) and other NBFC-MFIs primarily follow the Joint Liability Group (JLG) model for lending in the microfinance space.

Source: NABARD Report- status of microfinance in India 2017, CRISIL Research (November 2017)

Private sector Banks:

Rank	Players	Gross advances (Rs billion)
1	Bandhan Bank^	213.8
2	ICICI Bank*	17.9
3	HDFC Bank*	11.0

Note: *Self Help Group (SHG) portfolio of bank; ^Bandhan Bank's gross micro-banking asset portfolio includes gross advances (including IBPC/Assignment) in the microfinance segment

Source: NABARD Report- status of microfinance in India 2017, CRISIL Research (November 2017)

Small Finance Banks:

Rank	Players	Gross advances (Rs billion)
1	Janalakshmi financial services	125.5
2	Ujjivan	62.2
3	Equitas	32.9

Note: Gross advances includes the gross loan portfolio of small finance banks in the micro-finance space; Figures for Equitas small finance bank includes microfinance advances given under the gamut of Agri, Micro Enterprise and Inclusive Banking

Source: Company reports, CRISIL Research (November 2017)

NBFC-MFIs:

Rank	Players	Gross Advances (Rs billion)
1	Bharat Financial Inclusion Limited	91.5
2	Satin	33.4
3	Grameen Koota	30.7

Note: Gross advances is the overall Gross Loan portfolio in case of NBFC-MFIs

Source: Company reports, CRISIL Research (November 2017)

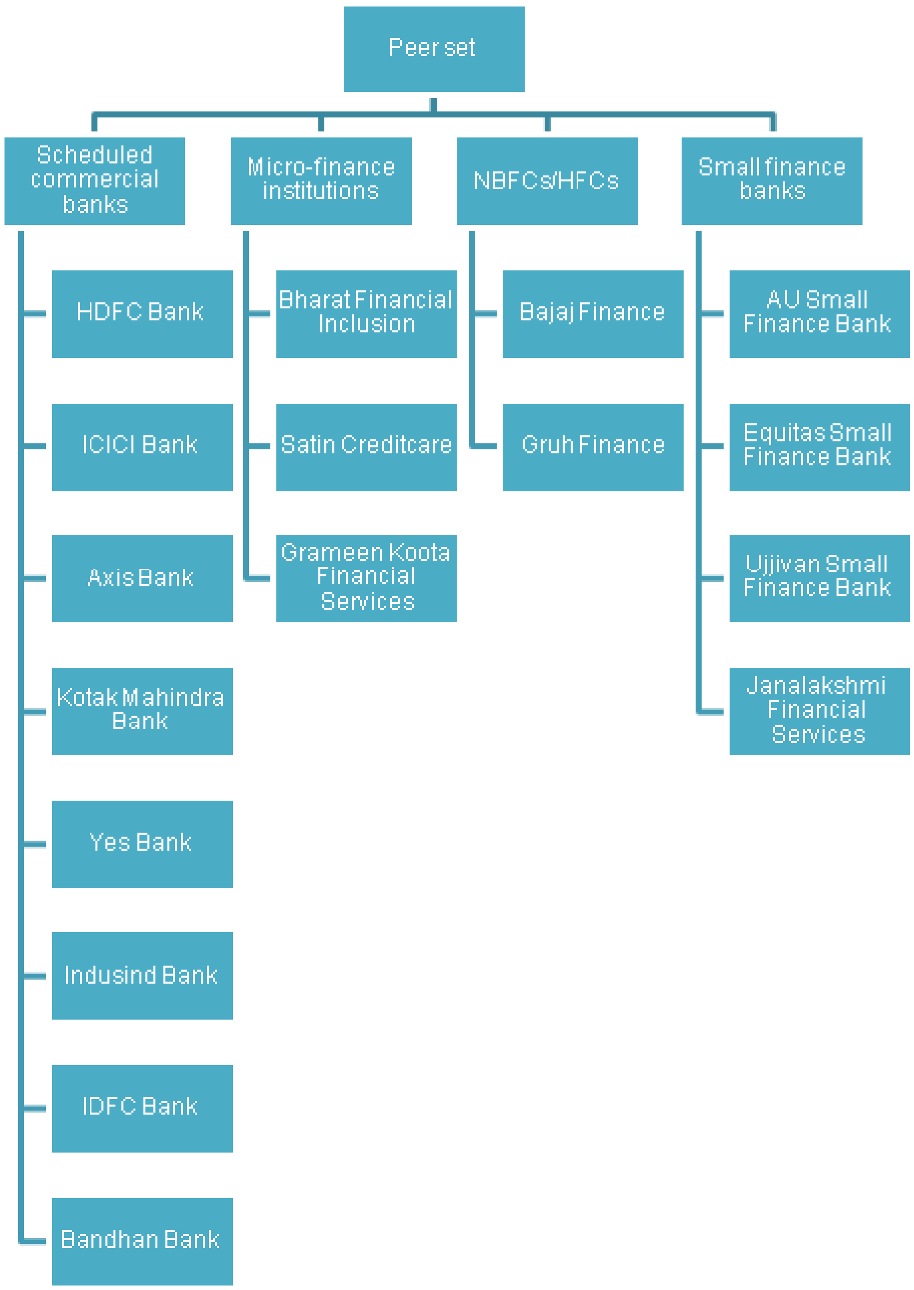
4.1 Industry-level asset quality by the above segments (credit costs and GNPA) (Micro-finance report)

Asset quality to improve going forward

The Portfolio At Risk (PAR) value, the percentage of total loan portfolio that is at risk, increased sharply in fiscal year 2017 due to the non-availability of cash and a slowdown in the business activity of individuals after demonetisation. Misinterpretation of RBI leeway on recognition of GNPAs to financiers, as well as loan waiver and political intervention in some states, also led to lower collections. As per MFIN Reports, at the end of March 2017, the PAR 90 level for the industry surged to 8% from 0.2% at the end of fiscal year 2016. As of Q1 FY18, the PAR 90 level improved for the industry to 6.0%. Over the next two to three years, CRISIL Research expects the PAR levels for the industry to improve as the impact of demonetisation fades and players write off the majority of non-performing loans. However, the improvement is dependent on no major events impacting the industry during this period.

4.2 Peer Comparison

Consideration of peer set



Source – CRISIL Research (November 2017)

i) Bandhan Bank registered the second-highest loan and deposit growth in fiscal year 2017 amongst its peers

Bandhan Bank's loan book grew 35% in fiscal year 2017, the highest amongst scheduled commercial banks considered in the peer set. Other banks, except for ICICI and IDFC banks, have also shown double-digit growth in their loan books. Bandhan Bank's deposit growth was second only to IDFC Bank. The deposit growth for these two banks was the highest amongst their peers on account of their lower base, as they began to accept deposits only from fiscal year 2016.

Size of the companies

Fiscal Year 2017	Loans outstanding (Rs bn)	Advances growth	Deposits (Rs bn)	Deposit growth	CASA ratio (%)	Total income (Rs bn)	Profit after tax (Rs bn)
HDFC Bank	5,545.7	19.4%	6,436.4	17.8%	48.0	816.0	145.5
ICICI Bank	4,642.3	6.7%	4,900.4	16.3%	50.4	736.6	98.0
Axis Bank	3,730.7	10.1%	4,143.8	15.8%	51.4	562.3	36.8
Kotak Mahindra Bank	1,360.8	14.7%	1,574.3	13.5%	44.0	211.8	34.1
Yes Bank	1,322.6	34.7%	1,428.7	27.9%	36.3	205.8	33.3
Indusind Bank	1,130.8	27.9%	1,265.7	36.1%	36.9	185.8	28.7
IDFC Bank	494.0	8.9%	402.1	389.2%	5.2	95.5	10.2
Bandhan Bank	168.4	35.4%	232.3	92.2%	29.4	43.2	11.1
Bajaj Finance limited	601.9	36.1%	N/A	n.a.	n.a.	99.5	18.4
Gruh Finance limited	132.4	19.2%	N/A	n.a.	n.a.	14.9	3.0
Bharat financial Inclusion limited	91.5	19.0%	N/A	n.a.	n.a.	17.2	2.9
Satin Creditcare network limited	40.7	24.5%	N/A	n.a.	n.a.	7.7	0.2
Grameen Koota Financial Services	30.8	21.1%	N/A	n.a.	n.a.	7.1	0.8

Fiscal Year 2017	Loans outstanding (Rs bn)	Advances growth	Deposits (Rs bn)	Deposit growth	CASA ratio (%)	Total income (Rs bn)	Profit after tax (Rs bn)
AU Small Finance Bank	107.3	30.6%	N/A	N/A	N/A	13.9	8.2
Equitas Small Finance Bank	71.7	17.2%	19.2	N/A	5.0	12.1	1.0
Ujjivan Financial Services	63.8	18.4	1.1	N/A	3.0	14.0	2.1
Janlakshmi Financial Services	128.1	16.6	N/A	N/A	N/A	29.8	1.7

Note –

1. CRISIL Research has considered the standalone figures in case of all scheduled commercial private sector banks, AU Small Finance Bank, Equitas Small Finance Bank and Janalakshmi Financial Services. In case of Ujjivan Financial Services consolidated figures are used for the calculations.

2. Loan outstanding for all the scheduled commercial banks are net advances (on standalone basis) as given in the balance sheet of each bank.

3. Loan outstanding for small finance banks are gross advances (i.e. gross loan portfolio).

4. Loan outstanding for NBFC-MFIs is their overall gross loan portfolio as available in the MFIN Report 2017

5. N/A – Not Available; n.a.- not applicable

Source: Company reports, disclosures by Bandhan Bank available in the public domain, MFIN 2017, CRISIL Research (November 2017)

ii) Bandhan Bank has the highest return on average assets amongst its peers in fiscal year 2017

The returns on average assets posted by Bandhan Bank was the highest amongst its peers. In terms of return on equity, the bank was second highest amongst its peers and better than other private sector scheduled commercial banks.

While Bandhan Bank has the highest NIM amongst scheduled commercial banks and NBFCs/HFCs, the figure is lower than the NIMs of some MFIs and SFBs. Bandhan Bank has one of the lowest cost-to-income ratios, with only ICICI Bank and Gruh performing better.

iii) Ratio analysis

Fiscal Year 2017	**Return on average assets* (%)**	**Return on average equity (%)**	**Net interest margin (%)**	**Yield on advances (%)**	**Cost to income (%)**	**Cost of funds (%)**
HDFC Bank	1.9	17.9	4.2	10.2	43.4	5.5
ICICI Bank	1.3	10.3	2.9	8.8	35.8	5.3

Fiscal Year 2017	Return on average assets* (%)	Return on average equity (%)	Net interest margin (%)	Yield on advances (%)	Cost to income (%)	Cost of funds (%)
Axis Bank	0.7	6.8	3.2	9.3	40.9	5.4
Kotak Mahindra Bank	1.7	13.2	4.0	10.5	46.7	5.7
Yes Bank	1.8	18.6	3.0	10.6	41.4	6.5
Indusind Bank	1.8	15.1	3.8	11.4	46.7	6.3
IDFC Bank	1.1	7.2	2.2	10.7	42.1	8.9
Bandhan Bank	4.5	28.5	10.4	21.5	36.3	7.9
Bajaj Finance limited	3.2	21.6	9.4	20.2	44.2	8.8
Gruh Finance limited	2.3	30.4	4.0	11.6	17.2	8.3
Bharat financial Inclusion limited	3.4	15.1	10.1	20.1	61.9	10.1
Satin Creditcare network limited	0.6	5.1	7.1	21.8	81.7	13.2
Grameen Koota Financial Services	2.4	13.0	11.3	23.6	44.5	13.2
AU Small Finance Bank ^	3.2	20.4	10.8	19.7	39.3	10.3
Equitas Small Finance Bank	1.8	7.6	9.2	22.9	70.8	10.7
Ujjivan Financial Services	2.9	14.1	11.4	22.0	53.6	9.8
Janlakshmi Financial Services	1.3	9.4	12.0	26.0	68.1	10.4

Note:

1. CRISIL Research has considered the standalone figures in case of all scheduled commercial private sector banks, AU Small Finance Bank, Equitas Small Finance Bank and Janalakshmi Financial Services. In case of Ujjivan Financial Services consolidated figures are used for the calculations.

2. (*)– Average assets on book have been considered for the calculations

3. (^) – RoA and RoE as reported by the company after exclusion of profits from exceptional items.

Source: Company reports, disclosures by Bandhan Bank available in the public domain, CRISIL Research (November 2017)

iv) ICICI Bank has the strongest presence amongst its peers having the highest number of branches

Being the largest private sector players, ICICI and HDFC Bank are active and present across India, with more than 4,700 branches and an employee base of more than 80,000 as of fiscal year 2017. However, Bandhan Bank has expanded its reach, with more than 800 branches and 2,443 doorstep service centres (DSCs). Compared with another new player, IDFC Bank, this is much greater excluding scheduled commercial banks, Bharat Financial Inclusion has the highest number of branches and largest employee base.

Reach of various entities

Fiscal Year 2017	Number of branches	Number of employees	Number of ATMs
HDFC Bank	4,715	84,325	12,260
ICICI Bank	4,850	81,129	13,882
Axis Bank	3,304	56,617	14,163
Kotak Mahindra Bank	1,369	44,000	2,163
Yes Bank	1,000	20,125	1,785
Indusind Bank	1,200	25,314	2,036
IDFC Bank	74	3,905	47
Bandhan Bank	840	24,220	282
Bajaj Finance limited	538	11,479	-
Gruh Finance limited	185	664	-
Bharat financial Inclusion limited	1,399	14,755	-
Satin Creditcare network limited	767	6,910	-
Grameen Koota Financial Services	393	4,952	-
AU Small Finance Bank	284	8,515	-
Equitas Small Finance Bank	600	13,367	-
Ujjivan Financial Services	457	10,167	-
Janlakshmi Financial Services	519	16,788	-

Source – Company reports, disclosures by Bandhan Bank available in the public domain, CRISIL Research (November 2017)

Note:

1. CRISIL Research has considered the standalone figures in case of all scheduled commercial private sector banks, AU Small Finance Bank, Equitas Small Finance Bank and Janalakshmi Financial Services. In case of Ujjivan Financial Services consolidated figures are used for the calculations.

v) Bandhan Bank has the lowest gross NPA level amongst scheduled commercial banks in its peer set

Bandhan Bank, despite being a former micro-finance players and considering the impact of demonetisation, posted the lowest NPAs amongst scheduled commercial banks with a GNPA ratio of 0.5% in fiscal year 2017. On the other hand, ICICI Bank posted the highest NPAs amongst the SCBs due to higher loan losses in the corporate sector. The GNPAs of most of the banks surged after the RBI's asset quality review and stress in some of the key industries such as metal, steel, cement and infrastructure. Without considering RBI's dispensation, Satin Creditcare has the highest NPAs amongst its peers.

FY2017	Capital adequacy ratio (%)	Tier 1 capital (%)	Gross non-performing assets (%)	Net non-performing assets (%)
HDFC Bank	14.6	12.8	1.1	0.3
ICICI Bank	17.4	14.4	7.9	4.9
Axis Bank	15.0	11.9	5.0	2.1
Kotak Mahindra Bank	16.8	15.9	2.6	1.3
Yes Bank	17.0	13.3	1.5	0.8
Indusind Bank	15.3	14.7	0.9	0.4
IDFC Bank	18.9	18.5	3.0	1.1
Bandhan Bank	26.4	24.8	0.5	0.4
Bajaj Finance limited	20.3	14.6	1.7	0.4
Gruh Finance limited	18.3	16.8	0.3	0.0
Bharat financial Inclusion limited	33.5	33.1	8.2	2.7
Satin Creditcare network limited	24.1	16.6	12.7	10.6
Grameen Koota Financial Services	29.7	20.2	8.0	NA
AU Small Finance Bank	23.0	21.5	1.9	1.2
Equitas Small Finance Bank	35.5	32.3	3.5	1.8
Ujjivan Financial Services	18.2	16.9	3.7	0.0
Janlakshmi Financial Services	23.9	17.0	8.2	NA

Note: GNPA numbers of Satin creditcare, Grameen Koota, Bharat financial Inclusion limited, Janlakshmi Financial Services and Ujjivan Financial Services are considered without RBI's dispensation; Considering RBI's dispensation Bharat financial Inclusion limited GNPA's were 6.0% and Janlakshmi Financial Services GNPAs were 0.7%. NA - Not Available;

Source: Company reports, disclosures by Bandhan Bank available in the public domain, CRISIL Research (November 2017);

vi) Product mix

Peers' names	Product mix	
HDFC Bank	Retail (domestic)	53.0%
	Wholesale (domestic)	47.0%

Peers’ names	Product mix	
ICICI Bank	Retail loan	51.8%
	Domestic corporate	27.3%
	SME	4.8%
	Overseas loan	16.1%
Axis Bank	Retail	45.0%
	SME	13.0%
	Corporate	42.0%
Kotak Mahindra Bank	Corporate	29.0%
	Business banking	11.0%
	Agriculture division	11.0%
	Small business, personal loans and credit cards	10.0%
	Auto loans	11.0%
	Home loans and LAP	16.0%
	CV/CE	6.0%
	Others	6.0%
Yes Bank	Corporate banking	67.7%
	Business banking	10.5%
	Micro and small enterprise	12.3%
	Consumer banking	9.5%
Indusind bank	Corporate banking	52.0%

Peers' names	**Product mix**	
	Vehicle retail	30.0%
	Non-vehicle retail	18.0%
Bandhan Bank	Small enterprise loans (SEL)	4.5%
	Retail assets	1.7%
	SME loans and others	3.0%
	Microfinance	90.8%
Bajaj Finance Limited	Retail	45.0%
	SME	37.0%
	Corporate	13.0%
	Others	5.0%
Gruh Finance limited	Home loans	81.3%
	Mortgage loans	11.2%
	NRP loans	3.5%
	Developer loans	3.90%
Bharat Financial Inclusion limited	Income generating loans (IGL)	44.4%
	Medium-term loans (MTL)	34.0%
	Long-term loans (LTL)	21.3%
	Others	0.35%
Satin Creditcare Network limited	MFI segment (MFI lending + product financing)	88.1%
	Non-MFI segment (loans to MSME)	0.8%

Peers' names	Product mix	
	Business correspondent services	11.1%
Grameen Koota Financial Services	Income generating loans (IGL)	87.7%
	Emergency loans	0.4%
	Family welfare loans	3.9%
	Home improvement loans	8.0%
AU Small Finance Bank	Vehicle finance	50.27%
	MSME finance	29.96%
	SME finance	19.77%
Equitas Small Finance Bank	Micro-finance	46.00%
	Vehicle finance	27.00%
	M-LAP	18.00%
	LAP	3.80%
	Housing finance	3.70%
	Business loans	0.90%
	Agri loans	0.40%
	Other loans	0.20%
Ujjivan Financial Services	Micro-finance	84.90%
	Micro individual loans	12.68%
	Housing finance	1.54%
	MSE	0.88%

Source: Company reports, disclosures by Bandhan Bank available in the public domain, CRISIL Research (November 2017)

Geographical concentration of loan portfolio (Fiscal Year 2017)

Peers names	State/Region-wise portfolio mix	
Satin Creditcare Network limited	Uttar Pradesh	29.9%
	Madhya Pradesh	19.2%
	Bihar	18.1%
	Punjab	10.1%
	Rajasthan	5.0%
	Gujarat	3.6%
	Haryana	3.5%
	Maharashtra	3.0%
	West Bengal	0.9%
	Chhattisgarh	1.2%
	Other states	5.6%
Bharat financial inclusion limited	Odisha	18.0%
	Bihar	15.0%
	West Bengal	13.0%
	Karnataka	12.0%
	Maharashtra	11.0%
	Uttar Pradesh	7.0%
	Kerala	6.0%
	Rajasthan	5.0%
	Madhya Pradesh	4.0%
	Jharkhand	3.5%
	Other states	5.5%
Gruh Finance	Gujarat & Maharashtra	69.0%

Peers names	State/Region-wise portfolio mix	
	Other States	31.0%
Equitas small finance bank	Tamil Nadu	60.0%
	Maharashtra	14.0%
	Other States	26.0%
Grameen Koota financial services *	Karnataka	60.0%
	Other States	40.0%
Janalakshmi Financial Services **	Tamil Nadu, Karnataka, Uttar Pradesh and Maharashtra	Approximately 60.0%
	Other States	Approximately 40.0%

Note:-

(*) – Data as of June 30, 2017. (**) – Data as of September 30, 2017

Source – Company reports, CRISIL Research (November 2017)

vi) List of formulae

S.No	Parameters	Formula
1	Return on assets	Profit after tax / Average of total assets on book
2	Return on equity	Profit after tax / Average net worth
3	Net interest margin	(Interest income – Interest Paid) / Average of total assets on book
4	Yield on advances	Interest on advances / average of total advances on book*
5	Cost to income	Operating expenses / (Net interest income + Other income)
6	Cost of funds	Interest paid / (Average of deposits^ (only in case of banks) and borrowings)

Note:-

(*)Average of on book advances as at 31 March 2016 and 2017 of balance sheet

(^)Average of deposits as at 31 March 2016 and 2017 of balance sheet

State stats (Fiscal Year 2016)

Region	States/Uts	Retail credit per capita (Rs)	Deposit per capita (Rs)	CASA ratio (%)	ATMs per capita	Branches per capita
Central region	Uttar Pradesh	3,921	37,149	52%	99	86
	Madhya Pradesh	5,714	38,910	40%	137	91
	Chhattisgarh	6,152	40,952	47%	124	99
	Uttarakhand	11,575	95,692	41%	265	206
Western region	Maharashtra	21,501	194,152	28%	229	115
	Gujarat	13,188	85,780	36%	198	133
	Goa	43,689	383,589	27%	721	482
	Dadra & Nagar Haveli	12,414	89,622	51%	399	175
	Daman & Diu	11,567	153,259	44%	473	197
Eastern region	Bihar	2,134	23,350	61%	78	65
	West Bengal	5,064	66,828	37%	129	89
	Odisha	5,088	49,844	42%	157	115
	Jharkhand	4,822	48,388	43%	114	90
	Sikkim	16,549	104,065	38%	303	215
	Andaman & Nicobar Islands	19,552	84,927	53%	305	176
Southern region	AP & Telangana	16,708	66,921	39%	251	146
	Tamil Nadu	19,083	83,168	38%	342	151
	Karnataka	23,352	113,931	35%	290	170
	Kerala	23,242	109,602	34%	283	198
	Puducherry	26,579	101,576	38%	425	196
	Lakshadweep	6,745	117,078	78%	248	202
Northern region	Rajasthan	6,938	37,783	46%	133	106
	Punjab	11,249	104,594	40%	271	240
	Haryana	16,582	99,640	45%	267	195
	Delhi	46,822	586,980	26%	557	227
	Jammu & Kashmir	10,675	64,040	51%	196	142

Region	States/Uts	Retail credit per capita (Rs)	Deposit per capita (Rs)	CASA ratio (%)	ATMs per capita	Branches per capita
	Himachal Pradesh	9,388	96,655	37%	282	229
	Chandigarh	76,687	527,553	32%	774	460
North-eastern region	Assam	4,996	32,784	51%	120	75
	Tripura	6,414	47,157	52%	128	123
	Meghalaya	6,680	61,237	52%	131	118
	Manipur	5,527	22,177	73%	117	61
	Nagaland	8,386	39,062	58%	155	81
	Arunachal Pradesh	10,320	63,106	56%	169	110
	Mizoram	13,923	53,894	60%	146	174

Source: RBI, Census India, CRISIL Research (November 2017). Note: '*' population as per 2011 census data

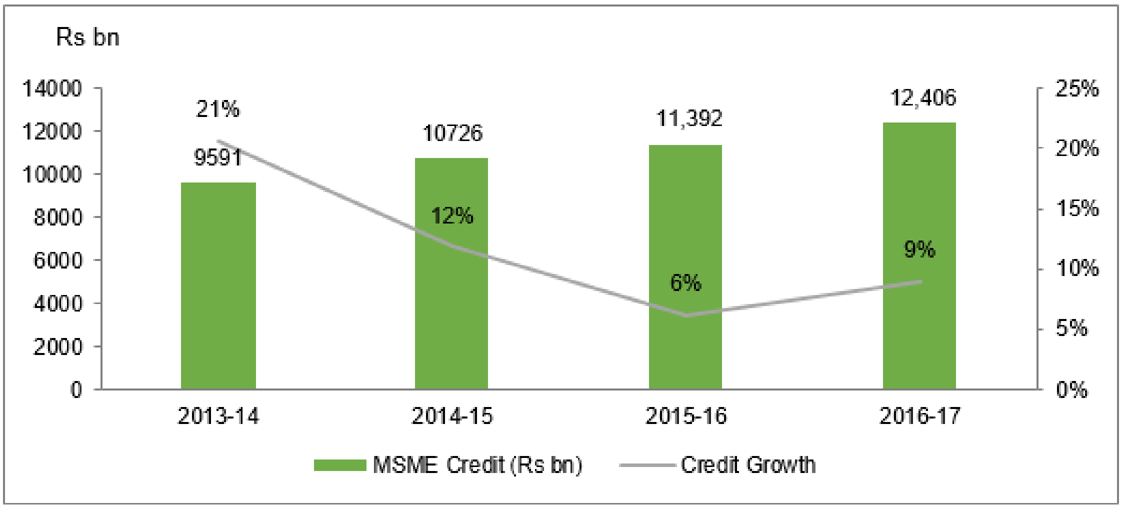
5. MSME

5.1 *What constitutes the MSME sector (growth in the number of units covered under MSME)*

MSME credit growth is higher than overall banking industry credit growth

MSME credit grew at a CAGR of 10-12% between fiscal year 2012 and fiscal year 2017, which was higher than the 8.7% CAGR of banking and services credit in that period. The banking system's MSME credit grew slowly until fiscal year 2013, at some 7-9% annually. However, demand revived in fiscal year 2014, especially during the second half. Since then, MSME credit growth has been consistently slowing down due to mounting concerns over asset quality and capital adequacy issues amongst PSBs. MSME lending surged in the first half of fiscal year 2017 as demand rose, due to an increase rise in consumer spending, but was hit in the second half due to demonetisation. Overall MSME credit growth during fiscal year 2017 was 9%.

MSME lending exceeds Rs 12 trillion in fiscal year 2017



Note: * in percentage represent yearly growth. Exposure to medium services enterprises estimated by CRISIL Research (November 2017)

Source: RBI, CRISIL Research (November 2017)

CRISIL Research estimates MSME credit of the industry will grow at 11-12% CAGR up to fiscal year 2019.

5.2 Financial Inclusion in MSME Space and Overview and evolution of credit in the sector (historical and projected)

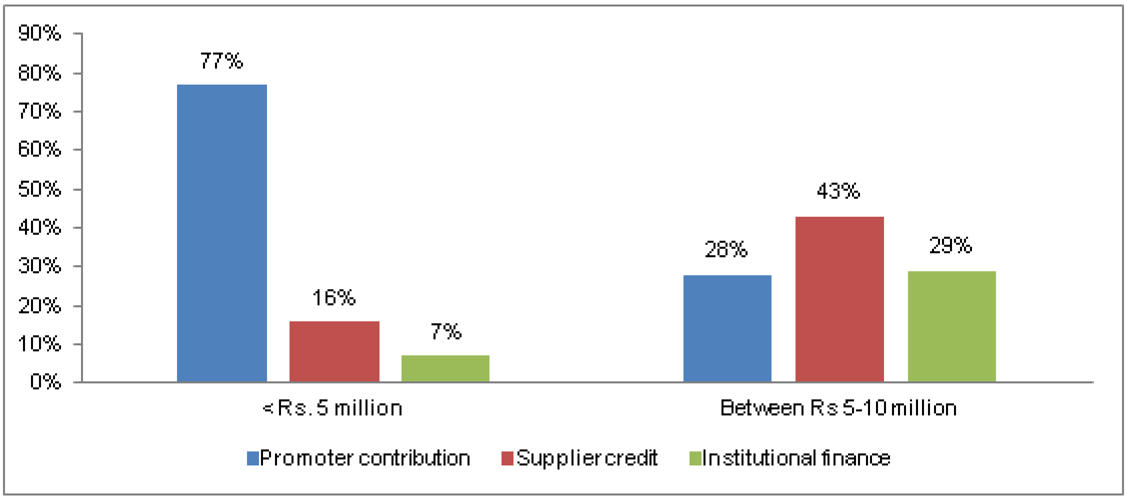
Importance of financial inclusion in MSME space, and steps taken by the Government:

Low credit penetration leads to huge unmet demand for finance amongst micro enterprises

CRISIL Research estimates that formal institutional finance – via banks, NBFCs, and development financial institutions – accounted for only a quarter of MSME funding needs as of fiscal year 2016. This translates into a total potential credit demand of INR 45 trillion (as of fiscal year 2016). If formal finance providers are able to tap into a small portion of this market, it would translate into healthy growth year on year.

A joint study (released in December 2015) by CRISIL and ASSOCHAM of 12,000 CRISIL-rated micro enterprises, each with a turnover of less than Rs 10 million each, concluded that access to institutional finance remains the biggest hurdle to growth in this segment. Institutional finance accounted for almost 30% of the funding requirement for those enterprises with a turnover of between Rs 5-10 million, with promoters' own contributions and supplier credit meeting the bulk of the requirement. For those enterprises with a turnover of less than Rs 5 million, this percentage plummets alarmingly, with institutional finance accounting for as little as 7% of funding requirement.

Smaller enterprises have less access to institutional finance - sources of funding

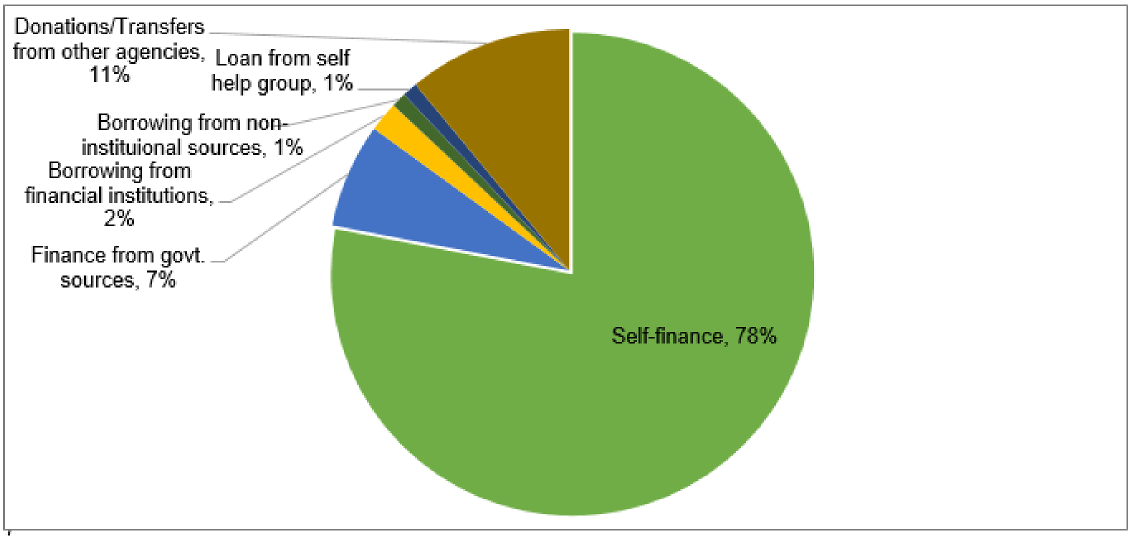


Note: Data pertaining to approximately 12,000 micro enterprises rated by CRISIL between January 2010 and September 2015

Source: CRISIL Ratings (July 2017)

The majority of MSMEs in India do not have access to institutional finance. These MSMEs are either self-financed or acquire credit from unorganised, private moneylenders. MSMEs remain an untapped market with growth opportunities for financial institutions. A break-up of sources of funds for MSMEs is given below:

Self-financing accounts for more than 75% of MSMEs' sources of finances



Source: Sources of finance for MSMEs (6th Economic Census, 2013)

The 12th Five-Year Plan (2012-17) highlighted a credit gap of more than 50% in the MSME finance sector in India. Hence, in order to create a climate conducive to doing business or assisting firms in the MSME space, both the Government of India and the RBI have taken several steps in the past few months.

OUR BUSINESS

The financial data in this section is taken from our Financial Statements, accounting records and MIS. References herein to "we", "our" and "us" are to Bandhan Bank Limited and, as the context may require, the microfinance business that Bandhan Financial Services Limited transferred to Bandhan Bank Limited. The discussion below may contain forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth under "Risk Factors" and elsewhere in this Prospectus.

Overview

We are a commercial bank focused on serving underbanked and underpenetrated markets in India. We have a banking license that permits us to provide banking services pan-India across customer segments. We currently offer a variety of asset and liability products and services designed for micro banking and general banking, as well as other banking products and services to generate non-interest income.

We were incorporated on December 23, 2014 and began operations on August 23, 2015 when Bandhan Financial Services Limited ("**BFSL**"), our ultimate parent company, transferred its entire microfinance business to us and we simultaneously commenced general banking activities. Bandhan Konnagar was formed in 2001 as a non-governmental organisation ("**NGO**") providing microfinance services to socially and economically disadvantaged women in rural West Bengal. BFSL started its microfinance business in 2006 and the NGO transferred its microfinance business to BFSL in 2009 and thereby the entire microfinance business was undertaken by BFSL. By the time BFSL transferred its microfinance business to us, it was India's largest microfinance company by number of customers and size of loan portfolio. We believe that the "Bandhan" brand is instrumental to our success.

Our strength lies in microfinance, including a network of 2,022 doorstep service centres ("**DSCs**") and 6.77 million micro loan customers that BFSL transferred to us, which we have grown to 2,633 DSCs and 9.86 million micro loan customers as of December 31, 2017. To complement our micro loan business, since obtaining our banking license we have also focused particularly on creating a strong general banking business. To this end, we launched our general banking business on August 23, 2015 by opening a greenfield network of 501 bank branches and 50 automated teller machines ("**ATMs**"), which as of December 31, 2017 we have grown to 887 bank branches and 430 ATMs, together serving over 2.13 million general banking customers. Our distribution network is particularly strong in East and Northeast India, with West Bengal, Assam and Bihar together accounting for 56.37% and 57.58% of our branches and DSCs as of December 31, 2017, respectively, though our focus is to expand across India.

We currently offer a variety of asset and liability products and services designed for micro banking and general banking. Our asset products consist of retail loans including a substantial portfolio of micro loans, as well as micro, small and medium enterprise ("**SME**") loans and small enterprise loans. As of December 31, 2017, 96.49% of our Gross Advances were in priority sector lending ("**PSL**") compliant with the Reserve Bank of India ("**RBI's**") PSL requirements. Our liability products consist of savings accounts, current accounts and a variety of fixed deposit accounts. Since beginning banking operations, we have built a strong base of current account and savings account deposits, which together stood at ₹84,018.45 million as of December 31, 2017, a CASA ratio of 33.22%. We believe that our CASA ratio provides us a stable source of low-cost funding, allowing us to provide cost-effective loans to our target customer base. Moreover, as of December 31, 2017, our retail-to-total deposit ratio stood at 85.07%.

In addition to our loan and deposit products, we also offer other banking products and services to generate non-interest income and cater towards the additional needs of our customers. These products and services include debit cards, internet banking, mobile banking, EDC-POS terminals, online bill payment services and the distribution of third-party general insurance products and mutual fund products. In addition, because our PSL portfolio significantly exceeds the RBI's PSL requirements, we generate PSL certificates that we are able to sell to other banks, providing us with an additional stream of non-interest income.

As of December 31, 2017, our deposits and Gross Advances (including IBPC/Assignment) stood at ₹252,939.56 million and ₹243,643.89 million, respectively. For the nine months ended December 31, 2017 and 2016, we had net interest margins ("**NIMs**") of 9.86% and 10.34%, return on equity ("**RoE**") of 25.55% and 27.88% and return on assets ("**RoA**") of 4.07% and 4.39%, respectively (each on an annualised basis). For FY 2017 and FY 2016, we had Total Income of ₹43,201.23 million and ₹17,312.54 million and profit after tax as restated of ₹11,119.52 million and ₹2,752.47 million, respectively. As we only began operations on August 23, 2015, figures for FY 2016 include our micro banking and general banking operations only for the period from August 23, 2015 to March 31, 2016, and accordingly, our FY 2016 financial statements are not comparable with our FY 2017 financial statements. Our unsecured subordinated non-convertible debenture instruments were rated CARE AA- (Stable) by Care Ratings Limited and AA-(Positive) by ICRA. Our rating for term loans are rated AA- (Positive) and our certificates of deposit are rated A1+ by ICRA.

Strengths

Operating Model Focused on Serving Underbanked and Underpenetrated Markets

We are a commercial bank focused on serving underbanked and underpenetrated markets in India. Our historical strength lies in microfinance, with our group beginning operations in 2001 as an NGO providing microfinance services to socially and economically disadvantaged women in rural West Bengal. While our business model has transitioned over the years, operating as an NGO and then a non-bank finance company ("**NBFC**") before becoming a bank, the provision of micro loans to women has remained the core focus. We believe that this focus provides us with significant competitive advantages as described below.

We reach our micro loan customers largely through our extensive network of doorstep service centres, which are low overhead banking outlets located nearby our customers. Given their low overhead, DSCs are a cost effective means of reaching micro loan customers, who generally are underbanked.

In addition, our focus on underbanked and underpenetrated markets allows us to meet certain regulatory requirements. In particular, the RBI requires (i) that banks locate at least 25% of their banking outlets in what it calls "unbanked rural" areas, and (ii) that at least 40% of all lending be made to "priority sectors", which includes micro loans. Therefore, while traditional commercial banks may not be well suited to targeting unbanked rural areas or providing PSL-compliant lending, and thus see a drag on their profitability and yields as a result of those requirements, we do not. Rather, we target these segments by choice, operating a low-cost network designed to cost-effectively and profitably reach these segments. In particular, according to CRISIL Research, Eastern and Northeastern India, which are our strongest markets, have the lowest presence of bank branches per capita of any regions in India. See "*Industry Overview*". As we focus specifically on serving underbanked and underpenetrated markets, 29.15% of our banking outlets were located in unbanked rural areas and 96.49% of our Gross Advances were PSL compliant, each as of December 31, 2017.

By the time BFSL transferred its microfinance business to us in 2015, it was India's largest microfinance company by asset size. This scale, experience and history in micro loans, combined with our general banking business, provides us with significant synergies, including (i) our brand recognition, with its roots in financial inclusion, engenders good will and loyalty, (ii) our established distribution network and customer relationships, which we believe provides us with a strong base of customers who may one day require more general banking services as they improve their economic situation, providing a potential customer pipeline for products such as home, business and other loans and third-party insurance and investment products and (iii) the fact that we are able to use the low cost of funds provided by banking deposits to reduce our rates on micro loans and capture market share while building customer loyalty.

Consistent Track Record of Growing a Quality Asset and Liability Franchise

Our micro loan business began in 2001 as part of Bandhan Konnagar, an NGO. Our microloan business was then transitioned to BFSL, an NBFC in 2009, which then established us as a bank and transferred the micro loan business to us in 2015. Across these phases of development, our micro loan business has consistently grown a quality asset base. Since we began our general banking business, we have grown to offer a broad and diversified range of asset and liability products to our customers, while maintaining strong asset quality.

Since March 31, 2016, our Gross Advances (including IBPC/Assignment) have grown from ₹155,784.35 million to ₹243,643.89 million as of December 31, 2017, while our customers have increased from 6.77 million to 11.99 million, respectively. On the liability side, our deposits have grown from zero as of August 23, 2015, when we opened our general banking business, to ₹252,939.56 million as of December 31, 2017, with our CASA ratio standing at 33.22% as of December 31, 2017 and our retail-to-deposit ratio standing at 85.07% as of December 31, 2017. The growth in our liability business has led to a reduction in our cost of funding, as we have been able to increasingly tap into low-cost deposits. We believe that our access to low cost deposits provides significant synergies with our focus on micro lending by allowing us to lower the interest rates we charge on our micro loans while maintaining profitable spreads, thus allowing us to further grow our portfolio and capture market share.

Our growth has been achieved despite difficult conditions in India's micro finance industry and banking industry. For example, while a crisis in the southern state of Andhra Pradesh beginning in 2010 led to significant pressure on the microlending industry and significant write-offs amongst microfinance institutions, our micro loan business thrived at the time, growing from India's fourth largest microloan portfolio as of March 31, 2010 to India's largest microloan portfolio as of March 31, 2012. Moreover, as demonetisation in late 2016 contributed to gross NPAs for the banking industry exceeding 16% (according to CRISIL Research) for fiscal year 2017, our percentage of Gross NPA to Gross Advance (excluding IBPC/Assignment) was 0.51% as of March 31, 2017.

We focus on growing in a sustainable manner and not at the expense of sacrificing our asset quality. As of December 31, 2017, our percentage of Gross NPAs to Gross Advances (excluding IBPC/Assignment) ("**NPAs**") was 1.67% of our portfolio. We believe that our strong NPA position is largely driven by our group-based individual lending model, our focus on income-generating loans made to women, our strong systems to track loan utilization, monitor credit and ensure collection, and our extensive risk management practices, such as lending progressively higher amounts only to members who have built up a track record of good repayment, which taken together have led to low rates of default. Moreover, we are conservative in our approach to providing for non-performing loans, providing for them sooner and in higher amounts than required under RBI regulations. As on December 31, 2017 and for FY 2017, our Provision for NPA was ₹2,021.73 million and ₹250.92 million, respectively.

Extensive, Low Cost Distribution Network

We provide our products and services primarily through an extensive physical network of branches, DSCs and ATMs. We began operations on August 23, 2015 with 6.77 million customers and 2,022 DSCs from our micro loan business, as well as 501 branches and 50 ATMs that we established for our general banking business. This extensive footprint that our micro loan business provided allowed us to expand into the general banking market in a way that a new entrant into the market could not, enabling us to tap into the large and growing Indian retail banking market rapidly and profitably. We have since grown so that as of December 31, 2017, we operated in 33 States and Union Territories in India, reaching 11.99 million customers through 887 branches, 2,633 doorstep service centres and 430 ATMs, with 2.13 million of our customers belonging to our general banking business. Our distribution network is particularly strong in East and Northeast India, with West Bengal, Assam and Bihar together accounting for 56.37% and 57.58% of our branches and DSCs as of December 31, 2017, respectively, though our focus is to expand across India. As of December 31, 2017, we had 27,176 employees spread across our Bank.

In addition to being extensive, our distribution network is relatively low cost, which in particular is a result of our "hub and spoke" model of using DSCs and associated bank branches, as well as our focus on tech initiatives. This low-cost model is demonstrated by our operating cost-to- income ratio was 35.38% and 36.31% for the nine months ended December 31, 2017 and for FY 2017, respectively.

We operate our DSCs and branches on a hub and spoke model, whereby on average every three to four DSCs are linked to a corresponding bank branch in their area. Customers of these DSCs automatically become customers of the associated bank branches, allowing them to open accounts and conduct their banking needs at the associated branch. Through our DSCs, we are able to provide personalised services in close proximity to our customers. Moreover, this "hub and spoke" model provides us with a low cost means of extending our network deep into underbanked areas in India, as our DSCs have low overhead. For example, our DSC employees use handheld devices connected via the Internet to our core banking system to process loan applications, allowing us to keep IT costs low compared to a bank branch, which requires full-fledged computer terminals.

In addition to our physical network, we also provide debit cards, as well as offer a comprehensive suite of digital solutions, including a mobile banking app and online banking. These channels help with efficient, yet secure, customer outreach, particularly for our liability products and general banking customers, who tend to be more tech savvy. On the asset side, our digital and technology initiatives are generally focused on reducing processing time, so that we can quickly respond to customer requests, and on reducing operating costs.

Customer-Centric Approach

Our mission is to provide our customers accessible, simple, cost-effective and innovative financial solutions in a courteous and responsible manner. In furtherance of this mission, we design products that cater to the specific needs of our customers, such as offering educational micro loans and healthcare micro loans so that our customers can further their or their families' educations and ensure that they or their families can pay for medical treatment. On the liability side, we offer a variety of daily deposits, recurring deposits, and other services so that our customers can realise their savings goals within the means available to them. Similarly, we insure all of our micro loan customers, so that if they pass away their loan balance is paid off in full without their family needing or feeling pressured to repay the loans.

We also seek to pass on the benefits of our low cost of funds to our customers, and since becoming a bank have lowered our interest rates on micro loans from 22.4% to 21.0% in August 2015 to 18.52% to 18.40% as of December 31, 2017. In addition, we provide financial education and borrower's training to certain groups of current and potential customers, helping to increase their financial literacy and willingness to take micro loans.

We undertake these initiatives to foster customer loyalty, encourage the timely repayment of loans by our customers, increase the likelihood that our customers will take additional loans from us rather than our competitors, and increase the likelihood that our customers will use us for their general banking and financial needs, including savings products, insurance products and investment products.

Consistent Financial Performance and Robust Capital Base

We have since our inception delivered consistent financial results for our shareholders and are currently in a robust financial position that, we believe, will enable us to grow our business quickly. Our Net Interest Income in FY 2016 amounted to ₹9,328.36 million, while Net Interest Income in FY 2017 amounted to ₹24,034.98 million. Our net interest margin for the nine months ended December 31, 2017 was 9.86%, while our return on assets and return on equity were 4.07% and 25.55%, respectively (each on an annualised basis). Our cost-to-income ratio for the nine months ended December 31, 2017 was 35.38% (on an annualised basis). Additionally, since beginning operations we have generated increasing non-interest income as a percentage of our overall income, improving from 8.66% for March 2016 to 35.38% for the nine months ended December 31, 2017. This increase in non-interest income has helped to improve our margins and returns.

In addition to our consistent financial performance, we are well capitalised with a robust capital base. We have grown our Gross Advances (including IBPC/Assignment) from ₹155,784.35 million as of March 31, 2016 to ₹243,643.89 million as of December 31, 2017 and our total deposits from ₹120,887.48 million as of March 31, 2016 to ₹252,939.56 million as of December 31, 2017. Of our total deposits, our share of retail deposits has increased from 37.95% as of March 31, 2016 to 85.07% as of December 31, 2017. Moreover, our CASA ratio has improved from 21.55% as of March 31, 2016 to 33.22% as of December 31, 2017. Our CASA ratio and large percentage of retail deposits provide us with stable access to low cost funding. Moreover, we are well above regulatory capital requirements, having as of December 31, 2017 a statutory liquidity ratio ("**SLR**"), cash reserve ratio ("**CRR**") and capital adequacy ratio ("**CAR**") of 24.90%, 4.12% and 24.85%, as compared to requirements of 19.50%, 4% and 13%, respectively. We believe that this strong capital base places us well to pursue the further growth of our business. As a result of our performance for the year ended March 31, 2016 and nine months ended December 31, 2017, our return on assets increased from 3.07% to 4.07%, respectively, while our return on equity increased from 15.96% to 25.55%, respectively (each on an annualised basis).

Experienced and professional team, backed by strong independent board

Our management team has a strong track record and significant experience in the microfinance and banking industries. Our founder, Managing Director and Chief Executive Officer, Mr. Chandra Shekhar Ghosh, has 37 years of experience in the Indian microfinance industry. Throughout his career, Mr. Chandra Shekhar Ghosh has been the recipient of numerous accolades, including a lifetime contribution honour from the Microfinance India Awards for his contributions to the microfinance sector, and designation as a Senior Ashoka Fellow. The members of our senior management have a track record that combines professional and entrepreneurial skills in microfinance and banking, with an average of 23.9 years' experience in the financial services industry. We believe that this commitment and experience of our senior management will help us to drive the growth of our business and maintain the continuity of our company culture after our listing, all while continuing to focus on creating and maintaining shareholder value.

Our management team is supported by a strong and independent board, which provides us with robust corporate governance oversight. Eight out of the twelve directors on our board are Independent Directors, and each member possesses knowledge and experience in the fields of microfinance and/or banking.

Beyond our senior management team and board, our employees are a critical asset for our business. We typically hire our employees from villages and the locations that we serve, helping our employees to relate and connect with the client base in each region that we service. Our employees receive initial and ongoing standardized training in order to build a platform of consistent knowledge and skills. We operate eight training centres across India, and our training programmes allow our employees to upgrade their skill sets while providing us with consistent quality across our operations. Moreover, our training programmes provide employees with instruction on work ranging from our DSCs to branch offices, while allowing us to recruit local talent in the locations we serve. The skill of our employee base provides us with a deep roster of talent that can form the base of our management teams in the future, and employee advancement through our DSCs, branches and management teams has enabled us to maintain our core values as an organisation.

Strategy

Maintain focus on micro lending while expanding further into other retail and SME lending

As India's largest micro lender in terms of overall advances as of March 2017 (according to CRISIL Research),we will aim to maintain our leading position in the micro lending space while expanding further into other retail and SME lending in order to capitalise on growth opportunities in India's micro lending and banking industries. We expect the Indian market for micro banking and general banking to continue to grow in the foreseeable future.

We seek to leverage on our existing network and reputation and the scalability of our business model to benefit from this growth potential by opening new branches and centres and attracting new members all across India. Our network is particularly strong in East and Northeast India, with West Bengal, Assam and Bihar together accounting for 56.37% and

57.58% of our branches and DSCs as of December 31, 2017, respectively. While East and Northeast India are our strongholds, we are continuing to develop a pan-Indian network, and our strategy is to increasingly diversify our geographical footprint. Accordingly, we have increased our footprint to 33 State and Union Territories from 24 State and Union Territories when we began banking operations.

In order to grow our asset portfolio, we intend to open branches and DSCs where we can grow our customer base for micro loans as well as tap into the rural affluent and mass affluent populations in order to grow our retail and SME lending. We may also open targeted branches in urban areas in order to grow our business amongst urban mass market customers. In addition to expanding our network, we will also seek to grow our business by increasing our digital reach and by leveraging on our broad network and customer base to improve cross-selling opportunities and improve our wallet share of customers.

We also intend to use our existing branches to penetrate into villages where we already have a presence and where we believe we can benefit from our strong reputation to increase our customer base. Through the increased customer base driven by greater geographical presence, we believe we will enhance our market position, establish greater brand recognition and continue to grow our business.

While we intend to grow, we aim to do so in a selective and calculated manner, focusing on attractive and profitable expansion opportunities.

Continue to strengthen our liability franchise

We aim to strengthen our liability franchise with a particular focus on growing our deposit base in order to provide a stable, low-cost source of funding. Our primary focus for funding is to seek retail deposits, as opposed to wholesale deposits or other forms of funding. We intend to seek retail deposits due to their particularly low cost of funds and because, we believe, that retail customers are more loyal and therefore their deposits more secure than wholesale customers.

We intend to grow our retail deposit base through the continued expansion of our branch network to reach new customers and by providing a convenient banking experience to our customers to meet the needs of their particular demographics. In addition to the rural and semi-urban branches that we intend to open to enhance our asset base, and in order to fund those assets, we will also seek to selectively open branches specifically focused on collecting deposits in urban areas where there is a large potential deposit base. We also believe that our existing branches, as they become more mature, will continue to be a source of additional new deposits and hence strengthen our funding base.

In addition to expanding our branch network, we will also seek to develop products and services designed for our rural and urban mass retail customers, as well as by continuing to actively promote our accounts and deposits, and by offering attractive interest rates. For example, we recently launched additional products and services designed for non-resident Indians ("**NRIs**") and foreign currency remittances, in order to increase our business with the large Indian diaspora. Moreover, we believe that our broad micro banking platform provides us with opportunities to receive deposits from relatively underbanked and unbanked segments of Indian society as they become increasingly affluent over time.

Since becoming a bank, we have consistently grown our deposit base, from nil when we began operations to ₹ 120,887.48 million, ₹ 232,286.58 million and ₹ 252,939.56 million as of March 31, 2016, March 31, 2017 and December 31, 2017, respectively. Our focus on retail deposits has enabled us to build a strong CASA position and retail-to-deposit ratio, standing at 33.22% and 85.07% as of December 31, 2017, respectively, providing us with stable access to low cost funding.

Boost share of non-interest income

We intend to complement income from our core asset products with non-interest income from other sources in order to diversify our income stream and improve our margins. In particular, we will seek to leverage our strong PSL-compliant portfolio by increasingly selling PSL certificates to non-PSL compliant banks. Additionally, in 2017 we entered into arrangements to begin distributing third-party insurance products and third-party mutual funds, in return for which we receive a commission based upon the value of insurance product or mutual fund sold. We will also commence distribution of life insurance products as a corporate agent in December 2017, for which we have received a license from IRDAI. As we expand our network, we expect to increase the size of our PSL-compliant loan portfolio as well as grow the distribution of third party products, thereby increasing our income stream from both sources.

We have also commenced inward and outward foreign currency remittances. The service is made available to non-resident Indians ("**NRI**") and resident Indian customers within defined regulatory guidelines. These remittance services will provide a further stream of non-interest income for us.

Enhance our digital platform to improve customer acquisition and retention and reduce costs

We believe that proactive adoption and development of digital and technology offerings are critical to running a competitive bank. Therefore, we are continually investing to enhance our digital and technology platform as a means of driving enhanced customer satisfaction, enhanced customer retention and reduced costs.

For example, we have established internet banking facilities, a mobile banking app, online and mobile payment modes for cashless payments, e-commerce payments through Verified by Visa and Rupay Pay Secure, and other online payment and other services. We are also implementing online investment options allowing customers to invest in mutual funds and buy shares in initial public offerings, as well as further online payment systems such as the Unified Payment Interface, the Bharat QR Code and the Aadhaar Enabled Payment System, in addition to online KYC and other services.

By furthering our digital and technology platform, we believe that we can reduce our operating costs and increase efficiencies, as customers migrate towards digital solutions and away from traditional branch banking. Moreover, with a more advanced information technology platform, we believe we will reduce risks, costs and errors and operate with greater cohesiveness and efficiency.

Further, as we develop a track record of long-standing digital relationships with our customers, we expect that we will be able to engage in data analytics with the goal of more proactively addressing our customers' banking and financial needs. We believe that this will help us to increase cross-selling opportunities not only of our own products but also the third-party products that we distribute, such as insurance and mutual funds.

Enhance retail banking systems and procedures to improve efficiency

We intend to enhance our retail banking systems and procedures in order to improve our retail banking efficiency. Whereas the performance of our micro loan business and DSC network have been refined for over 15 years, as a comparatively new player in the general banking segment we are seeking to build that same level of refinement for our retail banking operations. In furtherance of this, we are taking a number of steps, including improving the efficiency of work undertaken in our branches, increasing multi-tasking by our branch employees, and closely monitoring the interaction between our DSCs and linked branches to optimise the linkage between them. We believe that by building the same level of skill and expertise in our retail banking operations that we have developed in our micro loan operations, this will result in reduction of costs and thereby improve profitability. For example, we are utilising our employee training centres throughout India, which were initially developed to train micro banking staff, to train staff hired into our general banking business.

Our History

For a description of our history, see "*History and Certain Corporate Matters*" beginning on page 168.

Overview of Banking Operations

We are a commercial bank focused on serving underbanked and underpenetrated markets in India. We have a banking license that permits us to provide banking services pan-India across customer segments. We currently offer a variety of asset and liability products and services designed for micro banking and general banking, as well as other banking products and services to generate non-interest income.

Our asset products consist of retail loans, SME loans and small enterprise loans. Our retail loans consist of a substantial portfolio of micro loans as well as home and mortgage loans, personal loans, two wheeler loans, loans against property, loans against term deposits and gold loans. Our microloans provide individuals and families with the opportunity to start and scale up home-based and community businesses, pay for medical emergencies and pay for children's education. These funds can be used to meet an immediate need or invest in income-generating activities while having convenient access to funds. We have several microloan options with loan tenures up to 2 years and a maximum loan amount of ₹150,000. Our SME loans are loans above ₹1,000,000 and for which we may take collateral, and our small enterprise loans are loans between ₹100,000 to ₹1,000,000 and for which we do not take collateral.

Our liability products consist of savings accounts, current accounts and a variety of fixed deposit accounts. We offer an array of interest-bearing savings account options ranging from an easily accessible, no minimum balance BSBDA basic savings account to a ₹100,000 minimum monthly balance preferential high-interest "Premium" savings account. Our diversity of savings account options allows us to cater to a wide range of customers from poorer individuals to high net worth individuals. Our current account options provide customers with the ability to manage their transactions with higher daily transaction limits and access to funds at a wide network of branches, ATMs and via online banking, mobile applications and SMS banking channels. Our deposits product consist of both fixed and recurring deposit options designed for customers to invest their money for both short and long-term goals. We offer a number of fixed deposit account options with tenures ranging from seven days to ten years to help customers reach their respective goals, which may include saving for retirement, their child's education, or a dream home or car. Our recurring deposits option is designed to help money grow slowly but steadily, setting aside a small amount each month to save towards short or long term finance goals.

We also offer other products and services such as debit cards, internet banking, mobile banking, EDC-POS terminals, online bill payment services and the distribution of third-party general insurance products and mutual fund products. These other products and services help in generating non-interest income and cater towards the additional needs of our customers, such as protecting against risk and providing avenues for investing.

Loans

We offer loans to individuals and micro, small and medium enterprises. The following table sets forth a breakdown of our Gross Advances as of the dates indicated:

	As of				
	31 December 2017	**31 March 2017**	**31 December 2016**	**31 March 2016**	**31 March 2015**
	(₹ in millions)				
Gross advances (including IBPC/assignments)	**243,643.89**	**235,432.92**	**183,660.00**	**155,784.35**	-
Managed advances (IBPC/Assignment)	(12,314.69)	(66,791.22)	(21,152.38)	(31,323.57)	-
Provision on NPA	(2,021.73)	(250.92)	(281.99)	(85.32)	-
Net advances	**229,307.47**	**168,390.78**	**162,225.63**	**124,375.46**	-
Micro loans	200,779.85	146,835.06	147,618.99	122,776.22	-
Small enterprise loans	12,211.31	10,542.13	5,071.83	-	-
SME loans	9,051.54	7,091.70	7,437.42	993.86	-
Other retail loans	7,264.77	3,921.89	2,097.39	605.38	-

The following table sets forth a breakdown of our Gross Advances (including IBPC/Assignment) by region as of December 31, 2017:

Region	**Loan Portfolio (₹ in millions)**
Central	21,229.36
Eastern	141,863.97
Northern	8,796.11
Northeastern	55,219.62
Southern	3,514.74
Western	13,020.09
Gross Advances (including IBPC/Assignment)	243,643.89

Retail Lending

Microloans

Our microloans business provides women with the opportunity to start businesses and invest in income-generating activities by having convenient access to funds. In addition, we also offer microloans to pay for children's education as well as for medical emergencies.

All of our microloans are group-based individual loans, which are loans provided to individuals who form a group. This model has been refined for over 35 years by microfinance institutions internationally. The group-based individual lending model is based on the idea that the under-privileged have skills that are under-utilized and if they are given access to credit, they will be able to identify new opportunities and grow existing income-generating activities.

Our group-based individual lending methodology is utilized to extend loans to women who have formed themselves into groups of approximately thirty members. The general requirement for forming a group is that the women must be from the same area and know each other, but not be related to one another. Family members or relatives cannot be part of the same group. The groups are self-selected and each member is eligible to obtain loans individually. As a result, other group members will typically encourage the defaulting member to make timely payments. We believe that the formation of a group serves as protection against defaulting members and defaulting loans; our lending model increases credit discipline through mutual support within the group in order to ensure that individual members are prudent in conducting their financial affairs and prompt in repaying their loans, without the need for us to take any formal collateral.

We extend microloans exclusively to women from low-income households, although loan proceeds may be used for business activities that are run by the woman's family, including a husband. We believe that women are a positive influence on loan repayment in their household because they are generally more risk averse, cooperate better in groups and are generally more accessible than their working husbands and can meet regularly at group meetings to administer the repayment of their loans. We also believe that providing women with access to capital in this manner increases their decision-making stature in the household. We believe that, as decision makers, women can help not only to ensure the timely repayment of loans but also to help direct disposable income to the more basic household needs, such as education, health, nutrition, sanitation and home repairs.

We have several microloan options with loan tenures up to 2 years with a maximum loan amount of ₹150,000. Collections for microloans occur on a weekly basis. Our microloan options include funds to start a business, scale up an existing business, pay for medical emergencies and pay for children's education. We utilize handheld devices with biometric authentication at DSCs to accelerate transaction times.

The following table sets forth a breakdown of our microloan portfolio as of the dates indicated:

	March 31, 2016	March 31, 2017	December 31, 2017
		(₹ in millions)	
Agricultural and Allied Loans	82,503.79	106,734.41	101,451.90
Health and Education	1,130.85	650.86	198.57
Business	70,539.21	106,480.24	113,394.97
Total Gross Microloans	154,173.85	213,865.51	215,045.44

Other Retail Loans

Our retail lending business provides loan products targeted primarily at individuals for meeting their personal and business requirements, such as housing and mortgage loans, two wheeler loans, personal loans, loans against property, loans against term deposits and gold loans. Retail loans are sourced through our branches.

The following table sets forth a breakdown of our retail loan portfolio by product type as of the dates indicated:

	March 31, 2016	March 31, 2017	December 31, 2017
		(₹ in millions)	
Housing and mortgage loans	14.78	148.53	327.88
Two wheeler loans	30.18	39.86	27.93
Personal loans	–	1,695.88	3,932.26
Loans against property	36.45	457.80	987.16
Loans against term deposit	521.97	1,552.41	1,691.69
Gold loans	–	16.59	220.90
Bandhan Next Gen Yuva Loan	2.00	11.64	64.73
Total Gross Retail Loans	605.38	3,922.71	7,252.55

Housing and mortgage loans

We provide housing loans with a maximum tenure of 20 years for the acquisition, construction and extension of residential properties. The maximum loan-to-value ratio for such housing loans ranges from 75% to 90% as per guidelines from the RBI. We provide loans from ₹300,000 to ₹20,000,000, at rates from 9.50% to 14.0%.

Two wheeler loans

We offer loans for the purchase of two wheelers with repayment for up to 3 years, which can be up to 85% of the on road price of the two wheeler. The minimum and maximum loan amounts are ₹10,000 and ₹150,000, respectively at rates of 15.0% to 17.0%.

Personal loans

We offer personal loans at fixed rates to individuals for amounts of ₹100,000 to ₹500,000 and tenures of 12 to 36 months at rates of 14.0% to 18.0%. Personal loans can be used for a wide variety of purposes including buying a dream home or bike, planning for vacations, weddings and most personal needs.

Loans against property

We extend loans against property for self-occupied residential and commercial (shops and offices) properties. These loans provide working capital without liquidating fix assets. The maximum loan tenure and loan-to-value ratio are determined by the current age and profile of the borrower, with a maximum tenure of 15 years and loan-to-value ratio of up to 60% of the market value of the property. We provide loans from ₹100,000 to ₹20,000,000 at rates of 12.0% to 14.5%.

Loans against term deposit

We extend loans against term deposit which provide access to up to 90% of term deposits without having to liquidate them. The loans are available for existing term deposit holders.

Gold loans

We offer loans against gold ornaments (i.e. jewellery) to specific customer segments; such loans are offered with monthly interest payments and principal due at maturity. These loans also have a margin requirement in the event of a decrease in the value of the gold collateral.

Bandhan Next Gen Yuva loan

We offer personal term loans for individuals enrolling into the one year full-time residential course titled "Bandhan Next-Gen Bankers' Programme" at the Bandhan School of Development Management at its campus at Kolkata. The course is available for young graduates willing to build a career in the banking industry. We provide loans from ₹100,000 to ₹400,000 at rates of 12% p.a.

SME Loans

Our SME loans are designed to help entrepreneurs start or scale up their small and medium sized enterprises by helping create income-generating assets and enhancing liquidity. These loans include business loans, commercial vehicle loans, term loans, equipment loans and working capital loans. The amount of funding and the tenure available varies based on the type of business activities but is from one year to seven years.

The following table sets forth our SME loan portfolio as of the dates indicated:

	March 31, 2016	March 31, 2017	December 31, 2017
		(₹ in millions)	
Total Gross SME Loans	1,005.12	7,099.88	9,051.54

Our term loans provide access to the funds required for capital investments and include a 25% margin with up to 1% in processing fees, and a rate of 11.0% to 13.5%. There is no maximum loan amount and the maximum tenure is 84 months.

Our working capital loans are designed to improve the liquidity of a business. For arriving at the funding limit, we assess the credit requirement either through the turnover or MPBF (Maximum Permissible Bank Finance) method. Processing fees of up to 1% may be levied. There is no maximum loan amount and the loan is repayable on demand.

Small Enterprise Loans

Our small enterprise loans are collateral-free income generating activities loans in the form of working capital or assets creation for business or short-term business requirements. We classify loans to businesses up to ₹1,000,000 as small enterprise loans, whereas we classify loans in excess of ₹1,000,000 as SME loans. Small enterprise loans are composite loans in the form of demand/term loans for manufacturing, trading and service. Small enterprise loans may vary from ₹100,000 to ₹1,000,000 and have loan tenures from one to three years with a processing fee up to 2% and an interest rate of 16.0%.

The following table sets forth our small enterprise loan portfolio as of the dates indicated:

	March 31, 2016	March 31, 2017	December 31, 2017
		(₹ in millions)	
Total Gross Small Enterprise Loans	–	10,544.82	12,294.36

Loan Appraisal Process

We utilise a variety of credit appraisal processes, which include analysing credit applications with details of the financial, qualitative and quantitative measures of credit-worthiness of customers. The credit appraisal processes that we use differ based on the type of loan.

Microloans

For microloans, our doorstep banking officers ("**DBOs**") source loan applications, conduct the primary appraisal and customer visits and make loan recommendations to the head of the applicable DSC. The head of the DSC then visits the customer's house and checks the details entered in the loan applications and, if satisfied, sanctions the loan. The appraisal criteria for microloans are primarily qualitative, and include factors such as customer profile, age, current enterprise, income, surplus income and Credit Bureau report on past performance.

Retail loans

We have a dedicated sourcing team and sanctioning team to source and sanction the various types of retail loans that we offer. Personal loans are sourced by branch officials and are sanctioned by respective branch heads. Other retail loans are sourced by dedicated relationship managers, with loans up to ₹1,000,000 sanctioned by the credit team and loans above ₹1,000,000 sanctioned by credit committees at our head office. We have standard loan application and appraisal formats covering both qualitative as well as quantitative parameters.

SME loans

We source SME loan proposals through bank branches and SME hubs, which are hubs with dedicated relationship managers that we have created within select branches with potential for SME business. The SME hubs also house SME Credit managers who assess the creditworthiness of business proposals. This is to ensure close client interaction and timely service to customers.

The appraisal is carried out by the credit team and sanctioning of all loans under SME is centralized and sanctioned by designated head office credit committees. There is a separate credit operations department to monitor and control post-sanction documentation and operations. We analyse both qualitative and quantitative parameters in assessing SME loan applications.

Small enterprise loans

We have a dedicated team of relationship managers who source and service the customers. Our credit team for small enterprise loans has sanctioning powers and is independent of the small enterprise loan sourcing team. We use a combined application-cum-appraisal form, with due diligence carried out by our credit managers based on the qualitative information available.

Loan Pricing

Our Asset and Liability Committee ("**ALCO**") approves the interest rates across loan types and regions. Rates are reviewed from time to time, depending prevailing market conditions and our operating and funding costs at that time. In setting the interest rates for loans, we take into consideration various factors including the interest rates charged by our competitors at the time, the credit rating of the customers wherever applicable, and the overall market share and penetration in the market.

All of our loans are denominated in Indian Rupees, and are compliant with the RBI's Marginal Cost of Funds based Lending Rate, which requires pre-set benchmark rates for loans based on the a borrower's creditworthiness and other factors. Interest on our various loans are fixed, with principal and interest payable in weekly, bi-weekly, monthly or quarterly or higher periodic instalments. As we have grown our deposit base, which represents a low-cost source of funding, we have, in the form of decreased interest rates, largely passed on the benefits of our lower cost of funds to our micro borrowers.

Accounts and Deposits

Savings Accounts

We offer nine types of interest-bearing savings account options ranging from a no minimum balance basic savings account to a ₹100,000 minimum monthly balance preferential high-interest savings account.

We offer minimum balance accounts that cater to the common person and enable individuals to open and maintain a bank account with zero balance and basic banking facilities including an ATM-cum-debit card, pass book and fund credit facility via NEFT. Our premium savings accounts cater to high net worth individuals and feature special banking privileges, higher transaction limits and no service charges on a host of banking services, a higher interest rate and exclusive relationship and lifestyle privileges (including invitations to events such as movie screenings, music concerts, theatre and art exhibitions).

The following table shows a summary of our savings accounts:

Product	Target customer	Features	Minimum monthly/quarterly average balance	Interest rate range as of December 31, 2017
BSDA-SMALL	All	Simplified KYC processes to enhance financial inclusion	N/A	4%
BSBDA	All	Standard KYC processes to enhance financial inclusion	N/A	4% to 6.55%
Sanchay	Designed for low minimum balance customers	Standard bank offerings	₹2,000	4% to 6.55%
Standard	Mass market customers	Standard bank offerings plus: • Higher deposit limits • Higher interest rates	₹5,000	4% to 6.55%
Special	Special needs customers	Standard bank offerings plus: • Added features for convenience	₹5,000	4% to 6.55%
Advantage	Designed to provide enhanced banking experience	Standard bank offerings plus: • Higher interest rates • Higher transaction limits • Complimentary Services including ATM cards, cash withdrawal and fund transfer facilities	₹25,000	4% to 6.55%
Premium	High-net worth individuals	Standard bank offerings plus: • Higher interest rates • Higher transaction limits	₹100,000	4% to 6.55%

Product	Target customer	Features	Minimum monthly/quarterly average balance	Interest rate range as of December 31, 2017
		• Complimentary Services including ATM cards, cash withdrawal and fund transfer facilities • Premium lifestyle privileges		
TASC	Non-profit entities including trusts, associations, societies, clubs, NGOs, educational and research institutes, and section 25 companies	• Multi city at par cheque book • Higher cash deposit limit • Free monthly e-statement	N/A	4% to 6.55%
GOS	Central and state governmental departments, bodies and agencies	• Unlimited RTGS (Real Time Gross Settlement managed by Reserve Bank of India), NEFT (National Electronic Fund Transfer managed by Reserve Bank of India), IMPS (Immediate Payment Service managed by National Payments Corporation of India), and DD (Demand Draft) • Unlimited cash deposit • Unlimited cheque leaves • Free monthly e-statement	N/A	4% to 6.55%

Current Accounts

We offer six types of current account options provide customers with the ability to manage their business transactions with higher daily transaction limits and access to funds at a wide network of branches, ATMs and via net banking, mobile applications and SMS banking channels. We do not pay interest on our current accounts.

We offer current accounts to small self-employed entrepreneurs designed to give self-employed individuals a head start, as well as accounts for government organizations and trusts, associations and societies. We also offer premium accounts for high net worth individuals, which include high transaction limits including dynamic cash deposits and complimentary banking and lifestyle privileges (including invitations to events such as movie screenings, music concerts, theatre and art exhibitions).

The following table shows a summary of our current accounts:

Product	Target customer	Features	Minimum monthly/quarterly average balance
Biz Samruddhi	Businesses and consultancies	Standard business bank offerings Lower monthly balance	₹5,000
Biz Standard	Small businesses	Standard business bank offerings	₹5,000
Biz Advantage	Growing businesses	Standard business bank offerings	₹25,000

Product	Target customer	Features	Minimum monthly/quarterly average balance
		• Enhanced account access	
Biz Premium	Large businesses	Standard business bank offerings plus: • Premium services • Complimentary banking privileges • High transaction limits (including dynamic cash deposits)	₹100,000
Biz TASC	Non-profit entities including trusts, associations, societies, clubs, NGOs, educational and research institutes, and section 25 companies	• No charges for non-maintenance of monthly account balance • Higher cash deposit limit • 500 cheque leaves free per month • Free monthly e-statement	₹25,000
Biz GOS	Central and state governmental departments, bodies and agencies	• Unlimited RTGS, NEFT, IMPS, and DD • Unlimited cash deposit • Unlimited cheques • Free monthly e-statement	N/A

Fixed Deposits

We offer a number of fixed deposit account options for customers with tenures ranging from seven days to ten years. Such deposits can be withdrawn before maturity in accordance with applicable rates by paying penalties. Term deposits include recurring deposits, which enable the customer to make deposits over a fixed term at regular intervals. Interest rates range from 3.5% to 7.15%, depending on the tenure and the prevailing rate of interest of the day of booking the fixed deposit.

The following table shows a summary of our fixed deposit accounts:

Product	Features	Term	Minimum deposit
Fixed deposit standard	• Option of monthly or quarterly interest payout • Option for part withdrawal or premature withdrawal • Option of loan or overdraft • Nomination facility • Facility of automatic renewal • Issuance of TDS (Tax Deducted at Source) certificate per IT Act	7 days to 10 years	₹1,000
Fixed deposit advantage	• Option for part withdrawal or premature withdrawal	6 months to 10 years	₹1,000

Product	Features	Term	Minimum deposit
	• Option of loan or overdraft • Nomination facility • Facility of automatic renewal • Issuance of TDS certificate per IT Act		
Fixed deposit Dhan Samriddhi	• Option for single or joint account • Option of loan or overdraft • Nomination facility • Facility of automatic renewal • Issuance of TDS certificate per IT Act	6 months to 10 years	₹5,000
Fixed deposit tax saver	• Designed to offer investment options for professionals who can enjoy tax benefits under Section 80C • Nomination facility	5 years to 10 years	₹1,000 (with maximum deposit of ₹150,000 per year)
Fixed deposit premium	• Better rates based on high value deposits • Option of a loan or overdraft • Nomination facility • Issuance of TDS certificate per IT Act	7 days to 10 years	₹10,000,000

In addition to the above, we also offer a recurring deposit option, which allows customers to deposit regular amounts at monthly intervals to save towards short- or long-term financial goals. Recurring deposits may start at ₹100 per month for a period of 6 months to 10 years.

Other products and services

ATM-cum-debit cards

We offer international ATM-cum-debit cards to our customers in association with Visa, MasterCard and RuPay. These debit cards provide customers with 24-hour access to their funds through our ATMs as well as any Visa, MasterCard and RuPay-enabled ATMs and merchant establishments across the world.

Remittance services

We offer customers the ability to make both domestic and cross-border payments. For customers making domestic funds transfers, in addition to the traditional form of payments (such as cheques and demand drafts), we have Realtime gross settlement (RTGS), National electronic funds transfer (NEFT) and Immediate payment service (IMPS) capabilities offered through our bank branches and mobile and online banking platforms. Our customers can also make cross border payments in US dollars, Sterling and Euros, subject to regulatory guidelines.

Non-resident Indian (NRI) services

We offer four types of interest-bearing Non-Resident Indian (NRI) savings account options - Non-Resident External (NRE) Rupee Account Standard, Non-Resident Ordinary (NRO) Rupee Account Standard, NRE Premium and NRO

Premium, ranging from a minimum balance requirement of ₹5,000 to ₹100,000.

Product	Target customer	Features	Minimum monthly/quarterly average balance	Interest rate range
NRE/NRO Standard	Mass market customers	Standard bank offerings plus: • Higher transaction limits • Higher interest rates	₹5,000	4% to 6.55%
NRE/NRO Premium	High-net worth individuals	Standard bank offerings plus: • Higher interest rates • Higher transaction limits • Complimentary Services including ATM cards, cash withdrawal and fund transfer facilities • Premium lifestyle privileges	₹100,000	4% to 6.55%

We also offer fixed deposit account options for NRIs, with tenures ranging from 7 days to 10 years for NRO Fixed deposit and 1 year to 10 year for NRE Fixed deposit

Product	Features	Term	Minimum deposit
NRO Fixed deposit	• Option of monthly, quarterly or cumulative interest payout • Option for part withdrawal or premature withdrawal • Nomination facility • Facility of automatic renewal • Issuance of TDS (Tax Deducted at Source) certificate per IT Act	7 days to 10 years	₹1,000
NRE Fixed deposit	• Option of monthly, quarterly or cumulative interest payout • Option for part withdrawal or premature withdrawal • Nomination facility • Facility of automatic renewal • Non-taxable in India	1 Year to 10 years	₹1,000

Mutual Fund Products

We are empaneled with four asset management companies to distribute their mutual fund products through our branch network. We receive either upfront commissions or annual commissions from the asset management companies for the sale of their products.

Insurance Products

We will formally commence distribution of life and non-life Insurance products under a composite corporate agency licence received from the IRDAI in November 2017. We will receive a fee for each insurance product sold. There is underwriting exposure from such insurance products.

Delivery Channels

We distribute our products and services through several access points including traditional bank branches, DSCs, ATMs and digital channels such as our mobile application and the Internet.

The table below sets forth the growth of our branch, DSC and ATM networks since we began operations on August 23, 2015:

	August 23, 2015	March 31, 2016	March 31, 2017	December 31, 2017
Branches	501	656	840	887
DSCs	2,022	2,022	2,443	2,633
ATMs	50	228	282	430

The following table sets forth a geographical breakdown of our branch, DSC and ATM network as of December 31, 2017:

State/ Union Territory	Number of DSCs	Number of branches	Number of ATMs
Central India			
Uttar Pradesh	203	45	31
Madhya Pradesh	119	32	22
Chhattisgarh	53	19	9
Uttarakhand	22	12	6
East India			
West Bengal	850	348	113
Bihar	323	82	34
Orissa	97	21	10
Jharkhand	80	25	9
Sikkim	6	1	1
North India			
Rajasthan	58	20	16
Haryana	28	11	11
Delhi	17	16	16
Punjab	17	13	13
Himachal Pradesh	1	2	2
Chandigarh	0	1	1
Jammu & Kashmir	0	1	1
Northeast India			
Assam	343	70	16
Tripura	86	23	6
Nagaland	8	2	2
Meghalaya	7	1	0
Manipur	6	1	1

State/ Union Territory	Number of DSCs	Number of branches	Number of ATMs
Mizoram	5	2	2
Arunachal Pradesh	0	1	1
South India			
Karnataka	53	17	16
Tamil Nadu	39	16	16
Puducherry	3	1	1
Andhra Pradesh	0	2	2
Kerala	0	8	8
Telangana	0	8	8
West India			
Maharashtra	133	50	30
Gujarat	71	33	23
Goa	4	2	2
Dadra & Nagar Haveli	1	1	1
Total	2,633	887	430

Doorstep Service Centres

Our micro banking team caters to the credit origination and management of micro loans through our Doorstep Service Centres. The DSCs are strategically located in close proximity to customers to provide them customized services in a timely manner. Three to four DSCs are linked to a single bank branch, and the network of DSCs and branches operate under this “hub and spoke” model.

We typically staff our DSCs with six to seven personnel, and equip the DSCs with handheld devices connected to our core banking system. Because the relatively low number of staff and the fact that we do not need full-scale IT systems, our DSCs provide a cost-effective means of extending our branch network to be closer to our customer base.

The DSCs are run by head officers (“**DSC Heads**”) who are supported by DBOs. DBOs interact with micro banking customers on a regular basis. The DSC Heads report to the “Cluster Team Members, Micro Banking” who monitor the activities at the DSC level, and who themselves report to regional heads of micro banking for their particular regions. In addition, we have zonal heads for micro banking at our head office, who monitor and provide policy support and direction to the cluster heads.

Group formation

In order to select clients and promote the formation of borrower groups, an initial survey is conducted by the DBO and DSC Head. After a visit and discussions with the potential customers, the DBOs and/or DSC Head facilitate formation of groups of interested women from the locality in question.

Savings account opening

After formation of a group, a common place is selected where the group members meet at regular intervals. Simultaneously, we provide savings bank account forms and conduct know-your-client (“**KYC**”) verification, as well as house visits to the customers, before sending the customer information to the linked bank branch. The bank branch, after being satisfied with the completeness of the application, sends the report to our central processing unit (“**CPU**”) for opening the account. The CPU checks the completeness of the application along with KYC documents and opens the account. The savings account of the customer resides with the linked bank branch.

Loan applications

Loan applications are filled out during the group meeting based on the recommendation of the group members. The DSC Head is empowered to sanction loans to customers after physical verification of the original KYC documentation, place of business, and the filled-in loan forms. The sanctioned loan amount is disbursed to the savings account of the customer maintained with the linked bank branch and the customer withdraws the amount from the savings account after due biometric authentication on handheld devices.

Loan recovery

Daily, the DBO starts at the DSC by downloading of a list of customers from whom an amount is to be collected during the day. Collection of payments due happens at a close vicinity to the customers. Group meetings are held at the relevant location, and collection of due amounts is done using the handheld device. The printed acknowledgement receipt is handed over to the customer as well as manually entered in the group register. The collected amount is credited into the savings account of the customer and the due amount is transferred to the loan account of the respective customer. Each DBO handles four to five such groups daily.

In each group, there is a group resolution register where customers' attendance as well as the total collection for the day is recorded. After completion of all the groups, the DBO returns to the DSC and hands the cash to the cashier. The DSC picks up the cash from the group itself and deposits it in the DSC at a stipulated time on the same day. The surplus cash beyond the prescribed cash retention limit, if any, is sent to the linked bank branch through the DSC officials.

We closely monitor the amounts due to us. Sometimes, in case of default in payment by any customer, the group members offer to help the customer in repaying the loan, although they are under no obligation to do so.

Branch Network

Our branches provide our full range of banking services. The general banking team handles our entire general banking customer base, and there is a dedicated team for supervising our micro loan portfolio, which is part of branch books. Our branches are strategically organized around India, and we continuously assess market conditions and the profitability of our branches to meet customer needs. We are continually expanding and improving our branch network with geographic spread into unbanked and underbanked districts and digital technology solutions to enable growth and reduce costs.

Our bank branches are led by branch heads, who report to cluster heads. The cluster heads are supported by zonal heads for general banking, which sit at out head office and monitor and provide policy support and direction to the cluster heads.

As a part of the branch authorisation policy guidelines issued by the RBI, at least 25% of our branches and DSCs opened in a financial year must be located in unbanked rural centres. An unbanked rural centre is a rural centre in the Tier 5 and Tier 6 cities that does not have a core banking solution enabled "banking outlet" of a scheduled commercial bank, small finance bank, payment bank or a regional rural bank nor a branch of a local area bank, or licensed cooperative bank for carrying out customer based banking transactions, or a "banking outlet" opened in any Tier 3 to Tier 6 centre in the North Eastern states, Sikkim, or any "Left-Wing Extremism" affected district. As of December 31, 2017, we had 255 of our 887 branches in such localities.

The table below sets forth a breakdown of our branches by metro, urban, semi-urban and rural areas as of August 23, 2015, March 31, 2016 and 2017 and December 31, 2017:

	August 23,	March 31,		December 31,
	2015	2016	2017	2017
Metro	41	69	129	151
Urban	120	175	227	249
Semi-urban	141	168	209	212
Rural	199	244	275	275
Total	501	656	840	887

Branch and DSC Selection Strategy

Our process for selecting locations for new DSCs and branches is as follows:

First, we collect feedback from our existing staffs relating to potential areas. Certain bank branches are selected to cater to existing DSCs. We use the preliminary information to complete a survey of that particular area. While undertaking this survey, we consider parameters such as the population of the area, number of financial institutions catering to that particular area and the distance from our bank branch to the proposed DSC location. We also consider the time frame required to make the proposed bank branch or DSC sustainable, for which we study market information from the public domain including target population and credit behaviour in the area.

After the selection of locations following the process enumerated above, a detailed survey report is prepared and these locations are evaluated and vetted by an internal committee. The proposed locations for the branch and DSCs are finally tabled with the Board of Directors for approval.

ATMs

We have ATM's on-site at our bank branches at various locations in India. As of December 31, 2017, we had 430 ATM's and had issued 10,275,619 ATM-cum-debit cards.

Digital Channels

Net Banking and Other Technology-Enabled Services

One of our primary strategies is to offer digital and technological solutions to enable growth and reduce costs. The ability to undertake banking transactions through mobile applications and the Internet is an important key to our growth and success. We offer Internet banking services to our customers through our website, www.bandhanbank.com. Services offered to Internet banking customers include inter-bank and infra-bank fund transfers, utility bill payments, mandate maintenance, cheque book requests, ATM pin regeneration and opening of fixed deposit accounts.

Our internet banking facilities provide the ability to view account details, loan details, transaction status, and cheque status. We also offer online fund transfer through NEFT, RTGS, and IMPS, scheduling payments for future dates and setting up of standing instructions for recurring expenses, online opening of term deposits (fixed deposits and recurring deposits), addition/modification of beneficiary for fund transfer, and online bill-pay (including Bharat Bill Payment System (BBPS) billers). Enhanced account services include the ability to update addresses, seed Aadhaar (Unique Identification number issued by the Government of India to Indian citizens), make cheque book requests, stop cheques, download account statements, block debit cards, regenerate ATM PINs, generate/retrieve MMID for IMPS transactions, and credential management.

Digital Application Banking - mBandhan

Our digital application banking services provide a streamlined banking experience to our customers. mBandhan is our mobile banking application to cater to the various requirements of our wide range of customers. We launched this application on September 7, 2016. mBandhan provides a mobile option for internet banking and allows our customers to make money transfers, pay bills and shop. An mBandhan account is equipped with multiple layers of authentication for complete protection of users. The application compliments our branch, DSC and ATM network and enables us to gain and keep customers who value convenience.

Treasury

Our treasury team focuses primarily on the management of our funds, maintenance of statutory reserves (cash reserve ratio and statutory liquidity ratio), asset liability gaps, interest rate risks, liquidity positions, investments and trading activities. We have a Board-approved investment policy guided by RBI guidelines, which has standard operating procedures for carrying out treasury transactions and governing investments in various instruments such as bonds, treasury bill, commercial paper, certificate of deposit, debt mutual fund, debenture and other products.

We maintain liquidity and contingency buffers to absorb market volatilities and meet customer requirements. We use a variety of transactions to manage our funding requirements, including borrowing in the call money market, collateralised lending and borrowing obligations, market repo, variable rate reverse repo and liquidity adjustment facilities. Our resource mobilization strategy plays a vital role in managing our sources of funds with an optimal mix of term deposits and interbank participatory certificates. We plan to further foray into other asset classes like mutual funds, the purchase and sale of certificated deposits, commercial paper and equity.

We have an asset and liability management desk and a proprietary desk to manage our investment portfolio in fixed income securities. We follow investment strategies to optimize duration and return on investments.

We have an automated treasury software system to capture, authorize, verify and settle transactions and generate information reports.

Operations

Our operations architecture and framework are built upon competitive and control focused operational policies and procedures to cater to diverse and growing business segments. We have made significant investments in creating an operations platform across key areas to help ensure compliance, minimise errors and seamlessly deliver our services. We operate on a Core Banking system developed by FIS Payment Solutions and Services India Private Limited ("**FIS**") which is the Indian subsidiary of Fidelity National Information Services, Inc., a public company headquartered in the United States that provides dedicated financial technology solutions.

Operational controls and procedures in branches and DSCs

Each DSC is linked to a bank branch. While all of the work related to liabilities account opening and cash management are dealt by the linked bank branches, all microloan account opening is done at the DSC level. The credit bureau check is conducted by the Loan Processing Unit, which is part of our Central Processing Unit. Both individual banking (including the opening of savings and current accounts) and information collection at group meetings can be done through handheld devices, which are linked to our Core Banking system.

We provide support to our branches and DSCs in their day-to-day functioning through our regional and central operations teams. These operations teams maintain oversight of the quality of the operations and adherence to established guidelines. Transaction processing is fully computerised and a dedicated centralised team controls software, including our Core Banking system.

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, before being circulated to our branches and other departments in the form of circulars. The circulars are incorporated into the Branch Operations Manual and Micro Banking Operations Manuals for implementation.

All liabilities accounts are processed in our Central Processing Unit, which is located in Kolkata and Indore. All account opening forms and KYC documents are scanned by branches to the Central processing Unit, and accounts are opened upon fulfilment of all established requirements. Our Loan Processing Unit, monitors onboarding and disbursement of all loans products, other than microloans. Our Merchants Risk Containment Unit, which is also part of our Central Processing 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.

For the clearing of cheques, we participate in all three cheque truncation system clearing grids managed by National Payments Corporation of India as well as local non-Magnetic Ink Character Recognition clearing houses in Bandhan Bank locations. We offer additional electronic payment and settlement systems such as real time gross settlement and national electronic fund transfer managed by Reserve Bank of India, and immediate payment service and national automated clearing house managed by National Payments Corporation of India. For processing, reconciliation and dispute resolution pertaining to these payment channels, we have developed centralized 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. A dedicated central team oversees the resolution of customer grievances received through various channels.

Anti-money laundering ("AML") controls

We have established and periodically review a KYC/AML/Combating the Financing of Terrorism policy. The basic purpose of the policy is to establish an AML framework (including KYC aspects) for us to participate in the efforts against money laundering, strive to ensure that we are not used as a vehicle for money laundering and to ensure compliance with applicable laws in India and international standards with reference to money laundering. The policy applies to all the activities undertaken by all our branches/offices. It is comprehensive in nature and covers instructions for matters, such as customer acceptance, background check of customers, risk management, customer identification procedures, monitoring of transactions, combating financing of terrorism, correspondent banking, wire transfers, maintenance of records obligations reporting obligations under Prevention of Money Laundering Act Suspicious Transaction Reports, and organizational set-up.

We undertake ongoing monitoring of activity in customer accounts, with the extent of monitoring depending on the risk sensitivity of the account. Special attention is given to complex, unusually large transactions, to unusual patterns that have no apparent economic or visible lawful purpose, to transactions that involve large amounts of cash inconsistent with the normal and expected activity of the customer and to very high account turnover inconsistent with the profile and size of the balance maintained.

We have implemented transaction monitoring software for the monitoring of transactions on a daily basis. Through this software, alerts are triggered when transactions are inconsistent with risk categorisation, the profile of customers or a breach the set threshold for the specific entity. For this purpose, a set of scenarios, suggested by the Indian Banks' Association and certain pre-defined scenarios have been incorporated into our transaction monitoring software, taking into account the risk categorisation assigned to each customer.

Our AML team is responsible for filing a variety of reports to the Financial Intelligence Unit - India within certain timelines prescribed by regulation. These reports include cash transaction reports, not-for-profit transaction reports counterfeit currency reports and suspicious transaction reports.

Negative List Screening

As a part of ongoing monitoring, individuals and entities are screened against negative lists, including those notified by the regulators/statutory authorities. Our AML team updates the lists in accordance with the lists of terrorist individuals and organizations issued by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions.

Cash management

We take particular care to ensure that cash is managed in such a manner that adequate cash is available to meet all payment obligations – in branches, DSCs and through ATMs – and excess cash is promptly disposed of to avoid accumulation. We have internal guidelines framed in line with the regulatory directives and industry best practices, keeping in consideration safety and security concerns, for cash handling including verification, sorting, storing and transportation. 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, centralized 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.

Sales and Marketing

Most of our sales and marketing is undertaken by our bank branches and DSCs. Our employees who are involved in sales and marketing are usually locally hired and trained so that they have a strong understanding of the local areas in which they will work. We believe our sales personnel deployment strategy has the benefit of creating employment opportunities in the rural villages in which we operate.

We also have a corporate marketing program that includes participation in conferences, press and media coverage and the issue of promotional materials. The bank branches and DSCs also regularly undertake social development initiatives such as hosting financial literacy camps.

Competition

Micro Banking

We have been involved in the micro banking industry for a long time and have a well-known brand throughout India. Although we have different competitors in different regions of the country, in micro banking, our principal competitors are small finance banks, non-banking financial companies and microfinance institutions in India such as Ujjivan, Bharat Financial and Equitas. There are dozens of successful microfinance institutions functioning in India, and we regularly compete with them for business throughout India. The RBI has liberalised the licensing regime for banks in India and intends to issue licences on an ongoing basis, subject to meeting the RBI's qualification criteria. The RBI is supportive of creating more specialised banks and granting differentiated banking licenses such as for payment banks and small finance banks. In September 2015, the RBI granted in-principle licences to ten applicants for small finance banks, most of which are microfinance NBFCs.

For further information, see "*Risk Factors–Our business is highly competitive, which creates significant pricing pressures for us to retain existing customers and solicit new business, and our strategy depends on our ability to compete effectively*".

General Banking

In general banking, our principal competitors are the large government-controlled public sector banks, Indian and foreign commercial banks, NBFCs, payment banks, small finance banks and other financial services companies. Public sector banks, which generally have a much larger customer and deposit base, larger branch networks and government support for capital augmentation, pose strong competition to us. Mergers among public sector banks, including those encouraged and facilitated by Government efforts, may result in enhanced competitive strengths in pricing and delivery channels for the merged entities. We also compete with foreign banks with operations in India.

If the number of scheduled commercial banks, public sector banks, private sector banks, payment banks, small finance banks, and foreign banks with branches in the country increases, we will face increased competition in the businesses, which could have a material adverse effect on our financial condition and results of operations.

For further information, see "*Risk Factors–Our business is highly competitive, which creates significant pricing pressures for us to retain existing customers and solicit new business, and our strategy depends on our ability to compete effectively*".

Employees

We have built up a team of professionals comprising experts in retail banking, risk management, finance, human resources, strategy, law, corporate services and administration, procurement, information technology and auditing. As of December 31, 2017, we had 27,176 employees, compared to 24,220 at March 31, 2017 and 20,548 at March 31, 2016. Of these, 2,424 as of December 31, 2017 were professionally qualified in management, accountancy, economics, banking, engineering, information technology or law.

The table below sets forth a breakdown of our employees by function as of August 23, 2015, March 31, 2016 and 2017 and December 31, 2017:

	August 23,	March 31,		December 31,
	2015	2016	2017	2017
Branches	2,708	4,285	5,660	6,035
DSCs	15,226	15,369	16,925	18,884
Head Office	335	351	452	594
Others	328	543	1,183	1,663
Total	18,597	20,548	24,220	27,176

We believe that we have a good working relationship with our employees and we have not experienced any significant labour disputes. Our employees are not subject to any collective bargaining agreements or represented by labour unions.

Training

Training is core to our goal of creating high-calibre dynamic professionals. Our training aligns with our business strategy and processes to consolidate and catalyse desired growth by nurturing and retaining talents.

Our transition to a commercial bank involved significant investments in our employees in order to build a team qualified not only in micro banking but also in general banking.

Each of our employees attends an induction and undertakes regular training. We identify the need for training by using a variety of methods, including appraisals, performance exercises and feedback from our customers and our employees. We believe that different employees of various levels need different kinds of trainings according to the needs and priorities of the organisation. General banking training includes training in basic banking, banking operations, products, processed and IT application to banking. We also offer specific and customised advance courses in areas such as treasury, risk management, compliance, regulatory issues, credit management, marketing, audit and supervision, financial analysis, business communication, sales, customer service and team management.

In March 2017, we introduced a one-year banking diploma course called the "NextGen Bankers Course". Through this course, we recruit, train and groom professionals to meet our needs for skilled manpower with an eye towards taking up leadership roles in the future. The 2017 NGB course has 211 trainees, which includes a mix of new students and experienced professionals. The NGB course consists of nine months of classroom training and three months of on-the-job training.

Properties

Our properties mainly consist of our registered office and headquarters, our branches and our DSCs. As of December 31, 2017, we had a network consisting of 887 branches and 2,633 DSCs. We lease all of our headquarters, branches and DSCs.

Legal Proceedings

For a description of legal proceedings to which we, our Promoter, and/or our Directors are a party, see described in the section titled "*Legal and Other Information*".

Intellectual Property

We are the registered proprietor of the trademark in our Bank's logo and we have applied for registration of trademark for our Bank's label. We use the trademark with respect to our various products provided to our customers in the due course of business.

Information Technology

We are committed to implementing information technology ("**IT**") systems and processes that provide us with up-to-date management information about our business to allow us to make informed strategic decisions as we grow. The key factors that have influenced our investment in technology are flexibility, scalability and interfacing capabilities of technical solutions.

We host our primary data centre, a Tier IV data centre, in Mumbai and our disaster recovery data centre, a Tier III data centre, in Bangalore.

We have outsourced software services to FIS, which is a global provider of financial technology solutions. FIS offers software, services, consulting and outsourcing solutions focused on retail and institutional banking, payments, asset and wealth management, project management, third-party utilities, risk and compliance, trade enablement, transaction processing and record-keeping.

Core Banking System

We utilise FIS Profile v 7.4 for our core banking system. This system is connected in real time to all of our bank branches and DSCs.

Branch and DSC Infrastructure

Each of our branches has a terminal that provides facilities for branch data entry, loan processing and cash collections. Each branch also has a detailed management information system for use by branch officials. Our DSCs utilise handheld devices connected to our core banking system in order to process transactions.

Insurance

We maintain insurance policies that we believe are customary for Indian banks comparable to our size. We maintain a Banker's Blanket Policy, as well as, among others, insurance policies covering fire, burglary, public liability, Visa debit card liability, group life insurance for certain loan products, group long-term home insurance and cyber liability. We also maintain key-person life insurance policies and Directors and Officers liability insurance for our Directors and officers.

Awards

We received the "Special Initiative Award" from The Financial Express at India's Best Banks Awards. (2015), and the Dun & Bradstreet- Best Private Sector Bank – Government Scheme Participation (2017).

Risk Management

We continue to enhance and leverage our risk management framework in support of our strategic and business growth. We recognise that risk management is integral to sound business practices and that effective risk management leads to informed decision-making within the organisation. Our Board sets clear communications and cultivates a risk-focused culture, putting in place risk-related objectives to promote integrated risk management.

We have policies and procedures in place to identify, assess, monitor and manage different material Pillar I and Pillar II risks systematically across all our portfolios. The risk management framework is subjected to periodic review and enhancement on an ongoing basis, in tune with evolving business strategy, regulatory guidelines and best practices in the industry.

For the effective monitoring of every risk, a risk management framework has been set up. According to this framework, the Bank intends to adopt an integrated risk management approach in order to develop a comprehensive view of the risks faced.

Our risk management approach consists of seven steps:

(a) establishing a context;
(b) risk identification;
(c) risk analysis;
(d) risk evaluation;
(e) treating risk;
(f) monitoring and reviewing risk; and
(g) communication and consultation.

The Risk Appetite Framework of the Bank covers all of the approaches above in terms of the Bank's Risk Capacity and Risk Appetite Statements and encapsulating its Risk Limits and Risk Profile in the form of dashboards.

Three Lines of Defence Principle

Our business units and risk management department work together to ensure that business strategies and activities are consistent with approved policies and defined risk appetite. To manage different risks across various products and processes, our risk management framework is established along the "Three Lines of Defence" principle. These three lines serve as the founding pillars upon which our entire risk governance model is built; it sets out the key roles of three major functions of the Bank, which are as follows:

Pillar I: Business Units (Implementation Pillar):

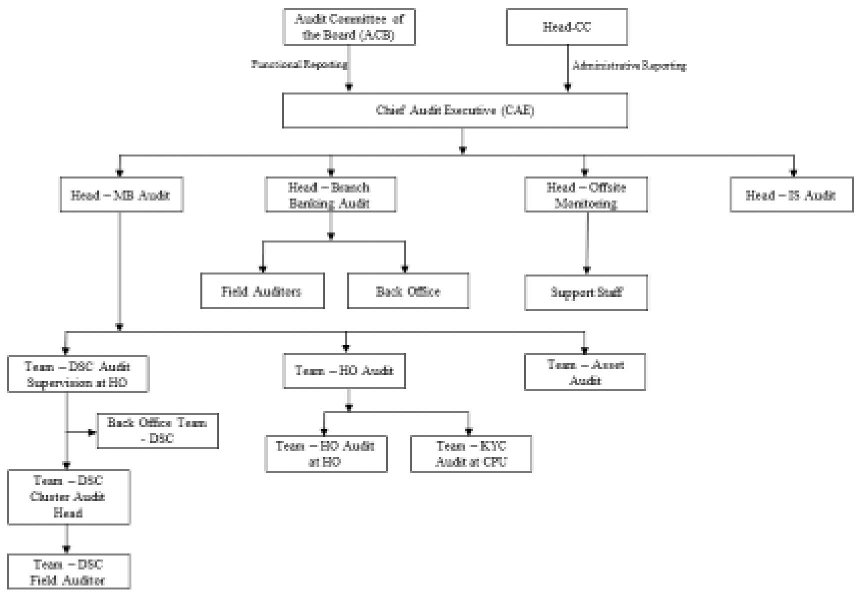
The business units form the first line of defence; the heads of business units and departments have primary accountability for identifying, assessing and managing the various operational and compliance risks relating to their business or area of operation.

Pillar II: Risk Management Department and other Control Functions (Identification, Monitoring and Control Pillar)*:*

The second line of defence comprises risk management, compliance and other control functions that operate independently from the management and personnel who originate and manage risk exposures. This line coordinates, oversees and objectively challenges the management and execution of business and operations, whilst keeping in mind the risk and control framework. It has the power to escalate and veto high-risk business activities.

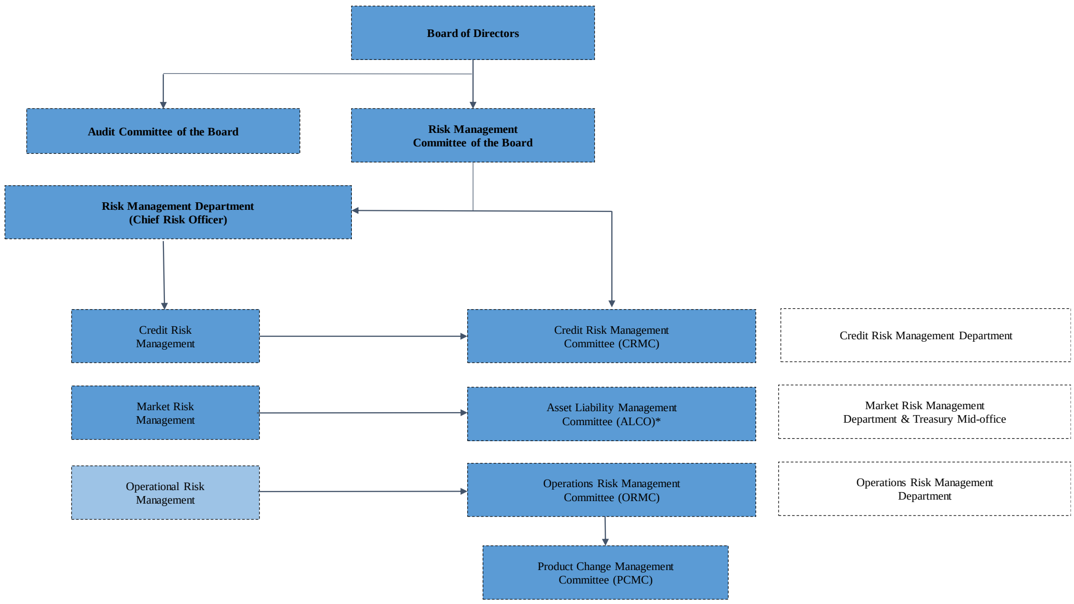
Pillar III: Internal Audit (Independent Assurance Pillar):

The third line of defence is the audit function, of the Internal Audit Department ("**IAD**"). This is independent of both business and risk functions and performs independent evaluations and assessments of the first two lines of defence. The IAD relies on the review procedure conducted by the other two lines of defence and uses the results in assessing and developing an audit approach that combines various assurance practices that are in place. This approach promotes convergence between various monitoring, evaluation and assessment procedures, and aims to reduce inefficiencies in terms of time, cost and effort. The IAD has an independent function, providing independent assurance and consulting services designed to add value and improve our operations, and make appropriate recommendations for improving our corporate governance. The Chief Audit Executive reports directly to the Audit Committee of the Board on functional matters, and to the Head of the Corporate Centre on administrative matters. The overall structure of the IAD is given below:



Risk Governance

We have a governance structure which seeks to ensure efficiency and promptness in addressing various risks. The structure also ensures the independence of the risk management department from risk-taking units. Our governance structure is as follows:



Roles and Responsibilities

Board of Directors

- Based on the recommendations of the Risk Management Committee of the Board ("**RMCB**") and individual Risk Management Committees ("**RMCs**"), approves and periodically reviews risk appetite, risk management policies, and associated processes.
- Ensures that the Bank has adequate internal controls in place to oversee the implementation of policies and procedures.
- Approves periodically the Internal Capital Adequacy Assessment Process ("**ICAAP**") and the underpinning capital requirements.

- Ensures that the Bank has appropriate methods in place for monitoring compliance with laws, regulations, and supervisory and internal policies.

Risk Management Committee of the Board

- Defines the risk appetite of the Bank within overall parameters set by the Board, including business strategy and growth.
- Approves risk limits at a bank-wide level for various portfolios.
- Approves risk management and measurement policies, guidelines and procedures before submission to the Board.
- Approves risk capital computation and places it before the Board for approval.

Credit Risk Management Committee

- Ensures implementation of credit risk policy and strategy approved by the Board, as per the directions of the RMCB.
- Monitors quality of loan portfolios at periodic intervals, identifying problem areas and issuing directions for rectifying deficiencies.
- Reviews the use of internal risk-scoring system, and placing recommendations before the RMCB.

Operational Risk Management Committee

- Develops the Operational Risk Management ("**ORM**") Framework in terms of the policies and procedures, methodologies, models, tools and systems for their effective implementation.
- Assesses and reviews operational risks inherent in new areas (e.g. products, activities, processes and systems) before they are introduced.
- Identifies risks tied to new or existing product development and significant changes in order to ensure that the risk profiles of product lines are updated regularly.
- Ensures that the Bank has adequate business continuity and disaster recovery mechanisms in place.

Asset Liability Management Committee

- Reviews and ensures adherence to market risk limits, including triggers or stop-losses for traded and accrual portfolios.
- Manages the liquidity gaps by deciding on the desired maturity profiles, mix of incremental assets and liabilities, and balance sheet risk management strategies.
- Approves the contingency funding plan developed by the treasury department.
- Articulates the Bank's views on interest rates and decides on future interest rate business strategies.

Risk Policies

We have an Integrated Risk Management Policy, an umbrella policy comprised of detailed guidelines regarding the process of identification, analysis, evaluation, monitoring and communication of different risks.

Credit Risk Management Policy

This policy sets out the principles, standards and approach for credit risk managements and sets out a comprehensive framework to identify, assess, measure, monitor and report credit risks in a timely and efficient manner. It provides a framework within which the business units are expected to formulate procedures for the management of credit risk inherent to the respective portfolios and activities.

Market Risk Management Policy

This policy sets out a comprehensive identification, monitoring, management and reporting framework that allows market risks to be tracked, managed and overseen in a timely and efficient manner within the risk tolerance limits that it prescribes.

This policy also sets out the standards and guidelines for Counterparty Credit Risk (CCR) management at the Bank in the context of market-related financial instruments.

Operational Risk Management Policy

This policy establishes explicit, consistent standards for operational risk management and measurement to promote systematic and proactive identification, assessment, measurement, monitoring, mitigation and reporting of the operational risks at a Bank-wide level.

Liquidity Risk Management Policy

This policy has been formulated to implement the "Principles for Sound Liquidity Risk Management and Supervision" published by the Basel Committee on Banking Supervision, with a view to ensuring that the Bank has a sufficiently robust liquidity risk management system with which to withstand severe liquidity shocks.

Asset Liability Management Policy

This policy has been formulated to implement guidelines on the Asset Liability Management ("**ALM**") system. These are issued by RBI from time to time with a view to ensuring that the Bank has a sufficiently robust asset liability management framework.

Risk Management Process

We have established a risk management process which includes the following steps:

(i) ***Establishing a context***: This is the strategic, organisational and risk management context in which the rest of the risk management process in the Bank takes place. We define the criteria of evaluation of the risk;

(ii) ***Identification of Risks***: This is the identification of what, why and how events arise, and provides a basis for further analysis;

(iii) ***Analysing Risks***: This is the determination of existing controls and the analysis of risks in terms of their consequences and likelihood in the context of those controls. The analysis considers the range of potential consequences and how likely it is that those consequences would occur. Consequence and likelihood are combined to produce an estimated level of risk;

(iv) ***Evaluating Risks***: This is a comparison of estimated risk levels against pre-established criteria. This enables risks to be ranked and prioritised;

(v) ***Treating Risks***: For higher priority risks, the Bank is required to develop and implement specific risk management plans, including funding considerations. Lower priority risks may be accepted and monitored;

(vi) ***Monitoring and Review***: This is the oversight and review of the risk management system and any changes that might affect it. Monitoring and reviewing occurs concurrently throughout the risk management process;

(vii) ***Communication and Consultation***: Appropriate communication and consultation with internal and external stakeholders should occur at each stage of the risk management process, as well as on the process as a whole.

Internal Capital Adequacy Assessment Process (ICAAP)

Our ability to assume risk is dependent on our risk-bearing capacity. A key factor promoting risk-bearing capacity is stability of earnings, which allows the build-up of a strong capital base to absorb potential losses. We strive to ensure that we are sufficiently capitalised to carry out our mission, even during macroeconomic downturns. Capital is managed in accordance with regulatory requirements and a business plan approved by the Board.

The purpose of ICAAP is to determine the level of capitalisation for the Bank that would enable us to comply with regulatory capital requirements under the Basel framework (or any other RBI stipulation) under normal and stress scenarios, effectively undertake business activities in line with our strategic objectives and meet the expectations of various stakeholders.
Capital planning under ICAAP allows us to identify any additional capital requirements and sufficient buffers that may be needed in order to withstand stress conditions due to changes in micro and macro-economic conditions. It also allows us to identify other material risks, comply with regulatory capital requirements under the Basel framework, and other RBI

stipulations. The ICAAP is thus a forward-looking assessment of capital requirements given the business strategy, risk profile, risk assessment, risk appetite and capital plan. Our ICAAP has been designed to cover:

- our capital planning for the next five years, including Board-approved projected financials;
- our assessment of material risks and the risk management framework; and
- stress testing and scenario analysis.

Risk Appetite Framework

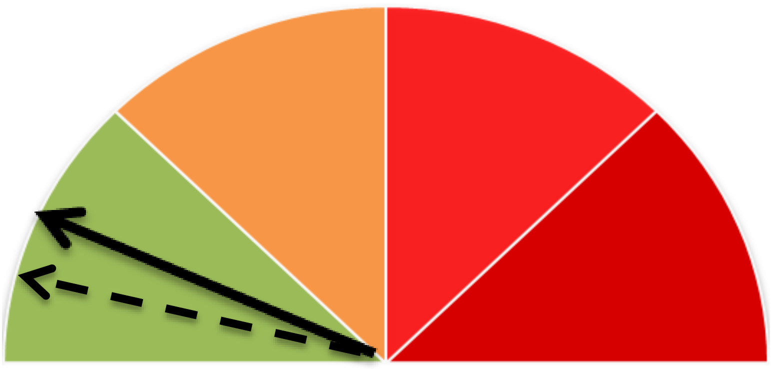
Our Risk Appetite Framework establishes a clearly defined aggregate level of risk appetite for the organisation. Separate Risk Appetite Statements for the major Pillar I and Pillar II risks are set out in this framework, with qualitative risk appetite's converted to quantifiable risk limits. The framework acts as a guide during the development of our business strategies by allowing us to evaluate the acceptable level of risk in pursuit of balancing the financial and strategic objectives. Our Risk Appetite Framework also acts as a defence against excessive risk-taking, and effectively lays out a process for the monitoring, review and communication of our risk profile to the Board and Senior Management. Our framework also enables us to identify any changes required in our risk appetite, depending on the shifting business and competition landscape. The risk appetite limits are monitored regularly, and the risk dashboards are reported to the RMCB on a quarterly basis.

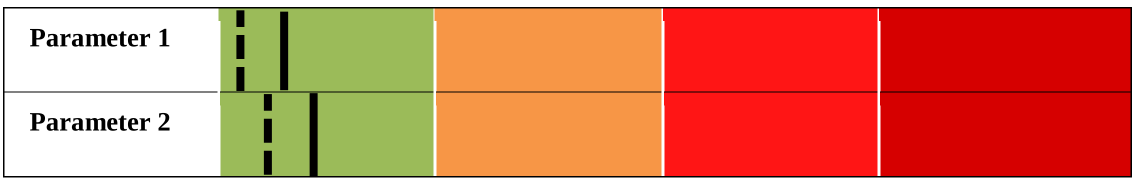
Risk Profile in terms of Risk Dashboard

Risk Profiles are defined as the categorisation of profiling of each of the material Pillar I and Pillar II risks. Risk limits are defined in a way such that the risks are contained within the regulatory guidelines. In case regulatory limits are not available, limits are based on the Board-approved limits. Starting from the risk limits (which corresponds to 180° in dashboard), the risk range is then categorised into four bands, including Low Risk (LR), Moderate Risk (MR), High Risk (HR), Very High Risk (VHR) on a scale of 1-10. Each of these risk bands have a range of 45° corresponding to an absolute value of 2.5 in the scale.

Risk Level	**Scale (0-10)**	**Colour Code**
Low Risk (LR)	Up to 2.5	
Moderate Risk (MR)	> 2.5 to 5.0	
High Risk (HR)	> 5.0 to 7.5	
Very High Risk (VHR)	> 7.5	

Risk score is calculated based on the weighted average of the score of different relevant parameters and respective weights. The risk score will fall in any of the four risk categories. These risk scores are presented in the form of a dashboard. As shown in the example dashboard below, a dotted arrow will indicate a risk score of the previous quarter whilst a solid arrow will indicate the risk score of the latest quarter.





__Credit Risk Management__

Credit risk is the risk of loss that may occur due to either a default of the counterparty or its failure to meet its obligations as per the terms of the financial contract. Any such event would have an adverse effect on our financial performance. We face credit risk through our lending, investment and contractual arrangements. To counter the effects of credit risks, a robust risk governance framework has been put in place. The framework provides a clear definition of roles, as well as allocation of responsibilities with regard to the ownership and management of risks. Allocation of responsibilities is further enforced by defining clear hierarchy with respect to the reporting relationships and Management Information System (MIS) mechanism.

Strategies and processes

We have defined and implemented various risk management policies, procedures and standards with the objective of clearly articulating processes and procedural requirements that are binding on all concerned Business groups. Our Credit Policy and Credit Risk Management Policy are guided by the aim of building, sustaining and maintaining a high-quality credit portfolio by its measurement, monitoring and control of the credit exposures. The policies also address more granular factors, such as the diversification of our portfolio across companies, business groups, industries, geographies and sectors. The policies reflect our approach towards lending to borrowers in light of the prevailing business environment and regulatory stipulations.

The policies also detail the standards, processes and systems for growing and maintaining its diversified portfolio. The policies are reviewed annually in anticipation of, or in response to, the dynamics of the environment (regulatory and market) in which we operate, or to changes in strategic direction or risk tolerance. The policies are reviewed and approved by our Board of Directors.

To avoid concentration of credit risk, we have put in place internal guidelines on exposure norms in respect of single borrowers, groups, exposure to sensitive sectors, industry exposure and unsecured exposures. Norms have also been detailed for soliciting new business as well as for the preliminary scrutiny of new clients. We strictly conform to all the directives issued by RBI, SEBI and other regulatory bodies in respect of lending to any industry. In addition, internal limits have been prescribed for certain sensitive segments based on prudential considerations.

Governance Structure and Organisation

The Governance structure of Credit Risk Management comprises the Board of Directors, the RMCB, the CRMC, the Chief Risk Officer (CRO), the Head-Credit Risk Management Department and the Credit Risk Management Department.

Scope and nature of measurement systems

Our approach for credit risk identification and assessment of credit risks underlying both funded and non-funded exposures is explicitly set out. All credit proposals are subject to a credit risk scoring process/risk rating process based on the quantum of advance value to support credit approvals and decision-making, as well as to enhance risk management capabilities for portfolio management, pricing and risk-based capital measurement.

Policies for hedging and/or mitigating risk

Our credit risk governance framework is being built up to strengthen the risk evaluation and management of credit, whilst positioning us to effectively and efficiently manage changes in the environment. Through an effective, Board-approved risk governance framework, we seek to ensure adequate risk oversight, monitoring and reporting of credit risks.

The responsibilities for managing credit risk extend throughout our bank. Key principles of credit risk governance are:

(viii) adequate oversight, monitoring and control of that credit risk through the Board, risk committees and senior management;

(ix) clearly defined roles and responsibilities for overall credit risk management;

(x) establishment of independence of Credit Risk Management function from personnel and management functions responsible for credit origination and credit administration;

(xi) appropriate mechanisms to ensure that the Board and senior management understand the design and operations of credit risk rating systems through regular training and involvement in the model review and approval processes; and

(xii) business units monitor and manage credit risk in their businesses.

Market Risk Management

We define market risk as the risk that the value of on- and off-balance sheet positions will be adversely affected by movements in market interest rates, currency exchange rates, and equity and commodity prices.

Market risk has the following components:

(xiii) ***Interest Rate Risk***: The risk that changes in market interest rates may adversely affect our financial condition. While the immediate impact is on the net interest income and the value of investments, long-term variations in interest rates would also impact our net worth.

(xiv) ***Equity Risk***: The risk that changes in the equity prices of various stocks may reduce the value of the equity portfolio we hold (including investments in equity-based mutual funds).

(xv) ***Exchange Rate Risk***: The risk that we may suffer losses as a result of adverse exchange rate movements during a period in which the Bank has an open position, either spot or forward, or a combination of the two, in any foreign currency.

Strategies and Processes

Market Risk identification entails ensuring proper assessment and monitoring of all the relevant factors of various instruments that result in Market Risk both on and off balance sheet. To achieve this objective, all new instruments/products in which we engage are assessed. The ALCO reviews all new instruments to evaluate whether they result in market risk. Modifications to existing instruments are reported to the ALCO to enable such evaluation.

Structure and organisation

The governance structure of the Market Risk Management is comprised of the Board of Directors, the RMCB, the ALCO, the CRO, the Head-Market Risk Management Department, and the Market Risk Management Department.

Scope and nature of measurement systems

There are a number of methods for measuring market risks encountered in trading operations; all require adequate information on current positions, market conditions and instrument characteristics.

Of the various measures available, we may use sensitivity indicators to measure market risk. Different products are measured by certain parameters. At present, in the trading book, we have only Interest Rate Sensitive products.

Interest Rate Sensitive Products

(xvi) ***Macaulay Duration***: the weighted average term to maturity of the cash flows from a bond.

(xvii) ***Modified Duration***: an extension of Macaulay duration, which allows investors to measure the sensitivity of a bond to changes in interest rates.

(xviii) ***Convexity***: a measure of the curvature in the relationship between bond prices and bond yields that demonstrates how the duration of a bond changes as the interest rate changes.

(xix) ***Basis Point Value (BPV) or PV01***: specifies how much the price of an instrument changes if the interest rate changes by one basis point (0.01%).

Processes for monitoring

We fix action triggers or stop limits for all marked-to-market risk-taking activities. We have a procedure that monitors the activity to ensure that they remain within the approved limits. Limits are classified into general (which are applicable to all portfolios) and specific, portfolio-related limits. For the purpose of market risk management, the following minimum limits are monitored:

(xx) General limits (applicable to all portfolios) at day zero

(xxi) Portfolio-wide position limits

(xxii) Dealer-wise limits

(xxiii) Single deal size limit

(xxiv) Stop-loss limits

(xxv) General limits (applicable to all portfolios) at years two-three

(xxvi) Specific limits (interest rate-related instruments)

(xxvii) Modified duration limit

(xxviii) PV01 limit (tenor-wise and portfolio level)

Liquidity risk

Liquidity refers to our ability to meet our funding requirements for repayment of liabilities and utilising investment and lending opportunities in a timely manner and at an optimum cost. Analysis of liquidity risk involves the measurement of not only our liquidity position on an ongoing basis but also examining how funding requirements are likely to evolve under various scenarios, including adverse environments.

The board-approved Asset Liability Management Policy sets a framework for management of our liquidity risk. Our liquidity position is monitored on an ongoing basis, both under stock and flow approaches. The structural liquidity position, which analyses our future cash flows based on liabilities and assets classified into appropriate time segments as per their maturity profile and behavioural pattern, is assessed on a daily basis. Dynamic liquidity position for a projected horizon of 90 days is assessed daily. Prudential limits and Basel III stock ratios are monitored periodically. The liquidity coverage ratio ("**LCR**") is computed on a daily basis as is the risk appetite for liquidity risk, based on the LCR. The net stable funding ratio is computed monthly and reported to RBI. We also conduct stress testing and scenario analyses for assessing liquidity risk on a monthly basis. The output of the stress tests are used for developing contingency funding plans. Tolerance levels approved by the Board are set for structural liquidity, LCR and other stock ratios, while adherence to the tolerance levels is monitored and reported to ALCO.

Interest rate risk in the banking book

We have identified the risks associated with the changing interest rates on our exposures in the banking book from both a short-term and long-term perspective. This includes the impact of changes due to parallel shocks, yield curve twists, yield curve inversions, changes in the relationships of rates (basis risk) on rate sensitive assets, and liabilities up to one year. Stress testing and scenario analyses have also been used in the analysis of the interest rate risks.

The main components of the approach for identification and measurement are as follows:

(xxix) the assessment takes into account both the earnings and economic value perspectives of interest rate risk; and

(xxx) the impact on income or the economic value of equity have been calculated by applying a notional interest rate shock of +/- 200 basis points.

The methods followed in measuring the interest rate risk are:

(xxxi) earnings perspective: earnings at risk combined with gap analysis of rate-sensitive assets and liabilities; and

(xxxii) economic perspective: gap analysis combined with duration gap.

Operational risk

Operational risk, which is intrinsic to all the material products, activities, processes and systems, has emerged as an important component of the enterprise-wide risk management system. Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

Operational risk may result from various internal and external factors e.g. failure to obtain proper internal authorisations, improperly documented transactions, breach of information security procedures, failure of IT and/or communication infrastructure/equipment, non-compliance of regulatory requirements, contractual terms and corporate policies and procedures, fraud, natural disasters or inadequate training for employees. Our strategy for operational risk management focuses on:

(xxxiii) minimising losses to an acceptable level as per our risk appetite;

(xxxiv) providing operational risk capital which is sensitive to our risk profile;

(xxxv) using the results of operational risk management in day-to-day business operations and decision-making;

(xxxvi) carrying out risk-based performance measurement;

(xxxvii) analysing the impact of failures in technology/systems and developing mitigants to minimise the impact; and

(xxxviii) developing plans for external shocks that would adversely impact continuity of our operations.

The operational risk management governance structure is composed of the Board of Directors, the RMCB, the ORMC, the CRO, the Head-Operational Risk Department and the Operational Risk Department.

As per the Basel III Capital Regulations issued by RBI for banking institutions based on the Basel framework, banks need to use an approach that is commensurate with the risk profile of the institution. We currently perform risk measurement under the Basic Indicator Approach. We also compute the capital requirements for Operational Risk under the Basic Indicator Approach; over time we shall move to the Standardised Approach after defining the Business Lines as per the New Capital Adequacy Framework.

We plan to have risk mitigants and a strong internal control system as well as resorting to an optimal insurance cover and outsourcing activities. For example, losses that might arise on account of natural disasters are insured; losses that might arise from business disruptions due to telecommunication or electrical failures are mitigated by establishing available back-up facilities, losses due to internal factors, such as employee fraud or product flaws, will be mitigated through strong internal auditing procedures.

Stress Testing

Stress testing refers to various techniques (quantitative and/or qualitative) used by us to gauge our vulnerability to exceptional but plausible events. Stress testing is a risk management technique used to evaluate the potential effects on financial condition of a specific event and/or movement in a set of financial variables. We undertake stress testing every quarter, on (i) Credit risk; (ii) Market risk; (iii) Liquidity risk; (iv) Interest Rate Risk in Banking Book; and (v) Credit Concentration risk.

Stress testing is based on our Board-approved stress testing policy, which also sets out the frequency of the testing based on the type of risk. We generally test the relevant parameters at three levels of increasing adversity – Baseline, Moderate and Severe – with reference to the 'normal' situation, and estimate the financial resources needed under each of the circumstances to:

(xxxix) ensure that capital adequacy and liquidity positions are satisfactory;

(xl) maintain stability of earnings; and

(xli) minimise risk-related surprises to the Board and the Regulators.

Basel III Requirements

We have a process for assessing overall capital adequacy in relation to our risk profile and a strategy for maintaining capital levels. The process provides an assurance that we have adequate capital to support all risks inherent to the business and an appropriate capital buffer based on our business profile. We identify, assess and manage comprehensively all risks to which we are exposed through sound governance and control practices, robust risk management framework, and an elaborate process for capital calculation and planning.

In line with the Basel III guidelines, effective since April 1, 2013, we have calculated our capital ratios as per the extant RBI guidelines. The main focus of Basel III norms is on the quality and quantity of Tier I capital, and these regulatory requirements are currently met by the quantum of capital available to us. The Pillar I Risk-Weighted Assets calculation covers the following risks:

(xlii) Credit Risk (standardised approach) (xliii) Market Risk (standardised approach)

(xliv) Operational Risk (basic indicator approach)

We had a total capital adequacy ratio of 24.85% and a Tier I capital adequacy ratio of 23.53%, as of December 31, 2017. Based on RBI guidelines on Capital Adequacy, our CRAR as of December 31, 2017 was 24.85%, against the regulatory requirement of 13%.

Internal Financial controls, Audit and Compliance

We have Internal Audit and Compliance functions, which independently carry out evaluation of the adequacy of all internal controls, and ensure operating and business units adhere to internal processes and procedures as well as to regulatory and legal requirements. The audit function also proactively recommends improvements in operational processes and service quality. To mitigate operational risks, we have put in place extensive internal controls including audit trails, appropriate segregation of front and back office operations, post-transaction monitoring processes at the back office (to ensure independent checks and balances), and ensuring adherence to our policies, procedures and to all applicable regulatory guidelines. We have adhered to standards of compliance and governance and have put in place controls and an appropriate structure to ensure this. To safeguard independence, the internal audit function has a reporting line to the Chairman of the Audit Committee of the Board. The Audit Committee of the Board also reviews the performance of the Audit and Compliance functions and reviews the effectiveness of controls and compliance with regulatory guidelines. The Board of Directors ensures that there are internal controls in place with reference to the Financial Statements, and that such controls are operating effectively.

Inspection and Audit

In line with Principle 13 of the Basel Committee on Banking Supervision's consultative document on Internal Audit in Banks, which states that "Internal audit should both complement and assess operational management, risk management, compliance and other control functions", a sound internal control framework exists based on the "three lines of defence" system, where each of the three lines has an important role to play.

The business line – the first line of defence – has "ownership" of risk, whereby it acknowledges and manages the risk that it incurs in conducting its activities. The risk management department is responsible for further identifying, measuring, monitoring and reporting risk on an enterprise-wide basis as part of the second line of defence, independent of the first line of defence. The compliance function is also deemed part of the second line of defence. The internal audit function is the third line of defence: conducting risk-based audits and reviews to provide assurance to the Board that the overall governance framework, including the risk governance and internal control framework, is effective.

Our audit policy and information systems audit policy are subject to annual reviews and appropriate modifications, and updates are made in compliance with the observations from the RBI, Basel III norms, other regulatory guidelines, and the directions of the Audit Committee of the Board and the Board of Directors.

The review of our policies has been duly approved by the Audit Committee of the Board and the Board of Directors. We have scaled up our audit processes to improve our audit effectiveness. We prioritise our audit process as a tool of control and compliance. We also leverage on the risk-based audit plan as a tool to assess and control risks encountered in our operations. We calibrate our risk-rating architecture by rationalising the parameters and scores assigned to each risk parameter and have formed a Risk Matrix involving all business groups.

Off-site Audit

We have established an offsite audit team within the IAD for the offsite monitoring of certain transactions and activities at branches, offices and doorstep service centres. The unit performs various tasks, including:

(xlv) performing random checks on interest applications in assets and liabilities accounts;

(xlvi) performing periodic checks on exceptional transactions, such as subsequent debits in micro-banking loans and debits in income general ledgers; and

(xlvii) performing checks on cases of multiple micro-banking loans to the same customer, high-value temporary overdrafts, and rates of interest.

The offsite audit team is provided with read-only access to the MIS-database and other systems, such as FIS Profile and

NewGen, so that they can access the required data using processing tools, for example, SQL. The offsite audit team works together with the onsite branch auditors to analyse branch profiles, select appropriate samples and focus on the most relevant issues. The team also produces reports to auditors on any irregularities observed whilst onsite.

Concurrent Audit

Currently our treasury operation is under concurrent audit. A comprehensive review of the concurrent audit process in line with the requirements set out by RBI, together with the concurrent audit plan for the following year, is placed before the Audit Committee of the Board.

Information Systems Audit

We conduct audits on our information systems to review safeguards and processes implemented to protect our customers' confidentiality, and prevent cyber-attacks and other IT-related threats. The IS Audit Policy is a subset of our Internal Audit Policy; it is modified in tune with regulatory and statutory requirements issued from time to time. The scope covers all the information systems we use as well as monitoring the implementation of system goals. The IS Audit is performed with the aim of, amongst others, ensuring that data integrity across our various systems is maintained, to ensure compliance with regulations and guidelines, and to have timely triggers on various information and systems and technical risks. The IS Audit is carried out by an in-house team or outsourced externally when specific skillsets are required and is supervised by the IAD that ensures the effectiveness of controls and identifies any scope for improvement. The IS Audit function reports to the Head of Internal Audit, who in turn reports to the Audit Committee of the Board and the MD, CEO, or an appropriate member of Senior Management.

REGULATIONS AND POLICIES

The following is an overview of certain sector-specific laws and regulations as prescribed by the central and state governments in India that are applicable to our Bank in India. Taxation statutes such as the Income Tax Act, labour laws such as Contract Labour Act and other miscellaneous regulations and statutes such as the Trade Marks Act, 1999, apply to us as they do to any other Indian company.

The description of laws and regulations set out below is not exhaustive, and is only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

*The primary legislation governing commercial banks in India is the Banking Regulation Act, 1949 (the "**Banking Regulation Act**"). The provisions of the Banking Regulation Act are in addition to and not, save as expressly provided under the Banking Regulation Act, in derogation of the Companies Act, 2013, Companies Act, 1956 and any other law currently in force. Other important laws include the Reserve Bank of India Act, 1934, the Negotiable Instruments Act, 1881, the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the "**SARFAESI Act**") and the Bankers' Books Evidence Act, 1891. Additionally, the RBI, from time to time, issues guidelines, notifications, circulars, regulations, directions, and policies, amongst others, relating to our businesses.*

Laws governing our Bank

Some of the key rules and regulations governing our Bank's functioning are enumerated below:

Reserve Bank of India Act, 1934

RBI may, subject to certain conditions, direct the inclusion or exclusion of any bank from the second schedule of the RBI Act. Scheduled banks are required to maintain cash reserves with the RBI. In this regard, RBI may stipulate an average daily balance requirement to be complied with by such banks and may direct that such banks regard a transaction or class of transactions as a liability. RBI has the power to impose penalties against any person for *inter-alia* failure to produce any book, account or other document or furnish any statement, information or particulars which such person is duty-bound to produce or furnish under the RBI Act, or any order, regulation or direction thereunder.

Banking Regulation Act, 1949

Commercial banks in India are required to obtain a license from the RBI to carry on banking business in India. Such license is granted to a bank subject to compliance with certain conditions such as: (i) bank has ability to pay its present and future depositors in full as their claims accrue; (ii) affairs of the bank will not be or are not likely to be conducted in a manner detrimental to the interests of present or future depositors; (iii) bank has adequate capital structure and earnings prospects; and (iv) public interest will be served if such license is granted to the bank. The RBI has the power to cancel the license if a bank fails to meet the conditions or if the bank ceases to carry on banking operations in India. Additionally, the RBI has issued various reporting and record-keeping requirements for commercial banks. Further, appointment of statutory auditor of the bank is subject to approval of the RBI.

Banking activities

The Banking Regulation Act specifies the business activities in which a bank may engage. Banks are prohibited from engaging in business activities other than the specified activities.

Ownership restrictions

The Banking Regulation Act requires any person to seek prior approval of the RBI to acquire or agree to acquire, directly or indirectly, shares or voting rights of a bank, by himself or with persons acting in concert, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in aggregate shareholding of such person to be 5 per cent or more of the paid up capital of a bank or entitles him to exercise 5 per cent or more of the voting rights in a bank. Further, the RBI may, by passing an order, restrict any person holding more than 5 per cent of the total voting rights of all the shareholders of the banking company from exercising voting rights on poll in excess of the said 5 per cent, if such person is deemed to be not fit and proper by the RBI. No shareholder in a bank can exercise voting rights on poll in excess of 10 per cent of total voting rights of all the shareholders of the bank. However, the RBI may increase this ceiling to 26 per cent in a phased manner. At present this is capped by RBI at 15 per cent.

In this regard, the Reserve Bank of India has issued master directions for prior approval for acquisition of shares or voting rights in private sector banks in November 2015 (the "**Master Directions for Acquisitions**"). The Master Directions for Acquisitions are applicable to the existing and proposed "major shareholders" of the private sector banks and all private sector banks including local area banks, licensed to operate in India by RBI, except urban co-operative banks, foreign banks and banks licensed under specific statutes. The Master Directions for Acquisitions define a "major shareholder" as a shareholder having/likely to have an "aggregate holding" to the extent of 5 per cent or more of the paid-up share capital of the bank or 5 per cent or more of the total voting rights of the concerned bank. The term "aggregate holding" has been defined as the total holding including through "acquisition" and shares or compulsorily convertible debentures/bonds or voting rights held by the applicant, his relatives, associate enterprises and persons acting in concert with him in the concerned bank. The aggregate shareholding will also include debentures if the option of conversion is proposed to be exercised.

Every person desirous of undertaking such acquisition shall seek prior approval of the Reserve Bank of India as per the procedure set out in the Master Directions for Acquisitions. However, prior approval of the Reserve Bank of India will not be required for fresh acquisition by existing major shareholders of private sector banks, which consequently would lead the aggregate shareholding of such shareholders of up to 10 per cent of the shares or voting rights provided that the major shareholder furnishes the details of the source of funds for such incremental acquisition to the concerned bank before such acquisition and obtains 'no objection' from the concerned bank. However, prior approval will be required if the incremental acquisition results in excess of 10 per cent of shares or voting rights in the private bank, It is the responsibility of the concerned bank to ensure that all its major shareholders are fit and proper and every bank shall make continuous monitoring arrangements to ensure that the major shareholders continue to be "fit and proper" as per the Master Directions for Acquisitions.

Board and management

The appointment, re-appointment, or termination of the appointment of a chairman, managing director or whole-time director, chief executive officer of a bank shall have effect only if it made with the prior approval of the RBI. No amendment in relation to the remuneration of the chairman, managing director, whole-time director or any other director, chief executive officer shall have effect unless approved by the RBI and the relevant provisions of the Companies Act will not apply to such matters which requires RBI approval. RBI is also empowered to remove a chairman, managing director and whole-time directors from office on the grounds of public interest, interest of depositors, securing the proper management. Moreover, RBI may order meetings of the board of directors to discuss any matter in relation to the bank, appoint observers to such meetings, make such changes to the management as it may deem necessary, and may also order the convening of a general meeting of the bank's shareholders to elect new directors.

The RBI (in consultation with the central government) has powers to supersede the board of directors of a banking company for a period not exceeding a total period of 12 months, in public interest or for preventing the affairs of the bank from being conducted in a manner detrimental to the interest of the depositors or any banking company or for securing the proper management of any banking company.

Further, the RBI requires the banks to create a reserve fund to which it must transfer not less than 25 per cent of the net profit before appropriations. If there is an appropriation from this account, the bank is required to report the same to the RBI within 21 days, explaining the circumstances leading to such appropriation.

Regulations relating to opening of branches

Section 23 of the Banking Regulation Act requires banks to obtain prior permission of the RBI to open new branches, in or outside India. The RBI issues instructions and guidelines to banks on branch authorization from time to time, including guidelines allowing banking companies to open new branches, banking outlets, closure, shifting of branches/ extension counters/ ATMs etc. With effect from September 19, 2013, domestic scheduled commercial banks may open branches in Tier 1 to Tier 6 centres without prior permission from RBI, subject to the conditions laid down by RBI. Further, such banks may also shift, merge or close all branches except rural branches and sole semi-urban branches without prior permission from RBI, subject to the conditions laid down by RBI. Rural branches and sole semi-urban branches can also be closed subject to certain conditions.

In terms of the Branch Authorisation Policy issued by the RBI dated May 18, 2017, the RBI has further stipulated that the banks are required to open at least 25 percent of the total number of branches opened during a financial year in unbanked rural (Tier 5 and Tier 6) centres. Further, RBI has permitted installation of off-site ATMs at centres identified by banks, without the need for permission from the RBI. Further, banks are required to periodically report details of the branches opened/closed/shifted to RBI.

Regulatory reporting and examination procedures

The RBI is empowered under the Banking Regulation Act to inspect a bank. The RBI monitors prudential parameters at regular intervals. To this end and to enable off-site monitoring and surveillance by the RBI, banks are required to report to the RBI on various aspects. The RBI conducts periodical on-site inspections on matters relating to the bank's portfolio, risk management systems, internal controls, credit allocation and regulatory compliance, at regular intervals. Further, the RBI also conducts on-site supervision of selected branches with respect to their general operations and foreign exchange related transactions.

Power to impose penalty

The RBI may impose penalties on banks, directors and its employees in case of infringement of regulations under the Banking Regulation Act. The penalty may be a fixed amount or may be related to the amount involved in the contravention. The penalty may also include imprisonment. Banks are also required to disclose the penalty in their annual report.

Reserve Bank of India Guidelines for Licensing of New Banks in the Private Sector

The Reserve Bank issued guidelines for licensing of New Banks in February 2013 (the "**RBI New Bank Licensing Guidelines**"), for regulation of issue of additional banking licenses to private sector players. According to the RBI New Bank Licensing Guidelines, entities in the private sector that are 'owned and controlled by residents', entities in public sector, and promoters/promoter groups with existing non-banking financial companies ("**NBFCs**") are eligible to promote a bank through a wholly-owned non-operative financial holding company ("**NOFHC**") subject to certain eligibility conditions such as promoter/promoter group should be 'fit and proper' with record sound credentials and integrity, and be financially sound with a successful track record of running their business for at least 10 years.

Requirements relating to NOFHC

The NOFHC will be registered as a non-banking finance company with the RBI and will be governed by a separate set of the directions issued by RBI. The NOFHC must hold equity shares of the bank as well as the other financial services entities of the group which are regulated by the RBI or other financial sector regulators.

Requirements relating to shareholding of NOFHC

The NOFHC shall hold a minimum of 40 per cent of the paid-up voting equity capital of the bank which shall be locked in for a period of five years from the date of commencement of business of the bank. Further, NOFHC is required to bring its shareholding in the bank to 40 per cent within three years from the date of commencement of business of the bank and should be further reduced to 20 per cent in 10 years and 15 per cent within 12 years.

At least 50 per cent of the directors of the NOFHC should be independent directors.

The NOFHC shall not have any credit and investment exposure to any entity belonging to the promoter group of the bank except those under it. The NOFHC shall not have any equity, debt capital and credit exposure to any entity outside the group including other NOFHCs or other banks, financial and non-financial entities. The prudential norms will be applied to NOFHC both on stand-alone as well as on a consolidated basis.

Share capital and listing of bank

The initial minimum paid-up voting equity capital for a bank shall be ₹ 5 billion. The bank must get its shares listed on the stock exchanges within three years of the commencement of business by the bank.

Foreign participation in the bank

The aggregate non-resident shareholding from FDI, NRIs and FPIs in the new private sector banks shall not exceed 49 per cent of the paid-up voting equity capital for the first five years from the date of licensing of the bank. No non-resident shareholder, directly or indirectly, individually or in groups, or through subsidiary, associate or joint venture shall be permitted to hold 5 per cent or more of the paid-up voting equity capital of the bank for a period of five years from the date of commencement of business of the bank. After the expiry of five years from the date of commencement of the business of the bank, the aggregate foreign shareholding would be as per the extant FDI policy.

Board of the bank

The Board of the bank should have a majority of independent Directors.

Operations of the bank

The bank shall open at least 25 per cent of its branches in unbanked rural centres (population up to 9,999 as per the latest census) to avoid over concentration of their branches in metropolitan areas and cities. The bank shall comply with the priority sector lending targets and sub-targets as applicable to the existing domestic banks. The banks promoted by groups having 40 per cent or more assets/income from non-financial business will require RBI's prior approval for raising paid-up voting equity capital beyond ₹ 10 billion for every block of ₹ 5 billion.

Master Direction – Issue and Pricing of shares by Private Sector Banks, Directions, 2016

The Reserve Bank of India issued master directions for issue and pricing of shares by private sector banks in April 2016. The directions are applicable to all private sector banks licensed by RBI to operate in India. Under the directions, "private sector banks" have been defined as banks licensed to operate in India under Banking Regulation Act, 1949, other than urban co-operative banks, foreign banks and banks licensed under specific statutes. Under the directions, a private sector bank, both listed and unlisted, has general permission for issue of shares subject to compliance with applicable laws such as FEMA and other foreign investment related laws, provisions of the Companies Act, and the relevant SEBI guidelines, the RBI master directions and reporting of complete details of the issue to RBI viz. date of issue, details of the type of issue, issue size, details of pricing, number and names of allottees, post allotment shareholding position.

Master Direction – Ownership in Private Sector banks, Directions, 2016

The Reserve Bank of India issued master directions for ownership in private sector banks in May 2016. The directions are applicable to all private sector banks licensed by RBI to operate in India. Under the directions, shareholders are now categorized as natural persons (individuals) and legal persons (entities/institutions) for the purposes of ownership limits in the longer run. Non-financial and financial institutions, and among financial institutions, diversified and non-diversified financial institutions shall have separate limits for shareholding.

The limits for shareholding are as follows: (i) in the case of individuals and non-financial entities (other than promoters/promoter group), the limit shall be 10 per cent of the paid up capital, however, in case of promoters being individuals and non-financial entities in existing banks, the shareholding shall be 15 per cent, (ii) for entities in the financial sector, other than regulated or diversified or listed, the limit shall be at 15 per cent, (iii) in case of 'regulated, well diversified, listed entities from the financial sector' and shareholding by supranational institutions or public sector undertaking or Government, a limit of 40 per cent is prescribed, and (iv) higher stake/strategic investment by promoters/non-promoters through capital infusion by domestic or foreign entities/institution shall be permitted on a case to case basis under circumstances such as relinquishment by existing promoters or in the interest of the bank or in the interest of consolidation in the financial sector

A period of 12 years from the date of commencement of business of the bank shall be available in cases where dilution to a lower level of shareholding is required for compliance with the specified limits. Acquisition of shareholding in a private sector bank shall be subject to the applicable FDI Policy, with the aggregate foreign investment in private sector banks not exceeding 74 per cent of the paid-up capital. The directions further prescribe that banks (including foreign banks having branch presence in India) shall not acquire any fresh stake in a bank's equity shares provided the 10 per cent cap is not breached. However, RBI may permit a higher level of shareholding by a bank in exceptional cases.

Capital Adequacy Requirements

The RBI has issued Master Circular for implementation of the Prudential Guidelines on Capital Adequacy and Market Discipline - New Capital Adequacy Framework dated July 1, 2015 ("**NCAF**"), to ensure that the capital held by a bank is commensurate with the bank's overall risk profile. The NCAF prescribes the minimum Capital to Risk – weighted Assets Ratio ("**CRAR**") to be maintained by banks.

The Basel Committee on Banking Supervision, with a view to improve the banking sectors' ability to absorb shocks arising from financial and economic stress, implemented Basel III framework. Further, the Basel III capital regulations in India were made applicable to banks from April 1, 2013 and are required to be fully implemented by March 31, 2019 in a phase-wise manner.

In terms of the RBI New Bank Licensing Guidelines, our Bank is required to maintain a minimum capital adequacy ratio of 13 per cent of its risk weighted assets for a minimum period of three years after the commencement of its operations subject to any higher percentage as may be prescribed by RBI from time to time.

Liquidity Coverage Ratio

The Basel III framework on 'Liquidity Standard' includes 'Liquidity Coverage Ratio', 'Net Stable Funding Ratio' and liquidity risk monitoring tools. With effect from January 1, 2015, the RBI introduced a requirement for commercial banks in India to maintain certain levels of Liquidity Coverage Ratio ("**LCR**"). The LCR measures a bank's ability to manage and survive for 30 days under a significant stress scenario that combines idiosyncratic as well as market-wide shock situations that would result in accelerated withdrawal of deposits from retail as well as wholesale depositors, partial loss of secured funding, increase in collateral requirements and unscheduled drawdown of unused credit lines. Currently, banks are required to maintain High Quality Liquid Assets ("**HQLA**") of 80 per cent with effect from January 1, 2017, which will increase to 90 per cent with effect from January 1, 2018, and to 100 per cent with effect from January 1, 2019.

The Basel Committee on Banking Supervision issued the final rules on 'Net Stable Funding Ratio' in October 2014. RBI has issued draft guidelines on NSFR on May 28, 2015. RBI proposes to make NSFR applicable to banks in India from January 1, 2018.

Loan Loss Provisions and Non-Performing Assets

The RBI has issued guidelines on income recognition, asset classification, provisioning standards and the valuation of investments, which are revised from time to time. In terms of the guidelines issued by RBI, banks are required to classify an asset into non-performing when it ceases to generate income for the bank. Once the account has been classified as a non-performing asset ("**NPA**"), the unrealized interest and other income already debited to the account is derecognized and further interest is not recognized or credited to the income account unless collected in cash. The Prudential Norms require banks to classify NPAs into the following three categories viz. (i) sub-standard assets; (ii) doubtful assets; and (iii) loss assets based on the period for which the asset has remained non-performing. These norms also specify provisioning requirements specific to the classification of the assets.

The RBI revised "Prudential Guidelines on Restructuring of Advances by Banks and Financial Institutions" on May 30, 2013. Pursuant to these guidelines, from April 1, 2015, advances (classified as a standard asset) that are restructured (other than due to extension in date of commencement of commercial operation ("**DCCO**") of infrastructure and non-infrastructure project) would be immediately classified as sub-standard on restructuring and the non-performing assets, upon restructuring, would continue to have the same asset classification as prior to restructuring and slip into further lower asset classification categories as per the extant asset classification norms with reference to the pre-restructuring repayment schedule. The general provision required on restructured standard accounts stands increased to 5 per cent from March 31, 2016.

The RBI has issued guidelines on April 18, 2017 advising all scheduled commercial banks to make additional provisions in respect of advances to stressed sectors of the economy. The banks are required to put in place a board–approved policy for making provisions for standard assets at rates higher than the regulatory minimum, based on evaluation of risk and stress in various sectors. This evaluation needs to be on a quarterly basis.

The RBI has issued guidelines on September 1, 2016 to restrict scheduled commercial banks' investment in Security Receipts ("**SRs**") backed by their own stressed assets. With effect from April 1, 2017, where the investment in a bank in SRs backed by stressed assets sold by it, under an asset securitisation is more than 50 per cent of the SRs backed by its sold assets and issued under that securitisation, provisioning requirement on SRs will be higher of the provisioning rate required in terms of net asset value declared by the SCs/ RCs and provisioning rate as applicable to the underlying loans, assuming that the loans notionally continued in the books of the bank. With effect from April 1, 2018, this threshold of 50 per cent will be reduced to 10 per cent.

Corporate Debt Restructuring Mechanism

The corporate debt restructuring mechanism ("**CDR**") provides for an institutional mechanism to restructure corporate debt. The objective of this framework is to ensure a timely and transparent mechanism for the restructuring of corporate debts of viable entities, particularly entities that are affected by certain internal and external factors and aims to minimize the losses to creditors and other stakeholders through an orderly and coordinated restructuring program.

Resolution of Stressed Assets

Pursuant to the Banking Regulation (Amendment) Act, 2017, the Central Government has been granted the power to authorise the RBI to issue directions to one or more banking companies to initiate insolvency resolution process in respect of a "default" under the Insolvency and Bankruptcy Code, 2016. The RBI has also been granted powers to issue directions to banks for resolution of stressed assets. The RBI has issued the revised framework on Resolution of Stressed Assets on February 12, 2018. According to the revised framework, banks are required to put in place board approved policy for curing stress in accounts. As a guideline, as set out more specifically in the revised framework, banks are required to identify incipient stress in loan accounts, immediately on default, and classify such accounts into different categories of 'special mention accounts' depending on the time period that such default has been subsisting in such accounts. Upon identification and classification of the stressed account the revised framework provides for different procedures for curing such stress which *inter alia* include change in ownership or restructuring and conversion of debt into equity.

The Recovery of Debts Due to Banks and Financial Institutions Act, 1993 ("RDDBFI Act")

The RDDBFI Act was enacted for adjudication of disputes pertaining to debts due to banks and financial institutions exceeding ₹ 10 million. The RDDBFI Act provides for the constitution of debt recovery tribunals, before which banks and financial institutions may file applications for recovery of debts. Further, no court or other authority, except the Supreme Court or a High Court exercising jurisdiction under Articles 226 and 227 of the Constitution of India, shall have, or is entitled to exercise, any jurisdiction, powers or authority in relation to the aforementioned matter. The tribunals may pass orders for directions including *inter- alia* recovery of such dues by the bank as may be deemed fit along with a recovery certificate to such effect from the presiding officer of the respective tribunal; attachment of the secured properties towards the dues to the bank: injunctive orders restraining the debtors from alienating, transferring or disposing of such secured properties; appointment of receivers and/or local commissioners with respect to such secured properties and distribution of proceeds from sale of such secured properties towards dues. Pursuant to the recovery certificate being issued, the recovery officer of the respective debt recovery tribunal shall effectuate the final orders of the debt recovery tribunal in the application. Unless such final orders of the debt recovery tribunal have been passed with the consent of the parties to an application, an appeal may be filed against such final orders of the debt recovery tribunal before the debt recovery appellate tribunal, which is the appellate authority constituted under the RDDBFI Act.

Directed lending

The Reserve Bank of India (Priority Sector Lending – Targets and Classification) Directions, 2016 dated July 7, 2016 sets out the broad policy in relation to priority sector lending ("**PSL**"). In accordance with this circular, the priority sectors for all scheduled banks include (i) agriculture; (ii) micro, small and medium enterprises ("**MSMEs**"); (iii) export credit; (iv) education; (v) housing; (vi) social infrastructure; (vii) renewable energy and (viii) others. Further, it also prescribes the details of eligible activities under the aforesaid categories. Under the aforementioned master direction, the priority sector lending targets are linked to adjusted net bank credit as defined ("**ANBC**") or credit equivalent amount of off-balance sheet exposure, whichever is higher, as on the corresponding date of the preceding year. Currently, the total priority sector lending target for domestic banks is 40 per cent of ANBC or credit equivalent amount of off-balance sheet exposure, whichever is higher. It also prescribed sub-targets for small and marginal farmers, micro-enterprises and weaker sections.

Exposure Norms

As a prudent measure aimed at better risk management and avoidance of concentration of credit risk, the RBI has prescribed credit exposure limits for banks and long-term lending institutions in respect of their lending to individual borrowers and to all borrowers belonging to a single group. The RBI has prescribed exposure ceiling for a single borrower as 15.00 per cent of capital funds and group exposure limit as 40 per cent of capital funds comprising of Tier I and Tier II capital. Relaxations are permitted in exceptional circumstances and lending to infrastructure sector. The total exposure (both lending and investment) to a single NBFC, NBFC-AFC (Asset Financing Companies) and Infrastructure Finance Companies should not exceed 10 per cent, 15 per cent and 15 per cent respectively, of the bank's capital funds as per its last audited balance sheet. The limit may be increased by another 5 per cent provided that the excess exposure is on account of funds on-lent to the infrastructure sector.

The aggregate exposure of a bank to the capital markets in all forms (both fund based and non-fund based) should not exceed 40 per cent of its net worth, on both standalone and consolidated basis as on March 31 of the previous year. Within this overall ceiling, the bank's direct investment in shares, convertible bonds/debentures, units of equity oriented mutual funds and all exposures to Venture Capital Funds (VCFs) (both registered and unregistered) should not exceed 20 per cent of its net worth on both standalone and consolidated basis.

On August 25, 2016, the RBI released guidelines on Enhancing Credit Supply for Large Borrowers through market Mechanism with the objective of mitigating the risk posed to the banking system on account of large aggregate lending to a single corporate. As per the framework, exposure to corporate with large borrowing from banking system beyond the prescribed limit would attract additional provisions and higher risk weights.

On December 1, 2016, the RBI released guidelines on Large Exposures Framework to align the exposure norms for Indian banks with the Basel Committee on Banking Supervision standards. From April 1, 2019, exposure limits to single and group borrowers will be 20 per cent and 25 per cent of our Tier 1 Capital funds as against the current norm of 15 per cent and 40 per cent of the total capital funds limits.

Prevention of Money Laundering Act, 2002 (the "PMLA")

In order to prevent money laundering activities the PMLA was enacted which seeks to prevent money laundering and to provide for confiscation of property derived from, or involved in money laundering, and for incidental matters connected therewith. Section 12 of the PMLA casts certain obligations on, *inter alia*, banking companies in relation to preservation and reporting of customer account information. The RBI has advised all banks to go through the provisions of the PMLA and the rules notified thereunder and to take all steps considered necessary to ensure compliance with the requirements of section 12 of the PMLA.

Regulations Relating to Know Your Customer and Anti-Money Laundering

The RBI has issued several guidelines on Know Your Customer ("**KYC**") and Anti Money Laundering ("**AML**") inter alia containing rules on (i) customer identification procedures and customer acceptance; (ii) monitoring of transactions; and (iii) vigilance at the time of opening accounts for new customers to prevent misuse of the banking system. Banks have been advised to ensure that systems and procedures are in place to control financial frauds, identify money laundering and suspicious activities and monitor high value cash transactions. Such monitoring includes cross border transactions. Further, banks have also been advised to ensure that adequate policies are formulated and adopted in relation to KYC and AML.

Legal Reserve Requirements

Cash Reserve Ratio ("CRR")

Each bank is required to maintain CRR on a daily basis which is a specified percentage of total of Demand and Time Liabilities ("**DTL**") adjusted for the exemptions, by way of a balance in a current account with the RBI. At present the required CRR is 4 per cent. The RBI does not pay any interest on CRR balances. The CRR has to be maintained on an average basis for a fortnightly period and the minimum daily maintenance of the CRR should be 90 per cent effective from the fortnight beginning April 16, 2016. The RBI may impose penal interest at the rate of 3 per cent above the bank rate on the amount by which the reserve falls short of the CRR required to be maintained on a particular day and if the shortfall continues further the penal interest charged shall be increased to a rate of 5 per cent above the bank rate in respect of each subsequent day during which the default continues. In case of default in the maintenance of CRR on average basis during the fortnight, penal interest will be recovered as envisaged under Section 42(3) of the RBI Act.

Statutory Liquidity Ratio ("SLR")

Each bank is required to maintain a SLR, a specified percentage of total DTL by way of liquid assets like cash, gold or approved unencumbered securities. The percentage of this liquidity ratio is fixed by the RBI from time to time, pursuant to Section 24 of the Banking Regulation Act. At present, the RBI requires banks to maintain SLR of 19.5 per cent.

Regulations relating to Authorised Dealers ("ADs") for foreign exchange and cross-border business transactions

The foreign exchange and cross border transactions undertaken by banks, both on its own account and also on behalf of customers, are subject to the provisions of the Foreign Exchange Management Act and rules/ regulations/ directions and notifications issued thereunder. The bank should monitor all non-resident accounts and cross border transactions to prevent money laundering. RBI may impose penalty for contravention of Foreign Exchange Management Act and regulations/ notifications issued there under, or for contravention of any condition subject to which an authorisation is issued by the RBI.

Master Directions on Foreign Investment in India

The RBI has issued Master Directions on Foreign Investment in India dated January 4, 2018 which permit an Indian company to receive foreign investment by issuing capital instruments to investors such as equity shares, debentures, preference shares and share warrants. Permitted investments by persons resident outside India include subscription, purchase and sale of capital instruments of an Indian company, investment in a limited liability partnership and investment by a foreign venture capital investor. Pursuant to these directions, certain activities are prohibited for investment by a person resident outside India such as chit funds, real estate business or construction of farm houses and trading in transferable development rights.

Downstream investment by banks

In accordance with the Consolidated FDI Policy, downstream investments made by a banking company, as defined in section 5(c) of the Banking Regulation Act, incorporated in India, which is owned or controlled by non-residents/ non-resident entity, under corporate debt restructuring, or other loan restructuring mechanism, or in trading books, or for acquisition of shares due to defaults in loans, shall not count towards indirect foreign investment.

Regulation of financial services provided by banks

The Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended on September 25, 2017 require banks to comply with certain restrictions while undertaking financial services including in relation to risk mitigation measures, limits on investment that can be made by banks in companies undertaking financial services. The directions also provide for specific regulations for certain financial services such as, *inter alia,* setting of an infrastructure debt fund, underwriting activities, mutual fund business, insurance business.

Guidelines on management of intra-group transactions and exposures

The RBI issued the "Guidelines on Management of Intra-Group Transactions and Exposures" on February 11, 2014. Pursuant to the said guidelines, RBI has prescribed quantitative limits on financial intra-group transactions and exposures and prudential measures for the non-financial intra-group transactions and exposures. These guidelines also require that all intra-group transactions to be at "arms-length".

Capital and provisioning requirements for exposures to entities within unhedged foreign currency exposure

RBI issued a circular relating to "Capital and Provisioning Requirements for Exposures to entities with Unhedged Foreign Currency Exposure" on January 15, 2014. Pursuant to these guidelines, RBI has introduced incremental provisioning and capital requirements for bank exposures to entities with unhedged foreign currency exposures. The circular also lays down the method of calculating the incremental provisioning and capital requirements. The banks will be required to calculate the incremental provisioning and capital requirements at least on a quarterly basis. This framework became fully effective from April 1, 2014.

Framework for revitalizing distressed assets in the economy

The RBI issued the Framework for Revitalising Distressed Assets in the Economy on January 30, 2014 (the "**Framework**") which lays down the corrective action plan that will incentivise early identification of problem cases, timely restructuring of accounts which are considered to be viable, and prompt steps taken by banks for recovery or sale of unviable accounts. This framework became fully effective from April 1, 2014. In this regard, the RBI issued the Framework for Revitalising Distressed Assets in the Economy - Guidelines on Joint Lenders' Forum and Corrective Action Plan ("**CAP**") detailing guidelines on formation of the joint lenders' forum and adoption of the corrective action plan for operationalising the aforementioned framework. The RBI, by its circular dated May 5, 2017, clarified that the CAP may include resolution by way of flexible structuring of project loans, change in ownership under strategic debt restructuring or scheme for sustainable restructuring of stressed assets. The RBI, further reiterated that banks must scrupulously adhere to the timelines prescribed in the Framework for finalising and implementing of CAP and any non-compliance with the directions of the RBI with regards to the Framework shall attract monetary penalties on the concerned banks under the provisions of the Banking Regulation Act. Following the notification dated February 25, 2016, the prudential guidelines on revitalising stressed assets in the economy, have been partially revised in relation to *inter alia,* strategic debt restructuring scheme, joint lenders' forum empowered group, restructuring of advances, structuring of project loans and sale of financial assets to securitization company/reconstruction company.

Central Repository of Large Common Exposures

The RBI has introduced Central Repository of Large Common Exposures ("**CRILC**") repository of large credits and share information with the banks for enabling them to be aware of building leverage and common exposures. All banks are required to report to RBI, on a quarterly basis, exposures of individuals and entities having exposure (both fund and non-fund based) of more than ₹ 50 million and also details of customers with outstanding current account balance (debit or credit) of ₹ 10 million and above. In addition, RBI guidelines require banks to report, among others, the Special Mention Account 2 (**"SMA 2")** (Principal or interest payment overdue between 61-90 days) status of the borrower to the CRILC. Any non-submission of or wrong reporting in these returns attracts penalties as specified in the Banking Regulation Act 1949.

The Banking Ombudsman Scheme, 2006

The Banking Ombudsman Scheme, 2006 ("**Ombudsman Scheme**") provides the extent and scope of the authority and functions of the Banking Ombudsman for redressal of grievances against deficiency in banking services, concerning loans and advances and other specified matters. All schedules commercial banks, regional rural banks and scheduled primary co-operative banks are covered under the Ombudsman Scheme. On February 3, 2009, the Ombudsman Scheme was amended to provide for revised procedures for redressal of grievances by a complainant under the Ombudsman Scheme. The Banking Ombudsman receives and considers complaints relating to the deficiencies in banking or other services filed on the grounds mentioned in clause 8 and facilitates their satisfaction or settlement by agreement or through conciliation and mediation between the bank concerned and the aggrieved parties or by passing an Award in accordance with the Ombudsman Scheme.

Declaration of dividend by banks

The payment of dividends by banks is subject to restrictions under the Banking Regulation Act. Section 15(1) of the Banking Regulation Act states that no banking company shall pay any dividend on its shares until all its capitalized expenses (including preliminary expenses, organisation expenses, share-selling commission, brokerage, amounts of losses incurred and any other item of expenditure not represented by tangible assets) have been completely written off. In addition, Section 17(1) of the Banking Regulation Act requires every banking company to create a reserve fund and, shall out of the balance of profit of each year as disclosed in the profit and loss account, transfer a sum equivalent to not less than 25 per cent of such profit to the reserve fund before declaring any dividend.

Further, in May 2005, the RBI issued guidelines on Declaration of Dividends by Banks, which prescribed certain conditions for declaration of dividends by banks.

Consolidated Supervision Guidelines

In 2003, the RBI issued guidelines for consolidated accounting and consolidated supervision for banks. Under the guidelines, banks are required to prepare consolidated financial statements, submit consolidated prudential returns among other things.

Regulation relating to banking business

The Banking Regulation Act defined the forms of business in a banking company may engage. RBI has issued various guidelines/directions/circulars governing the functioning of banks in India. These guidelines cover, not limited to, governance, deposits, loans, investments, risk management, operations, audit, compliance, housekeeping etc.

Classification and Reporting of Fraud Cases

The RBI issued guidelines on the classification and reporting of fraud cases. The fraud cases have been classified into misappropriation and criminal breach of trust, fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property, unauthorised credit facilities extended for reward or for illegal gratification, negligence and cash shortages, cheating and forgery, fraudulent transactions involving in foreign exchange and any other type of fraud not coming under the specific heads as above. The banks are required to submit fraud related data to RBI through various returns/ reports.

Marginal Cost of Funds based Lending Rate (MCLR)

Pursuant to the notification issued by RBI dated December 17, 2015, all rupee loans sanctioned and credit limits renewed with effect from April 1, 2016 are to be priced with reference to the MCLR which is the internal benchmark for such purposes. MCLR comprises of: (a) marginal cost of funds; (b) negative carry on account of CRR (c) operating costs (d) tenor premium.

Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended, as amended by the Enforcement of Security Interest and Recovery of Debts Laws and Miscellaneous Provisions (Amendment) Act, 2016 (the "SARFAESI Act")

The SARFAESI Act provides for the enforcement of security interest without the intervention of the courts. Under the provisions of the SARFAESI Act, a secured creditor can recover dues from its borrowers by taking any of the measures as provided therein. Rights, with respect to the enforcement of security interest, under the SARFAESI Act cannot be enforced unless the account of the borrower has been classified as an NPA in the books of account of the secured creditor in accordance with the directions or guidelines issued by the RBI or any other applicable regulatory authority. The secured creditors must serve a 60-day notice on the borrower demanding repayment of the amount due and specifying the borrower's assets over which the bank proposes to exercise remedies. If the borrower still fails to pay, the secured creditors, on expiry of the 60-day notice period, can: (i) take possession of the secured assets; (ii) take over the management of the secured assets along with the right to transfer by way of lease, assignment or sale of the secured assets; (iii) appoint any person to manage the secured assets; and (iv) require any person who has acquired any of the secured assets from the borrower to pay amounts necessary to satisfy the debt. The security interests covered by the SARFAESI Act are security interests over immovable and movable property, existing or future receivables, certain intangible assets (such as know-how, patents, copyrights, trademarks, licenses, franchises) and any debt or any right to receive payment of money, or any receivable, present or future, and in which security interest has been created. Security interests over ships and aircraft, any statutory lien, a pledge of movables, any conditional sale, hire purchase or lease or any other contract in which no security interest is created, rights of unpaid sellers, any property not liable to attachment, security interest for securing repayment of less than ₹ 100,000, agricultural land and any case where the amount due is less than 20.00 per cent of the principal amount and interest are not enforceable under the SARFAESI Act. In the event that the secured creditor is unable to recover the entire sum due by exercise of the remedies under the SARFAESI Act in relation to the assets secured, such secured creditor may approach the

Debt Recovery Tribunal or the relevant court for the recovery of the balance amounts. A secured creditor may also simultaneously pursue its remedies under the SARFAESI Act as well as the Debt Recovery Tribunal.

The SARFAESI Act also provides for sale of financial assets by banks and financial institutions to asset reconstruction companies. The financial assets can be sold to asset reconstruction companies in accordance with the extant guidelines and prudential norms issues by the RBI. As per extant guidelines, a bank may sell only those assets classified as an SMA-2 or an NPA to asset reconstruction companies. The banks may not sell financial assets at a contingent price with an agreement to bear a part of the shortfall on ultimate realization. However, banks may sell specific financial assets with an agreement to share in any surplus realised by the asset reconstruction company in the future. Consideration for the sale may be in the form of cash, bonds or debentures or security receipts or pass through or pay through certificates issued by the asset reconstruction company or trusts set up by it to acquire the financial assets. As an incentive for the early sale of NPAs, the RBI has allowed banks to spread over any shortfall, if the sale value is lower than the net book value, over a period of two years. This facility of spreading over the shortfall would however be available for NPAs sold up to March 31, 2015 and will be subject to necessary disclosures in the Notes to Account in Annual Financial Statements of the banks.

Other laws

In addition to the above, our Bank is also required to comply with the provisions of the Companies Act and rules framed thereunder, and other applicable statutes imposed by the Central or the State Government and other authorities for our day-to-day business and operations. Our Bank is also amenable to various central and state tax laws.

Indian Accounting Standards

On February 16, 2015, the Ministry of Corporate Affairs (the "**MCA**"), Government of India has notified the Companies (Indian Accounting Standards) Rules, 2015. On January 18, 2016, MCA outlined the roadmap for implementation of Indian Accounting Standards for banks, non-banking financial companies, select All India Term Lending and Refinancing Institutions and insurance entities. Pursuant to this, RBI has issued guidelines on February 11, 2016 on implementation of Indian Accounting Standards (Ind AS). All scheduled commercial banks are required to follow Indian Accounting Standards (Ind AS) for financial statements for accounting periods beginning from April 1, 2018 onwards. Ind AS would be applicable to both standalone financial statements and consolidated financial statement. These accounting standards could impact the financials of banks in many ways but not limited to the way the fair value is computed for financial assets and liabilities, the way financial assets and liabilities are classified and measured resulting in volatility in profit or loss and equity, accounting of interest income, the credit loss provisioning which would be based on expected credit losses rather than percentage based provisioning etc.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief History of our Bank

Our Bank was incorporated as Bandhan Bank Limited on December 23, 2014 at Kolkata, West Bengal as a public limited company under the Companies Act, 2013, pursuant to certificate of incorporation issued by the RoC. A licence authorising our Bank to carry on banking business was issued by the RBI in terms of Section 22 of the Banking Regulation Act on June 17, 2015.

Changes in Registered Office

There has been no change in the Registered Office of our Bank since the date of its incorporation.

Main Objects of our Bank

The main objects contained in the Memorandum of Association of our Bank are as follows:

1) *"To establish and carry on the business of banking in any part of India or outside India.*

2) *To carry on business of accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise.*

3) *To carry on the business of:*

    (a) *borrowing, raising or taking up of money;*

    (b) *lending or advancing of money by way of a loan, overdraft or on cash credit or other accounts or in any other manner whether without or on the security or movable or immovable properties, bills of exchange, hundies, promissory notes, bills of lading, railway receipts, debentures, share warrants and other instruments whether transferable or negotiable or not;*

    (c) *drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundies, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, debentures, certificates, scrips and other instruments and securities whether transferable or negotiable or not;*

    (d) *granting and issuing of letters of credits, travellers' cheques and circulars notes;*

    (e) *buying, selling and dealing in bullion and specie;*

    (f) *buying and selling of and dealing in foreign exchange including foreign bank notes;*

    (g) *acquiring, holding, issuing on commission, underwriting and dealing in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds;*

    (h) *purchasing and selling of bonds, scrips or other forms of securities on behalf of itself, its constituents or others;*

    (i) *negotiating of loans and advances;*

    (j) *receiving of all kinds of bonds, scrips or valuables on deposit or for safe custody or otherwise;*

    (k) *providing of safe deposit vaults;*

    (l) *collecting and transmitting of money and all kinds of securities;*

    (m) *issuing credit cards, debit cards, prepaid instruments, smart card or any similar instruments and extending any other credits;*

    (n) *acting as aggregators, as may be permitted by the PFRDA, in connection with the National Pension System of the PFRDA;*

    (o) *carrying on any other business specified in Section 6(1)(a) to (n) of the Banking Regulation Act, and such other forms of business which the Central Government has pursuant to Section 6(1)(o) of Banking Regulation Act specified or may from time to time specify by notification in the Official Gazette or as may* *be permitted by the RBI from time to time as a form of business in which it would be lawful for a banking company to engage.*

4) To carry on the business of merchant banking, investment banking, portfolio investment management, wealth management and investment advisors; to form, constitute, promote, act as managing and issuing agents, prepare projects and feasibility reports for and on behalf of any company, association, society, firm, individual and body corporate

5) To carry on the business of mutual fund distribution, equipment leasing and hire purchase

6) To act as corporate agents for insurance products for life and general insurance including but not limited to health, pension & employees benefit, fire, marine, cargo, marine hull, aviation, oil & energy, engineering, accident, liability, motor vehicles, transit and other products and to carry on the business of insurance, re-insurance and risk management as an insurance agent or otherwise as may be permitted under law

7) To carry on the business of factoring by purchasing and selling debts receivables and claims including invoice discounting and rendering bill collection, debt collection and other factoring services.

8) To carry on and transact the business of giving guarantees and counter guarantees and indemnities whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property or assets of the Company, both present and future wherever situate or in any other manner and in particular to guarantee the payment of any principal moneys, interest or other moneys secured by or payable under debentures, bonds, debenture-stock, mortgages, charges, contracts, obligations and securities, and the repayment of the capital moneys and the payment of dividends in respect of stocks and shares or the performance of any such other obligations."

The main objects as contained in the Memorandum of Association enable our Bank to carry on the business presently being carried out, as well as to carry on the activities for which the funds are being raised in the Issue.

Major events of our Bank

The table below sets forth some of the key events in the history of our Bank:

Year	Event
2015	Our Bank opened with 501 branches and 2,022 DSCs
2016	Our Bank expanded its branch and DSC network to 656 branches and 2,022 DSCs
2017	Our Bank expanded its branch and DSC network to 840 branches and 2,546 DSCs
2018*	Our Bank expanded its branch and DSC network to 893 branches and 2,686 DSCs.

**As on January 31, 2018.*

Awards, Accreditations and Accolades received by our Bank

Year	Award/ Letters of Appreciation
2015	Our Bank was awarded the 'Special Initiative Award' by the Financial Express- India's Best Banks Awards
2017	Our Bank was awarded the 'Dun & Bradstreet- Best Private Sector Bank – Government Scheme Participation'

Corporate Profile of our Bank

For details of our Bank's activities, our business, services, products, geographical presence, market of each segment, growth, technology, standing with reference to prominent competitors, customers, see *"Our Business"*, *"Industry Overview"* and *"Management's Discussion and Analysis of Financial Condition and Results of Operation"* beginning on pages 124, 88, and 384 respectively. For details regarding management and managerial competence of our Bank, see *"Our Management"* beginning on page 172.

Our Holding Company

BFHL is our holding company. For details of BFHL, see *"Our Promoters and Promoter Group"* beginning on page 189.

Our Subsidiaries

As of the date of this Prospectus, our Bank has no subsidiaries.

Capital raising activities through equity or debt

For details regarding our Bank's capital-raising activities through equity and debt, as applicable, see *"Capital Structure"*, *"Financial Indebtedness"*, and "*Financial Statements"* beginning on pages 65, 382 and 197, respectively.

As on the date of filing of this Prospectus, our Bank has 11 Shareholders, of whom five are nominees holding Equity Shares on behalf of BFHL.

Time and Cost Over-runs

There have been no significant time and cost over-runs in the setting up of any of the establishments of our Bank or in respect of our business operations.

Defaults or Re-scheduling of Borrowings and Conversions of Loans into Equity

There have been no defaults that have been called by any financial institution or bank in relation to borrowings availed by our Bank from any financial institutions or banks. For details of our financing arrangements, see *"Financial Indebtedness"* beginning on page 382. Further, none of our outstanding loans have been rescheduled or been converted into Equity Shares.

Lock-out and Strikes

There have been no instances of strikes or lock-outs at any time in our Bank.

Changes in the activities of our Bank since incorporation

There have been no changes in activities of our Bank since incorporation.

Injunctions or restraining order against our Bank

Our Bank is not presently operating under any injunction or restraining order.

Financial and strategic partners

Our Bank does not have any financial or strategic partners.

Details regarding acquisition of business/undertakings, mergers and amalgamations

Other than as disclosed in "- *Summary of Key Agreements*" beginning on page 170, our Bank has not acquired any business or undertaking and has not undertaken any merger, amalgamation or revaluation of assets.

Summary of Key Agreements

Business Transfer Agreement dated February 11, 2015 entered between our Bank and BFSL

Our Bank entered into a business transfer agreement dated February 11, 2015 ("**BTA**") with BFSL for transfer of the micro-finance business from BFSL as a going concern by way of a slump sale and on an "as-is-where" basis for an aggregate consideration of ₹ 13,753.8 million including ₹ 253.8 million towards adjustment based on the net asset value on the closing date. The slump sale included the transfer of, inter alia, all assets, contracts, licenses, insurance policies, books of records, technical information, employees, assumed liabilities, intellectual property rights (excluding properties listed as excluded assets as provided in the BTA), all claims, rights, credits, causes of actions, defences and rights of set-off of any kind, all computer hardware and data bases, certain drawings, records, returns, submissions, documents, reports, contracts, manuals, goodwill and securities in relation to the microfinance business.

Policy agreement dated April 24, 2015 amongst our Bank, BFSL, BFHL, IFC, Caladium and SIDBI, as amended and supplemented by accession instrument dated August 1, 2017 executed by IFC FIG (the "Parties") (the policy agreement and the accession instrument are together hereinafter referred to as the "Policy Agreement") and as amended by the first

amendment agreement dated December 29, 2017 executed amongst the Parties

In terms of the share subscription agreement dated April 24, 2015 executed amongst our Bank, BFSL, BFHL and IFC, IFC subscribed to 54,041,462 fully paid-up Equity Shares for an aggregate subscription price of approximately ₹ 2,320 million. Further, pursuant to the share subscription agreements dated April 24, 2015 executed amongst our Bank, BFSL, BFHL and Caladium, Caladium subscribed to 54,648,030 fully paid up Equity Shares for an aggregate subscription price of ₹ 2,346.04 million. Further, pursuant to a transfer of 18,914,511 Equity Shares by IFC to IFC FIG and upon execution of the accession instrument dated August 1, 2017, IFC FIG was also made a party to the Policy Agreement and conferred with similar rights as that of IFC and in terms of the Policy Agreement, IFC and IFC FIG are entitled to exercise their rights under the Policy Agreement as a single block.

The Policy Agreement confers certain rights on Caladium, IFC and IFC FIG (collectively referred to as the "**Investors**") to regulate their relationship with respect to their investment in our Bank including, *inter alia*, tag along rights, pre-emption rights, corporate governance rights and certain policy related rights/ covenants in relation to social and environmental requirements. With respect to listing of the Equity Shares, valuation, timing, mode and exchange for the listing shall be decided by our Bank, the Investors and BFHL in consultation with the lead merchant banker and in accordance with other applicable laws. The rights exercisable by Investors under the Policy Agreement shall immediately fall away upon such Investor (together with its affiliates) ceasing to hold less than 1.5% (one point five per cent) of the paid-up Equity Share capital of our Bank, subject to terms included in the Policy Agreement. Further, the Policy Agreement also provides that the it shall terminate upon receipt of listing and trading approvals.

The Parties have entered into an amendment agreement dated December 29, 2017 to the Policy Agreement ("**First Amendment Agreement**"), pursuant to which the Policy Agreement has been amended and on and from the date on which the Equity Shares are listed on the Stock Exchange(s), each of (i) IFC and IFC FIG (acting jointly); and (ii) Caladium, have a right to nominate one director on the board of directors of our Bank in each case, as long as IFC and IFC FIG, together, hold more than 2.5% of the paid-up Equity Share capital of our Bank and as long as Caladium holds more than 2.5% of the paid-up Equity Share capital of our Bank. The right of (i) IFC and IFC FIG (acting jointly); and (ii) Caladium, to nominate a director each on the board of directors of our Bank shall be exercisable upon receipt of the approval of the shareholders of our Bank through a special resolution held after completion of the Issue. Further, the Parties have also agreed that other than listing fees, all costs, fees and expenses with respect to the Issue will be shared amongst our Bank and the selling shareholders in the Issue (in proportion to their respective portion of the offered shares in the Issue), upon successful completion of the Issue. However, in the event that the Issue is withdrawn or not completed for any reason whatsoever, all Issue related expenses will be borne by our Bank. Further, whilst the Issue related advertisement related expenses shall be borne proportionately amongst our Bank and the selling shareholders, the corporate advertisement related expenses shall be borne solely by our Bank. Further, the First Amendment Agreement also notes that our Bank has adopted certain covenants in relation to certain matters such as anti-corruption, environment and related reporting through a resolution of the Board which will be complied with post consummation of the Issue. The Parties have also agreed that except for the right to nominate a director as set out above and certain other provisions such as indemnification and notices, the Policy Agreement shall automatically terminate and cease to have any further force or effect on the date on which listing and trading of equity shares of our Bank commences on any recognised stock exchanges, subsequent to completion of the Issue.

OUR MANAGEMENT

Board of Directors

In terms of our Articles of Association, our Bank is required to have not less than three and not more than 15 directors. Our Board currently comprises 12 Directors.

The following table sets forth details of our Board:

Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
Dr. Ashok Kumar Lahiri *Designation:* Independent Director (part-time Chairman) *Address:* V-39/23, DLF Phase 3, Nathupur, DLF, Gurgaon 122 002 *Occupation:* Economist *Nationality:* Indian *Term:* Three years with effect from July 10, 2015 *DIN:* 07234290	66	Nil
Chandra Shekhar Ghosh *Designation:* Managing Director and Chief Executive Officer *Address:* B-5, Survey Park, P.O- Santoshpur, P.S.- Purba Jadavpur, Kolkata 700 075 *Occupation:* Service *Nationality:* Indian *Term:* Three years with effect from July 10, 2015, liable to retire by rotation *DIN:* 00342477	57	The Bengal Chamber of Commerce and Industry
Bhaskar Sen *Designation:* Independent Director *Address*: 178, Purbalok, 9th Street, KMC, Purba Jadavpur, Kolkata 700 099 *Occupation:* Retired banker *Nationality:* Indian *Term:* Three years with effect from April 1, 2015 up to March 31, 2018. Further our Board has approved re-appointment for a period of three years with effect from April 1, 2018 *DIN:* 03193003	65	West Bengal Financial Corporation

Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
Boggarapu Sambamurthy *Designation:* Independent Director *Address:* Flat 902, Peagaisi Meenakshi Sky Lounge, Khanamet Survey No. 50&51, Sherlingampalli, Mandalam, Hyderabad 500 081 *Occupation:* Retired Banker *Nationality:* Indian *Term:* Three years with effect from July 9, 2015 *DIN:* 00246211	69	Clearing Corporation of India Limited
Chintaman Mahadeo Dixit *Designation:* Independent Director *Address:* Laxmi Niwas 759/122, Prabhat Road, Shivaji Nagar, Pune 411 004 *Occupation:* Professional *Nationality:* Indian *Term:* Three years with effect from July 9, 2015 *DIN:* 00524318	67	• G.D. Apte & Co.; • GDA Forensics Services Private Limited; • GDA Management Consulting Private Limited; • SBI DFHI Limited; and • Stock Holding Corporation of India Limited.
Georgina Elizabeth Baker *Designation:* Nominee Director *Address:* 8316 Loring Drive, Bethesda, 20817, USA *Occupation:* Service *Nationality:* British *Term:* Not liable to retire by rotation *DIN:* 06601316	57	Nil
Dr. Holger Dirk Michaelis *Designation:* Nominee Director *Address:* 212 Depot Road, #02-63, Singapore 109700 *Occupation:* Service *Nationality:* German *Term:* Not liable to retire by rotation	48	• Ambience Investment Pte. Ltd.; • Anzen Investment Pte. Ltd.; • Aptran Investment Pte. Ltd.; • Apvest Pte. Ltd.; • Balance Investment Pte. Ltd.; • Barley Investment Pte. Ltd.;

Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
DIN: 07205838		• Chikara Investment Pte. Ltd.; • Chimera Investment Pte. Ltd.; • City- Scape Pte. Ltd.; • Clarity Investment Pte. Ltd.; • Coyote Investment Pte. Ltd.; and • Crescent Ventures Investment Pte. Ltd.; • Cruiser Investment Pte. Ltd.; • Dominant Investment Pte. Ltd.; • Duffield Investment Pte. Ltd.; • Echo Bay Investment Pte. Ltd.; • Enterprise Holding Pte. Ltd.; • Equanimity Investment Pte. Ltd.; • Etherbloom Investment Pte. Ltd.; • Euro Nordic Investment Pte. Ltd.; • Euro Summit Investment Pte. Ltd.; • Euro Ventures Pte. Ltd.; • Explorer Investment Pte. Ltd.; • Falcate Investment Pte. Ltd.; • Feline Investment Pte. Ltd. • Finn Investment Pte. Ltd.; • Flight Investment Pte. Ltd.; • Francorchamps Investment Pte. Ltd.; • Fuchsia Investment Pte. Ltd.; • Fuku Investment Pte. Ltd.; • Galactica Investment Pte. Ltd.; • Garonne Investment Pte. Ltd.; • Geranium Investment Pte. Ltd.; • Heavenly Investment Pte. Ltd.; • Heavyweight Investment Pte. Ltd.;

Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
		• Heiwa Investment Pte. Ltd.; • Intelligent Island Infrastructure Pte. Ltd.; • Iona Investment Pte. Ltd; • Kagayaku Investment Pte. Ltd.; • Kallang Investment Pte. Ltd.; • Owap Investment Pte. Ltd.; • Parkside Investment Pte. Ltd.; • Prost Investment Pte. Ltd.; • Resonance Investment Pte. Ltd.; • Sausalito Investment Pte. Ltd.; • Sepang Investment Pte. Ltd.; • Sloan Street Investment Pte. Ltd.; • Speedy Investment Pte. Ltd.; • Spielberg Investment Pte. Ltd.; • Stairway Investment Pte. Ltd.; • Techline Investment Pte. Ltd.; • Tetrad Ventures Pte. Ltd.; • Towngreen Investment Pte. Ltd.; • Trestle Investment Pte. Ltd.; • Upton Investment Pte. Ltd.; • US Venture Pte. Ltd.; • UTP Investment Pte. Ltd.; • Vencap Holdings (1992) Pte. Ltd.; • Vencap Investment Pte. Ltd.; • Warpspeed Investment Pte. Ltd.; • WBC Investment Pte. Ltd.; • WCT Investment Pte. Ltd.; • WEI Investment Pte. Ltd.; • White Hart Investment Pte. Ltd.;

Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
		• Williams Investment Pte. Ltd.; • Wolverine Investment Pte. Ltd.; and • Wynoda Investment Pte. Ltd.
Krishnamurthy Venkata Subramanian *Designation:* Independent Director *Address:* H-2, 404, Riddhi Gardens CHSL, Film City Road, Malad, Mumbai 400 097 *Occupation:* Professor *Nationality:* Indian *Term:* Three years with effect from July 9, 2015 *DIN:* 00487747	46	Nil
Ranodeb Roy *Designation:* Non- Executive Director *Address:* 1050 1 Survey Park, Kolkata 700 075 *Occupation:* Entrepreneur *Nationality:* Indian *Term:* Three years with effect from July 26, 2016. Liable to retire by rotation *DIN:* 00328764	49	• Bandhan Financial Holdings Limited; • Bandhan Financial Services Limited; • RV Capital Asia Opportunity (US) Fund; • RV Capital Asia Opportunity Fund; • RV Capital Asia Opportunity Master Fund; • RV Capital Management Private Limited; and • RV Capital UCITS Fund ICAV.
Sisir Kumar Chakrabarti *Designation:* Independent Director *Address:* 50A, Purna Das Road, Flat No. 212, Kolkata 700 029 *Occupation:* Banker (Retired) *Nationality:* Indian *Term:* Three years with effect from April 1, 2015 up to March 31, 2018. Further our Board has approved re-appointment for a period of three years with effect from April 1, 2018. *DIN:* 02848624	66	• Merino Industries Limited; • Merino Panel Products Limited; and • West Bengal State Electricity Distribution Company Limited.
Snehomoy Bhattacharya *Designation:* Independent Director	65	Nil

Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
Address: Flat- 30L, Tower IV, South City Apartment, Prince Anwarshah Road, Kolkata 700 068 *Occupation:* Banker (Retired) *Nationality:* Indian *Term:* Three years with effect from July 9, 2015 *DIN:* 02422012		
Thekedathumadam Subramani Raji Gain *Designation:* Independent Director *Address:* Flat No. 3D, Susham Apartment, 112 NSC Bose Road, Kolkata 700 040 *Occupation:* Development banker *Nationality:* Indian *Term:* Three years with effect from August 6, 2015 *DIN:* 07256149	56	Nil

Relationship between our Directors

None of our Directors are related to each other.

Brief biographies of Directors

Dr. Ashok Kumar Lahiri is Independent Director (part-time Chairman) of our Bank. He holds a masters' degree in arts (economics) from the University of Delhi and a Ph.D in philosophy from University of Delhi. He has significant experience in the banking sector. Previously, he has worked in the capacity of a Director at Asian Development Bank. He has also served as the Chief Economic Advisor to the Ministry of Finance, Government of India, has worked as an economist in the International Monetary Fund and has been involved with the World Bank. He has been a director on our Board since July 10, 2015.

Chandra Shekhar Ghosh is the Managing Director and Chief Executive Officer of our Bank. He holds a masters' degree in science (statistics) from Dhaka University. He has significant experience in the finance and microfinance sector. Previously, he has been associated as a President at the Bengal Chamber of Commerce and Industry, Chairman at Eastern Region Economic Affairs and Finance & Taxation sub-Committee of Confederation of Indian Industry. He has participated in various workshops and training programmes, including the 4th Grameen-Commenwealth Poverty Dialogue Program organised by Grameen Bank and a workshop organised by Cashpor Inc. on strategic business planning and financial modelling. He has been conferred with various awards, including, C. Rangarajan award for 'Excellence in Banking' at the 48th Skoch Summit, the CNN-News 18 'Indian of the Year' award in the 'Business' category and the 'Microfinance India' award in the category 'Lifetime contribution to the sector by an individual' and was also conferred with the 'Outstanding Leadership' Award by Dhaka University Statistics Department Alumni Association, Bangladesh. He has been a director on our Board since July 10, 2015.

Bhaskar Sen is an Independent Director of our Bank. He holds a bachelors' degree in commerce from Calcutta University. He is a Certified Associate of Indian Institute of Bankers. He has significant experience in the banking sector. Previously, he has worked United Bank of India as the chairman and managing director and at Dena Bank as an executive director. He has been a director on our Board since December 23, 2014.

Boggarapu Sambamurthy is an Independent Director of our Bank. He is a chartered accountant from the Institute of Chartered Accountants of India. He has significant experience in the banking sector. Previously, he has worked as the chairman and managing director of Corporation Bank and the director for the Institute for Development and Research in Banking Technology. He has been a director on our Board since July 9, 2015.

Chintaman Mahadeo Dixit is an Independent Director of our Bank. He is a chartered accountant from the Institute of Chartered Accountants of India. He has significant experience in finance and accountancy sector. Previously, he has worked at Life Insurance Corporation and in the capacity as a senior partner in GD Apte & Co., Chartered Accountants. He has worked in the capacity of Director in Indian Bank. He has been a director on our Board since July 9, 2015.

Georgina Elizabeth Baker is a Non-Executive Nominee Director of our Bank, nominated by IFC and IFC FIG (jointly). She holds a masters' degree in business administration from London Business School. She has significant experience in the private equity sector. Previously, she has worked in the private equity team at IFC, advising investments in manufacturing sectors in Eastern Europe and financial sector investments in South Asia, Europe, Central Asia, Middle East and North Africa. Presently, at IFC, she is the Vice President for Latin America and the Caribbean, and Europe and Central Asia. She has been a director on our Board since July 26, 2016.

Dr. Holger Dirk Michaelis is a Non-Executive Nominee Director of our Bank nominated by Caladium. He holds a masters' degree in business administration (finance) from UT Austin, USA. He holds a doctorate degree in economics from WHU Koblenz, Germany. He has significant experience in private equity and 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 presently a senior vice president of GIC Private Limited. He has been a director on our Board since February 12, 2016.

Krishnamurthy Venkata Subramanian is an Independent Director of our Bank. He holds a bachelors' degree in technology (electrical engineering) from Indian Institute of Technology, Kanpur, a masters' diploma in management from Indian Institute of Management, Calcutta and a Ph.D. from the University of Chicago. He has significant experience in the finance sector. Previously, he has worked with ICICI Bank and Tata Consultancy Services. He was also a member of the RBI Committee on Governance of Bank Boards, a member of the SEBI Committee on Corporate Governance and a member of the SEBI Alternate Investment Policy Advisory Committee. Presently, he is an associate professor of finance at Indian School of Business. He has published articles in relation to banking, law and finance, innovation, economic growth and corporate governance in leading journals, including the 'Review of Financial Studies', the ''Journal of Financial Economics', the 'Journal of Financial and Quantitative Analysis' and the 'Journal of Law and Economics'. He has been a director on our Board since July 9, 2015.

Ranodeb Roy is a Non-Executive Director of our Bank. He holds a bachelors' degree in technology in computer science and engineering from Indian Institute of Technology, Kanpur and a masters' degree in business administration (finance and marketing) from Indian Institute of Management, Ahmedabad. He has significant experience in the banking and finance sector. He is the founder of RV Capital Management Private Limited and is presently the chief executive officer of its asset management company. Previously, he has worked at Merril Lynch and at Morgan Stanley (Asia) Singapore Pte. as a managing director in the fixed income division. He has been a director on our Board since July 26, 2016.

Sisir Kumar Chakrabarti is an Independent Director of our Bank. He holds a bachelor's degree in English from Presidency College. He has significant experience in the banking industry. Previously, he has worked at State Bank of Bikaner & Jaipur and in various capacities in Axis Bank including the Chairman of the Audit Committee of Executives and Chairman of Axis Sales and Securities Limited. He has been a director on our Board since December 23, 2014.

Snehomoy Bhattacharya is an Independent Director in our Bank. He holds a bachelors' degree in science from the University of Calcutta and is a qualified cost accountant from the Institute of Cost and Works Accountant in India. He has significant experience in the public and private banking sector. Previously, he has worked in various capacities in the State Bank of Bikaner and Jaipur, including as the chief manager, international banking, and in various capacities at Axis Bank, 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, the head of human resources, and the chairman of the audit committee of executives. 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. He has been a director on or Board since July 9, 2015.

Thekedathumadam Subramani Raji Gain is an Independent Director of our Bank. She holds a masters' degree in science (agricultural physics) from Indian Agricultural Research Institute, New Delhi. She has significant experience in the field of agricultural and rural development. Previously, she has worked in various capacities in the National Bank for Agriculture and Rural Development, co-ordinating work and capacity building related to designing and conducting programmes on organisational and institutional development a micro-finance, and is currently the general manager. She has been a director on our Board since August 6, 2015.

Confirmations

None of our Directors is, or was a director of any listed company during the last five years preceding the date of the Draft Red Herring Prospectus, and the date of this Prospectus, whose shares have been, or were suspended from being traded on BSE or NSE.

None of our Directors is, or was a director of any listed company which has been, or was delisted from any recognised stock exchange.

None of our Directors have been or were identified as wilful defaulters as defined under the SEBI ICDR Regulations.

None of our Directors have committed any violation of securities laws in the past and no such proceedings, initiated by SEBI or otherwise, are pending against any Director. No consideration either in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested, by any person, either to induce any director to become, or to help such director to qualify as a Director, or otherwise for services rendered by him/ her or by the firm or company in which he/ she is interested, in connection with the promotion or formation of our Bank.

Terms of appointment of Executive Directors

Chandra Shekhar Ghosh was appointed as our Managing Director and Chief Executive Officer, pursuant to the resolution passed by our Board dated July 10, 2015 and the resolution passed by the Shareholders dated July 18, 2015, with effect from July 10, 2015 for a period of three years. Pursuant to RBI letter dated December 20, 2017, Chandra Shekhar Ghosh is entitled to a remuneration of ₹17.7 million per annum. Further, Chandra Shekhar Ghosh is entitled to perquisites which include housing, medical reimbursements, club membership, conveyance, telephone, life insurance, provident fund, gratuity, entertainment expenses, subject to certain limits. Further, pursuant to RBI letter dated August 11, 2017, Chandra Shekhar Ghosh is also entitled a variable payment of 35% of annual fixed pay for the Fiscal 2016, with 50% of the variable payment to be paid in the Fiscal 2017 and the balance in two equal instalments of 25% each in April 2017 and April 2018.

There are no contracts appointing or fixing the remuneration of the Executive Directors of our Bank entered into within, or more than the last two years before the date of the Draft Red Herring Prospectus and until the date of this Prospectus.

Payment or benefit to Directors of our Bank

Each Director is entitled to receive sitting fees of ₹50,000 per sitting pursuant to a resolution passed by the Board dated July 26, 2016 for attending meetings of the Board, and ₹30,000 per sitting for attending meetings of any of the committees of the Board within the limits prescribed under the Companies Act, 2013. The travel expenses for attending meetings of the Board or a committee thereof, site visits and other Bank related expenses are borne by our Bank, from time to time.

Remuneration to Non-Executive Directors, including Nominee Directors and Independent Directors:

The sitting fees paid to the Non-Executive Directors during Fiscal 2017 are set forth in the table below:

Name of the Director	Sitting Fees (In ₹ million)	Commission (In ₹ million)	Total (In ₹ million)
Dr. Ashok Kumar Lahiri	0.40*	-	0.40
Bhaskar Sen	0.81	-	0.81
Boggarapu Sambamurthy	0.60	-	0.60
Chintaman Mahadeo Dixit	0.46	-	0.46
Georgina Elizabeth Baker	0.15	-	0.15
Dr. Holger Dirk Michaelis	0.26	-	0.26
Krishnamurthy Venkata Subramanian	0.50	-	0.50
Ranodeb Roy	0.40	-	0.40
Sisir Kumar Chakrabarti	0.55	-	0.55
Snehomoy Bhattacharya	0.44	-	0.44
Thekedathumadam Subramani Raji Gain	0.45	-	0.45

*Pursuant to RBI letter dated May 9, 2017, RBI has approved a payment of ₹1.2 million per annum, and the same has been paid in Fiscal 2017.

Remuneration to Executive Directors:

Chandra Shekhar Ghosh received remuneration of ₹ 19.47 million in Fiscal 2017. No sitting fees or commission has been paid to him.

Arrangement or understanding with major Shareholders, customers, suppliers or others

Dr. Holger Dirk Michaelis was nominated on our Board by Caladium and Georgina Elizabeth Baker was nominated on our Board by IFC and IFC FIG (jointly), pursuant to the Policy Agreement. For further details, see "*History and Certain Corporate Matters*" beginning on page 168.

Except as stated above, there is no arrangement or understanding with major Shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed on the Board or as a member of the senior management.

Shareholding of Directors in our Bank

As per our Articles of Association, our Directors are not required to hold any qualification Equity Shares.

Except for Chandra Shekhar Ghosh, our Managing Director and Chief Executive Officer, who holds 1,474,436 Equity Shares, none of our Directors hold any Equity Shares in our Bank, as of the date of filing this Prospectus.

Appointment of relatives of our Directors to any office or place of profit

Dibakar Ghosh, brother of Chandra Shekhar Ghosh has been appointed as the Head of IT Operations- Systems and Networking of our Bank with effect from August 23, 2015, and Vaskar Ghosh, brother of Chandra Shekhar Ghosh has been appointed as the Head- Procurement of our Bank, with effect from August 23, 2015.

Except as disclosed above, no other relatives of any of our Directors hold any office of profit in our Bank.

Interest of Directors

All our Non-Executive Directors, including the Independent Directors and Nominee Directors, may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of our Board and committees thereof, and reimbursement of expenses payable to them under our Articles of Association, as approved by our Board. Our Executive Director may be deemed to be interested to the extent of other remuneration and reimbursement of expenses payable to him under our Articles of Association, and to the extent of remuneration paid for services rendered as an officer of our Bank.

None of our Directors are interested in the promotion of our Bank, except in the ordinary course of business.

Our Bank has not entered into any service contracts with our Directors which provide for benefits upon termination of employment of our Directors.

Further, our Directors have no interest in any property acquired within two years from the date of the Draft Red Herring Prospectus and until the date of this Prospectus or proposed to be acquired by our Bank. Except as stated in "*Related Party Transactions*" on page 195 and as disclosed in this section, our Directors do not have any other interest in our Bank or in any transaction by our Bank including, for acquisition of land, construction of buildings or supply of machinery.

No amount or benefit has been paid or given within the two years preceding the date of the Draft Red Herring Prospectus and until the date of this Prospectus or is intended to be paid or given to any of our Directors.

No loans have been availed by the Directors or Key Management Personnel from our Bank.

Other than as disclosed under "- *Terms of appointment of Executive Directors*" and "- *Payment or Benefit to Directors of our Bank*" beginning on page 179, none of the Directors are parties to any bonus or profit sharing plan of our Bank.

Except as disclosed in "*Related Party Transactions*" on page 195, none of the beneficiaries of loans, and advances and sundry debtors are related to our Directors. Further, except in respect of statutory benefits upon termination of their employment in our Bank or on retirement, no officer of our Bank, including our Directors and the Key Management Personnel have entered into a service contract with our Bank pursuant to which they are entitled to any benefits upon termination of employment.

Changes in our Board in the last three years

Name	Date of appointment/ change/cessation	Reason for change
Chandra Shekhar Ghosh	July 10, 2015	Appointment as a Managing Director and Chief Executive Officer
Boggarapu Sambamurthy	July 9, 2015	Appointment as a Director
Chintaman Mahadeo Dixit	July 9, 2015	Appointment as a Director
Krishnamurthy Venkata Subramanian	July 9, 2015	Appointment as a Director
Pradip Kumar Saha	July 9, 2015	Appointment as a Director
Snehomoy Bhattacharya	July 9, 2015	Appointment as a Director
Dr. Ashok Kumar Lahiri	July 10, 2015	Appointment as a part-time Chairman
Thekedathumadam Subramani Raji Gain	August 6, 2015	Appointment as a Director
Dr. Holger Dirk Michaelis	February 12, 2016	Appointment as a Nominee Director
Ranodeb Roy	July 26, 2016	Appointment as a Director
Georgina Elizabeth Baker	July 26, 2016	Appointment as a Nominee Director
Pradip Kumar Saha	February 22, 2018	Resignation

Borrowing Powers of Board

Pursuant to our Articles of Association, subject to applicable laws, our Board has been authorised to borrow sums of money with or without security, which together with the monies borrowed by our Bank (apart from the temporary loans obtained, or to be obtained from our Bank's bankers in the ordinary course of business) shall not exceed the aggregate of the paid up capital of our Bank and its free reserves (not being reserves set apart for any specific purpose).

Corporate Governance

The Corporate Governance provisions of the Listing Regulations will be applicable to us immediately upon listing of the Equity Shares on the Stock Exchanges. We are in compliance with the requirements of applicable regulations, including the Listing Regulations, the Companies Act and the SEBI ICDR Regulations, in respect of corporate governance including constitution of our Board and committees thereof, and formulation and adoption of policies. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees, as required under law.

Our Board has been constituted in compliance with the Companies Act, the Listing Regulations, and the Banking Regulation Act and in accordance with best practices in corporate governance. The Board function either as a full board, or through various committees constituted to oversee specific operational areas. The executive management of our Bank provides the Board detailed reports on its performance periodically.

Currently, our Board has 12 Directors comprising one Executive Director, eleven Non-Executive Directors, including, two Nominee Directors and eight Independent Directors of which one director is a woman director.

Committees of the Board

In addition to the committees of the Board detailed below, our Board of Directors may, from time to time, constitute committees for various functions.

Audit Committee

The members of the Audit Committee are:

1. Chintaman Mahadeo Dixit (Independent Director), Chairman;

2. Bhaskar Sen (Independent Director); and

3. Sisir Kumar Chakrabarti (Independent Director).

The Audit Committee was constituted by a meeting of our Board held on March 28, 2015 and last re-constituted on February 28, 2018. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and the Listing Regulations, and its terms of reference include the following:

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 Companies Act, 2013, 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 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 utilized 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.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

1. Bhaskar Sen (Independent Director), Chairman;

2. Boggarapu Sambamurthy (Independent Director);

3. Snehomoy Bhattacharya (Independent Director); and

4. Ranodeb Roy (Non-Executive Director).

The Nomination and Remuneration Committee was constituted by a meeting of our Board held on March 28, 2015 and was last reconstituted by our Board at their meeting held on November 22, 2017. The terms of reference of the Nomination and Remuneration Committee were revised pursuant to the resolution passed by the Board dated November 22, 2017. The scope and functions of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include:

a. 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;

b. Formulating of criteria for evaluation of the performance of the independent directors and the board of directors;

c. Devising a policy on board of director’s diversity;

d. 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;

e. 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;

f. Analyzing, monitoring and reviewing various human resource and compensation matters;

g. Determining the Bank’s policy on remuneration and any compensation payment, for the chief executive officer, the executive directors, key managerial personnel including pension rights and determination of remuneration packages of such personnel;

h. 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 of directors;

i. Reviewing and approving compensation strategy from time to time in the context of the prevailing Indian market in accordance with applicable laws;

j. To propose to the Board the members that must form part of the Nomination and Remuneration Committee;

k. To report on the systems and on the amount of the annual remuneration of directors and senior management;

l. 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, 1992; or

    ii. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;

m. Performing such other activities as may be delegated by the board of directors and/or specified/provided under the Companies Act, 2013 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;

n. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and decide their 'fit & proper' status;

o. 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;

p. To review the HR strategy & policy including the conduct & ethics of employees and directors of the Bank and review any fundamental changes in the organization structure which could have wide ranging and high risk implications;

q. 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.

Risk Management Committee

The members of the Risk Management Committee are:

1. Bhaskar Sen (Independent Director), Chairman;

2. Ranodeb Roy (Non-Executive Director);

3. Chandra Shekhar Ghosh; (Managing Director and Chief Executive Officer); and

4. Krishnamurthy Venkata Subramanian (Independent Director).

The Risk Management Committee was constituted by our Board at their meeting held on July 9, 2015, and last reconstituted by a meeting of our Board held on February 28, 2018. The scope and function of the Risk Management Committee is in accordance with the Listing Regulations. The terms of reference are as follows:

a. To oversee risk management function and obtain assurance from the respective committees and Risk Department that the risk faced by the Bank have been properly identified and are being appropriately managed;

b. To define the risk appetite of the Bank within overall parameters set by the Board in terms of business strategy and growth;

c. To ensure effectiveness in the conduct of the overall risk governance;

d. To approve risk limits at the Bank-wide level for various portfolios such as product, industry, geography, risk types, etc.;

e. To approve risk management and measurement policies. guidelines and procedures before submission to the Board;

f. To ensure effectiveness and performance of risk rating system and associated processes and controls through pre-approval validation, periodical review or as a part of annual validation exercise;

g. To oversee allocation and maintenance of sufficient resources (including IT support) for risk identification, measurement, monitoring and reporting;

h. To approve risk capital computation and place it to the Board for approval; and;

i. To reinforce the culture and awareness of risk management throughout the organization.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

1. Boggarapu Sambamurthy (Independent Director), Chairman;

2. Chintaman Mahadeo Dixit (Independent Director); and

3. Sisir Kumar Chakrabarti (Independent Director).

The Stakeholders' Relationship Committee was constituted by our Board at their meeting held on November 22, 2017. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations. The terms of reference are as follows:

a. Considering and resolving grievances of security holders of the Bank, including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends;

b. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities ;

c. Issuing duplicate certificates and new certificates on split/consolidation/renewal; and;

d. Carrying out any other function as may be decided by the board of directors or prescribed under the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, or by any other regulatory authority.

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

1. Thekedathumadam Subramani Raji Gain (Independent Director), Chairman;

2. Chandra Shekhar Ghosh (Managing Director); and

3. Chintaman Mahadeo Dixit.

The Corporate Social Responsibility Committee was constituted by our Board at their meeting held on August 6, 2015 and last reconstituted by the Board at their meeting held on February 28, 2018. The scope and function of the Corporate Social Responsibility Committee is in accordance with Section 135 of the Companies Act, 2013. The terms of reference of the Corporate Social Responsibility Committee of our Bank include the following:

a. Formulating and recommending to the Board the corporate social responsibility policy of our Bank, including any amendments thereto in accordance with Schedule VII of the Companies Act, 2013 and the rules made thereunder;

b. Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;

c. Recommending the amount of corporate social responsibility policy expenditure for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by our Bank;

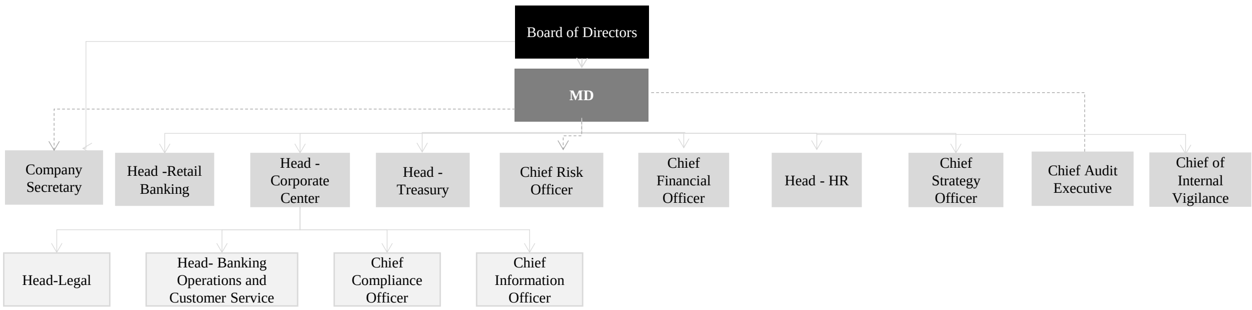
d. Identifying and appointing the corporate social responsibility team of our Bank including corporate social responsibility manager, wherever required;

e. Delegating responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;

f. Reviewing and monitoring the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and

g. Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of our Bank.

Management Organisation Chart



Key Management Personnel

The details of the Key Management Personnel of our Bank are as follows:

Chandra Shekhar Ghosh, is the Managing Director and Chief Executive Officer of our Bank. For further details, see "*Brief Biographies of Directors"* beginning on page 177. For details of compensation paid to him, see "*Payment or benefit to Directors of our Bank"* beginning on page 179.

Sunil Samdani is the Chief Financial Officer of our Bank. He holds a bachelors' degree in commerce (financial accounting and auditing) from Mumbai University and has completed an executive education programme in relation to the 'Role of a CFO: Integrating Strategy and Finance organised by Indian School of Business. He is also a qualified Chartered Accountant. He has over 21 years of experience in the finance sector. He is responsible for managing the finance, accounts and investor relation related operations of our Bank. Previously, he has worked with, among others, Development Credit Bank, Karvy Financial Services Limited and Bandhan Financial Services Private Limited. He has been associated with our Bank since April 1, 2015. During the last Fiscal, he was paid compensation of ₹ 8.52 million.

Indranil Banerjee is the Company Secretary of our Bank. He holds a bachelors' degree in science from University of Burdwan, a post graduate diploma in industrial relation and personnel management from Bhavan's Rajendra Prasad Institute of Communication and Management and is a certified associate under the Institute of Company Secretaries of India. He has over 15 years of experience in the finance sector. He is responsible for the compliance and secretarial operations of our Bank. Previously, he has worked with Bandhan Financial Services Limited, Energy Development Company Limited, Descon Limited, DPSC Limited, Dalmia Securities Private Limited, Sun Bio-technology Limited, Naha Dhar Kapur and Co. and Swell Publicity & Services Private Limited. He has been associated with our Bank since April 1, 2015. During the last Fiscal, he was paid compensation of ₹ 2.34 million.

Arvind Kanagasabai is the Head- Treasury of our Bank. He holds a bachelors' degree in commerce from University of Madras, a post graduate diploma in Human Resource Development from Madurai Kamraj University and is an associate of the Indian Institute of Bankers. He has participated in various courses and programmes, including, a programme on forex market, international finance, risk management and derivatives programme conducted by the Forex and Treasury Management Institute and another on derivatives for officers of the State Bank of India and other associate banks. He has over 28 years of experience in the banking industry. He is responsible for treasury operations in our Bank. Previously, he has worked with State Bank of India in various capacities. He has been associated with our Bank since November 24, 2016. During the last Fiscal, he was paid compensation of ₹ 2.03 million.

Biswajit Das is the Chief Risk Officer of our Bank. He holds a bachelors' degree in science from Ranchi University and is a certified associate of the Indian Institute of Bankers, Mumbai. He has over 23 years of experience in the banking industry. He is responsible for risk management of our Bank. Previously, he has worked with ICICI Bank. He has been associated with our Bank since January 18, 2016. During the last Fiscal, he was paid compensation of ₹ 4.94 million.

Mahendra Mohan Gupta is the Head-Legal of our Bank. He holds a bachelor's degree in science from Bundelkhand University, a bachelor's degree in law from Bundelkhand University, and a master's degree in law from Vikram University. He has over 32 years of experience in the legal, finance and banking industry. He is responsible for legal function in our Bank. Previously, he has worked with ICICI Bank. He has been associated with our Bank since March 14, 2017. During the last Fiscal, he was paid compensation of ₹ 0.15 million.

Nand Kumar Singh is the Head- Banking Operations and Customer Services of our Bank He holds a bachelors' degree in arts from Bhagalpur University, a diploma in business management from Institute of Management Technology Centre for Distance Learning, Ghaziabad and is a certified associate of the Indian Institute of Bankers. He has over 25 years of experience in the banking industry. He is responsible for banking operations and customer service relations in our Bank. Previously, he has worked with State Bank of India, Axis Bank Limited and Bandhan Financial Services Private Limited. He has been associated with our Bank since August 23, 2015. During the last Fiscal, he was paid compensation of ₹ 5.54 million.

Rahul Johri is the Head- Retail Banking of our Bank. He holds a bachelors' degree in technology from Indian Institute of Technology, Kharagpur and a masters' degree in business management from XLRI Xavier School of Management, Jamshedpur. He has over 26 years of experience in the banking industry. He is responsible for the retail banking operations in our Bank. Previously, he has worked with DBS Bank Limited. He has been associated with our Bank since March 1, 2016. During the last Fiscal, he was paid compensation of ₹ 13.66 million.

Santanu Banerjee is the Head- Human Resources of our Bank. He holds a bachelors' degree in science from Calcutta University and a masters' degree in business administration from University of Calcutta. He has over 23 years of experience in the banking and finance industry. He is responsible for human resource operations in our Bank. Previously, he has worked with Nicco Uco Alliance Credit Limited (formerly known as Nicco Uco Financial Services Limited) and with Axis Bank as the senior vice president, human resources. He has been associated with our Bank since August 23, 2015. During the last Fiscal, he was paid compensation of ₹ 7.55 million.

Sourav Kar is the Chief Compliance Officer of our Bank. He holds a bachelors' degree in commerce from St. Xaviers' College, Kolkata, and a masters' degree in business management from Jadavpur University. He has over 25 years of experience in the banking industry. He is responsible for banking compliance operations of our Bank. Previously, he has worked with ING Vysya Bank Limited He has been associated with our Bank since August 23, 2015. During the last Fiscal, he was paid compensation of ₹ 3.77 million

Subhro Kumar Gupta is the Chief Audit Executive of our Bank. He holds a masters' degree in science (mathematics) and a masters' degree in business administration from Delhi University. He has over 32 years of experience in the banking industry. He is responsible for audit functions in our Bank. Previously, he has worked with ICICI Bank Limited. He has been associated with our Bank since February 6, 2017. During the last Fiscal, he was paid compensation of ₹ 1.22 million.

Vijaykumar Ramkrishna is the Chief Information Officer of our Bank. He holds a bachelors' degree in engineering, electronics and telecommunication engineering from Amravati University and a master's degree in business administration from Indira Gandhi National Open University. He holds a diploma in industrial electronics from the Board of Technical Examinations, Maharashtra. He has over 20 years of experience in the information technology industry. He is responsible for information technology function in our Bank. Previously, he has worked with Yes Bank, and Intuit India Product Development Centre. He has been associated with our Bank since February 1, 2016. During the last Fiscal, he was paid compensation of ₹ 7.46 million.

None of our Key Management Personnel are related to each other.

All our Key Management Personnel are permanent employees of our Bank.

Shareholding of Key Management Personnel

Except for Chandra Shekhar Ghosh, Managing Director and Chief Executive Officer of our Bank, who holds 1,474,436 Equity Shares, none of our Key Management Personnel hold any Equity Shares in our Bank.

Bonus or profit sharing plans

None of the Key Management Personnel are party to any bonus or profit sharing plan of our Bank other than the performance linked incentives given to Key Management Personnel.

Interests of Key Management Personnel

The Key Management Personnel do not have any interest in our Bank other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them in the ordinary course of business. The Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held by them in our Bank, if any.

None of the Key Management Personnel have been paid any consideration of any nature from our Bank on whose rolls they are employed, other than their remuneration.

Further, there is no arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any Key Management Personnel was selected as member of senior management.

Changes in the Key Management Personnel

The changes in the Key Management Personnel in the last three years are as follows:

Name	Designation	Date of change	Reason for change
Swapan Kumar Giri	Head- Banking Operations and Customer Services	March 31, 2016	Resignation
Satish Tryambak Shimpi	Head- Compliance	November 30, 2016	Resignation
Sunanda Kumar Mitra	Head- General Banking	April 16, 2016	Expiry of contract
K.M. Ganesh	Chief Audit Executive	October 9, 2015	Resignation
Ashok Kumar Valechha	Chief Audit Executive	June 10, 2016	Resignation
Srikumar Vadake Varieth	Head- Legal	September 2, 2016	Resignation
Uday Narayan Mitra	Head- Treasury	August 31, 2016	Expiry of contract
Arun Raman	Head-Banking Operations and Customer Services	November 30, 2017	Resignation
Ananta Kumar Mohanty	Chief Information Officer	November 21, 2015	Resignation

Payment or Benefit to officers of our Bank

No amount or benefit, other than remuneration, has been paid or given or is intended to be paid or given to any of our Bank's employees including the Key Management Personnel within the two years preceding the date of filing of the Draft Red Herring Prospectus and until the date of this Prospectus.

Employees Stock Options

For details in relation to employee stock option plans of our Company, see "*Capital Structure*" beginning on page 65.

OUR PROMOTERS AND PROMOTER GROUP

As on the date of this Prospectus, the Promoters of our Bank are BFHL, BFSL, FIT and NEFIT. Except for BFHL, none of our Promoters hold any Equity Shares in our Bank. BFHL holds 981,483,046 Equity Shares, representing 89.62% of the pre-Issue paid-up Equity Share capital of our Bank.

Details of our Promoters

A. BFSL

Corporate information

BFSL was incorporated as Ganga Niryat Private Limited, a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated August 3, 1995 issued by the RoC. The name of BFSL was changed from Ganga Niryat Private Limited to Bandhan Financial Services Private Limited, and a fresh certificate of incorporation consequent upon change of name dated April 27, 2007 was issued by the RoC. Subsequently, upon conversion into a public limited company, the name of BFSL was changed from Bandhan Financial Services Private Limited to Bandhan Financial Services Limited, and a fresh certificate of incorporation consequent upon change of name dated December 17, 2014 was issued by the RoC.

On October 17, 2007, BFSL obtained a registration from the RBI as a non-banking financial institution for purposes of carrying out non-banking financial activities without accepting public deposits. Subsequently, BFSL was converted into a non-banking financial company-micro finance institution by way of certificate of registration dated September 5, 2013 issued by the RBI permitting BFSL to engage in the business of micro finance. BFSL obtained registration dated September 21, 2017 as a non-banking financial company-core investment company from the RBI.

On April 9, 2014, the RBI granted in-principle approval to BFSL for setting up a bank in the private sector. Upon receipt of the in-principle approval, BFSL and our Bank entered into the Business Transfer Agreement to transfer all of BFSL's existing micro finance business including, all the assets, liabilities, accumulated profits and its entire infrastructure along with its wide consumer base to our Bank. For further details, see "*History and Certain Corporate Matters – Summary of Key Agreements*" beginning on page 170. On the effective date of transfer under the Business Transfer Agreement, being August 23, 2015, our Bank's advances were ₹ 77,687.9 million and deposits and borrowings were ₹ 93,234.0 million. Consequently, BFSL ceased to have any business activity of its own, other than holding investment in BFHL. For further details, see "*Details of our Promoters - BFHL*" beginning on page 191.

The registered office of BFSL is located at DN 32, Sector V, Salt Lake, Kolkata, West Bengal 700 091. For financial information in respect of BFSL, see "*Financial Statements – BFSL*" beginning on page 313.

Board of directors of BFSL

The following table sets forth details of the board of directors of BFSL as on the date of this Prospectus:

Sr. No.	Name of the director	Designation
1.	Asit Pal	Chairman, independent director
2.	Yogesh Chand Nanda	Non-executive director
3.	Vishwanath Prasad Singh	Independent director
4.	Rajendra Kumar Ghose	Non-executive director
5.	Ranodeb Roy	Independent director
6.	Pankaj Sood	Nominee director (appointed on behalf of Caladium)
7.	Kailash Chand Vaid	Nominee director (appointed on behalf of SIBDI)
8.	Asoka Chatterjee	(Additional) director

Shareholding pattern of BFSL

The authorised share capital of BFSL is ₹ 1,500,000,000 divided into 150,000,000 equity shares of face value of ₹ 10 each.

The shareholding pattern of BFSL as on the date of this Prospectus is as follows:

Sr. No.	Name of shareholders	Number of equity shares of ₹ 10 each	Percentage of total equity share capital of BFSL (%)
1.	FIT	42,061,424	32.91
2.	Caladium	21,350,912	16.70
3.	BEWT	18,680,922	14.61
4.	IFC	17,368,339	13.59
5.	SIDBI	10,393,489	8.13
6.	NEFIT	10,000,000	7.82
7.	IFC FIG	3,646,937	2.85
8.	Angshuman Ghosh	2,383,613	1.86
9.	Satyajit Ghosh	336,933	0.26
10.	Swapan Kumar Saha	330,711	0.26
11.	Pritish Kumar Saha	322,333	0.25
12.	Kalyan Kundu	319,000	0.25
13.	Partha Pratim Samanta	317,333	0.25
14.	Sudhanya Nopti	38,889	0.03
15.	Chandra Shekhar Ghosh	32,104	0.03
16.	Vaskar Chandra Ghosh	24,289	0.02
17.	Rabindra Nath Biswas	23,378	0.02
18.	Swapan Kumar Ghosh	19,289	0.02
19.	Nilima Ghosh	17,894	0.01
20.	Debabsish Mandal	11,667	0.01
21.	Mrinmoy Mondal	7,778	0.01
22.	Mritunjoy Mondal	7,778	0.01
23.	Ramprasad Mohanta	6,867	0.01
24.	Nilavo Seal	6,667	0.01
25.	Tapan Kumar Kundu	6,389	0.00
26.	Arpita Sen	6,222	0.00
27.	Ronendra Chowdhury	6,222	0.00
28.	Saikat Banerjee	6,222	0.00
29.	Maneeta Rathore	6,222	0.00
30.	Piyali Bhattacharjee	6,222	0.00
31.	Anirban Sarkar	6,222	0.00
32.	Amit Kumar Sanki	6,222	0.00
33.	Amalesh Sharma	6,222	0.00
34.	Biplob Sen	5,389	0.00
35.	Suvendu Chakraborty	5,000	0.00
36.	Prashanta Roy	5,000	0.00
37.	Suman Bardhan	5,000	0.00
38.	Manoj Mitra	4,667	0.00
39.	Satyajit Sankhari	4,667	0.00
40.	Subodh Kumar Majumder	4,000	0.00
41.	Sonjit Chandra Roy	3,889	0.00

Sr. No.	Name of shareholders	Number of equity shares of ₹ 10 each	Percentage of total equity share capital of BFSL (%)
42.	Kalyan Das	3,889	0.00
43.	Subodh Nandi	3,889	0.00
44.	Hriday Sen	3,000	0.00
45.	Pravakar Ghosh	3,000	0.00
46.	Fatik Bera	2,500	0.00
47.	Subash Chandra Bose	2,000	0.00
48.	Pankoj Paul	500	0.00
	Total	**127,821,101**	**100**

Certain shareholders of BFSL are employees of our Bank.

Certain shareholders of BFSL have entered into the Restated Shareholders Agreement with BFSL to regulate their relationship with respect to their investment in BFSL. These include, among others, tag along and drag along rights, right of first refusal, pre-emptive rights, certain corporate governance rights and the manner in which any decisions are required to be made by BFSL in respect of any of its subsidiaries, shall be taken by BFSL. Neither our Bank nor BFHL are a party to the Restated Shareholders Agreement.

Promoters of BFSL

The promoters of BFSL are FIT and NEFIT, which are public charitable trusts. For further details, see "*Details of our Promoters - FIT*" and "*Details of our Promoters – NEFIT*" on page 192.

Changes in the management and control

There has been no change in the management and control of BFSL in the three years immediately preceding the date of the Draft Red Herring Prospectus.

B. BFHL

Corporate information

BFHL was incorporated as a public limited company under the Companies Act, 2013, pursuant to a certificate of incorporation dated November 17, 2014 issued by the RoC.

BFSL was accorded in-principle approval by the RBI on April 9, 2014 for setting up a bank in the private sector, subject to compliance with the RBI New Bank Licensing Guidelines. Pursuant to the aforesaid in-principle approval, and in accordance with the RBI New Bank Licensing Guidelines, BFHL was set up to act as a non-operating financial holding company of our Bank. As per the RBI New Bank Licensing Guidelines, BFHL obtained registration as a non-banking financial institution without accepting public deposits from the RBI on June 4, 2015.

The registered office of BFHL is located at DN 32, Sector V, Salt Lake, Kolkata, West Bengal 700 091.

Board of directors of BFHL

The following table sets forth details of the board of directors of BFHL as on the date of this Prospectus:

Sr. No.	Name of the director	Designation
1.	Jayanta Kumar Sinha	Independent director
2.	Yogesh Chand Nanda	Non-executive director
3.	Ranodeb Roy	Non-executive director
4.	Sharmistha Banerjee	Independent director
5.	Ashok Banerjee	Independent director
6.	Pankaj Sood	Nominee director (on behalf of Caladium)

Shareholding pattern of BFHL

The authorised share capital of BFHL is ₹ 50,000,000,000 divided into 5,000,000,000 equity shares of face value of ₹ 10 each.

The shareholding pattern of BFHL as on the date of this Prospectus is as follows:

S. No.	Name of shareholders	Number of equity shares of ₹ 10 each	Percentage of total equity share capital of BFHL (%)
1.	BFSL	2,593,604,000	100
	Total	**2,593,604,000****	**100**

** *This includes five equity shares held by five nominees of BFSL, of which one equity share each is held by Satyajit Ghosh, Arpita Sen, Amit Kumar Sanki, Kalyan Kundu, and Amalesh Sharma, as nominees of BFSL.*

Promoter of BFHL

The promoter of BFHL is BFSL. For further details, see "*Details of our Promoters - BFSL*" beginning on page 189.

Changes in the management and control

There has been no change in the management and control of BFHL in the three years immediately preceding the date of the Draft Red Herring Prospectus.

C. FIT

FIT was formed pursuant to a trust deed dated March 16, 2009, as an irrevocable charitable trust with objectives including *inter alia* eliminating functional illiteracy in India by making education economically relevant and fostering community commitment to education to ensure that the underprivileged are motivated to invest in the education of their children, promoting micro finance institutions with a view to expand micro finance services at the grass root level across India, and ensuring the availability of affordable financial services to the underprivileged through enhancing capacity of microfinance institutions by bridging the existing gap in demand and supply of financial services.

The registered office of FIT is located at 302 Kirti Deep, Nangal Raya, New Delhi 110 046.

The settlor of FIT is Bandhan Konnagar, a society registered under the West Bengal Societies Registration Act, 1961, engaged in various activities, including promotion and support of micro finance institutions in India ("**Bandhan Konnagar**"). Yogesh Chand Nanda, Vijayalakshmi Das and Jayanta Choudhary are the trustees of FIT.

D. NEFIT

NEFIT was formed pursuant to trust deed dated December 14, 2009, as an irrevocable charitable trust with objectives including *inter alia* eliminating illiteracy in India by making education available to the underprivileged and fostering community commitment to education so that the underprivileged are motivated to invest in the education of their children, reducing healthcare expenditure of underprivileged families along with ensuring easy accessibility to healthcare services, and working towards protection of our environment through a systematic approach, including plantation of trees.

The registered office of NEFIT is located at Akhaura Road, P.O. Ramnagar, Agartala, Distict West Tripura, Tripura 799 002.

Bandhan Konnagar is the settlor of NEFIT. Amit Hazra, Sanjit Kumar Mallick, and Rajendra Kumar Ghosh are the trustees of NEFIT.

Our Bank confirms that the permanent account numbers, bank account numbers, the company/trust registration numbers/details of our Promoters, as applicable, and the addresses of the relevant authorities where our Promoters are registered were submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus with the Stock Exchanges.

Interest of our Promoters

Our Promoters are interested in our Bank to the extent that they have promoted our Bank and to the extent of their shareholding in our Bank, directly and indirectly, and the dividends payable, if any, and any other distributions in respect of the Equity Shares held by them in our Bank. For details of the shareholding of our Promoters in our Bank, see "*Capital Structure*" beginning on page 65. Our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Bank.

Except as disclosed in this Prospectus, our Promoters are not interested as a member of a company, and no sum has been paid or agreed to be paid to our Promoters or to such company in cash or shares or otherwise by any person for services rendered by our Promoters or by such company in connection with the promotion or formation of our Bank.

Our Promoters are not related to any sundry debtors of our Bank.

Our Promoters are not interested in transactions related to any property acquired by our Bank in the two years preceding the date of filing of the Draft Red Herring Prospectus and until the date of this Prospectus, or proposed to be acquired by our Bank, as a vendor of the property or otherwise.

Our Promoters are not interested in any transactions for the acquisition of land, construction of building or supply of machinery.

Payment of benefits to our Promoters

Except in the ordinary course of business and as disclosed in "*Related Party Transactions*" on page 195, our Bank has not entered into any contract, agreements or arrangements during the two years from the date of the Draft Red Herring Prospectus and until the date of this Prospectus, nor does our Bank propose to enter into any such contract, arrangement or agreements in which our Promoters are directly or indirectly interested. No payments or benefits are intended to be made to them or have been made to them in respect of the contracts, agreements or arrangements which are entered into with them during the two years from the date of the Draft Red Herring Prospectus and until the date of this Prospectus.

Disassociation by our Promoters in the immediately preceding three years

None of our Promoters have disassociated themselves from any companies during the three immediately preceding years the date of the Draft Red Herring Prospectus and until the date of this Prospectus.

Confirmations

None of our Promoters or members of the Promoter Group have been declared as wilful defaulters, as defined under the SEBI ICDR Regulations.

None of our Promoters or members of the Promoter Group have been prohibited from accessing or operating in capital markets under any order or direction passed by the SEBI or any other regulatory or governmental authority.

Our Promoters and members of the Promoter Group are not and have not been promoters, directors or persons in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by the SEBI or any other regulatory or governmental authority.

Promoter Group

Details of the Promoter Group of our Bank are set forth below:

1. Bandhan Konnagar.

OUR GROUP COMPANIES

Pursuant to resolution dated December 19, 2017, our Board has noted that 'group companies' shall mean and include (a) only those companies which constitute part of the related parties of our Bank under the relevant accounting standards, as per the Restated Summary Statements, expect the Promoters of our Bank and (b) such other companies as considered material by our Board. For the purposes of (b) above, our Board has approved that for the purpose of disclosure in connection with the Issue, a company shall be considered material (i) if such company is a member of the Promoter Group of our Bank; and (ii) a material adverse change in such company, can lead to a material adverse effect on our Bank, its revenues and profitability. Accordingly, our Bank has noted that there are no group companies as of the date of filing of this Prospectus.

RELATED PARTY TRANSACTIONS

For details of related party transactions during the last three Fiscals and nine months ended December 31, 2017, as per the requirements under Accounting Standard 18 "Related Party Disclosures" issued by the ICAI, see "*Financial Statements – Restated Summary Statements of our Bank* for *Fiscals ended March 31, 2015, March 31, 2016 and March 31, 2017 and nine month period ended December 31, 2017 – Annexure 22*" beginning on page 197.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Banking Regulation Act and regulations made thereunder, Articles of Association and applicable law, including the Companies Act, 2013. The dividend policy of our Bank was approved and adopted by our Board at their meeting held on March 28, 2015. The dividend, if any, will depend on a number of factors, including but not limited to the reserve requirements, earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position of our Bank.

We have not declared any dividends in any of the Fiscals preceding filing of this Prospectus.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Auditors' Report on the restated summary statement of assets and liabilities as at September 30, 2017, March 31, 2017, September 30, 2016 and March 31, 2016 and restated summary statements of profits and losses and cash flows for the six month periods ended September 30, 2017, March 31, 2017, September 30, 2016 and March 31, 2016 of Bandhan Bank Limited (collectively, the "Restated Half Yearly Summary Statements")

The Board of Directors,
Bandhan Bank Limited
DN 32, Sector V
Salt Lake City, Kolkata 700 091
India

Dear Sirs,

1. We have examined the attached Restated Half Yearly Summary Statements of Bandhan Bank Limited (the "Bank") as at September 30, 2017, March 31, 2017, September 30, 2016, and March 31, 2016 and for each of the six month periods ended September 30, 2017, March 31, 2017, September 30, 2016 and March 31, 2016, annexed to this report and prepared by the Bank for the purpose of inclusion in the offer document, in connection with its proposed Initial Public Offer of equity shares of face value of Rs.10 each ("IPO"). The Restated Half Yearly Summary Statements, which have been approved by the Board of Directors of the Bank, have been prepared by the Bank in accordance with the requirements of relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "ICDR Regulations") issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992, to the extent applicable.

Management's Responsibility for the Restated Half Yearly Summary Statements

2. The preparation of Restated Half Yearly Summary Statements, which is to be included in the offer documents is the responsibility of the Management of the Bank for the purpose set out in paragraph 13 below. The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Half Yearly Summary Statements. The Management is also responsible for identifying and ensuring that the Bank complies with the ICDR Regulations, to the extent applicable.

Auditors' Responsibilities

3. We have examined such Restated Half Yearly Summary Statements taking into consideration:

    a) the terms of reference and our engagement agreed with you vide our engagement letter dated November 02, 2017, requesting us to carry out work on such Restated Half Yearly Summary Statements, proposed to be included in the offer document of the Bank in connection with the Bank's proposed IPO;

    b) the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (the "Guidance Note"); and

    c) the requirements of applicable provisions of the ICDR Regulations, to the extent applicable.

4. The Bank proposes to make a IPO of equity shares, having a face value of Rs. 10 each, at such premium, arrived at by the book building process (referred to as the 'Offer'), as may be decided by the Board of Directors of the Bank.

Restated Half Yearly Summary Statements as per audited financial statements

5. The Restated Half Yearly Summary Statements have been compiled by the management from the audited financial statements of the Bank as at and for each of the six month periods ended September 30, 2017, March 31, 2017, September 30, 2016, and March 31, 2016, which have been approved by the Board of Directors at their meeting held on November 22, 2017, November 22, 2017, November 22, 2017 and November 22, 2017, respectively.

6. For the purpose of our examination, we have relied on Auditors' Report issued by us dated November 22, 2017, November 22, 2017, November 22, 2017 and November 22, 2017 on the financial statements of the Bank as at and for each of the six month periods ended September 30, 2017, March 31, 2017, September 30, 2016 and March 31, 2016, respectively, as referred in Para 5 above.

7. Based on our examination, in accordance with the requirements of the ICDR Regulations (to the extent applicable), Guidance Note and terms of our engagement agreed with you, we report that:

   a) The restated summary statement of assets and liabilities of the Bank as at September 30, 2017, March 31, 2017, September 30, 2016, and March 31, 2016 examined by us, as set out in Annexure 1 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Summary Statement of Material Adjustments and Regroupings.

   b) The restated summary statement of profit and loss of the Bank for each of the six month periods ended September 30, 2017, March 31, 2017, September 30, 2016, and March 31, 2016 examined by us, as set out in Annexure 2 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Summary Statement of Material Adjustments and Regroupings.

   c) The restated summary statement of cash flows of the Bank for each of the six month periods ended September 30, 2017, March 31, 2017, September 30, 2016, and March 31, 2016 examined by us, as set out in Annexure 3 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Summary Statement of Material Adjustments and Regroupings.

   d) Based on the above and according to the information and explanations given to us, we further report that:

      i) The accounting policies as at and for the period ended September 30, 2017 are materially consistent with the policies adopted for the six month periods ended March 31, 2017, September 30, 2016 and March 31, 2016. Accordingly, no adjustments have been made to the audited financial statements of the respective periods presented on account of changes in accounting policies.

      ii) Restated Half Yearly Summary Statements have been made after incorporating adjustments for the material amounts in the respective financial periods to which they relate;

      iii) Restated Half Yearly Summary Statements do not contain any extra-ordinary items that need to be disclosed separately in the Restated Half Yearly Summary Statements; and

      iv) There are no qualifications in the auditors' reports on the audited financial statements of the Bank as at and for each of the six month periods ended September 30, 2017, March 31, 2017, September 30, 2016, and March 31, 2016, which require any adjustments to the Restated Half Yearly Summary Statements.

8. We have not audited any financial statements of the Bank as of any date or for any period subsequent to September 30, 2017. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Bank as of any date or for any period subsequent to September 30, 2017.

Other Financial Information

9. At the Bank's request, we have also examined the following restated financial information of the Bank proposed to be included in the offer document, prepared by the Management and approved by the Board of Directors of the Bank on November 22, 2017 and annexed to this report relating to the

Bank as at and for each of the six month periods ended September 30, 2017, March 31, 2017, September 30, 2016 and March 31, 2016.

i) Restated Statement of Share Capital, enclosed as Annexure 6

ii) Restated Statement of Reserves & Surplus, enclosed as Annexure 7

iii) Restated Statement of Deposits, enclosed as Annexure 8

iv) Restated Statement of Borrowings, enclosed as Annexure 9

v) Restated Statement of Other Liabilities and Provisions, enclosed as Annexure 10

vi) Restated Statement of Cash and balances with Reserve Bank of India, enclosed as Annexure 11

vii) Restated Statement of Balances with Banks and Money at call and short notice, enclosed as Annexure 12

viii) Restated Statement of Investments, enclosed as Annexure 13

ix) Restated Statement of Advances, enclosed as Annexure 14

x) Restated Statement of Fixed Assets, enclosed as Annexure 15

xi) Restated Statement of Other Assets, enclosed as Annexure 16

xii) Restated Statement of Contingent liabilities, enclosed as Annexure 17

xiii) Restated Statement of Interest/discount on advances/bills, enclosed as Annexure 18

xiv) Restated Statement of Other Income, enclosed as Annexure 19

xv) Restated Statement of Interest expended, enclosed as Annexure 20

xvi) Restated Statement of Operating expenses, enclosed as Annexure 21

xvii) Notes forming part of the restated half yearly summary statements, enclosed as Annexure 22

xviii) Restated Statement of Accounting Ratios, enclosed as Annexure 23

10. According to the information and explanations given to us, in our opinion, the Restated Half Yearly Summary Statements and the abovementioned restated financial information contained in Annexures 6 to 23 accompanying this report, read with Summary of Significant Accounting Policies disclosed in Annexure 5, are prepared after making adjustments and regroupings as considered appropriate and disclosed in Annexure 4 and have been prepared in accordance with the ICDR Regulations, to the extent applicable, and Guidance Note.

11. This report should not in any way be construed as a reissuance or redating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. Our report is intended solely for use of the management for inclusion in the offer document to be filed with SEBI, BSE Limited, the National Stock Exchange of India Limited and Registrar of Companies, West Bengal in connection with the proposed IPO of the Bank. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

Yours faithfully,

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Kabra
Partner
Membership No.: 094533

Kolkata

November 22, 2017

BANDHAN BANK LIMITED

Annexure - 1 : Restated Summary Statement of Assets and Liabilities

(₹ In Million)

	Annexure	As at 30 September 2017	As at 31 March 2017	As at 30 September 2016	As at 31 March 2016
Capital & Liabilities					
Capital	6	10,951.41	10,951.41	10,951.41	10,951.41
Reserves & Surplus	7	40,089.68	33,513.14	27,618.01	22,393.62
Deposits	8	2,54,421.70	2,32,286.58	1,78,807.80	1,20,887.48
Borrowings	9	8,058.18	10,289.38	18,295.52	30,516.48
Other liabilities and provisions	10	10,507.41	15,320.39	9,042.86	12,816.01
Total		**3,24,028.38**	**3,02,360.90**	**2,44,715.60**	**1,97,565.00**
Assets					
Cash and balances with Reserve Bank of India	11	25,011.93	60,120.66	18,644.43	8,102.87
Balance with Banks and Money at call and short notice	12	28,188.91	13,529.33	4,515.63	23,631.13
Investments	13	71,736.50	55,164.87	52,962.69	37,580.34
Advances	14	1,93,416.81	1,68,390.78	1,64,561.54	1,24,375.46
Fixed Assets	15	2,347.58	2,517.86	2,206.14	2,372.31
Other Assets	16	3,326.65	2,637.40	1,825.17	1,502.89
Total		**3,24,028.38**	**3,02,360.90**	**2,44,715.60**	**1,97,565.00**
Contingent liabilities	17	251.51	236.30	212.77	49.02
Bills for collection		-	-	-	-
Significant Accounting Policies and Notes to Restated Half Yearly Summary Statement	5 & 22				

The accompanying annexures are an intergral part of this statement.

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

Dr. A. K. Lahiri
Chairman

Chandra Shekhar Ghosh
Managing Director & CEO

C.M. Dixit
Director

Place : Kolkata
Date : 22nd November 2017

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

BANDHAN BANK LIMITED

Annexure - 2 : Restated Summary Statement of Profit and Loss

(₹ In Million)

	Annexure	Half-Year ended 30 September 2017	Half-Year ended 31 March 2017	Half-Year ended 30 September 2016	Half-Year ended 31 March 2016
I. Income					
Interest Earned	18	22,734.77	20,923.91	18,163.18	12,980.17
Other Income	19	3,446.03	2,145.68	1,968.46	1,360.64
Total		**26,180.80**	**23,069.59**	**20,131.64**	**14,340.81**
II. Expenditure					
Interest Expended	20	8,364.25	7,963.65	7,088.46	5,061.02
Operating Expenses	21	6,298.20	5,699.11	4,520.93	5,231.67
Provisions & Contingencies	22.1	1,425.81	424.30	460.05	478.65
TOTAL		**16,088.26**	**14,087.06**	**12,069.44**	**10,771.34**
III Profit before tax (I-II)		10,092.54	8,982.53	8,062.20	3,569.47
IV. Tax Expenses					
- Current tax		3,676.61	3,266.29	2,985.54	1,556.41
- Deferred tax		(160.61)	(178.90)	(147.73)	(394.38)
TOTAL		**3,516.00**	**3,087.39**	**2,837.81**	**1,162.03**
V. Profit after tax as restated (III-IV)		**6,576.54**	**5,895.14**	**5,224.39**	**2,407.44**
VI. Earnings per Share					
Basic & Diluted (Rs.) *	22.14	6.01	5.38	4.77	2.38
Face value per share (Rs.)		10	10	10	10
Significant Accounting Policies and Notes to Restated Half Yearly Summary Statement	5 & 22				

The accompanying annexures are an intergral part of this statement.
* Not annualised.

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

Dr. A. K. Lahiri
Chairman

Chandra Shekhar Ghosh
Managing Director & CEO

C.M. Dixit
Director

Place : Kolkata
Date : 22nd November 2017

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

BANDHAN BANK LIMITED

Annexure - 3 : Restated Summary Statement of Cash Flows

(₹ In Million)

Particulars	Half-Year ended 30 September 2017	Half-Year ended 31 March 2017	Half-Year ended 30 September 2016	Half-Year ended 31 March 2016
A. Cash flow from Operating Activities :				
Profit Before Taxation	10,092.54	8,982.53	8,062.20	3,569.47
Adjustments for :				
Depreciation and amortization	403.13	388.75	279.77	312.25
Provision on Standard Assets	316.56	(7.11)	331.17	437.32
Provision for non - performing assets & Other Contingencies	1,054.11	412.51	128.88	41.33
Interest income on fixed deposits	(7.54)	(0.08)	(0.09)	(1.22)
Provision for depreciation in value of investments	55.14	18.90	-	-
Loss on Sale of Fixed Assets	-	(0.27)	3.28	-
Operating Profit Before Working Capital Changes	**11,913.94**	**9,795.23**	**8,805.21**	**4,359.15**
Movements in working capital :				
Increase in Advances	(26,099.40)	(4,224.58)	(40,304.79)	(45,172.25)
Increase in Other Assets	(528.63)	(633.33)	(174.56)	1,496.54
Decrease/(Increase) in Investment	(6,449.01)	2,804.79	5,483.71	(2,801.82)
Increase in Deposit	22,135.12	53,478.78	57,920.32	1,08,668.47
Increase/(Decrease) in Other Current Liabilities and Provisions	(5,825.10)	6,522.69	(4,806.83)	6,238.62
Cash generated from operations	**(4,853.08)**	**67,743.58**	**26,923.06**	**72,788.71**
Direct Taxes Paid	(2,961.79)	(3,521.49)	(2,293.22)	(2,263.08)
Net Cash flows generated from/(used in) Operating Activities (A)	**(7,814.87)**	**64,222.09**	**24,629.84**	**70,525.63**
B. Cash flow from Investing Activities :				
Purchase of Fixed Assets/Capital work-in-progress	(232.85)	(701.00)	(116.88)	(119.61)
Sale of Fixed Assets/Capital work-in-progress	-	0.76	0.03	-
Interest income on fixed deposits	7.54	0.08	0.09	1.22
Increase in Held to Maturity Investment	(10,177.75)	(5,025.87)	(20,866.06)	(11,233.98)
Deposits (created)/encashed with banks and financial institutions	(999.90)	0.28	(0.40)	1,318.43
Net Cash flows used in Investing Activities (B)	**(11,402.96)**	**(5,725.75)**	**(20,983.22)**	**(10,033.94)**
C. Cash flow from Financing Activities :				
Proceeds from share issue(Including share premium)	-	-	-	4,816.04
Net proceeds from short term borrowings	1,468.14	532.90	-	-
Repayment of long term borrowings	(3,699.35)	(8,539.04)	(12,220.96)	(54,966.21)
Net Cash flows used in Financing Activities(C)	**(2,231.21)**	**(8,006.14)**	**(12,220.96)**	**(50,150.17)**
Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)	**(21,449.04)**	**50,490.20**	**(8,574.34)**	**10,341.52**
Cash and Cash Equivalents at the beginning of the period	73,647.33	23,157.13	31,731.47	21,389.95
Cash and Cash Equivalents at the end of the period	**52,198.29**	**73,647.33**	**23,157.13**	**31,731.47**
Components of Cash and Cash Equivalents :				
Cash and Balances with Reserve Bank of India (Refer Annexure 11)	25,011.93	60,120.66	18,644.43	8,102.87
Balance with Banks and Money at call and short notice (Refer Annexure 12)	27,186.36	13,526.67	4,512.70	23,628.60
	52,198.29	**73,647.33**	**23,157.13**	**31,731.47**

Cash and Cash Equivalents excludes Fixed Deposits as at 30 September 2017: 1002.55 million, 31 March 2017: Rs.2.66 million, 30 September 2016: 2.93 million and 31 March 2016: Rs.2.53 million with original maturity of more than three months.

The accompanying annexures are an intergral part of this statement.
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

Dr. A. K. Lahiri
Chairman

Chandra Shekhar Ghosh
Managing Director & CEO

C.M. Dixit
Director

Place : Kolkata
Date : 22nd November 2017

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

Bandhan Bank Limited
Annexure - 4 : Restated Statement of Material Adjustment and Regrouping

1) Material Adjustments

The accounting policies as at and for the period ended September 30, 2017 are materially consistent with the policies adopted for each of the six month periods March 31, 2017, September 30, 2016, and March 31, 2016. Accordingly, no adjustments have been made to the audited financial statements of the respective periods presented on account of changes in accounting policies.

2) Material Regroupings

Appropriate adjustments have been made in the restated summary of Assets and Liabilities , Profit and Loss and Cash flows in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended), by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financial statements of the Bank as at and for the half year ended September 30, 2017. The material regrouping made in the Restated Half-Yearly Summary Statement is as under:

Advance Income Tax aggregating to Rs 1,592.30 million were presented as a part of other assets as at March 31, 2016, which have been regrouped and shown as deduction from Provision for Income Tax.

BANDHAN BANK LIMITED

Annexure 5 – Significant accounting policies forming part of the restated half-yearly summary statements

1. Background

Bandhan Bank Limited (the 'Bank'), incorporated on 23 December 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 17 June 2015, the Bank commenced its banking operations from 23 August 2015.

2. Basis of preparation

The restated half yearly summary statement of assets and liabilities of the Bank as at September 30, 2017, March 31, 2017, September 30, 2016 and March 31, 2016 and the related restated half yearly summary statement of profits and losses and related restated half yearly summary statement of cash flows for the six month periods ended September 30, 2017, March 31, 2017, September 30, 2016 and March 31, 2016 (herein collectively referred to as "Restated Half-Yearly Summary Statements") have been compiled by the management from the audited financial statements for each of the six month periods ended September 30, 2017, March 31, 2017, September 30, 2016, and March 31, 2016. The accounting policies have been consistently applied by the Bank in preparation of the restated half yearly summary statements and are consistent with those adopted in the preparation of financial statements for the six months ended September 30, 2017.

The audited financial statements as at and for each of the six month periods ended September 30, 2017, March 31, 2017, September 30, 2016, and March 31, 2016 have been prepared in connection with the proposed initial offering of its equity shares. These financial statements have been prepared on accrual basis of accounting and unless otherwise stated, 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.
These Restated Half-Yearly Summary Statements have been prepared specially for inclusion in the offer document to be filed by the Bank with the Securities and Exchange Board of India ('SEBI') to facilitate the management discussion and analysis of the Bank's financial performance in connection with its proposed initial public offering and were approved by the Board on 22 November 2017.

These Restated Half-Yearly Summary Statements have been prepared by the Bank in accordance with the requirements of relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "ICDR Regulations") issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992, to the extent applicable.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of the restated half-yearly summary 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 restated half-yearly financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in the preparation of the restated half-yearly summary 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.

3.1 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/loss on sale of investments in the 'Held to Maturity' category is recognised in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit/loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the profit and loss 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 at the time of such sale.

All other fees are accounted for as and when they become due.

3.2 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.

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 is 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.

Treasury bills being discounted instruments are valued at current cost.

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.

Transfer of securities between categories of investments is accounted as per the RBI Guidelines

Repurchase ('repo') and reverse repurchase ('reverse repo') transactions including 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

3.3 Loans /Advances and Provisions thereon

Advances are classified as non-performing advances ('NPAs') as per the RBI guidelines if installment demanded remain overdue for more than 90 days. The Bank does not generate demand for installment falling on holidays or where group meeting can not be conducted. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI.

For micro loans, provision for NPAs are made at rates which are higher than the minimum rated prescribed by RBI. In case of sub-standard assets rate is 25% and for doubtful and loss assets the rate is 100%. In case of non-performing micro loans, where 30 days have elapsed from the completion of loan tenure, a 100% provision is made.

The 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 from time to time from the proceeds of loan are hypothecated in favour of the Bank by way of a first and exclusive charge.

Provision for NPAs other than micro lending portfolio are made for sub-standard and doubtful assets at rates as prescribed by the RBI.

Advances are stated net of specific provisions made towards NPA.

The Bank maintains general provision on standard advances as prescribed by RBI. In case of micro lending portfolio(original disbursed amount of ₹ 100,000 or less), 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".

Non-performing loans, which have been fully provided for, are written off as per Management estimates. 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'.

3.4 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 form the aggregate advance outstanding .

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.

3.5 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.

3.6 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.

3.7 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

3.8 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.

3.9 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.

3.10 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 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 period.

Long term Compensated absences are provided for based on actuarial valuation which is done as per projected unit credit method at the end of each financial year. Short term Compensated absences are provided for based on estimates of encashment / availment of leave.

Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

3.11 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.

3.12 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.

3.13 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.

3.14 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.

3.15 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.

BANDHAN BANK LIMITED

Annexures forming part of the Restated Half Yearly Summary Statement of Assets and Liabilities

(₹ In Million)

Annexure 6 - Restated Statement of Share Capital	As at 30 September 2017	As at 31 March 2017	As at 30 September 2016	As at 31 March 2016
Authorized Capital				
5,000,000,000 equity shares of Rs. 10/- each	50,000.00	50,000.00	50,000.00	50,000.00
Issued, subscribed and fully paid-up capital				
No. of shares (In million)	1,095.14	1,095.14	1,095.14	1,095.14
Equity Share Capital	10,951.41	10,951.41	10,951.41	10,951.41
Total	**10,951.41**	**10,951.41**	**10,951.41**	**10,951.41**

(₹ In Million)

Annexure 7 - Restated Statement of Reserves & Surplus	As at 30 September 2017	As at 31 March 2017	As at 30 September 2016	As at 31 March 2016
I. **Statutory Reserve**				
Opening Balance	3,469.44	689.56	689.56	-
Additions during the period	-	2,779.88	-	689.56
Deduction during the period	-	-	-	-
Total	**3,469.44**	**3,469.44**	**689.56**	**689.56**
II. **Capital Reserve**				
Opening Balance	9.11	-	-	-
Additions during the period*	-	9.11	-	-
Deduction during the period	-	-	-	-
Total	**9.11**	**9.11**	**-**	**-**
III. **Share Premium Account**				
Opening Balance	19,550.25	19,550.25	19,550.25	15,856.04
Additions during the period	-	-	-	3,694.20
Less: Share issue expenses	-	-	-	-
Total	**19,550.25**	**19,550.25**	**19,550.25**	**19,550.25**
IV. **Revenue & other Reserves**				
Opening Balance	-	-	-	-
Additions during the period	-	-	-	-
Deduction during the period	-	-	-	-
Total	**-**	**-**	**-**	**-**
V. **Balance as per last financial statements**	10,484.34	7,378.20	2,153.81	435.93
Profit for the half year	6,576.54	5,895.13	5,224.39	2,407.44
Less:				
Transfer to Statutory Reserves	-	2,779.88	-	689.56
Transfer to Other Reserves	-	-	-	-
Transfer to Government Reserve/ Dividend	-	-	-	-
Transfer to Capital Reserve	-	9.11	-	-
Total	**17,060.88**	**10,484.34**	**7,378.20**	**2,153.81**
GRAND TOTAL (I+II+III+IV+V)	**40,089.68**	**33,513.14**	**27,618.01**	**22,393.62**

* Appropriations made for profit on sale of investments in held to maturity category, net of taxes and transfer to statutory reserve.

BANDHAN BANK LIMITED

Annexures forming part of the Restated Half Yearly Summary Statement of Assets and Liabilities

(₹ In Million)

Annexure 8 - Restated Statement of Deposits	**As at 30 September 2017**	**As at 31 March 2017**	**As at 30 September 2016**	**As at 31 March 2016**
A. I. Demand Deposits				
i) From Banks	210.14	394.64	73.90	54.78
ii) From Others	12,671.42	14,131.53	3,480.11	2,290.72
II. Savings Bank Deposits	58,818.83	53,847.20	26,322.29	23,710.50
III. Term Deposits				
i) From Banks	18,976.38	23,085.91	41,535.07	41,685.76
ii) From Others	1,63,744.93	1,40,827.30	1,07,396.43	53,145.72
Total	**2,54,421.70**	**2,32,286.58**	**1,78,807.80**	**1,20,887.48**
B. I. Deposits of branches in India	2,54,421.70	2,32,286.58	1,78,807.80	1,20,887.48
II. Deposits of branches outside India	-	-	-	-
Total	**2,54,421.70**	**2,32,286.58**	**1,78,807.80**	**1,20,887.48**

(₹ In Million)

Annexure 9 - Restated Statement of Borrowings	**As at 30 September 2017**	**As at 31 March 2017**	**As at 30 September 2016**	**As at 31 March 2016**
I. Borrowings in India				
i) Reserve Bank of India	-	-	-	-
ii) Other banks	2,290.46	4,656.48	10,862.18	20,147.51
iii) Other Institutions & agencies *	5,767.72	5,632.90	7,433.34	10,368.97
II. Borrowings outside India	-	-	-	-
Total	**8,058.18**	**10,289.38**	**18,295.52**	**30,516.48**
Secured borrowings included in I(ii & iii) above	**4,291.51**	**5,189.38**	**11,862.18**	**22,749.81**
* Borrowings from other institutions and agencies includes Subordinated Debt in the nature of Non-Convertible Debentures.	1,600.00	1,600.00	1,600.00	1,600.00

a. Borrowings from other institutions and agencies represents Unsecured Subordinated Debentures which are redeemable after 84 months from the date of issue i.e., September 24, 2014. It carries interest rate of 14.54% p.a.

b. Unsecured borrowings are repayable in bi-annual equated instalments. It carries interest rate of 10.25% p.a.

c. Term loans from banks are secured by hypothecation of portfolio loans covered by hypothecation loan agreement. These are repayable in monthly/quarterly equated instalments and carries interest rate ranging between 9.25% and 9.75% p.a.

d. Secured borrowings other than term loans includes borrowings under Market Repo and Collateralised Borrowings and Lending Operations (CBLO). These are secured by pledge of government securities and redeemable between 7 and 90 days and carries interest rate ranging between 0.75% and 6.50% p.a.

(₹ In Million)

Annexure 10 - Restated Statement of Other liabilities and provisions	**As at 30 September 2017**	**As at 31 March 2017**	**As at 30 September 2016**	**As at 31 March 2016**
I. Bills Payable	159.62	249.18	87.29	97.84
II. Inter-office Adjustments(Net)	-	-	-	-
III. Interest accrued	257.45	137.13	553.10	240.39
IV. Contingent Provision against Standard Assets	1,872.14	1,555.58	1,562.70	1,231.53
V. Provision for Income Tax (Net)	1,277.15	562.33	851.23	158.89
VI. Others *	6,941.05	12,816.17	5,988.54	11,087.36
Total	**10,507.41**	**15,320.39**	**9,042.86**	**12,816.01**
* Includes amount payable for IBPC transactions (Refer Annexure No 22.29)	3,634.00	9,239.00	2,916.60	6,398.60

BANDHAN BANK LIMITED

Annexures forming part of the Restated Half Yearly Summary Statement of Assets and Liabilities

(₹ In Million)

Annexure 11 - Restated Statement of Cash and balances with Reserve Bank of India	**As at 30 September 2017**	**As at 31 March 2017**	**As at 30 September 2016**	**As at 31 March 2016**
I. Cash In hand	1,578.67	2,021.89	965.11	847.81
II. Balance with Reserve Bank of India				
i) In Current Account	9,833.26	8,948.77	7,979.32	4,005.06
ii) In Other Accounts	13,600.00	49,150.00	9,700.00	3,250.00
Total	**25,011.93**	**60,120.66**	**18,644.43**	**8,102.87**

(₹ In Million)

Annexure 12 - Restated Statement of Balances with Banks and Money at call and short notice	**As at 30 September 2017**	**As at 31 March 2017**	**As at 30 September 2016**	**As at 31 March 2016**
I. In India				
i) Balance with Banks				
a) In Current Account	4,691.86	3,967.39	1,763.95	1,746.43
b) In Other Deposit Accounts	1,002.55	2.65	2.93	2.53
ii) Money at call & short notice				
a) With banks	3,000.00	-	1,000.00	1,000.00
b) With other institutions	19,487.84	9,559.29	1,748.75	20,882.17
Total	**28,182.25**	**13,529.33**	**4,515.63**	**23,631.13**
II. Outside India				
a) In Current Account	6.66	-	-	-
b) In Other Deposit Accounts	-	-	-	-
c) Money at call & short notice	-	-	-	-
Total	**6.66**	**-**	**-**	**-**
GRAND TOTAL (I+II)	**28,188.91**	**13,529.33**	**4,515.63**	**23,631.13**

(₹ In Million)

Annexure 13 - Restated Statement of Investments	**As at 30 September 2017**	**As at 31 March 2017**	**As at 30 September 2016**	**As at 31 March 2016**
I. Investment in India in				
i) Government Securities	70,877.27	55,181.77	52,960.69	37,578.34
ii) Other Approved Securities	-	-	-	-
iii) Shares	2.00	2.00	2.00	2.00
iv) Debentures & Bonds	-	-	-	-
v) Subsidiaries and /or joint ventures	-	-	-	-
vi) Others	931.27	-	-	-
Total	**71,810.54**	**55,183.77**	**52,962.69**	**37,580.34**
Less- Provision for Depreciation on Investment	74.04	18.90	-	-
Total	**71,736.50**	**55,164.87**	**52,962.69**	**37,580.34**
II. Investments outside India	**-**	**-**		**-**
Total	**-**	**-**		**-**
GRAND TOTAL (I+II)	**71,736.50**	**55,164.87**	**52,962.69**	**37,580.34**

BANDHAN BANK LIMITED

Annexures forming part of the Restated Half Yearly Summary Statement of Assets and Liabilities

(₹ In Million)

Annexure 14 - Restated Statement of Advances			**As at 30 September 2017**	**As at 31 March 2017**	**As at 30 September 2016**	**As at 31 March 2016**
A.	i)	Bills Purchased & Discounted	-	-	-	-
	ii)	Cash credits, overdrafts and loans repayable on demand	3,797.21	3,444.84	1,448.99	846.01
	iii)	Term loans *	1,89,619.60	1,64,945.94	1,63,112.55	1,23,529.45
		Total	**1,93,416.81**	**1,68,390.78**	**1,64,561.54**	**1,24,375.46**
		* Net of loans outstanding				
		- Under Inter bank participation certificate	26,366.04	66,760.96	13,083.44	25,601.36
		- Under Assignment	-	30.26	1,328.28	5,722.21
B.	i)	Secured by tangible assets (Including Advances against book debts)	1,78,808.81	1,48,706.09	1,15,604.23	32,694.08
	ii)	Covered by Bank/Government Guarantees	-	-	-	-
	iii)	Unsecured	14,608.00	19,684.69	48,957.31	91,681.38
		Total	**1,93,416.81**	**1,68,390.78**	**1,64,561.54**	**1,24,375.46**
C.	**I)**	Advances in India				
		i) Priority Sector	79,189.55	1,64,316.17	1,61,888.86	1,22,603.52
		ii) Public Sector	-	-	-	-
		iii) Banks	-	-	-	-
		iv) Others	1,14,227.26	4,074.61	2,672.68	1,771.94
		Total	**1,93,416.81**	**1,68,390.78**	**1,64,561.54**	**1,24,375.46**
	II)	Advances Outside India	-	-	-	-
		Total	**-**	**-**	**-**	**-**
		GRAND TOTAL (I+II)	**1,93,416.81**	**1,68,390.78**	**1,64,561.54**	**1,24,375.46**

(₹ In Million)

Annexure 15 - Restated Statement of Fixed Assets	**As at 30 September 2017**	**As at 31 March 2017**	**As at 30 September 2016**	**As at 31 March 2016**
I) Premises				
Gross Block				
At cost at the beginnig of the period	1,227.78	1,037.45	989.26	-
Addition during the period	74.73	190.33	50.79	989.26
Deduction during the period	-	0.00	2.60	-
Total	**1,302.51**	**1,227.78**	**1,037.45**	**989.26**
Depreciation				
As at the beginning of the period	280.18	179.64	58.16	-
Charge for the period	113.05	100.54	121.87	58.16
Deduction during the period	-	-	0.39	-
Depreciation to date	**393.23**	**280.18**	**179.64**	**58.16**
Net Block	**909.28**	**947.60**	**857.81**	**931.10**
II) Other Fixed Assets (Including Furniture & Fixture)				
Gross Block				
At cost at the beginnig of the period	2,315.65	1,798.08	1,736.04	1,695.11
Addition during the period	151.59	518.24	63.32	40.93
Deduction during the period	-	0.67	1.28	-
Total	**2,467.24**	**2,315.65**	**1,798.08**	**1,736.04**
Depreciation				
As at the beginning of the period	745.39	457.33	299.63	45.54
Charge for the period	290.07	288.21	157.90	254.09
Deduction during the period	-	0.15	0.20	-
Depreciation to date	**1,035.46**	**745.39**	**457.33**	**299.63**
Net Block	**1,431.78**	**1,570.26**	**1,340.75**	**1,436.41**
III) Capital Work-in-progress (including capital advances)	**6.52**	**-**	**7.58**	**4.80**
GRAND TOTAL (I+II+III)	**2,347.58**	**2,517.86**	**2,206.14**	**2,372.31**

BANDHAN BANK LIMITED
Annexures forming part of the Restated Half Yearly Summary Statement of Assets and Liabilities

(₹ In Million)

Annexure 16 - Restated Statement of Other Assets	As at 30 September 2017	As at 31 March 2017	As at 30 September 2016	As at 31 March 2016
i) Inter Office adjustment (Net)	-	-	-	-
II) Interest Accrued	1,257.67	892.51	836.85	756.73
III) Tax paid in advance/tax deducted at source	-	-	-	-
IV) Stationery and stamps	-	-	-	-
V) Non banking assets acquired in satisfaction of claims	-	-	-	-
VI) Others *	2,068.98	1,744.89	988.32	746.16
Total	**3,326.65**	**2,637.40**	**1,825.17**	**1,502.89**
* Includes Deferred Tax Assets (Refer Annexure No. 22.12)	1,075.22	914.64	735.70	587.97

(₹ In Million)

Annexure 17 - Restated Statement of Contingent liabilities	As at 30 September 2017	As at 31 March 2017	As at 30 September 2016	As at 31 March 2016
I) Claims against the Bank not acknowledged as debts	2.91	0.53	0.32	0.26
II) Liability for partly paid investments	-	-	-	-
III) Liability on account of outstanding forward exchange contracts	-	-	-	-
IV) Guarantees given on behalf of constituents	-	-	-	-
(a) In India	79.40	47.09	32.06	3.11
(b) Outside India	-	-	-	-
V) Acceptances, endorsements and other obligations	-	-	-	-
VI) Other items-Capital Commitments	169.20	188.68	180.39	45.65
Total	**251.51**	**236.30**	**212.77**	**49.02**

BANDHAN BANK LIMITED

Annexures forming part of the Restated Half Yearly Summary Statement of Profit and Loss **(₹ In Million)**

Annexure 18 - Restated Statement of Interest Earned	Half-Year ended 30 September 2017	Half-Year ended 31 March 2017	Half-Year ended 30 September 2016	Half-Year ended 31 March 2016
I) Interest/discount on advances/bills	16,901.98	17,014.51	14,199.73	10,918.40
II) Income on investments	2,238.01	2,071.46	2,209.04	1,007.91
III) Interest on balances with Reserve Bank of India and other inter-bank funds	1,109.50	442.96	347.34	200.48
IV) Others (Includes gain on assignment /IBPC)	2,485.28	1,394.98	1,407.07	853.38
Total	**22,734.77**	**20,923.91**	**18,163.18**	**12,980.17**

(₹ In Million)

Annexure 19 - Restated Statement of Other Income	Half-Year ended 30 September 2017	Half-Year ended 31 March 2017	Half-Year ended 30 September 2016	Half-Year ended 31 March 2016
I) Commission, exchange and brokerage	1,283.79	1,916.66	1,287.48	1,332.73
II) Profit/(Loss) on sale of investments (net)	428.31	77.54	139.24	15.72
III) Profit/(Loss) on sale of fixed assets	-	-	-	-
IV) Profit on exchange/derivative transactions	-	-	-	-
V) Income earned by way of dividends etc. from subsidiaries/ companies and/or joint venture abroad/ in India	-	-	-	-
VI) Miscellaneous income (Refer Annexure 22.31)	1,733.93	151.48	541.74	12.19
Total	**3,446.03**	**2,145.68**	**1,968.46**	**1,360.64**

(₹ In Million)

Annexure 20 - Restated Statement of Interest Expended	Half-Year ended 30 September 2017	Half-Year ended 31 March 2017	Half-Year ended 30 September 2016	Half-Year ended 31 March 2016
I) Interest on deposits	7,887.87	7,143.23	5,767.56	2,157.06
II) Interest on Reserve Bank of India/Inter-bank borrowings	293.04	561.29	1,026.81	2,406.47
III) Others	183.34	259.13	294.09	497.49
Total	**8,364.25**	**7,963.65**	**7,088.46**	**5,061.02**

(₹ In Million)

Annexure 21 - Restated Statement of Operating Expenses	Half-Year ended 30 September 2017	Half-Year ended 31 March 2017	Half-Year ended 30 September 2016	Half-Year ended 31 March 2016
I) Payments to and provisions for employees	3,364.23	2,953.78	2,501.91	2,778.81
II) Rent, taxes and lighting	604.99	531.38	415.30	462.59
III) Printing and stationery	108.31	95.40	108.71	233.27
IV) Advertisement and publicity	105.15	173.66	78.45	226.22
V) Depreciation on bank's property	403.13	388.75	279.77	312.25
VI) Directors' fees, allowance and expenses	4.43	4.94	3.05	1.56
VII) Auditors' fees and expenses	2.79	7.22	1.42	3.60
VIII) Law charges	5.36	4.57	4.45	6.22
IX) Postage, telegrams, telephones etc.	91.59	142.79	82.80	114.60
X) Repairs and maintenance	6.59	7.30	2.08	1.05
XI) Insurance	49.17	39.56	25.87	29.84
XII) Other expenditure	1,552.46	1,349.76	1,017.12	1,061.66
Total	**6,298.20**	**5,699.11**	**4,520.93**	**5,231.67**

BANDHAN BANK LIMITED

Annexure 22 -Notes forming part of the restated half yearly summary statements

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.

22.1 "Provisions & Contingencies" recognised in the Profit & Loss Account comprise: **(₹ In Million)**

Particulars	Half-Year ended 30 September 2017	Half-Year ended 31 March 2017	Half-Year ended 30 September 2016	Half-Year ended 31 March 2016
Provision for Standard assets	316.56	(7.11)	331.17	437.32
Provision for non-performing assets*	1,073.37	390.63	86.85	41.33
Provision for depreciation in value of investments	55.14	18.90	-	-
Provision for other contingencies	(19.26)	21.88	42.03	-
Total	**1,425.81**	**424.30**	**460.05**	**478.65**
* Includes bad debts written off	-	311.87	-	-

22.2 The capital adequacy ratio of the Bank, calculated as per the RBI guidelines (under Basel III) is set out below:

(₹ In Million)

Particulars	As at 30th September 2017	As at 31st March 2017	As at 30th September 2016	As at 31st March 2016
Capital adequacy (%)				
Common Equity Tier 1 (%)	24.85	24.77	24.80	26.72
Tier 1 capital ratio (%)	24.85	24.77	24.80	26.72
Tier 2 capital ratio (%)	1.39	1.59	1.84	2.29
CRAR (%)	**26.24**	**26.36**	**26.64**	**29.01**
Amount of equity capital raised (including share premium)	-	-	-	4,816.04
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 any half year.

22.3 Investments

A) The Details of investments are set out below:

(₹ In Million)

Value of Investments	As at 30th September 2017	As at 31st March 2017	As at 30th September 2016	As at 31st March 2016
(1) Value of Investment				
(i) Gross value of Investments				
a) In India	71,810.54	55,183.77	52,962.69	37,580.34
b) Outside India	-	-	-	-
(ii) Provision for Depreciation				
a) In India	74.04	18.90	-	-
b) Outside India	-	-	-	-
(iii) Provision for Non- Performing Investments				
a) In India	-	-	-	-
b) Outside India	-	-	-	-
(iv) Net value of Investments				
a) In India	71,736.50	55,164.87	52,962.69	37,580.34
b) Outside India	-	-	-	-

(2) Movement of provisions held towards depreciation on investments: **(₹ In Million)**

Particulars	Half-Year ended 30 September 2017	Half-Year ended 31 March 2017	Half-Year ended 30 September 2016	Half-Year ended 31 March 2016
Opening balance	18.90	-	-	-
Add: Provisions made during the period (Net)	55.14	18.90	-	-
Closing balance	**74.04**	**18.90**	**-**	**-**

BANDHAN BANK LIMITED

Annexure 22 -Notes forming part of the restated half yearly summary statements

B) Repo Transactions (in face value terms) for the half-year ended 30 September 2017 **(₹ In Million)**

Particulars	Minimum outstanding during the half-year	Maximum outstanding during the half-year	Daily Average outstanding during the half-year	Outstanding as on 30 September, 2017
Securities sold under Repo				
i. Government securities	-	3,707.60	796.60	987.00
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	8,202.90	67,042.20	38,179.20	30,815.20
ii. Corporate debt securities	-	-	-	-

B) Repo Transactions (in face value terms) for the half-year ended 31st March'2017 . **(₹ In Million)**

Particulars	Minimum outstanding during the half-year	Maximum outstanding during the half-year	Daily Average outstanding during the half-year	Outstanding as on 31 March , 2017
Securities sold under Repo				
i. Government securities	-	12,400.00	120.04	518.00
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	-	57,108.80	13,829.35	57,108.80
ii. Corporate debt securities	-	-	-	-

B) Repo Transactions (in face value terms) for the half-year ended 30 September 2016 **(₹ In Million)**

Particulars	Minimum outstanding during the half-year	Maximum outstanding during the half-year	Daily Average outstanding during the half-year	Outstanding as on 30 September, 2016
Securities sold under Repo				
i. Government securities	-	150.00	0.87	-
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	270.00	25,340.00	10,076.20	9,700.00
ii. Corporate debt securities				

B) Repo Transactions (in face value terms) for the half-year ended 31st March'2016 **(₹ In Million)**

Particulars	Minimum outstanding during the half-year	Maximum outstanding during the half-year	Daily Average outstanding during the half-year	Outstanding as on 31 March , 2016
Securities sold under Repo				
i. Government securities	-	10.40	0.06	-
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo	-	-	-	-
i. Government securities	83.20	20,290.40	5,650.70	3,380.00
ii. Corporate debt securities				-

C) Non SLR Investment Portfolio

i) Issuer composition of Non SLR investments as at 30 September 2017 **(₹ In Million)**

Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
(i) Public Sector Units	-	-	-	-	-
(ii) Financial Institutions	-	-	-	-	-
(iii) Banks	-	-	-	-	-
(iv) Private Corporates	2.00	-	-	2.00	2.00
(v) Subsidiaries / Joint Ventures	-	-	-	-	-
(vi) Others	-	-	-	-	-
(vii) Provision held towards depreciation	-	-	-	-	-
Total	**2.00**	**-**	**-**	**2.00**	**2.00**

Amounts reported under columns (3), (4), (5) and (6) above are not mutually exclusive.

C) Non SLR Investment Portfolio

i) Issuer composition of Non SLR investments as at 31 March 2017 **(₹ In Million)**

Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
(i) Public Sector Units	-	-	-	-	-
(ii) Financial Institutions	-	-	-	-	-
(iii) Banks	-	-	-	-	-
(iv) Private Corporates	2.00	-	-	2.00	2.00
(v) Subsidiaries / Joint Ventures	-	-	-	-	-
(vi) Others	-	-	-	-	-
(vii) Provision held towards depreciation	-	-	-	-	-
Total	**2.00**	**-**	**-**	**2.00**	**2.00**

Amounts reported under columns (3), (4), (5) and (6) above are not mutually exclusive.

C) Non SLR Investment Portfolio

i) Issuer composition of Non SLR investments as at 30 September 2016 **(₹ In Million)**

Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)
(i) Public Sector Units	-	-	-	-	-
(ii) Financial Institutions	-	-	-	-	-
(iii) Banks	-	-	-	-	-
(iv) Private Corporates	2.00	-	-	2.00	2.00
(v) Subsidiaries / Joint Ventures	-	-	-	-	-
(vi) Others	-	-	-	-	-
(vii) Provision held towards depreciation	-	-	-	-	-
Total	**2.00**	**-**	**-**	**2.00**	**2.00**

Amounts reported under columns (3), (4), (5) and (6) above are not mutually exclusive.

C) Non SLR Investment Portfolio

i) Issuer composition of Non SLR investments as at 31 March 2016 **(₹ In Million)**

Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)
(i) Public Sector Units	-	-	-	-	-
(ii) Financial Institutions	-	-	-	-	-
(iii) Banks	-	-	-	-	-
(iv) Private Corporates	2.00	-	-	2.00	2.00
(v) Subsidiaries / Joint Ventures	-	-	-	-	-
(vi) Others	-	-	-	-	-
(vii) Provision held towards depreciation	-	-	-	-	-
Total	**2.00**	**-**	**-**	**2.00**	**2.00**

Amounts reported under columns (3), (4), (5) and (6) above are not mutually exclusive.

ii) Non performing Non-SLR investments

The Bank does not have any Non performing Non-SLR investment as at 30th September 2017, 31st March 2017, 30th September 2016 and 31st March 2016.

D) Sale and transfers of Securities to / from HTM Category

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 relevant half-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.

22.4 Derivatives

The Bank has not entered into any derivative transaction during the half-year ended 30 September 2017, 31 March 2017, 30 September 2016 and 31 March 2016.

22.5 Asset Quality

A) Non Performing Assets **(₹ In Million)**

Particulars	Half-Year ended 30 September 2017	Half-Year ended 31 March 2017	Half-Year ended 30 September 2016	Half-Year ended 31 March 2016
i) Net NPAs to Net Advances (%)	0.76%	0.36%	0.20%	0.08%
ii) Movement of NPAs (Gross) (GNPA)				
a) Opening balance	862.62	507.17	187.66	81.78
b) Additions during the period	2,025.69	693.49	340.21	105.88
c) Reductions during the period #	(96.82)	(338.04)	(20.70)	-
d) Closing balance	2,791.49	862.62	507.17	187.66
iii) Movement of Net NPAs				
a) Opening balance	611.70	335.00	102.34	37.79
b) Additions during the period	932.24	304.47	242.03	64.55
c) Reductions during the period	(76.74)	(27.77)	(9.37)	-
d) Closing balance	1,467.20	611.70	335.00	102.34
iv) Movement of provisions for NPAs (excluding provisions on standard assets)				
a) Opening balance	250.92	172.17	85.32	43.99
b) Provisions made during the period	1,093.45	389.02	98.18	41.33
c) Provision utilised for Write-off / write-back of excess provisions	(20.08)	(310.27)	(11.33)	-
d) Closing balance	1,324.29	250.92	172.17	85.32
# Includes bad debts written off	-	311.87	-	-

B) Particulars of accounts restructured

The Bank does not have any restructured account as at and for the half-year ended 30 September 2017, 31 March 2017, 30 September 2016 and 31 March 2016.

C) Details of Financial Assets sold to Securitisation / Reconstruction company for Reconstruction

The Bank did not sell any Financial Assets to Securitisation / Reconstruction company for Reconstruction during the half-year ended 30 September 2017, 31 March 2017, 30 September 2016 and 31 March 2016.

D) Details of Non Performing Financial Assets Purchased / Sold

The Bank did not purchase/sell any Non Performing Financial Assets during the half-year ended 30 September 2017, 31 March 2017, 30 September 2016 and 31 March 2016.

E) Provisions on Standard Assets **(₹ In Million)**

Particulars	As at 30th September 2017	As at 31st March 2017	As at 30th September 2016	As at 31st March 2016
Provisions towards Standard Assets	1,872.14	1,555.58	1,562.70	1,231.53

F) Disclosure on Advances **(₹ In Million)**

Particulars	As at 30th September 2017	As at 31st March 2017	As at 30th September 2016	As at 31st March 2016
Gross Advances (Including IBPC/Assignment)	2,21,107.14	2,35,432.92	1,79,145.43	1,55,784.35
Less: Managed Advance (IBPC/Assignment)	26,366.04	66,791.22	14,411.72	31,323.57
Gross Advances (Excluding IBPC/Assignment)	1,94,741.10	1,68,641.70	1,64,733.71	1,24,460.78
Less: Provision on NPA	1,324.29	250.92	172.17	85.32
Net Advances (Refer Annexure 14)	1,93,416.81	1,68,390.78	1,64,561.54	1,24,375.46

22.6 The key business ratios and other information is set out below:* **(₹ In Million)**

Particulars	Half-Year ended 30 September 2017	Half-Year ended 31 March 2017	Half-Year ended 30 September 2016	Half-Year ended 31 March 2016
Interest income as a percentage to working funds [1]	7.46%	7.65%	8.06%	8.72%
Non-interest income as a percentage to working funds [1]	1.13%	0.78%	0.87%	0.91%
Operating profit as a percentage to working funds [1,2]	3.78%	3.44%	3.78%	2.72%
Return on assets [1]	2.16%	2.15%	2.32%	1.62%
Profit per employee [3]	0.26	0.26	0.25	0.12
Business (deposits less inter-bank deposits plus advances) per employee [3]	17.26	16.32	14.29	10.11

1. 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 respective half-year.
2. Operating profit is profit for the respective half-year before considering provisions and contingencies.
3. Productivity ratios are based on average number of employees for the respective half-year.

* Not Annualised.

22.7 Exposures

A) Exposure to Real Estate Sector **(₹ In Million)**

Category	As at 30th September 2017	As at 31st March 2017	As at 30th September 2016	As at 31st March 2016
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.	1,025.30	648.20	316.05	51.10
(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	**1,025.30**	**648.20**	**316.05**	**51.10**

B) Exposure to Capital Market **(₹ In Million)**

Category	As at 30th September 2017	As at 31st March 2017	As at 30th September 2016	As at 31st March 2016
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	2.00	2.00	2.00	2.00
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	**2.00**	**2.00**	**2.00**	**2.00**

C) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Bank

During the half-year ended 30 September 2017, 31 March 2017, 30 September 2016 and 31 March 2016 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 half-year ended 30 September 2017, 31 March 2017, 30 September 2016, and 31 March 2016 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.

22.8 Miscellaneous

Disclosure of penalties imposed by RBI

No penalty has been levied on the Bank by RBI during the half-year ended 30 September 2017, 31 March 2017, 30 September 2016 and 31 March 2016.

22.9 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 Million)

Particulars	**Half-year ended 30 September 2017**	**Half-year ended 31 March 2017**	**Half-year ended 30 September 2016**	**Half-year ended 31 March 2016**
i) Table Showing changes in present value of Defined Benefit obligation:				
Present value of defined benefit obligations as at beginning of the half-year	329.93	263.22	215.23	154.15
Interest cost	13.33	7.56	8.61	10.59
Current service cost	44.77	41.60	32.16	30.03
Benefit Paid	-	-	-	0.34
Actuarial loss on obligations	57.74	17.55	7.22	20.80
Present value of defined benefit obligations as at end of the half-year	445.77	329.93	263.22	215.23
ii) Table showing fair value of plan assets:				
Fair value of plan assets as at beginning of the half-year	163.40	161.80	158.92	84.55
Expected return on plan assets	6.29	6.15	6.75	6.97
Contributions paid	-	-	-	58.28
Benefits Paid	-	-	-	0.34
Acquisition Adjustment	-	-	-	9.96
Actuarial gain/ (loss) on Plan assets	(3.51)	(4.55)	(3.87)	(0.50)
Fair value of plan assets at end of the half-year	166.18	163.40	161.80	158.92
iii) Actuarial (Gain)/Loss recognised:				
Actuarial loss on obligations	57.74	17.55	7.22	20.80
Actuarial gain/ (loss) on Plan assets	(3.51)	(4.55)	(3.87)	(0.50)
Actuarial loss recognised in the half-year	61.25	22.10	11.09	21.30
iv) The amounts to be recognised in the Balance Sheet and Profit and Loss Account:				
Present value of obligations at the end of the half-year	445.77	329.93	263.22	215.23
Fair value of plan assets at the end of the half-year	166.18	163.40	161.80	158.92
Net liability recognised in balance sheet	279.59	166.53	101.42	56.31
v) Expenses Recognised in Profit and Loss Account:				
Current Service Cost	44.77	41.60	32.16	30.03
Interest Cost	13.33	7.56	8.61	10.59
Expected return	6.29	6.15	6.75	6.97
Net Actuarial loss recognised in the half-year	61.25	22.10	11.09	21.30
Expenses recognised in profit and loss account	113.06	65.11	45.11	54.95
Actual return on plan assets	9.80	10.70	10.62	75.37
vi) The Principal assumptions used in the actuarial valuation are shown below :				
Discount Rate	7.42%	7.50%	7.00%	8.00%
Salary Escalation	8.00%	8.00%	8.00%	8.00%
Withdrawal Rate	7.00%	7.00%	8.00%	7.00%
Expected rate of return on assets	8.00%	8.11%	8.50%	7.00%

(₹ In Million)

vii) Amounts for the half-years are as follows: [Refer note (ix) below]	**As at 30th September 2017**	**As at 31st March 2017**	**As at 30th September 2016**	**As at 31st March 2016**
a) Defined Benefit Obligations	445.77	329.93	263.22	215.23
b) Plan Assets	166.18	163.40	161.80	158.92
c) Deficit	(279.59)	(166.53)	(101.42)	(56.31)
d) Experience adjustments on plan liabilities [(Gain)/Loss]	-	-	-	-
e) Experience adjustments on plan assets [Gain/(Loss)]	-	-	-	-

viii) The Major categories of Plan Assets as a percentage of the fair value of Total Plan Asset are as follows:

Particulars	**As at 30th September 2017**	**As at 31st March 2017**	**As at 30th September 2016**	**As at 31st March 2016**
Insurance Managed Fund	100%	100%	100%	100%

i**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.

x) The overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

B) Provident Fund

Amount incurred as expense for defined contribution to Provident Fund during the half-year ended 30 September 2017: 142.54 million, 31 March 2017: Rs.122.30 million, 30 September 2016: 111.08 million and 31 March 2016: Rs.99.50 million.

22.10 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.

The Bank does not have any para banking activities during the half-year ended 30 September 2017, 31 March 2017, 30 September 2016, and 31 March 2016.

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 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.

B) Segment Information

i) Primary (Business Segment) for the half-year ended 30 September 2017 **(₹ In Million)**

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Total
Segment Revenue				
Gross interest income (external customers)	3,480.72	18,899.95	354.10	22,734.77
Other income	428.34	3,006.14	11.55	3,446.03
Total income as per profit and Loss Account	**3,909.06**	**21,906.09**	**365.65**	**26,180.80**
Add: Inter segment interest income	-	1,552.16	-	1,552.16
Total segment revenue	**3,909.06**	**23,458.25**	**365.65**	**27,732.96**
Less: Interest expenses	476.35	7,809.00	78.90	8,364.25
Less: Inter segment interest expenses	1,383.98	-	168.18	1,552.16
Less: Operating expenses	497.94	5,756.08	44.18	6,298.20
Operating Profit	**1,550.79**	**9,893.17**	**74.39**	**11,518.35**
Less: Provisions for non performing assets/others	**55.14**	**1,370.67**	**-**	**1,425.81**
Segment results	**1,495.65**	**8,522.50**	**74.39**	**10,092.54**
Less: provisions for tax				**3,516.00**
Net profit				**6,576.54**
Other information				
Segment assets	1,09,977.01	2,05,697.91	7,278.24	3,22,953.16
Unallocated assets				1,075.22
Total assets	**1,09,977.01**	**2,05,697.91**	**7,278.24**	**3,24,028.38**
Segment liabilities*	59,441.63	2,58,955.29	4,354.31	3,22,751.23
Unallocated liabilities	-	-	-	1,277.15
Total liabilities	**59,441.63**	**2,58,955.29**	**4,354.31**	**3,24,028.38**

Notes:
*Treasury segment liabilities includes share capital and reserve & surplus

BANDHAN BANK LIMITED

Annexure 22 -Notes forming part of the restated half yearly summary statements

i) Primary (Business Segment) for the half-year ended 31 March 2017 **(₹ In Million)**

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Total
Segment Revenue				
Gross interest income (external customers)	2,514.42	18,049.95	359.54	20,923.91
Other income	103.63	2,010.31	31.74	2,145.68
Total income as per profit and Loss	**2,618.05**	**20,060.26**	**391.28**	**23,069.59**
Add: Inter segment interest income	-	1,440.22	-	1,440.22
Total segment revenue	**2,618.05**	**21,500.48**	**391.28**	**24,509.81**
Less: Interest expenses	815.02	7,136.63	12.00	7,963.65
Less: Inter segment interest	1,122.32	-	317.90	1,440.22
Less: Operating expenses	204.82	5,445.31	48.98	5,699.11
Operating Profit	**475.89**	**8,918.54**	**12.40**	**9,406.83**
Less: Provisions for non performing assets/others	18.90	405.40	-	424.30
Segment results	**456.99**	**8,513.14**	**12.40**	**8,982.53**
Less: provisions for tax				3,087.39
Net profit				**5,895.14**
Other information				
Segment assets	1,14,783.63	1,80,085.77	6,576.90	3,01,446.30
Unallocated assets				914.60
Total assets	**1,14,783.63**	**1,80,085.77**	**6,576.90**	**3,02,360.90**
Segment liabilities*	55,069.29	2,45,774.34	954.94	3,01,798.57
Unallocated liabilities				562.33
Total liabilities	**55,069.29**	**2,45,774.34**	**954.94**	**3,02,360.90**

Notes:

*Treasury segment liabilities includes share capital and reserve & surplus

i) Primary (Business Segment) for the half year ended 30 September 2016 **(₹ In Million)**

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Total
Segment Revenue				
Gross interest income (external customers)	2,556.38	15,550.74	56.06	18,163.18
Other income	139.24	1,829.22	-	1,968.46
Total income as per profit and Loss	**2,695.62**	**17,379.96**	**56.06**	**20,131.64**
Add: Inter segment interest income	-	436.05	-	436.05
Total segment revenue	**2,695.62**	**17,816.01**	**56.06**	**20,567.69**
Less: Interest expenses	1,319.43	5,764.42	4.61	7,088.46
Less: Inter segment interest	393.65	-	42.40	436.05
Less: Operating expenses	411.53	4,107.80	1.60	4,520.93
Operating Profit	**571.01**	**7,943.79**	**7.45**	**8,522.25**
Less: Provisions for non performing assets/others	**-**	**460.05**	**-**	**460.05**
Segment results	**571.01**	**7,483.74**	**7.45**	**8,062.20**
Less: provisions for tax				**2,837.81**
Net profit				**5,224.39**
Other information				
Segment assets	65,961.86	1,75,755.21	2,262.83	2,43,979.90
Unallocated assets				735.70
Total assets	**65,961.86**	**1,75,755.21**	**2,262.83**	**2,44,715.60**
Segment liabilities*	57,264.35	1,86,363.17	236.85	2,43,864.37
Unallocated liabilities				851.23
Total liabilities	**57,264.35**	**1,86,363.17**	**236.85**	**2,44,715.60**

Notes:

*Treasury segment liabilities includes share capital and reserve & surplus

i) Primary (Business Segment) for the half-year ended 31 March 2016 (₹ In Million)

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Total
Segment Revenue				
Gross interest income (external customers)	1,208.40	11,768.67	3.10	12,980.17
Other income	5.70	1,353.84	1.10	1,360.64
Total income as per profit and Loss	**1,214.10**	**13,122.51**	**4.20**	**14,340.81**
Add: Inter segment interest income	1,918.60	-	-	1,918.60
Total segment revenue	**3,132.70**	**13,122.51**	**4.20**	**16,259.41**
Less: Interest expenses	2,952.20	2,107.22	1.60	5,061.02
Less: Inter segment interest	-	1,917.00	1.60	1,918.60
Less: Operating expenses	131.20	5,099.87	0.60	5,231.67
Operating Profit	**49.30**	**3,998.42**	**0.40**	**4,048.12**
Less: Provisions for non performing assets/others	**-**	**478.65**	**-**	**478.65**
Segment results	**49.30**	**3,519.77**	**0.40**	**3,569.47**
Less: provisions for tax				**1,162.03**
Net profit				**2,407.44**
Other information				
Segment assets	63,167.50	1,33,497.70	311.80	1,96,977.00
Unallocated assets				588.00
Total assets	**63,167.50**	**1,33,497.70**	**311.80**	**1,97,565.00**
Segment liabilities*	65,094.30	1,32,197.90	113.90	1,97,406.10
Unallocated liabilities				158.90
Total liabilities	**65,094.30**	**1,32,197.90**	**113.90**	**1,97,565.00**

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

22.11 Related Party disclosure

A) Names of related parties and nature of relationship

List of Related Parties	Half-Year ended 30 September 2017	Half-Year ended 31 March 2017	Half-Year ended 30 September 2016	Half-Year ended 31 March 2016
Ultimate Parent Company				
Bandhan Financial Services Limited (BFSL)	✓	✓	✓	✓
Parent Company				
Bandhan Financial Holdings Limited	✓	✓	✓	✓
Key Management Personnel				
Mr. Chandra Shekhar Ghosh	✓	✓	✓	✓
Mr. Indranil Banerjee	✓	✓	✓	✓
Mr. Sunil Samdani	✓	✓	✓	✓

Relatives of Key Management Personnel

List of Relatives of Key Management Personnel	Half-Year ended 30 September 2017	Half-Year ended 31 March 2017	Half-Year ended 30 September 2016	Half-Year ended 31 March 2016
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 (₹ In Million)

Particulars	As at	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
	30 September 2017	2,640.92	140.91	10.68	18.45	2,810.96
Deposit	31 March 2017	2,559.00	175.20	6.20	17.20	2,757.60
	30 September 2016	2,588.86	221.54	13.83	14.07	2,838.30
	31 March 2016	2,916.70	216.20	3.50	3.30	3,139.70

ii) Maximum outstanding **(₹ In Million)**

Particulars	Period	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposit	Half-Year ended 30 September 2017	2,640.92	317.95	10.96	19.89	**2,989.72**
	Half-Year ended 31 March 2017	5,618.60	716.30	15.30	28.80	**6,379.00**
	Half-Year ended 30 September 2016	7,983.60	441.04	14.00	15.32	**8,453.96**
	Half-Year ended 31 March 2016	8,964.90	420.00	10.70	3.80	**9,399.40**

iii) Transactions **(₹ In Million)**

Particulars	Period	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Interest expenditure	Half-Year ended 30 September 2017	98.11	6.65	0.26	0.63	**105.65**
	Half-Year ended 31 March 2017	96.36	7.96	0.57	0.68	**105.57**
	Half-Year ended 30 September 2016	111.64	9.04	0.13	0.22	**121.03**
	Half-Year ended 31 March 2016	143.43	9.18	0.10	0.10	**152.81**
Remuneration	Half-Year ended 30 September 2017	-	-	17.21	4.38	**21.59**
	Half-Year ended 31 March 2017	-	-	12.92	2.91	**15.83**
	Half-Year ended 30 September 2016	-	-	17.38	3.69	**21.07**
	Half-Year ended 31 March 2016	-	-	22.53	4.38	**26.91**
Acquisition of assets and liabilities from Bandhan Financial Services Limited	Half-Year ended 30 September 2017	-	-	-	-	**-**
	Half-Year ended 31 March 2017	-	-	-	-	**-**
	Half-Year ended 30 September 2016	-	-	-	-	**-**
	Half-Year ended 31 March 2016	12,331.50	-	-	-	**12,331.50**
Reimbursement of expenses	Half-Year ended 30 September 2017	-	-	-	-	**-**
	Half-Year ended 31 March 2017	-	-	-	-	**-**
	Half-Year ended 30 September 2016	-	-	-	-	**-**
	Half-Year ended 31 March 2016	375.30	-	-	-	**375.30**
Rent Paid	Half-Year ended 30 September 2017	-	-	-	-	**-**
	Half-Year ended 31 March 2017	-	-	-	-	**-**
	Half-Year ended 30 September 2016	-	-	-	-	**-**
	Half-Year ended 31 March 2016	0.10	-	-	-	**0.10**
Proceeds from issue of share capital	Half-Year ended 30 September 2017	-	-	-	-	**-**
	Half-Year ended 31 March 2017	-	-	-	-	**-**
	Half-Year ended 30 September 2016	-	-	-	-	**-**
	Half-Year ended 31 March 2016	-	-	-	-	**-**

22.12 The major components of Deferred Tax Assets (DTA) arising out of timing differences are as under :

(₹ In Million)

Particulars	As at 30th September 2017	As at 31st March 2017	As at 30th September 2016	As at 31st March 2016
Deferred Tax Assets				
Depreciation on fixed assets.	121.11	66.42	39.60	16.08
Provisions for loan losses	647.91	538.37	540.82	426.20*
Expenditure charged to the profit & Loss account in the half-years but allowed for tax purposes on payment basis	306.20	309.85	155.28	145.69
Total Deferred Tax Assets	**1,075.22**	**914.64**	**735.70**	**587.97**

* Includes DTA of Rs. 249.12 million adjusted through revenue reserves on standard asset provision of Rs.719.80 million acquired from Bandhan Financial Services Limited.(Refer note no 22.30)

22.13 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 half-years are charged in the statement of profit & loss.

(₹ In Million)

Particulars	Half-Year ended 30 September 2017	Half-Year ended 31 March 2017	Half-Year ended 30 September 2016	Half-Year ended 31 March 2016
The amount of rent expenses included in the Profit & Loss account towards operating leases	489.90	433.50	323.80	378.41

Particulars of future minimum lease payment in respect of Head office & Bank branches are as mentioned below : **(₹ In Million)**

Particulars	As at 30th September 2017	As at 31st March 2017	As at 30th September 2016	As at 31st March 2016
a) Not later than 1 year	819.81	776.75	574.36	470.30
b) Later than 1 year and not later than 3 years	1,805.07	1,729.10	1,148.72	1,213.68

22.14 Earnings per Share*

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 - "Earnings per Share".

(₹ In Million)

Particulars	**Half-Year ended 30 September 2017**	**Half-Year ended 31 March 2017**	**Half-Year ended 30 September 2016**	**Half-Year ended 31 March 2016**
a) Weighted average number of equity shares used in computing basic and diluted earnings per share	1,095.14	1,095.14	1,095.14	1,013.00
b) Net profit	6,576.54	5,895.14	5,224.39	2,407.44
c) Basic earnings per share (₹)	6.01	5.38	4.77	2.38
d) Diluted earnings per share (₹)	6.01	5.38	4.77	2.38
e) Nominal value per share (₹)	10.00	10.00	10.00	10.00

* Not Annualised.

22.15 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 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.

22.16 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.

22.17 Additional Disclosures

A) Floating Provisions

The Bank does not have any floating provision as at 30 September 2017, 31 March 2017, 30 September 2016 and 31 March 2016.

B) Draw Down from Reserve

There has been no draw down from reserves during the half-year ended 30 September 2017, 31 March 2017, 30 September 2016 and 31 March 2016.

C) Disclosure of customer complaints

i) Customer Complaints:

Particulars	**Half-Year ended 30 September 2017**	**Half-Year ended 31 March 2017**	**Half-Year ended 30 September 2016**	**Half-Year ended 31 March 2016**
i) No. of complaints pending at the beginning of the period	Nil	Nil	Nil	Nil
ii) No. of complaints received during the period	173	153	47	29
iii) No. of complaints redressed during the period	173	153	47	29
iv) No. of complaints pending at the end of the period	Nil	Nil	Nil	Nil

ii) Awards passed by the Banking Ombudsman

Particulars	**Half-Year ended 30 September 2017**	**Half-Year ended 31 March 2017**	**Half-Year ended 30 September 2016**	**Half-Year ended 31 March 2016**
i) No. of unimplemented Awards at the beginning of the period	Nil	Nil	Nil	Nil
ii) No. of Awards passed by the Banking Ombudsmen during the period	Nil	Nil	Nil	Nil
iii) No. of Awards implemented during the period	Nil	Nil	Nil	Nil
iv) No. of unimplemented Awards at the end of the period	Nil	Nil	Nil	Nil

iii) ATM related complaints

Particulars	**Half-Year ended 30 September 2017**	**Half-Year ended 31 March 2017**	**Half-Year ended 30 September 2016**	**Half-Year ended 31 March 2016**
i) No. of complaints pending at the beginning of the period	Nil	Nil	Nil	Nil
ii) No. of complaints received during the period	6037	4106	3002	Nil
iii) No. of complaints redressed during the period	6037	4106	3002	Nil
iv) No. of complaints pending at the end of the period	Nil	Nil	Nil	Nil

The above information is as certified by the Management and relied upon by the auditors.

D) Letter of Comfort (LOC's) issued by the Bank

The Bank has not issued any Letter of Comfort (LOC) during the half-year ended 30 September 2017, 31 March 2017, 30 September 2016 and 31 March 2016.

E) Provision coverage ratio

Particulars	**As at 30th September 2017**	**As at 31st March 2017**	**As at 30th September 2016**	**As at 31st March 2016**
The provision coverage ratio of the Bank computed in terms of the RBI guidelines	47.44%	29.09%	33.95%	45.46%

F) Bancassurance Business

The Bank has not engaged in bancassurance business during the year ended 31 March 2017, 31 March 2016, 31 March 2015, 30 September 2017 and 30 September 2016.

G) Concentration of Deposits, Advances Exposures & NPAs

I) Concentration of Deposits **(₹ In Million)**

Particulars	As at 30th September 2017	As at 31st March 2017	As at 30th September 2016	As at 31st March 2016
i) Total Deposits of twenty largest depositors	49,515.49	48,597.95	51,793.40	36,170.38
ii) Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	19.46%	20.92%	28.97%	29.92%

II) Concentration of Advances **(₹ In Million)**

Particulars	As at 30th September 2017	As at 31st March 2017	As at 30th September 2016	As at 31st March 2016
i) Total Advances to twenty largest borrowers	7,593.65	7,039.50	5,329.40	703.80
ii) Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	3.90%	4.17%	3.24%	0.57%

III) Concentration of Exposures **(₹ In Million)**

Particulars	As at 30th September 2017	As at 31st March 2017	As at 30th September 2016	As at 31st March 2016
i) Total Exposure to twenty largest borrowers / customers	7,667.58	7,227.60	5,423.20	703.80
ii) Percentage of Exposures to twenty largest borrowers / customers to total exposure of the bank on borrowers / customers	3.94%	4.28%	3.29%	0.57%

IV) Concentration of NPAs **(₹ In Million)**

Particulars	As at 30th September 2017	As at 31st March 2017	As at 30th September 2016	As at 31st March 2016
Total Exposure to top four NPA accounts	3.87	0.60	1.20	0.80

V) Movement of NPAs **(₹ In Million)**

Particulars	Half-year ended 30 September 2017	Half-year ended 31st March 2017	Half-year ended 30 September 2016	Half-year ended 31st March 2016
Gross NPAs (GNPA) - Opening	862.62	507.17	187.66	81.78
Additions (Fresh NPAs) during the period	2,025.69	693.49	340.21	105.88
Sub total (A)	2,888.31	1,200.66	527.87	187.66
Less :-				
(i) Upgradations	41.23	5.08	-	-
(ii) Recoveries (excluding recoveries made from upgraded accounts)	55.59	21.09	20.70	-
(iii) Technical / Prudential Write offs	-	311.87	-	-
(iv) Write offs other than those under (iii) above	-	-	-	-
Sub total (B)	96.82	338.04	20.70	-
Gross NPAs (GNPA) - Closing (A-B)	**2,791.49**	**862.62**	**507.17**	**187.66**

VI) Movement of Technical/Prudential written off accounts **(₹ In Million)**

Particulars	Half-year ended 30 September 2017	Half-year ended 31st March 2017	Half-year ended 30 September 2016	Half-year ended 31st March 2016
Opening balance of Technical/Prudential written off accounts	311.90	-	-	-
Add: Prudential/Technical write offs during the half-year	-	311.90	-	-
Sub Total (A)	311.90	311.90	-	-
Less: Recoveries made from previously technical/prudential written off accounts during the half-year (B)	28.81	-	-	-
Closing Balance (A-B)	283.09	311.90	-	-

VII) Overseas Loans and Advances, NPAs and Revenue

The Bank does not have any overseas Loans and Advances, NPAs and Revenue as on 30 September 2017, 31 March 2017, 30 September 2016 and 31 March 2016.

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.

22.18 Disclosure of Provision for Frauds **(₹ In Million)**

Particulars	Half-Year ended 30 September 2017	Half-Year ended 31 March 2017	Half-Year ended 30 September 2016	Half-Year ended 31 March 2016
No. of Frauds reported during the half-year to Reserve Bank of India	10	15	32	3
Amount involved in such Frauds	13.19	6.05	10.76	1.27
Recovery in such Frauds	4.88	0.66	2.37	1.27
Provision made during the period	8.31	5.39	8.39	-

22.19 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 30 September, 2017, the NRC comprises of the following directors.
Shri Bhaskar Sen - Chairman
Shri B. Sambamurthy
Shri Snehomoy Bhattacharya
Shri Ranodeb Roy (with effect from 19th September, 2016)
Shri Chandra Shekhar Ghosh

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 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 one form of performance - based variable remuneration, viz.,cash bonus. Stock linked instruments and ESOPs, as and when implemented, shall be formulated in accordance with relevant statutory provisions and regulatory guidelines.

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 and 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 remune

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 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.

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.

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. Stock linked instruments and ESOPs, as and when implemented, shall be formulated in accordance with relevant statutory provisions and regulatory guidelines.

Quantitative disclosures :

The quantitative disclosures pertaining to the MD & CEO, employees in the grades of SVPs and above, for the half-year ended 30 September 2017, 31 March 2017, 30 September 2016 and 31 March 2016 are given below:

Particulars	Half-Year ended 30 September 2017	Half-Year ended 31 March 2017	Half-Year ended 30 September 2016	Half-Year ended 31 March 2016
a) i) Number of meetings held by the Remuneration Committee during the half-year.	4	3	3	8
ii) Remuneration paid to its members (sitting fees)	Rs. 4,50,000	Rs. 2,55,000	Rs. 1,05,000	Rs. 2,55,000
b) Number of employees having received a variable remuneration award during the half-year.	10	Nil	10	N.A
c) Number and total amount of sign on awards made during the half-year.	Nil	Nil	Nil	N.A
d) Details of guaranteed bonus, if any, paid as joining / sign on bonus.	Nil	Nil	Nil	N.A
e) Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil	Nil	N.A
f) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms.	Rs. 1.4 Million	Rs. 2.6 Million	Nil	N.A
g) Total amount of deferred remuneration paid out in the half-year.	Rs. 1.4 Million	Rs. 2.6 Million	Nil	N.A
h) Breakdown of amount of remuneration awards for the half-year to show fixed and variable, deferred and non deferred.	Fixed - Rs. 47.5 Million Variable - Rs. 15.6 Million, Non-deferred - Rs. 14.2 Million, Deferred- Rs. 1.4 Million	Fixed - Rs 89.3 Million Variable - Rs. 13.3 Million, Non-deferred - Rs. 10.7 Million, Deferred- Rs. 2.6 Million	Nil	Fixed -Rs. 41.4 Million Variable - Nil Deferred - Nil Non-Deferred - Nil
i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments.	Nil	Nil	Rs. 2.62 million	N.A.
j) Total amount of reductions during the half-year due to ex post explicit adjustments.	Nil	Nil	Nil	N.A.
k) Total amount of reductions during the half-year due to ex post implicit adjustments.	N.A	Nil	Nil	N.A.

22.20 Disclosure relating to Securitisation

There are no securitisation transactions undertaken by the Bank during the half-year ended 30 September 2017, 31 March 2017, 30 September 2016 and 31 March 2016.

22.21. Credit default swaps

The Bank has not transacted in credit default swaps during the half-year ended 30 September 2017, 31 March 2017, 30 September 2016 and 31 March 2016.

22.22 Intra Group Exposures

The Bank did not have any intra group exposure as at 30 September 2017, 31 March 2017, 30 September 2016 and 31 March 2016.

22.23 Transfer to Depositor education and awareness fund (DEAF)

During the half-year ended 30 September 2017, 31 March 2017, 30 September 2016 and 31 March 2016, the Bank was not required to transfer any amount to Depositor Education and Awareness Fund.

22.24 Unhedged Foreign Currency Exposure

The borrower of the Bank does not have any Unhedged Foreign Currency Exposure as at 30 September 2017, 31 March 2017, 30 September 2016 and 31 March 2016.

The above information is as certified by the Management and relied upon by the auditors.

22.25 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.

The Bank follows the criteria laid down by RBI for month-end 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 consisting 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.

(b) Quantitative Disclosure for the half-year ended 30th September 2017 **(Rs. in million)**

Particulars	Average for quarter ended 30 June 2017		Average for quarter ended 30 September 2017	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets				
1) Total High Quality Liquid Assets (HQLA)		28,034.20		40,099.30
Cash Outflows				
2) Retail Deposits and deposits from small business customers, of which:	1,18,377.20	11,824.80	1,30,009.90	12,375.40
a) Stable deposits	258.00	12.90	12,511.10	625.60
b) Less stable deposits	1,18,119.10	11,811.90	1,17,498.80	11,749.80
3) Unsecured wholesale funding, of which:	51,740.00	20,205.10	88,049.30	43,372.40
a) Operational deposits (all counterparties)	-	-	-	-
b) Non-operational deposits (all counterparties)	51,740.00	20,205.10	88,049.30	43,372.40
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	22,253.70	22,253.70	13,191.30	13,191.30
7) Other contingent funding obligations	51.70	2.60	63.00	3.10
8) Total Cash outflows	**1,92,422.50**	**54,286.20**	**2,31,313.50**	**68,942.20**
Cash Inflows				
9) Secured lending (eg. Reverse repos)				
10) Inflows from fully performing exposures	79,352.20	67,285.90	56,650.10	44,579.50
11) Other cash inflows	-	-	-	-
12) Total Cash Inflows	**79,352.20**	**67,285.90**	**56,650.10**	**44,579.50**
13) Total HQLA		**28,034.20**		**40,099.30**
14) Total Net Cash outflow		**13,571.50**		**24,362.70**
15) Liquidity Coverage Ratio(%)		**206.57%**		**164.59%**

(c) Quantitative Disclosure for the half-year ended 31st March 2017 **(Rs. in million)**

Particulars	Average for the quarter ended 31 December 2016		Average for the quarter ended 31 March 2017	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets				
1) Total High Quality Liquid Assets (HQLA)	-	18,635.90	-	15,203.84
Cash Outflows				
2) Retail Deposits and deposits from small business customers, of which:	88,763.10	8,876.30	1,07,206.60	10,720.70
a) Stable deposits	-	-	-	-
b) Less stable deposits	88,763.10	8,876.30	1,07,206.60	10,720.70
3) Unsecured wholesale funding, of which:	35,761.60	19,855.30	38,236.80	18,840.10
a) Operational deposits (all counterparties)	-	-	-	-
b) Non-operational deposits (all counterparties)	35,761.60	19,855.30	38,236.80	18,840.10
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	7,934.80	7,934.80	4,645.70	4,645.70
7) Other contingent funding obligations	21.84	1.09	44.40	1.30
8) Total Cash outflows	**1,32,481.34**	**36,667.49**	**1,50,133.50**	**34,207.80**
Cash Inflows				
9) Secured lending (eg. Reverse repos)				
10) Inflows from fully performing exposures	34,606.10	24,274.20	44,186.00	32,859.40
11) Other cash inflows	-	-	-	-
12) Total Cash Inflows	**34,606.10**	**24,274.20**	**44,186.00**	**32,859.40**
13) Total HQLA	-	**18,635.90**	-	**15,203.84**
14) Total Net Cash outflow	-	**12,393.40**	-	**8,552.17**
15) Liquidity Coverage Ratio(%)		**150.37%**		**177.78%**

(d) Quantitative Disclosure for the half-year ended 30th September 2016 **(Rs. in million)**

Particulars	Average for quarter ended 30 June 2016		Average for quarter ended 30 September 2016	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets				
1) Total High Quality Liquid Assets (HQLA)	-	30,635.20	-	16,658.20
Cash Outflows				
2) Retail Deposits and deposits from small business customers, of which:	39,822.30	3,982.20	50,717.00	5,071.70
a) Stable deposits	-	-	-	-
b) Less stable deposits	39,822.30	3,982.20	50,717.00	5,071.70
3) Unsecured wholesale funding, of which:	48,292.30	30,724.70	23,601.10	10,698.40
a) Operational deposits (all counterparties)	-	-	-	-
b) Non-operational deposits (all counterparties)	48,292.30	30,724.70	23,601.10	10,698.40
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	9,103.20	9,103.20	14,520.80	14,520.80
7) Other contingent funding obligations	3.10	0.20	4.60	0.40
8) Total Cash outflows	**97,220.90**	**43,810.30**	**88,843.50**	**30,291.30**
Cash Inflows	-	-	-	-
9) Secured lending (eg. Reverse repos)	-	-	-	-
10) Inflows from fully performing exposures	42,540.90	34,826.80	30,732.10	22,213.20
11) Other cash inflows	-	-	-	-
12) Total Cash Inflows	**42,540.90**	**34,826.80**	**30,732.10**	**22,213.20**
13) Total HQLA	-	**30,635.20**	-	**16,658.20**
14) Total Net Cash outflow	-	**10,952.60**	-	**8,078.10**
15) Liquidity Coverage Ratio(%)		**279.71%**		**206.21%**

(e) Quantitative Disclosure for the half-year ended 31st March 2016 **(Rs. in million)**

Particulars	Average for the quarter ended 31 December 2015		Average for the quarter ended 31 March 2016	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets				
1) Total High Quality Liquid Assets (HQLA)	-	6,903.70	-	8,626.40
Cash Outflows				
2) Retail Deposits and deposits from small business customers, of which:	6,057.95	605.80	15,972.18	1,597.22
a) Stable deposits	-	-	-	-
b) Less stable deposits	6,057.95	605.80	15,972.18	1,597.22
3) Unsecured wholesale funding, of which:	4,520.87	4,248.31	11,901.90	11,333.77
a) Operational deposits (all counterparties)	-	-	-	-
b) Non-operational deposits (all counterparties)	4,520.87	4,248.31	11,901.90	11,333.77
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	7,871.62	7,871.62	7,879.38	7,879.38
7) Other contingent funding obligations	-	-	1.04	-
8) Total Cash outflows	**18,450.44**	**12,725.73**	**35,754.50**	**20,810.37**
Cash Inflows				
9) Secured lending (eg. Reverse repos)	9,452.69	9,452.69	17,127.18	17,127.18
10) Inflows from fully performing exposures	6,970.92	3,485.46	9,058.51	4,529.25
11) Other cash inflows	-	-	-	-
12) Total Cash Inflows	**16,423.61**	**12,938.15**	**26,185.69**	**21,656.43**
13) Total HQLA	-	**6,903.70**	-	**8,626.40**
14) Total Net Cash outflow	-	**3,181.40**	-	**5,202.60**
15) Liquidity Coverage Ratio(%)		**217.00%**		**165.81%**

22.26 Maturity pattern of certain items of assets and liabilities as at 30 September 2017 **(Rs. in million)**

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	-	1,003.78	-	1,025.10	805.50	1,998.90	1,624.90	-	1,600.00	-	**8,058.18**
Deposits	872.80	4,365.10	4,388.00	2,440.70	36,282.10	42,379.70	48,641.30	1,11,263.00	2,529.50	1,259.50	**2,54,421.70**
Total	**872.80**	**5,368.88**	**4,388.00**	**3,465.80**	**37,087.60**	**44,378.60**	**50,266.20**	**1,11,263.00**	**4,129.50**	**1,259.50**	**2,62,479.88**
Assets											
Advances	800.50	4,578.40	4,602.10	9,420.40	36,357.70	43,995.50	51,952.70	39,274.00	1,460.20	975.31	**1,93,416.81**
Investment	-	-	939.70	1,707.40	2,914.60	5,973.30	10,623.30	4,217.80	-	45,360.40	**71,736.50**
Total	**800.50**	**4,578.40**	**5,541.80**	**11,127.80**	**39,272.30**	**49,968.80**	**62,576.00**	**43,491.80**	**1,460.20**	**46,335.71**	**2,65,153.31**

Maturity pattern of certain items of assets and liabilities as at 31 March 2017 **(Rs. in million)**

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	-	532.90	-	177.80	1,058.91	2,462.16	2,832.26	1,625.35	1,600.00	-	**10,289.38**
Deposits	710.20	6,912.37	4,721.29	1,529.12	29,819.08	12,002.06	56,101.02	1,17,563.52	1,799.89	1,128.03	**2,32,286.58**
Total	**710.20**	**7,445.27**	**4,721.29**	**1,706.92**	**30,877.99**	**14,464.22**	**58,933.28**	**1,19,188.87**	**3,399.89**	**1,128.03**	**2,42,575.96**
Assets											
Advances	505.12	3,500.24	3,520.18	6,667.64	28,779.99	36,244.68	47,019.44	41,607.44	39.73	506.32	**1,68,390.78**
Investment	-	-	-	-	986.31	3,069.27	4,236.75	1,588.95	-	45,283.59	**55,164.87**
Total	**505.12**	**3,500.24**	**3,520.18**	**6,667.64**	**29,766.30**	**39,313.95**	**51,256.19**	**43,196.39**	**39.73**	**45,789.91**	**2,23,555.65**

Maturity pattern of certain items of assets and liabilities as at 30 September 2016 **(Rs. in million)**

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	-	-	-	304.41	2,335.90	3,648.76	5,199.57	5,206.88	1,600.00	-	**18,295.52**
Deposits	791.47	3,683.80	3,068.54	3,087.88	31,569.56	37,779.25	23,181.36	74,112.99	967.00	565.95	**1,78,807.80**
Total	**791.47**	**3,683.80**	**3,068.54**	**3,392.29**	**33,905.46**	**41,428.01**	**28,380.93**	**79,319.87**	**2,567.00**	**565.95**	**1,97,103.32**
Assets											
Advances	376.78	3,992.18	3,910.36	7,910.25	33,825.83	39,823.31	42,908.51	31,171.36	331.09	311.87	**1,64,561.54**
Investment	-	1,421.53	1,496.46	485.78	7,297.29	5,335.02	-	-	96.85	36,829.76	**52,962.69**
Total	**376.78**	**5,413.71**	**5,406.82**	**8,396.03**	**41,123.12**	**45,158.33**	**42,908.51**	**31,171.36**	**427.94**	**37,141.63**	**2,17,524.23**

Maturity pattern of certain items of assets and liabilities as at 31 March 2016 **(Rs. in million)**

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	-	-	90.88	315.80	3,742.50	5,638.20	7,702.60	10,426.50	1,000.00	1,600.00	**30,516.48**
Deposits	255.00	1,419.90	2,062.78	616.10	6,604.50	9,524.90	50,044.40	49,806.40	325.50	228.00	**1,20,887.48**
Total	**255.00**	**1,419.90**	**2,153.66**	**931.90**	**10,347.00**	**15,163.10**	**57,747.00**	**60,232.90**	**1,325.50**	**1,828.00**	**1,51,403.96**
Assets											
Advances	672.10	2,652.10	3,246.26	2,981.00	27,814.20	16,978.90	48,144.10	21,832.50	4.90	49.40	**1,24,375.46**
Investment	11,050.80	244.60	355.34	725.90	1,726.90	2,508.30	10,049.40	10,050.50	552.00	316.60	**37,580.34**
Total	**11,722.90**	**2,896.70**	**3,601.60**	**3,706.90**	**29,541.10**	**19,487.20**	**58,193.50**	**31,883.00**	**556.90**	**366.00**	**1,61,955.80**

BANDHAN BANK LIMITED

Annexure 22 -Notes forming part of the restated half yearly summary statements

22.27 Sector-wise advances **(Rs. in million)**

Sr. No.	Sector*	As at 30 September 2017			As at 31 March 2017		
		Outstanding Gross Advances	Gross NPAs (GNPA)	Percentage of Gross NPAs to Gross Advances in that sector	Outstanding Gross Advances	Gross NPAs (GNPA)	Percentage of Gross NPAs to Gross Advances in that sector
A	**Priority Sector**						
1	Agriculture and allied activities	37,690.00	1,014.50	2.69%	77,314.40	296.40	0.38%
2	Advances to industries sector eligible as priority sector lending	12,853.20	731.40	5.69%	14,612.30	271.80	1.86%
3	Services	28,179.40	951.70	3.38%	68,510.00	254.90	0.37%
4	Personal loans	1,758.50	17.70	1.01%	4,129.70	35.80	0.87%
	Sub Total (A)	**80,481.10**	**2,715.30**	**3.37%**	**1,64,566.40**	**858.90**	**0.52%**
B	**Non Priority Sector**						
1	Agriculture and allied activities	43,990.00	-	-	-	-	-
2	Industry sector	19,252.20	-	-	-	-	-
3	Services	46,418.10	0.30	-	439.87	-	-
4	Personal loans	4,599.70	75.90	1.65%	3,635.44	3.72	0.10%
	Sub Total (B)	**1,14,260.00**	**76.20**	**0.07%**	**4,075.31**	**3.72**	**0.09%**
	Total (A+B)	**1,94,741.10**	**2,791.50**	**1.43%**	**1,68,641.71**	**862.62**	**0.51%**

*Non priority sector includes amounting ₹ 1,07,940 million Priority sector portfolio which has been sold under PSLC.

Sr. No.	Sector*	As at 30 September 2016			As at 31 March 2016		
		Outstanding Gross Advances	Gross NPAs (GNPA)	Percentage of Gross NPAs to Gross Advances in that sector	Outstanding Gross Advances	Gross NPAs (GNPA)	Percentage of Gross NPAs to Gross Advances in that sector
A	**Priority Sector**						
1	Agriculture and allied activities	78,125.80	286.63	0.37%	64,267.90	136.70	0.21%
2	Advances to industries sector eligible as priority sector lending	15,198.22	49.67	0.33%	10,278.60	16.30	0.16%
3	Services	65,388.12	166.10	0.25%	47,886.20	31.90	0.07%
4	Personal loans	3,347.93	0.87	0.03%	255.40	0.70	0.26%
	Sub Total (A)	**1,62,060.07**	**503.27**	**0.31%**	**1,22,688.10**	**185.60**	**0.15%**
B	**Non Priority Sector**						
1	Agriculture and allied activities	-	-	0.00%	-	-	0.00%
2	Industry sector	-	-	0.00%	647.00	0.10	0.01%
3	Services	-	-	0.00%	897.80	1.10	0.12%
4	Personal loans	2,673.68	3.90	0.15%	227.90	0.90	0.39%
	Sub Total (B)	**2,673.68**	**3.90**	**0.15%**	**1,772.70**	**2.10**	**0.12%**
	Total (A+B)	**1,64,733.75**	**507.17**	**0.31%**	**1,24,460.80**	**187.70**	**0.15%**

*The classification of advances into sector is based on sector wise industry bank credit return submitted to RBI.

22.28 Details of Priority sector lending certificates (categorywise) sold and purchase during the period: **(Rs. in million)**

Sr. No.	Particulars	Half-Year ended 30 September 2017	
		Purchase	Sale
i)	PSLC – Agriculture	-	10,990.00
ii)	PSLC - Small & Marginal farmers(SFMF)	-	33,000.00
iii)	PSLC - Micro Enterprises	-	14,450.00
iv)	PSLC – General	-	49,500.00

The Bank did not sell and purchase any priority sector lending certificates during the half-year ended 31 March 2017, 30 September 2016, and 31 March 2016.

22.29 Details of Inter-Bank Participation Certificate (IBPC) transactions

During the half-year, the Bank has sold its advances through IBPCs. The details are as follows: **(Rs. in million)**

Sr. No.	Particulars	Half-Year ended 30 September 2017	Half-Year ended 31 March 2017	Half-Year ended 30 September 2016	Half-Year ended 31 March 2016
i)	Aggregate value of IBPCs entered	30,000.00	76,000.00	16,000.00	32,000.00
ii)	Aggregate consideration received	30,000.00	76,000.00	16,000.00	32,000.00
iii)	Aggregate gain recorded	2,352.10	1,378.20	1,255.00	386.00
iv)	IBPCs outstanding*	30,000.00	76,000.00	16,000.00	32,000.00
	* Includes principal amount collected against the pool sold and not yet due for payment and included under other liabilities	3,634.00	9,239.00	2,916.60	6,398.60

22.30 Business Transfer

Pursuant to the approval received from Reserve Bank of India for commencement of banking operations, all assets and liabilities pertaining to the microfinance business of Bandhan Financial Services Limited ("BFSL") were transferred to the Bank with effect from 23 August 2015, on a slump sale basis for a consideration of Rs. 12,331.46 million. The consideration has been determined as per the Business Transfer Agreement dated 11 February 2015 entered into between the Bank and BFSL. The acquired assets and liabilities were recorded at their existing carrying amount in BFSL in accordance with 'Pooling of Interest Method' guidance provided in AS-14, 'Accounting for Amalgamations'.Rs.163.98 million being excess of consideration paid by the Bank over net assets acquired have been adjusted with the General Reserve in the books of the Bank.

The summary of assets and liabilities acquired is as follows:

Description	**Amount**
Fixed Assets	42.30
Investments	2.00
Cash and Bank Balances	32,603.60
Other Assets	78,904.73
Total Assets	**1,11,552.63**
Other Liabilities & Provisions	99,385.15
Net Assets (A)	**12,167.48**
Consideration (B)	**12,331.46**
Excess* (B-A)	**163.98**

* The excess consideration is on account of consideration for fixed assets being paid based on the written down value of fixed assets as per Income Tax Act, 1961.

22.31 Miscellaneous income includes

(Rs. in million)

Sr. No.	**Particulars**	**Half-Year ended 30 September 2017**	**Half-Year ended 31 March 2017**	**Half-Year ended 30 September 2016**	**Half-Year ended 31 March 2016**
i)	Card charges recovered from customers	371.80	61.39	519.20	-
ii)	Income from Sale of Priority sector lending certificates	1,188.30	-	-	-

BANDHAN BANK LIMITED
ANNEXURE 23 : Restated Statement of Accounting Ratios

(₹ In Million)

Particulars		Half-Year ended 30 September 2017*	Half-Year ended 31 March 2017*	Half-Year ended 30 September 2016*	Half-Year ended 31 March 2016*
Basic earnings per share [Refer Note (a)(i) below]	A/C	6.01	5.38	4.77	2.38
Diluted earnings per share [Refer Note (a)(ii) below]	A/C	6.01	5.38	4.77	2.38
Return on net worth [Refer Note (a)(iii) below]	A/B	12.88%	13.26%	13.55%	7.22%
Net asset value per equity share [Refer Note (a)(iv) below]	B/E	46.61	40.60	35.22	30.45
Net profit after tax, as restated, attributable to equity shareholders	A	6,576.54	5,895.14	5,224.39	2,407.44
Net worth at the end of the period/years	B	51,041.09	44,464.55	38,569.42	33,345.03
Weighted average number of equity shares outstanding during the period/years, used for Basic/Diluted earnings per share	C	1,095.14	1,095.14	1,095.14	1,013.00
Face value per share [Refer Note (b) below]		10.00	10.00	10.00	10.00
Total number of shares outstanding at the end of the period/years	E	1,095.14	1,095.14	1,095.14	1,095.14

* Not Annualised.

Notes:

(a) Ratios have been computed as per the following formulas :

(i) Basic earnings per share (₹) = $\frac{\text{Net Profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period/years}}$

(ii) Diluted earnings per share (₹) = $\frac{\text{Net Profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of diluted equity shares outstanding during the period/years}}$

(iii) Return on net worth (%) = $\frac{\text{Net Profit after tax, as restated, attributable to equity shareholders}}{\text{Net worth at the end of the period/years}}$

(iv) Net asset value per equity share (₹) = $\frac{\text{Net worth at the end of the period/years}}{\text{Total number of equity shares outstanding at the end of period/years}}$

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

(c) "Net worth" means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve, cash flow hedge reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and accumulated losses (if any)

(d) The figures disclosed above are based on the Restated Half-Yearly Summary Statements.

Auditors' Report on the restated nine month summary statement of assets and liabilities as at December 31, 2017 and December 31, 2016 and restated nine month summary statements of profits and losses and cash flows for the nine months ended December 31, 2017 and December 31, 2016 of Bandhan Bank Limited (collectively, the "Restated Nine Monthly Summary Statements")

The Board of Directors,
Bandhan Bank Limited
DN 32, Sector V
Salt Lake City, Kolkata 700 091
India

Dear Sirs,

1. We have examined the attached Restated Nine Monthly Summary Statements of Bandhan Bank Limited (the "Bank") as at December 31, 2017 and December 31, 2016 and for each of the nine month periods ended December 31, 2017 and December 31, 2016, annexed to this report and prepared by the Bank for the purpose of inclusion in the offer document, in connection with its proposed Initial Public Offer of equity shares of face value of Rs.10 each ("IPO"). The Restated Nine Monthly Summary Statements, which have been approved by the Board of Directors of the Bank, have been prepared by the Bank in accordance with the requirements of relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "ICDR Regulations") issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992, to the extent applicable.

Management's Responsibility for the Restated Nine monthly Summary Statements

2. The preparation of Restated Nine Monthly Summary Statements, which is to be included in the offer documents is the responsibility of the Management of the Bank for the purpose set out in paragraph 13 below. The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Nine Monthly Summary Statements. The Management is also responsible for identifying and ensuring that the Bank complies with the ICDR Regulations, to the extent applicable.

Auditors' Responsibilities

3. We have examined such Restated Nine Monthly Summary Statements taking into consideration:

   a) the terms of reference and our engagement agreed with you vide our engagement letter dated November 02, 2017, requesting us to carry out work on such Restated Nine Monthly Summary Statements, proposed to be included in the offer document of the Bank in connection with the Bank's proposed IPO;

   b) the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (the "Guidance Note"); and

   c) the requirements of applicable provisions of the ICDR Regulations, to the extent applicable.

4. The Bank proposes to make an IPO of equity shares, having a face value of Rs. 10 each, at such premium, arrived at by the book building process (referred to as the 'Offer'), as may be decided by the Board of Directors of the Bank.

Restated Nine Monthly Summary Statements as per audited financial statements

5. The Restated Nine Monthly Summary Statements have been compiled by the management from the audited financial statements of the Bank as at and for the nine month periods ended December 31, 2017 and December 31, 2016, which have been approved by the Board of Directors at their meeting held on January 31, 2018 and January 31, 2018 , respectively.

6. For the purpose of our examination, we have relied on Auditors' Reports issued by us dated January 31, 2018 and January 31, 2018 on the financial statements of the Bank as at and for the nine months ended December 31, 2017 and December 31, 2016, respectively, as referred in Para 5 above.

7. Based on our examination, in accordance with the requirements of the ICDR Regulations (to the extent applicable), Guidance Note and terms of our engagement agreed with you, we report that:

   a) The restated summary statement of assets and liabilities of the Bank as at December 31, 2017, and December 31, 2016, examined by us, as set out in Annexure 1 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Summary Statement of Material Adjustments and Regroupings.

   b) The restated summary statement of profit and loss of the Bank for each of the nine month periods ended December 31, 2017, and December 31, 2016, examined by us, as set out in Annexure 2 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Summary Statement of Material Adjustments and Regroupings.

   c) The restated summary statement of cash flows of the Bank for each of the nine month periods ended December 31, 2017 and December 31, 2016, examined by us, as set out in Annexure 3 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Summary Statement of Material Adjustments and Regroupings.

   d) Based on the above and according to the information and explanations given to us, we further report that:

      i) The accounting policies as at and for the nine months ended December 31, 2017 are materially consistent with the policies adopted for the nine month period ended December 31, 2016. Accordingly, no adjustments have been made to the audited financial statements of the respective periods presented on account of changes in accounting policies.

      ii) There are no material adjustments recorded in the Restated Nine Monthly Summary Statements as compared to the audited financial statements of the Bank for the nine month period ended December 31, 2017 and the nine month period ended December 31, 2016, respectively;

      iii) Restated Nine Monthly Summary Statements do not contain any extra-ordinary items that need to be disclosed separately in the Restated Nine Monthly Summary Statements; and

      iv) There are no qualifications in the auditors' reports on the audited financial statements of the Bank as at and for the nine months ended December 31, 2017 and December 31, 2016, which require any adjustments to the Restated Nine Monthly Summary Statements.

8. We have not audited any financial statements of the Bank as of any date or for any period subsequent to December 31, 2017. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Bank as of any date or for any period subsequent to December 31, 2017.

Other Financial Information

9. At the Bank's request, we have also examined the following restated financial information of the Bank proposed to be included in the offer document, prepared by the Management and approved by the Board of Directors of the Bank on January 31, 2018 and annexed to this report relating to the Bank as at and for each of the nine month periods ended December 31, 2017 and December 31, 2016.

   i) Restated Statement of Share Capital, enclosed as Annexure 6
   ii) Restated Statement of Reserves & Surplus, enclosed as Annexure 7
   iii) Restated Statement of Deposits, enclosed as Annexure 8
   iv) Restated Statement of Borrowings, enclosed as Annexure 9
   v) Restated Statement of Other Liabilities and Provisions, enclosed as Annexure 10
   vi) Restated Statement of Cash and balances with Reserve Bank of India, enclosed as Annexure 11
   vii) Restated Statement of Balances with Banks and Money at call and short notice, enclosed as Annexure 12
   viii) Restated Statement of Investments, enclosed as Annexure 13
   ix) Restated Statement of Advances, enclosed as Annexure 14
   x) Restated Statement of Fixed Assets, enclosed as Annexure 15
   xi) Restated Statement of Other Assets, enclosed as Annexure 16
   xii) Restated Statement of Contingent liabilities, enclosed as Annexure 17
   xiii) Restated Statement of Interest Earned, enclosed as Annexure 18
   xiv) Restated Statement of Other Income, enclosed as Annexure 19
   xv) Restated Statement of Interest expended, enclosed as Annexure 20
   xvi) Restated Statement of Operating expenses, enclosed as Annexure 21
   xvii) Notes forming part of the restated nine monthly summary statements, enclosed as Annexure 22
   xviii) Restated Statement of Accounting Ratios, enclosed as Annexure 23

10. According to the information and explanations given to us, in our opinion, the Restated Nine Monthly Summary Statements and the abovementioned restated financial information contained in Annexures 6 to 23 accompanying this report, read with Summary of Significant Accounting Policies disclosed in Annexure 5, are prepared after making adjustments and regroupings as considered appropriate and disclosed in Annexure 4 and have been prepared in accordance with the ICDR Regulations, to the extent applicable, and Guidance Note.

11. This report should not in any way be construed as a reissuance or redating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. Our report is intended solely for use of the management for inclusion in the offer document to be filed with SEBI, BSE Limited, the National Stock Exchange of India Limited and Registrar of Companies, West Bengal in connection with the proposed IPO of the Bank. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

Yours faithfully,

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Kabra
Partner
Membership No.: 094533

Kolkata
January 31, 2018

BANDHAN BANK LIMITED

Annexure - 1 : Restated Summary Statement of Assets and Liabilities

(₹ In Million)

	Annexure	As at 31 December 2017	As at 31 December 2016
Capital & Liabilities			
Capital	6	10,951.41	10,951.41
Reserves & Surplus	7	43,090.14	30,289.03
Deposits	8	252,939.56	194,633.13
Borrowings	9	13,306.94	14,154.43
Other liabilities and provisions	10	11,904.50	9,495.67
Total		**332,192.55**	**259,523.67**
Assets			
Cash and balances with Reserve Bank of India	11	12,587.07	26,537.60
Balance with Banks and Money at call and short notice	12	11,332.04	3,120.40
Investments	13	72,911.64	62,782.65
Advances	14	229,307.47	162,225.63
Fixed Assets	15	2,329.80	2,342.69
Other Assets	16	3,724.53	2,514.70
Total		**332,192.55**	**259,523.67**
Contingent liabilities	17	300.71	302.86
Bills for collection		-	-
Significant Accounting Policies and Notes to Restated Summary Statement	5 & 22		

The accompanying annexures are an intergral part of this statement.

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

Dr. A. K. Lahiri
Chairman

Chandra Shekhar Ghosh
Managing Director & CEO

C.M. Dixit
Director

Place : Kolkata
Date : 31st January 2018

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

BANDHAN BANK LIMITED

Annexure - 2 : Restated Summary Statement of Profit and Loss

(₹ In Million)

	Annexure	Nine months ended 31 December 2017	Nine months ended 31 December 2016
I. Income			
Interest Earned	18	34,517.02	28,303.71
Other Income	19	5,028.05	2,819.81
Total		**39,545.07**	**31,123.52**
II. Expenditure			
Interest Expended	20	12,828.70	11,165.96
Operating Expenses	21	9,453.35	7,329.39
Provisions & Contingencies	22.1	2,651.27	519.92
TOTAL		**24,933.32**	**19,015.27**
III Profit before tax (I-II)		14,611.75	12,108.25
IV. Tax Expenses			
- Current tax		5,413.80	4,438.92
- Deferred tax credit		(379.05)	(226.08)
TOTAL		**5,034.75**	**4,212.84**
V. Profit after tax as restated (III-IV)		**9,577.00**	**7,895.41**
VI. Earnings per Share			
Basic & Diluted (₹)	22.14	8.74*	7.21*
Face value per share (₹)		10	10
Significant Accounting Policies and Notes to Restated Summary Statement	5 & 22		

The accompanying annexures are an intergral part of this statement.
* Not Annualised.

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

Dr. A. K. Lahiri
Chairman

Chandra Shekhar Ghosh
Managing Director & CEO

C.M. Dixit
Director

Place : Kolkata
Date : 31st January 2018

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

BANDHAN BANK LIMITED

Annexure - 3 : Restated Summary Statement of Cash Flows

(₹ In Million)

Particulars	Nine months ended 31 December 2017	Nine months ended 31 December 2016
A. Cash flow from Operating Activities :		
Profit Before Taxation	14,611.75	12,108.25
Adjustments for :		
Depreciation and amortization	623.42	459.40
Provision on Standard Assets	517.08	276.98
Provision for non-performing assets and other contingencies	1,743.33	242.94
Provision for depreciation in value of investments	390.86	-
Loss on Sale of Fixed Assets	-	3.25
Operating Profit Before Working Capital Changes	**17,886.44**	**13,090.82**
Movements in working capital :		
Increase in Advances	(62,687.50)	(38,046.84)
Increase in Other Assets	(708.08)	(785.17)
Decrease/(Increase) in Investment	(5,304.65)	(1,401.38)
Increase in Deposit	20,652.98	73,745.64
Increase/(Decrease) in Other Current Liabilities and Provisions	(3,933.37)	(4,034.13)
Cash generated from operations	**(34,094.18)**	**42,568.93**
Direct Taxes Paid	(5,385.92)	(4,048.39)
Net Cash flows generated from/(used in) Operating Activities (A)	**(39,480.10)**	**38,520.55**
B. Cash flow from Investing Activities :		
Purchase of Fixed Assets/Capital work-in-progress	(435.36)	(437.44)
Sale of Fixed Assets/Capital work-in-progress	-	3.87
Increase in Held to Maturity Investment	(12,832.97)	(23,800.93)
Deposits (created)/encashed with banks and financial institutions	(699.90)	(0.40)
Net Cash flows (used in) Investing Activities (B)	**(13,968.23)**	**(24,234.90)**
C. Cash flow from Financing Activities :		
Net proceeds from short term borrowings	7,550.75	
Repayment of long term borrowings	(4,533.20)	(16,362.04)
Net Cash flows generated from/(used in) Financing Activities(C)	**3,017.55**	**(16,362.04)**
Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)	**(50,430.78)**	**(2,076.40)**
Cash and Cash Equivalents at the beginning of the period	73,647.33	31,731.47
Cash and Cash Equivalents at the end of the period	**23,216.55**	**29,655.07**
Components of Cash and Cash Equivalents :		
Cash and Balances with Reserve Bank of India (Refer Annexure 11)	12,587.07	26,537.60
Balance with Banks and Money at call and short notice (Refer Annexure 12)	10,629.48	3,117.47
	23,216.55	**29,655.07**

Cash and Cash Equivalents excludes Fixed Deposits as at 31 December 2017: 702.56 million, 31 December 2016: Rs.2.93 million with original maturity of more than three months.

The accompanying annexures are an intergral part of this statement.
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

Dr. A. K. Lahiri
Chairman

Chandra Shekhar Ghosh
Managing Director & CEO

C.M. Dixit
Director

Place : Kolkata
Date : 31st January 2018

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

Bandhan Bank Limited
Annexure - 4 : Restated Statement of Material Adjustment and Regrouping

1) Material Adjustments

The accounting policies as at and for the nine months ended December 31, 2017 are materially consistent with the policies adopted for the nine months ended December 31, 2016. Accordingly, no adjustments have been made to the audited financial statements of the respective periods presented on account of changes in accounting policies.

2) Material Regroupings

There are no material adjustments necessary in order to bring the restated summary of Assets and Liabilities, Profit and Loss and Cash flows in line with the audited financial statements of the Bank as at and for the period ended December 31, 2017, in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended).

BANDHAN BANK LIMITED

Annexure 5 – Significant accounting policies forming part of the restated nine monthly summary statements

1. Background

Bandhan Bank Limited (the 'Bank'), incorporated on 23 December 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 17 June 2015, the Bank commenced its banking operations from 23 August 2015.

2. Basis of preparation

The restated nine monthly summary statement of assets and liabilities of the Bank as at December 31, 2017 and December 31, 2016 and the related restated nine monthly summary statement of profits and losses and related restated nine monthly summary statement of cash flows for the nine months ended December 31, 2017 and December 31, 2016 (herein collectively referred to as "Restated Nine Monthly Summary Statements") have been compiled by the management from the then audited financial statements for the nine months ended December 31, 2017 and December 31, 2016. The accounting policies have been consistently applied by the Bank in preparation of the restated nine monthly summary Statements and are consistent with those adopted in the preparation of financial statements for the nine months ended December 31, 2017.

The audited financial statements as at and for the nine months ended December 31, 2017 and December 31, 2016 have been prepared in connection with the proposed initial offering of its equity shares. These financial statements have been prepared on accrual basis of accounting and unless otherwise stated, 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.

These restated nine monthly summary Statements have been prepared specially for inlcusion in the offer document to be filed by the Bank with the Securities and Exchange Board of India (' SEBI') in connection with its proposed initial public offering and were approved by the Board on 31 January 2018.

These restated nine monthly summary Statements have been prepared by the Bank in accordance with the requirements of relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "ICDR Regulations") issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992, to the extent applicable.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of the restated nine monthly summary 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 restated nine monthly summary statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in the preparation of the restated nine monthly summary 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.

3.1 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/loss on sale of investments in the 'Held to Maturity' category is recognised in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit/loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the profit and loss 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 at the time of such sale.

All other fees are accounted for as and when they become due.

3.2 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.

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 is 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.

Treasury bills being discounted instruments are valued at current cost.

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.

Transfer of securities between categories of investments is accounted as per the RBI Guidelines.

Repurchase ('repo') and reverse repurchase ('reverse repo') transactions including 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.

3.3 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 Company 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.

The 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 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(original disbursed amount of ₹ 100,000 or less), 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.

3.4 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 form the aggregate advance outstanding.

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.

3.5 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.

3.6 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.

3.7 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

3.8 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.

3.9 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.

3.10 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 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.

3.11 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 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/period.

Long term Compensated absences are provided for based on actuarial valuation which is done as per projected unit credit method at the end of each financial year. Short term Compensated absences are provided for based on estimates of encashment / availment of leave.

Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

3.12 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.

3.13 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.

3.14 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.

3.15 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.

3.16 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.

BANDHAN BANK LIMITED

Annexures forming part of the Restated Summary Statement of Assets and Liabilities

(₹ In Million)

Annexure 6 - Restated Statement of Share Capital	As at 31 December 2017	As at 31 December 2016
Authorized Capital		
5,000,000,000 equity shares of Rs. 10/- each	50,000.00	50,000.00
Issued, subscribed and fully paid-up capital		
No. of shares (In million)	1,095.14	1,095.14
Equity Share Capital	10,951.41	10,951.41
Total	**10,951.41**	**10,951.41**

(₹ In Million)

Annexure 7 - Restated Statement of Reserves & Surplus	As at 31 December 2017	As at 31 December 2016
I. **Statutory Reserve**		
Opening Balance	3,469.44	689.56
Additions during the period	-	-
Deduction during the period	-	-
Total	**3,469.44**	**689.56**
II. **Capital Reserve**		
Opening Balance	9.11	-
Additions during the period	-	-
Deduction during the period	-	-
Total	**9.11**	**-**
III. **Share Premium Account**		
Opening Balance	19,550.25	19,550.25
Additions during the period	-	-
Less: Share issue expenses	-	-
Total	**19,550.25**	**19,550.25**
IV. **Revenue & other Reserves**		
Opening Balance	-	-
Additions during the period	-	-
Deduction during the period	-	-
Total	**-**	**-**
V. **Balance as per last financial statements**	10,484.34	2,153.81
Profit for the period	9,577.00	7,895.41
Less:		
Transfer to Statutory Reserves	-	-
Transfer to Other Reserves	-	-
Transfer to Government Reserve/ Dividend	-	-
Transfer to Capital Reserve	-	-
Total	**20,061.34**	**10,049.22**
GRAND TOTAL (I+II+III+IV+V)	**43,090.14**	**30,289.03**

BANDHAN BANK LIMITED

Annexures forming part of the Restated Summary Statement of Assets and Liabilities

(₹ In Million)

Annexure 8 - Restated Statement of Deposits	As at 31 December 2017	As at 31 December 2016
A. I. Demand Deposits		
i) From Banks	221.95	221.52
ii) From Others	14,631.49	6,071.44
II. Savings Bank Deposits	69,165.01	46,677.42
III. Term Deposits		
i) From Banks	21,169.68	34,083.28
ii) From Others	147,751.43	107,579.47
Total	**252,939.56**	**194,633.13**
B. I. Deposits of branches in India	252,939.56	194,633.13
II. Deposits of branches outside India	-	-
Total	**252,939.56**	**194,633.13**

(₹ In Million)

Annexure 9 - Restated Statement of Borrowings	As at 31 December 2017	As at 31 December 2016
I. Borrowings in India		
i) Reserve Bank of India	-	-
ii) Other banks	1,456.61	6,538.90
iii) Other Institutions & agencies *	11,850.33	7,615.53
II. Borrowings outside India	-	-
Total	**13,306.94**	**14,154.43**
Secured borrowings included in I(ii & iii) above	**9,540.28**	**6,721.10**
* Borrowings from other institutions and agencies includes Subordinated Debt in the nature of Non-Convertible Debentures.	1,600.00	1,600.00

a. Borrowings from other institutions and agencies includes Unsecured Subordinated Debentures which are redeemable after 84 months from the date of issue i.e., September 24, 2014. It carries interest rate of 14.54% p.a.

b. Unsecured borrowings are repayable in bi-annual equated instalments. It carries interest rate of 10.25% p.a.

c. Term loans from banks are secured by hypothecation of portfolio loans covered by hypothecation loan agreement. These are repayable in monthly/quarterly equated instalments and carries interest rate ranging between 9.25% and 9.75% p.a.

d. Secured borrowings other than term loans includes borrowings under Market Repo and Collateralised Borrowings and Lending Operations (CBLO). These are secured by pledge of government securities and redeemable between 7 and 90 days and carries interest rate ranging between 0.75% and 6.50% p.a.

(₹ In Million)

Annexure 10 - Restated Statement of Other liabilities and provisions	As at 31 December 2017	As at 31 December 2016
I. Bills Payable	295.49	150.36
II. Inter-office Adjustments(Net)	-	-
III. Interest accrued	124.17	310.80
IV. Contingent Provision against Standard Assets	2,072.66	1,508.51
V. Provision for Income Tax (Net)	590.21	549.42
VI. Others *	8,821.97	6,976.58
Total	**11,904.50**	**9,495.67**
* Includes amount payable for IBPC transactions (Refer note No 22.29)]	5,185.31	4,240.97

BANDHAN BANK LIMITED

Annexures forming part of the Restated Summary Statement of Assets and Liabilities

(₹ In Million)

Annexure 11 - Restated Statement of Cash and balances with Reserve Bank of India	As at 31 December 2017	As at 31 December 2016
I. Cash In hand	1,726.16	4,609.47
II. Balance with Reserve Bank of India		
i) In Current Account	10,010.91	7,628.13
ii) In Other Accounts	850.00	14,300.00
Total	**12,587.07**	**26,537.60**

(₹ In Million)

Annexure 12 - Restated Statement of Balances with Banks and Money at call and short notice	As at 31 December 2017	As at 31 December 2016
I. In India		
i) Balance with Banks		
a) In Current Account	3,613.53	3,117.47
b) In Other Deposit Accounts	702.56	2.93
ii) Money at call & short notice		
a) With banks	2,500.00	-
b) With other institutions	4,500.00	-
Total	**11,316.09**	**3,120.40**
II. Outside India		
a) In Current Account	15.95	-
b) In Other Deposit Accounts	-	-
c) Money at call & short notice	-	-
Total	**15.95**	**-**
GRAND TOTAL (I+II)	**11,332.04**	**3,120.40**

(₹ In Million)

Annexure 13 - Restated Statement of Investments	As at 31 December 2017	As at 31 December 2016
I. Investment in India in		
i) Government Securities	70,664.55	62,780.65
ii) Other Approved Securities	-	-
iii) Shares	2.00	2.00
iv) Debentures & Bonds	-	-
v) Subsidiaries and /or joint ventures	-	-
vi) Others	2,654.85	-
Total	**73,321.40**	**62,782.65**
Less- Provision for Depreciation on Investment	409.76	-
Total	**72,911.64**	**62,782.65**
II. Investments outside India	**-**	
Total	**-**	**-**
GRAND TOTAL (I+II)	**72,911.64**	**62,782.65**

BANDHAN BANK LIMITED

Annexures forming part of the Restated Summary Statement of Assets and Liabilities

(₹ In Million)

Annexure 14 - Restated Statement of Advances	As at 31 December 2017	As at 31 December 2016
A. i) Bills Purchased & Discounted	-	-
ii) Cash credits, overdrafts and loans repayable on demand	5,027.45	1,629.37
iii) Term loans *	224,280.02	160,596.26
Total	**229,307.47**	**162,225.63**
* Net of loans outstanding		
- Under Inter bank participation certificate	12,314.69	20,759.03
- Under Assignment	-	393.35
B. i) Secured by tangible assets (Including Advances against book debts)	212,940.82	134,563.63
ii) Covered by Bank/Government Guarantees	-	-
iii) Unsecured	16,366.65	27,662.00
Total	**229,307.47**	**162,225.63**
C. I) Advances in India		
i) Priority Sector	71,242.52	160,261.06
ii) Public Sector	-	-
iii) Banks	-	-
iv) Others	158,064.95	1,964.57
Total	**229,307.47**	**162,225.63**
II) Advances Outside India	-	
Total	**-**	**-**
GRAND TOTAL (I+II)	**229,307.47**	**162,225.63**

(₹ In Million)

Annexure 15 - Restated Statement of Fixed Assets	As at 31 December 2017	As at 31 December 2016
I) Premises		
Gross Block		
At cost at the beginnig of the period	1,227.78	989.26
Addition during the period	113.65	117.48
Deduction during the period	-	-
Total	**1,341.43**	**1,106.74**
Depreciation		
As at the beginning of the period	280.18	58.16
Charge for the period	175.81	167.85
Deduction during the period	-	-
Depreciation to date	**455.99**	**226.01**
Net Block	**885.44**	**880.73**
II) Other Fixed Assets (Including Furniture & Fixture)		
Gross Block		
At cost at the beginnig of the period	2,315.65	1,736.04
Addition during the period	321.11	305.68
Deduction during the period	-	-
Total	**2,636.76**	**2,041.72**
Depreciation		
As at the beginning of the period	745.39	299.63
Charge for the period	447.60	291.55
Deduction during the period	-	-
Depreciation to date	**1,192.99**	**591.18**
Net Block	**1,443.77**	**1,450.54**
III) Capital Work-in-progress (including capital advances)	**0.59**	**11.42**
GRAND TOTAL (I+II+III)	**2,329.80**	**2,342.69**

BANDHAN BANK LIMITED

Annexures forming part of the Restated Summary Statement of Assets and Liabilities

(₹ In Million)

Annexure 16 - Restated Statement of Other Assets	**As at 31 December 2017**	**As at 31 December 2016**
I) Inter Office adjustment (Net)	-	-
II) Interest Accrued	1,320.46	1,145.15
III) Tax paid in advance/tax deducted at source	-	-
IV) Stationery and stamps	-	-
V) Non banking assets acquired in satisfaction of claims	-	-
VI) Others *	2,404.07	1,369.55
Total	**3,724.53**	**2,514.70**
* Includes Deferred Tax Assets (Refer Annexure No. 22.12)	1,293.66	814.05

(₹ In Million)

Annexure 17 - Restated Statement of Contingent liabilities	**As at 31 December 2017**	**As at 31 December 2016**
I) Claims against the Bank not acknowledged as debts	4.61	-
II) Liability for partly paid investments	-	-
III) Liability on account of outstanding forward exchange contracts	-	-
IV) Guarantees given on behalf of constituents		-
(a) In India	109.17	44.08
(b) Outside India	-	-
V) Acceptances, endorsements and other obligations	-	-
VI) Other items-Capital Commitments	186.93	258.78
Total	**300.71**	**302.86**

BANDHAN BANK LIMITED

Annexures forming part of the Restated Nine Monthly Summary Statement of Profit and Loss **(₹ In Million)**

Annexure 18 - Restated Statement of Interest Earned	**Nine months ended 31 December 2017**	**Nine months ended 31 December 2016**
I) Interest/discount on advances/bills	26,450.84	22,614.12
II) Income on investments	3,535.54	3,240.98
III) Interest on balances with Reserve Bank of India and other inter-bank funds	1,320.42	497.80
IV) Others (Includes gain on assignment /IBPC)	3,210.22	1,950.81
Total	**34,517.02**	**28,303.71**

(₹ In Million)

Annexure 19 - Restated Statement of Other Income	**Nine months ended 31 December 2017**	**Nine months ended 31 December 2016**
I) Commission, exchange and brokerage	2,321.34	1,962.32
II) Profit/(Loss) on sale of investments (net)	430.04	231.43
III) Profit/(Loss) on sale of fixed assets	-	-
IV) Profit on exchange/derivative transactions	-	-
V) Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	-	-
VI) Miscellaneous income (Refer Annexure 22.31)	2,276.67	626.06
Total	**5,028.05**	**2,819.81**

(₹ In Million)

Annexure 20 - Restated Statement of Interest Expended	**Nine months ended 31 December 2017**	**Nine months ended 31 December 2016**
I) Interest on deposits	12,100.05	9,362.33
II) Interest on Reserve Bank of India/Inter-bank borrowings	401.34	1,356.06
III) Others	327.31	447.57
Total	**12,828.70**	**11,165.96**

(₹ In Million)

Annexure 21 - Restated Statement of Operating Expenses	**Nine months ended 31 December 2017**	**Nine months ended 31 December 2016**
I) Payments to and provisions for employees	4,993.79	3,960.41
II) Rent, taxes and lighting	953.42	651.18
III) Printing and stationery	146.60	138.17
IV) Advertisement and publicity	193.92	182.50
V) Depreciation on bank’s property	623.42	459.39
VI) Directors’ fees, allowance and expenses	8.02	5.15
VII) Auditors’ fees and expenses	11.45	2.56
VIII) Law charges	6.92	5.34
IX) Postage, telegrams, telephones etc.	138.57	153.81
X) Repairs and maintenance	9.27	3.32
XI) Insurance	86.66	44.08
XII) Other expenditure	2,281.31	1,723.48
Total	**9,453.35**	**7,329.39**

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Annexure 22 -Notes forming part of the restated nine monthly summary statements

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.

22.1 "Provisions & Contingencies" recognised in the Profit & Loss Account comprise:

(₹ In Million)

Particulars	Nine months ended 31 December 2017	Nine months ended 31 December 2016
Provision for Standard assets	517.08	276.98
Provision for non-performing assets*	1,770.81	196.66
Provision for depreciation in value of investments	390.86	-
Provision for other contingencies	(27.48)	46.28
Total	**2,651.27**	**519.92**
* Includes bad debts written off	-	-

22.2 The capital adequacy ratio of the Bank, calculated as per the RBI guidelines (under Basel III) is set out below:

(₹ In Million)

Particulars	As at 31 December 2017	As at 31 December 2016
Capital adequacy (%)		
Common Equity Tier 1 (%)	23.53	26.85
Tier 1 capital ratio (%)	23.53	26.85
Tier 2 capital ratio (%)	1.32	1.82
CRAR (%)	**24.85**	**28.67**
Amount of equity capital raised (including share premium)	-	-
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 any nine month.

22.3 Investments

A) The Details of investments are set out below:

(₹ In Million)

Value of Investments	As at 31 December 2017	As at 31 December 2016
(1) Value of Investment		
(i) Gross value of Investments		
a) In India	73,321.40	62,782.65
b) Outside India	-	-
(ii) Provision for Depreciation		
a) In India	409.76	-
b) Outside India	-	-
(iii) Provision for Non- Performing Investments		
a) In India	-	-
b) Outside India	-	-
(iii) Net value of Investments		
a) In India	72,911.64	62,782.65
b) Outside India	-	-

(2) Movement of provisions held towards depreciation on investments: (₹ In Million)

Particulars	Nine months ended 31 December 2017	Nine months ended 31 December 2016
Opening balance	18.90	-
Add: Provisions made during the period (Net)	390.86	-
Closing balance	**409.76**	**-**

B) Repo Transactions (in face value terms) for the period ended 31 December 2017 **(₹ In Million)**

Particulars	Minimum outstanding during the period	Maximum outstanding during the period	Daily Average outstanding during the period	Outstanding as on 31 December, 2017
Securities sold under Repo				
i. Government securities	-	6,043.21	1,061.77	6,043.21
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	-	67,042.24	31,886.29	850.00
ii. Corporate debt securities	-	-	-	-

B) Repo Transactions (in face value terms) for the period ended 31 December 2016 **(₹ In Million)**

Particulars	Minimum outstanding during the period	Maximum outstanding during the period	Daily Average outstanding during the period	Outstanding as on 31 December, 2016
Securities sold under Repo				
i. Government securities	-	12,400.00	63.10	-
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	-	25,340.00	9,580.00	14,300.00
ii. Corporate debt securities	-	-	-	-

C) Non SLR Investment Portfolio

i) Issuer composition of Non SLR investments as at 31 December 2017 **(₹ In Million)**

Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
(i) Public Sector Units	-	-	-	-	-
(ii) Financial Institutions	-	-	-	-	-
(iii) Banks	-	-	-	-	-
(iv) Private Corporates	2.00	-	-	2.00	2.00
(v) Subsidiaries / Joint	-	-	-	-	-
(vi) Others	2,654.85	-	-	-	2,654.85
(vii) Provision held towards	-	-	-	-	-
Total	**2,656.85**	**-**	**-**	**2.00**	**2,656.85**

Amounts reported under columns (3), (4), (5) and (6) above are not mutually exclusive.

C) Non SLR Investment Portfolio

i) Issuer composition of Non SLR investments as at 31 December 2016 **(₹ In Million)**

Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
(i) Public Sector Units	-	-	-	-	-
(ii) Financial Institutions	-	-	-	-	-
(iii) Banks	-	-	-	-	-
(iv) Private Corporates	2.00	-	-	2.00	2.00
(v) Subsidiaries / Joint	-	-	-	-	-
(vi) Others	-	-	-	-	-
(vii) Provision held towards	-	-	-	-	-
Total	**2.00**	**-**	**-**	**2.00**	**2.00**

Amounts reported under columns (3), (4), (5) and (6) above are not mutually exclusive.

ii) Non performing Non-SLR investments

The Bank does not have any Non performing Non-SLR investment as at 31 December 2017, 31 December 2016.

D) Sale and transfers of Securities to / from HTM Category

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 relevant period. 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.

22.4 Derivatives

The Bank has not entered into any derivative transaction during the period ended 31 December 2017 and 31 December 2016.

22.5 Asset Quality

A) Non Performing Assets

(₹ In Million)

Particulars	Nine months ended 31 December 2017	Nine months ended 31 December 2016
i) Net NPAs to Net Advances (%)	0.80%	0.31%
ii) Movement of NPAs (Gross) (GNPA)		
a) Opening balance	862.62	187.66
b) Additions during the period	3,117.23	619.35
c) Reductions during the period#	(116.93)	(28.19)
d) Closing balance	3,862.92	778.82
iii) Movement of Net NPAs		
a) Opening balance	611.70	102.34
b) Additions during the period	1,323.07	409.72
c) Reductions during the period	(93.58)	(15.22)
d) Closing balance	1,841.19	496.84
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	250.92	85.32
b) Provisions made during the period	1,794.16	209.63
c) Provision utilised for Write-off / write-back of excess provisions	(23.35)	(12.97)
d) Closing balance	2,021.73	281.98
# Includes bad debts written off	-	-

B) Particulars of accounts restructured

The Bank does not have any restructured account as at and for the period ended 31 December 2017, 31 December 2016.

C) Details of Financial Assets sold to Securitisation / Reconstruction company for Reconstruction

The Bank did not sell any Financial Assets to Securitisation / Reconstruction company for Reconstruction during the period ended 31 December 2017, 31 December 2016.

D) Details of Non Performing Financial Assets Purchased / Sold

The Bank did not purchase/sell any Non Performing Financial Assets during the period ended 31 December 2017, 31 December 2016.

E) Provisions on Standard Assets

(₹ In Million)

Particulars	As at 31 December 2017	As at 31 December 2016
Provisions towards Standard Assets	2,072.66	1,508.51

F) Disclosure on Advances

(₹ In Million)

Particulars	As at 31 December 2017	As at 31 December 2016
Gross Advances (Including IBPC/Assignment)	243,643.89	183,660.00
Less: Managed Advance (IBPC/Assignment)	12,314.69	21,152.38
Gross Advances (Excluding IBPC/Assignment)	231,329.20	162,507.62
Less: Provision on NPA	2,021.73	281.99
Net Advances (Refer Annexure 14)	229,307.47	162,225.63

22.6 The key business ratios and other information is set out below:

(₹ In Million)

Particulars	Nine months ended 31 December 2017*	Nine months ended 31 December 2016*
Interest income as a percentage to working funds [1]	10.99%	11.86%
Non-interest income as a percentage to working funds [1]	1.60%	1.18%
Operating profit as a percentage to working funds [1,2]	5.45%	5.29%
Return on assets [1]	3.01%	3.31%
Profit per employee [3]	0.37	0.37
Business (deposits less inter-bank deposits plus advances) per employee [3]	18.09	14.95

1. 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 period.
2. Operating profit is profit for the year/ period before considering provisions and contingencies.
3. Productivity ratios are based on average number of employees for the period.
* Not Annualised.

22.7 Exposures

A) Exposure to Real Estate Sector

(₹ In Million)

Category	As at 31 December 2017	As at 31 December 2016
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.	1,364.90	424.70
(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	**1,364.90**	**424.70**

B) Exposure to Capital Market

Category	As at 31 December 2017	As at 31 December 2016
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	2.00	2.00
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	**2.00**	**2.00**

C) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Bank

During the period ended 31 December 2017, 31 December 2016 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 period ended 31 December 2017, 31 December 2016 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.

22.8 Miscellaneous

Disclosure of penalties imposed by RBI

No penalty has been levied on the Bank by RBI during the period ended 31 December 2017 and 31 December 2016.

22.9 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.

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Annexure 22 -Notes forming part of the restated nine monthly summary statements

(₹ In Million)

Particulars	Nine months ended 31 December 2017	Nine months ended 31 December 2016
i) Table Showing changes in present value of Defined Benefit obligation:		
Present value of defined benefit obligations as at beginning of the period	329.93	215.23
Present value of defined benefit obligations as acquired from BFSL	-	-
Interest cost	22.08	11.60
Past Service Cost		2.61
Current service cost	65.17	54.69
Benefit Paid	-	-
Actuarial loss on obligations	(19.48)	45.88
Present value of defined benefit obligations as at end of the period	397.70	330.01
ii) Table showing fair value of plan assets:		
Fair value of plan assets as at beginning of the period	163.40	158.92
Fair value of plan assets acquired from BFSL	-	-
Expected return on plan assets	9.75	9.61
Contributions paid	-	-
Benefits Paid	-	-
Acquisition Adjustment	-	-
Actuarial gain/ (loss) on Plan assets	1.84	(5.25)
Fair value of plan assets at end of the period	174.99	163.28
iii) Actuarial (Gain)/Loss recognised:		
Actuarial loss on obligations	(19.48)	45.88
Actuarial gain/ (loss) for the period on plan assets	1.84	(5.25)
Actuarial loss recognised in the period	(21.32)	51.13
iv) The amounts to be recognised in the Balance Sheet and Profit and Loss Account:		
Present value of obligations at the end of the period	397.70	330.01
Fair value of plan assets at the end of the period	174.99	163.28
Net liability recognised in balance sheet	222.71	166.73
v) Expenses Recognised in Profit and Loss Account:		
Current Service Cost	65.17	54.69
Past Service Cost	-	2.61
Interest Cost	22.08	11.60
Expected return	9.75	9.61
Net Actuarial loss recognised in the period	(21.32)	51.13
Expenses recognised in profit and loss account	56.18	110.42
Actual return on plan assets	7.91	14.86
vi) The Principal assumptions used in the actuarial valuation are shown below :		
Discount Rate	7.86%	7.25%
Salary Escalation	8.00%	8.00%
Withdrawal Rate	7.00%	7.00%
Expected rate of return on assets	8.00%	8.15%

(₹ In Million)

vii) Amounts for the current and previous period are as follows: [Refer note (ix) below]	As at 31 December 2017	As at 31 December 2016
a) Defined Benefit Obligations	397.70	330.01
b) Plan Assets	174.99	163.28
c) Deficit	(222.71)	(166.73)
d) Experience adjustments on plan liabilities [(Gain)/Loss]	-	-
e) Experience adjustments on plan assets [Gain/(Loss)]	-	-

viii) The Major categories of Plan Assets as a percentage of the fair value of Total Plan Asset are as follows:

Particulars	As at 31 December 2017	As at 31 December 2016
Insurance Managed Fund	100%	100%

ix) The Bank was incorporated on 23 December 2014 and did not have any employees in the year ended 31 March, 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 overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

B) Provident Fund

Amount incurred as expense for defined contribution to Provident Fund during the period ended 31 December 2017: 218.11 million and 31 December 2016: 170.26 million.

22.10 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.

The Bank does not have any para banking activities during the period ended 31 December 2017 and 31 December 2016.

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 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.

B) Segment Information

i) Primary (Business Segment) for the period ended 31 December 2017 **(₹ In Million)**

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Total
Segment Revenue				
Gross interest income (external customers)	5,130.27	28,785.21	601.54	34,517.02
Other income	430.09	4,582.13	15.83	5,028.05
Total income as per profit	**5,560.36**	**33,367.34**	**617.37**	**39,545.07**
Add: Inter segment interest	-	2,416.88	-	2,416.88
Total segment revenue	**5,560.36**	**35,784.22**	**617.37**	**41,961.95**
Less: Interest expenses	728.60	11,836.28	263.82	12,828.70
Less: Inter segment interest expenses	2,194.38	-	222.50	2,416.88
Less: Operating expenses	716.48	8,672.86	64.01	9,453.35
Operating Profit	**1,920.90**	**15,275.08**	**67.04**	**17,263.02**
Less: Provisions for non performing assets/others	**390.86**	**2,260.41**	**-**	**2,651.27**
Segment results	**1,530.04**	**13,014.67**	**67.04**	**14,611.75**
Less: provisions for tax				**5,034.75**
Net profit				**9,577.00**
Other information				
Segment assets	82,637.18	240,558.88	7,702.83	330,898.90
Unallocated assets				1,293.65
Total assets	**82,637.18**	**240,558.88**	**7,702.83**	**332,192.55**
Segment liabilities*	67,667.92	258,833.27	5,101.15	331,602.34
Unallocated liabilities				590.21
Total liabilities	**67,667.92**	**258,833.27**	**5,101.15**	**332,192.55**

Notes:

*Treasury segment liabilities includes share capital and reserve & surplus

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Annexure 22 -Notes forming part of the restated nine monthly summary statements

i) Primary (Business Segment) for the period ended 31 December 2016 **(₹ In Million)**

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Total
Segment Revenue				
Gross interest income (external customers)	3,738.80	24,419.41	145.50	28,303.71
Other income	257.50	2,562.31	-	2,819.81
Total income as per profit	**3,996.30**	**26,981.72**	**145.50**	**31,123.52**
Add: Inter segment interest	-	1,001.30	-	1,001.30
Total segment revenue	**3,996.30**	**27,983.02**	**145.50**	**32,124.82**
Less: Interest expenses				11,165.96
Less: Inter segment interest expenses				1,001.30
Less: Operating expenses				7,329.39
Operating Profit	**3,996.30**	**27,983.02**	**145.50**	**12,628.17**
Less: Provisions for non performing assets/others				**519.92**
Segment results	**3,996.30**	**27,983.02**	**145.50**	**12,108.25**
Less: provisions for tax				**4,212.84**
Net profit				**7,895.41**
Other information				
Segment assets	77,991.47	174,540.00	6,178.10	258,709.57
Unallocated assets				814.10
Total assets	**77,991.47**	**174,540.00**	**6,178.10**	**259,523.67**
Segment liabilities*	56,202.07	202,264.60	507.60	258,974.27
Unallocated liabilities				549.40
Total liabilities	**56,202.07**	**202,264.60**	**507.60**	**259,523.67**

Notes:

*Treasury segment liabilities includes share capital and reserve & surplus

22.11 Related Party disclosure

A) Names of related parties and nature of relationship

List of Related Parties	Nine months ended 31 December 2017	Nine months ended 31 December 2016
Ultimate Parent Company		
Bandhan Financial Services Limited (BFSL)	✓	✓
Parent Company		
Bandhan Financial Holdings L	✓	✓
Key Management Personn		
Mr. Chandra Shekhar Ghosh	✓	✓
Mr. Indranil Banerjee	✓	✓
Mr. Sunil Samdani	✓	✓

Relatives of Key Management Personnel

List of Relatives of Key Management Personnel	Nine months ended 31 December 2017	Nine months ended 31 December 2016
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 **(₹ In Million)**

Particulars	As at	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposit	31 December 2017	1919.97	407.86	12.63	19.61	2,360.07
	31 December 2016	2559.25	173.38	14.73	17.00	2,764.36

ii) Maximum outstanding **(₹ In Million)**

Particulars	Period	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposit	Period ended 31 December 2017	2,674.37	411.11	14.81	22.77	**3,123.06**
	Period ended 31 December 2016	2,980.33	223.14	14.87	17.99	**3,236.33**

iii) Transactions **(₹ In Million)**

Particulars	Period	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Interest expenditure	Period ended 31 December 2017	143.91	9.37	0.44	0.98	**154.70**
	Period ended 31 December 2016	160.58	13.46	0.51	0.62	**175.17**
Remuneration	Period ended 31 December 2017	-	-	28.94	6.03	**34.97**
	Period ended 31 December 2016			23.85	5.12	**28.97**

As per Bandhan Bank Employee Stock Option Plan Series-1, 68,616 number of stock options were granted to Key Management Personnel. Refer note no. 22.32.

22.12 The major components of Deferred Tax Assets (DTA) arising out of timing differences are as under :

(₹ In Million)

Particulars	As at 31 December 2017	As at 31 December 2016
Deferred Tax Assets		
Depreciation on fixed assets.	161.80	48.51
Provisions for loan losses	717.31	522.06
Expenditure charged to the profit & Loss account in the current year but allowed for tax purposes on payment basis	414.55	243.48
Total Deferred Tax Assets	**1,293.66**	**814.05**

22.13 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.

(₹ In Million)

Particulars	Nine months ended 31 December 2017	Nine months ended 31 December 2016
The amount of rent expenses included in the Profit & Loss account towards operating leases	778.31	514.51

Particulars of future minimum lease payment in respect of Head office & Bank branches are as mentioned below : **(₹ In Million)**

Particulars	As at 31 December 2017	As at 31 December 2016
a) Not later than 1 year	844.68	613.61
b) Later than 1 year and not later than 3 years	1,862.82	1,298.20

22.14 Earnings per Share

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 - "Earnings per Share".

(₹ In Million)

Particulars	Nine months ended 31 December 2017*	Nine months ended 31 December 2016*
a) Weighted average number of equity shares used in computing basic and diluted earnings per share	1,095.14	1,095.14
b) Net profit	9,577.00	7,895.41
c) Basic earnings per share (₹)	8.74	7.21
d) Diluted earnings per share (₹)	8.74	7.21
e) Nominal value per share (₹)	10.00	10.00

* Not Annualised.

22.15 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 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.

22.16 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.

22.17 Additional Disclosures

A) Floating Provisions

The Bank does not have any floating provision as at 31 December 2017, 31 December 2016.

B) Draw Down from Reserve

There has been no draw down from reserves during the period ended 31 December 2017, 31 December 2016.

C) Disclosure of customer complaints

i) Customer Complaints:

Particulars	Nine months ended 31 December 2017	Nine months ended 31 December 2016
i) No. of complaints pending at the beginning of the period	Nil	Nil
ii) No. of complaints received during the period	423	104
iii) No. of complaints redressed during the period	423	104
iv) No. of complaints pending at the end of the period	Nil	Nil

ii) Awards passed by the Banking Ombudsman

Particulars	Nine months ended 31 December 2017	Nine months ended 31 December 2016
i) No. of unimplemented Awards at the beginning of the period	Nil	Nil
ii) No. of Awards passed by the Banking Ombudsmen during the period	Nil	Nil
iii) No. of Awards implemented during the period	Nil	Nil
iv) No. of unimplemented Awards at the end of the period	Nil	Nil

iii) ATM related complaints

Particulars	Nine months ended 31 December 2017	Nine months ended 31 December 2016
i) No. of complaints pending at the beginning of the period	Nil	Nil
ii) No. of complaints received during the period	9666	4387
iii) No. of complaints redressed during the period	9666	4387
iv) No. of complaints pending at the end of the period	Nil	Nil

The above information is as certified by the Management and relied upon by the auditors.

D) Letter of Comfort (LOC's) issued by the Bank

The Bank has not issued any Letter of Comfort (LOC) during the period ended 31 December 2017, 31 December 2016.

E) Provision coverage ratio

Particulars	As at 31 December 2017	As at 31 December 2016
The provision coverage ratio of the Bank computed in terms of the RBI guidelines	52.34%	36.21%

F) Bancassurance Business

The Bank has not engaged in bancassurance business during the period ended 31 December 2017, 31 December 2016.

G) Concentration of Deposits, Advances Exposures & NPAs

I) Concentration of Deposits **(₹ In Million)**

Particulars	As at 31 December 2017	As at 31 December 2016
i) Total Deposits of twenty largest depositors	32,797.64	35,491.96
ii) Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	12.97%	18.24%

II) Concentration of Advances **(₹ In Million)**

Particulars	As at 31 December 2017	As at 31 December 2016
i) Total Advances to twenty largest borrowers	7,922.68	6,507.08
ii) Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	3.42%	4.00%

III) Concentration of Exposures **(₹ In Million)**

Particulars	As at 31 December 2017	As at 31 December 2016
i) Total Exposure to twenty largest borrowers / customers	7,942.33	6,588.16
ii) Percentage of Exposures to twenty largest borrowers / customers to total exposure of the bank on borrowers / customers	3.43%	4.05%

IV) Concentration of NPAs **(₹ In Million)**

Particulars	As at 31 December 2017	As at 31 December 2016
Total Exposure to top four NPA accounts	4.02	2.40

V) Movement of NPAs **(₹ In Million)**

Particulars	Nine months ended 31 December 2017	Nine months ended 31 December 2016
Gross NPAs (GNPA) - Opening	862.62	187.66
Additions (Fresh NPAs) durinc	3,117.23	619.35
Sub total (A)	3,979.85	807.01
Less :-		
(i) Upgradations	6.70	4.11
(ii) Recoveries (excluding recoveries made from upgraded accounts)	110.23	24.08
(iii) Technical / Prudential Write offs	-	-
(iv) Write offs other than those under (iii) above	-	-
Sub total (B)	116.93	28.19
Gross NPAs (GNPA) - Closing (A-B)	**3,862.92**	**778.82**

VI) Movement of Technical/Prudential written off accounts **(₹ In Million)**

Particulars	Nine months ended 31 December 2017	Nine months ended 31 December 2016
Opening balance of Technical/Prudential written off accounts	311.90	-
Add: Prudential/Technical write offs during the period	-	-
Sub Total (A)	311.90	-
Less: Recoveries made from previously technical/prudential written off accounts during the period (B)	37.77	-
Closing Balance (A-B)	274.13	-

VII) Overseas Loans and Advances, NPAs and Revenue

The Bank does not have any overseas Loans and Advances, NPAs and Revenue as on 31 December 2017, 31 December 2016.

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.

22.18 Disclosure of Provision for Frauds **(₹ In Million)**

Particulars	Nine months ended 31 December 2017	Nine months ended 31 December 2016
No. of Frauds reported during the period to Reserve Bank of India	24	42
Amount involved in such Frauds	24.73	11.30
Recovery in such Frauds	7.37	2.90
Provision made during the period	17.37*	8.40

* ₹ 1.19 crore provided in the year ended 31st March,2017.

22.19 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 31 December, 2017, the NRC comprises of the following directors.
Shri Bhaskar Sen - Chairman
Shri B. Sambamurthy
Shri Snehomoy Bhattacharya
Shri Ranodeb Roy (with effect from 19th September, 2016)
Shri Chandra Shekhar Ghosh

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 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 one form of performance - based variable remuneration, viz.,cash bonus. ESOP, as referred in annexure 22.32 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 and 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 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.

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.

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 annexure 22.32 is linked to continuous service with the Bank.

Quantitative disclosures :

The quantitative disclosures pertaining to the MD & CEO, employees in the grades of SVPs and above, for the period ended 31 December 2017 and 31 December 2016 are given below:

(₹ In Million)

Particulars	**Nine months ended 31 December 2017**	**Nine months ended 31 December 2016**
a) i) Number of meetings held by the Remuneration Committee during the period.	4	4
ii) Remuneration paid to its members (sitting fees)	₹ 0.45	₹ 0.20
b) Number of employees having received a variable remuneration award during the period.	10	10
c) Number and total amount of sign on awards made during the period.	₹ 15.61	₹ 9.89
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	Nil
g) Total amount of deferred remuneration paid out in the period.	₹ 1.42	Nil
h) Breakdown of amount of remuneration awards for the period to show fixed and variable, deferred and non deferred.	Nil	Nil
i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments.	₹ 0.80	₹ 2.63
j) Total amount of reductions during the period due to ex post explicit adjustments.	Nil	Nil
k) Total amount of reductions during the period due to ex post implicit adjustments.	Nil	Nil

22.20 Disclosure relating to Securitisation

There are no securitisation transactions undertaken by the Bank during the period ended 31 December 2017 and 31 December 2016.

22.21. Credit default swaps

The Bank has not transacted in credit default swaps during the period ended 31 December 2017 and 31 December 2016.

22.22 Intra Group Exposures

The Bank did not have any intra group exposure as at 31 December 2017, 31 December 2016.

22.23 Transfer to Depositor education and awareness fund (DEAF)

During the period ended 31 December 2017 and 31 December 2016 the Bank was not required to transfer any amount to Depositor Education and Awareness Fund.

22.24 Unhedged Foreign Currency Exposure

The borrower of the Bank does not have any Unhedged Foreign Currency Exposure as at 31 December 2017 and 31 December 2016.

The above information is as certified by the Management and relied upon by the auditors.

22.25 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.

The Bank follows the criteria laid down by RBI for month-end 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 consisting 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.

BANDHAN BANK LIMITED

Annexure 22 -Notes forming part of the restated nine monthly summary statements

(b) Quantitative Disclosure for the nine months ended 31st December 2017 **(Rs. in million)**

Particulars	Average for quarter ended 30 June 2017		Average for quarter ended 30 September 2017		Average for quarter ended 31 December 2017	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets						
1) Total High Quality Liquid Assets (HQLA)		28,034.20		40,099.30		50,060.30
Cash Outflows						
2) Retail Deposits and deposits from small business customers, of which:	118,377.20	11,824.80	130,009.90	12,375.40	144,531.80	13,482.40
a) Stable deposits	258.00	12.90	12,511.10	625.60	19,415.70	970.80
b) Less stable deposits	118,119.10	11,811.90	117,498.90	11,749.90	125,116.20	12,511.60
3) Unsecured wholesale funding, of which:	51,740.00	20,205.10	88,049.30	43,372.40	108,186.20	57,265.20
a) Operational deposits (all counterparties)	-	-	-	-	-	-
b) Non-operational deposits (all counterparties)	51,740.00	20,205.10	88,049.30	43,372.40	108,186.20	57,265.20
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	22,253.70	22,253.70	13,191.30	13,191.30	7,055.30	7,055.30
7) Other contingent funding obligations	51.70	2.60	63.00	3.10	98.60	4.90
8) Total Cash outflows	**192,422.50**	**54,286.20**	**231,313.50**	**68,942.20**	**259,871.90**	**77,807.80**
Cash Inflows						
9) Secured lending (eg. Reverse repos)			-	-	-	-
10) Inflows from fully performing exposures	79,352.20	67,285.90	56,650.10	44,579.50	51,090.30	38,478.20
11) Other cash inflows	-	-	-	-	-	-
12) Total Cash Inflows	**79,352.20**	**67,285.90**	**56,650.10**	**44,579.50**	**51,090.30**	**38,478.20**
13) Total HQLA		**28,034.20**		**40,099.30**		**50,060.30**
14) Total Net Cash outflow		**13,571.50**		**24,362.70**		**39,329.60**
15) Liquidity Coverage Ratio(%)		**206.57%**		**164.59%**		**127.28%**

(c) Quantitative Disclosure for the year ended 31st December 2016 **(Rs. in million)**

Particulars	Average for the quarter ended 30 June 2016		Average for the quarter ended 30 September 2016		Average for the quarter ended 31 December 2016	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets						
1) Total High Quality Liquid Assets (HQLA)	-	30,635.20	-	16,658.20	-	18,635.90
Cash Outflows						
2) Retail Deposits and deposits from small business customers, of which:	39,822.30	3,982.20	50,717.00	5,071.70	88,763.10	8,876.30
a) Stable deposits	-	-	-	-	-	-
b) Less stable deposits	39,822.30	3,982.20	50,717.00	5,071.70	88,763.10	8,876.30
3) Unsecured wholesale funding, of which:	48,292.30	30,724.70	23,601.10	10,698.40	35,761.60	19,855.30
a) Operational deposits (all counterparties)	-	-	-	-	-	-
b) Non-operational deposits (all counterparties)	48,292.30	30,724.70	23,601.10	10,698.40	35,761.60	19,855.30
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	9,103.20	9,103.20	14,520.80	14,520.80	7,934.80	7,934.80
7) Other contingent funding obligations	3.10	0.20	4.60	0.40	21.84	1.09
8) Total Cash outflows	**97,220.90**	**43,810.30**	**88,843.50**	**30,291.30**	**132,481.34**	**36,667.49**
Cash Inflows						
9) Secured lending (eg. Reverse repos)						
10) Inflows from fully performing exposures	42,540.90	34,826.80	30,732.10	22,213.20	34,606.10	24,274.20
11) Other cash inflows	-	-	-	-	-	-
12) Total Cash Inflows	**42,540.90**	**34,826.80**	**30,732.10**	**22,213.20**	**34,606.10**	**24,274.20**
13) Total HQLA	-	**30,635.20**	-	**16,658.20**	-	**18,635.90**
14) Total Net Cash outflow	-	**10,952.60**	-	**8,078.10**	-	**12,393.29**
15) Liquidity Coverage Ratio(%)		**279.71%**		**206.21%**		**150.37%**

22.26 Maturity pattern of certain items of assets and liabilities as at 31 December 2017 **(Rs. in million)**

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	5,645.97	1,441.60	-	1,023.89	1,971.07	500.00	1,124.42	-	1,600.00	-	**13,306.94**
Deposits	771.18	6,299.35	6,517.62	5,202.60	34,035.64	26,576.90	49,320.40	118,560.42	4,359.51	1,295.94	**252,939.56**
Total	**6,417.15**	**7,740.95**	**6,517.62**	**6,226.49**	**36,006.71**	**27,076.90**	**50,444.82**	**118,560.42**	**5,959.51**	**1,295.94**	**266,246.50**
Assets											
Advances	1,841.32	4,302.02	5,151.74	11,628.29	38,066.07	48,100.86	64,726.55	52,315.98	1,833.11	1,341.53	**229,307.47**
Investment	-	-	-	318.94	5,334.68	2,030.76	11,674.81	4,291.85	366.80	48,893.80	**72,911.64**
Total	**1,841.32**	**4,302.02**	**5,151.74**	**11,947.23**	**43,400.75**	**50,131.62**	**76,401.36**	**56,607.83**	**2,199.91**	**50,235.33**	**302,219.11**

Maturity pattern of certain items of assets and liabilities as at 31 December 2016 **(Rs. in million)**

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	-	-	-	1,637.70	1,760.20	1,236.70	3,295.80	3,624.00	2,600.03	-	**14,154.43**
Deposits	604.90	7,930.70	5,198.10	5,612.80	27,374.60	13,874.80	26,567.30	104,960.70	1,604.13	905.10	**194,633.13**
Total	**604.90**	**7,930.70**	**5,198.10**	**7,250.50**	**29,134.80**	**15,111.50**	**29,863.10**	**108,584.70**	**4,204.16**	**905.10**	**208,787.56**
Assets											
Advances	613.30	3,956.10	3,945.50	8,295.60	30,239.60	36,060.10	42,364.70	35,640.10	703.63	407.00	**162,225.63**
Investment	-	2,271.70	5,709.90	6,736.70	7,602.70	-	939.70	497.80	96.85	38,927.30	**62,782.65**
Total	**613.30**	**6,227.80**	**9,655.40**	**15,032.30**	**37,842.30**	**36,060.10**	**43,304.40**	**36,137.90**	**800.48**	**39,334.30**	**225,008.28**

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.

22.27 Sector-wise advances **(Rs. in million)**

Sr. No.	Sector	As at 31 December 2017*			As at 31 December 2016		
		Outstanding Gross Advances	Gross NPAs (GNPA)	Percentage of Gross NPAs to Gross Advances in that sector	Outstanding Gross Advances	Gross NPAs (GNPA)	Percentage of Gross NPAs to Gross Advances in that sector
A	**Priority Sector**						
1	Agriculture and allied activities	34,897.90	1,402.50	4.02%	77,455.10	381.10	0.49%
2	Advances to industries sector eligible as priority sector lending	10,355.90	944.00	9.12%	16,725.60	77.30	0.46%
3	Services	24,528.70	1,386.00	5.65%	64,097.80	309.80	0.48%
4	Personal loans	3,446.30	40.20	1.17%	2,262.50	2.90	0.13%
	Sub Total (A)	**73,228.80**	**3,772.70**	**5.15%**	**160,541.00**	**771.10**	**0.48%**
B	**Non Priority Sector***						
1	Agriculture and allied activities	60,740.00	-	-	-	-	-
2	Industry sector	26,082.60	-	-	-	-	-
3	Services	63,090.40	-	-	-	-	-
4	Personal loans	8,187.40	90.30	1.10%	1,966.60	7.70	0.39%
	Sub Total (B)	**158,100.40**	**90.30**	**0.06%**	**1,966.60**	**7.70**	**0.39%**
	Total (A+B)	**231,329.20**	**3,863.00**	**1.67%**	**162,507.60**	**778.80**	**0.48%**

*Non priority sector includes ₹ 149,540 million Priority sector portfolio which has been sold under PSLC.

The classification of advances into sector is based on sector wise industry bank credit return submitted to RBI.

22.28 Details of Priority sector lending certificates (categorywise) sold and purchase during the period: **(Rs. in million)**

Sl No.	Particulars	Nine months ended 31 December 2017	
		Purchase	Sale
i)	PSLC – Agriculture	-	10,990.00
ii)	PSLC - Small & Marginal farmers(SFMF)	-	49,750.00
iii)	PSLC - Micro Enterprises	-	21,950.00
iv)	PSLC – General	-	66,850.00

The Bank did not sell or purchase any priority sector lending certificates during the nine months ended 31 December 2016.

22.29 Details of Inter-Bank Participation Certificate (IBPC) transactions

During the period, the Bank has sold its advances through IBPCs. The details are as follows: **(Rs. in million)**

Sl N	Particulars	Nine months ended 31 December 2017	Nine months period ended 31 December 2016
i)	Aggregate value of IBPCs entered	30,000.00	31,000.00
ii)	Aggregate consideration received	30,000.00	31,000.00
iii)	Aggregate gain recorded	2,935.70	1,782.90
iv)	IBPCs outstanding*	17,500.00	25,000.00
	* Includes principal amount collected against the pool sold and not yet due for payment and included under other liabilities	5,185.31	4,240.97

22.30 Business Transfer

Pursuant to the approval received from Reserve Bank of India for commencement of banking operations, all assets and liabilities pertaining to the microfinance business of Bandhan Financial Services Limited ("BFSL") were transferred to the Bank with effect from 23 August 2015, on a slump sale basis for a consideration of Rs. 12,331.46 million. The consideration has been determined as per the Business Transfer Agreement dated 11 February 2015 entered into between the Bank and BFSL. The acquired assets and liabilities were recorded at their existing carrying amount in BFSL in accordance with 'Pooling of Interest Method' guidance provided in AS-14, 'Accounting for Amalgamations'. Rs.163.98 million being excess of consideration paid by the Bank over net assets acquired have been adjusted with the General Reserve in the books of the Bank.

The summary of assets and liabilities acquired is as follows:

Description	Amount
Fixed Assets	42.30
Investments	2.00
Cash and Bank Balances	32,603.60
Other Assets	78,904.73
Total Assets	**111,552.63**
Other Liabilities & Provisions	99,385.15
Net Assets (A)	**12,167.48**
Consideration (B)	**12,331.46**
Excess* (B-A)	**163.98**

* The excess consideration is on account of consideration for fixed assets being paid based on the written down value of fixed assets as per Income Tax Act, 1961.

BANDHAN BANK LIMITED
Annexure 22 -Notes forming part of the restated nine monthly summary statements

22.31 Miscellaneous income includes

(Rs. in million)

Sl No	**Particulars**	**Nine months ended 31 December 2017**	**Nine months ended 31 December 2016**
i)	Card charges recovered from customers	445.75	576.50
ii)	Income from Sale of Priority sector lending certificates	1,470.45	-

22.32 Employee Stock Option Scheme (ESOS)

On 26 July 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	19 December 2017
Date of Board/ Compensation committee approval	26 July 2017
Number of options granted	2,020,725
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)	7.47 years
Weighted average exercise price per option (Rs.)	180

* 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 vested on the first vesting date relating to the said grant, immediately following date of superannuation.

The details of activity under the Scheme 2017 Plan are summarized below:

Description	31 December 2017 (No. of options)
Granted during the period	2,020,725
Forfeited during the period	-
Exercised during the period	-
Exercisable at the end of the period	-
Weighted average remaining contractual life of options (years)	7.47
Weighted average share price during the exercise period (in Rs)	180

The weighted average fair value of stock options granted during the year 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 (Rs.)	180
Exercise price (Rs.)	180
Dividend yield (%)	-
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.

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

Particulars	-
Profit after tax as reported	9,577.00
Add: ESOP cost using the intrinsic value method	-
Less: ESOP cost using the fair value method	2.16
Proforma profit after tax	9,574.84
Earnings Per Share *	
Basic	
- As reported	8.74
- Proforma	8.74
Diluted	
- As reported	8.74
- Proforma	8.74

*Not annualised

BANDHAN BANK LIMITED

ANNEXURE 23 : Restated Statement of Accounting Ratios

(₹ In Million)

Particulars		**Nine months period ended 31 December 2017***	**Nine months period ended 31 December 2016***
Basic earnings per share [Refer Note (a)(i) below]	A/C	8.74	7.21
Diluted earnings per share [Refer Note (a)(ii) below]	A/C	8.74	7.21
Return on net worth [Refer Note (a)(iii) below]	A/B	17.72%	19.14%
Net asset value per equity share [Refer Note (a)(iv) below]	B/E	49.35	37.66
Net profit after tax, as restated, attributable to equity shareholders	A	9,577.00	7,895.41
Net worth at the end of the period	B	54,041.55	41,240.44
Weighted average number of equity shares outstanding during the period, used for Basic/Diluted earnings per share	C	1,095.14	1,095.14
Face value per share [Refer Note (b) below]		10.00	10.00
Total number of shares outstanding at the end of the period	E	1,095.14	1,095.14

* Not Annualised.

Notes:

(a) Ratios have been computed as per the following formulas :

(i) Basic earnings per share (₹) = $\dfrac{\text{Net Profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period}}$

(ii) Diluted earnings per share (₹) = $\dfrac{\text{Net Profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of diluted equity shares outstanding during the period}}$

(iii) Return on net worth (%) = $\dfrac{\text{Net Profit after tax, as restated, attributable to equity shareholders}}{\text{Net worth at the end of the period}}$

(iv) Net asset value per equity share (₹) = $\dfrac{\text{Net worth at the end of the period}}{\text{Total number of equity shares outstanding at the end of period}}$

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

(c) "Net worth" means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve, cash flow hedge reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and accumulated losses (if any)

(d) The figures disclosed above are based on the Restated Summary Statements.

Auditors' Report on the restated summary statement of assets and liabilities as at December 31, 2017, March 31, 2017, 2016 and 2015 and restated summary statements of profits and losses and cash flows for the nine month ended December 31, 2017, for the years ended March 31, 2017 and 2016 and for the period from December 23, 2014 to March 31, 2015 of Bandhan Bank Limited (collectively, the "Restated Summary Statements")

The Board of Directors,
Bandhan Bank Limited
DN 32, Sector V
Salt Lake City, Kolkata 700 091
India

Dear Sirs,

1. We have examined the attached Restated Summary Statements of Bandhan Bank Limited (the "Bank") as at December 31, 2017, March 31, 2017, 2016 and 2015 and for the nine month period ended December 31, 2017, years ended March 31, 2017 and 2016 and period from December 23, 2014 to March 31, 2015, annexed to this report and prepared by the Bank for the purpose of inclusion in the offer document, in connection with its proposed Initial Public Offer of equity shares of face value of Rs.10 each ("IPO"). The Restated Summary Statements, which have been approved by the Board of Directors of the Bank, have been prepared by the Bank in accordance with the requirements of:

   a) sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (1) of Section 26 of Chapter III of The Companies Act, 2013 (the "Act") read with rules 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 (the "Rules"); and

   b) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "ICDR Regulations") issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.

Management's Responsibility for the Restated Summary Statements

2. The preparation of Restated Summary Statements, which is to be included in the offer documents, is the responsibility of the Management of the Bank for the purpose set out in paragraph 13 below. The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Summary Statements. The Management is also responsible for identifying and ensuring that the Bank complies with the Rules and the ICDR Regulations.

Auditors' Responsibilities

3. We have examined such Restated Summary Statements taking into consideration:

   a) the terms of reference and our engagement agreed with you vide our engagement letter dated November 2, 2017, requesting us to carry out work on such Restated Summary Statements, proposed to be included in the offer document of the Bank in connection with the Bank's proposed IPO;

   b) the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (the "Guidance Note") and

   c) the requirements of applicable provisions of the ICDR Regulations.

4. The Bank proposes to make a IPO of equity shares having a face value of Rs.10 each at such premium, arrived at by the book building process (referred to as the 'Offer'), as may be decided by the Board of Directors of the Bank.

Restated Summary Statements as per audited financial statements

5. The Restated Summary Statements have been compiled by the management from the audited financial statements of the Bank as at and for the nine month period ended December 31, 2017, as at and for the years ended March

31, 2017 and 2016 and as at and for the period from December 23, 2014 to March 31, 2015 which have been approved by the Board of Directors at their meetings held on January 31, 2018, April 26, 2017, May 11, 2016 and May 29, 2015, respectively.

6. For the purpose of our examination, we have relied on Auditors' Report issued by us dated January 31, 2018, April 26, 2017, May 11, 2016 and May 29, 2015 on the financial statements of the Bank as at and for the nine month ended December 31, 2017, as at and for the years ended March 31, 2017 and 2016 and as at and for the period from December 23, 2014 to March 31, 2015, respectively, as referred in Para 5 above.

7. Based on our examination, in accordance with the requirements of Section 26 of Part I of Chapter III of the Act, read with rules 4 to 6 of the Rules, the ICDR Regulations and the Guidance Note, we report that:

a) The restated summary statement of assets and liabilities of the Bank as at December 31, 2017, March 31, 2017, 2016 and 2015 examined by us, as set out in Annexure 1 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Summary Statement of Material Adjustments and Regroupings.

b) The restated summary statement of profit and loss of the Bank for the nine month period ended December 31, 2017, years ended March 31, 2017 and 2016 and for the period from December 23, 2014 to March 31, 2015 examined by us, as set out in Annexure 2 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Summary Statement of Material Adjustments and Regroupings.

c) The restated summary statement of cash flows of the Bank for the nine month period ended December 31, 2017 and years ended March 31, 2017 and 2016 and for the period from December 23, 2014 to March 31, 2015 examined by us, as set out in Annexure 3 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Summary Statement of Material Adjustments and Regroupings.

d) Based on the above and according to the information and explanations given to us, we further report that:

i) The accounting policies as at and for the nine month period ended December 31, 2017 are materially consistent with the policies adopted for the years ended March 31, 2017 and 2016 and period from December 23, 2014 to March 31, 2015. Accordingly, no adjustments have been made to the audited financial statements of the respective periods presented on account of changes in accounting policies.

ii) Restated Summary Statements have been made after incorporating adjustments for the material amounts in the respective financial periods/years to which they relate;

iii) Restated Summary Statements do not contain any extra-ordinary items that need to be disclosed separately in the Restated Summary Statements; and

iv) There are no qualifications in the auditors' reports on the audited financial statements of the Bank as at and for the nine month period ended December 31, 2017, as at and for the years ended March 31, 2017 and 2016 and as at and for the period from December 23, 2014 to March 31, 2015, which require any adjustments to the Restated Summary Statements.

8. We have not audited any financial statements of the Bank as of any date or for any period subsequent to December 31, 2017. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Bank as of any date or for any period subsequent to December 31, 2017.

Other Financial Information

9. At the Bank's request, we have also examined the following restated financial information of the Bank proposed to be included in the offer document, prepared by the Management and approved by the Board of Directors of the Bank on January 31, 2018 and annexed to this report relating to the Bank as at and for the nine month period

ended December 31, 2017, as at and for the years ended March 31, 2017 and 2016 and as at and for the period from December 23, 2014 to March 31, 2015.

i) Restated Statement of Share Capital, enclosed as Annexure 6
ii) Restated Statement of Reserves & Surplus, enclosed as Annexure 7
iii) Restated Statement of Deposits, enclosed as Annexure 8
iv) Restated Statement of Borrowings, enclosed as Annexure 9
v) Restated Statement of Other Liabilities and Provisions, enclosed as Annexure 10
vi) Restated Statement of Cash and balances with Reserve Bank of India, enclosed as Annexure 11
vii) Restated Statement of Balances with Banks and Money at call and short notice, enclosed as Annexure 12
viii) Restated Statement of Investments, enclosed as Annexure 13
ix) Restated Statement of Advances, enclosed as Annexure 14
x) Restated Statement of Fixed Assets, enclosed as Annexure 15
xi) Restated Statement of Other Assets, enclosed as Annexure 16
xii) Restated Statement of Contingent liabilities, enclosed as Annexure 17
xiii) Restated Statement of Interest Earned, enclosed as Annexure 18
xiv) Restated Statement of Other Income, enclosed as Annexure 19
xv) Restated Statement of Interest expended, enclosed as Annexure 20
xvi) Restated Statement of Operating expenses, enclosed as Annexure 21
xvii) Notes forming part of the restated summary statements, enclosed as Annexure 22
xviii) Restated Statement of Tax Shelter, enclosed as Annexure 23
xix) Restated Statement of Capitalisation, enclosed as Annexure 24
xx) Restated Statement of Accounting Ratios, enclosed as Annexure 25
xxi) Restated Statement of Dividend, enclosed as Annexure 26

10. According to the information and explanations given to us, in our opinion, the Restated Summary Statements and the abovementioned restated financial information contained in Annexures 6 to 26 accompanying this report, read with Summary of Significant Accounting Policies disclosed in Annexure 5, are prepared after making adjustments and regroupings as considered appropriate and disclosed in Annexure 4 and have been prepared in accordance with Section 26 of Part I of Chapter III of the Act read with rules 4 to 6 of the Rules, the ICDR Regulations and Guidance Note.

11. This report should not in any way be construed as a reissuance or redating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. Our report is intended solely for use of the management for inclusion in the offer document to be filed with SEBI, BSE Limited, the National Stock Exchange of India Limited and Registrar of Companies, West Bengal in connection with the proposed IPO of the Bank. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

Yours faithfully,

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Kabra
Partner
Membership No.: 094533

Kolkata
January 31, 2018

BANDHAN BANK LIMITED

Annexure - 1 : Restated Summary Statement of Assets and Liabilities

(₹ In Million)

	Annexure	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Capital & Liabilities					
Capital	6	10,951.41	10,951.41	10,951.41	5,010.50
Reserves & Surplus	7	43,090.14	33,513.14	22,393.62	5.76
Deposits	8	252,939.56	232,286.58	120,887.48	-
Borrowings	9	13,306.94	10,289.38	30,516.48	-
Other liabilities and provisions	10	11,904.50	15,320.39	12,816.01	252.62
Total		**332,192.55**	**302,360.90**	**197,565.00**	**5,268.88**
Assets					
Cash and balances with Reserve Bank of India	11	12,587.07	60,120.66	8,102.87	0.10
Balance with Banks and Money at call and short	12	11,332.04	13,529.33	23,631.13	4,012.50
Investments	13	72,911.64	55,164.87	37,580.34	-
Advances	14	229,307.47	168,390.78	124,375.46	-
Fixed Assets	15	2,329.80	2,517.86	2,372.31	1,086.12
Other Assets	16	3,724.53	2,637.40	1,502.89	170.16
Total		**332,192.55**	**302,360.90**	**197,565.00**	**5,268.88**
Contingent liabilities	17	300.71	236.30	49.02	1,030.33
Bills for collection		-	-	-	-
Significant Accounting Policies and Notes to Restated Summary Statement	5 & 22				

The accompanying annexures are an intergral part of this statement.

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

Dr. A. K. Lahiri
Chairman

Chandra Shekhar Ghosh
Managing Director & CEO

C.M. Dixit
Director

Place : Kolkata
Date : 31st January 2018

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

BANDHAN BANK LIMITED

Annexure - 2 : Restated Summary Statement of Profit and Loss

(₹ In Million)

	Annexure	Nine months ended 31 December 2017	Year ended 31 March 2017	Year ended 31 March 2016	Period ended 31 March 2015
I. Income					
Interest Earned	18	34,517.02	39,087.09	15,813.61	-
Other Income	19	5,028.05	4,114.14	1,498.93	79.53
Total		**39,545.07**	**43,201.23**	**17,312.54**	**79.53**
II. Expenditure					
Interest Expended	20	12,828.70	15,052.11	6,485.25	-
Operating Expenses	21	9,453.35	10,220.05	6,159.18	56.48
Provisions & Contingencies	22.1	2,651.27	884.35	533.01	-
TOTAL		**24,933.32**	**26,156.51**	**13,177.44**	**56.48**
III. Profit before tax (I-II)		14,611.75	17,044.72	4,135.10	23.05
IV. Tax Expenses					
- Current tax		5,413.80	6,251.83	1,695.38	25.80
- Deferred tax credit		(379.05)	(326.63)	(312.75)	(8.51)
TOTAL		**5,034.75**	**5,925.20**	**1,382.63**	**17.29**
V. Profit after tax as restated (III-IV)		**9,577.00**	**11,119.52**	**2,752.47**	**5.76**
VI. Earnings per Share					
Basic & Diluted (₹)	22.14	8.74*	10.15	3.40	0.01
Face value per share (₹)		10	10	10	10
Significant Accounting Policies and Notes to Restated Summary Statement	5 & 22				

The accompanying annexures are an intergral part of this statement.
* Not Annualised.

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

Dr. A. K. Lahiri
Chairman

Chandra Shekhar Ghosh
Managing Director & CEO

C.M. Dixit
Director

Place : Kolkata
Date : 31st January 2018

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

BANDHAN BANK LIMITED

Annexure - 3 : Restated Summary Statement of Cash Flows

(₹ In Million)

Particulars	Nine months ended 31 December 2017	Year ended 31 March 2017	Year ended 31 March 2016	Period ended 31 March 2015
A. Cash flow from Operating Activities :				
Profit Before Taxation	14,611.75	17,044.72	4,135.10	23.05
Adjustments for :				
Depreciation and amortization	623.42	668.52	357.74	0.04
Provision on Standard Assets	517.08	324.05	511.70	-
Provision for non-performing assets and other contingencies	1,743.33	541.39	21.30	-
Interest income on fixed deposits	-	-	-	(79.53)
Provision for depreciation in value of investments	390.86	18.90	-	-
Loss on Sale of Fixed Assets	-	3.01	-	-
Operating Profit Before Working Capital Changes	**17,886.44**	**18,600.59**	**5,025.84**	**(56.44)**
Movements in working capital :				
Increase in Advances	(62,687.50)	(44,529.37)	(45,779.50)	(90.82)
Increase in Other Assets	(708.08)	(807.87)	(481.11)	-
Decrease/(Increase) in Investment	(5,304.65)	8,288.49	(14,318.93)	-
Increase in Deposit	20,652.98	111,399.10	120,887.48	-
Increase/(Decrease) in Other Current Liabilities and Provisions	(3,933.37)	1,715.86	7,184.37	152.00
Cash generated from operations	**(34,094.18)**	**94,666.80**	**72,518.15**	**4.74**
Direct Taxes Paid	(5,385.92)	(5,814.72)	(2,981.61)	-
Net Cash flows generated from/(used in) Operating Activities (A)	**(39,480.10)**	**88,852.09**	**69,536.54**	**4.74**
B. Cash flow from Investing Activities :				
Purchase of Fixed Assets/Capital work-in-progress	(435.36)	(817.83)	(1,601.50)	(1,011.35)
Sale of Fixed Assets/Capital work-in-progress	-	0.75	-	-
Payment for Business Acquisition (Refer Note No.22.31)	-	-	(12,331.46)	-
Interest income on fixed deposits	-	-	-	8.71
Increase in Held to Maturity Investment	(12,832.97)	(25,891.93)	(23,259.41)	-
Deposits (created)/encashed with banks and financial institutions	(699.90)	(0.13)	9.96	(12.49)
Net Cash flows used in Investing Activities (B)	**(13,968.23)**	**(26,709.15)**	**(37,182.41)**	**(1,015.13)**
C. Cash flow from Financing Activities :				
Proceeds from share issue(Including share premium)	-	-	25,504.33	5,010.50
Share issue expenses	-	-	(13.17)	-
Net proceeds from short term borrowings	7,550.75	532.91	-	-
Repayment of long term borrowings	(4,533.20)	(20,759.99)	(62,717.53)	-
Net Cash flows generated from/(used in) Financing Activities(C)	**3,017.55**	**(20,227.08)**	**(37,226.37)**	**5,010.50**
Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)	**(50,430.78)**	**41,915.86**	**(4,872.24)**	**4,000.11**
Cash and Cash Equivalents at the beginning of the period	73,647.33	31,731.47	4,000.11	-
Add: Cash and Cash Equivalents acquired on acquisition of assets and liabilities from BFSL	-	-	32,603.60	-
Cash and Cash Equivalents at the end of the period	**23,216.55**	**73,647.33**	**31,731.47**	**4,000.11**
Components of Cash and Cash Equivalents :				
Cash and Balances with Reserve Bank of India (Refer Annexure 11)	12,587.07	60,120.66	8,102.87	0.11
Balances With Banks		-	-	-
Balance with Banks and Money at call and short notice (Refer Annexure 12)	10,629.48	13,526.67	23,628.60	4,000.00
	23,216.55	**73,647.33**	**31,731.47**	**4,000.11**

Cash and Cash Equivalents excludes Fixed Deposits as at 31 December 2017: 702.56 million, 31 March 2017: Rs.2.65 million, 31 March 2016: Rs.2.53 million, 31 March 2015: 12.50 million, with original maturity of more than three months.

The accompanying annexures are an intergral part of this statement.
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 : Kolkata
Date : 31st January 2018

For Bandhan Bank Limited

Dr. A. K. Lahiri
Chairman

Chandra Shekhar Ghosh
Managing Director & CEO

C.M. Dixit
Director

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

Bandhan Bank Limited
Annexure - 4 : Restated Statement of Material Adjustment and Regrouping

1) Material Adjustments

The accounting policies as at and for the period ended December 31, 2017 are materially consistent with the policies adopted for the year ended March 31, 2017, March 31, 2016 and the period ended March 31, 2015. Accordingly, no adjustments have been made to the audited financial statements of the respective periods presented on account of changes in accounting policies.

2) Material Regroupings

Appropriate adjustments have been made in the restated summary of Assets and Liabilities , Profit and Loss and Cash flows in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (as amended), by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financial statements of the Bank as at and for the period ended December 31, 2017. The material regrouping made in the Restated Summary Statement is as under:

Advance Income Tax aggregating to Rs 1,592.30 millions were presented as a part of other assets as at March 31, 2016, which have been regrouped and shown as deduction from Provision for Income Tax.

BANDHAN BANK LIMITED

Annexure 5 – Significant accounting policies forming part of the restated financial statements

1. Background

Bandhan Bank Limited (the 'Bank'), incorporated on 23 December 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 17 June 2015, the Bank commenced its banking operations from 23 August 2015.

2. Basis of preparation

The restated summary statement of assets and liabilities of the Bank as at December 31, 2017, March 31, 2017, March 31, 2016 and March 31, 2015 and the related restated summary statement of profits and losses and related restated summary statement of cash flows for the nine months ended December 31, 2017, and for the year ended March 31, 2017 and March 31, 2016 and for the period ended March 31, 2015 (herein collectively referred to as "Restated Summary Statements") have been compiled by the management from the then audited financial statements for the nine months period ended December 31, 2017, and for the year ended March 31, 2017 and March 31, 2016 and for the period ended March 31, 2015. The accounting policies have been consistently applied by the Bank in preparation of the Restated Summary Statements and are consistent with those adopted in the preparation of financial statements for the nine months ended December 31, 2017.

The audited financial statements as at and for the year ended March 31, 2017, March 31, 2016 and for the nine months ended December 31, 2017 have been prepared under the historical cost convention, on the accrual basis of accounting and unless otherwise stated, 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.

The audited financial statements as at and for the period ended March 31, 2015 have been prepared in accordance with the requirements prescribed under the accounting principles generally accepted in India ("Indian GAAP"), accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.

These audited financial statements were approved by the Board of Directors of the Bank at that relevant time.

These Restated Summary Statements have been prepared specially for inlcusion in the offer document to be filed by the Bank with the Securities and Exchange Board of India (' SEBI') in connection with its proposed initial public offering and were approved by the Board on 31 January 2018.

These Restated Summary Statements have been prepared by the Company to comply in all material respects with the requirements of Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of The Companies Act, 2013 read with rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014 and (the Securities and Exchange Board of India Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI Guidelines") issued by SEBI on August 26, 2009 as amended from time to time.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of the restated summary 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 restated summary statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in the preparation of the restated summary 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.

3.1 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/loss on sale of investments in the 'Held to Maturity' category is recognised in the profit and loss account and profit is thereafter appropriated (net of applicable taxes and statutory reserve requirements) to Capital Reserve. Profit/loss on sale of investments in 'Available for Sale' and 'Held for Trading' categories is recognised in the profit and loss 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 at the time of such sale.

All other fees are accounted for as and when they become due.

3.2 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.

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 is 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.

Treasury bills being discounted instruments are valued at current cost.

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.

Transfer of securities between categories of investments is accounted as per the RBI Guidelines.

Repurchase ('repo') and reverse repurchase ('reverse repo') transactions including 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.

3.3 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 Company 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.

The 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 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(original disbursed amount of ₹ 100,000 or less), 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.

3.4 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 form the aggregate advance outstanding.

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.

3.5 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.

3.6 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.

3.7 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

3.8 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.

3.9 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.

3.10 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 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.

3.11 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 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/period.

Long term Compensated absences are provided for based on actuarial valuation which is done as per projected unit credit method at the end of each financial year. Short term Compensated absences are provided for based on estimates of encashment / availment of leave.

Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

3.12 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.

3.13 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.

3.14 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.

3.15 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.

3.16 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.

BANDHAN BANK LIMITED

Annexures forming part of the Restated Summary Statement of Assets and Liabilities

(₹ In Million)

Annexure 6 - Restated Statement of Share Capital	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Authorized Capital				
5,000,000,000 equity shares of Rs. 10/- each	50,000.00	50,000.00	50,000.00	50,000.00
Issued, subscribed and fully paid-up capital				
No. of shares (In million)	1,095.14	1,095.14	1,095.14	501.05
Equity Share Capital	10,951.41	10,951.41	10,951.41	5,010.50
Total	**10,951.41**	**10,951.41**	**10,951.41**	**5,010.50**

(₹ In Million)

Annexure 7 - Restated Statement of Reserves & Surplus	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
I. **Statutory Reserve**				
Opening Balance	3,469.44	689.56	-	-
Additions during the year/ period	-	2,779.88	689.56	-
Deduction during the year/ period	-	-	-	-
Total	**3,469.44**	**3,469.44**	**689.56**	**-**
II. **Capital Reserve**				
Opening Balance	9.11	-	-	-
Additions during the year/ period *	-	9.11	-	-
Deduction during the year/ period	-	-	-	-
Total	**9.11**	**9.11**	**-**	**-**
III. **Share Premium Account**				
Opening Balance	19,550.25	19,550.25	-	-
Additions during the year/ period	-	-	19,563.42	-
Less: Share issue expenses	-	-	13.17	-
Total	**19,550.25**	**19,550.25**	**19,550.25**	**-**
IV. **Revenue & other Reserves**				
Opening Balance	-	-	-	-
Additions during the year/ period	-	-	-	-
Deduction during the year/ period	-	-	-	-
Total	**-**	**-**	**-**	**-**
V. **Balance as per last financial statements**	10,484.34	2,153.81	5.76	-
Profit for the period/ year	9,577.00	11,119.52	2,752.47	5.76
Less:				
Transfer to Statutory Reserves	-	2,779.88	689.56	-
Transfer to Other Reserves	-	-	-	-
Transfer to Government Reserve/ Dividend	-	-	-	-
Transfer to Capital Reserve	-	9.11	-	-
	20,061.34	10,484.34	2,068.67	5.76
Less: Adjustment on acquisition of assets & liabilities from Bandhan Financial Services Ltd. (Refer Annexure No. 22.31)	-	-	163.98	-
Add: Adjustment for deferred tax assets on standard assets provision acquired from Bandhan Financial Services Ltd. (Refer Annexure No. 22.12)	-	-	249.12	-
Total	**20,061.34**	**10,484.34**	**2,153.81**	**5.76**
GRAND TOTAL (I+II+III+IV+V)	**43,090.14**	**33,513.14**	**22,393.62**	**5.76**

* Appropriations made for profit on sale of investments in held to maturity category, net of taxes and transfer to statutory reserve.

BANDHAN BANK LIMITED

Annexures forming part of the Restated Summary Statement of Assets and Liabilities

(₹ In Million)

Annexure 8 - Restated Statement of Deposits	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
A. I. Demand Deposits				
i) From Banks	221.95	394.64	54.78	-
ii) From Others	14,631.49	14,131.53	2,290.72	-
II. Savings Bank Deposits	69,165.01	53,847.20	23,710.50	-
III. Term Deposits				
i) From Banks	21,169.68	23,085.91	41,685.76	-
ii) From Others	147,751.43	140,827.30	53,145.72	-
Total	**252,939.56**	**232,286.58**	**120,887.48**	**-**
B. I. Deposits of branches in India	252,939.56	232,286.58	120,887.48	-
II. Deposits of branches outside India	-	-	-	-
Total	**252,939.56**	**232,286.58**	**120,887.48**	**-**

(₹ In Million)

Annexure 9 - Restated Statement of Borrowings	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
I. Borrowings in India				
i) Reserve Bank of India	-	-	-	-
ii) Other banks	1,456.61	4,656.48	20,147.51	-
iii) Other Institutions & agencies *	11,850.33	5,632.90	10,368.97	-
II. Borrowings outside India	-	-	-	-
Total	**13,306.94**	**10,289.38**	**30,516.48**	**-**
Secured borrowings included in I(ii & iii) above	**9,540.28**	**5,189.38**	**22,749.81**	**-**
* Borrowings from other institutions and agencies includes Subordinated Debt in the nature of Non-Convertible Debentures.	1,600.00	1,600.00	1,600.00	-

a. Borrowings from other institutions and agencies includes Unsecured Subordinated Debentures which are redeemable after 84 months from the date of issue i.e., September 24, 2014. It carries interest rate of 14.54% p.a.

b. Unsecured borrowings are repayable in bi-annual equated instalments. It carries interest rate of 10.25% p.a.

c. Term loans from banks are secured by hypothecation of portfolio loans covered by hypothecation loan agreement. These are repayable in monthly/quarterly equated instalments and carries interest rate ranging between 9.25% and 9.75% p.a.

d. Secured borrowings other than term loans includes borrowings under Market Repo and Collateralised Borrowings and Lending Operations (CBLO). These are secured by pledge of government securities and redeemable between 7 and 90 days and carries interest rate ranging between 0.75% and 6.50% p.a.

(₹ In Million)

Annexure 10 - Restated Statement of Other liabilities and provisions	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
I. Bills Payable	295.49	249.18	97.84	-
II. Inter-office Adjustments(Net)	-	-	-	-
III. Interest accrued	124.17	137.13	240.39	-
IV. Contingent Provision against Standard Assets	2,072.66	1,555.58	1,231.53	-
V. Provision for Income Tax (Net)	590.21	562.33	158.88	26.58
VI. Others *	8,821.97	12,816.17	11,087.37	226.04
Total	**11,904.50**	**15,320.39**	**12,816.01**	**252.62**
* Includes amount payable for IBPC transactions (Refer note No 22.29)]	5,185.31	9,239.00	6,398.60	-

BANDHAN BANK LIMITED
Annexures forming part of the Restated Summary Statement of Assets and Liabilities

(₹ In Million)

Annexure 11 - Restated Statement of Cash and balances with Reserve Bank of India	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
I. Cash In hand	1,726.16	2,021.89	847.81	0.10
II. Balance with Reserve Bank of India				
i) In Current Account	10,010.91	8,948.77	4,005.06	-
ii) In Other Accounts	850.00	49,150.00	3,250.00	-
Total	**12,587.07**	**60,120.66**	**8,102.87**	**0.10**

(₹ In Million)

Annexure 12 - Restated Statement of Balances with Banks and Money at call and short notice	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
I. In India				
i) Balance with Banks				
a) In Current Account	3,613.53	3,967.39	1,746.43	0.01
b) In Other Deposit Accounts	702.56	2.65	2.53	4,012.49
ii) Money at call & short notice				
a) With banks	2,500.00	-	1,000.00	-
b) With other institutions	4,500.00	9,559.29	20,882.17	-
Total	**11,316.09**	**13,529.33**	**23,631.13**	**4,012.50**
II. Outside India				
a) In Current Account	15.95	-	-	-
b) In Other Deposit Accounts	-	-	-	-
c) Money at call & short notice	-	-	-	-
Total	**15.95**	**-**	**-**	**-**
GRAND TOTAL (I+II)	**11,332.04**	**13,529.33**	**23,631.13**	**4,012.50**

(₹ In Million)

Annexure 13 - Restated Statement of Investments	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
I. Investment in India in				
i) Government Securities	70,664.55	55,181.77	37,578.34	-
ii) Other Approved Securities	-	-	-	-
iii) Shares	2.00	2.00	2.00	-
iv) Debentures & Bonds	-	-	-	-
v) Subsidiaries and /or joint ventures	-	-	-	-
vi) Others	2,654.85	-	-	-
Total	**73,321.40**	**55,183.77**	**37,580.34**	**-**
Less- Provision for Depreciation on Investment	409.76	18.90	-	-
Total	**72,911.64**	**55,164.87**	**37,580.34**	**-**
II. Investments outside India	**-**	**-**	**-**	
Total	**-**	**-**	**-**	
GRAND TOTAL (I+II)	**72,911.64**	**55,164.87**	**37,580.34**	**-**

BANDHAN BANK LIMITED
Annexures forming part of the Restated Summary Statement of Assets and Liabilities

(₹ In Million)

Annexure 14 - Restated Statement of Advances	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
A. i) Bills Purchased & Discounted	-	-	-	-
ii) Cash credits, overdrafts and loans repayable on demand	5,027.45	3,444.84	846.01	-
iii) Term loans *	224,280.02	164,945.94	123,529.45	-
Total	**229,307.47**	**168,390.78**	**124,375.46**	**-**
* Net of loans outstanding				
- Under Inter bank participation certificate	12,314.69	66,760.96	25,601.36	-
- Under Assignment	-	30.26	5,722.21	-
B. i) Secured by tangible assets (Including Advances against book debts)	212,940.82	148,706.09	32,694.08	-
ii) Covered by Bank/Government Guarantees	-	-	-	-
iii) Unsecured	16,366.65	19,684.69	91,681.38	-
Total	**229,307.47**	**168,390.78**	**124,375.46**	**-**
C. I) Advances in India				
i) Priority Sector	71,242.52	164,316.17	122,603.52	-
ii) Public Sector	-	-	-	-
iii) Banks	-	-	-	-
iv) Others	158,064.95	4,074.61	1,771.94	-
Total	**229,307.47**	**168,390.78**	**124,375.46**	**-**
II) Advances Outside India	-	-	-	
Total	**-**	**-**	**-**	**-**
GRAND TOTAL (I+II)	**229,307.47**	**168,390.78**	**124,375.46**	**-**

(₹ In Million)

Annexure 15 - Restated Statement of Fixed Assets	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
I) Premises				
Gross Block				
At cost at the beginnig of the year/period	1,227.78	989.26	-	-
Addition during the year/ period	113.65	241.12	989.26	-
Deduction during the year/ period	-	2.60	-	-
Total	**1,341.43**	**1,227.78**	**989.26**	**-**
Depreciation				
As at the beginning of the year/ period	280.18	58.16	-	-
Charge for the year/ period	175.81	222.41	58.16	-
Deduction during the year/ period	-	0.39	-	-
Depreciation to date	**455.99**	**280.18**	**58.16**	**-**
Net Block	**885.44**	**947.60**	**931.10**	**-**
II) Other Fixed Assets (Including Furniture & Fixture)				
Gross Block				
At cost at the beginnig of the year/period	2,315.65	1,736.04	1.32	-
Addition during the year/ period	321.11	581.56	1,734.72	1.32
Deduction during the year/ period	-	1.95	-	-
Total	**2,636.76**	**2,315.65**	**1,736.04**	**1.32**
Depreciation				
As at the beginning of the year/ period	745.39	299.63	0.05	-
Charge for the year/ period	447.60	446.11	299.58	0.04
Deduction during the year/ period	-	0.35	-	-
Depreciation to date	**1,192.99**	**745.39**	**299.63**	**0.04**
Net Block	**1,443.77**	**1,570.26**	**1,436.41**	**1.28**
III) Capital Work-in-progress (including capital advances)	**0.59**	**-**	**4.80**	**1,084.84**
GRAND TOTAL (I+II+III)	**2,329.80**	**2,517.86**	**2,372.31**	**1,086.12**

BANDHAN BANK LIMITED

Annexures forming part of the Restated Summary Statement of Assets and Liabilities

(₹ In Million)

Annexure 16 - Restated Statement of Other Assets	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
I) Inter Office adjustment (Net)	-	-	-	-
II) Interest Accrued	1,320.46	892.51	756.73	70.82
III) Tax paid in advance/tax deducted at source	-	-	-	-
IV) Stationery and stamps	-	-	-	-
V) Non banking assets acquired in satisfaction of claims	-	-	-	-
VI) Others *	2,404.07	1,744.89	746.16	99.34
Total	**3,724.53**	**2,637.40**	**1,502.89**	**170.16**
* Includes Deferred Tax Assets (Refer Annexure No. 22.12)	1,293.66	914.61	588.00	8.52

(₹ In Million)

Annexure 17 - Restated Statement of Contingent liabilities	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
I) Claims against the Bank not acknowledged as debts	4.61	0.53	0.26	-
II) Liability for partly paid investments	-	-	-	-
III) Liability on account of outstanding forward exchange contracts	-	-	-	-
IV) Guarantees given on behalf of constituents		-	-	-
(a) In India	109.17	47.09	3.11	-
(b) Outside India	-	-	-	-
V) Acceptances, endorsements and other obligations	-	-	-	-
VI) Other items-Capital Commitments	186.93	188.68	45.65	1,030.33
Total	**300.71**	**236.30**	**49.02**	**1,030.33**

BANDHAN BANK LIMITED

Annexures forming part of the Restated Summary Statement of Profit and Loss (₹ In Million)

Annexure 18 - Restated Statement of Interest Earned	Nine months ended 31 December 2017	Year ended 31 March 2017	Year ended 31 March 2016	Period ended 31 March 2015
I) Interest/discount on advances/bills	26,450.84	31,214.24	12,827.89	-
II) Income on investments	3,535.54	4,280.50	1,311.99	-
III) Interest on balances with Reserve Bank of India and other inter-bank funds	1,320.42	790.30	566.67	-
IV) Others (Includes gain on assignment /IBPC)	3,210.22	2,802.05	1,107.06	-
Total	**34,517.02**	**39,087.09**	**15,813.61**	**-**

Annexure 19 - Restated Statement of Other Income	Nine months ended 31 December 2017	Year ended 31 March 2017	Year ended 31 March 2016	Period ended 31 March 2015
I) Commission, exchange and brokerage	2,321.34	3,204.15	1,454.21	-
II) Profit/(Loss) on sale of investments (net)	430.04	216.77	20.06	-
III) Profit/(Loss) on sale of fixed assets	-	-	-	-
IV) Profit on exchange/derivative transactions	-	-	-	-
V) Income earned by way of dividends etc. from subsidiaries/companies and/or joint venture abroad/in India	-	-	-	-
VI) Miscellaneous income (Refer Annexure 22.32)	2,276.67	693.22	24.66	79.53
Total	**5,028.05**	**4,114.14**	**1,498.93**	**79.53**

Annexure 20 - Restated Statement of Interest Expended	Nine months ended 31 December 2017	Year ended 31 March 2017	Year ended 31 March 2016	Period ended 31 March 2015
I) Interest on deposits	12,100.05	12,910.79	2,210.26	-
II) Interest on Reserve Bank of India/Inter-bank borrowings	401.34	1,588.10	3,508.32	-
III) Others	327.31	553.22	766.67	-
Total	**12,828.70**	**15,052.11**	**6,485.25**	**-**

Annexure 21 - Restated Statement of Operating Expenses	Nine months ended 31 December 2017	Year ended 31 March 2017	Year ended 31 March 2016	Period ended 31 March 2015
I) Payments to and provisions for employees	4,993.79	5,455.69	3,250.75	14.24
II) Rent, taxes and lighting	953.42	946.68	532.42	25.54
III) Printing and stationery	146.60	204.11	313.95	4.08
IV) Advertisement and publicity	193.92	252.11	341.70	2.11
V) Depreciation on bank's property	623.42	668.52	357.74	0.05
VI) Directors' fees, allowance and expenses	8.02	7.99	4.66	-
VII) Auditors' fees and expenses	11.45	8.64	5.69	0.33
VIII) Law charges	6.92	9.01	6.96	-
IX) Postage, telegrams, telephones etc.	138.57	225.60	122.37	-
X) Repairs and maintenance	9.27	9.38	1.25	-
XI) Insurance	86.66	65.43	29.84	-
XII) Other expenditure	2,281.31	2,366.89	1,191.85	10.13
Total	**9,453.35**	**10,220.05**	**6,159.18**	**56.48**

BANDHAN BANK LIMITED

Annexure 22 -Notes forming part of the restated summary statements

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.

22.1 "Provisions & Contingencies" recognised in the Profit & Loss Account comprise: **(₹ In Million)**

Particulars	Nine months ended 31 December 2017	Year ended 31 March 2017	Year ended 31 March 2016	Period ended 31 March 2015
Provision for Standard assets	517.08	324.05	511.71	-
Provision for non-performing assets*	1,770.81	477.48	21.30	-
Provision for depreciation in value of investments	390.86	18.90	-	-
Provision for other contingencies	(27.48)	63.92	-	-
Total	**2,651.27**	**884.35**	**533.01**	**-**
* Includes bad debts written off	-	311.87	-	-

22.2 The capital adequacy ratio of the Bank, calculated as per the RBI guidelines (under Basel III) is set out below:

(₹ In Million)

Particulars	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Capital adequacy (%)				
Common Equity Tier 1 (%)	23.53	24.77	26.72	-
Tier 1 capital ratio (%)	23.53	24.77	26.72	-
Tier 2 capital ratio (%)	1.32	1.59	2.29	-
CRAR (%)	**24.85**	**26.36**	**29.01**	**-**
Amount of equity capital raised (including share premium)	-	-	25,504.30	-
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*	-	-	1,600.00	-
Preferential capital instrument	-	-	-	-
Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/ Redeemable Cumulative Preference Shares	-	-	-	-

* Acquired from Bandhan Financial Services Ltd. (Refer Annexure 22.31)

The Bank has not redeemed any subordinated debt during any year/period.

22.3 Investments

A) The Details of investments are set out below:

(₹ In Million)

Value of Investments	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
(1) Value of Investment				
(i) Gross value of Investments				
a) In India	73,321.40	55,183.77	37,580.34	-
b) Outside India	-	-	-	-
(ii) Provision for Depreciation				
a) In India	409.76	18.90	-	-
b) Outside India	-	-	-	-
(iii) Provision for Non- Performing Investments				
a) In India	-	-	-	-
b) Outside India	-	-	-	-
(iii) Net value of Investments				
a) In India	72,911.64	55,164.87	37,580.34	-
b) Outside India	-	-	-	-

(2) Movement of provisions held towards depreciation on investments: **(₹ In Million)**

Particulars	Nine months ended 31 December 2017	Year ended 31 March 2017	Year ended 31 March 2016	Period ended 31 March 2015
Opening balance	18.90	-	-	-
Add: Provisions made during the period (Net)	390.86	18.90	-	-
Closing balance	**409.76**	**18.90**	**-**	**-**

B) Repo Transactions (in face value terms) for the period ended 31 December 2017 **(₹ In Million)**

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31 December, 2017
Securities sold under Repo				
i. Government securities	-	6,043.20	1,061.80	6,043.20
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	-	67,042.20	31,886.30	850.00
ii. Corporate debt securities	-	-	-	-

B) Repo Transactions (in face value terms) for the year ended 31st March'2017 . **(₹ In Million)**

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31 March , 2017
Securities sold under Repo				
i. Government securities	-	12,400.00	60.30	518.00
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	-	57,108.80	11,947.60	57,108.80
ii. Corporate debt securities	-	-	-	-

B) Repo Transactions (in face value terms) for the year ended 31st March'2016 **(₹ In Million)**

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31 March , 2016
Securities sold under Repo				
i. Government securities	-	10.40	-	-
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repo				
i. Government securities	-	43,628.00	9,030.80	3,380.00
ii. Corporate debt securities	-	-	-	-

C) Non SLR Investment Portfolio

i) Issuer composition of Non SLR investments as at 31 December 2017 **(₹ In Million)**

Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)
(i) Public Sector Units	-	-	-	-	-
(ii) Financial Institutions	-	-	-	-	-
(iii) Banks	-	-	-	-	-
(iv) Private Corporates	2.00	-	-	2.00	2.00
(v) Subsidiaries / Joint Ventures	-	-	-	-	-
(vi) Others	2,654.85	-	-	-	2,654.85
(vii) Provision held towards	-	-	-	-	-
Total	**2,656.85**	**-**	**-**	**2.00**	**2,656.85**

Amounts reported under columns (3), (4), (5) and (6) above are not mutually exclusive.

C) Non SLR Investment Portfolio

i) Issuer composition of Non SLR investments as at 31 March 2017 **(₹ In Million)**

Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)
(i) Public Sector Units	-	-	-	-	-
(ii) Financial Institutions	-	-	-	-	-
(iii) Banks	-	-	-	-	-
(iv) Private Corporates	2.00	-	-	2.00	2.00
(v) Subsidiaries / Joint Ventures	-	-	-	-	-
(vi) Others	-	-	-	-	-
(vii) Provision held towards	-	-	-	-	-
Total	**2.00**	**-**	**-**	**2.00**	**2.00**

Amounts reported under columns (3), (4), (5) and (6) above are not mutually exclusive.

C) Non SLR Investment Portfolio

i) Issuer composition of Non SLR investments as at 31 March 2016 **(₹ In Million)**

Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)
(i) Public Sector Units	-	-	-	-	-
(ii) Financial Institutions	-	-	-	-	-
(iii) Banks	-	-	-	-	-
(iv) Private Corporates	2.00	-	-	2.00	2.00
(v) Subsidiaries / Joint Ventures	-	-	-	-	-
(vi) Others	-	-	-	-	-
(vii) Provision held towards	-	-	-	-	-
Total	**2.00**	**-**	**-**	**2.00**	**2.00**

Amounts reported under columns (3), (4), (5) and (6) above are not mutually exclusive.

ii) Non performing Non-SLR investments

The Bank does not have any Non performing Non-SLR investment as at 31 December 2017, 31 March 2017, 31 March 2016.

D) Sale and transfers of Securities to / from HTM Category

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 relevant 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.

22.4 Derivatives

The Bank has not entered into any derivative transaction during the period/ year ended 31 December 2017, 31 March 2017, 31 March 2016.

22.5 Asset Quality

A) Non Performing Assets **(₹ In Million)**

Particulars	Nine months ended 31 December 2017	Year ended 31st March 2017	Year ended 31st March 2016
i) Net NPAs to Net Advances (%)	0.80%	0.36%	0.08%
ii) Movement of NPAs (Gross) (GNPA)			
a) Opening balance	862.62	187.66	-
b) Additions during the period	3,117.23	1,033.70	187.66
c) Reductions during the period[#]	(116.93)	(358.74)	-
d) Closing balance	3,862.92	862.62	187.66
iii) Movement of Net NPAs			
a) Opening balance	611.70	102.34	-
b) Additions during the period	1,323.07	546.50	102.35
c) Reductions during the period	(93.58)	(37.14)	-
d) Closing balance	1,841.19	611.70	102.35
iv) Movement of provisions for NPAs (excluding provisions on standard assets)			
a) Opening balance	250.92	85.32	-
b) Provisions made during the period	1,794.16	487.20	85.32
c) Provision utilised for Write-off / write-back of excess provisions	(23.35)	(321.60)	-
d) Closing balance	2,021.73	250.92	85.32
# Includes bad debts written off	-	311.87	-

B) Particulars of accounts restructured

The Bank does not have any restructured account as at and for the period/year ended 31 December 2017, 31 March 2017, 31 March 2016.

C) Details of Financial Assets sold to Securitisation / Reconstruction company for Reconstruction

The Bank did not sell any Financial Assets to Securitisation / Reconstruction company for Reconstruction during the period/year ended 31 December 2017, 31 March 2017, 31 March 2016.

D) Details of Non Performing Financial Assets Purchased / Sold

The Bank did not purchase/sell any Non Performing Financial Assets during the period/ year ended 31 December 2017, 31 March 2017, 31 March 2016.

E) Provisions on Standard Assets **(₹ In Million)**

Particulars	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016
Provisions towards Standard Assets	2,072.66	1,555.58	1,231.53

F) Disclosure on Advances **(₹ In Million)**

Particulars	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016
Gross Advances (Including IBPC/Assignment)	243,643.89	235,432.92	155,784.35
Less: Managed Advance (IBPC/Assignment)	12,314.69	66,791.22	31,323.57
Gross Advances (Excluding IBPC/Assignment)	231,329.20	168,641.70	124,460.78
Less: Provision on NPA	2,021.73	250.92	85.32
Net Advances (Refer Annexure 14)	229,307.47	168,390.78	124,375.46

22.6 The key business ratios and other information is set out below: **(₹ In Million)**

Particulars	Nine months ended 31 December 2017*	Year ended 31 March 2017	Year ended 31 March 2016
Interest income as a percentage to working funds [1]	10.99%	15.67%	10.77%
Non-interest income as a percentage to working funds [1]	1.60%	1.65%	1.02%
Operating profit as a percentage to working funds [1,2]	5.45%	7.19%	3.18%
Return on assets [1]	3.01%	4.46%	1.88%
Profit per employee [3]	0.37	0.50	0.10
Business (deposits less inter-bank deposits plus advances) per employee [3]	18.09	17.05	10.30

1. 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.
2. Operating profit is profit for the year/ period before considering provisions and contingencies.
3. Productivity ratios are based on average number of employees for the year/ period.

* Not Annualised.

22.7 Exposures

A) Exposure to Real Estate Sector

(₹ In Million)

Category	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016
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.	1,364.90	648.20	51.10
(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	**1,364.90**	**648.20**	**51.10**

B) Exposure to Capital Market

(₹ In Million)

Category	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016
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	2.00	2.00	2.00
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	**2.00**	**2.00**	**2.00**

C) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Bank

During the period ended 31 December 2017, 31 March 2017, 31 March 2016 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 period ended 31 December 2017, 31 March 2017, 31 March 2016 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.

22.8 Miscellaneous

Disclosure of penalties imposed by RBI

No penalty has been levied on the Bank by RBI during the period/ year ended 31 December 2017, 31 March 2017, 31 March 2016.

22.9 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 Million)

Particulars	Nine months ended 31 December 2017	Year ended 31 March 2017	Year ended 31 March 2016
i) Table Showing changes in present value of Defined Benefit obligation:			
Present value of defined benefit obligations as at beginning of the period/ year	329.93	215.23	-
Present value of defined benefit obligations as acquired from BFSL	-	-	132.50
Interest cost	22.08	16.17	10.59
Past Service Cost			
Current service cost	65.17	73.76	51.68
Benefit Paid	-	-	0.34
Actuarial loss on obligations	(19.48)	24.77	20.80
Present value of defined benefit obligations as at end of the period/ year	397.70	329.93	215.23
ii) Table showing fair value of plan assets:			
Fair value of plan assets as at beginning of the period/ year	163.40	158.92	-
Fair value of plan assets acquired from BFSL	-	-	72.03
Expected return on plan assets	9.75	12.90	6.97
Contributions paid	-	-	70.80
Benefits Paid	-	-	0.34
Acquisition Adjustment	-	-	9.96
Actuarial gain/ (loss) on Plan assets	1.84	(8.42)	(0.50)
Fair value of plan assets at end of the period/ year	174.99	163.40	158.92
iii) Actuarial (Gain)/Loss recognised:			
Actuarial loss on obligations	(19.48)	24.77	20.80
Actuarial gain/ (loss) for the period/ year on plan assets	1.84	(8.42)	(0.50)
Actuarial loss recognised in the period/ year	(21.32)	33.19	21.30
iv) The amounts to be recognised in the Balance Sheet and Profit and Loss Account:			
Present value of obligations at the end of the period/ year	397.70	329.93	215.23
Fair value of plan assets at the end of the period/ year	174.99	163.40	158.92
Net liability recognised in balance sheet	222.71	166.53	56.31
v) Expenses Recognised in Profit and Loss Account:			
Current Service Cost	65.17	73.76	51.68
Past Service Cost	-		
Interest Cost	22.08	16.17	10.59
Expected return	9.75	12.90	6.97
Net Actuarial loss recognised in the period/ year	(21.32)	33.19	21.30
Expenses recognised in profit and loss account	56.18	110.22	76.60
Actual return on plan assets	7.91	21.32	87.89
vi) The Principal assumptions used in the actuarial valuation are shown below :			
Discount Rate	7.86%	7.50%	8.00%
Salary Escalation	8.00%	8.00%	8.00%
Withdrawal Rate	7.00%	7.00%	7.00%
Expected rate of return on assets	8.00%	8.11%	7.00%

(₹ In Million)

vii) Amounts for the current and previous year are as follows: [Refer note (ix) below]	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016
a) Defined Benefit Obligations	397.70	329.93	215.23
b) Plan Assets	174.99	163.40	158.92
c) Deficit	(222.71)	(166.53)	(56.31)
d) Experience adjustments on plan liabilities [(Gain)/Loss]	-	-	-
e) Experience adjustments on plan assets [Gain/(Loss)]	-	-	-

viii) The Major categories of Plan Assets as a percentage of the fair value of Total Plan Asset are as follows:

Particulars	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016
Insurance Managed Fund	100%	100%	100%

ix) The Bank was incorporated on 23 December 2014 and did not have any employees in the year ended 31 March, 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 overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

B) Provident Fund

Amount incurred as expense for defined contribution to Provident Fund during the period/ year ended 31 December 2017: 218.11 million, 31 March 2017: Rs.233.42 million, 31 March 2016: Rs.114.83 million, 31 March 2015: 0.16 million.

22.10 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.

The Bank does not have any para banking activities during the period/ year ended 31 December 2017, 31 March 2017 and 31 March 2016.

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 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.

B) Segment Information

i) Primary (Business Segment) for the period ended 31 December 2017 **(₹ In Million)**

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Total
Segment Revenue				
Gross interest income (external customers)	5,130.27	28,785.21	601.54	34,517.02
Other income	430.09	4,582.13	15.83	5,028.05
Total income as per profit and	**5,560.36**	**33,367.34**	**617.37**	**39,545.07**
Add: Inter segment interest	-	2,416.88	-	2,416.88
Total segment revenue	**5,560.36**	**35,784.22**	**617.37**	**41,961.95**
Less: Interest expenses	728.60	11,836.28	263.82	12,828.70
Less: Inter segment interest expenses	2,194.38	-	222.50	2,416.88
Less: Operating expenses	716.48	8,672.86	64.01	9,453.35
Operating Profit	**1,920.90**	**15,275.08**	**67.04**	**17,263.02**
Less: Provisions for non performing assets/others	**390.86**	**2,260.41**	**-**	**2,651.27**
Segment results	**1,530.04**	**13,014.67**	**67.04**	**14,611.75**
Less: provisions for tax				**5,034.75**
Net profit				**9,577.00**
Other information				
Segment assets	82,637.18	240,558.88	7,702.83	330,898.90
Unallocated assets				1,293.65
Total assets	**82,637.18**	**240,558.88**	**7,702.83**	**332,192.55**
Segment liabilities*	67,667.92	258,833.27	5,101.15	331,602.34
Unallocated liabilities				590.21
Total liabilities	**67,667.92**	**258,833.27**	**5,101.15**	**332,192.55**

Notes:

*Treasury segment liabilities includes share capital and reserve & surplus

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Annexure 22 -Notes forming part of the restated summary statements

i) Primary (Business Segment) for the year ended 31 March 2017 **(₹ In Million)**

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Total
Segment Revenue				
Gross interest income (external customers)	5,070.80	33,600.69	415.60	39,087.09
Other income	242.87	3,839.53	31.74	4,114.14
Total income as per profit and	**5,313.67**	**37,440.22**	**447.34**	**43,201.23**
Add: Inter segment interest	-	1,876.26	-	1,876.26
Total segment revenue	**5,313.67**	**39,316.48**	**447.34**	**45,077.49**
Less: Interest expenses	2,134.46	12,901.05	16.60	15,052.11
Less: Inter segment interest expenses	1,515.96	-	360.30	1,876.26
Less: Operating expenses	616.36	9,553.11	50.58	10,220.05
Operating Profit	**1,046.89**	**16,862.32**	**19.86**	**17,929.07**
Less: Provisions for non performing assets/others	18.91	865.44	-	884.35
Segment results	**1,027.98**	**15,996.88**	**19.86**	**17,044.72**
Less: provisions for tax				**5,925.20**
Net profit				**11,119.52**
Other information				
Segment assets	114,783.63	180,085.77	6,576.90	301,446.30
Unallocated assets				914.60
Total assets	**114,783.63**	**180,085.77**	**6,576.90**	**302,360.90**
Segment liabilities*	55,069.29	245,774.34	954.94	301,798.57
Unallocated liabilities				562.33
Total liabilities	**55,069.29**	**245,774.34**	**954.94**	**302,360.90**

Notes:

*Treasury segment liabilities includes share capital and reserve & surplus

i) Primary (Business Segment) for the year ended 31 March 2016 **(₹ In Million)**

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Total
Segment Revenue				
Gross interest income (external customers)	1,878.71	13,931.83	3.07	15,813.61
Other income	22.46	1,475.41	1.06	1,498.93
Total income as per profit and	**1,901.17**	**15,407.24**	**4.13**	**17,312.54**
Add: Inter segment interest	2,674.48	-	-	2,674.48
Total segment revenue	**4,575.65**	**15,407.24**	**4.13**	**19,987.02**
Less: Interest expenses	4,275.00	2,208.64	1.61	6,485.25
Less: Inter segment interest expenses	-	2,672.85	1.63	2,674.48
Less: Operating expenses	223.14	5,935.45	0.59	6,159.18
Operating Profit	**77.51**	**4,590.30**	**0.30**	**4,668.11**
Less: Provisions for non performing assets/others	-	533.01	-	533.01
Segment results	**77.51**	**4,057.29**	**0.30**	**4,135.10**
Less: provisions for tax				**1,382.63**
Net profit				**2,752.47**
Other information				
Segment assets	63,167.53	133,497.66	311.78	196,976.97
Unallocated assets	-	-	-	588.03
Total assets	**63,167.53**	**133,497.66**	**311.78**	**197,565.00**
Segment liabilities*	65,094.30	132,197.93	113.87	197,406.10
Unallocated liabilities	-	-	-	158.90
Total liabilities	**65,094.30**	**132,197.93**	**113.87**	**197,565.00**

Notes:

*Treasury segment liabilities includes share capital and reserve & surplus

22.11 Related Party disclosure

A) Names of related parties and nature of relationship

List of Related Parties	Nine months ended 31 December 2017	Year ended 31 March 2017	Year ended 31 March 2016	Period ended 31 March 2015
Ultimate Parent Company				
Bandhan Financial Services Limited	✓	✓	✓	✓
Parent Company				
Bandhan Financial Holdings Limited	✓	✓	✓	✓
Key Management Personnel				
Mr. Chandra Shekhar Ghosh	✓	✓	✓	✓
Mr. Indranil Banerjee	✓	✓	✓	✓
Mr. Sunil Samdani	✓	✓	✓	✓

Relatives of Key Management Personnel

List of Relatives of Key Management Personnel	Nine months ended 31 December 2017	Year ended 31 March 2017	Year ended 31 March 2016	Period ended 31 March 2015
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 (₹ In Million)

Particulars	As at	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposit	31 December 2017	1919.97	407.86	12.63	19.61	2,360.07
	31 March 2017	2559.00	175.20	6.20	17.20	2,757.60
	31 March 2016	2916.70	216.20	3.50	3.30	3,139.70
	31 March 2015	114.64	0.00	0.00	0.00	114.64

ii) Maximum outstanding (₹ In Million)

Particulars	Period	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposit	Period ended 31 December 2017	2,674.37	411.11	14.81	22.77	**3,123.06**
	Year ended 31st March 2017	8,080.90	716.30	15.30	28.80	**8,841.30**
	Year ended 31st March 2016	8,964.90	420.00	10.70	3.80	**9,399.40**
	Year ended 31st March 2015	-	-	-	-	**-**

iii) Transactions (₹ In Million)

Particulars	Period	Ultimate Parent company	Parent Company	Key Management Personnel	Relatives of Key Management Personnel	Total
Interest expenditure	Period ended 31 December 2017	143.91	9.37	0.44	0.98	**154.70**
	Year ended 31st March 2017	208.00	17.00	0.70	0.90	**226.60**
	Year ended 31st March 2016	160.70	10.50	0.10	0.10	**171.40**
	Year ended 31st March 2015	-	-	-	-	**-**
Remuneration	Period ended 31 December 2017	-	-	28.94	6.03	**34.97**
	Year ended 31st March 2017	-	-	30.30	6.60	**36.90**
	Year ended 31st March 2016	-	-	25.50	4.90	**30.40**
	Year ended 31st March 2015					**-**
Acquisition of assets and liabilities from Bandhan Financial Services Limited	Period ended 31 December 2017	-	-	-	-	**-**
	Year ended 31st March 2017	-	-	-	-	**-**
	Year ended 31st March 2016	12,331.50	-	-	-	**12,331.50**
	Year ended 31st March 2015					**-**
Reimbursement of expenses	Period ended 31 December 2017	-	-	-	-	**-**
	Year ended 31st March 2017	-	-	-	-	**-**
	Year ended 31st March 2016	375.30	-	-	-	**375.30**
	Year ended 31st March 2015	332.92	-			**332.92**
Rent Paid	Period ended 31 December 2017	-	-	-	-	**-**
	Year ended 31st March 2017	-	-	-	-	**-**
	Year ended 31st March 2016	0.10	-	-	-	**0.10**
	Year ended 31st March 2015	0.03	-			**0.03**
Proceeds from issue of share capital	Period ended 31 December 2017	-	-	-	-	**-**
	Year ended 31st March 2017	-	-	-	-	**-**
	Year ended 31st March 2016	-	20,688.30	-	-	**20,688.30**
	Year ended 31st March 2015	-	5,010.50	-	-	**5,010.50**

As per Bandhan Bank Employee Stock Option Plan Series-1, 68,616 number of stock options were granted to Key Management Personnel. Refer note no. 22.33.

22.12 The major components of Deferred Tax Assets (DTA) arising out of timing differences are as under :

(₹ In Million)

Particulars	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
Deferred Tax Assets				
Depreciation on fixed assets.	161.80	66.41	16.10	0.02
Provisions for loan losses	717.31	538.36	426.20*	-
Expenditure charged to the profit & Loss account in the current year but allowed for tax purposes on payment basis	414.55	309.84	145.70	8.50
Total Deferred Tax Assets	**1,293.66**	**914.61**	**588.00**	**8.52**

* Includes DTA of Rs. 249.1 million adjusted through revenue reserves on standard asset provision of Rs.719.8 million acquired from Bandhan Financial Services Limited.(Refer note no 22.31.)

22.13 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.

(₹ In Million)

Particulars	Nine months ended 31 December 2017	Year ended 31 March 2017	Year ended 31 March 2016	Period ended 31 March 2015
The amount of rent expenses included in the Profit & Loss account towards operating leases	778.31	757.30	442.30	-

Particulars of future minimum lease payment in respect of Head office & Bank branches are as mentioned below : (₹ In Million)

Particulars	As at 31 December 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015
a) Not later than 1 year	844.68	776.75	470.30	-
b) Later than 1 year and not later than 3 years	1,862.82	1,729.10	1,213.68	-

22.14 Earnings per Share

The Bank reports basic and diluted earnings per equity share in accordance with Accounting Standard 20 - “Earnings per Share”.

(₹ In Million)

Particulars	Nine months ended 31 December 2017*	Year ended 31 March 2017	Year ended 31 March 2016	Period ended 31 March 2015
a) Weighted average number of equity shares used in computing basic and diluted earnings per share	1,095.14	1,095.14	808.60	501.05
b) Net profit	9,577.00	11,119.52	2,752.47	5.76
c) Basic earnings per share (₹)	8.74	10.15	3.40	0.01
d) Diluted earnings per share (₹)	8.74	10.15	3.40	0.01
e) Nominal value per share (₹)	10.00	10.00	10.00	10.00

* Not Annualised.

22.15 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October, 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.

22.16 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.

22.17 Additional Disclosures

A) Floating Provisions

The Bank does not have any floating provision as at 31 December 2017, 31 March 2017 and 31 March 2016.

B) Draw Down from Reserve

There has been no draw down from reserves during the period/ year ended 31 December 2017, 31 March 2017 and 31 March 2016.

C) Disclosure of customer complaints

i) Customer Complaints:

Particulars	Nine months ended 31 December 2017	Year ended 31 March 2017	Year ended 31 March 2016
i) No. of complaints pending at the beginning of the period	Nil	Nil	Nil
ii) No. of complaints received during the period	423	200	29
iii) No. of complaints redressed during the period	423	200	29
iv) No. of complaints pending at the end of the period	Nil	Nil	Nil

ii) Awards passed by the Banking Ombudsman

Particulars	Nine months ended 31 December 2017	Year ended 31 March 2017	Year ended 31 March 2016
i) No. of unimplemented Awards at the beginning of the period	Nil	Nil	Nil
ii) No. of Awards passed by the Banking Ombudsmen during the period	Nil	Nil	Nil
iii) No. of Awards implemented during the period	Nil	Nil	Nil
iv) No. of unimplemented Awards at the end of the period	Nil	Nil	Nil

iii) ATM related complaints

Particulars	Nine months ended 31 December 2017	Year ended 31 March 2017	Year ended 31 March 2016
i) No. of complaints pending at the beginning of the period	Nil	Nil	Nil
ii) No. of complaints received during the period	9666	7108	Nil
iii) No. of complaints redressed during the period	9666	7108	Nil
iv) No. of complaints pending at the end of the period	Nil	Nil	Nil

The above information is as certified by the Management and relied upon by the auditors.

D) Letter of Comfort (LOC's) issued by the Bank

The Bank has not issued any Letter of Comfort (LOC) during the period/ year ended 31 December 2017, 31 March 2017 and 31 March 2016.

E) Provision coverage ratio

Particulars	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016
The provision coverage ratio of the Bank computed in terms of the RBI guidelines	52.34%	29.09%	45.46%

F) Bancassurance Business

The Bank has not engaged in bancassurance business during the period/ year ended 31 December 2017, 31 March 2017 and 31 March 2016.

G) Concentration of Deposits, Advances Exposures & NPAs

I) Concentration of Deposits **(₹ In Million)**

Particulars	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016
i) Total Deposits of twenty largest depositors	32,797.64	48,597.95	36,170.38
ii) Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	12.97%	20.92%	29.92%

II) Concentration of Advances **(₹ In Million)**

Particulars	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016
i) Total Advances to twenty largest borrowers	7,922.68	7,039.50	703.80
ii) Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	3.42%	4.17%	0.57%

III) Concentration of Exposures **(₹ In Million)**

Particulars	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016
i) Total Exposure to twenty largest borrowers / customers	7,942.33	7,227.60	703.80
ii) Percentage of Exposures to twenty largest borrowers / customers to total exposure of the bank on borrowers / customers	3.43%	4.28%	0.57%

IV) Concentration of NPAs **(₹ In Million)**

Particulars	As at 31 December 2017	As at 31 March 2017	As at 31 March 2016
Total Exposure to top four NPA accounts	4.02	0.60	0.80

V) Movement of NPAs **(₹ In Million)**

Particulars	**Nine months ended 31 December 2017**	**Year ended 31 March 2017**	**Year ended 31 March 2016**
Gross NPAs (GNPA) - Opening	862.62	187.66	-
Additions (Fresh NPAs) during the p	3,117.23	1,033.70	187.66
Sub total (A)	3,979.85	1,221.36	187.66
Less :-			
(i) Upgradations	6.70	5.08	-
(ii) Recoveries (excluding recoveries made from upgraded accounts)	110.23	41.79	-
(iii) Technical / Prudential Write offs	-	311.87	-
(iv) Write offs other than those under (iii) above	-	-	-
Sub total (B)	116.93	358.74	-
Gross NPAs (GNPA) - Closing (A-B)	**3,862.92**	**862.62**	**187.66**

VI) Movement of Technical/Prudential written off accounts **(₹ In Million)**

Particulars	**Nine months ended 31 December 2017**	**Year ended 31 March 2017**	**Year ended 31 March 2016**
Opening balance of Technical/Prudential written off accounts	311.90	-	-
Add: Prudential/Technical write offs during the year	-	311.90	-
Sub Total (A)	311.90	311.90	-
Less: Recoveries made from previously technical/prudential written off accounts during the year (B)	37.77	-	-
Closing Balance (A-B)	274.13	311.90	-

VII) Overseas Loans and Advances, NPAs and Revenue

The Bank does not have any overseas Loans and Advances, NPAs and Revenue as on 31 December 2017, 31 March 2017 and 31 March 2016.

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.

22.18 Disclosure of Provision for Frauds **(₹ In Million)**

Particulars	**Nine months ended 31 December 2017**	**Year ended 31 March 2017**	**Year ended 31 March 2016**
No. of Frauds reported during the year to Reserve Bank of India	24	47	3
Amount involved in such Frauds	24.73	16.81	1.27
Recovery in such Frauds	7.37	3.03	1.27
Provision made during the period	17.37*	13.78	-

* ₹ 1.19 crore provided in the year ended 31st March,2017.

22.19 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 31 December, 2017, the NRC comprises of the following directors.
Shri Bhaskar Sen - Chairman
Shri B. Sambamurthy
Shri Snehomoy Bhattacharya
Shri Ranodeb Roy (with effect from 19th September, 2016)
Shri Chandra Shekhar Ghosh

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 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 one form of performance - based variable remuneration, viz.,cash bonus. ESOP, as referred in annexure 22.33 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 and 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 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.

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.

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 annexure 22.33 is linked to continuous service with the Bank.

Quantitative disclosures :

The quantitative disclosures pertaining to the MD & CEO, employees in the grades of SVPs and above, for the period/ year ended 31 December 2017, 31 March 2017 and 31 March 2016 are given below:

(₹ In Million)

Particulars	**Nine months ended 31 December 2017**	**Year ended 31 March 2017**	**Year ended 31 March 2016**
a) i) Number of meetings held by the Remuneration Committee during the financial year.	4	6	8
ii) Remuneration paid to its members (sitting fees)	₹ 0.45	₹ 0.47	₹ 0.26
b) Number of employees having received a variable remuneration award during the financial year.	10	10	N.A
c) Number and total amount of sign on awards made during the financial year.	₹ 15.61	Nil	N.A
d) Details of guaranteed bonus, if any, paid as joining / sign on bonus.	Nil	Nil	N.A
e) Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil	N.A
f) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms.	Nil	₹ 2.6 Million	N.A
g) Total amount of deferred remuneration paid out in the financial year.	₹ 1.42	₹ 2.6 Million	N.A
h) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non deferred.	Nil	Fixed - ₹ 89.3 Million Variable - Rs. 13.3 Million, Non-deferred - ₹ 10.7 Million, Deferred- ₹2.6 Million	Fixed -₹ 41.4 Million Variable - Nil Deferred - Nil Non-Deferred - Nil
i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustments.	₹ 0.80	Nil	N.A.
j) Total amount of reductions during the financial year due to ex post explicit adjustments.	Nil	Nil	N.A.
k) Total amount of reductions during the financial year due to ex post implicit adjustments.	Nil	Nil	N.A.

22.20 Disclosure relating to Securitisation

There are no securitisation transactions undertaken by the Bank during the period/year ended 31 December 2017, 31 March 2017 and 31 March 2016.

22.21. Credit default swaps

The Bank has not transacted in credit default swaps during the period/ year ended 31 December 2017, 31 March 2017 and 31 March 2016.

22.22 Intra Group Exposures

The Bank did not have any intra group exposure as at 31 December 2017, 31 March 2017 and 31 March 2016.

22.23 Transfer to Depositor education and awareness fund (DEAF)

During the period/ year ended 31 December 2017, 31 March 2017 and 31 March 2016 the Bank was not required to transfer any amount to Depositor Education and Awareness Fund.

22.24 Unhedged Foreign Currency Exposure

The borrower of the Bank does not have any Unhedged Foreign Currency Exposure as at 31 December 2017, 31 March 2017 and 31 March 2016.

The above information is as certified by the Management and relied upon by the auditors.

22.25 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.

The Bank follows the criteria laid down by RBI for month-end 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 consisting 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.

(b) Quantitative Disclosure for the nine months ended 31st December 2017 (Rs. in million)

Particulars	Average for quarter ended 30 June 2017		Average for quarter ended 30 September 2017		Average for quarter ended 31 December 2017	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets						
1) Total High Quality Liquid Assets (HQLA)		28,034.20		40,099.30		50,060.30
Cash Outflows						
2) Retail Deposits and deposits from small business customers, of which:	118,377.20	11,824.80	130,009.90	12,375.40	144,531.80	13,482.40
a) Stable deposits	258.00	12.90	12,511.10	625.60	19,415.70	970.80
b) Less stable deposits	118,119.10	11,811.90	117,498.90	11,749.90	125,116.20	12,511.60
3) Unsecured wholesale funding, of which:	51,740.00	20,205.10	88,049.30	43,372.40	108,186.20	57,265.20
a) Operational deposits (all counterparties)	-	-	-	-	-	-
b) Non-operational deposits (all counterpartie	51,740.00	20,205.10	88,049.30	43,372.40	108,186.20	57,265.20
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	22,253.70	22,253.70	13,191.30	13,191.30	7,055.30	7,055.30
7) Other contingent funding obligations	51.70	2.60	63.00	3.10	98.60	4.90
8) Total Cash outflows	**192,422.50**	**54,286.20**	**231,313.50**	**68,942.20**	**259,871.90**	**77,807.80**
Cash Inflows						
9) Secured lending (eg. Reverse repos)			-	-	-	-
10) Inflows from fully performing exposures	79,352.20	67,285.90	56,650.10	44,579.50	51,090.30	38,478.20
11) Other cash inflows	-	-	-	-	-	-
12) Total Cash Inflows	**79,352.20**	**67,285.90**	**56,650.10**	**44,579.50**	**51,090.30**	**38,478.20**
13) Total HQLA		**28,034.20**		**40,099.30**		**50,060.30**
14) Total Net Cash outflow		**13,571.50**		**24,362.70**		**39,329.60**
15) Liquidity Coverage Ratio(%)		**206.57%**		**164.59%**		**127.28%**

(c) Quantitative Disclosure for the year ended 31st March 2017 (Rs. in million)

Particulars	Average for the quarter ended 30 June 2016		Average for the quarter ended 30 September 2016		Average for the quarter ended 31 December 2016		Average for the quarter ended 31 March 2017	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1) Total High Quality Liquid Assets (HQLA)	-	30,635.20	-	16,658.20	-	18,635.90	-	15,203.84
Cash Outflows								
2) Retail Deposits and deposits from small business customers, of which:	39,822.30	3,982.20	50,717.00	5,071.70	88,763.10	8,876.30	107,206.60	10,720.70
a) Stable deposits	-	-	-	-	-	-	-	-
b) Less stable deposits	39,822.30	3,982.20	50,717.00	5,071.70	88,763.10	8,876.30	107,206.60	10,720.70
3) Unsecured wholesale funding, of which:	48,292.30	30,724.70	23,601.10	10,698.40	35,761.60	19,855.30	38,236.80	18,840.10
a) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
b) Non-operational deposits (all counterpartie	48,292.30	30,724.70	23,601.10	10,698.40	35,761.60	19,855.30	38,236.80	18,840.10
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	9,103.20	9,103.20	14,520.80	14,520.80	7,934.80	7,934.80	4,645.70	4,645.70
7) Other contingent funding obligations	3.10	0.20	4.60	0.40	21.84	1.09	44.40	1.30
8) Total Cash outflows	**97,220.90**	**43,810.30**	**88,843.50**	**30,291.30**	**132,481.34**	**36,667.49**	**150,133.50**	**34,207.80**
Cash Inflows								
9) Secured lending (eg. Reverse repos)								
10) Inflows from fully performing exposures	42,540.90	34,826.80	30,732.10	22,213.20	34,606.10	24,274.20	44,186.00	32,859.40
11) Other cash inflows	-	-	-	-	-	-	-	-
12) Total Cash Inflows	**42,540.90**	**34,826.80**	**30,732.10**	**22,213.20**	**34,606.10**	**24,274.20**	**44,186.00**	**32,859.40**
13) Total HQLA	-	**30,635.20**	-	**16,658.20**	-	**18,635.90**	-	**15,203.84**
14) Total Net Cash outflow	-	**10,952.60**	-	**8,078.10**	-	**12,393.40**	-	**8,552.17**
15) Liquidity Coverage Ratio(%)		**279.71%**		**206.21%**		**150.37%**		**177.78%**

BANDHAN BANK LIMITED

Annexure 22 -Notes forming part of the restated summary statements

(d) Quantitative Disclosure for the year ended 31st March 2016 **(Rs. in million)**

Particulars	Average for the quarter ended 30 September 2015		Average for the quarter ended 31 December 2015		Average for the quarter ended 31 March 2016	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets						
1) Total High Quality Liquid Assets (HQLA)	-	3,801.70	-	6,903.70	-	8,626.40
Cash Outflows						
2) Retail Deposits and deposits from small business customers, of which:	3,142.18	314.22	6,057.95	605.80	15,972.18	1,597.22
a) Stable deposits	-	-	-	-	-	-
b) Less stable deposits	3,142.18	314.22	6,057.95	605.80	15,972.18	1,597.22
3) Unsecured wholesale funding, of which:	1,033.00	959.86	4,520.87	4,248.31	11,901.90	11,333.78
a) Operational deposits (all counterparties)	-	-	-	-	-	-
b) Non-operational deposits (all counterpartie	1,033.00	959.86	4,520.87	4,248.31	11,901.90	11,333.77
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	5,240.58	5,240.58	7,871.62	7,871.62	7,879.38	7,879.38
7) Other contingent funding obligations	-	-	-	-	1.04	-
8) Total Cash outflows	**9,415.76**	**6,514.66**	**18,450.44**	**12,725.73**	**35,754.50**	**20,810.37**
Cash Inflows						
9) Secured lending (eg. Reverse repos)	20,525.86	20,525.86	9,452.69	9,452.69	17,127.18	17,127.18
10) Inflows from fully performing exposures	5,658.90	2,829.45	6,970.92	3,485.46	9,058.51	4,529.25
11) Other cash inflows	-	-	-	-	-	-
12) Total Cash Inflows	**26,184.76**	**23,355.31**	**16,423.61**	**12,938.15**	**26,185.69**	**21,656.43**
13) Total HQLA	-	**3,801.70**	-	**6,903.70**	-	**8,626.40**
14) Total Net Cash outflow	-	**1,628.70**	-	**3,181.40**	-	**5,202.60**
15) Liquidity Coverage Ratio(%)		**233.42%**		**217.00%**		**165.81%**

22.26 Maturity pattern of certain items of assets and liabilities as at 31 December 2017 (Rs. in million)

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	5,645.97	1,441.60	-	1,023.89	1,971.07	500.00	1,124.42	-	1,600.00	-	**13,306.94**
Deposits	771.18	6,299.35	6,517.62	5,202.60	34,035.64	26,576.90	49,320.40	118,560.42	4,359.51	1,295.94	**252,939.56**
Total	**6,417.15**	**7,740.95**	**6,517.62**	**6,226.49**	**36,006.71**	**27,076.90**	**50,444.82**	**118,560.42**	**5,959.51**	**1,295.94**	**266,246.50**
Assets											
Advances	1,841.32	4,302.02	5,151.74	11,628.29	38,066.07	48,100.86	64,726.55	52,315.98	1,833.11	1,341.53	**229,307.47**
Investment	-	-	-	318.94	5,334.68	2,030.76	11,674.81	4,291.85	366.80	48,893.80	**72,911.64**
Total	**1,841.32**	**4,302.02**	**5,151.74**	**11,947.23**	**43,400.75**	**50,131.61**	**76,401.36**	**56,607.83**	**2,199.91**	**50,235.33**	**302,219.10**

Maturity pattern of certain items of assets and liabilities as at 31 March 2017 (Rs. in million)

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	-	532.90	-	177.80	1,058.91	2,462.16	2,832.26	1,625.35	1,600.00	-	**10,289.38**
Deposits	710.20	6,912.37	4,721.29	1,529.12	29,819.08	12,002.06	56,101.02	117,563.52	1,799.89	1,128.03	**232,286.58**
Total	**710.20**	**7,445.27**	**4,721.29**	**1,706.92**	**30,877.99**	**14,464.22**	**58,933.28**	**119,188.87**	**3,399.89**	**1,128.03**	**242,575.96**
Assets											
Advances	505.12	3,500.24	3,520.18	6,667.64	28,779.99	36,244.68	47,019.44	41,607.44	39.73	506.32	**168,390.78**
Investment	-	-	-	-	986.31	3,069.27	4,236.75	1,588.95	-	45,283.59	**55,164.87**
Total	**505.12**	**3,500.24**	**3,520.18**	**6,667.64**	**29,766.30**	**39,313.95**	**51,256.19**	**43,196.39**	**39.73**	**45,789.91**	**223,555.65**

Maturity pattern of certain items of assets and liabilities as at 31 March 2016 (Rs. in million)

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	-	-	90.88	315.80	3,742.50	5,638.20	7,702.60	10,426.50	1,000.00	1,600.00	**30,516.48**
Deposits	255.00	1,419.90	2,062.78	616.10	6,604.50	9,524.90	50,044.40	49,806.40	325.50	228.00	**120,887.48**
Total	**255.00**	**1,419.90**	**2,153.66**	**931.90**	**10,347.00**	**15,163.10**	**57,747.00**	**60,232.90**	**1,325.50**	**1,828.00**	**151,403.96**
Assets											
Advances	672.10	2,652.10	3,246.26	2,981.00	27,814.20	16,978.90	48,144.10	21,832.50	4.90	49.40	**124,375.46**
Investment	11,050.80	244.60	355.34	725.90	1,726.90	2,508.30	10,049.40	10,050.50	552.00	316.60	**37,580.34**
Total	**11,722.90**	**2,896.70**	**3,601.60**	**3,706.90**	**29,541.10**	**19,487.20**	**58,193.50**	**31,883.00**	**556.90**	**366.00**	**161,955.80**

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.

BANDHAN BANK LIMITED
Annexure 22 -Notes forming part of the restated summary statements

22.27 Sector-wise advances **(Rs. in million)**

Sr. No.	Sector*	As at 31 December 2017*			As at 31 March 2017		
		Outstanding Gross Advances	Gross NPAs (GNPA)	Percentage of Gross NPAs to Gross Advances in that sector	Outstanding Gross Advances	Gross NPAs (GNPA)	Percentage of Gross NPAs to Gross Advances in that sector
A	**Priority Sector**						
1	Agriculture and allied activities	34,897.90	1,402.50	4.02%	77,314.40	296.40	0.38%
2	Advances to industries sector eligible as priority sector lending	10,355.90	944.00	9.12%	14,612.30	271.80	1.86%
3	Services	24,528.70	1,386.00	5.65%	68,510.00	254.90	0.37%
4	Personal loans	3,446.30	40.20	1.17%	4,129.70	35.80	0.87%
	Sub Total (A)	**73,228.80**	**3,772.70**	**5.15%**	**164,566.40**	**858.90**	**0.52%**
B	**Non Priority Sector**						
1	Agriculture and allied activities	60,740.00	-	-	-	-	-
2	Industry sector	26,082.60	-	-	-	-	-
3	Services	63,090.40	-	-	439.87	-	-
4	Personal loans	8,187.40	90.30	1.10%	3,635.44	3.72	0.10%
	Sub Total (B)	**158,100.40**	**90.30**	**0.06%**	**4,075.31**	**3.72**	**0.09%**
	Total (A+B)	**231,329.20**	**3,863.00**	**1.67%**	**168,641.71**	**862.62**	**0.51%**

*Non priority sector includes ₹ 149,540 million Priority sector portfolio which has been sold under PSLC.

Sr. No.	Sector*	As at 31 March 2016		
		Outstanding Gross Advances	Gross NPAs (GNPA)	Percentage of Gross NPAs to Gross Advances in that sector
A	**Priority Sector**			
1	Agriculture and allied activities	64,267.90	136.70	0.21%
2	Advances to industries sector eligible as priority sector lending	10,278.60	16.30	0.16%
3	Services	47,886.20	31.90	0.07%
4	Personal loans	255.40	0.70	0.26%
	Sub Total (A)	**122,688.10**	**185.60**	**0.15%**
B	**Non Priority Sector**			
1	Agriculture and allied activities	-	-	0.00%
2	Industry sector	647.00	0.10	0.01%
3	Services	897.80	1.10	0.12%
4	Personal loans	227.90	0.90	0.39%
	Sub Total (B)	**1,772.70**	**2.10**	**0.12%**
	Total (A+B)	**124,460.80**	**187.70**	**0.15%**

*The classification of advances into sector is based on sector wise industry bank credit return submitted to RBI.

22.28 Details of Priority sector lending certificates (categorywise) sold and purchase during the period: **(Rs. in million)**

Sl No.	Particulars	Nine months ended 31 December 2017	
		Purchase	Sale
i)	PSLC – Agriculture	-	10,990.00
ii)	PSLC - Small & Marginal farmers(SFMF)	-	49,750.00
iii)	PSLC - Micro Enterprises	-	21,950.00
iv)	PSLC – General	-	66,850.00

The Bank did not sell or purchase any priority sector lending certificates during the year ended 31 March 2017 and 31 March 2016.

22.29 Details of Inter-Bank Participation Certificate (IBPC) transactions

During the year, the Bank has sold its advances through IBPCs. The details are as follows: **(Rs. in million)**

Sl No	Particulars	Nine months ended 31 December 2017	Year ended 31 March 2017	Year ended 31 March 2016
i)	Aggregate value of IBPCs entered	30,000.00	92,000.00	32,000.00
ii)	Aggregate consideration received	30,000.00	92,000.00	32,000.00
iii)	Aggregate gain recorded	2,935.70	2,633.20	386.00
iv)	IBPCs outstanding*	17,500.00	76,000.00	32,000.00
	* Includes principal amount collected against the pool sold and not yet due for payment and included under other liabilities	5,185.31	9,239.00	6,398.60

22.30 The disclosure requirement as stipulated by RBI guidelines for Banking companies have not been furnished for the year ended 31 March 2015 as the Bank has received the banking licence, during the year ended 31 March 2016.

22.31 Business Transfer

Pursuant to the approval received from Reserve Bank of India for commencement of banking operations, all assets and liabilities pertaining to the microfinance business of Bandhan Financial Services Limited ("BFSL") were transferred to the Bank with effect from 23 August 2015, on a slump sale basis for a consideration of Rs. 12,331.46 million. The consideration has been determined as per the Business Transfer Agreement dated 11 February 2015 entered into between the Bank and BFSL. The acquired assets and liabilities were recorded at their existing carrying amount in BFSL in accordance with 'Pooling of Interest Method' guidance provided in AS-14, 'Accounting for Amalgamations'. Rs.163.98 million being excess of consideration paid by the Bank over net assets acquired have been adjusted with the General Reserve in the books of the Bank.

The summary of assets and liabilities acquired is as follows:

Description	**Amount**
Fixed Assets	42.30
Investments	2.00
Cash and Bank Balances	32,603.60
Other Assets	78,904.73
Total Assets	**111,552.63**
Other Liabilities & Provisions	99,385.15
Net Assets (A)	**12,167.48**
Consideration (B)	**12,331.46**
Excess* (B-A)	**163.98**

* The excess consideration is on account of consideration for fixed assets being paid based on the written down value of fixed assets as per Income Tax Act, 1961.

22.32 Miscellaneous income includes

(Rs. in million)

Sl No	**Particulars**	**Nine months ended 31 December 2017**	**Year ended 31 March 2017**	**Year ended 31 March 2016**	**Period ended 31 March 2015**
i)	Card charges recovered from customers	445.75	580.59	-	-
ii)	Income from Sale of Priority sector lending certificates	1,470.45	-	-	-

22.33 Employee Stock Option Scheme (ESOS)

On 26 July 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	19 December 2017
Date of Board/ Compensation committee approval	26 July 2017
Number of options granted	2,020,725
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)	7.47 years
Weighted average exercise price per option (Rs.)	180

* 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 vested on the first vesting date relating to the said grant, immediately following date of superannuation.

The details of activity under the Scheme 2017 Plan are summarized below:

Description	31 December 2017 (No. of options)
Granted during the period	2,020,725
Forfeited during the period	-
Exercised during the period	-
Exercisable at the end of the period	-
Weighted average remaining contractual life of options (years)	7.47
Weighted average share price during the exercise period (in Rs)	180

The weighted average fair value of stock options granted during the year 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 (Rs.)	180
Exercise price (Rs.)	180
Dividend yield (%)	-
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.

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

Particulars	-
Profit after tax as reported	9,577.00
Add: ESOP cost using the intrinsic value method	-
Less: ESOP cost using the fair value method	2.16
Proforma profit after tax	9,574.84
Earnings Per Share *	
Basic	
- As reported	8.74
- Proforma	8.74
Diluted	
- As reported	8.74
- Proforma	8.74

*Not annualised

BANDHAN BANK LIMITED

ANNEXURE 23 : Restated Statement of Tax shelter

(₹ In Million)

Particulars		Nine months ended 31 December 2017	Year ended 31 March 2017	Year ended 31 March 2016	Period ended 31 March 2015
Profit before current and deferred taxes as restated	(A)	**14,611.75**	**17,044.72**	**4,135.10**	**23.05**
Tax rate Normal Tax rate (%)	(B)	34.61%	34.61%	34.61%	32.45%
Tax thereon	(C)	**5,056.83**	**5,898.84**	**1,431.07**	**7.48**
Adjustments					
Permanent Differences					
Interest on Income Tax		44.60	5.76	30.00	-
Corporate Social Responsibility Expenses		0.76	117.54	40.52	-
Subtotal	(D)	**45.36**	**123.30**	**70.52**	**-**
Temporary Differences					
Difference in depreciation as per tax and books of account		275.64	146.31	(219.70)	0.05
Provision for Standard assets, non-performing assets (net of bad and doubtful debt allowed u/s 36(1)(viia))		517.08	324.05	511.71	-
Expenses disallowed in previous year which are allowed in current year		(403.09)	(260.93)	-	-
Provision for depreciation in value of investments		390.86	18.90	-	-
Other timing differences		205.53	668.33	401.19	56.43
Subtotal	(E)	**986.02**	**896.67**	**693.20**	**56.48**
Net Adjustment (D+E)	(F)	**1,031.38**	**1,019.97**	**763.72**	**56.48**
Tax saving (net adjustment * tax rate)	(G)	356.97	352.99	264.31	18.32
Income Tax impact on restatement	(H)	-	-	-	-
Current tax on restated profit, as derived (C+G+H)	(I)	5,413.80	6,251.83	1,695.38	25.80
Current tax expenses as per restated summary statements		5,413.80	6,251.83	1,695.38	25.80

Notes:

1. The aforesaid Statement of Tax Shelter has been prepared as per the restated summary statement of profits and losses of the Bank.

2. The above statement should be read with the notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexures.

3. Income tax rate includes applicable surcharge, education cess and higher education cess of the year concerned.

BANDHAN BANK LIMITED

ANNEXURE 24 : Restated Statement of Capitalisation

Position of Debt and Shareholders' funds as at December 31, 2017 as below

(₹ In Million)

Particulars	**Pre Issue**	**Post Issue**
Short Term Debt (A)	8,083.66	[•]
Long Term Debt* (B)	5,223.28	[•]
Total Debt (C= A+B)	13,306.94	[•]
Shareholders' Funds		
Share Capital (D)	10,951.41	[•]
Reserves & Surplus (E)	43,090.14	[•]
Total Shareholder's Funds (F=D+E)	54,041.55	[•]
Long Term Debt / Shareholder's Funds (G=(B/F)	0.10	[•]
Total Debt / Shareholder's Funds (H=C/F)	0.25	[•]

Note: The issue price and number of shares are being finalised and hence the post-issue capitalisation statement can not be presented.

* Borrowings with original contractutal maturity of more than 1 year are classified as Long Term, per RBI Regulations. All other borrowings have been classified as Short Term.

ANNEXURE 25 : Restated Statement of Accounting Ratios

(₹ In Million)

Particulars		**Nine months period ended 31 December 2017***	**Year ended 31 March 2017**	**Year ended 31 March 2016**	**Period ended 31 March 2015**
Basic earnings per share [Refer Note (a)(i) below]	A/C	8.74	10.15	3.40	0.01
Diluted earnings per share [Refer Note (a)(ii) below]	A/C	8.74	10.15	3.40	0.01
Return on net worth [Refer Note (a)(iii) below]	A/B	17.72%	25.01%	8.25%	0.11%
Net asset value per equity share [Refer Note (a)(iv) below]	B/E	49.35	40.60	30.45	10.01
Net profit after tax, as restated, attributable to equity shareholders	A	9,577.00	11,119.52	2,752.47	5.76
Net worth at the end of the period/years	B	54,041.55	44,464.55	33,345.03	5,016.26
Weighted average number of equity shares outstanding during the period/years, used for Basic/Diluted earnings per share	C	1,095.14	1,095.14	808.60	501.05
Face value per share [Refer Note (b) below]		10.00	10.00	10.00	10.00
Total number of shares outstanding at the end of the period/years	E	1,095.14	1,095.14	1,095.14	501.05

* Not Annualised.

Notes:

(a) Ratios have been computed as per the following formulas :

(i) Basic earnings per share (₹) = $\dfrac{\text{Net Profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period/years}}$

(ii) Diluted earnings per share (₹) = $\dfrac{\text{Net Profit after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of diluted equity shares outstanding during the period/years}}$

(iii) Return on net worth (%) = $\dfrac{\text{Net Profit after tax, as restated, attributable to equity shareholders}}{\text{Net worth at the end of the period/years}}$

(iv) Net asset value per equity share (₹) = $\dfrac{\text{Net worth at the end of the period/years}}{\text{Total number of equity shares outstanding at the end of period/years}}$

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

(c) "Net worth" means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve, cash flow hedge reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and accumulated losses (if any)

(d) The figures disclosed above are based on the Restated Summary Statements.

ANNEXURE 26 : Dividend

The Bank has not paid any dividend during the period/ year ended 31 December 2017, 31 March 2017, 31 March 2016, and 31 March 2015.

S.R. BATLIBOI & CO. LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Bandhan Financial Services Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Bandhan Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our Information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 purpose of our audit;

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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 Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report; and

(g) 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, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company 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 Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Bhaswar Sarkar
Partner
Membership Number: 55596

Place of Signature: Kolkata
Date: June 21, 2016

Annexure referred to in our independent auditor report of even date
Re: Bandhan Financial Services Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.

(ii) The Company's business does not involve inventories. Accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits from the public.

(vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-tax, service tax, and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment	Remarks, if any
West Bengal State Tax on Professions, Trades, Callings and Employments Act, 1979	Professional tax	18,50,000	2015-16	31st July, 2015	Rs.14,75,000 paid by 14th June, 2016	

(c) According to the information and explanations given to us, there are no dues of income tax and service tax which have not been deposited on account of any dispute.

In respect of sub clauses (vii) (a) to (vii) (c) above, the Company did not have any dues towards sales tax, custom duty, value added tax, excise duty and cess, during the year.

(viii) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders. The Company did not have any outstanding dues towards government during the year.

(ix) According to the information and explanation given by the management, the Company has not raised any money way of initial public offer or further public offer, hence not commented upon.

Further, money raised by the Company by way of term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds were gainfully invested in fixed deposits/money market mutual funds, pending for the purpose for which they were raised/ obtained.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Bhaswar Sarkar

per Bhaswar Sarkar
Partner
Membership Number: 55596

Place of Signature: Kolkata
Date: June 21, 2016

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF BANDHAN FINANCIAL SERVICES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Bandhan Financial Services Limited

We have audited the internal financial controls over financial reporting of Bandhan Financial Services Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company 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 (the "Guidance Note"). 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 Company'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 Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with 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, both 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 Company's internal financial control over financial reporting 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 Company; (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 Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting 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 Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company, 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 & Co. LLP
Chartered Accountants
Firm Registration No.: 301003E/E300005

per Bhaswar Sarkar
Partner
Membership Number: 55596

Place of Signature: Kolkata
Date: 21st June, 2016

BANDHAN FINANCIAL SERVICES LIMITED

BALANCE SHEET AS AT MARCH 31,2016

	Notes	31 March 2016 RUPEES (₹)	31 March 2015 RUPEES (₹)
I. Equity and liabilities			
Shareholders' funds			
Share capital	3	1,278,211,010	969,287,880
Reserves and surplus	4	27,241,923,668	14,920,042,691
		28,520,134,678	15,889,330,571
Non-current liabilities			
Long-term borrowings	5	-	43,965,886,961
Other long term liabilities	6	-	18,661,623
Long term provisions	7	-	327,922,146
		-	44,312,470,730
Current liabilities			
Other current liabilities	8	31,061,697	43,614,979,407
Short-term provisions	7	384,606,174	1,204,657,169
		415,667,871	44,819,636,576
Total		**28,935,802,549**	**105,021,437,877**
II. Assets			
Non-current assets			
Fixed assets	9		
(i) Tangible assets		36,344,595	87,288,583
(ii) Intangible assets		-	2,860,901
(iii) Capital work-in-progress		-	-
Non-current investments	10	25,897,135,940	5,041,925,000
Deferred tax assets	11	514,307	138,875,421
Long term loans and advances	12	-	10,477,227,091
Other non-current assets	13	-	161,684,320
		25,933,994,842	15,909,861,316
Current assets			
Current investments	10	-	-
Cash and Bank Balances	14	2,781,284,565	16,218,056,514
Short-term loans and advances	12	88,153,155	72,610,293,108
Other current assets	13	132,369,987	283,226,939
		3,001,807,707	89,111,576,561
Total		**28,935,802,549**	**105,021,437,877**
Significant Accounting Policies & notes to accounts	2		

The accompanying notes are an integral part of these financial statements
As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration Number :- 301003E/E300005

For Bandhan Financial Services Limited

Per Bhaswar Sarkar
Partner
Membership Number : 55596

Chandra Shekhar Ghosh
Director

Asit Pal
Director

Place : Kolkata
Date : 21st June, 2016

Gautam Ray Chaudhury
Manager

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

BANDHAN FINANCIAL SERVICES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

	Notes	31 March 2016 RUPEES (₹)	31 March 2015 RUPEES (₹)
I. Income			
Revenue from operations	15	8,884,048,030	16,987,316,882
Other income	16	615,911,219	541,140,857
Total Income		**9,499,959,249**	**17,528,457,739**
II. Expenses			
Employee related expenses	17	786,028,748	2,011,887,692
Finance Costs	18	4,002,384,737	7,685,732,610
Depreciation and amortization expenses	19	10,240,468	39,506,461
Donation	20	136,606,866	219,287,418
Provisions and Write offs	21	(47,426,059)	(17,354,289)
Other expenses	22	271,963,577	593,726,489
Total Expenses		**5,159,798,337**	**10,532,786,381**
Profit before tax		**4,340,160,912**	**6,995,671,358**
Tax expense			
- Current tax		1,487,239,554	2,332,873,111
- Income tax for earlier year		-	13,451
- Deferred tax charge		120,784,024	277,036,426
Total Tax Expenses		**1,608,023,578**	**2,609,922,988**
Profit for the year		**2,732,137,334**	**4,385,748,370**
Earning per equity share (EPS)	23		
Basic & Diluted (₹)		**21.91**	**45.25**
Nominal value of share (₹)		**10**	**10**
Significant Accounting Policies & notes to accounts	2		

The accompanying notes are an integral part of these financial statements
As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration Number :- 301003E/E300005

For Bandhan Financial Services Limited

Per Bhaswar Sarkar
Partner
Membership Number : 55596

Chandra Shekhar Ghosh
Director

Asit Pal
Director

Place : Kolkata
Date : 21st June, 2016

Gautam Ray Chaudhury
Manager

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

BANDHAN FINANCIAL SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

Particulars	31 March 2016 RUPEES (₹)	31 March 2015 RUPEES (₹)
A. Cash flow from Operating Activities :		
Net Profit Before Taxation :	4,340,160,912	6,995,671,358
Adjustments for :		
Provision for Gratuity	9,149,451	30,775,384
(Profit)/Loss on sale of fixed assets	(2,862,276)	635
Depreciation and amortization	10,240,468	39,506,461
Provisions and Write-Offs	(47,426,059)	(17,354,289)
Provision for leave	73,740,667	51,833,986
Dividend from Investments	(94,407,853)	(232,418,930)
Operating Profit Before Working Capital Changes	**4,288,595,310**	**6,868,014,605**
Movements in working capital:		
(Increase)/Decrease in Other Current & Non-Current Assets	(2,402,458,822)	(27,451,265)
(Increase)/Decrease in Loans & Advances	4,453,549,291	(25,149,079,714)
Increase/(Decrease) in Other Long term liabilities, Current Liabilities & Provisions	2,490,674,759	1,919,287,588
Cash generated from operations	**8,830,360,538**	**(16,389,228,786)**
Direct Taxes Paid	(1,795,877,143)	(2,232,818,481)
Net Cash flow generated from/(used in) Operating Activities (A)	**7,034,483,395**	**(18,622,047,267)**
B. Cash flow from Investing Activities :		
Receipt on business transfer (Refer note 33)	12,331,464,160	-
Purchase of Fixed Assets	(582,389)	(44,670,155)
Sale of Fixed Assets	2,301,043	2,840
Investment in Subsidiary	(20,857,210,940)	(5,039,925,000)
Deposits encashed with financial institutions	-	15,361,000
Dividend from Current Investments	94,407,853	232,418,930
Net Cash flow generated used in Investing Activities (B)	**(8,429,620,273)**	**(4,836,812,385)**
C. Cash flow from Financing Activities :		
Issue of Share Capital	10,119,296,491	-
Dividend paid	(230,763,711)	(90,721,468)
Net proceeds from Borrowings	8,250,190,805	30,737,204,857
Net Cash generated from Financing Activities (C)	**18,138,723,585**	**30,646,483,389**
Net Increase In Cash And Cash Equivalents (A+B+C)	**16,743,586,707**	**7,187,623,737**
Cash And Cash Equivalents At The Beginning of The Year *	15,862,534,368	8,674,910,631
Less: Cash & cash equivalents transferred on sale of business to BBL (Refer Note No 33A)	32,603,600,670	-
Cash And Cash Equivalents At The End of the year *	**2,520,405**	**15,862,534,368**
Components of Cash and Cash Equivalents :		
1 Cash on Hand	367	880,766
2 Balances With Banks	2,520,038	514,153,602
3 Deposits with Banks	-	15,347,500,000
	2,520,405	**15,862,534,368**

* Represents cash and bank balances as indicated in Note No.14 and excludes ₹ 2,778,764,160 (Previous Year : ₹ 482,872,146) being Fixed Deposits with restricted use or with original maturity of more than three months.

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration Number :- 301003E/E300005

For Bandhan Financial Services Limited

Per Bhaswar Sarkar
Partner
Membership Number : 55596

Chandra Shekhar Ghosh
Director

Asit Pal
Director

Place : Kolkata
Date : 21st June, 2016

Gautam Ray Chaudhury
Manager

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

BANDHAN FINANCIAL SERVICES LIMITED

Notes to Financial Statement as at and for the year ended March 31, 2016

1. Nature of Operations:

Bandhan Financial Services Limited ('the Company') was engaged in microfinance activities for providing financial assistance to poor women till 22nd August, 2015.

Pursuant to the Banking licence received from Reserve Bank of India (RBI) on 17th June, 2015 for commencement of banking operations through the Company's subsidiary Bandhan Bank Limited (BBL), all assets and liabilities pertaining to the Company's microfinance business were transferred to BBL on a slump sale basis w.e.f 23rd August, 2015 at an aggregate consideration of Rs. 1,233.15 crores being the book value of net assets so transferred.

In compliance with the RBI Guidelines for Licensing of New Banks in the Private Sector dated 22nd February, 2013, the Company has set up a Bank through a wholly-owned Non-Operative Financial Holding Company (NOFHC).

2. Basis of Preparation of Financial Statements:

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with 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 provisions of the Reserve Bank of India ('RBI') as applicable to a Non Banking Financial Company. The Financial Statements have been prepared under the historical cost convention on an accrual basis except interest on Non-Performing Loans which is accounted for on cash basis. The accounting policies applied by the Company are consistent with those applied in the previous year.

2.1 Summary of Significant Accounting Policies

A. Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

B. 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.

C. Depreciation on tangible assets:

Depreciation on Fixed Assets has been provided on written down value method as per the life prescribed under Schedule II of the Companies Act, 2013 which is in accordance with management estimates of the useful life of the underlying assets.

D. 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.

Software cost related to computers are amortised at the rate of 40% pa, which is in accordance with management assessment of useful life as prescribed under Schedule II of the Companies Act, 2013

E. 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.

F. Investments:

Investments that are readily realisable and intended to be held for not more than a year from the date of the purchase are classified as Current Investments. All other investments are classified as Long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

G. Borrowing Cost:

Interest on borrowings / ancillary borrowing costs are recognised on time proportion basis taking into account the amount outstanding, rate applicable on the borrowings.
Processing fees paid on term loans obtained from banks and financial institutions have been amortised on a straight line basis over the tenure of respective loans .

H. Revenue Recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Interest income on portfolio loans is recognised in the Statement of profit and loss on a time proportion basis taking into account the amount outstanding and the rates applicable, except in the case of non-performing assets ("NPA's") where it is recognised, upon realisation, as per the prudential norms of RBI. Any such income recognised before the asset became non-performing and remaining unrealised shall be reversed.

ii)The company enters into arrangements for sale of loans through assignment/securitisation. The profit on assignment/securitisation is computed and recognised based on the Revised Guidelines on transfer of assets through securitisation and direct assignment of cash flows issued by RBI.

iii) Interest income on deposits with banks is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

iv) Processing fees are recognised as income at the time of collection from the members .

v) Dividend income is recognised when the company's right to receive payment is established by the reporting date.

vi) All other income is recognised on an accrual basis.

I. 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 statement of profit and loss on a straight line basis over the lease term.

J. Retirement and other Employee Benefits :

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognises contribution payable to the provident fund scheme as an 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 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.

Long term Compensated absences are provided for based on actuarial valuation which is done as per projected unit credit method at the end of each financial year. Short term Compensated absences are provided for based on leave balance of the employees as on the year end date.

Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.

K. Foreign Currency Transactions:

i) All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.

ii) Monetary items are money held and assets and liabilities to be received or paid in fixed or determinable amounts of money.
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.

iii) Foreign currency monetary items are reported using the exchange rate prevailing at the Balance Sheet date.

iv) 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.

L. 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 Company 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 company 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 Company 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.

M. Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

N. Provisions & Contingent Liabilities :

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

O. Cash and Cash Equivalents :

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and unrestricted cash at bank and unrestricted short-term investments with an original maturity of three months or less.

P. Classification of Portfolio Loans:

Loans are classified as follows:

Asset Classification	Period
Standard Assets	Current Loan and arrears upto 90 days
Sub Standard Assets	Arrears from 91 days upto 179 days
Doubtful Assets	Arrears for 180 days and more

Q. Provision for loan losses:

Loans provisions are made as per provisioning norms stipulated in Non-Banking Financial Company Micro Finance Institutions (Reserve Bank) Directions, 2011 as amended from time to time. The Management treats a loan as overdue as soon as a scheduled installment is failed.

As per the Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011 the aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.

The Company has a policy of deferment of installments due from the borrower upto a maximum of three installments in each case of illness of the borrower or death in the family of the borrower and the same is not considered as overdue. Further, the installments falling due on holidays are collected along with the preceding week's installment.

R. Loan write-off Policy:

The company has a policy of writing off the loans based on the management's discretion whose tenure has expired and the same remains overdue for a period of 90 days or more.

S. Transfer to General Reserve:

The company has a policy of transferring 20% of its net profit every year as disclosed in the Statement of Profit and Loss to the General Reserve.

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Financial Statements as at and for the year ended March 31, 2016

3. Share capital

Share capital	31 March 2016 RUPEES (₹)	31 March 2015 RUPEES (₹)
Authorized Shares		
150,000,000 (150,000,000) equity shares of ₹ 10/- each	1,500,000,000	1,500,000,000
Issued, subscribed and fully paid-up shares		
127,821,101 (Previous Year: 96,928,788) Equity Share of ₹ 10/- each	1,278,211,010	969,287,880
Total issued, subscribed and fully paid-up	**1,278,211,010**	**969,287,880**

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period :

Equity Shares	31 March 2016		31 March 2015	
	Number	RUPEES (₹)	Number	RUPEES (₹)
Outstanding at the beginning of the year	96,928,788	969,287,880	96,928,788	969,287,880
Issued during the year	30,892,313	308,923,130	-	-
Shares outstanding at the end of the year	**127,821,101**	**1,278,211,010**	**96,928,788**	**969,287,880**

A. Terms/rights attached to equity shares

The Company has only one class of equity shares having at par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

During the year ended 31 March, 2016 the amount of per share dividend recognized as distributions to equity shareholders is ₹ 2.50 (31 March, 2015 : ₹ 1.50)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

B. Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	31 March 2016		31 March 2015	
	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class
a) Small Industries Development Bank of India	10,393,489	8.13%	9,333,333	9.63%
b) Financial Inclusion Trust	42,061,424	32.91%	44,000,000	45.39%
c) North East Financial Inclusion Trust	10,000,000	7.82%	10,000,000	10.32%
d) Bandhan Employee's Welfare Trust	18,680,922	14.61%	18,680,922	19.27%
e) International Finance Corporation	21,015,276	16.44%	10,595,455	10.93%
f) Caladium Investment Pte. Ltd.	21,350,912	16.70%	-	-

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

C. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

The Company had issued 10,000,000 equity shares as fully paid up equity shares pursuant to contracts for consideration other than cash in the year 2010-11.

4. Reserves and surplus

Reserves and surplus	31 March 2016 RUPEES (₹)	31 March 2015 RUPEES (₹)
A. Securities premium account		
Balance as per last financial statements	2,160,679,022	2,160,679,022
Add:Addition during the year	9,889,865,084	-
Less share issue expenses	79,491,722	-
	11,971,052,384	2,160,679,022
B. Debenture Redemption Reserve		
Balance as per last financial statements	-	250,000,000
Add:Addition during the year	-	-
Less: Redemption/reversed during the year	-	250,000,000
	-	-
C. General reserve		
Balance as per last financial statements	2,037,329,204	1,165,497,578
Add:Amount transferred from surplus balance in the Statement of Profit & Loss	546,427,467	877,149,674
Add:Gain on Business transfer (Refer Note 33)	163,976,455	-
Less : Transitional Provision for Depreciation under the Companies Act, 2013	-	5,318,048
	2,747,733,126	2,037,329,204

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Financial Statements as at and for the year ended March 31, 2016

D. Statutory reserve		
Balance as per last financial statements	2,644,321,359	1,767,171,685
Add:Amount transferred from surplus balance in the Statement of Profit & Loss	546,427,467	877,149,674
	3,190,748,826	2,644,321,359

(According to section 45-IC Reserve Bank of India Act, 1934, every NBFC shall create a reserve fund and transfer therein a sum not less than 20% of its net profit every year as disclosed in the Statement of Profit and Loss and before declaration of dividend , if any.)

E. Surplus in the statement of profit and loss		
Balance as per last financial statements	8,077,713,106	5,427,027,795
Add:		
Profit for the year	2,732,137,334	4,385,748,370
Redemption/reversed during the year	-	250,000,000
Less: Appropriations		
Transferred to Statutory Reserve	546,427,467	877,149,674
Transferred to General Reserve	546,427,467	877,149,674
Proposed Dividend (amount per share ₹ 2.50 (31 March, 2015 : ₹ 1.50))	319,552,753	191,731,652
Tax on Proposed Dividend	65,053,421	39,032,059
Total Appropriations	1,477,461,108	1,985,063,059
Net surplus in the Statement of profit and loss	**9,332,389,332**	**8,077,713,106**
Total	**27,241,923,668**	**14,920,042,691**

5. Long-term borrowings

	Non Current Portion		Current Maturities	
	31 March 2016	**31 March 2015**	**31 March 2016**	**31 March 2015**
A. Debentures	**RUPEES (₹)**	**RUPEES (₹)**	**RUPEES (₹)**	**RUPEES (₹)**
Secured				
- Nil (Previous Year : 100 redeemable Non-Convertible Debentures of ₹ 1,00,00,000 each carrying interest @13.75%)	-	1,000,000,000	-	-
- Nil (Previous Year : 60 redeemable Non-Convertible Debentures of ₹ 1,00,00,000 each carrying interest @13.25%)	-	600,000,000	-	-
Unsecured				
- Nil (Previous Year : 160 redeemable Non-Convertible Debentures of ₹ 1,00,00,000 each carrying interest @14.536%)	-	1,600,000,000	-	-
B. Term loans				
Secured				
- from banks	-	38,596,920,292	-	38,478,547,175
- from Financial Institutions	-	2,168,966,669	-	2,539,385,064
Total	-	43,965,886,961	-	41,017,932,239
Amount disclosed under the head ''other current liabilities '' (Refer note 9)	-	-	-	(41,017,932,239)
Net amount	**-**	**43,965,886,961**	**-**	**-**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Financial Statements as at and for the year ended March 31, 2016

6. Other long-term liabilities

	Non Current Portion		Current Portion	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RUPEES (₹)	RUPEES (₹)	RUPEES (₹)	RUPEES (₹)
Other Liabilities	-	18,661,623	13,092,593	3,564,041
Total	**-**	**18,661,623**	**13,092,593**	**3,564,041**
Amount disclosed under the head ''other current liabilities '' (Refer note 8)			(13,092,593)	(3,564,041)
Net amount	**-**	**18,661,623**	**-**	**-**

7. Provisions:

	Long Term		Short Term	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RUPEES (₹)	RUPEES (₹)	RUPEES (₹)	RUPEES (₹)
A. Provision for employee benefits				
Provision for Gratuity	-	40,472,148	-	20,000,000
Provision for Leave Benefit	-	141,311,312	-	39,115,084
	-	**181,783,460**	**-**	**59,115,084**
B. Provision for Portfolio loans				
Contigent provision against Standard Assets	-	97,638,007	-	685,126,234
Non performing loans	-	44,761,432	-	-
	-	**142,399,439**	**-**	**685,126,234**
C. Others				
Provision for interest on staff deposit	-	-	-	7,279,336
Taxation	-	-		222,372,804
Proposed Dividend	-		319,552,753	191,731,652
Tax on Proposed Dividend	-		65,053,421	39,032,059
Others	-	3,739,247	-	-
	-	**3,739,247**	**384,606,174**	**460,415,851**
Total	**-**	**327,922,146**	**384,606,174**	**1,204,657,169**

8. Other current liabilities

	31 March 2016	31 March 2015
	RUPEES (₹)	RUPEES (₹)
Current maturities of long-term debt (Refer note 5)	-	41,017,932,239
Current maturities of long-term liabilities (Refer note 6)	13,092,593	3,564,041
Interest accrued but not due on borrowings	-	182,837,841
Payable for portfolio loan assigned / securitised	-	1,637,809,088
Security Deposit against Portfolio Loans	-	-
Staff Security Deposit	-	37,067,848
Statutory liabilities	2,019,524	35,722,782
Deferred gain on asset assigned / securitised	-	-
Payable for donation	4,712,966	219,287,418
Payable for salary, bonus etc.	42,300	206,399,839
Payable for rent	-	11,522,608
Payable for insurance fees	-	168,947,164
Payable for others	11,194,314	93,888,539
Total	**31,061,697**	**43,614,979,407**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Financial Statements as at and for the year ended March 31, 2016

9. FIXED ASSETS : **IN RUPEES (₹)**

A. Tangible Assets

Cost or Valuation	Air Conditioners	Building	Computers & Computer Software	Computer Networking	Computer Server	Electrical Installation	Furniture & Fixture	Land	Office Equipments	Motor Cycles	Motor Cars	Total
At 1st April 2014	8,749,045	880,186	79,303,644	4,576,018	1,533,075	4,326,796	132,249,064	4,826,800	11,907,794	9,210,834	2,287,881	**259,851,137**
Additions	200,000	32,930,700	6,916,017	516,169		92,677	1,024,729		767,599		1,084,911	**43,532,802**
Disposals			(8,390)				(83,835)		(2,157)			**(94,382)**
At 31st March 2015	**8,949,045**	**33,810,886**	**86,211,271**	**5,092,187**	**1,533,075**	**4,419,473**	**133,189,958**	**4,826,800**	**12,673,236**	**9,210,834**	**3,372,792**	**303,289,557**
Additions	-						467,033		113,677			**580,710**
Disposals	-									(9,210,834)		**(9,210,834)**
Transfer(Refer note 33)	(8,949,045)	-	(86,211,271)	(5,092,187)	(1,533,075)	(4,419,473)	(133,656,991)	-	(12,786,913)	-	(3,372,792)	**(256,021,747)**
At 31st Mar, 2016	**-**	**33,810,886**	**-**	**-**	**-**	**-**	**-**	**4,826,800**	**-**	**-**	**-**	**38,637,686**
Depreciation												
At 1st April 2014	2,588,863	35,087	55,623,107	2,972,220	1,203,326	1,188,207	93,144,178	-	6,044,048	6,483,314	1,096,247	**170,378,597**
Charge For the Year	3,880,932	453,109	23,036,881	821,679	129,278	911,075	11,311,715	-	3,732,095	710,860	725,660	**45,713,284**
Disposals			(5,102)				(83,650)		(2,155)			**(90,907)**
At 31st March 2015	**6,469,795**	**488,196**	**78,654,886**	**3,793,899**	**1,332,604**	**2,099,282**	**104,372,243**	**-**	**9,773,988**	**7,194,174**	**1,821,907**	**216,000,974**
Charge For the Period	588,511	1,804,895	2,619,963	200,539	31,007	263,487	3,266,375		632,254	175,674	197,403	**9,780,108**
Disposals										(7,369,848)		**(7,369,848)**
Transfer(Refer note 33)	(7,058,306)	-	(81,274,849)	(3,994,438)	(1,363,611)	(2,362,769)	(107,638,618)	-	(10,406,242)	-	(2,019,310)	**(216,118,143)**
At 31st Mar, 2016	**-**	**2,293,091**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,293,091**
Net Block												
At 31st March 2015	**2,479,250**	**33,322,690**	**7,556,385**	**1,298,288**	**200,471**	**2,320,191**	**28,817,715**	**4,826,800**	**2,899,248**	**2,016,660**	**1,550,885**	**87,288,583**
At 31st Mar, 2016	**-**	**31,517,795**	**-**	**-**	**-**	**-**	**-**	**4,826,800**	**-**	**-**	**-**	**36,344,595**

B. Intangible Assets

Particulars	Computer Softwares
Gross Block	
At 1st April 2014	6,616,953
Purchase	1,782,544
At 31st March 2015	**8,399,497**
Purchase	1,679
Transfer(Refer note 33)	(8,401,176)
At 31st Mar, 2016	**-**
Amortization	
At 1st April 2014	3,688,992
Charge For the Year	1,849,604
At 31st March 2015	**5,538,596**
Charge For the Period	460,360
Transfer(Refer note 33)	(5,998,956)
At 31st Mar, 2016	**-**
Net Block	
At 31st March 2015	**2,860,901**
At 31st Mar, 2016	**-**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Financial Statements as at and for the year ended March 31, 2016

10. Investment

	Non-Current Portion		Current Portion	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RUPEES (₹)	RUPEES (₹)	RUPEES (₹)	RUPEES (₹)
Trade (valued at cost unless stated otherwise)				
Investments in Equity Shares (Unquoted)				
Subsidiary				
- 2,589,713,594 Equity Share (Previous Year : 503,992,500) Equity shares of ₹ 10/- each fully paid-up in Bandhan Financial Holdings Limited	25,897,135,940	5,039,925,000	-	-
Non-Trade Investment (valued at cost unless stated otherwise)				
Investments in others				
Nil (200,000 Equity shares of ₹ 10/- each fully paid-up in Alpha Micro Finance Consultants Private Limited (a Company, which is one of the contributors to the Capital of Credit Bureau High Mark))	-	2,000,000	-	-
	25,897,135,940	**5,041,925,000**	**-**	**-**

11. Deferred tax assets (net)

	31 March 2016	31 March 2015
	RUPEES (₹)	RUPEES (₹)
Deferred Tax Assets		
Provision for standard and non performing assets	-	15,491,036
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting (adjusted through Statement of Profit and Loss)	-	57,297,683
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting (adjusted through Opening General Reserve)	-	2,738,379
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	1,455,780	122,346,929
Gross Deferred tax assets	**1,455,780**	**197,874,027**
Deferred Tax Liability		
Unamortised processing fees	-	58,998,606
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting (adjusted through Statement of Profit and Loss)	941,473	-
Net Deferred Tax Assets	**514,307**	**138,875,421**

12. Loans and advances

	Non-Current Portion		Current Portion	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RUPEES (₹)	RUPEES (₹)	RUPEES (₹)	RUPEES (₹)
A. Portfolio loans				
Secured, Considered good	-	2,778,294	-	3,275,532
Unsecured, Considered good	-	10,312,668,978	-	72,380,253,492
Unsecured Considered doubtful	-	53,590,949	-	-
	-	**10,369,038,221**	**-**	**72,383,529,024**
(The above Loans include ₹ Nil (Previous year : ₹ 80,442,427) provided as collateral for loans assets assigned)				
B. Security deposits				
Unsecured, considered good	-	2,631,871	-	-
	-	**2,631,871**	**-**	**-**
C. Advances recoverable in cash or kind				
Unsecured,considered good	-	1,068,172	1,609,560	133,955,555
	-	**1,068,172**	**1,609,560**	**133,955,555**
D. Others				
Unsecured, considered good				
Prepaid expenses	-	101,031,624	-	71,089,730
Loan to staff	-	3,407,070	-	3,883,080
Deposits with public financial institutions (marked as lien towards term loans availed)	-	-	-	17,500,000
Cenvat Credit Receivable	-	-	2,807	335,719
Advance Fringe Benefit Tax	-	50,133	-	-
Advance Income Tax (Net of Provision for taxation ₹ 61,789,856 (Previous Year: ₹ Nil))	-	-	86,540,788	-
	-	**104,488,827**	**86,543,595**	**92,808,529**
Total loans and advances	**-**	**10,477,227,091**	**88,153,155**	**72,610,293,108**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Financial Statements as at and for the year ended March 31, 2016

13. Other assets	Non-Current Portion		Current Portion	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RUPEES (₹)	RUPEES (₹)	RUPEES (₹)	RUPEES (₹)
Unsecured, considered good unless stated otherwise				
Non current bank balances (Refer note 14)	-	127,350,000	-	-
	-	**127,350,000**	**-**	**-**
Others				
Interest accrued on portfolio loans	-	-	-	218,469,753
Interest accrued on deposits placed with banks	-	34,334,320	132,369,987	64,757,186
	-	**34,334,320**	**132,369,987**	**283,226,939**
Total Other Assets	**-**	**161,684,320**	**132,369,987**	**283,226,939**

14. Cash and Bank Balances :	Non-Current Portion		Current Portion	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RUPEES (₹)	RUPEES (₹)	RUPEES (₹)	RUPEES (₹)
Cash and cash equivalents				
Balances with banks				
-on current accounts	-	-	2,520,038	514,153,602
-deposit with original maturity of less than three months	-	-	-	15,347,500,000
Cash on hand	-	-	367	880,766
	-	**-**	**2,520,405**	**15,862,534,368**
Other Bank Balances :				
Deposit with original maturity of more than 3 months but less than 12 months	-	-	-	75,832,187
Deposit with original maturity of more than 12 months	-	127,350,000	2,778,764,160	279,689,959
	-	**127,350,000**	**2,778,764,160**	**355,522,146**
Amount disclosed under non-current assets (Refer note 13)	-	(127,350,000)	-	-
Total	**-**	**-**	**2,781,284,565**	**16,218,056,514**

Includes deposit certificates of ₹ 2,000,000 (Previous Year: ₹ 250,922,393) marked as lien.

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Financial Statements as at and for the year ended March 31, 2016

15. Revenue from operations

	31 March 2016 RUPEES (₹)	31 March 2015 RUPEES (₹)
Interest income		
-on portfolio loans	7,759,524,631	15,185,977,675
Other Financial Services		
Upfront Processing Fees	681,456,395	1,467,408,720
Income from assignment / securitisation of loans	443,067,004	333,930,487
Total Revenue from Operations	**8,884,048,030**	**16,987,316,882**

16. Other income

	31 March 2016 RUPEES (₹)	31 March 2015 RUPEES (₹)
Interest Income on Fixed deposits with banks and financial institutions	477,559,864	262,450,741
Income from non-trade investments		
Dividend income from mutual fund investments (Current)	94,407,853	232,418,930
Other non operating income	43,943,502	46,271,186
Total Other Income	**615,911,219**	**541,140,857**

17. Employee related expenses

	31 March 2016 RUPEES (₹)	31 March 2015 RUPEES (₹)
Salaries and bonus	723,951,610	1,817,233,816
Contributions to provident fund	38,195,113	104,199,413
Contribution to Employees' State Insurance	8,905,389	21,162,449
Gratuity	9,149,451	50,608,552
Staff welfare expenses	5,827,185	18,683,462
Total Employee benefit expense	**786,028,748**	**2,011,887,692**

18. Finance Costs

	31 March 2016 RUPEES (₹)	31 March 2015 RUPEES (₹)
Interest expense	3,929,057,083	7,559,894,669
Processing fee on borrowings	60,479,763	113,254,338
Interest on others	12,847,891	12,583,603
Total Finance Costs	**4,002,384,737**	**7,685,732,610**

19. Depreciation and amortization expense

	31 March 2016 RUPEES (₹)	31 March 2015 RUPEES (₹)
Depreciation of tangible assets	9,780,108	37,656,857
Amortization of intangible assets	460,360	1,849,604
Total Depreciation and amortization expense	**10,240,468**	**39,506,461**

20. Donation

	31 March 2016 RUPEES (₹)	31 March 2015 RUPEES (₹)
Donation to Bandhan - Konnagar	136,606,866	219,287,418
Total Donation	**136,606,866**	**219,287,418**

21. Provisions and Write offs

	31 March 2016 RUPEES (₹)	31 March 2015 RUPEES (₹)
Provision for standard and non performing assets	(47,426,059)	(69,249,161)
Bad debts writen-off	-	51,894,872
Total Provisions and Write offs	**(47,426,059)**	**(17,354,289)**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Financial Statements as at and for the year ended March 31, 2016

22. Other expenses

	31 March 2016 RUPEES (₹)	31 March 2015 RUPEES (₹)
Printing & Stationery	16,606,376	31,497,116
Auditors' Remuneration:		
Audit Fees	1,290,000	2,800,000
Tax Audit Fees	200,000	250,000
Limited Review	450,000	750,000
In other capacity for certificates & other services	-	376,133
Reimbursement of expenses (including service tax)	374,804	170,418
Communication Expenses	14,390,398	13,674,521
Professional and Consultancy Charges	11,281,814	36,125,629
Directors' sitting fees	2,010,000	1,180,000
Repairs & Maintenance -Others	567,302	660,903
Office Rent	71,294,591	174,578,696
Office Maintenance	31,193,972	30,898,581
Electricity Charges	11,559,964	20,995,979
Training & Meeting Expenses	65,836,118	130,884,053
Travelling and Conveyance	30,532,753	64,722,133
Insurance Premium	2,487,189	6,599,584
Social Welfare Expenses	-	45,215,300
Advertisement Expenses	31,751	408,333
Bank charges	1,372,655	3,486,027
Rates & Taxes	2,754,783	9,513,716
Subscription to Micro Finance Institutions Network	-	5,000,000
Miscellaneous Expenses	7,729,107	13,939,367
Total Other expenses	**271,963,577**	**593,726,489**

23. Earnings per share (EPS)

	31 March 2016 RUPEES (₹)	31 March 2015 RUPEES (₹)
Based for calculation of Basic and Diluted Earnings per Share is as followings		
Net Profit after tax	2,732,137,334	4,385,748,370
Weighted average number of shares	124,698,108	96,928,788
Earning Per Share - Basic & Diluted (₹)	21.91	45.25
Nominal value per share	10	10

24. Classification of Loan Portfolio and loan loss provision :

A. Quality of Portfolio on age basis: as on March 31,2016

The Company does not have any loan portfolio as on March 31, 2016.

B. Quality of Portfolio on age basis: as on March 31,2015

Sl No.	Assets Classification	Arrear Period	Principal Outstanding	Share
1	Current	-	82,666,000,059	99.90%
2	Standard Assets	Upto 30 days	17,606,732	0.02%
3	Standard Assets	31 to 90 days	15,369,505	0.02%
4	Sub Standard Assets	91 to 179 days	17,659,035	0.02%
5	Doubtful Assets	180 days and more	35,931,914	0.04%
		Total	**82,752,567,245**	**100%**

C. Provision for Portfolio loan : as on March 31,2016

The Company does not have any loan portfolio as on March 31, 2016.

D. Provision for Portfolio loan : as on March 31,2015

Aging Of Loan	Loan Outstanding		Provision			
	Non-Current	Current	Rate of Provision	Non-Current	Current	Total Provision
-	10,311,199,289	72,354,800,770	0.95%	97,597,799	684,854,314	782,452,113
Upto 30 days	2,768,807	14,837,925	0.95%	26,207	140,444	166,651
31 to 90 days	1,479,176	13,890,329	0.95%	14,001	131,476	145,477
91 to 179	17,659,035	-	50.00%	8,829,518	-	8,829,518
180 days and	35,931,914	-	100.00%	35,931,914	-	35,931,914
Total	**10,369,038,221**	**72,383,529,024**		**142,399,439**	**685,126,234**	**827,525,673**

25. Segment Reporting:

Prior to the transfer of business as referred in note no.33, the Company used to operate in a single reportable segment i.e. lending to members, who had similar risks and returns for the purpose of AS 17 on 'Segment Reporting' notified under the Companies (Accounting Standard) Rules, 2006 (as amended). The Company used to operate in a single geographical segment i.e. domestic. Hence, no additional disclosures are required under AS - 17.

26. Employee Benefits:

As the Company has only one employee as on 31st March, 2016, the provisions of the Employees Provident Fund and Miscellaneous Provision Act, 1952, the Employees State Insurance Act, 1948 and the payment of Gratuity Act, 1972 is not applicable.
Information for the year ended 31st March,2015 is given below:

	Particulars	**31-Mar-15**
		RUPEES (₹)
i)	Table Showing changes in present value of Defined Benefit obligation:	
	Present value of defined benefit obligations as at beginning of the year	77,808,990
	Interest cost	6,209,234
	Current service cost	28,159,000
	Benefit Paid	387,127
	Acturial (gain)/ loss on obligations	20,712,350
	Present value of defined benefit obligations as at end of the year	132,502,447
ii)	Table showing fair value of plan assets:	
	Fair value of plan assets at beginning of the year	48,112,226
	Expected return on plan assets	4,330,100
	Contributions	19,833,734
	Benefits Paid	387,127
	Actuarial gain/ (loss) on plan assets	141,078
	Fair value of plan assets at end of the year	72,030,011
iii)	Actuarial (Gain)/Loss recognised:	
	Actuarial (gain)/loss on obligations	20,712,350
	Actuarial (gain)/loss for the year -Plan assets.	(141,078)
	Actuarial (gain)/loss recognised in the year	20,571,272
iv)	The amounts to be recognised in the Balance Sheet and statement of Profit and Loss:	
	Present value of obligations at the end of the year	132,502,447
	Fair value of plan assets at the end of the year	72,030,011
	Net liability recognised in balance sheet	60,472,436
v)	Expenses Recognised in statement of Profit and Loss:	
	Current Service Cost	28,159,000
	Interest Cost	6,209,234
	Expected return on Plan assets.	4,330,100
	Net Actuarial (gain)/loss recognised in the year	20,571,272
	Expenses recognised in statement of profit and loss	50,609,406
	Actual return on plan assets	4,471,179
vi)	The Principal assumptions used in the actuarial valuation are shown below :	
	Discount Rate	8.0%
	Salary Escalation	8.0%
	Withdrawal Rate	6.8% p.a
	Expected rate of return on assets	9%

BANDHAN FINANCIAL SERVICES LIMITED

vii) **Amounts for the current and previous four years are as follows:**

Particulars	As on 31st March, 2016	As on 31st March, 2015	As on 31st March, 2014	As on 31st March, 2013	As on 31st March, 2012
Defined Benefit Obligations	-	132,502,447	77,808,990	59,675,198	24,995,960
Plan Assets	-	72,030,011	48,112,226	26,096,811	15,060,415
Surplus/(Deficit)	-	60,472,436	29,696,764	33,578,387	9,935,545
Experience adjustments on plan	-	(674,830)	5,314,836	10,021,966	1,659,400
Experience adjustments on plan	-	20,797	41,930	491,079	283,401

viii) The Major categories of Plan Assets as a percentage of the fair value of Total Plan Asset are as follows:

Particulars	31 March 2016	31 March 2015
Insurance Managed Fund	-	100%

ix) Amount incurred as expense for defined contribution to Provident Fund is ₹ 38,195,113 /- (Previous Year: ₹ 104,199,413)

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 company expects to contribute ₹ Nil (Previous Year: ₹ 2,00,00,000) to gratuity fund in 2016-17.

xii) The overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

27. Capital Commitments

The Company did not have any capital commitment as on 31st March, 2016 and 31st March, 2015.

28. Related parties

A. Names of related parties and nature of relationship

Entities	Nature of relationship
Bandhan Bank Limited	Subsidiary Company
Bandhan Financial Holdings Limited	Subsidiary Company
Key Management Personnel	
Mr. Chandra Shekhar Ghosh	Chairman and Managing Director (till 22nd August, 2015) and thereafter Director (w.e.f 23rd August, 2015)
Mr. Sunil Samdani	Chief Financial Officer
Mr. Indranil Banerjee	Company Secretary
Mr. Sishir Bindu Nath	Manager (w.e.f 22nd August, 2015)
Relative of Key Management Personnel	
Mr. Dibakar Ghosh	Brother of Mr. Chandra Shekhar Ghosh
Mr. Vaskar Ghosh	Brother of Mr. Chandra Shekhar Ghosh

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Financial Statements as at and for the year ended March 31, 2016

B. Nature of transactions

Particulars	31 March 2016		31 March 2015	
	RUPEES (₹)	RUPEES (₹)	RUPEES (₹)	RUPEES (₹)
	Transaction Value	Balance Outstanding	Transaction Value	Balance Outstanding
(i) Bandhan - Konnagar :				
Expenses paid /Payable				
Rent	-	-	19,680,876	-
Office Management	-	-	55,183	-
Staff Training	-	-	57,356,044	-
Donations	-	-	91,950,285	-
Total	**-**	**-**	**169,042,388**	**-**
(ii) Bandhan Bank Limited :				
Reimbursement of expenses on behalf of Bandhan Bank Ltd.	375,327,634	-	332,922,502	114,610,887
Rent	45,600	-	30,000	-
Deposit	5,087,946,426	2,776,764,160	-	-
Current Account	3,716,308,558	186,240	-	-
Interest income on deposit	160,691,442	132,248,287	-	-
Transfer of assets and liabilities	12,331,464,160	-	-	-
Total	**21,671,783,820**	**2,909,198,687**	**332,952,502**	**114,610,887**
(iii) Bandhan Financial Holdings Limited :				
Investment in Bandhan Financial Holdings Ltd.	20,857,210,940	-	5,039,925,000	-
Reimbursement of expenses on behalf of Bandhan Financial Holdings Ltd.	-	-	25,007,000	
Rent	45,600	-	30,000	-
Total	**20,857,256,540**	**-**	**5,064,962,000**	**-**
(iv) Key Management Personnel :				
Remuneration and other allowance (excluding perquisites)	8,617,600	42,300	11,908,600	824,856
Total	**8,617,600**	**42,300**	**11,908,600**	**824,856**
(v) Relative of Key Management Personnel :				
Remuneration and other allowance	1,781,808	-	4,665,814	272,001
Total	**1,781,808**	**-**	**4,665,814**	**272,001**
Total (i + ii + iii + iv + v)	**42,539,439,768**	**2,909,240,987**	**5,583,531,304**	**115,707,744**

29. Leases

Description	31 March 2016	31 March 2015
	RUPEES (₹)	RUPEES (₹)
Operating lease payments recognised during the year	71,294,591	174,578,696
Minimum lease obligation		
Not later than one year	-	37,746,611
later than one year but not later than five years	-	196,985,349
Later than five years	-	-

30. Expenditure in foreign currency (on accrual basis)

Description	31 March 2016	31 March 2015
	RUPEES (₹)	RUPEES (₹)
Travelling expenses	-	249,638

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Financial Statements as at and for the year ended March 31, 2016

31. Additional disclosures pursuant to the Reserve Bank Directions vide :

A) Circular no. DNBS (PD) CC.No.300 /03.10.038/2012-13 dated August 03 , 2012

i)

Computation of aggregate margin cap as on March 31, 2016 :	**31 March 2016**	**31 March 2015**
	RUPEES (₹)	**RUPEES (₹)**
a) Average Interest charged by the Company on advances (%)	22.63	22.27
b) Average Interest cost of borrowings of the Company (%)	12.65	12.3
c) Margin Cap (a-b) (%)	9.98	9.97

The above margin cap has been computed on an annual basis, as required by the Captioned Circular dated August 3, 2012, on the basis of monthly outstanding balances of loans and borrowings till the date of transfer of business as referred in note 33 and NIL monthly balances subsequent to the transfer of business.

ii) **Exposure to Gold Loan**

The Company has no exposure to Gold Loan directly or indirectly.

B) Circular no. RBI/2014-15/299, DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014

List of disclosure partaining to captioned circular

Particulars	**Remarks**
1. Capital to Risk (Weighted) Assets Ratio	Refer Note No. 31(C)
2. Investments	Refer Note No. 31(D)
3. Derivatives i) Forward Rate Agreement / Interest Rate Swap ii) Exchange Traded Interest Rate (IR) Derivatives iii) Disclosures on Risk Exposure in Derivatives iv) Forward rate agreement/interest rate swap	The Company has no transaction or exposure in Derivatives.
4. Disclosures relating to Securitisation	
i) Information duly certified by the SPV's auditors obtained by the originating NBFC from the SPV.	The Company has not entered into any securitisation transaction during the years ended 31st March, 2016 and 31st March, 2015.
ii) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction	The Company has not sold financial assets to securitisation or reconstruction company for assets reconstruction.
iii) Details of Assignment transactions undertaken by NBFCs	Refer Note No. 31(E)
5. Details of non-performing financial assets purchased / sold i) Details of non-performing financial assets purchased : ii) Details of Non-performing Financial Assets sold :	The Company has not purchased / sold non-performing financial assets.

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Financial Statements as at and for the year ended March 31, 2016

6. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities	Refer Note No. 31(F)
7. Exposures	
i) Exposure to Real Estate Sector	The Company has no exposure to real estate sector directly or indirectly.
ii) Exposure to Capital Market	The Company has no exposure to capital market directly or indirectly.
8. Details of financing of parent company products	This Disclosure is not applicable as the Company does not have any parent company.
9. i) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC	During the year ended 31st March, 2016 the Company's credit exposure to single borrower and group borrowers was within the prudential exposure limits prescribed by RBI.
ii) Unsecured Advances	The Company does not have any advances as on 31st March, 2016.
10. Miscellaneous	
i) Registration obtained from other financial sector regulators	Refer Note No. 31(G)
ii) Disclosure of Penalties imposed by RBI and other regulators	No Panalties were imposed by RBI and other regulators during the current and previous year.
iii) Related Party Transactions	Refer Note No. 28
iv) Ratings assigned by credit rating agencies and migration of ratings duringthe year	Refer Note No. 31(H)
v) Remuneration of Directors	Refer Note No. 28
vi) Net Profit or Loss for the period, prior period items and changes in accounting policies	Refer Note No.2.1
vii) Revenue Recognition	Refer Note No. 2.1(H.)
viii) Accounting Standard 21 -Consolidated Financial Statements (CFS)	
11. Additional Disclosures	
i) Provisions and Contingencies	Refer Note No. 31(I)
ii) Draw Down from Reserves	Refer Note No. 4(E)
iii) Concentration of Deposits, Advances, Exposures and NPAs	
a) Concentration of Deposits (for deposit taking NBFCs)	This disclosure is not applicable as the company is non deposit taking NBFC.
b) Concentration of Advances	This disclosure is not applicable as the Company does not have any advances as on 31st March, 2016.
c) Concentration of Exposure	This disclosure is not applicable as the Company does not have any advances as on 31st March, 2016.
d) Concentration of NPAs	This disclosure is not applicable as the Company does not have any advances as on 31st March, 2016.
e) Sector-wise NPAs	This disclosure is not applicable as the Company does not have any advances as on 31st March, 2016.
f) Movement of NPAs	This disclosure is not applicable as the Company does not have any advances as on 31st March, 2016.
iv) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	The company has no exposure or transaction with overseas assets.
v) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	The company has no exposure or transaction with reference to this disclosure.
12. Disclosure of Complaints	Refer note 31(J)

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Financial Statements as at and for the year ended March 31, 2016

C) Capital to Risk-Assets ratio (CRAR)

	Particulars	31 March 2016	31 March 2015
		RUPEES (₹)	RUPEES (₹)
i)	CRAR (%)	181.02	16.92
ii)	CRAR - Tier I capital (%)	181.02	14.12
iii)	CRAR - Tier II capital (%)	-	2.80
iv)	Amount of subordinated debt raised as Tier - II Capital	-	1,600,000,000
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

D) Investment

Particulars	31 March 2016	31 March 2015
	RUPEES (₹)	RUPEES (₹)
1) Value of Investments		
i) Gross Value of Investments		
a) In India	25,897,135,940	5,041,925,000
b) Outside India	-	-
ii) Provisions for Depreciation		
a) In India	-	-
b) Outside India	-	-
iii) Net Value of Investments		
a) In India	25,897,135,940	5,041,925,000
b) Outside India	-	-
2) Movement of provisions held towards depreciation on investments.		
i) Opening balance	-	-
ii) Add : Provisions made during the year	-	-
iii) Less : Write-off / write-back of excess provisions during the year	-	-
iv) Closing balance	-	-

E) Details of Assignment transactions

	Particulars	31 March 2016	31 March 2015
		RUPEES (₹)	RUPEES (₹)
i)	No. of accounts	-	1,457,606
ii)	Aggregate value (net of provisions) of accounts sold	-	15,836,700,348
iii)	Aggregate consideration	-	15,836,700,348
iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
v)	Aggregate gain / loss over net book value	-	-

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Financial Statements as at and for the year ended March 31, 2016

F) Maturity pattern of certain items of assets and liabilities

₹ In Crores

Particulars	Up to 30/31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings	-	-	-	-	-	-	-	-	**(0.00)**
	(133.33)	(200.20)	(616.40)	(1,099.74)	(2,052.12)	(4,044.97)	(191.62)	(160.00)	**(8,498.38)**
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(0.00)**
	(133.33)	**(200.20)**	**(616.40)**	**(1,099.74)**	**(2,052.12)**	**(4,044.97)**	**(191.62)**	**(160.00)**	**(8,498.38)**
Assets									
Advances	-	-	-	-	-	-	-	-	**-**
	(814.48)	(901.02)	(928.70)	(2,529.06)	(2,065.07)	(1,036.88)	(0.05)	-	**(8,275.26)**
Investment	-	-	-	-	-	-	-	2,589.71	**2,589.71**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(503.99)	**(503.99)**
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,589.71**	**2,589.71**
	(814.48)	**(901.02)**	**(928.70)**	**(2,529.06)**	**(2,065.07)**	**(1,036.88)**	**(0.05)**	**(503.99)**	**(8,779.25)**

The above Assets Liability Management has been prepared on the basis of certain assumptions and estimates by the management and relied upon by the auditors.

G) Registration obtained from other financial sector regulators :

The Company is registered with followings other financial sector regulator (Financial Regulator as described by Ministry of Finance)
i. Ministry of Corporate Affairs
ii. Ministry of Finance (Financial Intelligence Unit)

H) Ratings assigned by credit rating agencies and migration of ratings during the year:

No rating had been assigned by credit rating agencies during the year.

The above information is as certified by the Management and relied upon by the auditors.

I) Provisions and Contingencies

Break up of Provisions and Contingencies shown under the head Expenditure in Profitand Loss Account	31 March 2016	31 March 2015
	RUPEES (₹)	RUPEES (₹)
i) Provision towards NPA	19,253,007	10,092,010
ii) Provision made towards Income tax and Deferred Tax	1,608,023,578	2,609,922,988
iii) Other Provision and Contingencies		
a) Provision for Gratuity	9,149,451	50,608,552
b) Provision for Leave Benefit	73,740,667	79,487,000
c) Others	819,895	5,694,000
iv) Provision for Standard Assets	(62,939,817)	(82,911,988)

J) Disclosure of Complaints

Particulars	31 March 2016	31 March 2015
i) No. of complaints pending at the beginning of the year	Nil	Nil
ii) No. of complaints received during the year	Nil	6
iii) No. of complaints redressed during the year	Nil	6
iv) No. of complaints pending at the end of the year	Nil	Nil

The above information is as certified by the Management and relied upon by the auditors.

32. Disclosure of Micro and Small Enterprises

As per information available with the Company, there are no Micro and Small suppliers covered as per the Micro, Small & Medium Enterprise Development Act, 2006. As a result, no interest provision/payment have been made by the Company to such creditors, if any, and no disclosure thereof is made in these financial statements.

33. A) As referred in note 1 above, the summary of assets and liabilities transferred is as follows:

Description	Amount (₹)
Fixed assets	42,305,824
Non-current investments	2,000,000
Deferred tax assets	17,587,681
Cash and Bank Balances	32,603,600,670
Short-term loans and advances	78,614,858,542
Other current assets	272,170,398
Total Assets	**111,552,523,115**
Other current liabilities	96,888,608,041
Short-term provisions	2,496,427,369
Net Assets (A)	12,167,487,705
Consideration (B)	12,331,464,160
Excess* (B-A)	**(163,976,455)**

* It has been considered prudent to add to general reserve an amount of ₹ 162,366,895 being excess consideration received by the Company over net assets transferred to Bandhan Bank Limited, which was wholly owned by the Company through another subsidiary on the date of such transfer, instead of recognising the aforesaid excess through the Statement of profit and loss.

B) The following assets which were not pertaining to the Company's microfinance business continue to remain with the Company after the transfer of the assets and liabilities, as referred in note 1 above:

Details of Assets not transferred	Amount (₹)
Inverstment in Subsidiary	16,253,200,850
Fixed Assets & CWIP	39,166,964
Deposits with Banks and Financial Institutions(includes interest accrued thereon)	180,773,045

34. Prior year figures

The Company has reclassified and regrouped previous year figures including those in brackets to conform to this year's classification.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration Number :- 301003E/E300005

For Bandhan Financial Services Limited

Per Bhaswar Sarkar
Partner
Membership Number : 55596

Chandra Shekhar Ghosh
Director

Asit Pal
Director

Place : Kolkata
Date : 21st June, 2016

Gautam Ray Chaudhury
Manager

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

S.R. BATLIBOI & CO. LLP
Chartered Accountants

22, Camac Street
3rd Floor, Block 'C'
Kolkata-700 016, India
Tel : +91 33 6615 3400
Fax : +91 33 2281 7750

INDEPENDENT AUDITOR'S REPORT

To the Members of Bandhan Financial Services Limited
(Formerly Bandhan Financial Services Private Limited)

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Bandhan Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. 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 purpose of our audit;

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;

(f) 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, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company 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 Company.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E

Bhaswar Sarkar
per Bhaswar Sarkar
Partner
Membership Number: 55596

S R Batliboi & Co. LLP Kolkata

Place of Signature: Kolkata
Date: May 30, 2015

Annexure referred to in our independent auditor report of even date
Re: Bandhan Financial Services Limited (('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(ii) The Company's business does not involve inventories. Accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas. The Company's business does not involve purchase of inventory and sale of goods.

(v) The Company has not accepted any deposits from the public.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the services rendered by the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax and other material statutory dues have generally been regularly deposited with the appropriate authorities though there have been slight delays in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, , service tax, and other material statutory dues were outstanding, at the year-end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax and service tax which have not been deposited on account of any dispute.

S.R. Batliboi & Co. LLP Kolkata

In respect of sub clauses (vii) (a) to (vii) (c) above, the Company did not have any dues towards wealth tax, sales tax, custom duty, value added tax, excise duty and cess, during the year.

(d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

(viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders.

(x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds have been gainfully invested in fixed deposits/money market mutual funds till disbursement.

(xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E

Bhaswar Sarkar

S.R. Batliboi & Co. LLP Kolkata

per Bhaswar Sarkar
Partner
Membership Number: 55596

Place of Signature: Kolkata
Date: May 30, 2015

BANDHAN FINANCIAL SERVICES LIMITED
(Formerly Bandhan Financial Services Private Limited)

BALANCE SHEET AS AT MARCH 31,2015

	Notes	31 March 2015 (₹ In Lakhs)	31 March 2014 (₹ In Lakhs)
Equity and liabilities			
Shareholders' funds			
Share capital	3	9,692.88	9,692.88
Reserves and surplus	4	1,49,200.45	1,07,703.79
		1,58,893.33	1,17,396.67
Non-current liabilities			
Long-term borrowings	5	4,39,658.87	2,77,232.63
Other long term liabilities	6	186.62	176.22
Long term provisions	7	3,279.21	2,217.09
		4,43,124.70	2,79,625.94
Current liabilities			
Other current liabilities	8	4,36,149.80	2,72,040.46
Short-term provisions	7	12,046.57	10,555.04
		4,48,196.37	2,82,595.50
Total		**10,50,214.40**	**6,79,618.11**
Assets			
Non-current assets			
Fixed assets	9		
(i) Tangible assets		872.90	894.73
(ii) Intangible assets		28.61	29.28
(iii) Capital work-in-progress		-	6.45
Non-current investments	10	50,419.25	20.00
Deferred tax assets	11	1,388.75	4,131.73
Long term loans and advances	12	1,04,772.27	45,831.07
Other non-current assets	13	1,616.84	4,610.63
		1,59,098.62	55,523.89
Current assets			
Cash and Bank Balances	14	1,62,180.57	87,960.18
Short-term loans and advances	12	7,26,102.94	5,34,225.91
Other current assets	13	2,832.27	1,908.13
		8,91,115.78	6,24,094.22
Total		**10,50,214.40**	**6,79,618.11**
Significant Accounting Policies & notes to accounts	2		

The accompanying notes are an integral part of these financial statements
As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration Number :- 301003E

For Bandhan Financial Services Limited

Per Bhaswar Sarkar
Partner
Membership Number : 55596

Chandra Shekhar Ghosh
Managing Director

Sisir Kumar Chakrabarti
Director

Place : Kolkata
Date : 30th May, 2015

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

BANDHAN FINANCIAL SERVICES LIMITED

(Formerly Bandhan Financial Services Private Limited)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

	Notes	31 March 2015 (₹ In Lakhs)	31 March 2014 (₹ In Lakhs)
Income			
Revenue from operations	15	1,69,873.17	1,15,814.56
Other income	16	5,411.41	5,469.11
Total Income		**1,75,284.58**	**1,21,283.67**
Expenses			
Employee related expenses	17	20,118.87	16,074.04
Finance Costs	18	76,857.33	51,956.63
Depreciation and amortization expenses	19	395.08	428.95
Donation	20	2,192.87	1,417.31
Provisions and Write offs	21	(173.54)	5,478.01
Other expenses	22	5,937.27	5,811.76
Total Expenses		**1,05,327.88**	**81,166.70**
Profit before tax		**69,956.70**	**40,116.97**
Tax expense			
- Current tax		23,328.73	14,464.20
- Income tax for earlier year		0.13	14.42
- Deferred tax charge/(credit)		2,770.36	(2,707.93)
Total Tax Expenses		**26,099.22**	**11,770.69**
Profit for the year		**43,857.48**	**28,346.28**
Earning per equity share (EPS)	23		
Basic & Diluted (₹)		**45.25**	**29.24**
Nominal value of share (₹)		**10**	**10**
Significant Accounting Policies & notes to accounts	2		

The accompanying notes are an integral part of these financial statements
As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration Number :- 301003E

For Bandhan Financial Services Limited

Per Bhaswar Sarkar
Partner
Membership Number : 55596

Chandra Shekhar Ghosh
Managing Director

Sisir Kumar Chakrabarti
Director

Place : Kolkata
Date : 30th May, 2015

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

BANDHAN FINANCIAL SERVICES LIMITED

(Formerly Bandhan Financial Services Private Limited)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

Particulars	31 March 2015 (₹ In Lakhs)	31 March 2014 (₹ In Lakhs)
A. Cash flow from Operating Activities :		
Net Profit Before Taxation :	69,956.70	40,116.97
Adjustments for :		
Provision for Gratuity	307.75	(38.81)
(Profit)/Loss on sale of fixed assets	0.01	(1.89)
Depreciation and amortization	395.08	428.95
Provisions and Write-Offs	(173.54)	5,478.01
Provision for leave	518.34	247.45
Dividend from Investments	(2,324.19)	(1,741.78)
Debenture Issue expenses	-	2.27
Operating Profit Before Working Capital Changes	**68,680.15**	**44,491.17**
Movements in working capital:		
(Increase)/Decrease in Other Current & Non-Current Assets	(274.50)	(314.49)
(Increase)/Decrease in Loans & Advances	(2,51,490.79)	(1,71,792.83)
Increase/(Decrease) in Other Long term liabilities, Current Liabilities & Provisions	19,192.89	1,889.89
Cash generated from operations	**(1,63,892.25)**	**(1,25,726.26)**
Direct Taxes Paid	(22,328.21)	(13,782.54)
Net Cash flow generated from/(used in) Operating Activities (A)	**(1,86,220.46)**	**(1,39,508.80)**
B. Cash flow from Investing Activities :		
Purchase of Fixed Assets	(446.71)	(389.35)
Sale of Fixed Assets	0.03	3.21
Investment in subsidiary	(50,399.25)	-
Deposits with banks and financial institutions encashed	153.61	2,143.96
Deposits with Financial Institutions	-	(1,753.12)
Dividend from Current Investments	2,324.19	1,741.78
Net Cash flow generated from/(used in) Investing Activities (B)	**(48,368.13)**	**1,746.48**
C. Cash flow from Financing Activities :		
Debenture Issue Expenses	-	(2.27)
Dividend paid	(907.21)	(907.21)
Proceeds from Long term Borrowings	6,07,400.00	3,33,300.00
Repayment of Long term Borrowings	(3,00,027.96)	(2,26,269.62)
Net Cash generated from/(used in) Financing Activities (C)	**3,06,464.83**	**1,06,120.90**
Net Increase In Cash And Cash Equivalents (A+B+C)	**71,876.24**	**(31,641.42)**
Cash And Cash Equivalents at the beginning of the year *	86,749.11	1,18,390.53
Cash And Cash Equivalents at the end of the year *	**1,58,625.35**	**86,749.11**
Components of Cash and Cash Equivalents :		
1 Cash on Hand	8.81	1.65
2 Balances With Banks	5,141.54	28,028.46
3 Deposits with Banks	1,53,475.00	58,719.00
	1,58,625.35	**86,749.11**

* Represents cash and bank balances as indicated in Note No.14 and excludes ₹ 4,828.71 lakhs (Previous Year : ₹ 5277.97 lakhs) being fixed deposits under lien or with original maturity of more than three months.

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration Number :- 301003E

For Bandhan Financial Services Limited

Per Bhaswar Sarkar
Partner
Membership Number : 55596

Chandra Shekhar Ghosh
Managing Director

Sisir Kumar Chakrabarti
Director

Place : Kolkata
Date : 30th May, 2015

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

BANDHAN FINANCIAL SERVICES LIMITED

(Formerly Bandhan Financial Services Private Limited)

Notes to Financial Statement as at and for the year ended March 31, 2015

1. Nature of Operations:

Bandhan Financial Services Limited ('the Company') is engaged in microfinance activities for providing financial assistance to poor women (referred as 'borrower') organised into small groups in the rural and urban areas of India. The company has a policy of providing small value loans without any security to borrowers whose annual household income does not exceed ₹ 0.60 lakhs in rural areas and ₹ 1.20 lakhs in non-rural areas with effect from 1st of July, 2011. The Company's policy is to provide loans to the borrowers not exceeding ₹ 0.35 lakhs in first cycle and ₹ 0.50 lakhs in subsequent cycles.The Company has two loan products in these categories viz. Suchana and Srishti. In Suchana loans, the Company provides maximum amount of ₹ 0.15 lakhs and the loan tenure is not less than one year. Loan of Srishti ranges from ₹ 0.16 lakhs to ₹ 1.00 lakh, and the tenure is not less than two years. The Company has a policy of not charging any penalty on prepayment or delayed payment. These loans are given primarily for income generating activities to poor women. The borrowers including their spouses except spouses having more than sixty years of age, are covered under insurance scheme. The aforesaid policies has been introduced by the Company effective from 1st July, 2011.

These loans are repayable on a weekly, monthly, fortnightly basis at the choice of the borrower. The Company has a policy that moratorium period between the grant of loan and due date of repayment of first installment is not less than the frequency of repayment. It is the policy of the Company that collections are conducted at a group meeting at a central location near the habitats of these poor women and disbursement to borrowers are made at branch offices in presence of more than one individuals involved in this function.

Further, the Company also provides higher ticket size loan known as Samriddhi to the borrowers some of whom have migrated from Srishti loan. Loan size in this category is above ₹ 1.00 lakh.

The other loan products that the Company provides are Suraksha (Health loan size ranging from ₹ 1,000 to ₹ 10,000), Susikhsha (Education Loan size ranging from ₹ 1,000 to ₹ 10,000),Fisheries (Loan size ranging from ₹ 10,000 to ₹ 200,000), Solar (Loan size ranging from ₹ 650 to ₹ 20,000), Home Loan (Loan size ranging from ₹ 300,000 to ₹ 1,500,000).

The Company charges interest at the rate of 22.40% on reducing balance method for Suchana, Srishti, Samriddhi, Fisheries and Solar loans, 12% on reducing balance method for Susikhsha and Suraksha loans and 18% on reducing balance method for Home Loans.

2. Basis of Preparation of Financial Statements:

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with 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 provisions of the Reserve Bank of India ('RBI') as applicable to a Non Banking Financial Company. The Financial Statements have been prepared under the historical cost convention on an accrual basis except interest on Non-Performing Loans which is accounted for on cash basis. The accounting policies applied by the Company are consistent with those applied in the previous year.

2.1 Summary of Significant Accounting Policies

A. Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

B. 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.

C. Depreciation on tangible assets:

Depreciation on Fixed Assets has been provided on written down value method as per the life prescribed under Schedule II of the Companies Act, 2013 which is in accordance with management estimates of the useful life of the underlying assets.
The additional depreciation charge during the year on account of implementation of Schedule II of the Companies Act, 2013 as against the erstwhile method prescribed under Schedule XIV of the Companies Act,1956 is ₹ 221.82 lakhs, out of which ₹ 80.56 lakhs has been adjusted against opening general reserve.

D. 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.

Software cost related to computers are amortised at the rate of 40% pa, which is in accordance with management assessment of useful life as prescribed under Schedule II of the Companies Act, 2013

E. 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.

F. Investments:

Investments that are readily realisable and intended to be held for not more than a year from the date of the purchase are classified as Current Investments. All other investments are classified as Long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

G. Borrowing Cost:

Interest on borrowings / ancillary borrowing costs are recognised on time proportion basis taking into account the amount outstanding, rate applicable on the borrowings.
Processing fees paid on term loans obtained from banks and financial institutions have been amortised on a straight line basis over the tenure of respective loans .

H. Revenue Recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Interest income on portfolio loans is recognised in the Statement of profit and loss on a time proportion basis taking into account the amount outstanding and the rates applicable, except in the case of non-performing assets ("NPA's") where it is recognised, upon realisation, as per the prudential norms of RBI. Any such income recognised before the asset became non-performing and remaining unrealised shall be reversed.

ii)The company enters into arrangements for sale of loans through assignment/securitisation. The profit on assignment/securitisation is computed and recognised based on the Revised Guidelines on transfer of assets through securitisation and direct assignment of cash flows issued by RBI.

iii) Interest income on deposits with banks is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

iv) Processing fees are recognised as income at the time of collection from the members .

v) Dividend income is recognised when the company's right to receive payment is established by the reporting date.

vi) All other income is recognised on an accrual basis.

I. 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 statement of profit and loss on a straight line basis over the lease term.

J. Retirement and other Employee Benefits :

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognises contribution payable to the provident fund scheme as an 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 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.

Long term Compensated absences are provided for based on actuarial valuation which is done as per projected unit credit method at the end of each financial year. Short term Compensated absences are provided for based on leave balance of the employees as on the year end date.
Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred.

K. Foreign Currency Transactions:

i) All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.

ii) Monetary items are money held and assets and liabilities to be received or paid in fixed or determinable amounts of money.
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.

iii) Foreign currency monetary items are reported using the exchange rate prevailing at the Balance Sheet date.

iv) 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.

L. 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 Company 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 company 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 Company 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.

M. Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

N. Provisions & Contingent Liabilities :

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

O. Cash and Cash Equivalents :

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and unrestricted cash at bank and unrestricted short-term investments with an original maturity of three months or less.

P. Classification of Portfolio Loans:

Loans are classified as follows:

Asset Classification	Period
Standard Assets	Current Loan and arrears upto 90 days
Sub Standard Assets	Arrears from 91 days upto 179 days
Doubtful Assets	Arrears for 180 days and more

Q. Provision for loan losses:

Loans provisions are made as per provisioning norms stipulated in Non-Banking Financial Company Micro Finance Institutions (Reserve Bank) Directions, 2011 as amended from time to time. The Management treats a loan as overdue as soon as a scheduled installment is failed.
As per the Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011 the aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.
With effect from the current year, the company has made provision of 1% on outstanding loan portfolio as against the erstwhile practice of making a provision of 1.5% on standard assets, 50% on sub standard assets and 100% on doubtfull assets. Had the company continued to recognise the provision on standard assets in accordance with the past practice, the charge in the statement of profit and loss would have been higher by ₹ 4,577.20 lakhs.
The Company has a policy of deferment of installments due from the borrower upto a maximum of three installments in each case of illness of the borrower or death in the family of the borrower and the same is not considered as overdue. Further, the installments falling due on holidays are collected along with the preceding week's installment.

R. Loan write-off Policy:

The company has a policy of writing off the loans based on the management's discretion whose tenure has expired and the same remains overdue for a period of 90 days or more.

S. Transfer to General Reserve:

The company has a policy of transferring 20% of its net profit every year as disclosed in the Statement of Profit and Loss to the General Reserve.

3. Share capital	31 March 2015 (₹ In Lakhs)	31 March 2014 (₹ In Lakhs)
Authorized Shares		
150,000,000 (Previous Year: 100,000,000) equity shares of ₹ 10/- each	15,000.00	10,000.00
Issued, subscribed and fully paid-up shares		
96,928,788 (Previous Year: 96,928,788) Equity Share of ₹ 10/- each	9,692.88	9,692.88
Total issued, subscribed and fully paid-up	**9,692.88**	**9,692.88**

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period :

Equity Shares	31 March 2015		31 March 2014	
	Number	(₹ In Lakhs)	Number	(₹ In Lakhs)
Outstanding at the beginning of the year	9,69,28,788	9,692.88	9,69,28,788	9,692.88
Issued during the year	-	-	-	-
Shares outstanding at the end of the year	**9,69,28,788**	**9,692.88**	**9,69,28,788**	**9,692.88**

A. Terms/rights attached to equity shares

The Company has only one class of equity shares having at par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

During the year ended 31 March, 2015 the amount of per share dividend recognized as distributions to equity shareholders was ₹ 1.50 (31 March,2014 : ₹ 0.80)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

B. Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	31 March 2015		31 March 2014	
	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class
a) Small Industries Development Bank of India	93,33,333	9.63%	93,33,333	9.63%
b) Financial Inclusion Trust	4,40,00,000	45.39%	4,40,00,000	45.39%
c) North East Financial Inclusion Trust	1,00,00,000	10.32%	1,00,00,000	10.32%
d) Bandhan Employee's Welfare Trust	1,86,80,922	19.27%	1,86,80,922	19.27%
e) International Finance Corporation	1,05,95,455	10.93%	1,05,95,455	10.93%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

C. Aggregate number of bonus shares issued and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

The company had issued 10,000,000 equity shares as fully paid up equity shares pursuant to contracts for consideration other than cash in the year 2010-11.

4. Reserves and surplus	31 March 2015 (₹ In Lakhs)	31 March 2014 (₹ In Lakhs)
A. Securities premium account		
Balance as per last financial statements	21,606.79	21,606.79
Add:Addition during the year	-	-
	21,606.79	**21,606.79**
B. Debenture Redemption Reserve		
Balance as per last financial statements	2,500.00	700.00
Add:Addition during the year	-	2,500.00
Less: Redemption/reversed during the year*	2,500.00	700.00
	-	**2,500.00**

* Hitherto, the Company had recognised Debenture Redemption Reserve (DRR) in respect of privately placed debentures, although it was not required to do so in view of exemption available to Non-Banking Financial Companies under Companies (Issuance of Share Capital and Debentures) Rules, 2014. The Management has decided to avail the exemption and a sum of ₹ 2,500 lakhs lying to the credit of DRR as on March 31, 2015, has been reversed.

C. General reserve		
Balance as per last financial statements	11,654.98	5,985.72
Add:Amount transferred from surplus balance in the Statement of Profit & Loss	8,771.50	5,669.26
Less : Transitional Provision for Depreciation under the Companies Act. 2013 (Net of Deferred tax Asset of ₹ 27.38 lakhs)	53.18	-
	20,373.30	**11,654.98**
D. Statutory reserve		
Balance as per last financial statements	17,671.73	12,002.47
Add:Amount transferred from surplus balance in the Statement of Profit & Loss	8,771.50	5,669.26
	26,443.23	**17,671.73**
(According to section 45-IC Reserve Bank of India Act, 1934, every NBFC shall create a reserve fund and transfer therein a sum not less than 20% of its net profit every year as disclosed in the Statement of Profit and Loss and before declaration of dividend , if any.)		
E. Surplus in the statement of profit and loss		
Balance as per last financial statements	54,270.29	39,969.74
Add:		
Profit for the year	43,857.48	28,346.28
Reversal from Debenture Redemption Reserve	2,500.00	-
Less: Appropriations		
Transferred to Statutory Reserve	8,771.50	5,669.26
Transferred to General Reserve	8,771.50	5,669.26
Transfer to Debenture Redemption Reserve	-	1,800.00
Proposed Dividend (Amount per share ₹ 1.50 (31 March, 2014 : ₹ 0.80)) *	1,917.32	775.43
Tax on Proposed Dividend	390.32	131.78
Total Appropriations	19,850.64	14,045.73
Net surplus in the Statement of profit and loss	**80,777.13**	**54,270.29**
Total	**1,49,200.45**	**1,07,703.79**

*Includes proposed dividend on 30,892,313 equity shares issued by the Company after March 31, 2015 but before the record date i.e., June 29, 2015.

5. Long-term borrowings	Non Current Portion		Current Maturities	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
A. Debentures	(₹ In Lakhs)	(₹ In Lakhs)	(₹ In Lakhs)	(₹ In Lakhs)
A. Secured				
- 100(Previous Year : 100) 13.75%(Previous Year :13.75%) redeemable Non-Convertible Debentures of ₹ 1,00,00,000(Previous year ₹ 10,000,000)each	10,000.00	10,000.00	-	-
- 60 (Previous Year : Nil) 13.25%(Previous Year :Nil) redeemable Non-Convertible Debentures of ₹ 10,000,000(Previous year ₹ Nil)each	6,000.00	-	-	-
Unsecured				
- 160(Previous Year : Nil) 14.536%(Previous Year :Nil) redeemable Non-Convertible Debentures of ₹ 10,000,000(Previous year ₹ Nil)each	16,000.00	-	-	-
B. Term loans				
Secured				
- from banks	3,85,969.20	2,58,882.45	3,84,785.47	2,54,586.74
- from Financial Institutions	21,689.67	8,350.18	25,393.85	10,646.78
Total	4,39,658.87	2,77,232.63	4,10,179.32	2,65,233.52
Amount disclosed under the head ''other current liabilities '' (Refer note 8)	-	-	(4,10,179.32)	(2,65,233.52)
Net amount	**4,39,658.87**	**2,77,232.63**	**-**	**-**

Notes:

a)The above 13.75% Secured Redeemable Non-Convertible Debentures @ ₹ 100.00 lakhs each are redeemable at par at the end of 72 months from the date of allotment i.e. March 20, 2014. The debentures are issued with a call and put option to be exercised at par, on completion of 36 months from date of allotment. The aforesaid debentures carry interest of 13.75% p.a. which is payable semi-annually . The coupon are to be reset not before 36 months from the date of allotment .The debentures are secured by exclusive and first charge on the book debts/receivables i.e. portfolio loans created out of the financial proceeds received by issue of debentures.

b) The above 13.25% Secured Redeemable Non-Convertible Debentures @ ₹ 100.00 lakhs each are redeemable at par at the end of 24 months from the date of allotment i.e. September 24, 2014 with a roll-over option of another 24 months. The debentures are secured by exclusive and first charge on the book debts/receivables i.e. portfolio loans created out of the financial assistance received by issue of debentures.

c) During the year the company has raised unsecured Sub-ordinated debenture from debenture holder (International Finance Corporation) of 16,000.00 lakhs which has been utilized for growth of micro finance portfolio. Unsecured debentures are reedemable after 84 months from the date of allotment i.e. September 2, 2014 . They bear the characteristics of Sub-ordinated debts.

d) The interest on the debentutres (both secured and unsecured) are payable semi-annually.

e) The term loans from banks and financial institutions are secured by hypothecation of portfolio loans covered by hypothecation loans agreement and margin money deposits.

5. Long-term borrowings (Contd.)
Terms of repayment of term loans borrowings as on March 31, 2015

Original maturity of loan	Due within 1 year		Due between 1 to 3 Years		Due between 3 to 4 Years		Due between 4 to 5 Years		Total
	No. of installments	Amount (₹ In Lakhs)	No. of installments	Amount (₹ In Lakhs)	No. of installments	Amount (₹ In Lakhs)	No. of installments	Amount (₹ In Lakhs)	
Monthly repayment schedule									
1-3 Yrs	234	1,18,417.19	119	59,074.43	-	-	-	-	**1,77,491.62**
3-5 Yrs	61	14,986.55	60	18,330.98	6	1,663.28	-	-	**34,980.81**
Above 5 Yrs	12	2,500.00	12	2,500.00	-	-	-	-	**5,000.00**
Total	**307**	**1,35,903.74**	**191**	**79,905.41**	**6**	**1,663.28**	**-**	**-**	**2,17,472.43**
Quarterly repayment schedule									
1-3 Yrs	168	1,59,778.11	153	1,53,451.62	-	-	-	-	**3,13,229.73**
3-5 Yrs	81	1,07,790.80	104	1,53,453.65	4	7,498.24	-	-	**2,68,742.69**
Above 5 Yrs	-	-	-	-	-	-	-	-	**-**
Total	**249**	**2,67,568.91**	**257**	**3,06,905.27**	**4**	**7,498.24**	-	-	**5,81,972.42**
Half Yearly repayment schedule									
1-3 Yrs	4	6,666.67	7	11,666.67	-	-	-	-	**18,333.34**
3-5 Yrs	-	-	-	-	-	-	-	-	**-**
Above 5 Yrs	1	20.00	-	-	-	-	-	-	**20.00**
Total	**5**	**6,686.67**	**7**	**11,666.67**	-	-	-	-	**18,353.34**
Yearly repayment schedule									
1-3 Yrs	-	-	-	-	-	-	-	-	**-**
3-5 Yrs	-	-	-	-	-	-	-	-	**-**
Above 5 Yrs	2	20.00	2	20.00	-	-	-	-	**40.00**
Total	**2**	**20.00**	**2**	**20.00**	-	-	-	-	**40.00**
Grand Total	**563**	**4,10,179.32**	**457**	**3,98,497.35**	**10**	**9,161.52**	**-**	**-**	**8,17,838.19**

Note:

The Company's micro finance operations are mainly supported by Banks and Financial Institutions (FIs). The total amount of borrowings outstanding of ₹ 817,838.19 lakhs as on 31st March 2015 has been funded by Banks, and FIs at different point of time at different interest rates.Interest rate on borrowings from Financial Institutions (outstanding amount ₹ 47,083.52lakhs) is in the range of 4.00%~13.00%p.a,whereas interest rate on borrowings from Foreign Banks (outstanding amount ₹ 50,333.29 lakhs) is in the range of 11.75%-12.90% p.a. and interest rate on borrowings from domestic banks (outstanding amount ₹ 720421.38 lakhs)(linked to base rate) is in the range of 11.15%-13.25%p.a.
The term loans are secured by hypothecation of portfolio loans covered by respective hypothecation loan agreements and margin money deposits.

5. Long-term borrowings (Contd.)
Terms of repayment of term loans borrowings as on March 31, 2014

Original maturity of loan	Due within 1 year		Due between 1 to 3 Years		Due between 3 to 4 Years		Due between 4 to 5 Years		Total
	No. of installments	Amount (₹ In Lakhs)	No. of installments	Amount (₹ In Lakhs)	No. of installments	Amount (₹ In Lakhs)	No. of installments	Amount (₹ In Lakhs)	
Monthly repayment schedule									
1-3 Yrs	250	89,338.02	134	60,091.62	-	-	-	-	**1,49,429.64**
3-5 Yrs	84	15,264.74	55	14,982.75	-	-	-	-	**30,247.49**
Above 5 Yrs	26	15,672.96	24	5,000.00	-	-	-	-	**20,672.96**
Total	**360**	**1,20,275.72**	**213**	**80,074.37**	-	-	-	-	**2,00,350.09**
Quarterly repayment schedule									
1-3 Yrs	110	88,102.07	123	93,579.16	-	-	-	-	**1,81,681.23**
3-5 Yrs	60	56,815.73	89	86,615.14	8	6,903.96	-	-	**1,50,334.83**
Above 5 Yrs	-	-	-	-	-	-	-	-	**-**
Total	**170**	**1,44,917.80**	**212**	**1,80,194.30**	**8**	**6,903.96**	-	-	**3,32,016.06**
Half Yearly repayment schedule									
1-3 Yrs	-	-	-	-	-	-	-	-	**-**
3-5 Yrs	-	-	-	-	-	-	-	-	**-**
Above 5 Yrs	2	20.00	4	40.00	-	-	-	-	**60.00**
Total	**2**	**20.00**	**4**	**40.00**	-	-	-	-	**60.00**
Yearly repayment schedule									
1-3 Yrs	-	-	-	-	-	-	-	-	**-**
3-5 Yrs	-	-	-	-	-	-	-	-	**-**
Above 5 Yrs	1	20.00	1	20.00	-	-	-	-	**40.00**
Total	**1**	**20.00**	**1**	**20.00**	-	-	-	-	**40.00**
Grand Total	**533**	**2,65,233.52**	**430**	**2,60,328.67**	**8**	**6,903.96**	**-**	**-**	**5,32,466.15**

Note:

The Company's micro finance operations are mainly supported by Banks and Financial Institutions (FIs).The total amount of borrowings outstanding as on March 31, 2014 have been funded by banks and FIs at different point of time at different interest rates. Interest rate on borrowings from Financial Institutions (outstanding amount ₹ 18,996.96 lakhs) is in the range of 9.00%~13.00% p.a, interest rate on borrowings from Foreign Banks (Outstanding amount of ₹ 42,184.27 lakhs) is in the range of 12.00%-13.00% p.a. and interest rate on borrowings from domestic banks (outstanding amount ₹ 471,284.92 lakhs),(linked to base rate) is in the range of 11.25%-14.50%p.a.
The term loans are secured by hypothecation of portfolio loans covered by respective hypothecation loan agreements and margin money deposits.

BANDHAN FINANCIAL SERVICES LIMITED
(Formerly Bandhan Financial Services Private Limited)

Notes to the Financial Statements as at and for the year ended March 31, 2015

6. Other long-term liabilities

	Non Current Portion		Current Portion	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	(₹ In Lakhs)	(₹ In Lakhs)	(₹ In Lakhs)	(₹ In Lakhs)
Other Liabilities	186.62	176.22	35.63	32.63
Total	**186.62**	**176.22**	**35.63**	**32.63**
Amount disclosed under the head ''other current liabilities '' (Refer note 8)			(35.63)	(32.63)
Net amount	**186.62**	**176.22**	**-**	**-**

7. Provisions:

	Long Term		Short Term	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	(₹ In Lakhs)	(₹ In Lakhs)	(₹ In Lakhs)	(₹ In Lakhs)
A. Provision for employee benefits				
Provision for Gratuity	404.72	196.97	200.00	100.00
Provision for Leave Benefit	1,413.11	1,004.03	391.15	281.89
	1,817.83	**1,201.00**	**591.15**	**381.89**
B. Provision for Portfolio loans				
Contigent provision against Standard Assets	976.38	667.72	6,851.26	7,989.04
Non performing loans	447.61	346.69	-	-
	1,423.99	**1,014.41**	**6,851.26**	**7,989.04**
C. Others				
Provision for interest on staff deposit	-	-	72.79	53.85
Income Tax (Net of advance tax payments ₹ 67,132.63 lakhs (Previous Year:₹ 44,805.58 lakhs))	-	-	2,223.73	1,223.05
Proposed Dividend	-	-	1,917.32	775.43
Tax on Proposed Dividend	-		390.32	131.78
Others	37.39	1.68	-	-
	37.39	**1.68**	**4,604.16**	**2,184.11**
Total	**3,279.21**	**2,217.09**	**12,046.57**	**10,555.04**

8. Other current liabilities

	31 March 2015	31 March 2014
	(₹ In Lakhs)	(₹ In Lakhs)
Current maturities of long-term debt (Refer note 5)	4,10,179.32	2,65,233.52
Current portion of long-term liabilities (Refer note 6)	35.63	32.63
Interest accrued but not due on borrowings	1,828.38	628.03
Payable for portfolio loans assigned / securitised	16,378.09	1,050.10
Staff Security Deposit	370.68	317.11
Statutory liabilities	357.23	238.11
Deferred gain on assets securitised	-	168.56
Payable for donation	2,192.87	1,417.31
Payable for salary, bonus etc.	2,064.00	1,442.60
Payable for rent	115.23	104.62
Payable for insurance fees	1,689.47	526.80
Payable for others	938.90	881.07
Total	**4,36,149.80**	**2,72,040.46**

Notes to the Financial Statements as at and for the year ended March 31, 2015

9. FIXED ASSETS : **(₹ In Lakhs)**

A. Tangible Assets

Cost or Valuation	Air Conditioners	Building	Computers & Computer Software	Computer Networking	Computer Server	Electrical Installation	Furniture & Fixture	Land	Office Equipments	Motor Cycles	Motor Cars	Total
At 1st April 2013	87.47	-	671.22	45.39	15.33	41.32	1,137.69	48.27	83.10	92.11	28.17	**2,250.07**
Additions	-	8.80	121.99	0.37	-	1.95	188.34	-	36.85	-	-	**358.30**
Disposals	-	-	(0.17)	-	-	-	(3.54)	-	(0.87)	-	(5.29)	**(9.87)**
At 31st March 2014	**87.47**	**8.80**	**793.04**	**45.76**	**15.33**	**43.27**	**1,322.49**	**48.27**	**119.08**	**92.11**	**22.88**	**2,598.50**
Additions	2.00	329.31	69.16	5.16	-	0.93	10.25	-	7.68	-	10.85	**435.34**
Disposals	-	-	(0.08)	-	-	-	(0.84)	-	(0.02)	-	-	**(0.94)**
At 31st March, 2015	**89.47**	**338.11**	**862.12**	**50.92**	**15.33**	**44.20**	**1,331.90**	**48.27**	**126.74**	**92.11**	**33.73**	**3,032.90**
Depreciation												
At 1st April 2013	15.93	-	420.21	19.13	9.83	7.04	725.41	-	33.13	55.31	10.50	**1,296.49**
Charge For the Year	9.95	0.35	136.19	10.60	2.20	4.84	209.56	-	28.04	9.53	4.57	**415.83**
Disposals	-	-	(0.17)	-	-	-	(3.54)	-	(0.73)	-	(4.11)	**(8.55)**
At 31st March 2014	**25.88**	**0.35**	**556.23**	**29.73**	**12.03**	**11.88**	**931.43**	**-**	**60.44**	**64.84**	**10.96**	**1,703.77**
Charge For the Year*	38.81	4.53	230.37	8.22	1.29	9.11	113.12	-	37.32	7.11	7.26	**457.14**
Disposals	-	-	(0.05)	-	-	-	(0.84)	-	(0.02)	-	-	**(0.91)**
At 31st March, 2015	**64.69**	**4.88**	**786.55**	**37.95**	**13.32**	**20.99**	**1,043.71**	**-**	**97.74**	**71.95**	**18.22**	**2,160.00**
Net Block												
At 31st March 2014	**61.59**	**8.45**	**236.81**	**16.03**	**3.30**	**31.39**	**391.06**	**48.27**	**58.64**	**27.27**	**11.92**	**894.73**
At 31st March, 2015	**24.78**	**333.23**	**75.57**	**12.97**	**2.01**	**23.21**	**288.19**	**48.27**	**29.00**	**20.16**	**15.51**	**872.90**

* Includes ₹ 80.56 lakhs (Previous year ended 31st March,2014: ₹ Nil) adjusted from opening reserve as per the transitional provision as mentioned in Schedule II of the Companies Act, 2013.

B. Intangible Assets

Particulars	Computer Softwares
Gross Block	
At 1st April 2013	35.13
Purchase	31.05
At 31st March 2014	**66.18**
Purchase	17.83
At 31st March, 2015	**84.01**
Amortization	
At 1st April 2013	23.78
Charge For the Year	13.12
At 31st March 2014	**36.90**
Charge For the Period	18.50
At 31st March, 2015	**55.40**
Net Block	
At 31st March 2014	**29.28**
At 31st March, 2015	**28.61**

Notes to the Financial Statements as at and for the year ended March 31, 2015

10. Investment

	Non-Current	
	31 March 2015	**31 March 2014**
Long Term	**(₹ In Lakhs)**	**(₹ In Lakhs)**
Trade Investment (valued at cost unless stated otherwise)		
Investments in Equity Shares (Unquoted)		
Investments in Subsidiary		
- 503,992,500 Equity shares of ₹ 10/- each fully paid-up in Bandhan Financial Holdings Limited, the holding company of Bandhan Bank Limited (Refer note 34)	50,399.25	-
Non-Trade Investment (valued at cost unless stated otherwise)		
Investments in others		
- 200,000 Equity shares of ₹ 10/- each fully paid-up in Alpha Micro Finance Consultants Private Limited (a Company, which is one of the contributors to the Capital of Credit Bureau High Mark).	20.00	20.00
Total	**50,419.25**	**20.00**

11. Deferred tax assets (net)

	31 March 2015	**31 March 2014**
	(₹ In Lakhs)	**(₹ In Lakhs)**
A. Deferred Tax Assets		
Provision for standard and non performing assets (Refer note 35)	154.91	3,060.27
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged in the financial statements (adjusted through Statement of Profit and Loss)	572.98	644.44
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged in the financial statements (adjusted through Opening General Reserve)	27.38	-
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	1,223.47	794.17
Gross Deferred tax assets	**1,978.74**	**4,498.88**
B. Deferred Tax Liability		
Unamortised processing fees on borrowings	589.99	367.15
Net Deferred Tax Assets (A-B)	**1,388.75**	**4,131.73**

12. Loans and advances

Unsecured, considered good unless stated otherwise	Non-Current Portion		Current Portion	
	31 March 2015	**31 March 2014**	**31 March 2015**	**31 March 2014**
	(₹ In Lakhs)	**(₹ In Lakhs)**	**(₹ In Lakhs)**	**(₹ In Lakhs)**
A. Portfolio loans				
Secured, Considered good	27.78	33.82	32.76	23.98
Unsecured, Considered good	1,03,126.69	44,481.14	7,23,802.53	5,32,578.54
Unsecured Considered doubtful (Refer note 7)	535.91	413.60	-	-
	1,03,690.38	**44,928.56**	**7,23,835.29**	**5,32,602.52**
(The above Loans include ₹ Nil (Previous year : ₹ 804.42 lakhs) provided as collateral for loans assets securitised.)				
B. Capital advances	**-**	**72.85**	**-**	**-**
C. Security deposits	**26.32**	**24.56**	**-**	**-**
D. Advances recoverable in cash or kind	**10.68**	**1.09**	**1,339.56**	**934.37**
E. Others				
Prepaid expenses	1,010.32	611.48	710.90	483.49
Loans to staff	34.07	17.03	38.83	51.75
Deposits with public financial institutions (marked as lien towards term loans availed)	-	175.00	175.00	153.61
Cenvat Credit Receivable	-	-	3.36	0.17
Advance Fringe Benefit Tax	0.50	0.50	-	-
	1,044.89	**804.01**	**928.09**	**689.02**
Total loans and advances (A+B+C+D+E)	**1,04,772.27**	**45,831.07**	**7,26,102.94**	**5,34,225.91**

13. Other assets

(Unsecured, considered good unless stated otherwise)	Non-Current Portion		Current Portion	
	31 March 2015	**31 March 2014**	**31 March 2015**	**31 March 2014**
	(₹ In Lakhs)	**(₹ In Lakhs)**	**(₹ In Lakhs)**	**(₹ In Lakhs)**
Non current bank balances (Refer note 14)*	1,273.50	4,066.90	-	-
	1,273.50	**4,066.90**	**-**	**-**
Others				
Interest accrued on portfolio loans	-	-	2,184.70	1,641.15
Interest accrued on deposits placed with banks and financial institutions	343.34	543.73	647.57	266.98
	343.34	**543.73**	**2,832.27**	**1,908.13**
Total Other Assets	**1,616.84**	**4,610.63**	**2,832.27**	**1,908.13**

*Includes deposit certificates of ₹ 1270.00 lakhs (Previous Year: ₹ 4,066.90 lakhs) marked as lien towards term loans availed from banks and financial institutions and towards cash collateral placed with portfolio loan assignment / securitisation.

14. Cash and Bank Balances :

	Non-Current Portion		Current Portion	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	(₹ In Lakhs)	(₹ In Lakhs)	(₹ In Lakhs)	(₹ In Lakhs)
Cash and cash equivalents				
Balances with banks				
-on current accounts	-	-	5,141.54	28,028.46
-deposit with original maturity of less than three months	-	-	1,53,475.00	58,719.00
Cash on hand	-	-	8.81	1.65
	-	**-**	**1,58,625.35**	**86,749.11**
Other Bank Balances :				
Deposit with original maturity of more than 3 months but less than 12 months	-	-	758.32	-
Deposit with original maturity of more than 12 months	1,273.50	4,066.90	2,796.90	1,211.07
	1,273.50	**4,066.90**	**3,555.22**	**1,211.07**
Amount disclosed under non-current assets (Refer note 13)	(1,273.50)	(4,066.90)	-	-
Total Cash and Bank Balances	**-**	**-**	**1,62,180.57**	**87,960.18**

Includes deposit certificates of ₹ 2509.22 lakhs (Previous Year: ₹ 1211.07 lakhs) marked as lien towards term loans availed from banks and financial institutions and towards cash collateral placed with portfolio loan assignment / securitisation.

15. Revenue from operations

	31 March 2015	31 March 2014
	(₹ In Lakhs)	(₹ In Lakhs)
Interest income		
-on portfolio loans	1,51,859.78	1,05,484.90
Other Financial Services		
Upfront Processing Fees	14,674.09	9,006.32
Income from assignment / securitisation of loans	3,339.30	1,323.34
Total Revenue from Operations	**1,69,873.17**	**1,15,814.56**

16. Other income

	31 March 2015	31 March 2014
	(₹ In Lakhs)	(₹ In Lakhs)
Interest Income on Fixed deposits with banks and financial institutions	2,624.51	3,210.19
Income from non-trade investments		
Dividend income from mutual fund investments (Current)	2,324.19	1,741.78
Other non operating income	462.71	517.14
Total Other Income	**5,411.41**	**5,469.11**

17. Employee related expenses

	31 March 2015	31 March 2014
	(₹ In Lakhs)	(₹ In Lakhs)
Salaries and bonus	18,172.34	14,720.80
Contributions to provident fund	1,041.99	871.04
Contribution to Employees' State Insurance	211.62	191.87
Gratuity (Refer note 27)	506.09	159.91
Staff welfare expenses	186.83	130.42
Total Employee related expenses	**20,118.87**	**16,074.04**

18. Finance Costs

	31 March 2015	31 March 2014
	(₹ In Lakhs)	(₹ In Lakhs)
Interest expense	75,598.95	51,771.25
Processing fee on borrowings	1,132.54	134.15
Interest on others	125.84	51.23
Total Finance Costs	**76,857.33**	**51,956.63**

19. Depreciation and amortization expense	**31 March 2015 (₹ In Lakhs)**	**31 March 2014 (₹ In Lakhs)**
Depreciation of tangible assets	376.58	415.83
Amortization of intangible assets	18.50	13.12
Total Depreciation and amortization expense	**395.08**	**428.95**

20. Donation :	**31 March 2015 (₹ In Lakhs)**	**31 March 2014 (₹ In Lakhs)**
Donation to Bandhan - Konnagar	2,192.87	1,417.31

In terms of the provisions of the Articles of Association of the Company, donation of ₹ 2192.87 lakhs(Previous Year: ₹ 1,417.31 lakhs) has been made towards Bandhan-Konnagar for social development activities. The above amount is appearing in the Other Current Liabilities.

Total Donation	**2,192.87**	**1,417.31**

21. Provisions and Write offs	**31 March 2015 (₹ In Lakhs)**	**31 March 2014 (₹ In Lakhs)**
Provision for standard and non performing assets (Refer note 2.1(Q))	(692.49)	4,455.16
Bad debts writen-off	518.95	1,022.85
Total Provisions and Write offs	**(173.54)**	**5,478.01**

22. Other expenses	**31 March 2015 (₹ In Lakhs)**	**31 March 2014 (₹ In Lakhs)**
Printing & Stationery	314.97	680.57
Auditors' Remuneration:		
Audit Fees	28.00	28.00
Tax Audit Fees	2.50	4.50
Limited Review	7.50	7.50
In other capacity for certificates & other services	3.76	3.00
Reimbursement of expenses (including service tax)	1.70	5.97
Communication Expenses	136.75	99.73
Professional and Consultancy Charges	361.26	389.09
Directors' sitting fees	11.80	10.00
Repairs & Maintenance -Others	6.61	11.22
Office Rent	1,745.79	1,560.81
Office Maintenance	308.99	309.74
Electricity Charges	209.96	175.87
Training & Meeting Expenses	1,308.84	768.47
Travelling and Conveyance	647.22	484.56
Insurance Premium	66.00	27.55
Social Welfare Expenses	452.15	971.01
Advertisement Expenses	4.08	38.39
Bank charges	34.86	26.60
Rates & Taxes	95.14	55.85
Membership fees for Micro Finance Institutions Network	50.00	50.00
Miscellaneous Expenses	139.39	103.33
Total Other expenses	**5,937.27**	**5,811.76**

23. Earnings per share (EPS)	**31 March 2015 (₹ In Lakhs)**	**31 March 2014 (₹ In Lakhs)**
Basis for calculations of basic and diluted earning per share for the years is as under:		
Net Profit after tax	43,857.48	28,346.28
Weighted average number of shares	9,69,28,788	9,69,28,788
Earning Per Share - Basic & Diluted (₹)	45.25	29.24
Nominal value per share(₹)	10	10

24. Classification of Loan Portfolio and loan loss provision :

A. Quality of Portfolio on age basis: as on March 31,2015

Sl No.	Assets Classification	Arrear Period	Principal Outstanding	Share
1	Standard Assets	Current	8,26,659.99	99.90%
2	Standard Assets	Upto 30 days	176.07	0.02%
3	Standard Assets	31 to 90 days	153.70	0.02%
4	Sub Standard Assets	91 to 179 days	176.59	0.02%
5	Doubtful Assets	180 days and more	359.32	0.04%
	Total		**8,27,525.67**	**100%**

B. Quality of Portfolio on age basis: as on March 31,2014

Sl No.	Assets Classification	Arrear Period	Principal Outstanding	Share
1	Standard Assets	Current	5,76,822.85	99.88%
2	Standard Assets	Upto 30 days	159.46	0.03%
3	Standard Assets	31 to 90 days	135.17	0.02%
4	Sub Standard Assets	91 to 179 days	133.81	0.02%
5	Doubtful Assets	180 days and more	279.79	0.05%
	Total		**5,77,531.08**	**100.00%**

C. Provision for Portfolio loan : as on March 31,2015

Aging of Loan	Loan Outstanding		Provision			
	Non-Current	Current	Rate of Provision *	Non-Current	Current	Total Provision
Current	1,03,111.99	7,23,548.00	0.95%	975.98	6,848.55	7,824.53
Upto 30 days	27.69	148.38	0.95%	0.26	1.40	1.66
31 to 90 days	14.79	138.91	0.95%	0.14	1.31	1.45
91 to 179 days	176.59	-	50.00%	88.29	-	88.29
180 days and more	359.32	-	100.00%	359.32	-	359.32
Total	**1,03,690.38**	**7,23,835.29**		**1,423.99**	**6,851.26**	**8,275.25**

* the company has made provision of 1% on outstanding loan portfolio, As per the Non-Banking Financial Company - Micro Finance Institutions (NBFC-MFI)- Directions, 2014.(Refer note 2.1(Q))

D. Provision for Portfolio loan : as on March 31,2014

Aging Of Loan	Loan Outstanding		Provision			
	Non-Current	Current	Rate of Provision	Non-Current	Current	Total Provision
Current	44,477.30	5,32,345.55	1.50%	667.15	7,985.18	8,652.33
Upto 30 days	22.37	137.09	1.50%	0.34	2.06	2.40
31 to 90 days	15.29	119.88	1.50%	0.23	1.80	2.03
91 to 179 days	133.81	-	50.00%	66.91	-	66.91
180 days and more	279.79	-	100.00%	279.78	-	279.78
Total	**44,928.56**	**5,32,602.52**		**1,014.41**	**7,989.04**	**9,003.45**

25. Details of Assigned / Securitised Portfolio and income arising out of the same :

During the year, the company has sold loans through assignment .The information regarding the assignment / securitisation activity as an originator is shown below.

Particulars	31 March 2015 (₹ In Lakhs)	31 March 2014 (₹ In Lakhs)
Total book value of the loan asset assigned / securitised during the year	1,58,367.00	34,284.77
Sale consideration received for the loan asset assigned / securitised	1,58,367.00	34,284.77
Income from asset assignment / securitisation recognised in the statement of profit and loss	3,339.30	1,323.34
Portfolio loan assigned / securitised as on the Balance Sheet date	1,24,919.12	33,166.01
Credit enhancements provided and outstanding:		
Cash collateral	-	1,046.00
Principal subordination	-	804.42
Under the agreement for the assignment / securitisation of loans the Company has transferred all the rights and obligations relating to the loan asset assigned / securitised as shown above to various banks.		

26. Segment Reporting:

The Company operates in a single reportable segment i.e. lending to members, who have similar risks and returns for the purpose of AS 17 on 'Segment Reporting' specified under section 133 of the Companies Act, 2013, read with Rule 7 of the The Companies (Accounts) Rules, 2014.The Company operates in a single geographical segment i.e. domestic. Hence, no additional disclosures are required under AS - 17.

27. Employee Benefits:

Gratuity

The Company 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 statement of profit and loss and the funded status and amounts recognised in the balance sheet for the Gratuity plans.

	Particulars	31 March 2015 (₹ In Lakhs)	31 March 2014 (₹ In Lakhs)
i)	**Table Showing changes in present value of Defined Benefit obligation:**		
	Present value of defined benefit obligations as at beginning of the year	778.09	596.75
	Interest cost	62.09	53.54
	Current service cost	281.59	183.07
	Benefit Paid	3.87	3.78
	Acturial (gain)/ loss on obligations	207.12	(51.49)
	Present value of defined benefit obligations as at end of the year	1,325.02	778.09
ii)	**Table showing fair value of plan assets:**		
	Fair value of plan assets at beginning of the year	481.12	260.97
	Expected return on plan assets	43.30	22.83
	Contributions	198.34	198.72
	Benefits Paid	3.87	3.78
	Actuarial gain/ (loss) on plan assets	1.41	2.38
	Fair value of plan assets at end of the year	720.30	481.12
iii)	**Actuarial (Gain)/Loss recognised:**		
	Actuarial (gain)/loss on obligations	207.12	(51.49)
	Actuarial (gain)/loss for the year -Plan assets.	(1.41)	(2.38)
	Actuarial (gain)/loss recognised in the year	205.71	(53.87)
iv)	**The amounts to be recognised in the Balance Sheet**		
	Present value of obligations at the end of the year	1,325.02	778.09
	Fair value of plan assets at the end of the year	720.30	481.12
	Net liability recognised in balance sheet	604.72	296.97
v)	**Expenses Recognised in statement of Profit and Loss:**		
	Current Service Cost	281.59	183.07
	Interest Cost	62.09	53.54
	Expected return on Plan assets.	43.30	22.83
	Net Actuarial (gain)/loss recognised in the year	205.71	(53.87)
	Expenses recognised in statement of profit and loss	506.09	159.91
	Actual return on plan assets	44.71	25.21
vi)	**The Principal assumptions used in the actuarial valuation are shown below :**		
	Discount Rate	8.0%	9.0%
	Salary Escalation	8.0%	8.0%
	Withdrawal Rate	6.8% p.a	5% p.a
	Expected rate of return on assets	9.0%	8.75%

vii) Amounts for the current and previous four years are as follows:

Particulars	As on 31st March, 2015	As on 31st March, 2014	As on 31st March, 2013	As on 31st March, 2012	As on 31st March, 2011
Defined Benefit Obligations	1,325.02	778.09	596.75	249.96	125.68
Plan Assets	720.30	481.12	260.97	150.60	92.46
Surplus/(Deficit)	(604.72)	(296.97)	(335.78)	(99.36)	(33.22)
Experience adjustments on plan liabilities [(Gain)/Loss]	(6.75)	53.15	100.22	16.59	11.96
Experience adjustments on plan assets [Gain/(Loss)]	0.21	0.42	4.91	2.83	-

viii) The Major categories of Plan Assets as a percentage of the fair value of Total Plan Asset are as follows:

Particulars	31 March 2015	31 March 2014
Insurance Managed Fund	100%	100%

ix) Amount incurred as expense for defined contribution to Provident Fund is ₹ 1041.99 lakhs /- (Previous Year: ₹ 871.04 lakhs)

x) The estimates of future salary increases considered in actuarial valuation, takes account of inflation, seniority and other relevent factors,such as supply and demand in the employment market.

xi) The company expects to contribute ₹ 200.00 lakhs (Previous Year: ₹ 100.00 lakhs) to gratuity fund in 2015-16.

xii) The overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

28. Capital Commitments

Estimated amounts of contracts remaining to be executed on capital account (net of capital advances) and not provided:

Particulars	31 March 2015 (₹ In Lakhs)	31 March 2014 (₹ In Lakhs)
For construction of fixed assets	-	325.83

29. Related parties

A. Names of related parties and nature of relationship

Entities	Nature of relationship
Bandhan - Konnagar - a Society (Upto 12th September,2014)	Entity where key management personnel exercise significant influence i.e. Chairman and Managing Director is Secretary in the society
Bandhan Creation Private Limited	Entity where key management personnel exercise significant influence i.e. Chairman and Managing Director is Director in the company
Bandhan Bank Limited :	Subsidiary Company
Bandhan Financial Holdings Limited	Subsidiary Company
Key Management Personnel	
Mr. Chandra Shekhar Ghosh	Chairman and Managing Director
Mr. Sunil Samdani	Chief Financial Officer
Mr. Indranil Banerjee	Company Secretary
Relative of Key Management Personnel	
Mr. Dibakar Ghosh	Brother of Chairman and Managing Director
Mr. Vaskar Ghosh	Brother of Chairman and Managing Director

B. Nature of transactions

Particulares	31 March 2015		31 March 2014	
	(₹ In Lakhs)	(₹ In Lakhs)	(₹ In Lakhs)	(₹ In Lakhs)
	Transction Value	Balance Outstanding	Transction Value	Balance Outstanding
(i) Bandhan - Konnagar :				
Expenses paid /Payable				
Rent	196.81	-	335.90	-
Office Management	0.55	-	1.11	0.11
Staff Training	573.56	-	447.33	99.28
Reimbursement of Electricity Expenses	-	-	4.86	-
Donations	919.50	-	1,417.31	1,417.31
Total	**1690.42**	**-**	**2,206.51**	**1,516.70**
(ii) Bandhan Bank Limited :				
Reimbursement of expenses on behalf of Bandhan Bank Ltd.	3,329.23	1,146.11	-	-
Rent	0.30	-	-	-
Total	**3,329.53**	**1,146.11**	**-**	**-**
(iii) Bandhan Financial Holdings Limited				
Investment in Bandhan Financial Holdings Ltd.	50,399.25	-	-	-
Reimbursement of expenses on behalf of Bandhan Financial	250.07	-	-	-
Rent	0.30	-	-	-
Total	**50,649.62**	**-**	**-**	**-**
(iv) Key Management Personnel				
Remuneration and other allowance*	119.09	8.25	79.94	3.81
Total	**119.09**	**8.25**	**79.94**	**3.81**
(v) Relative of Key Management Personnel				
Remuneration and other allowance*	46.66	2.72	32.60	1.86
Total	**46.66**	**2.72**	**32.60**	**1.86**
Total (i + ii + iii + iv + v)	**55,835.32**	**1,157.08**	**2,319.05**	**1,522.37**

*As the future liability for gratuity and leave has been provided for the company as a whole, the amount pertaining to the Key Management Personnel are separately not ascertainable, and therefore not included above.

30. Leases

Head office and branch office premises are obtained on operating lease.The Branch office premises are generally rented on cancellable term for less than twelve months with no escalation clause and renewable at the option of the company. However, the head office premise has been obtained for a period of 10 years on the non cancellable lease term of three years with an escalation clause of 15% after every three years. Lease payments during the year are charged in the statement of profit & loss.

Description	31 March 2015	31 March 2014
	(₹ In Lakhs)	(₹ In Lakhs)
Operating lease payments recognised during the year	1,745.79	1,560.81
Minimum lease obligation		
Not later than one year	377.47	382.98
later than one year but not later than five years	1,969.85	1,901.47
Later than five years	-	445.85

31. Expenditure in foreign currency (on accrual basis)

Description	31 March 2015	31 March 2014
	(₹ In Lakhs)	(₹ In Lakhs)
Travelling expenses	2.50	0.98

The company has no unheged foreign currency exposure as on March 31, 2015

32. Additional disclosures pursuant to the Reserve Bank Directions vide :

A) Circular no. DNBS (PD) CC.No.300 /03.10.038/2012-13 dated August 03 , 2012

i) Computation of aggregate margin cap as on March 31, 2015 :	31 March 2015 (₹ In Lakhs)	31 March 2014 (₹ In Lakhs)
a) Average Interest charged by the Company on advances (%)	22.26	22.62
b) Average Interest cost of borrowings of the Company (%)	12.30	12.13
c) Margin Cap (a-b) (%)	9.96	10.49

ii) Exposure to Gold Loan

The Company has no exposure to Gold Loan directly or indirectly.

B) Circular no. RBI/2014-15/299, DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014

List of disclosure partaining to captioned circular

Particulars	Remarks
1. Capital to Risk (Weighted) Assets Ratio	Refer Note No. 32.(C)
2. Investments	Refer Note No. 32.(D)
3. Derivatives i) Forward Rate Agreement / Interest Rate Swap ii) Exchange Traded Interest Rate (IR) Derivatives iii) Disclosures on Risk Exposure in Derivatives iv) Forward rate agreement/interest rate swap	The Company has not entered into any derivatitive transctions in the current and previous years.
4. Disclosures relating to Securitisation	
i) Information duly certified by the SPV's auditors obtained by the originating NBFC from the SPV.	Refer Note No. 32.(E)
ii) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction	The Company has not sold financial assets to securitisation or reconstruction company for assets reconstruction during the current year.
iii) Details of Assignment transactions undertaken by NBFCs	Refer Note No. 32.(F)
5. Details of non-performing financial assets purchased / sold i) Details of non-performing financial assets purchased : ii) Details of Non-performing Financial Assets sold :	The Company has not purchased / sold non-performing financial assets.
6. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities	Refer Note No. 32.(G)
7. Exposures	
i) Exposure to Real Estate Sector	The Company has no exposure to real estate directly or indirectly.
ii) Exposure to Capital Market	The Company has no exposure to capital market directly or indirectly.

8. Details of financing of parent company products :	
i) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC	Refer Note No. 32.(H)
ii) Unsecured Advances	Refer Note No. 32.(I)
9. Miscellaneous	
i) Registration obtained from other financial sector regulators	Refer Note No. 32.(J)
ii) Disclosure of Penalties imposed by RBI and other regulators	No Panalties were imposed by RBI and other regulators during the current and previous year.
iii) Related Party Transactions	Refer Note No. 29.
iv) Ratings assigned by credit rating agencies and migration of ratings during the year	Refer Note No. 32.(K)
v) Remuneration of Directors	Refer Note No. 29B(iv)
vi) Net Profit or Loss for the period, prior period items and changes in accounting policies	Refer Note No.2.1
vii) Revenue Recognition	Refer Note No. 2.1(H.)
10. Additional Disclosures	
i) Provisions and Contingencies	Refer Note No. 32.(L)
ii) Draw Down from Reserves	Refer Note No. 4.(B.)
iii) Concentration of Deposits, Advances, Exposures and NPAs	
a) Concentration of Deposits (for deposit taking NBFCs)	This disclosure is not applicable as the Company is non deposit taking NBFC-MFI company
b) Concentration of Advances	Refer Note No. 32.(M)
c) Concentration of Exposure	Refer Note No. 32.(N)
d) Concentration of NPAs	Refer Note No. 32.(O)
e) Sector-wise NPAs	Refer Note No. 32.(P)
f) Movement of NPAs	Refer Note No. 32.(Q)
iv) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	The company has no exposure or transction with overseas assets.
v) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	The company has no exposure or transction with reference to mentioned disclosure.
11. Disclosure of Complaints	Refer Note No. 32.(R)

C) Capital to Risk-Assets ratio (CRAR)

	Particulars	31 March 2015 (₹ In Lakhs)	31 March 2014 (₹ In Lakhs)
i)	CRAR (%)	16.92	20.47
ii)	CRAR - Tier I capital (%)	14.12	19.14
iii)	CRAR - Tier II capital (%)	2.80	1.33
iv)	Amount of subordinated debt raised as Tier - II Capital	16,000	-
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

D) Investment

Particulars	31 March 2015 (₹ In Lakhs)	31 March 2014 (₹ In Lakhs)
1) Value of Investments		
i) Gross Value of Investments		
a) In India	50,419	20
b) Outside India	-	-
ii) Provisions for Depreciation		
a) In India	-	-
b) Outside India	-	-
iii) Net Value of Investments		
a) In India	50,419	20
b) Outside India	-	-
2) Movement of provisions held towards depreciation on investments.		
i) Opening balance	-	-
ii) Add : Provisions made during the year	-	-
iii) Less : Write-off / write-back of excess provisions during the year	-	-
iv) Closing balance	-	-

E) The followings figures are being reported based on certificate issued by the auditors of the SPV

Particulars	31 March 2015* (₹ In Lakhs)	31 March 2014 (₹ In Lakhs)
1 No of SPVs sponsored by the NBFC for securitisation transactions	-	2
2 Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	-	15,284.78
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet		
a) Off-balance sheet exposures		
• First loss	-	-
• Others	-	-
b) On-balance sheet exposures		
• First loss	-	1,850.42
• Others	-	-
4 Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
• First loss	-	-
• Others	-	-
ii) Exposure to third party securitisations		
• First loss	-	-
• Others	-	-
b) On-balance sheet exposures		-
i) Exposure to own securitisations		
• First loss	-	-
• Others	-	-
ii) Exposure to third party securitisations		
• First loss	-	-
• Others	-	-

*No transaction of securitisation during the year.

F) Details of Assignment transactions

Particulars	31 March 2015 (₹ In Lakhs)	31 March 2014 (₹ In Lakhs)
i) No. of accounts	14,57,606	1,46,427
ii) Aggregate value (net of provisions) of accounts sold	1,58,367.00	19,000.00
iii) Aggregate consideration	1,58,367.00	19,000.00
iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
v) Aggregate gain / loss over net book value	-	-

G) Maturity pattern of certain items of assets and liabilities (₹ In Lakhs)

Particulars	Up to 30/31 days	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings	13,333.00	20,020.00	61,640.00	1,09,974.00	2,05,212.32	4,04,496.87	19,162.00	16,000.00	**8,49,838.19**
	(10,259.00)	(13,498.00)	(33,749.00)	(65,948.52)	(1,41,779.00)	(2,60,328.63)	(6,904.00)	(10,000.00)	**(5,42,466.15)**
Total	**13,333.00**	**20,020.00**	**61,640.00**	**1,09,974.00**	**2,05,212.32**	**4,04,496.87**	**19,162.00**	**16,000.00**	**8,49,838.19**
	(10,259.00)	**(13,498.00)**	**(33,749.00)**	**(65,948.52)**	**(1,41,779.00)**	**(2,60,328.63)**	**(6,904.00)**	**(10,000.00)**	**(5,42,466.15)**
Assets									
Advances	81,448.00	90,102.00	92,870.00	2,52,906.29	2,06,509.00	1,03,685.00	5.38	-	**8,27,525.67**
	(69,516.00)	(69,072.00)	(61,659.00)	(1,70,770.00)	(1,61,585.52)	(44,929.56)	1.00	-	**(5,77,531.08)**
Investment	-	-	-	-	-	-	-	50,419.25	**50,419.25**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(20.00)	**(20.00)**
Total	**81,448.00**	**90,102.00**	**92,870.00**	**2,52,906.29**	**2,06,509.00**	**1,03,685.00**	**5.38**	**50,419.25**	**8,77,944.92**
	(69,516.00)	**(69,072.00)**	**(61,659.00)**	**(1,70,770.00)**	**(1,61,585.52)**	**(44,929.56)**	**1.00**	**(20.00)**	**(5,77,551.08)**

The above Assets Liability Management has been prepared on the basis of certain assumptions and estimates by the management and relied upon by the auditors.

H) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

Particulars	31 March 2015 (₹ In Lakhs)	31 March 2014 (₹ In Lakhs)
Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Company	-	-

I) Unsecured Advances

Particulars	31 March 2015 (₹ In Lakhs)	31 March 2014 (₹ In Lakhs)
Portfolio loans	8,27,465.13	5,77,473.28

J) Registration obtained from other financial sector regulators :

The company is registered with followings other financial sector regulator(Financial Regulator as described by Ministry of Finance

i. Ministry of Corporate Affairs
ii. Ministry of Finance (Financial Intelligence Unit)
iii. Pension Fund Regulatory and Development Authority

K) Ratings assigned by credit rating agencies and migration of ratings during the year:

A Credit rating agency had assigned a grading of 'MFI 1' (MFI One) to the company on 25th April, 2014, MFI 1 being the highest and MFI 5 being the lowest.

L) Provisions and Contingencies

Break up of Provisions and Contingencies shown under the head Expenditure in Profit and Loss Account	31 March 2015 (₹ In Lakhs)	31 March 2014 (₹ In Lakhs)
i) Provisions for depreciation on Investment	-	-
ii) Provision towards NPA	100.92	(118.69)
iii) Provision made towards Income tax	26,099.23	11,770.69
iv) Other Provision and Contingencies (withdetails)		
a) Provision for Gratuity	506.09	159.91
b) Provision for Leave Benefit	794.87	447.01
c) Others	56.94	13.71
v) Provision for Standard Assets (Refer note 2.1(Q))	(829.12)	4,578.37

M) Concentration of Advances

Particulars	31 March 2015 (₹ In Lakhs)
Total advances to twenty largest borrowers	74.75
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.01%

N) Concentration of Exposures

Particulars	31 March 2015 (₹ In Lakhs)
Total Exposure to twenty largest borrowers /customers	74.75
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	0.01%

O) Concentration of NPA's

Particulars	31 March 2015 (₹ In Lakhs)
Total Exposure to top four NPA accounts	6.42

P) Sector-wise NPAs

Sector	31 March 2015 Percentage of NPAs to total advances in that sector
i) Agriculture & allied activities	0.04%
ii) MSME	0.09%
iii) Corporate borrowers	-
iv) Services	0.05%
v) Unsecured personal loans	0.01%
vi) Auto loans	0.01%
vii) Other personal loans	-

Q) Movement of NPAs

Particulars	31 March 2015	31 March 2014
	Percentage	Percentage
i) Net NPAs to Net Advances (%)	0.01%	0.01%
ii) Movement of Net NPAs (Gross)		
a) Opening balance	413.60	561.37
b) Additions during the year	676.05	633.02
c) Reductions during the year	553.74	780.79
d) Closing balance	535.91	413.60
iii) Movement of Net NPAs		
a) Opening balance	66.91	214.68
b) Additions during the year	101.23	79.50
c) Reductions during the year	79.84	227.27
d) Closing balance	88.30	66.91
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	346.69	346.69
b) Provisions made during the year	574.82	553.52
c) Write-off / write-back of excess provisions	473.90	553.52
d) Closing balance	447.61	346.69

R) Disclosure of Complaints

Particulars	31 March 2015
i) No. of complaints pending at the beginning of the year	Nil
ii) No. of complaints received during the year	6
iii) No. of complaints redressed during the year	6
iv) No. of complaints pending at the end of the year	Nil

The above does not include complaints received for denial of loans.

33. Disclosure of Micro and Small Enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

For the year ended March 31, 2015, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

34. "In-principle" approval to the company, to set up banks under the Guidelines on Licensing of New Banks in the Private Sector

The Reserve Bank of India (RBI) on 2nd April, 2014 granted "in-principle" approval to the company, to set up banks under the Guidelines on Licensing of New Banks in the Private Sector issued on February 22, 2013 (Guidelines).

The "in-principle" approval granted will be valid for a period of 18 months during which the company has to comply with the requirements under the Guidelines and fulfill the other conditions as may be stipulated by the RBI. On being satisfied that the company has complied with the requisite conditions laid down by the RBI as part of "in-principle" approval, the company would be considered for grant of a license for commencement of banking business under Section 22(1) of the Banking Regulation Act, 1949. Until a regular license is issued, the applicants would be barred from doing banking business.

35. Consequent to the in-principle approval for banking license received from the Reserve Bank of India (RBI) and in accordance with the directions of the RBI, the Company has been granted 18 months' time to initiate banking operation. For this purpose, Company's assets and liabilities required for banking operations are intended to be transferred to the bank after receiving final banking license.

In keeping with the above, on a prudent basis, no deferred tax asset has been recognized in respect of provision for Standard Assets to the extent it is not expected to be realized in future but the provision had to be recognized to comply with relevant RBI norms during the year.

36. Prior year figures

The company has reclassified and regrouped previous year figures including those in brackets to conform to this year's classification.

For S.R. Batliboi & Co. LLP
Chartered Accountants
Firm Registration Number :- 301003E

For Bandhan Financial Services Limited

Per Bhaswar Sarkar
Partner
Membership Number : 55596

Chandra Shekhar Ghosh
Managing Director

Sisir Kumar Chakrabarti
Director

Place : Kolkata
Date : 30th May, 2015

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

BANDHAN FINANCIAL SERVICES LIMITED
(Formerly Bandhan Financial Services Private Limited)

Disclosure of details as required in terms of Paragraph 13 of systemically important Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

Schedule to the Balance Sheet of a non-deposit taking non-banking financial company (₹ in lakhs)

Sl. No.	Particulars	Amount outstanding as at 31st March, 2015	Amount overdue as at 31st March, 2015
	Liabilities side:		
1	**Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:**		
(a)	Debentures		
	- Secured	16,000.00	-
	- Unsecured (other than falling within the meaning of public deposits)	16,000.00	-
(b)	Deferred Credits	-	-
(c)	Term Loans	8,17,838.19	-
(d)	Inter-Corporate Loans and Borrowing	-	-
(e)	Commercial Paper	-	-
(f)	Cash Credit from Banks	-	-

Sl. No.	Particulars	Amount outstanding as at 31st March, 2015
	Assets side:	
2	**Break-up of Loans and Advances, including bills receivables (other than those included in (4) below**	
(a)	Secured	60.54
(b)	Unsecured	8,27,465.13

Sl. No.	Particulars	Amount outstanding as at 31st March, 2015
3	**Break-up of Leased Assets and Stock on Hire and hypothecation loans counting towards AFC activities**	
(i)	Lease Assets including Lease Rentals under Sundry Debtors	
	(a) Financial lease	-
	(b) Operating lease	-
(ii)	Stock on Hire including Hire Charges under Sundry Debtors	
	(a) Assets on hire	-
	(b) Repossessed assets	-
(iii)	Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	-
	(b) Loans other than above	-
4	**Break-up of Investments**	
	Current Investments	
(i)	Quoted	
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
(ii)	Unquoted	
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
	Long Term Investments	
(i)	Quoted	
	(i) Shares (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
(ii)	Unquoted	
	(i) Shares (a) Equity	50,419.25
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-

5	Borrower group-wise Classification of all leased assets, stock-on-hire and loans and advances			
	Category	**Secured**	**Unsecured**	**Total as at 31st March, 2014**
(i)	Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
(ii)	Other than Related Parties	60.54	8,27,465.13	8,27,525.67
	Total	**60.54**	**8,27,465.13**	**8,27,525.67**

6	Investor group-wise Classification of all investments (current and long term) in shares and securities (both quoted and unquoted)		
	Category	**Market Value / Break up or Fair Value or NAV as at 31st March, 2015**	**Book Value (Net of Provisions) as at 31st March, 2015**
(i)	Related Parties		
	(a) Subsidiaries	50,399.25	50,399.25
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
(ii)	Other than Related Parties	20.00	20.00
	Total	**50,419.25**	**50,419.25**

7	Other information	
	Particulars	**Total as at 31st March, 2014**
(i)	Gross Non-Performing Assets	
	(a) Related parties	-
	(b) Other than Related parties	535.91
(ii)	Net Non-Performing Assets	
	(a) Related parties	-
	(b) Other than Related parties	88.30
(iii)	Assets acquired in satisfaction of debt	-

Place : Kolkata
Date : 30th May, 2015

For and on behalf of the Board

Chandra Shekhar Ghosh
Managing Director

Sisir Kumar Chakrabarti
Director

Indranil Banerjee
Company Secretary

Sunil Samdani
Chief Financial Officer

FINANCIAL INDEBTEDNESS

As on December 31, 2017, the outstanding amount under the borrowings of our Bank was ₹ 13,306.94 million.

As on the date of filing this Prospectus, our Bank has certain borrowings, and all such borrowings were transferred from BFSL to our Bank pursuant to the Business Transfer Agreement.

Details of the aggregate borrowings of our Bank are set forth below:

Category of borrowing	Sanctioned amount (in ₹ million)	Outstanding amount as on December 31, 2017 (in ₹ million)
Term loans		
From banks	9,000.00	1,456.61
From institutions and agencies	7,000.00	2,166.67
Others		
*Non-convertible debentures ("**NCDs**")**	1,600.00	1,600.00
From institutions and agencies	8,083.66	8,083.66
Total	**25,683.66**	**13,306.94**

**The non-convertible debentures issued by our Bank are listed on BSE.*

For details in relation to financial indebtedness of our Bank, see "*Financial Statements*" beginning on page 197.

Principal terms of the borrowings availed by our Bank

The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by our Bank.

1. *Interest:*

   In terms of the term loan facilities availed by us, the interest rate is decided by the lenders and mutually agreed by our Bank. The interest rate typically ranges from 9.30% to 10.25%. The NCDs carry a coupon rate of 14.536%.

2. *Tenor:*

   The tenor of the term loan facilities availed by us typically ranges from three to four years. The tenor of the NCDs is seven years from the deemed date of allotment of such NCDs.

3. *Security:*

   In terms of our borrowings where security needs to be created, we are typically required to create charge by way of hypothecation on the book debts of our Bank. The NCDs are unsecured.

4. *Repayment:*

   The repayment period of term loan facilities typically is on a quarterly/ half yearly basis, after a moratorium typically of six months from the date of disbursement. In the event of a pre-payment, our Bank may be subjected to certain pre-payment penalties as levied by our lenders, which is typically 2% of the prepayment amount.

5. *Covenants:*

   The covenants under our borrowings include:

   a) Submission of copy of returns filed with RBI and submission of audited financial statements for the financial year;

   b) Intimate the lenders about occurrence of events which are likely to have substantial effect on the profit or business of our Bank;

   c) Obtain prior consent for formulation of any scheme of amalgamation or reconstruction;

   d) Obtain prior consent or intimate the lenders about change in capital structure;

e) Monitor compliance with financial covenants;

f) Obtain prior written consent of the original debenture holders for entering into transactions which are other than in the ordinary course of business on ordinary commercial terms and on arm's length basis;

g) Obtain relevant instructions as regards declaration and payment of dividends, unless payments are out of net income of the relevant financial year; and

h) Obtain relevant instructions for undertaking mergers, spin-off, consolidation or re-organisation or sell, transfer, lease or dispose of all or substantial part of our Bank's assets.

6. *Events of default:*

The events of default under our borrowings include:

a) failure to pay amounts on the due date;

b) any material adverse effect which would have an effect on our ability to repay the facilities availed;

c) suspension or cessation of business;

d) direct or indirect change in control of our Bank, without obtaining relevant instructions; and

e) downgrading of NCDs as specified under the terms of the NCDs.

The above is an indicative list and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by our Bank.

7. *Consequences of occurrence of events of default:*

The consequences of occurrence of events of default under our borrowings include:

a) withdrawal or cancellation of the sanctioned facilities;

b) seek immediate repayment of all or part of the outstanding amounts under the respective facilities;

c) initiation of legal proceedings for recovery of dues by the lenders;

d) right to appoint a nominee director on our Board in the event of two consecutive defaults in payment of interest to the debenture holders and default in redemption of the NCDs; and

e) redemption of all outstanding NCDs in accordance with the terms of the debenture trust deed.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our Restated Summary Statements for the years ended March 31, 2017, 2016 and 2015, the half years ended September 30, *2017, March 31, 2017,* September 30, *2016 and March 31, 2016 and the nine months ended December 31, 2017 and 2016 included in this Prospectus. Please also refer to the section "Selected Statistical Information" included in this Prospectus.*

*We prepare our Restated Summary Statements in accordance with Indian GAAP as applicable to banks, and restated in accordance with the SEBI (ICDR) Regulations. Our financial statements reflect applicable statutory requirements and regulatory guidelines and accounting practices in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Paragraph 7 of the Companies (Accounts) Rules, 2014, and Companies (Accounting Standards) Amendment Rules, 2016, in so far as they apply, and guidelines issued by the Reserve Bank of India ("**RBI**").*

The Restated half yearly Summary Statements were approved by the Board of Directors and an examination report issued by the auditors on November 22, 2017 for the purpose of their inclusion in the Draft Red Herring Prospectus. There have been no changes in the significant accounting policies or practices in the subsequent period to date. The Restated half yearly Summary Statements are included in this Prospectus also to provide detailed financial data for the understanding of the Bank's financial performance.

Our fiscal year ends on 31 March of each year. Accordingly, all references to a particular fiscal year are to the 12-month period ended on 31 March of that year. Unless otherwise specified, all information regarding cost, yield and average balances is based on the monthly average of our balances outstanding during the relevant period. Unless otherwise stated, figures in this section have not been annualised.

Our company was incorporated on December 23, 2014, however we did not begin operations until August 23, 2015 when BFSL transferred its entire microfinance business to us and we simultaneously launched our commercial and banking operations. As a result, our financial statements for Fiscal Year 2015 do not reflect any operating activities and our financial statements for Fiscal Year 2016 reflect only roughly seven months of operations. Accordingly, our full year financial statements for Fiscal Years 2015, 2016 and 2017 have limited value for comparative purposes.

References herein to "we", "our" and "us" are to Bandhan Bank Limited and, as the context may require, the microfinance business that BFSL transferred to Bandhan Bank Limited. This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under "Forward-Looking Statements" beginning on page 15, "Risk Factors" on page 16 and elsewhere in this Prospectus. Certain portions of the following discussion include information publicly available from the RBI and other sources.

Overview

We are a commercial bank focused on serving underbanked and underpenetrated markets in India. We have a banking license that permits us to provide banking services pan-India across customer segments. We currently offer a variety of asset and liability products and services designed for micro banking and general banking, as well as other banking products and services to generate non-interest income.

We were incorporated on December 23, 2014 and began operations on August 23, 2015 when Bandhan Financial Services Limited ("**BFSL**"), our ultimate parent company, transferred its entire microfinance business to us and we simultaneously commenced general banking activities. Bandhan Konnagar was formed in 2001 as a non-governmental organisation ("**NGO**") providing microfinance services to socially and economically disadvantaged women in rural West Bengal. BFSL started its microfinance business in 2006 and the NGO transferred its microfinance business to BFSL in 2009 and thereby the entire microfinance business was undertaken by BFSL. By the time BFSL transferred its microfinance business to us, it was India's largest microfinance company by number of customers and size of loan portfolio. We believe that the "Bandhan" brand is instrumental to our success.

Our strength lies in microfinance, including a network of 2,022 doorstep service centres ("**DSCs**") and 6.77 million micro loan customers that BFSL transferred to us, which we have grown to 2,633 DSCs and over 9.86 million micro loan customers as of December 31, 2017. To complement our micro loan business, since obtaining our banking license we have also focused particularly on creating a strong general banking business. To this end, we launched our general banking business on August 23, 2015 by opening a greenfield network of 501 bank branches and 50 automated teller machines ("**ATMs**"), which as of December 31, 2017 we have grown to 887 bank branches and 430 ATMs, together serving over 2.13 million general banking customers. Our distribution network is particularly strong in East and Northeast India, with West Bengal, Assam and Bihar together accounting for 56.37% and 57.58% of our branches and DSCs, respectively, though our focus is to expand across

India.

We currently offer a variety of asset and liability products and services designed for micro banking and general banking. Our asset products consist of retail loans including a substantial portfolio of micro loans, as well as micro, small and medium enterprise ("**SME**") loans and small enterprise loans. As of December 31, 2017, 96.49% of our Gross Advances were in priority sector lending ("**PSL**") compliant with the Reserve Bank of India ("**RBI's**") PSL requirements. Our liability products consist of savings accounts, current accounts and a variety of fixed deposit accounts. Since beginning banking operations, we have built a strong base of current account and savings account deposits, which together stood at ₹84,018.45 million as of December 31, 2017, a CASA ratio of 33.22%. We believe that our CASA ratio provides us a stable source of low-cost funding, allowing us to provide cost-effective loans to our target customer base. Moreover, as of December 31, 2017, our retail-to-total deposit ratio stood at 85.07%.

In addition to our loan and deposit products, we also offer other banking products and services to generate non-interest income and cater towards the additional needs of our customers. These products and services include debit cards, internet banking, mobile banking, EDC-POS terminals, online bill payment services and the distribution of third-party general insurance products and mutual fund products. In addition, because our PSL portfolio significantly exceeds the RBI's PSL requirements, we generate PSL certificates that we are able to sell to other banks, providing us with an additional stream of non-interest income.

As of December 31, 2017, our deposits and Gross Advances (including IBPC/Assignment) stood at ₹252,939.56 million and ₹243,643.89 million, respectively. For the nine months ended December 31, 2017 and 2016, we had net interest margins ("**NIMs**") of 9.86% and 10.34%, return on equity ("**RoE**") of 25.55% and 27.88% and return on assets ("**RoA**") of 4.07% and 4.39%, respectively (each on an annualised basis). For FY 2017 and FY 2016, we had Total Income of ₹43,201.23 million and ₹17,312.54 million and profit after tax as restated of ₹11,119.52 million and ₹2,752.47 million, respectively. As we only began operations on August 23, 2015, figures for FY 2016 include our micro banking and general banking operations only for the period from August 23, 2015 to March 31, 2016, and accordingly, our FY 2016 financial statements are not comparable with our FY 2017 financial statements. Our unsecured subordinated non-convertible debenture instruments were rated CARE AA- (Stable) by Care Ratings Limited and AA-(positive) by ICRA. Our rating for term loans are rated AA- (Positive) and our certificates of deposit are rated A1+ by ICRA.

Factors Affecting our Results of Operations

Numerous factors affect our results of operations and financial condition. The following factors are of particular importance:

Sources and cost of funding

Our primary source of funding is customer deposits, which consist of current account deposits, savings bank account deposits and term deposits. 90.94%, 93.20%, 90.07%, 89.17%, 86.74% and 73.61% of our liabilities were attributable to customer deposits as of December 31, 2017, September 30, 2017, March 31, 2017, December 31, 2016, September 30, 2016 and March 31, 2016, respectively. We rely on deposits, as opposed to subordinated debt instruments or other sources of funding, primarily because deposits are a cheaper source of funding. Within deposits, we focus on attracting current accounts and savings accounts, which tend to be the cheapest sources of funding available to banks, as well as retail term deposits (as opposed to wholesale term deposits), as retail term deposits tend to be more likely to be rolled over, and hence provide relative stability.

Prior to becoming a bank, our micro loan portfolio was primarily funded through bank borrowings. Our ability to replace bank borrowings with customer deposits in order to fund our loans has allowed us to reduce our cost of funds and, accordingly, to decrease the interest rates that we charge our micro loan customers. However, despite the reduction in interest rates that we charge, we have been able to maintain healthy net interest margins.

The following table sets forth certain data regarding our cost of funds, yields, interest spread and net interest margin for the periods indicated:

	Half-year ended				Nine months ended	
	March 31, 2016	**September 30, 2016**	**March 31, 2017**	**September 30, 2017**	**December 31, 2016**	**December 31, 2017**
Yield(1)	9.15%	8.54%	8.45%	7.94%	12.87%	11.83%
Cost of funds(2)	4.51%	4.13%	3.81%	3.61%	6.10%	5.43%
Interest spread(3)	4.64%	4.42%	4.64%	4.33%	6.77%	6.40%
Net interest margin(4)	5.58%	5.21%	5.23%	5.02%	7.79%	7.43%

Note: the figures in this table have not been annualised. Accordingly, they represent our yield, cost of funds, interest spread and net interest margins for less than full financial years, and may not be comparable with similar measures reported by other banks, NBFCs or MFIs in India.

(1) "Yield" is defined as the Bank's interest income divided by its average interest-earning assets. On an annualised basis our yield for the nine months ended December 31, 2017 and 2016, and the half years ended September 30, 2017, March 31, 2017, September 30, 2016 and March 31, 2016 would be 15.70%, 17.08%, 15.84%, 16.94%, 17.04% and 18.36%, respectively.

(2) "Cost of funds" is defined as the Bank's total interest expended divided by its average interest-bearing liabilities. On an annualised basis our cost of funds for the nine months ended December 31, 2017 and 2016 and the half years ended September 30, 2017, March 31, 2017, September 30, 2016 and March 31, 2016 would be 7.21%, 8.09%, 7.20%, 7.64%, 8.23% and 9.05%, respectively.

(3) "Interest spread" is defined as Yield minus Cost of funds. On an annualised basis our interest spread for the nine months ended December 31, 2017 and 2016 and the half years ended September 30, 2017, March 31, 2017, September 30, 2016 and March 31, 2016 would be 8.49%, 8.99%, 8.64%, 9.31%, 8.81% and 9.30%, respectively.

(4) Net interest margin is defined as Net Interest Income divided by its average interest-earning assets. On an annualised basis our net interest margins for the nine months ended December 31, 2017 and 2016 and the half years ended September 30, 2017, March 31, 2017, September 30, 2016 and March 31, 2016 would be 9.86%, 10.34%, 10.01%, 10.49%, 10.39% and 11.20%, respectively.

To continue to source low-cost funding through customer deposits, we must, among other things, optimize our branch network, increase brand recall and develop products and services to distinguish ourselves in an increasingly competitive industry. However, increasing customer sophistication, competition for funding, any sharp increase in prevailing interest rates and changes to the RBI's liquidity and reserve requirements may increase the rates that we pay on our deposits.

As of December 31, 2017, September 30, 2017, March 31, 2017, December 31, 2016, September 30, 2016 and March 31, 2016, we had total deposits of ₹252,939.56 million, ₹254,421.70 million, ₹232,286.58 million, ₹194,633.13 million, ₹178,807.80 million and ₹120,887.48 million, respectively, and an advance-to-deposit ratio (calculated as gross advances (excluding IBPC/assignment) divided by deposits) of 91.46%, 76.54%, 72.60%, 83.49%, 92.13% and 102.96%, respectively.

India's macroeconomic environment

India is one of the fastest growing major economies in the world. Since 2013, India has implemented macroeconomic adjustments, particularly as it sought to reduce its fiscal deficit and current account deficit. Reflecting the government's efforts, Moody's Investors Services raised the country's sovereign rating for the first time since 2004, from Baa3 to Baa2 in November 2017. India's economic reforms continued in fiscal year 2017, which was marked by two major domestic policy developments, namely demonetisation of higher-denomination notes and the passage of a Constitutional amendment paving way for the implementation of a goods and services tax. According to the RBI's financial stability report, December 2016 reduced policy uncertainty and legislative reforms, such as the enactment of bankruptcy laws, are expected to reinforce the benefits from the strong macro fundamentals. However, the rising interest rate environment led by expectations of further rate increases by the U.S. Federal Reserve may result in capital outflows.

Meanwhile, as part of its reforms, the Ministry of Finance announced a ₹2.11 trillion capitalisation plan for Public Sector Banks ("**PSBs**") in October 2017. The funds will help the PSBs meet Basel III requirements and spur credit growth, with the capital to be injected over a period of two years through front-loaded recapitalisation bonds, budgetary support and sales of equity shares. According to CRISIL Research, recapitalisation will help PSBs accelerate provisioning for stressed assets, speed up the NPA resolution process and support the clean-up of balance sheets.

Based on data from the Central Statistical Office of India's Ministry of Statistics and Programme Implementation (the "**Central Statistical Office**"), India's GDP growth for fiscal year 2016 increased to 7.9% from 7.2% in fiscal year 2015, and gross value added ("**GVA**") for fiscal year 2016 increased to 7.8% from 6.9% for fiscal year 2015. CSO data depicts that this growth was led by increases in private consumption demand, even as capital formation remained weak. However, India's GDP growth slowed in fiscal year 2017 to 7.1% and GVA growth slowed to 6.7% for fiscal year 2017. On the positive side, implementation of salary increases for central government employees, based on the recommendations of the Seventh Central Pay Commission, helped to buoy the economy. Additionally, a strong monsoon season helped to increase agricultural production, also reducing food-based inflation. However, private investment remained weak in fiscal year 2017, and demonetisation seemed to have further added, albeit marginally, to slowdown in growth.

India has seen a decline in its inflation since fiscal year 2015, helped by tighter monetary policy, weak domestic demand and fiscal consolidation. The consumer price index ("**CPI**") inflation has fallen from a high of 6.0% in fiscal year 2015 to 4.9% in fiscal year 2016, despite another year of drought. Food inflation declined, aided by a slight increase in minimum support price for food grains and better food supply management by the government. Inflation fell further in fiscal year 2017, with CPI inflation of 4.5%, largely driven by a sharp decrease in food inflation due to the strong monsoon. Core CPI inflation has picked up to 4.7% in fiscal year 2017 as against 4.3% in fiscal year 2016. The deflationary effect was more pronounced in the wholesale price index ("**WPI**"), which decreased by 2.5% for fiscal year 2016 as compared to an increase of 2.0% in fiscal year 2015. WPI inflation increased in fiscal year 2017 due to reversal of favourable base effect and increases in oil and other commodity prices.

The Reserve Bank of India (RBI) had cut policy rates by 175bps since January 2015 due to steady fall in CPI inflation. However, in December 2016 monetary policy meeting, RBI's tone turned relatively hawkish and RBI changed its stance from accommodative to neutral in the February 2017 policy, premised on upside risk to inflation, limited transient growth drag owing to demonetisation and also global risks.

India has reduced its fiscal deficit over the past few years, as well as shifted expenditures away from current to capital expenditures. The fiscal deficit has come down from 4.1% of GDP in fiscal year 2015 to 3.5% in fiscal year 2017. In fiscal year 2017, the government was able to stick to the budgeted fiscal deficit target of 3.5% of GDP. This was helped by additional tax revenues and achievement of estimated non-tax revenues, despite a shortfall in spectrum auction receipts and higher-than- budgeted expenditure. In its budget presented on 1 February 2017, the government announced that the Fiscal Responsibility and Budget Management Committee has recommended 3% fiscal deficit for the next three years, keeping in mind the sustainable debt target and a need for public investment. The fiscal deficit for 2017-18 is targeted at 3.2% of GDP.

Tighter money market liquidity conditions were one of the impediments to transmission of policy rate cuts post 2015. Liquidity improved during the first half of fiscal year 2016, with average liquidity being in surplus between July and September, but it again deteriorated sharply in the second half of fiscal year 2016 and by March 31, 2016, the liquidity deficit was ₹3.02 trillion. In April 2016, RBI announced plans for a new liquidity framework to align liquidity conditions with accommodative monetary stance for smoother monetary policy transmission over the medium term. Liquidity eased towards surplus by the end of first half of fiscal year 2017, and demonetisation in November 2016 led to a significant increase in bank deposits and a surge in liquidity surplus.

The banking system liquidity stood at a surplus of ₹3.13 trillion as of March 31, 2017, as compared to a deficit of ₹3.02 trillion as of March 31, 2016. Furthermore, helped by easing policy rates and surplus liquidity, as well as global trends, Indian government bond yields softened in fiscal year 2017, with the benchmark 10-year paper rate standing at 6.68% to end the fiscal year, easing around 79bps from fiscal year 2016.

India has come a long way over the past few years in terms of external sector adjustments, with current account deficits decreasing and balance of payments increasing. Despite moderation in India's exports, India's current account deficit has contracted from US$ 88.2 billion (4.8% of GDP) in fiscal year 2013 to US$26.8 billion in fiscal year 2015 (1.3% of GDP) and further to USS$22.2 billion (1.1% of GDP) in fiscal year 2016. The trend has further continued with the current account deficit further narrowing to US$11.6 billion (0.7% of GDP) in the first nine months of fiscal year 2017. The balance of payment surplus has remained healthy owing to better foreign portfolio inflows and steady FDI flows. Foreign exchange reserves have risen to US$370 billion as of March 31, 2017 from US $356 billion as of March 31, 2016 and US $341.4 billion as of end- March 2015).

The Indian Rupee was largely resilient against the US dollar in fiscal year 2015, and depreciated marginally by an average of 1.1%. However, emerging market sell-offs following global uncertainty owing to the devaluation of the Chinese Yuan and changes in China's foreign exchange policy, as well as expectations of an interest rate increase by the US Federal Reserve, led the Rupee to decline against the US dollar overall for fiscal year 2016. In fiscal year 2017, a variety of factors, including India's improving macroeconomic fundamentals, the outcome of the US presidential election, foreign portfolio investment flows into India and the passage of India's GST bill, led to volatilities in the Rupee, particularly in the third and fourth quarters, with the Rupee ending fiscal year 2017 on a strong note. Rupee ended the fiscal year 2017 at 64.85, rallying by 4.7% in end March 2017 from end December 2016 and 2.2% from end March 2016. However, on an average, the Rupee depreciated 2.4% against US dollar in fiscal year 2017 from fiscal year 2016.

For further details, see "*Industry Overview*" beginning on page 88.

Performance of India's retail lending (including micro lending) sector

As a retail focused bank, we are impacted by the performance in India's retail banking sector. While Indian banks have faced deteriorating asset quality over the last several years, the retail lending sector has remained relatively resilient. In FY 2017, the retail segment recorded the lowest GNPAs of any lending segment according to CRISIL Research, with GNPAs in the retail segment of 2.2% as of March 31, 2017. Three developments in particular have impacted retail banks and micro lenders. Namely, demonetisation, loan waivers and the implementation of GST.

On 8 November 2016, the Government of India announced the demonetisation of all existing ₹500 and ₹1000 banknotes. As a result, the Reserve Bank of India has withdrawn all the then prevailing ₹500 and ₹1000 banknotes as legal tender effective from 9 November 2016. This policy was introduced to, among other reasons, (i) lower cash circulation in the country as a means of counteracting corruption, which is often directly cash-linked and, (ii) eliminate counterfeit money. The immediately ensuing impact of demonetisation was an increase in deposits as customers turned in the withdrawn currency. Over the longer term demonetisation has led to short-term liquidity difficulties for some borrowers, which has resulted in an increase in NPAs across the banking sector. While RBI had allowed short-term dispensation on recognition of certain NPAs during demonetisation, unlike many Indian banks we did not take advantage of this dispensation opportunity. As a result, our NPAs increased more sharply than they would have had we taken advantage of the RBI's dispensation allowance.

High debt amongst farmers has led a number of states, including Uttar Pradesh (our fourth largest market in terms of loan portfolio), to declare farm debt waivers. In addition to the direct impact of loan waivers on lenders, loan waivers have also led to a deterioration of credit discipline, as hopes of loan waivers in other states have led some borrowers in those states to stop repaying their loans. This indirect impact of loan waivers has contributed to an increase in NPAs even amongst lenders not directly impacted by loan waivers.

Additionally, the implementation of goods and services tax has led to teething problems for small traders and businesses as they transition their businesses to implement GST. As a result, some businesses have faced temporary disruptions in their payment cycles and liquidity positions, leading to an increase in NPAs for lenders.

We have not been immune to the effects of demonetisation, loan waivers and GST, with our Gross NPAs as a percentage of Gross Advances having increased from 0.15% as of March 31, 2016 to 1.67% as of December 31, 2017. However, these increases are in context of an overall deterioration in the Indian banking industry, and our overall asset quality remains strong, with our Gross NPAs as a percentage of Gross Advances at 1.67% as of December 31, 2017, standing below the average of 10.7% for scheduled commercial banks, 13.5% for public sector banks and 4.2% for private banks as of December 31, 2017, according to CRISIL Research.

Regulatory changes

The banking industry in India is subject to extensive regulation by governmental organizations and regulatory bodies such as the RBI and SEBI, which contributes to its relative stability during uncertain economic periods. These regulations cover various aspects such as loans and advances, investments, deposits, risk management, foreign investment, corporate governance and market conduct, customer protection, foreign exchange management, capital adequacy, margin requirements, know-your customer and anti-money laundering, and provisioning for NPAs. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented, which are intended to provide tighter control and more transparency in India's banking sector.

We believe that the regulatory environment for micro lending-focused banks is particularly favourable, as the Government of India is encouraging investments in this sector in order to promote greater financial inclusion. For example, the RBI prescribes required levels of lending to "priority sectors", such as agriculture, micro, small and medium enterprises. Also reflective of the positive regulatory environment is the RBI's award of small finance bank ("**SFB**") licenses to ten applicants in September 2015, of which eight were microfinance institutions.

See "*Risk Factors—Risks Relating to Regulation*".

Credit costs

We believe in adopting prudent provisioning policies in order to maintain a buffer against deterioration in asset quality. Accordingly, we have voluntarily adopted provisioning policies for our micro loans that are more conservative than the minimum standards imposed by the RBI. In particular, the RBI requires that banks make a minimum standard provision of 0.4% or 0.25% depending upon the type of advances. However, for our micro loans we make a standard provision of 1.0%, which is the minimum standard provision imposed by the RBI on MFIs. Moreover, we make provisions for non-performing micro loans higher than required under RBI policies, with 100% provisions once a loan remains non-performing and past the loan tenure for more than 30 days. We also make provisions for our micro loan portfolio, which are "secured" loans as per the RBI definition, as though they were unsecured.

Given our conservative approach to provisioning, although we have seen an increase in our NPAs since March 31, 2016, our Net NPAs to Net Advances remained low at 0.80% as of December 31, 2017. Our provisions and contingencies and credit costs (defined as provision for standard assets and NPAs and technical/prudential write off) have increased from ₹478.65 million and ₹478.65 million for the half year ended March 31, 2016, respectively and from ₹519.92 million and ₹473.64 million to ₹2,651.27 million and ₹2,287.89 million, respectively, for the nine months ended December 31, 2016, and 2017. However, these increases are in context of an overall deterioration in the Indian banking industry, and our overall asset quality remains strong, with our Gross NPAs as a percentage of Gross Advances at 1.67% as of December 31, 2017, standing below the average of 10.7% for scheduled commercial banks, 13.5% for public sector banks and 4.2% for private banks as of December 31, 2017, according to CRISIL Research.

Seasonality

We experience significant seasonality in our business, as demand by our customers for new micro loans is primarily concentrated during the third and fourth quarters of the fiscal year owing to agricultural conditions and other factors. Because of this demand, we typically disburse more micro loans during our third and fourth quarters than during our first and second quarters. Although we disburse non-micro loans more consistently throughout the year, the size of our micro loan book means that our portfolio on the whole nevertheless experiences seasonality. In particular, our loan portfolio typically grows primarily in the third and fourth quarters of our fiscal year, and then our loan portfolio often stays relatively flat over the first and second quarter of the following fiscal year, as the loans are repaid.

In the past, demand for IBPCs typically arose towards the end of the fiscal year, as banks tried to ensure compliance with the RBI's PSL requirements. Accordingly, our IBPC volumes have historically been higher as of March 31 of a given fiscal year than as of September 30 of the same fiscal year. Because we typically placed the funds from IBPCs with the RBI or other banks, or made short-term investments with them, we also experienced increased volumes of RBI and interbank lending, as well as increased volumes in our investment portfolio, as of the end of our fiscal years. Furthermore, we also collect principal amounts against the IBPC pools that we sell, before they become due for payment, and we record such pre-paid principal amounts under "other liabilities" in our statement of assets and liabilities. Accordingly, we typically have higher "other liabilities" whenever we have higher IBPC volumes, which is typically as of the end of our fiscal year. From FY 2017 onwards, the RBI made PSL compliance a quarterly requirement, rather than yearly, as a result of which we may no longer experience seasonal impacts arising from IBPC and PSLC timings.

Operating expenses

Given our "hub and spoke" model of linking each bank branch with on average four to six DSCs, we believe that we have a cost efficient distribution model. See "*Business—Our Strengths—Extensive, Low Cost Distribution Network*". Our ability to continue controlling our operating expenses will directly impact our profitability. Our cost-to-income ratio (defined as the ratio of operating expenses to Net Interest Income plus other income) is affected primarily by our ability to leverage our existing branch and DSC network to expand our customer base, the speed at which we grow our branch and DSC network, our product development and customer acquisition expenses, and our product mix. As our branch network and general banking operations mature, we expect that over the long-term, our cost-to-income ratio will decrease due to a relative shift towards non-micro lending, which tend to be lower margin products than micro loans.

For the half years ended March 31, 2016 and September 30, 2016, our cost-to-income ratio decreased from 56.38% to 34.66%, respectively, reflecting (i) the maturation of our branch network and banking operations, (ii) a decrease in operating expenses by 13.59% from ₹5,231.67 million to ₹4,520.93 million primarily due to the full provision for leave salary made for the first time as at March 31, 2016, whilst we only accounted the incremental provision as at September 30, 2016 and (iii) as a relatively new bank, we expended a higher amount towards advertisements during the half year ended March 31, 2016 than the half year ended September 30, 2016. For the nine months ended December 31, 2017 and 2016, and the six months ended March 31, 2017 and September 30, 2017, our cost-to-income ratio has remained relatively stable at 35.38%, 36.72%, 37.73% and 35.35%, respectively.

Our ability to generate non-interest income

We generate non-interest income from a variety of sources, including processing fees for the disbursement of loans, the sale of PSLCs, the distribution of third-party products such as mutual funds and insurance, income from debit cards, and other servicing fees.

PSLCs

The RBI requires that at least 40% of all lending be made to "priority sectors", which includes micro loans. Banks not meeting the PSL requirements in their lending portfolio are able to purchase PSLCs or do IBPCs from PSL-compliant banks in order to make up any deficit. As we focus specifically on serving underbanked and underpenetrated markets, 96.49% of our Gross Advances were PSL compliant as of December 31, 2017, which provides us with a large volume of certificates to sell and/or IBPCs that we can undertake.

Our income from the sale of IBPCs and PSLCs depends primarily on our level of PSL-compliant lending (which determines the volume of certificates that we generate to sell), as well as the market price of PSLCs and IBPCs. As we grow our PSL-compliant loan portfolio, we will have capacity to enter into higher volumes of IBPCs and sell more PSLCs, providing us with increased income. Our strategy is to increasingly sell PSLCs, rather than undertake IBPCs, going forward. Although we recognise income from IBPCs within our line item "interest income", we recognise income from the sale of PSLCs as non-interest income. Hence, a shift in our mix of IBPCs and PSLCs does not affect our overall income (except to the extent that prices differ between PSLCs and IBPCs), though it does affect our relative interest income and non-interest income, as well as our yield, net interest margins and other metrics based upon interest income.

Demand for IBPCs typically arises throughout the year, as banks try to ensure compliance with the RBI's PSL requirements. See "*Seasonality*" above. We typically place the funds that we receive from IBPCs with the RBI or other banks, or make short-term investments with them, which provides us with an additional stream of interest income while these investments are placed.

On the IBPCs that we undertake, we are not required to maintain standard provisions during the time the IBPCs are placed out. As such, our undertaking of IBPCs can impact our standard provisions. In particular, our provisions and contingencies decreased by 11.35% from ₹478.65 million for the half year ended March 31, 2016 to ₹424.30 million for the half year ended March 31, 2017 primarily as our Bank had entered into IBPC transactions.

Other non-interest income

The income that we earn from the distribution of third-party products, such as mutual funds and insurance, depends primarily on the volume of products that we sell as well as the commission rates that we have negotiated with our partners. The income that we earn from debit cards depends primarily on the number of debit card customers.

Capital Requirements, Reserve Ratios and Liquidity Coverage Ratios

Under the terms of our banking license, we are required to maintain a minimum capital adequacy ratio of 13.00% (subject to any higher amount as may be prescribed by RBI from time to time) for three years from the date we began operations, which was August 23, 2015. Upon the expiry of this three-year period, we will be subject to the general capital adequacy ratios prescribed by the RBI Basel III Capital Regulations, which have been implemented in phases since 1 April 2013. By March 2019, when the RBI Basel III Capital Regulations are fully implemented, the minimum total capital adequacy ratio (including the capital conservation buffer) required will be 11.50% of risk-weighted assets. Banks will also be required to have an additional capital requirement of up to 2.5% of risk weighted assets if RBI announces the implementation of countercyclical capital buffer requirements.

The table below summarises the capital requirements under RBI Basel III Capital Regulations for banks in India:

	Regulatory Capital	As % of Risk Weighted Assets
(i)	Minimum Common Equity Tier I Ratio	5.50
(ii)	Capital Conservation Buffer (comprising Common Equity)	2.50
(iii)	Minimum Common Equity Tier I Ratio plus Capital Conservation Buffer (i)+(ii)	8.00
(iv)	Additional Tier I capital	1.50
(v)	Minimum Tier I capital adequacy ratio (i)+(iv)	7.00
(vi)	Tier II capital	2.00
(vii)	Minimum Total Capital Ratio (MTC) (v)+(vi)	9.00
(viii)	Minimum Total Capital Ratio plus Capital Conservation Buffer (vii)+(ii)	11.50

Commercial banks in India are required to maintain statutory reserve requirements of Cash Reserve Ratio ("**CRR**") and Statutory Liquidity Ratio ("**SLR**"). As of the date of this Prospectus, the RBI requires a CRR of 4.0% of our net demand and time liabilities and an SLR of 19.50% of our demand and time liabilities. The RBI has the authority to prescribe CRR without any ceiling limits and is not obliged to pay interest payments on CRR balances. For instance, during the period of demonetisation, the RBI introduced, effective from the fortnight beginning from 16 November 2016, an incremental CRR of 100% on the increase in net demand and time liabilities between 16 September 2016 and 11 November 2016. The same was withdrawn effective from the fortnight beginning 10 December 2016. RBI does not make any interest payments on CRR. Any increases in the CRR requirements could affect available funds for deployment in our operations and, consequently, our results of operations. Regarding the SLR, although it is intended to be a measure to maintain the bank's liquidity, it has adverse implications for the bank's ability to expand its credit. Changes in interest rates also impact the valuation of our SLR portfolio and thereby affect our profitability.

The liquidity coverage ratio ("**LCR**") stipulated by the Basel Committee became effective from 1 January 2015. The LCR is being implemented in a phased manner, starting with a minimum requirement of 60% from 1 January 2015 and reaching 100% on 1 January 2019. As of the date of this Prospectus, banks in India are required to maintain liquidity buffers in the form of high quality liquid assets of 80% with effect from 1 January 2017. This is scheduled to increase to 90% with effect from 1 January 2018, and to 100% with effect from 1 January 2019. The current requirement is to maintain incremental liquidity buffer of high quality liquid assets, in addition to the extant reserves requirement.

The LCR regime requires that banks maintain appropriate liquidity buffers to cover for possible outflows over a period of 30 days under a significant stress scenario. While LCR, in addition to extant reserve requirements, provides higher safety, it also adds the drag of higher liquidity cost and hence lower profitability.

We have strong liquidity and regulatory capital positions, with our CRR, SLR and Liquidity Coverage Ratio ("**LCR**") each being well above the minimum RBI requirements. As of December 31, 2017, our CRR was 4.12% as compared to a minimum requirement of 4.0% and our SLR was 24.90% as compared to a minimum requirement of 19.50%, and for the quarter ended December 31, 2017, our LCR was 127.28%, as compared to a minimum requirement of 80.00%.

Interest Rates

The magnitude and timing of interest rate changes in the asset and liability markets as well as the relative steepness of the rate curves, have a significant impact on our net interest margins and our profitability. Movements in short- and long-term interest rates affect our interest earned and interest expense as well as the level of gains and losses on our securities portfolio. Our yields and costs are functions of our lending and deposit rates, interbank rates, yields on government and other debt securities, and costs of term debts and other borrowings, which are generally linked to the interest rate environment. In addition, lending and deposit rates are significantly influenced by competition in the markets in which we operate.

The majority of our funding as of December 31, 2017 consists of deposits, with a CASA ratio of 33.22% and a further 70.62% being term deposits under one year in duration. Similarly, the majority of our loans are relatively short term, with our micro loans generally having a tenor of one to two years. As a result, we are typically able to reprice most of our funding and our loans relatively quickly in response to a moving interest rate environment, providing us a level of protection against long-term interest rate changes. However, we cannot always reprice our funding and loans immediately, and we may face periods during which our margins contract or expand depending on the movement of interest rates.

Moreover, our ability to reprice loans depends, to an extent, on the willingness of borrowers to pay increased rates during periods of relatively higher interest rates. As compared to certain segments of borrowers, retail borrowers, and micro borrowers in particular, are not particularly sensitive to interest rates given the relative lack of alternative financing available to them.

Our investment portfolio mainly consists of Indian government securities. Most of investments are held to maturity, with only a small portion being classified as held for trading and marked to market. Accordingly, our investment portfolio is not exposed to significant mark-to-market risk and the impact of short-term changes in the prices of the investments that may occur due to changes in market interest rates is not significant. Over the longer term, changes in interest rates impact the returns that we realise on our investment portfolio. To align the portfolio with the market interest rate, the investment portfolio is churned on a regular basis.

Monetary policy is heavily influenced by the condition of the Indian economy, and changes in the monetary policy affect the interest rates of our advances and deposits. The RBI responds to fluctuating levels of economic growth, liquidity concerns and inflationary pressures in the economy by adjusting its monetary policy. A monetary policy designed to combat inflation typically results in an increase in RBI lending rates.

Prior to April 2016, bank loans were priced by reference to a base rate. With effect from 1 April 2016, RBI guidelines replaced the base rate-link loan pricing with a new regime based on the marginal cost of funds based lending rate ("**MCLR**"). Accordingly, Rupee advances sanctioned or renewed after 1 April 2016 are generally priced with reference to MCLR of different maturities. Commercial banks must review and publish their MCLR of different maturities every month.

Policy rates

The following table sets forth the RBI's reverse repo rate, the repo rate and marginal standing facility as of the indicated dates:

	Reverse Repo Rate	Repo Rate	Marginal Standing Facility
	(percentages)		
As of March 31, 2015	6.50	7.50	8.50
As of March 31, 2016	5.75	6.75	7.75
As of March 31, 2017	5.75	6.25	6.75
As of December 31, 2017	5.75	6.00	6.25

Source: RBI

In August 2016, the RBI adopted an inflation target of 4% (with an upper limit of 6% and lower limit of 2%) for the next five years under its monetary policy framework. The RBI sets interest rates in an effort to keep inflation within the target range, and Indian banks generally follow the direction of interest rates set by the RBI and adjust both their deposit rates and lending rates upwards or downwards accordingly. Decreases in the RBI policy rates generally prompt Indian banks to re-examine their lending rates. Adverse changes in prevailing interest rates may result in a decline in Net Interest Income due to increase in our costs of funds or deposits without a corresponding increase in our yield on assets, and may also lead to a decline in demand for our loan products. See "*Risk Factors – Risks Relating to Our Business*" beginning on page 16. Since fiscal year 2015, the RBI's decrease in policy rates has been largely responsible for driving a general decreasing interest rate environment in India, which is reflected in decreased yields on our lending and investing portfolios and decreased rates on our borrowings.

Since mid-June 2016, markets have rallied and yields softened on the back of the Brexit referendum, liquidity conditions supported by a series of open market operations purchases, lower inflation concerns due to normal monsoons, expectations of a rate cut and the impact of demonetisation. However, after the Sixth Bi-Monthly Monetary Policy Statement for Fiscal Year 2017 in February 2017, the government security yields increased. As of December 31, 2017, the ten-year government security yield was 7.33%.

Financial Condition

Assets

The following table sets forth the principal components of our assets as of the dates indicated:

(₹ in millions)

	December 31, 2017	September 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	March 31, 2016	March 31, 2015
Advances	229,307.47	193,416.81	168,390.78	162,225.63	164,561.54	124,375.46	-
Investments	72,911.64	71,736.50	55,164.87	62,782.65	52,962.69	37,580.34	-
Balances with banks and money at call and short notice	11,322.04	28,188.91	13,529.33	3,120.40	4,515.63	23,631.13	4,012.50
Cash and balances with the RBI	12,587.07	25,011.93	60,120.66	26,537.60	18,644.43	8,102.87	0.10
Fixed assets	2,329.80	2,347.58	2,517.86	2,342.69	2,206.14	2,372.31	1,086.12
Other assets	3,724.53	3,326.65	2,637.40	2,514.70	1,825.17	1,502.89	170.16
Total	332,192.55	324,028.38	302,360.90	259,523.67	244,715.60	197,565.00	5,268.88

Assets amounted to ₹332,192.55 million as of December 31, 2017, an increase of 28.00% as compared to ₹259,523.67 million as of December 31, 2016. This increase was primarily due to increases in our advances, investments and balances with banks and money at call and short notice.

Assets amounted to ₹324,028.38 million as of September 30, 2017, an increase of 32.41% as compared to ₹244,715.60 million as of September 30, 2016. This increase was primarily due to increases in our advances, investments and balances with banks and money at call and short notice.

Assets amounted to ₹302,360.90 million as of March 31, 2017, an increase of 53.04% as compared to ₹197,565.00 million as of March 31, 2016. This increase was primarily due to increases in our cash and balances with the RBI, advances and investments.

Assets amounted to ₹197,565.00 million as of March 31, 2016, an increase of 3,649.66% as compared to ₹5,268.88 million as of March 31, 2015. This increase was primarily due to our operations beginning during fiscal year 2016.

Net Advances

The following table sets forth a breakdown of our net advances as of the dates indicated:

(₹ in millions)

	December 31, 2017	**September 30, 2017**	**March 31, 2017**	**December 31, 2016**	**September 30, 2016**	**March 31, 2016**	**March 31, 2015**
Gross advances (including IBPC/Assignment)	**243,643.89**	**221,107.14**	**235,432.92**	**183,660.00**	**179,145.43**	**155,784.35**	**-**
less: Managed Advances (IBPC/Assignment)	(12,314.69)	(26,366.04)	(66,791.22)	(21,152.38)	(14,411.72)	(31,323.57)	-
less: Provisions on NPA	(2,021.73)	(1,324.29)	(250.92)	(281.99)	(172.17)	(85.32)	-
Net advances	**229,307.47**	**193,416.81**	**168,390.78**	**162,225.63**	**164,561.54**	**124,375.46**	**-**
Micro loans	200,779.85	169,066.48	146,835.06	147,618.99	153,727.88	122,776.22	-
Small enterprise loans	12,211.31	10,719.46	10,542.13	5,071.83	4,211.56	-	-
SME loans	9,051.54	8,458.18	7,091.70	7,437.42	5,301.32	993.86	-
Other retail loans	7,264.77	5,172.69	3,921.89	2,097.39	1,320.78	605.38	-

Gross Advances (including IBPC/Assignment) amounted to ₹243,643.89 million as of December 31, 2017, an increase of 32.66% as compared to ₹183,660.00 million of December 31, 2016. Managed Advances (IBPC/Assignment) decreased from ₹21,152.38 million as of December 31, 2016 to ₹12,314.69 million as of December 31, 2017, primarily due to our undertaking higher volumes of PSLC transactions instead of IBPC transactions. Provisions on NPA increased from ₹281.99 million as of December 31, 2016 to ₹2,021.73 million as of December 31, 2017, primarily due to growth in our overall portfolio, as well as weakening of credit discipline on account of loan waivers in certain states, the impact of demonetisation on our customers and temporary disruption caused by GST rollout.

Gross Advances (including IBPC/Assignment) amounted to ₹221,107.14 million as of September 30, 2017, an increase of 23.42% as compared to ₹179,145.43 million of September 30, 2016. Managed Advances (IBPC/Assignment) increased from ₹14,411.72 million as of September 30, 2016 to ₹26,366.04 million as of September 30, 2017, primarily due to higher demand for PSL advances from other banks and growth in our overall loan portfolio. Provisions on NPA increased from ₹172.17 million as of September 30, 2016 to ₹1,324.29 million as of September 30, 2017, primarily due to growth in our overall portfolio, as well as weakening of credit discipline on account of loan waivers in certain states, the impact of demonetisation on our customers and temporary disruption caused by GST rollout.

Net advances amounted to ₹193,416.81 million as of September 30, 2017, an increase of 17.53% as compared to ₹164,561.54 million of September 30, 2016. Net advances grew across both our micro loans and non-micro loans. Our micro loan book grew by 9.95%, reflecting continued growth in our DSC network, increasing customer numbers at our existing DSCs and higher average disbursements. Non-micro loans grew by 125.11% on account of the maturation of our branch network and the opening of new branches.

Gross Advances (including IBPC/Assignment) amounted to ₹235,432.92 million as of March 31, 2017, an increase of 51.13% as compared to ₹155,784.35 million as of March 31, 2016. Managed Advance (IBPC/Assignment) increased from ₹31,323.57 million as of March 31, 2016 to ₹66,791.22 million as of March 31, 2017, primarily due to higher demand for PSL advances from other banks and growth in our overall loan portfolio. Provision on NPA increased from ₹85.32 million as of March 31, 2016 to ₹250.92 million as of March 31, 2017, primarily due to growth in our overall portfolio, as well as weakening of credit discipline on account of loan waivers in certain states and the impact of demonetisation on our customers.

Net advances amounted to ₹168,390.78 million as of March 31, 2017, an increase of 35.39% as compared to ₹124,375.46 million of March 31, 2016. Net advances grew across both our micro loans and non-micro loans. Our micro loan book grew by 19.56%, reflecting continued growth in our DSC network, increasing customer numbers at our existing DSCs and higher average disbursements. Non-micro loans grew on account of the maturation of our branch network and the opening of new branches.

Investments

The following table sets forth a breakdown of our investments as of the dates indicated:

(₹ in millions)

	December 31, 2017	September 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	March 31, 2016	March 31, 2015
Investments in India							
Government securities	70,664.55	70,877.27	55,181.77	62,780.65	52,960.69	37,578.34	-
Shares	2.00	2.00	2.00	2.00	2.00	2.00	-
Others	2,654.85	931.27	-	-	-	-	-
Less: Provision for depreciation on investment	409.76	74.04	18.90	-	-	-	-
Total	**72,911.64**	**71,736.50**	**55,164.87**	**62,782.65**	**52,962.69**	**37,580.34**	-

Investments amounted to ₹72,911.64 million as of December 31, 2017, an increase of 16.1% as compared to ₹62,782.65 million as of December 31, 2016, primarily as a result of increased investments in government securities. Our investments in government securities increased primarily due to our higher SLR requirements resulting from growth in our deposits, which was partially offset by lower short-term liquidity as a result of lower IBPCs. In addition, we began investing in certificate of deposits and pass-thru certificates, which resulted in our "other" investments increasing from NIL as of December 31, 2016 to ₹2,654.85 million as of December 31, 2017. Our provision for depreciation on investments increased from NIL as of December 31, 2016 to ₹409.76 million as of December 31, 2017, resulting primarily from an increase in the 10 year benchmark security yield from 6.66% to 7.33%, resulting in a higher mark-to-market provision for our available for sale portfolio.

Investments amounted to ₹71,736.50 million as of September 30, 2017, an increase of 35.45% as compared to ₹52,962.69 million as September 30, 2016, primarily as a result of increased investments in government securities. Our investments in government securities increased primarily due to our higher SLR requirements resulting from growth in our deposits, as well as higher short term liquidity as a result of higher IBPCs.

Investments amounted to ₹55,164.87 million as of March 31, 2017, an increase of 46.79% as compared to ₹37,580.34 million as of March 31, 2016, primarily as a result of increased investments in government securities. Our investments in government securities increased primarily due to our higher SLR requirements resulting from growth in our deposits, as well as higher short term liquidity as a result of higher IBPCs.

Balances with banks and money at call and short notice, and cash and balances with the RBI

We invest our surplus funds generated from IBPCs and deposits through collateralized borrowing and lending obligations classified under the line item, "balances with banks and money at call and short notice", or through reverse repo arrangements classified under the line item, "cash in hand and balance with the RBI". The decision whether to invest through collateralised borrowing and lending or through reverse repo depends mainly on the market conditions at the time of making the investment. Accordingly, we consider these two items together rather than separately. Further, we typically have higher surplus funds after placing IBPCs, and hence our balance with banks and money at call and short notice as well as our cash and balances with the RBI have historically depended largely on the volume and timing of IBPCs that we undertook, which were subject to seasonal fluctuations. For a description of the factors giving rise to these seasonal fluctuations, see "Factors Affecting our Results of Operations and Financial Condition—Seasonality" above. Largely as a result of these seasonal factors, we have experienced increased volumes of RBI and interbank lending, as of the end of our fiscal years as compared to at other points during our fiscal year. In particular, our balances with banks and money at call and short notice together with cash and balances with the RBI increased from ₹ 23,160.06 million as of September 30, 2016 to ₹ 73,649.99 million as of March 31, 2017, largely due to these seasonal factors.

Balances with banks and money at call and short notice together with cash and balances with the RBI decreased by 19.35% from ₹29,658.00 million as of December 31, 2016 to ₹23,919.11 million as of December 31, 2017, primarily as a result of lower short term liquidity due to lower IBPCs.

Balances with banks and money at call and short notice together with cash and balances with the RBI increased by 129.71% from ₹23,160.06 million as of September 30, 2016 to ₹53,200.84 million as of September 30, 2017, primarily as a result of (i) overall growth in our operations and (ii) higher short term liquidity due to higher IBPCs.

Balances with banks and money at call and short notice together with cash and balances with the RBI increased by 132.09% from ₹31,734.00 million as of March 31, 2016 to ₹73,649.99 million as of March 31, 2017, primarily as a result of (i) overall growth in our operations and (ii) higher short term liquidity due to higher IBPCs.

Equity

The following table sets forth the principal components of our equity as of the dates indicated:

(₹ in millions)

	December 31, 2017	September 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	March 31, 2016	March 31, 2015
Capital	10,951.41	10,951.41	10,951.41	10,951.41	10,951.41	10,951.41	5,010.50
Reserves and Surplus	43,090.14	40,089.68	33,513.14	30,289.03	27,618.01	22,393.62	5.76
Total	54,041.55	51,041.09	44,464.55	41,240.44	38,569.42	33,345.03	5,016.26

Equity amounted to ₹54,041.55 million as of December 31, 2017, an increase of 31.04% as compared to ₹41,240.44 million as of December 31, 2016. The increase was on account of our profit after tax as restated of ₹9,577.00 million and ₹3,224.11 million in the nine months ended December 31, 2017 and the three months ended March 31, 2017, respectively, which were transferred to reserves and surplus.

Equity amounted to ₹51,041.09 million as of September 30, 2017, an increase of 32.34% as compared to ₹38,569.42 million as of September 30, 2016. The increase was on account of our profit after tax as restated of ₹6,576.55 million and ₹5,895.13 million in the half-years ended September 30, 2017 and March 31, 2017, respectively, which were transferred to reserves and surplus.

Equity amounted to ₹44,464.55 million as of March 31, 2017, an increase of 33.35% as compared to ₹33,345.03 million as of March 31, 2016. The increase was on account of our profit after tax as restated of ₹5,895.13 million and ₹5,224.40 million in the half-years ended March 31, 2017 and September 30, 2016, respectively, which were transferred to reserves and surplus."

Liabilities

The following table sets forth the principal components of our liabilities as of the dates indicated:

(₹ in millions)

	December 31, 2017	September 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	March 31, 2016	March 31, 2015
Deposits	252,939.56	254,421.70	232,286.58	194,633.13	178,807.80	120,887.48	-
Borrowings	13,306.94	8,058.18	10,289.38	14,154.43	18,295.52	30,516.48	-
Other liabilities	11,904.50	10,507.41	15,320.39	9,495.67	9,042.86	12,816.01	252.62

	December 31, 2017	September 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	March 31, 2016	March 31, 2015
and provisions							
Total	278,151.00	272,987.29	257,896.35	218,283.23	206,146.18	164,219.97	252.62

Liabilities amounted to ₹278,151.00 million as of December 31, 2017, an increase of 27.43% as compared to ₹218,283.23 million as of December 31, 2016. The increase was primarily on account of an increase in our deposits, which was partially offset by a decrease in borrowings as part of our strategy to replace borrowings with lower cost deposits as our primary source of funding. Contributing to our increase in liabilities was an increase in "other liabilities", primarily relating to higher pre-paid principal amounts on our IBPC volumes, as well as higher standard asset provisions driven by an increase in our advances.

Liabilities amounted to ₹272,987.29 million as of September 30, 2017, an increase of 32.42% as compared to ₹206,146.18 million as of September 30, 2016. The increase was primarily on account of an increase in our deposits, which was partially offset by a decrease in borrowings as part of our strategy to replace borrowings with lower cost deposits as our primary source of funding. Contributing to our increase in liabilities was an increase in "other liabilities", primarily relating to higher pre-paid principal amounts on our IBPC volumes, as well as higher standard asset provisions driven by an increase in our advances.

Liabilities amounted to ₹257,896.35 million as of March 31, 2017, an increase of 57.04% as compared to ₹164,219.97 million as of March 31, 2016. The increase was primarily on account of an increase in our deposits, which was partially offset by a decrease in borrowings as part of our strategy to replace borrowings with lower cost deposits as our primary source of funding. Contributing to our increase in liabilities was an increase in "other liabilities", primarily relating to higher pre-paid principal amounts on our IBPC volumes.

Deposits

The following table sets forth a breakdown of our deposits, as well as the percentage of total deposits that each item contributes, as of the dates indicated:

(₹ in millions)

	December 31, 2017	September 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	March 31, 2016	March 31, 2015
Demand deposits (current account)	14,853.44	12,881.56	14,526.17	6,292.96	3,554.01	2,345.50	-
Savings bank deposits	69,165.01	58,818.83	53,847.20	46,677.42	26,322.29	23,710.50	-
Retail term deposits[1]	131,160.83	122,112.21	95,929.93	74,139.59	50,182.42	19,823.87	
Wholesale term deposits[2]	37,760.28	60,609.10	67,983.28	67,523.15	98,749.08	75,007.61	
Total term deposits	168,921.11	182,721.31	163,913.21	141,662.75	148,931.50	94,831.48	-
Total deposits	252,939.56	254,421.70	232,286.58	194,633.13	178,807.80	120,887.48	-

[1] We define retail term deposits as those with a balance below ₹10 million.

[1] We define wholesale term deposits as those with a balance of ₹10 million or above.

Deposits amounted to ₹252,939.56 million as of December 31, 2017, an increase of 29.96% as compared to ₹194,633.13 million as of December 31, 2016, with growth across term deposits, savings deposits and demand deposits. Term deposits increased by 19.24% from ₹141,662.75 million as of December 31, 2016 as compared to ₹168,921.11 million as of December 31, 2017, savings deposits increased by 48.18% from ₹46,677.42 million as of December 31, 2016 as compared to ₹69,165.01 million as of December 31, 2017 and demand deposits increased by 136.03% from ₹6,292.96 million as of December 31, 2016 as compared to ₹14,853.44 million as of December 31, 2017, each primarily due to continued growth in our branch network and the maturation of existing bank branches.

Deposits amounted to ₹ 254,421.70 million as of September 30, 2017, an increase of 42.29% as compared to ₹178,807.80 million as of September 30, 2016, with growth across term deposits, savings deposits and demand deposits. Term deposits increased by 22.69% from ₹ 148,931.50 million as of September 30, 2016 as compared to ₹ 182,721.31 million as of September 30, 2017, savings deposits increased by 123.46% from ₹ 26,322.29 million as of September 30, 2016 as compared to ₹58,818.83 million as of September 30, 2017 and demand deposits increased by 262.45% from ₹3,554.01 million as of September 30, 2016 as compared to ₹12,881.56 million as of September 30, 2017, each primarily due to continued growth in our branch network and the maturation of existing bank branches.

Retail term deposits as a percentage of our total deposits increased from 28.06% as of September 30, 2016 to 48.00% as of September 30, 2017, reflecting our strategy of focusing on retail deposits.

Deposits amounted to ₹232,286.58 million as of March 31, 2017, an increase of 92.15% as compared to ₹120,887.48 million as of March 31, 2016, with growth across term deposits, savings deposits and demand deposits. Term deposits increased by 72.85% from ₹94,831.48 million as of March 31, 2016 to ₹163,913.21 million as of March 31, 2017, savings deposits increased by 127.10% from ₹23,710.50 million as of March 31, 2016 to ₹53,847.20 million as of March 31, 2017 and demand deposits increased by 519.32% from ₹2,345.50 million as of March 31, 2016 to ₹14,526.17 million as of March 31, 2017, each primarily due to continued growth in our branch network and the maturation of existing bank branches.

Retail term deposits as a percentage of our total deposits increased from 16.40% as of March 31, 2016 to 41.29% as of March 31, 2017, reflecting our strategy of focusing on retail deposits.

Borrowings

Borrowings amounted to ₹13,306.94 million as of December 31, 2017, a decrease of 5.99% as compared to ₹14,154.43 million as of December 31, 2016. The decrease was primarily on account of our strategy to replace higher cost borrowings with lower-cost deposits.

Borrowings amounted to ₹8,058.18 million as of September 30, 2017, a decrease of 55.96% as compared to ₹18,295.52 million as of September 30, 2016. The decrease was primarily on account of our strategy to replace higher cost borrowings with lower-cost deposits.

Borrowings amounted to ₹10,289.38 million as of March 31, 2017, a decrease of 66.28% as compared to ₹30,516.48 million as of March 31, 2016. The decrease was primarily on account of our strategy to replace higher cost borrowings with lower-cost deposits.

Other Liabilities and Provisions

Other liabilities and provisions amounted to ₹11,904.50 million as of December 31, 2017, an increase of 25.37% as compared to ₹9,495.67 million as of December 31, 2016. The increase primarily related to higher pre-paid principal amounts on our IBPC volumes, as well as higher standard asset provisions driven by an increase in our advances.

Other liabilities and provisions amounted to ₹10,507.41 million as of September 30, 2017, an increase of 16.20% as compared to ₹9,042.86 million as of September 30, 2016. The increase was primarily on account of higher pre-paid principal amounts on our IBPC volumes, which increased from ₹2,916.60 million as of September 30, 2016 to ₹3,634.00 million as of September 30, 2017. Contributing to the increase was an increase in our contingent provision against standard assets from ₹1,562.70 million as of September 30, 2016 to ₹1,872.14 million as of September 30, 2017, arising from the increase in our loans.

Other liabilities and provisions amounted to ₹15,320.39 million as of March 31, 2017, an increase of 19.54% as compared to ₹12,816.01 million as of March 31, 2016. The increase was primarily on account of higher pre-paid principal amounts on our IBPC volumes, which increased from ₹6,398.60 million as of March 31, 2016 to ₹9,239.00 million as of March 31, 2017.

Our other liabilities and provisions are impacted particularly by our IBPC volumes, as we record pre-paid principal amounts collected against the IBPC pool as other liabilities. Given that our IBPC volumes have historically been subject to seasonal fluctuation, with higher volumes at the end of our fiscal year, our other liabilities have also historically been subject to seasonal fluctuation. Accordingly, our other liabilities and provisions were ₹15,320.39 million as of March 31, 2017 as compared to ₹9,042.86 million as of September 30, 2016, primarily due to these seasonal fluctuations in pre-paid principal on our IBPC volumes.

Components of Income and Expenditure

Interest/discount on advances/bills

Interest/discount on advances/bills earned consists of interest/discount on advances/bills, income on investments, interest on balances with RBI and other inter-bank funds and others (including the sale of IBPCs). On the balances that we maintain with RBI to meet our cash reserve requirements, we do not receive any interest. See "*Risk Factors – Risks Relating to Our Business*".

Other Income

Our other income consists principally of (i) commission, exchange and brokerage fees, which primarily relate to processing fees on loan disbursements, debit card fees included in miscellaneous income and, (ii) profit on sale of investments (net) and (iii) miscellaneous income such as the sale of PSLCs, other non-interest income and ATM fees.

Interest Expended

Our interest expended consists of interest on deposits, interest on RBI and inter-bank borrowings and other interest such as interest on debentures.

Operating Expenses

Our operating expenses consist principally of: payments to and provisions for employees; rent, taxes and lighting; printing and stationery; advertisement and publicity; depreciation on our property; directors' fees; allowance and expenses; auditors' fees and expenses; law charges; postage, telegrams, telephone and other fees; repairs and maintenance; insurance; and other expenditures such as Information Technology, ATM expenses and corporate and social responsibility expenses.

Provisions and Contingencies

Our provisions and contingencies consist of provisions for income tax (current and deferred), standard assets, non-performing assets, depreciation in value of investments and other contingencies.

Nine Months Ended December 31, 2017 compared to Nine Months Ended December 31, 2016

Summary of Performance

(₹ in millions, except percentages)

	Nine months ended December 31,		
	2017	**2016**	**% Increase/ (Decrease)**
Net Interest Income	21,688.32	17,137.75	26.55
Other income	5,028.05	2,819.81	78.31
Operating expenses	9,453.35	7,329.39	28.98
Provisions and contingencies	2,651.27	519.92	409.94
Tax expense	5,034.75	4,212.84	19.51
Profit after tax as restated	**9,577.00**	**7,895.41**	21.30

Net Interest Income

Our Net Interest Income increased by 26.55% from ₹17,137.75 million for the nine months ended December 31, 2016 to ₹21,688.32 million for the nine months ended December 31, 2017. Our net interest margin remained relatively steady, decreasing from 7.79% to 7.43% (based on actual, non-annualised figures) from December 31, 2016 to December 31, 2017, reflecting both (i) a reduction in our cost of funds, which we largely passed through to investors, and (ii) a shift in our income mix relatively more towards non-micro retail lending. Although our lending portfolio remains predominately micro, as our non-micro retail lending operations grow, our average margins decrease given that micro loans tend to be higher yield than traditional retail loans.

The following table sets out the components of Net Interest Income:

(₹ in millions, except percentages)

	Nine months ended December 31,		
	2017	**2016**	**% Increase/ (Decrease)**
Interest income			
Interest/discount on advances/bills	26,450.84	22,614.12	16.97
Income on investments	3,535.54	3,240.98	9.09
Interest on balances with RBI and other inter-bank funds	1,320.42	497.80	165.25
Others (including gain on assignment/IBPCs)	3,210.22	1,950.81	64.56
Total interest income	**34,517.02**	**28,303.71**	21.95
Interest Expended			
Interest on deposits	12,100.05	9,362.33	29.24
Interest on Reserve Bank of India (RBI) / inter-bank borrowings	401.34	1,356.06	(70.40)
Others	327.31	447.57	(26.87)
Total interest expended	12,828.70	11,165.96	14.89
Net Interest Income	21,688.32	17,137.75	26.55

Interest Earned

Our total interest income increased by 21.95% from ₹28,303.71 million for the nine months ended December 31, 2016 to ₹34,517.02 million for the nine months ended December 31, 2017. The increase in total interest income was primarily on account of increased interest/discount on advances/bills, increased interest on balances with the RBI and other inter-bank funds, and increased income from IBPCs.

Interest/discounts on advances/bills increased by 16.97% from ₹22,614.12 million to ₹26,450.84 million for the nine months ended December 31, 2016 to the nine months ended December 31, 2017, primarily due to a 29.72% increase in average advances (see "*—Financial Condition—Advances" above*), which was partially offset by a decrease in our yield on average advances from 16.25% to 14.98%for the nine months ended December 31, 2016 to the nine months ended December 31, 2017 (based on actual, non-annualised figures). Our Yield on Average Advances decreased primarily due to (i) the decreasing interest rate environment in India following RBI decreases in policy rates, (ii) a decrease in our cost of funds due to a higher CASA ratio, which we largely passed through to customers and (iii) growth in our non-micro retail loan book, as non-micro retail loans tend to have lower yields than micro loans.

Interest on balances with the RBI and other inter-bank funds increased by 165.25% from ₹497.80 million to ₹1,320.42 million for the nine months ended December 31, 2016 to the nine months ended December 31, 2017, primarily due to an increase in average balances with the RBI under reverse repo and balance with other banks under call money. Average balances with the RBI under reverse repo and balance with other banks under call money increased largely due to increased SLR requirements on account of a 45.09% growth in our average total deposits for the nine months ended December 31, 2016 to the nine months ended December 31, 2017, as well as due to an increase in funds received from IBPCs, which we place with the RBI and other banks.

Others (including gain on Assignment/IBPC) increased by 64.56% from ₹1,950.81 million to ₹3,210.22 million for the nine months ended December 31, 2016 to the nine months ended December 31, 2017, primarily due to higher IBPC volumes made on the financial year ended 31 March 2017.

Interest Expended

Our total interest expended increased by 14.89% from ₹11,165.96 million for the nine months ended December 31, 2016 to ₹12,828.70 million for the nine months ended December 31, 2017. The increase in interest expended was primarily due to increased interest on deposits, and was partially offset by decreased interest on RBI and inter-bank borrowings.

Interest on deposits increased by 29.24% from ₹9,362.33 million to ₹12,100.05 million for the nine months ended December 31, 2016 to the nine months ended December 31, 2017, primarily due to a 40.77% increase in average deposits (excluding current account deposits), which was partially offset by a decrease in average cost of deposits from 5.79% to 5.32% (based on actual, non-annualised figures) for the nine months ended December 31, 2016 to the nine months ended December 31, 2017. Our average cost of deposits decreased both due to an improvement in our CASA ratio from 27.22% to 33.22% for the nine months ended December 31, 2016 to the nine months ended December 31, 2017 and due to the decreasing interest rate environment.

Interest on RBI/inter-bank borrowings decreased by 70.40% from ₹1,356.06 million to ₹401.34 million for the nine months ended December 31, 2016 to the nine months ended December 31, 2017, primarily due to a decrease in RBI/inter-bank borrowing volumes as part of our strategy to replace inter-bank borrowings with deposits as our primary source of funding.

Overall, our ability to replace borrowings with deposits as our primary funding source led to a decrease in our overall cost of funds, which decreased from 6.10% to 5.43% (based on actual, non-annualised figures) for the nine months ended December 31, 2016 to the nine months ended December 31, 2017.

Other Income

The following table sets out the components of other income:

(₹ in millions, except percentages)

	Nine months ended December 31,		
	2017	**2016**	**% Increase/ (Decrease)**
Commission, exchange and brokerage	2,321.34	1,962.33	18.30
Profit (loss) on sale of investments (net)	430.04	231.42	85.83
Income from Sale of (PSLCs) Priority Sector Lending Certificates	1,470.45	-	-
Miscellaneous income (excluding income from sale of Priority Lending Certificates)	806.22	626.06	28.78
Total other income	5,028.05	2,819.81	78.31

Our total other income increased by 78.31% from ₹2,819.81 million for the nine months ended December 31, 2016 to ₹5,028.05 million for the nine months ended December 31, 2017. This increase was primarily due to an increase in income from commission, exchange and brokers from ₹1,962.33 million for the nine months ended December 31, 2016 to ₹2,321.34 million for the nine months ended December 31, 2017, on account of higher processing fees. Contributing to the increase was an increase in income from the sale of PSCLs, from NIL to ₹1,470.45 million for the nine months ended December 31, 2016 to the nine months ended December 31, 2017, driven by an increase in sales volumes as we did not sell PSLCs in the nine months ended December 31, 2016.

Operating Expenses

The following table sets out the components of operating expenses:

(₹ in millions, except percentages)

	Nine months ended December 31,		
	2017	**2016**	**% Increase/ (Decrease)**
Payments to and provision for employees	4,993.79	3,960.41	26.09
Rent, taxes and lighting	953.42	651.18	46.41
Printing and stationery	146.60	138.17	6.10
Advertisement and publicity	193.92	182.50	6.26
Depreciation on bank's property	623.42	459.39	35.71
Directors' fees, allowances and expenses	8.02	5.15	55.73
Auditors' fees and expenses	11.45	2.56	347.27
Law charges	6.92	5.34	29.59
Postage, telegrams, telephones etc.	138.57	153.81	(9.91)
Repairs and maintenance	9.27	3.32	179.22
Insurance	86.66	44.08	96.60
Other expenditure	2,281.31	1,723.48	32.37
Total Operating Expenses	9,453.35	7,329.39	28.98

Our total operating expenses increased by 28.98% from ₹7,329.39 million for the nine months ended December 31, 2016 to ₹9,453.35 million for the nine months ended December 31, 2017. This increase was primarily due to increases in (i) payments to and provisions for employees and (ii) other expenditure, though other items also increased largely due to the implementation of GST on 1 July 2017. Payments to and provisions for employees increased by 26.09% from ₹3,960.41 million to ₹4,993.79 million for the nine months ended December 31, 2016 to the nine months ended December 31, 2017, primarily due to salary increments. Other expenditure increased by 32.37% from ₹1,723.48 million to ₹2,281.31 million for the nine months ended December 31, 2016 to the nine months ended December 31, 2017, primarily due to the expansion of our network, which led to an increases in branch and ATM related expenses such as IT expense, ATM charges and office maintenance. Further, CSR expense also increased due to increase in profitability.

Relative to our net income (Net Interest Income plus other income), which increased by 27.06% for the nine months ended December 31, 2017 from the nine months ended December 31, 2016, our operating expenses increased more quickly, reflecting an increase in our branch footprint as well as the implementation of GST.

Provisions and contingencies

Provisions and contingencies increased by 409.94% from ₹519.92 million for the nine months ended December 31, 2016 to ₹2,651.27 million for the nine months ended December 31, 2017. This increase was primarily due to an increase in provisions for NPAs. Provisions for NPAs increased from ₹196.66 million to ₹1,770.81 million for the nine months ended December 31, 2016 to the nine months ended December 31, 2017, driven by an increase in our percentage of Gross NPA to Gross Advance from 0.48% to 1.67% for the nine months ended December 31, 2016 to the nine months ended December 31, 2017. Our NPA ratio increased primarily due to the effects of demonetisation, loan waivers and GST. Contributing to the increase in our provisions and contingencies was an increase in our provision for standard assets from ₹276.98 million to ₹517.08 million for the nine months ended December 31, 2016 to the nine months ended December 31, 2017, attributable to growth in our loan portfolio.

Net NPA to Net Advances increased from 0.31% to 0.80%, and credit costs increased from 0.42% to 1.55% for the nine months ended December 31, 2016 to for the nine months ended December 31, 2017, respectively.

Tax expenses

Tax expenses increased by 19.51% from ₹4,212.84 million for the nine months ended December 31, 2016 to ₹5,034.75 million for the nine months ended December 31, 2017. This increase was primarily due to an increase in current tax expenses. Current tax expenses increased by 21.96% from ₹4,438.92 million to ₹5,413.80 million for the nine months ended December 31, 2016 to the nine months ended December 31, 2017, largely in line with the 20.68% increase in our profit before tax for the nine months ended December 31, 2017 from the nine months ended December 31, 2016.

Profit after tax as restated

As a result of the above, our profit after tax as restated for the year increased by 21.30% from ₹7,895.41 million for the nine months ended December 31, 2016 to ₹9,577.00 million for the nine months ended December 31, 2017. Our return on assets and return on equity decreased from 3.31% to 3.01%, respectively, and 21.01% to 19.25% for the nine months ended December 31, 2016 to the nine months ended December 31, 2017, respectively (each on an actual, non-annualised basis).

Half Year Ended September 30, 2017 compared to Half Year Ended September 30, 2016

Summary of Performance

(₹ in millions, except percentages)

	Half year ended September 30,		
	2017	**2016**	**% Increase/ (Decrease)**
Net Interest Income	14,370.52	11,074.72	29.76%
Other income	3,446.03	1,968.46	75.06%
Operating expenses	(6,298.20)	(4,520.93)	39.31%
Provisions and contingencies	(1,425.81)	(460.05)	209.93%
Tax expense	(3,516.00)	(2,837.81)	23.90%
Profit after tax as restated	6,576.54	5,224.39	25.88%

Net Interest Income

Our Net Interest Income increased by 29.76% from ₹11,074.72 million for the half year ended September 30, 2016 to ₹14,370.52 million for the half year ended September 30, 2017. Our net interest margin remained relatively steady, decreasing from 5.21% to 5.02% (based on actual, non-annualised figures) from September 30, 2016 to September 30, 2017, reflecting both (i) a reduction in our cost of funds, which we largely passed through to investors, and (ii) a shift in our income mix relatively more towards non-micro retail lending. Although our lending portfolio remains predominately micro, as our non-micro retail lending operations grow, our average margins decrease given that micro loans tend to be higher yield than traditional retail loans.

The following table sets out the components of Net Interest Income:

(₹ in millions, except percentages)

	Half year ended September 30,		
	2017	**2016**	**% Increase/ (Decrease)**
Interest income			
Interest/discount on advances/bills	16,901.98	14,199.73	19.03%
Income on investments	2,238.01	2,209.04	1.31%
Interest on balances with RBI and other inter-bank funds	1,109.50	347.34	219.43%
Others (including gain on assignment/IBPCs)	2,485.28	1,407.07	76.63%
Total interest income	22,734.77	18,163.18	25.17%
Interest Expended			
Interest on deposits	(7,887.87)	(5,767.56)	36.76%
Interest on Reserve Bank of India (RBI) / inter-bank borrowings	(293.04)	(1,026.81)	(71.46)%
Others	(183.34)	(294.09)	(37.66)%
Total interest expended	(8,364.25)	(7,088.46)	18.00%
Net Interest Income	14,370.52	11,074.72	29.76%

Interest Earned

Our total interest income increased by 25.17% from ₹18,163.18 million for the half year ended September 30, 2016 to ₹22,734.77 million for the half year ended September 30, 2017. The increase in total interest income was primarily on account of increased interest/discount on advances/bills, increased interest on balances with the RBI and other inter-bank funds, and increased income from IBPCs.

Interest/discounts on advances/bills increased by 19.03% from ₹14,199.73 million to ₹16,901.98 million for the half year ended September 30, 2016 to the half year ended September 30, 2017, primarily due to a 30.30% increase in average advances (see "*—Financial Condition—Advances" above*), which was partially offset by a decrease in our yield on average advances from 10.93% to 10.35% for the half year ended September 30, 2016 to the half year ended September 30, 2017 (based on actual, non-annualised figures). Our Yield on Average Advances decreased primarily due to (i) the decreasing interest rate environment in India following RBI decreases in policy rates, (ii) a decrease in our cost of funds due to a higher CASA ratio, which we largely passed through to customers and (iii) growth in our non-micro retail loan book, as non-micro retail loans tend to have lower yields than micro loans.

Interest on balances with the RBI and other inter-bank funds increased by 219.43% from ₹347.34 million to ₹1,109.50 million for the half year ended September 30, 2016 to the half year ended September 30, 2017, primarily due to an increase in average balances with the RBI under reverse repo and balance with other banks under call money. Average balances with the RBI under reverse repo and balance with other banks under call money increased largely due to increased SLR requirements on account of a 55.64% growth in our average total deposits for the half year ended September 30, 2016 to the half year ended September 30, 2017, as well as due to an increase in funds received from IBPCs, which we place with the RBI and other banks.

Others (including gain on Assignment/IBPC) increased by 76.63% from ₹1,407.07 million to ₹2,485.28 million for the half year ended September 30, 2016 to the half year ended September 30, 2017, primarily due to increased income from IBPCs. Income from IBPCs increased primarily due to an 82.95% increase in the value of Managed Advances (IBPC/Assignment), from ₹14,411.72 million to ₹26,366.04 million for the half year ended September 30, 2016 to the half year ended September 30, 2017.

Interest Expended

Our total interest expended increased by 18.00% from ₹7,088.46 million for the half year ended September 30, 2016 to ₹8,364.25 million for the half year ended September 30, 2017. The increase in interest expended was primarily due to increased interest on deposits, and was partially offset by decreased interest on RBI and inter-bank borrowings.

Interest on deposits increased by 36.76% from ₹5,767.56 million to ₹7,887.87 million for the half year ended September 30, 2016 to the half year ended September 30, 2017, primarily due to a 50.85% increase in average deposits (excluding current account deposits), which was partially offset by a decrease in average cost of deposits from 3.90% to 3.54% (based on actual, non-annualised figures) for the half year ended September 30, 2016 to the half year ended September 30, 2017. Our average cost of deposits decreased both due to an improvement in our CASA ratio from 16.71% to 28.18% for the half year ended September 30, 2016 to the half year ended September 30, 2017 and due to the decreasing interest rate environment.

Interest on RBI/inter-bank borrowings decreased by 71.46% from ₹1,026.81 million to ₹293.04 million for the half year ended September 30, 2016 to the half year ended September 30, 2017, primarily due to a decrease in RBI/inter-bank borrowing volumes as part of our strategy to replace inter-bank borrowings with deposits as our primary source of funding.

Overall, our ability to replace borrowings with deposits as our primary funding source led to a decrease in our overall cost of funds, which decreased from 4.13% to 3.61% (based on actual, non-annualised figures) for the half year ended September 30, 2016 to the half year ended September 30, 2017.

Other Income

The following table sets out the components of other income:

(₹ in millions, except percentages)

	Half year ended September 30,		
	2017	**2016**	**% Increase/ (Decrease)**
Commission, exchange and brokerage	1,283.79	1,287.48	(0.29)%
Profit (loss) on sale of investments (net)	428.31	139.24	207.61%
Income from Sale of (PSLCs) Priority Sector Lending Certificates	1,188.30	-	-
Miscellaneous income (excluding income from sale of Priority Lending Certificates)	545.63	541.74	0.72%
Total other income	3,446.03	1,968.46	75.06%

Our total other income increased by 75.06% from ₹1,968.46 million for the half year ended 30 September 2016 to ₹3,446.03 million for the half year ended September 30, 2017. This increase was primarily due to an increase in income from sales of PSLCs from NIL to ₹1,188.30 million for the half year ended September 30, 2016 to the half year ended September 30, 2017, driven by an increase in sales volumes as we did not sell PSLCs in the half year ended September 30, 2016. Contributing to our increased other income was a 207.61% increase in profit on the sale of investments from ₹139.24 million to ₹428.31 million for the half year ended September 30, 2016 to the half year ended September 30, 2017, primarily due to higher trading volumes on account of favourable market conditions.

Operating Expenses

The following table sets out the components of operating expenses:

(₹ in millions, except percentages)

	Half year ended September 30,		
	2017	**2016**	**% Increase/ (Decrease)**
Payments to and provision for employees	(3,364.23)	(2,501.91)	34.47%
Rent, taxes and lighting	(604.99)	(415.30)	45.68%
Printing and stationery	(108.31)	(108.71)	(0.37)%
Advertisement and publicity	(105.15)	(78.45)	34.03%
Depreciation on bank's property	(403.13)	(279.77)	44.09%
Directors' fees, allowances and expenses	(4.43)	(3.05)	45.25%
Auditors' fees and expenses	(2.79)	(1.42)	96.48%
Law charges	(5.36)	(4.45)	20.45%
Postage, telegrams, telephones etc.	(91.59)	(82.80)	10.62%
Repairs and maintenance	(6.59)	(2.08)	216.83%
Insurance	(49.17)	(25.87)	90.07%
Other expenditure	(1,552.46)	(1,017.12)	52.63%
Total Operating Expenses	(6,298.20)	(4,520.93)	39.31%

Our total operating expenses increased by 39.31% from ₹4,520.93 million for the half year ended September 30, 2016 to ₹6,298.20 million for the half year ended September 30, 2017. This increase was primarily due to increases in (i) payments to and provisions for employees and (ii) other expenditure, though other items also increased largely due to the implementation of GST on 1 July 2017. Payments to and provisions for employees increased by 34.47% from ₹2,501.91 million to ₹3,364.23 million for the half year ended September 30, 2016 to the half year ended September 30, 2017, primarily due to salary increments. Other expenditure increased by 52.63% from ₹1,017.12 million to ₹1,552.46 million for the half year ended September 30, 2016 to the half year ended September 30, 2017, primarily due to the expansion of our network, which led to an increases in branch and ATM related expenses such as IT expense, ATM charges and office maintenance. Further, CSR expense also increased due to increase in profitability.

Relative to our net income (Net Interest Income plus other income), which increased by 36.60% for the half year ended September 30, 2017 from the half year ended September 30, 2016, our operating expenses increased more quickly, reflecting an increase in our branch footprint.

Provisions and contingencies

Provisions and contingencies increased by 209.93% from ₹460.05 million for the half year ended September 30, 2016 to ₹1,425.81 million for the half year ended September 30, 2017. This increase was primarily due to an increase in provisions for NPAs. Provisions for NPAs increased from ₹86.85 million to ₹1,073.37 million for the half year ended September 30, 2016 to the half year ended September 30, 2017, driven by an increase in our percentage of Gross NPA to Gross Advance from 0.31% to 1.43% for the half year ended September 30, 2016 to the half year ended September 30, 2017. Our NPA ratio increased primarily due to the effects of demonetisation, loan waivers and GST.

Net NPA to Net Advances increased from 0.20% to 0.76%, and credit costs increased from 0.63% to 1.47% for the half year ended September 30, 2016 to half year ended September 30, 2017, respectively.

Tax expenses

Tax expenses increased by 23.90% from ₹2,837.81 million for the half year ended September 30, 2016 to ₹3,516.00 million for the half year ended September 30, 2017. This increase was primarily due to an increase in current tax expenses. Current tax expenses increased by 23.15% from ₹2,985.54 million to ₹3,676.61 million for the half year ended September 30, 2016 to the half year ended September 30, 2017, largely in line with the 25.18% increase in our profit before tax for the half year ended September 30, 2017 from the half year ended September 30, 2016.

Profit after tax as restated

As a result of the above, our profit after tax as restated for the year increased by 25.88% from ₹5,224.39 million for the half year ended September 2016 to ₹6,576.54 million for the half year ended September 2017. Our return on assets and return on equity decreased from 2.32% to 14.43%, respectively, and 2.16% to 13.65% for the half year ended September 30, 2016 to half year ended September 30, 2017, respectively (each on an actual, non-annualised basis).

Half Year Ended March 31, 2017 compared to Half Year Ended March 31, 2016

Summary of Performance

(₹ in millions, except percentages)

	Half year ended March 31,		
	2017	**2016**	**% Increase/ (Decrease)**
Net Interest Income	12,960.26	7,919.15	63.66%
Other income	2,145.68	1,360.64	57.70%
Operating expenses	(5,699.11)	(5,231.67)	8.93%
Provisions and contingencies	(424.30)	(478.65)	(11.35)%
Tax expense	(3,087.39)	(1,162.03)	165.69%
Profit after tax	**5,895.14**	**2,407.44**	**144.87%**

Net Interest Income

Our Net Interest Income increased by 63.66% from ₹7,919.15 million for the half year ended March 31, 2016 to ₹12,960.26 million for the half year ended March 31, 2017. Our net interest margin remained relatively steady, decreasing from 5.58% to 5.23% (based on actual, non-annualised figures) for the half year ended March 31, 2016 to the half year ended March 31, 2017, reflecting both (i) a reduction in our cost of funds, which we largely passed through to our customers, and (ii) a shift in our income mix relatively more towards non-micro retail lending. Although our lending portfolio remains predominately micro, as our non-micro retail lending operations grow, our average margins decrease given that micro loans tend to be higher yield than traditional retail loans.

The following table sets out the components of Net Interest Income:

(₹ in millions, except percentages)

	Half year ended March 31,		
	2017	**2016**	**% Increase/ (Decrease)**
Interest income			
Interest/discount on advances/bills	17,014.51	10,918.40	55.83%
Income on investments	2,071.46	1,007.91	105.52%
Interest on balances with RBI and other inter-bank funds	442.96	200.48	120.95%
Others (includes gain on assignment/IBPC)	1,394.98	853.38	63.47%
Total interest income	20,923.91	12,980.17	61.20%
Interest Expended			
Interest on deposits	(7,143.23)	(2,157.06)	231.16%
Interest on RBI / inter-bank borrowings	(561.29)	(2,406.47)	(76.68)%
Others	(259.13)	(497.49)	(47.91)%
Total interest expended	(7,963.65)	(5,061.02)	57.35%
Net Interest Income	12,960.26	7,919.15	63.66%

Interest Earned

Our total interest income increased by 61.20% from ₹12,980.17 million for the half year ended March 31, 2016 to ₹20,923.91 million for the half year ended March 31, 2017. The increase in total interest income was primarily on account of increased interest/discount on advances/bills and increased income on investments.

Interest/discounts on advances/bills increased by 55.83% from ₹10,918.40 million to ₹17,014.51 million for the half year ended March 31, 2016 to half year ended March 31, 2017, primarily due to a 72.37% increase in average advances (see "—*Financial Condition—Advances" above*) in the half year ended March 31, 2017 from the half year ended March 31, 2016, which was partially offset by a decrease in our Yield on Average Advances from 11.66% to 10.58% (each on an actual, non-annualised basis) for the half year ended March 31, 2016 to half year ended March 31, 2017. Our average yield decreased primarily due to (i) the decreasing interest rate environment in India following RBI decreases in policy rates, (ii) a decrease in our cost of funds due to a higher CASA ratio, which we largely passed through to customers and (iii) growth in our non-micro retail loan book, as non-micro retail loans tend to have lower yields than micro loans.

Interest on investments increased by 105.52% from ₹1,007.91 million to ₹2,071.46 million for the half year ended March 31, 2016 to the half year ended March 31, 2017, primarily due to a 92.24% increase in average investment balance, arising largely from increased SLR requirements arising from a 211.18% growth in our average total deposits for the half year ended March 31, 2016 to half year ended March 31, 2017.

Interest on balances with the RBI and other inter-bank funds increased by 120.95% from ₹200.48 million to ₹442.96 million for the half year ended March 31, 2016 to half year ended March 31, 2017, primarily due to an increase in average RBI/inter-bank balances, arising largely from increased SLR requirements and increase in liquidity arising from a 211.18% growth in our average total deposits.

Other interest income increased by 63.47% from ₹853.38 million to ₹1,394.98 million for the half year ended March 31, 2016 to the half year ended March 31, 2017, primarily due to increased income from IBPCs. Income from IBPC/Assignment increased primarily due to a 113.23% increase in Managed Advances (IBPC/Assignment), from ₹31,323.57 million to ₹66,791.22 million for the half year ended March 31, 2016 to the half year ended March 31, 2017.

Interest Expended

Our total interest expended increased by 57.35% from ₹5,061.02 million for the half year ended March 31, 2016 to ₹7,963.65 million for the half year ended March 31, 2017. The increase in interest expended was primarily due to an increase in interest on deposits, and was partially offset by a decrease in interest on RBI/inter-bank borrowings. Interest expended on deposits increased by 231.16% from ₹2,157.06 million to ₹7,143.23 million for the half year ended March 31, 2016 to the half year ended March 31, 2017, primarily due to a 204.78% growth of in our average deposits (excluding current account deposits). Our average cost of deposits increased from 3.37% to 3.66% (each on an actual, non-annualised basis) for the half year ended March 31, 2016 to the half year ended March 31, 2017.

Our interest on RBI/inter-bank borrowings decreased by 76.68% from ₹2,406.47 million to ₹561.29 million for the half year ended March 31, 2016 to the half year ended March 31, 2017, primarily because we were able to replace inter-bank borrowings with deposits as our primary source of funding.

Overall, our ability to replace borrowings with deposits as our primary funding source led to a decrease in our overall cost of funds, which decreased from 4.51% to 3.81% (each on an actual, non-annualised basis) for the half year ended March 31, 2016 to the half year ended March 31, 2017.

Other Income

The following table sets out the components of other income:

(₹ in millions, except percentages)

	Half year ended March 31,		
	2017	**2016**	**% Increase/ (Decrease)**
Commission, exchange and brokerage	1,916.66	1,332.73	43.81%
Profit (loss) on sale of investments (net)	77.54	15.72	393.26%
Miscellaneous income	151.48	12.19	1,142.66%
Total other income	2,145.68	1,360.64	57.70%

Our total other income increased by 57.70% from ₹1,360.64 million for the half year ended March 31, 2016 to ₹2,145.68 million for the half year ended March 31, 2017. The increase in other income was primarily due to a 43.81% increase in commission, exchange and brokerage income from ₹1,332.73 million to ₹1,916.66 million for the half year ended March 31, 2016 to the half year ended March 31, 2017. This increase was primarily a result of higher processing fees given higher loan disbursements.

Operating Expenses

The following table sets out the components of operating expenses:

(₹ in millions, except percentages)

	Half year ended March 31,		
	2017	**2016**	**% Increase/ (Decrease)**
Payments to and provision for employees	(2,953.78)	(2,778.81)	6.30%
Rent, taxes and lighting	(531.38)	(462.59)	14.87%
Printing and stationery	(95.40)	(233.27)	(59.10)%
Advertisement and publicity	(173.66)	(226.22)	(23.23)%
Depreciation on bank's property	(388.75)	(312.25)	24.50%
Directors' fees, allowances and expenses	(4.94)	(1.56)	216.67%
Auditors' fees and expenses	(7.22)	(3.60)	100.56%
Law charges	(4.57)	(6.22)	(26.53)%
Postage, telegrams, telephones etc.	(142.79)	(114.60)	24.60%
Repairs and maintenance	(7.30)	(1.05)	595.24%
Insurance	(39.56)	(29.84)	32.57%
Other expenditure	(1,349.76)	(1,061.66)	27.14%
Total Operating Expenses	(5,699.11)	(5,231.67)	8.93%

Our total operating expenses increased by 8.93% from ₹5,231.67 million for the half year ended March 31, 2016 to ₹5,699.11 million for the half year ended March 31, 2017. This increase was primarily due to an increase in payments to and provisions for employees and an increase in other expenditures. Payments to and provisions for employees increased primarily due to an increase in employee headcount. Other expenditures increased primarily due to higher branch expenses due to expansion in our branch and ATM network, particularly with respect to IT, cash management and ATM charges.

Relative to our net income (Net Interest Income plus other income), which increased by 62.78% for the half year ended March 31, 2017 from the half year ended March 31, 2016, our operating expenses increased more slowly, reflecting efficiency gains in our network as our banking operations matured.

Provisions and contingencies

Provisions and contingencies decreased by 11.35% from ₹478.65 million for the half year ended March 31, 2016 to ₹424.30 million for the half year ended March 31, 2017. This decrease was primarily due to our higher IBPC/Assignment income. The decrease was partially offset by higher provisions for NPAs, which increased from ₹41.33 million to ₹390.63 million for the half year ended March 31, 2016 to the half year ended March 31, 2017 primarily due to the effects of demonetisation and loan waivers. Our Net NPA to Net Advance increased from 0.08% to 0.36% for the half year ended March 31, 2016 to the half year ended March 31, 2017. Credit costs (defined as provision for standard advances and NPAs, plus write-offs) decreased from 0.95% to 0.45% for the half year ended March 31, 2016 to the half year ended March 31, 2017.

Tax expenses

Tax expenses increased by 165.69% from ₹1,162.03 million for the half year ended March 31, 2016 to ₹3,087.39 million for the half year ended March 31, 2017. This increase was primarily due to an increase in current tax expenses. Current tax expenses increased by 109.86% from ₹1,556.41 million to ₹3,266.29 million for the half year ended March 31, 2016 to the half year ended March 31, 2017 largely in line with the 151.65% increase in our profit before tax for the half year ended March 31, 2016 to the half year ended March 31, 2017.

Profit after tax as restated

As a result of the above, our profit after tax as restated increased by 144.87% from ₹ 2,407.44 million for the half year ended March 2016 to ₹5,895.14 million for the half year ended March 2017. Our return on assets and return on equity increased from 1.62% and 8.37%, for the half year ended March 31, 2016 to the half year ended March 31, 2017, respectively, to 2.15% and 14.10%, respectively (each on an actual, non-annualised basis).

Fiscal Year Ended March 31, 2017 Compared to Fiscal Year Ended March 31, 2016

Our company was incorporated on 23 December 2014, however we did not begin operations until August 23, 2015 when BFSL transferred its entire microfinance business to us and we simultaneously launched our commercial and banking operations. As a result, our financial statements for Fiscal Year 2015 do not reflect any operating activities and our financial statements for Fiscal Year 2016 reflect only roughly seven months of operations. Accordingly, our full year financial statements for Fiscal Years 2015, 2016 and 2017 have limited value for comparative purposes.

Summary of Performance

(₹ in millions, except percentages)

	Fiscal year		
	2017	**2016**	**% Increase/ (Decrease)**
Net Interest Income	24,034.98	9,328.36	157.65%
Other income	4,114.14	1,498.93	174.47%
Operating expenses	(10,220.05)	(6,159.18)	65.93%
Provisions and contingencies	(884.35)	(533.01)	65.92%
Tax expense	(5,925.20)	(1,382.63)	328.55%
Profit after tax as restated	11,119.52	2,752.47	303.98%

Net Interest Income

Our Net Interest Income increased by 157.65% from ₹9,328.36 million in fiscal year 2016 to ₹24,034.98 million in fiscal year 2017. The following table sets out the components of Net Interest Income:

(₹ in millions, except percentages)

	Fiscal year		
	2017	**2016**	**% Increase/ (Decrease)**
Interest income			
Interest/discount on advances/bills	31,214.24	12,827.89	143.33%
Income on investments	4,280.50	1,311.99	226.26%
Interest on balances with RBI and other inter-bank funds	790.30	566.67	39.46%
Others (includes gain on assignment/IBPC)	2,802.05	1,107.06	153.11%

	Fiscal year		
	2017	2016	% Increase/ (Decrease)
Total interest income	39,087.09	15,813.61	147.17%
Interest Expended			
Interest on deposits	(12,910.79)	(2,210.26)	484.13%
Interest on RBI / inter-bank borrowings	(1,588.10)	(3,508.32)	(54.73)%
Others	(553.22)	(766.67)	(27.84)%
Total interest expended	(15,052.11)	(6,485.25)	132.10%
Net Interest Income	24,034.98	9,328.36	157.65%

Interest Earned

Our total interest income increased by 147.17% from ₹15,813.61 million in fiscal year 2016 to ₹ 39,087.09 million in fiscal year 2017. The increase in total interest income was primarily on account of 2017 being the first full year of our operations, whereas we operated for roughly seven months in fiscal year 2016.

Interest/discounts on advances/bills increased by 143.33% from ₹12,827.89 million in fiscal year 2016 to ₹31,214.24 million in fiscal year 2017, primarily due to the full year effects of our operations, as well as a 61.90% increase in average advances for the periods in which we were in operation (see "*—Financial Condition—Advances" above*) for the fiscal year 2016 and fiscal year 2017. These were partially offset by a decrease in our average yield primarily due (i) the decreasing interest rate in India following RBI decreases in policy rates, (ii) a decrease in our cost of funds due to a higher CASA ratio, which we largely passed through to customers and (iii) growth in our non-micro retail loan book, as non-micro retail loans tend to have lower yields than micro loans.

Interest on investments increased by 226.26% from ₹1,311.99 million in fiscal year 2016 to ₹4,280.50 million in fiscal year 2017, primarily due to the full year effects of our operations as well as an increase in the size of our investment portfolio. Our investment portfolio increased in size primarily due to increased SLR requirements on account of the growth in our deposit base.

Other interest income increased by 153.11% from ₹1,107.06 million in fiscal year 2016 to ₹2,802.05 million in in fiscal year 2017, primarily due to the full year effects of our operations as well as higher IBPC/Assignment income. Income from IBPC/Assignment increased primarily due to a 113.23% increase in Managed Advances (IBPC/Assignment), from ₹31,323.57 million in fiscal year 2016 to ₹66,791.22 million in fiscal year 2017.

Interest Expended

Our total interest expended increased by 132.10% from ₹6,485.25 million in fiscal year 2016 to ₹15,052.11 million in fiscal year 2017. The increase in interest expensed was primarily on account of 2017 being the first full year of our operations, whereas we operated for roughly seven months in fiscal year 2016. Partially offsetting our interest expended was a decrease in our average cost of funding, primarily as we were able to begin taking low-cost deposits and, consequently, replace a portion our more expensive RBI and inter-bank borrowings with cheaper funding.

Other Income

The following table sets out the components of other income:

(₹ in millions, except percentages)

	Fiscal year		
	2017	2016	% Increase/ (Decrease)
Commission, exchange and brokerage	3,204.15	1,454.21	120.34%
Profit (loss) on sale of investments (net)	216.77	20.06	980.61%
Miscellaneous income	693.22	24.66	2,711.11%
Total other income	4,114.14	1,498.93	174.47%

Our total other income increased by 174.47% from ₹1,498.93 million in fiscal year 2016 to ₹4,114.14 million in fiscal year 2017. The increase in other income was primarily due to the full year effects of our operations.

Operating Expenses

The following table sets out the components of operating expenses:

(₹ in millions, except percentages)

	Fiscal year		
	2017	**2016**	**% Increase/ (Decrease)**
Payments to and provision for employees	(5,455.69)	(3,250.75)	67.83%
Rent, taxes and lighting	(946.68)	(532.42)	77.81%
Printing and stationery	(204.11)	(313.95)	(34.99)%
Advertisement and publicity	(252.11)	(341.70)	(26.22)%
Depreciation on bank's property	(668.52)	(357.74)	86.87%
Directors' fees, allowances and expenses	(7.99)	(4.66)	71.46%
Auditors' fees and expenses	(8.64)	(5.69)	51.85%
Law charges	(9.01)	(6.96)	29.45%
Postage, telegrams, telephones etc.	(225.60)	(122.37)	84.36%
Repairs and maintenance	(9.38)	(1.25)	650.40%
Insurance	(65.43)	(29.84)	119.27%
Other expenditure	(2,366.89)	(1,191.85)	98.59%
Total Operating Expenses	(10,220.05)	(6,159.18)	65.93%

Our total operating expenses increased by 65.93% from ₹6,159.18 million in fiscal year 2016 to ₹10,220.05 million in fiscal year 2017. This increase was primarily due to the full year effects of our operations.

Provisions and Contingencies

Provisions and contingencies increased by 65.92% from ₹533.01 million in fiscal year 2016 to ₹884.35 million in fiscal year 2017. This increase was primarily due to the full year effects of our operations.

Tax expenses

Tax expenses increased by 328.55% from ₹1,382.63 million for the year ended March 31, 2016 to ₹5,925.20 million for the year ended March 31, 2017. This increase was primarily due to an increase in current tax expenses. Current tax expenses increased by 268.76% from ₹1,695.38 million in fiscal year 2016 to ₹6,251.83 million in fiscal year 2017, largely in line with the 312.20% increase in our profit before tax, mostly on account of the full year effects of our operations.

Profit after tax as restated

As a result of the above, our profit after tax as restated increased by 303.98% from ₹2,752.47 million in fiscal year 2016 to ₹11,119.52 million in fiscal year 2017.

Fiscal Year Ended March 31, 2016 compared to Fiscal Year Ended March 31, 2015

Summary of Performance

(₹ in millions, except percentages)

	Fiscal year		
	2016	**2015**	**% Increase/ (Decrease)**
Net Interest Income	9,328.36	-	-
Other income	1,498.93	79.53	1,784.74%
Operating expenses	(6,159.18)	(56.48)	10,805.06%
Provisions and contingencies	(533.01)	-	-
Tax expense	(1,382.63)	(17.29)	7,896.70%
Profit after tax as restated	2,752.47	**5.76**	**47,685.94%**

Net Interest Income

We did not have any operations in 2015. The following table sets out the components of Net Interest Income for fiscal year

2016:

(₹ in millions, except percentages)

	Fiscal year 2016
Interest income	
Interest/discount on advances/bills	12,827.89
Income on investments	1,311.99
Interest on balances with RBI and other inter-bank funds	566.67
Others	1,107.06
Total interest income	15,813.61
Interest Expended	
Interest on deposits	(2,210.26)
Interest on RBI / inter-bank borrowings	(3,508.32)
Others	(766.67)
Total interest expended	(6,485.25)
Net Interest Income	9,328.36

Interest Earned

Our total interest income for fiscal year 2016 was ₹15,813.61 million. We did not have any interest income in fiscal year 2015.

Interest Expended

Our total interest expended for fiscal year 2016 was ₹6,485.25 million. We did not have any interest expended in fiscal year 2015.

Other Income

The following table sets out the components of other income:

(₹ in millions, except percentages)

	Fiscal year		
	2016	**2015**	**% Increase/ (Decrease)**
Commission, exchange and brokerage	1,454.21	-	-
Profit (loss) on sale of investments (net)	20.06	-	-
Miscellaneous income	24.66	79.53	(68.99)%
Total other income	1,498.93	79.53	1,784.74%

Our total other income increased from ₹79.53 million in fiscal year 2015 to ₹1,498.93 million in fiscal year 2016. This increase was primarily due to our roughly seven months of operations in fiscal year 2016. The miscellaneous income that we had in fiscal year 2015 related to interest that we earned on fixed deposits.

Operating Expenses

The following table sets out the components of operating expenses:

(₹ in millions, except percentages)

	Fiscal year		
	2016	**2015**	**% Increase/ (Decrease)**
Payments to and provision for employees	(3,250.75)	(14.24)	22,728.30%
Rent, taxes and lighting	(532.42)	(25.54)	1,984.65%
Printing and stationery	(313.95)	(4.08)	7,594.85%
Advertisement and publicity	(341.70)	(2.11)	16,094.31%
Depreciation on bank's property	(357.74)	(0.05)	715,380.00%

	Fiscal year		
	2016	**2015**	**% Increase/ (Decrease)**
Directors' fees, allowances and expenses	(4.66)	-	-
Auditors' fees and expenses	(5.69)	(0.33)	1,624.24%
Law charges	(6.96)	-	-
Postage, telegrams, telephones etc.	(122.37)	-	-
Repairs and maintenance	(1.25)	-	-
Insurance	(29.84)	-	-
Other expenditure	(1,191.85)	(10.13)	11,665.55%
Total Operating Expenses	(6,159.18)	(56.48)	10,805.06%

Our total operating expenses increased from ₹56.48 million in fiscal year 2015 to ₹6,159.18 million in fiscal year 2016. This increase was primarily due to our operations beginning in fiscal year 2016.

Provisions and Contingencies

Provisions and contingencies for fiscal year 2016 was ₹533.01 million. We did not have any provisions or contingencies in fiscal year 2015, as there were no banking operations in fiscal year 2015.

Profit after tax as restated

As a result of the above, our profit after tax as restated increased from ₹5.76 million for fiscal year 2015 to ₹2,752.47 million for fiscal year 2016.

Capital

We are a banking company within the meaning of the Indian Banking Regulation Act, 1949. We are registered with and subject to supervision by the RBI. The RBI issued detailed guidelines for implementation of Basel III capital regulations in May 2012. Basel III Capital Regulations are being implemented in India with effect from 1 April 2013 in a phased manner, which the Bank has complied with.

Our regulatory capital and capital adequacy ratios calculated under Basel III as of December 31, 2017 are as follows:

(₹ in millions, except percentages)

	Basel III December 31, 2017
Tier 1 capital	53,938.78
Tier 2 capital	3,032.66
Total capital	56,971.44
Total risk weighted assets and contingents	229,203.99
Capital ratios of the Group:	
Tier 1 Capital Ratio (%)	23.53%
CRAR (%)	24.85%
Minimum capital ratios required by the RBI:	
Tier 1 including capital conservation buffer	7.00%
Total capital	13.00%

Capital Expenditure

Our capital expenditures relate principally to setting up new branches. For the nine months ended December 31, 2017 and 2016, and fiscal years 2017, 2016 and 2015, we made additional capital expenditures ₹435.36 million, ₹429.78 million, ₹817.88 million, ₹1,643.93 million and ₹1,086.16 million, respectively.

Our planned future capital expenditure relates primarily to the continued expansion of our branch network, as well as to the construction of a new headquarter in Kolkata. The approved capital budget by the Board for the fiscal year 2018 is ₹1,554.76 million. However, our actual capital expenditure may be higher or lower than our current expectations, and could be material in amount. Moreover, we may use incur capital expenditure for purposes other than the above, depending on, among other factors, the business environment prevailing at the time and any change in our business plans.

Contingent Liabilities, Financial Instruments and Cross Border Exposures

Contingent Liabilities

Our contingent liability primarily relates to:

- Claims against us that we do not acknowledge as debts, which represent claims filed against us in the normal course of our business;

- Guarantees that we give on behalf of constituents. As part of our banking activities, we issue guarantees on behalf of our customers to enhance their credit standing. Guarantees represent irrevocable assurance that we will make payments in the event of the customer failing to fulfil its financial or performance obligations; and

- Capital commitments, representing outstanding amounts of estimated amounts of contracts remaining to be executed on capital accounts.

The following table presents our contingent liabilities:

(₹ in millions)

	As of						
	December 31, 2017	**September 30, 2017**	**March 31, 2017**	**December 31, 2016**	**September 30, 2016**	**March 31, 2016**	**March 31, 2015**
Claims against our Bank not acknowledged as debts	4.61	2.91	0.53	-	0.32	0.26	-
Guarantees given on behalf of constituents (in India)	109.17	79.40	47.09	44.08	32.06	3.11	-
Other items-Capital Commitments	186.93	169.20	188.68	258.78	180.39	45.65	1,030.33
Total	**300.71**	**251.51**	**236.30**	**302.86**	**212.77**	**49.02**	**1,030.33**

Our capital commitments as of March 31, 2015 related primarily to commitments for our new branches as we were preparing to commence banking operations. Our capital commitments decreased significantly from ₹1,030.33 million as of March 31, 2015 to ₹ 45.65 million as of March 31, 2016 primarily as a result of the opening of our branch network when we began operations.

Qualifications, Reservations and Adverse Remarks

There are no reservations, qualifications or adverse remarks highlighted by the auditors in their reports to our financial statements as of and for the nine months ended December 31, 2017 and 2016, the half years ended March 31, 2017 and 2016, September 30, 2017 and 2016 and the fiscal years ended March 31, 2017, 2016 and 2015.

Critical Accounting Policies

We have set forth below some of our critical accounting policies under Indian GAAP. Our financial statements are prepared in accordance with Indian GAAP as applicable to banks. The preparation of our financial statements requires us to make estimates and judgements that affect the reported amounts of assets, liabilities, income and expenses as well as the disclosure of contingent liabilities. The notes to the financial statements contain a summary of our significant accounting policies. Certain of these policies are critical to the portrayal of our financial condition, since they require management to make subjective judgements, some of which may relate to matters that are inherently uncertain. Set forth below are some of our critical accounting policies under Indian GAAP for fiscal 2017 and the nine months ended December 31, 2017. We base our estimates and judgements on historical experience and other factors that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. As a result of changes in applicable statutory requirements, regulatory guidelines and accounting practices in India, our accounting policies may have undergone changes during the periods covered by this discussion. Accordingly, this discussion should be read in conjunction with our financial statements and notes as applicable during the respective fiscal year.

The Restated half yearly Summary Statements were approved by the Board of Directors and an examination report issued by the auditors on November 22, 2017 for the purpose of their inclusion in the Draft Red Herring Prospectus. There have been no changes in the significant accounting policies or practices in the subsequent period to date. The Restated half yearly Summary Statements are included in this Prospectus also to provide detailed financial data for the understanding of the Bank's financial performance.

Impairment

We review the carrying amounts of assets at each balance sheet to determine if there is any indication of impairment based on internal/external factors. We recognise an impairment loss wherever the carrying amount exceeds its recoverable amount, which is the greater of the asset's net selling price and value in use.

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

Deferred tax assets

We measure deferred tax based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. We recognise deferred tax assets 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. We have carried forward unabsorbed depreciation and tax losses, all deferred tax assets are recognised only to the extent that there is a virtual certainty supported by convincing evidence that sufficient taxable income will be available in the future, against which such deferred tax assets can be realised.

At each reporting date, we re-asses unrecognised deferred tax assets. We recognise unrecognised deferred tax assets to the extent that it has become reasonable 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.

We review the carrying amounts of deferred tax assets at each balance sheet date. We write 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 assets can be realised. We reverse any such write down to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Transition to Ind AS

The Ministry of Corporate Affairs, in its press release dated 18 January 2016, issued a roadmap for implementation of IND AS for scheduled commercial banks, insurers, insurance companies and NBFCs. This roadmap requires these institutions to prepare IND AS based financial statements for the accounting periods beginning from 1 April 2018 onwards with comparatives for the periods ending March 31, 2018. The RBI, by its circular dated 11 February 2016, requires all scheduled commercial banks to comply with IND AS for financial statements beginning 1 April 2018 and banks are also required to be in preparedness to submit pro forma IND AS financial statements to the RBI from the half-year ended September 30, 2016, onwards. The RBI is yet to notify the formats and standards for banks to adopt IND AS.

There is no certainty as to the timing of transitioning to IND AS for scheduled commercial banks, nor the impact of IND AS on our financial reporting. See "*Risk Factors—Risks Relating to our Business—Banking companies in India, including us, are required to prepare financial statements under the IND AS for periods beginning from 1 April 2018. The transition to IND AS is recent and there is no clarity on the effect of such transition on us.*

STATEMENT OF CAPITALISATION

Restated consolidated capitalisation statement

We have set out below the post-Issue details of the restated consolidated statement of capitalisation as at December 31, 2017, in addition to the statement of capitalisation included in "Financial Statements – Annexure 24: Restated Statement of Capitalisation" on page 312.

(₹*Million*)

Particulars	Pre-Issue	Post-Issue (As Adjusted for the Issue)
Debt:		
Short Term Debt (A)	8,083.66	8,083.66
Long Term Debt* (B)	5,223.28	5,223.28
Total Debt (C= A+B)	13,306.94	13,306.94
Shareholders' Funds:		
Share Capital (D)	10,951.41	11,928.05
Reserves & Surplus (E)	43,090.14	78,737.47
Total Shareholder's Funds (F=D+E)	54,041.55	90,665.52
Long Term Debt / Shareholder's Funds (G=(B/F)	0.10	0.06
Total Debt / Shareholder's Funds (H=C/F)	0.25	0.15

Note:

Borrowings with original contractual maturity of more than one year are classified as long term, per relevant regulations framed by the RBI. All other borrowings have been classified as short term.

SELECTED STATISTICAL INFORMATION

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. However, note that these non-GAAP financial measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies. Average figures for the year ended March 31, 2016 are based on month-end balances of the seven months starting from September 30, 2015.

The following information should be read together with our Restated Summary Statements, including the notes thereto, and the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this Prospectus. Unless otherwise stated, all averages presented in this section are presented on the basis of month end balances outstanding.

The Restated half yearly Summary Statements were approved by the Board of Directors and an examination report issued by the auditors on November 22, 2017 for the purpose of their inclusion in the Draft Red Herring Prospectus. There have been no changes in the significant accounting policies or practices in the subsequent period to date. The Restated half yearly Summary Statements are included in this Prospectus also to provide detailed financial data for the understanding of the Bank's financial performance.

Our Bank was incorporated on December 23, 2014, however we did not begin operations until August 23, 2015 when BFSL transferred its entire microfinance business to us and we simultaneously launched our commercial and banking operations. As a result, our financial statements for Fiscal Year 2015 do not reflect any operating activities and our financial statements for Fiscal Year 2016 reflect only roughly seven months of operations starting from August 23, 2015. Accordingly, data for 2016 and 2017 have limited value for comparative purposes. As we did not have operations during FY 2015, data for FY 2015 has been omitted from this section. All ratios are calculated based on the relevant days of operations during the period unless specified, and annualized for the relevant days of operations during the period.

YEARS ENDED MARCH 31, 2016 AND 2017 AND HALF YEARS ENDED MARCH 31, 2016, SEPTEMBER 30, 2016, MARCH 31, 2017 AND SEPTEMBER 30, 2017

Average balance sheet and net interest margin

₹in millions

Particulars	Year ended March 31, 2016			Year ended March 31, 2017			Half Year ended September 30, 2016			Half Year ended September 30, 2017			Half Year ended March 31, 2016			Half Year ended March 31, 2017		
	Average Balance(1)	Interest Income(6) (7) / interest expended (8)	Average Yield / Cost of funds (2) (4) (%)	Average Balance(1)	Interest Income(6) (7) / interest expended (8)	Average Yield / Cost of funds (4) (%)	Average Balance (1)	Interest Income(6) (7) / interest expended (8)	Average Yield / Cost of funds (4) (%)	Average Balance(1)	Interest Income(6) (7) / interest expended (8)	Average Yield / Cost of funds (4) (%)	Average Balance(1)	Interest Income(6) (7) / interest expended (8)	Average Yield / Cost of funds (4) (%)	Average Balance(1)	Interest Income(6) (7) / interest expended (8)	Average Yield / Cost of funds (4) (%)
Interest Earning Assets																		
Advances	97,852.28	13,934.95	23.41% [14.24%]	158,421.59	34,012.62	21.47%	142,829.91	15,606.73	21.79% [10.93%]	186,111.91	19,254.04	20.63% [10.35%]	100,953.57	11,771.78	23.39% [11.66%]	174,013.28	18,405.89	21.21% [10.58%]
Investments	28,108.88	1,311.99	7.67% [4.67%]	54,965.85	4,280.50	7.79%	54,433.38	2,209.04	8.09% [4.06%]	63,870.24	2,238.01	6.99% [3.50%]	28,869.94	1,007.91	7.00% [3.49%]	55,498.33	2,071.46	7.49% [3.73%]
Other interest earning assets(5)	13,264.14	566.67	7.02% [4.27%]	16,771.50	793.97	4.73%	15,364.13	347.41	4.51% [2.26%]	36,252.76	1,242.72	6.84% [3.43%]	11,996.33	200.48	3.35% [1.67%]	18,178.87	446.56	4.93% [2.46%]
Average Interest	**139,225.30**	**15,813.61**		**230,158.94**	**39,087.09**	**16.98%**	**212,627.42**	**18,163.18**		**286,234.91**	**22,734.77**		**141,819.84**	**12,980.17**		**247,690.48**	**20,923.91**	

Particulars	Year ended March 31, 2016			Year ended March 31, 2017			Half Year ended September 30, 2016			Half Year ended September 30, 2017			Half Year ended March 31, 2016			Half Year ended March 31, 2017		
	Average Balance[1]	Interest Income[6][7] / interest expended [8]	Average Yield / Cost of funds [2][4] (%)	Average Balance[1]	Interest Income[6][7] / interest expended [8]	Average Yield / Cost of funds [4] (%)	Average Balance [1]	Interest Income[6][7] / interest expended [8]	Average Yield / Cost of funds [4] (%)	Average Balance[1]	Interest Income[6][7] / interest expended [8]	Average Yield / Cost of funds [4] (%)	Average Balance[1]	Interest Income[6][7] / interest expended [8]	Average Yield / Cost of funds [4] (%)	Average Balance[1]	Interest Income[6][7] / interest expended [8]	Average Yield / Cost of funds [4] (%)
Earning Assets (A)			**18.67% [11.36%]**						**17.04% [8.54%]**			**15.84% [7.94%]**			**18.36% [9.15%]**			**16.94% [8.45%]**
Non-interest earning Assets																		
Fixed Assets	2,366.62	-	-	2,315.12	-	-	2,274.26	-	-	2,423.47	-	-	2,333.58	-	-	2,355.98	-	-
Other non interest earning assets	5,609.45	-	-	16,178.34	-	-	12,182.24	-	-	17,522.40	-	-	5,844.73	-	-	20,174.43	-	-
Average Non-interest earning Assets (B)	**7,976.07**	**-**	**-**	**18,493.46**	**-**	**-**	**14,456.50**	**-**	**-**	**19,945.87**	**-**	**-**	**8,178.31**	**-**	**-**	**22,530.41**	**-**	**-**
Total Assets (A+B)	**147,201.37**	**15,813.61**	**17.66% [10.74%]**	**248,652.40**	**39,087.09**	**15.72%**	**227,083.92**	**18,163.18**	**15.95% [8.00%]**	**306,180.78**	**22,734.77**	**14.81% [7.43%]**	**149,998.15**	**12,980.17**	**17.35% [8.65%]**	**270,220.89**	**20,923.91**	**15.53% [7.74%]**
Interest bearing Liabilities																		
Deposits (excluding Current Accounts)	56,524.72	2,210.26	6.43% [3.91%]	171,466.27	12,910.79	7.53%	147,762.93	5,767.56	7.79% [3.90%]	222,906.41	7,887.87	7.06% [3.54%]	64,036.82	2,157.06	6.76% [3.37%]	195,169.61	7,143.23	7.34% [3.66%]
Borrowings	53,409.67	4,274.99	13.16% [8.00%]	19,005.72	2,141.32	11.27%	24,003.99	1,320.90	10.98% [5.50%]	8,791.15	476.38	10.81% [5.42%]	48,064.17	2,903.96	12.12% [6.04%]	14,007.46	820.42	11.75% [5.86%]
Average Interest bearing Liabilities	**109,934.39**	**6,485.25**	**9.70% [5.90%]**	**190,471.99**	**15,052.11**	**7.90%**	**171,766.92**	**7,088.46**	**8.23% [4.13%]**	**231,697.56**	**8,364.25**	**7.20% [3.61%]**	**112,100.99**	**5,061.02**	**9.05% [4.51%]**	**209,177.07**	**7,963.65**	**7.64% [3.81%]**
Non - interest bearing Liabilities																		
Capital, Reserves & surplus	28,358.62	-	-	39,000.46	-	-	36,197.74	-	-	48,178.32	-	-	28,773.01	-	-	41,803.18	-	-
Other Liabilities and provisions(including Current Accounts) [6]	8,908.37	-	-	19,179.95	-	-	19,119.26	-	-	26,304.90	-	-	9,124.15	-	-	19,240.64	-	-
Average Non - Interest bearing Liabilities	**37,266.99**	**-**	**-**	**58,180.41**	**-**	**-**	**55,317.00**	**-**	**-**	**74,483.22**	**-**	**-**	**37,897.16**	**-**	**-**	**61,043.82**	**-**	**-**
Total Liabilities	**147,201.37**	**6,485.25**	**7.24% [4.41%]**	**248,652.40**	**15,052.11**	**6.05%**	**227,083.92**	**7,088.46**	**6.23% [3.12%]**	**306,180.78**	**8,364.25**	**5.45% [2.73%]**	**149,998.15**	**5,061.02**	**6.77% [3.37%]**	**270,220.89**	**7,963.65**	**5.91% [2.95%]**
Interest spread[3].	-	-	8.98% [5.46%]	-	-	9.08%	-	-	8.81% [4.42%]	-	-	8.64% [4.33%]	-	-	9.30% [4.64%]	-	-	9.31% [4.64%]
NIM (Net Interest Income / Average Interest Earning Assets) in (%)	-	-	11.02% [6.70%]	-	-	10.44%	-	-	10.39% [5.21%]	-	-	10.01% [5.02%]	-	-	11.20% [5.58%]	-	-	10.49% [5.23%]

(1) Average Balances are defined as the average month end balances for the items listed in the table.

(2) All ratios are calculated based on the relevant days of operations during the period unless specified. Annualized for the relevant days of operations during the period.

(3) "Interest spread" means difference between average yield on total interest earnings assets and average cost of total interest bearing liabilities.

(4) Figures in square brackets represent unannualized figures.

(5) Includes balance with RBI in other accounts, balance with banks in other deposits and money at call and short notice.

(6) Interest Income on advances include interest/discount on advances/bills and gain on IBPC/ Assignment.

(7) Other Interest Income does not include gain on IBPC/ Assignment and includes interest on balance with RBI and other inter-bank funds.

(8) Interest expended on borrowings includes interest on borrowings, interest on RBI / inter-bank borrowings and interest expended – others.

₹*in millions*

Particulars	**Nine months ended December 31,2016**			**Nine months ended December 31,2017**		
	Average Balance[(1)]	**Interest Income[(6) (7)] / interest expended [(8)]**	**Average Yield / Cost of funds [(2) (4)] (%)**	**Average Balance[(1)]**	**Interest Income[(6) (7)] / interest expended [(8)]**	**Average Yield / Cost of funds [(2) (4)] (%)**
Interest Earning Assets						
Advances	151,206.40	24,564.81	21.56%	196,146.80	29,386.75	19.89%
			[16.25]%			[14.98]%
Investments	55,177.43	3,240.98	7.80%	66,743.62	3,535.54	7.03%
			[5.87]%			[5.30]%
Other interest earning assets[(5)]	13,560.02	497.92	4.87%	28,944.01	1,594.73	7.31%
			[3.67]%			[5.51]%
Average Interest Earning Assets (A)	219,943.85	28,303.72	17.08%	291,834.43	34,517.02	15.70%
			[12.87]%			[11.83]%
Non-interest earning Assets						
Fixed Assets	2,280.49			2,395.56		
Other non interest earning Assets	16,304.06			18,051.62		
Average Non-interest earning Assets (B)	18,584.55			20,447.18		
Total Assets (A+B)	238,528.40	28,303.72	15.75%	312,281.61	34,517.02	14.67%
			[11.87]%			[11.05]%
Interest bearing Liabilities						
Deposits (excluding Current Accounts)	161,655.54	9,362.33	7.69%	227,569.37	12,100.05	7.06%
			[5.79]%			[5.32]%
Borrowings	21,488.98	1,803.63	11.14%	8,735.14	728.65	11.07%
			[8.39]%			[8.34]%
Average Interest bearing Liabilities (A)	183,144.52	11,165.96	8.09%	236,304.51	12,828.70	7.21%
			[6.10]%			[5.43]%
Non- interest bearing Liabilities						
Capital, Reserves & Surplus	37,588.01			49,741.43		
Other Liabilities and provisions (including Current Accounts)[(6)]	17,795.87			26,235.67		
Average Non-Interest bearing Liabilities (B)	55,383.88			75,977.10		
Total Liabilities (A+B)	238,528.40	11,165.96	6.21%	312,281.61	12,828.70	5.45%
			[4.68]%			[4.11]%
Interest spread[(3)]			8.99%			8.49%
			[6.77]%			[6.40]%
NIM (Net Interest Income / Average Interest Earning Assets) in (%)			10.34%			9.86%
			[7.79]%			[7.43]%

1. *Average Balances are defined as the average month end balances for the items listed in the table.*
2. *All ratios are calculated based on the relevant days of operations during the period unless specified. Annualized for the relevant days of operations during the period.*
3. *"Interest spread" means difference between average yield on total interest earnings assets and average cost of total interest bearing liabilities.*
4. *Figures in square brackets represent unannualized figures.*
5. *Includes balance with RBI in other accounts, balance with banks in other deposits and money at call and short notice.*
6. *Interest Income on advances include interest/discount on advances/bills and gain on IBPC/ Assignment.*
7. *Other Interest Income does not include gain on IBPC/ Assignment and includes interest on balance with RBI and other inter-bank funds.*
8. *Interest expended on borrowings includes interest on borrowings, interest on RBI / inter-bank borrowings and interest expended – others.*

Analysis of changes in interest income and interest expenses volume and rate analysis

The following tables set forth, for the periods indicated, the allocation of the changes in our interest income and interest expended between average volume and changes in average rates. The changes in Net Interest Income between periods have been reflected as attributed either to volume or rate changes. For the purposes of this table, changes that are due to both volume and rate have been allocated solely to changes in rate.

₹in millions

	Year ended March 31, 2017 vs Year ended March 31, 2016			**Half Year ended September 30, 2017 vs Half Year ended September 30, 2016**			**Half year ended March 31, 2017 vs Half year ended March 31, 2016**		
	Net changes in interest	**Change in average volume**	**Change in average rate**	**Net changes in interest**	**Change in average volume**	**Change in average rate**	**Net changes in interest**	**Change in average volume**	**Change in average rate**
Interest Income									
-Advances [1]	20,077.67	23,157.77	(3,080.10)	3,647.31	4,716.41	(1,069.10)	6,634.11	8,542.60	(1,908.49)
-Investments	2,968.51	2,906.14	62.37	28.97	381.92	(352.95)	1,063.55	932.21	131.34
-Other interest earning assets[2]	227.30	611.38	(384.08)	895.31	471.04	424.27	246.09	103.60	142.49
Total Interest Income	**23,273.48**	**26,675.29**	**(3,401.81)**	**4,571.59**	**5,569.37**	**(997.78)**	**7,943.75**	**9,578.41**	**(1,634.66)**
Interest Expended									
-Deposits	10,700.53	8,813.33	1,887.20	2,120.31	2,925.03	(804.71)	4,986.16	4,429.30	556.86
-Borrowings[3]	(2,133.68)	(1,773.84)	(359.84)	(844.52)	(834.85)	(9.67)	(2,083.53)	(2,063.30)	(20.23)
Total Interest Expended	**8,566.85**	**7,039.49**	**1,527.36**	**1,275.79**	**2,090.18**	**(814.38)**	**2,902.63**	**2,366.00**	**536.63**
Net Interest Income	**14,706.63**	**19,635.80**	**(4,929.17)**	**3,295.80**	**3,479.19**	**(183.40)**	**5,041.12**	**7,212.41**	**(2,171.29)**

(1) Interest Income on advances includes interest/discount on advances/bills and gain on IBPC/ Assignment.

(2) Other Interest Income does not include gain on IBPC/ Assignment and includes interest on balance with RBI and other inter-bank funds.

(3) Interest expended on borrowings includes interest on borrowings, interest on RBI / inter-bank borrowings and interest expended – others.

₹in millions

	Nine months ended December 31, 2017 Vs Nine months ended December 31, 2016		
	Net changes in interest	**Change in average volume**	**Change in average rate**
Interest Income			
- Advances[1]	4,821.94	7,300.96	(2,479.03)
- Investments	294.56	679.37	(384.80)
- Other interest earning assets[2]	1,096.81	564.89	(531.92)
Total Interest Income	**6,213.31**	**8,545.22**	**(2,331.91)**
Interest Expended			
- Deposits	2,737.72	3,817.42	(1,079.70)
- Borrowings[3]	(1,074.98)	(1,070.47)	(4.51)
Total Interest Expended	**1,662.74**	2,746.95	(1,084.22)
Net Interest Income	**4,550.57**	**5,798.27**	**(1,247.70)**

(1) Interest Income on advances includes interest/discount on advances/bills and gain on IBPC/ Assignment.

(2) Other Interest Income does not include gain on IBPC/ Assignment and includes interest on balance with RBI and other inter-bank funds.

(3) Interest expended on borrowings includes interest on borrowings, interest on RBI / inter-bank borrowings and interest expended – others.

Yields, spreads and margins

₹in millions

Particulars	Year ended March 31, 2016[(6)]	Year ended March 31, 2017	Half Year ended September 30, 2016	Half Year ended September 30, 2017	Half Year ended March 31, 2016	Half Year ended March 31, 2017
Average interest-earning assets[(1)]	139,225.30	230,158.94	212,627.42	286,234.91	141,819.84	247,690.48
Average interest-bearing liabilities[(1)]	109,934.39	190,471.99	171,766.92	231,697.56	112,100.99	209,177.07
Average total assets or average liabilities (including Capital, Reserves and Surplus) [(1)]	147,201.37	248,652.40	227,083.92	306,180.78	149,998.15	270,220.89
Average interest-earning assets as a percentage of average total assets (%)	94.58%	92.56%	93.63%	93.49%	94.55%	91.66%
Average interest-bearing liabilities as a percentage of average total assets (%)[(1)]	74.68%	76.60%	75.64%	75.67%	74.73%	77.41%
Average interest-earning assets as a percentage of average total liabilities (%)(including capital, reserves and surplus) [(1)]	94.58%	92.56%	93.63%	93.49%	94.55%	91.66%
Yield on average interest earning assets (%)[(1), (7)]	18.67% [11.36%]	16.98%	17.04% [8.54%]	15.84% [7.94%]	18.36% [9.15%]	16.94% [8.45%]
Cost of funds (%)[(1) (2), (7)]	9.70% [5.90%]	7.90%	8.23% [4.13%]	7.20% [3.61%]	9.05% [4.51%]	7.64% [3.81%]
Cost of funds (%) (incl. Equity & Current Deposit)[(3), (7)]	7.65% [4.65%]	6.42%	6.72% [3.37%]	5.74% [2.88%]	7.15% [3.56%]	6.18% [3.08%]
Interest Spread (%)[(1) (4), (7)]	8.98% [5.46%]	9.08%	8.81% [4.42%]	8.64% [4.33%]	9.30% [4.64%]	9.31% [4.64%]
Net Interest Margin (Net Interest Income / Average Interest Earning Assets) [(5), (7)]	11.02% [6.70%]	10.44%	10.39% [5.21%]	10.01% [5.02%]	11.20% [5.58%]	10.49% [5.23%]

(1) Average Balances are defined as the average month end balances for the items listed in the table.
(2) Calculated as total interest expended/Average month end balance of interest bearing liabilities.
(3) Calculated as total interest expended/Average month end balance of interest bearing liabilities, current deposits and equity & reserve & surplus.
(4) Calculated as Yield on average interest earning assets less cost of funds.
(5) Calculated as Net Interest Income / Average Interest Earning Assets.
(6) All ratios are calculated based on the relevant days of operations during the period unless specified. Annualized for the relevant days of operations during the period.
(7) Figures in square brackets represent unannualized figures.

₹in millions

Particulars	Nine months ended December 31,2016[(6)]	Nine months ended December 31,2017[(6)]
Average interest-earning assets[(1)]	219,943.85	291,836.43
Average interest-bearing liabilities[(1)]	183,144.52	236,304.51
Average total assets or average liabilities (including Capital, Reserves and Surplus) [(1)]	238,528.40	312,281.61
Average interest-earning assets as a percentage of average total assets (%)	92.21%	93.45%
Average interest-bearing liabilities as a percentage of average total assets (%)[(1)]	76.78%	75.67%
Average interest-earning assets as a percentage of average total liabilities (%) (including Capital, Reserves and Surplus) [(1)]	92.21%	93.45%
Yield on average interest earning assets (%)[(1), (7)]	17.08%	15.70%
	[12.87%]	[11.83%]
Cost of funds (%)[(1), (2), (7)]	8.09%	7.21%

Particulars	Nine months ended December 31,2016[(6)]	Nine months ended December 31,2017[(6)]
	[6.10%]	[5.43%]
Cost of funds (%) (incl. Equity & Current Deposits)[(3), (7)]	6.61%	5.71%
	[4.98%]	[4.31%]
Interest Spread (%)[(1), (4), (7)]	8.99%	8.49%
	[6.77%]	[6.40%]
Net Interest Margin (Net interest income / Average Interest Earning Assets)[(5), (7)]	10.34%	9.86%
	[7.79%]	[7.43%]

(1) Average Balances are defined as the average month end balances for the items listed in the table.
(2) Calculated as total interest expended/Average month end balance of interest bearing liabilities.
(3) Calculated as total interest expended/Average month end balance of interest bearing liabilities, current deposits and equity & reserve & surplus.
(4) Calculated as Yield on average interest earning assets less cost of funds.
(5) Calculated as Net Interest Income / Average Interest Earning Assets.
(6) All ratios are calculated based on the relevant days of operations during the period unless specified. Annualized for the relevant days of operations during the period.
(7) Figures in square brackets represent unannualized figures.

Return on equity and assets

₹in millions

Particulars	Year ended March 31, 2016 [(5) (6)]	Year ended March 31, 2017[(6)]	Half Year ended September 30, 2016[(6)]	Half Year ended September 30, 2017[(6)]	Half Year ended March 31, 2016[(6)]	Half Year ended March 31, 2017[(6)]
Profit After Tax	2,752.47	11,119.52	5,224.39	6,576.54	2,407.44	5,895.14
Average total assets	147,201.37	248,652.40	227,083.92	306,180.78	149,998.15	270,220.89
Average shareholders' equity [(1)]	28,358.62	39,000.46	36,197.74	48,178.32	28,773.01	41,803.18
Return on equity (net profit to average shareholders' equity) (%)[(6)]	15.96% [9.71%]	28.51%	28.79% [14.43%]	27.23% [13.65%]	16.78% [8.37%]	28.28% [14.10%]
Return on assets (net profit to average assets) (%)[(6)]	3.07% [1.87%]	4.47%	4.59% [2.30%]	4.28% [2.15%]	3.22% [1.60%]	4.35% [2.18%]
Average shareholders' equity as a percentage of average total assets (%)	19.27%	15.68%	15.94%	15.74%	19.18%	15.47%
Tier I capital adequacy ratio (%)	26.72	24.77	24.80	24.85	26.72	24.77
Tier II capital adequacy ratio (%)	2.29	1.59	1.84	1.39	2.29	1.59
Total capital adequacy ratio (%)	29.01	26.36	26.64	26.24	29.01	26.36
Advances to deposit ratio (%)	102.96%	72.60%	92.13%	76.54%	102.96%	72.60%
Cost to income ratio (%)[(2)]	56.89%	36.31%	34.66%	35.35%	56.38%	37.73%
Other income to total income ratio (%)[(3)]	8.66%	9.52%	9.78%	13.16%	9.49%	9.30%
Operating profit to Average total assets (%)[(4), (6)]	5.21% [3.17%]	7.21%	7.49% [3.75%]	7.50% [3.76%]	5.41% [2.70%]	6.98% [3.48%]

(1) Average shareholder's equity referred to in the above table defined as average of month end balances of capital and reserves.
(2) Calculated as Operating expenses / (Net Interest Income & Other Income).
(3) Calculated as Other Income / Total Income.
(4) Calculated as Profit before provision and contingencies and taxes / Average total assets.
(5) All ratios are calculated based on the relevant days of operations during the period unless specified. Annualized for

the relevant days of operations during the period.

(6) *Figures in square brackets represent unannualized figures.*

₹in millions

Particulars	Nine months ended December 31,2016[5], [6]	Nine months ended December 31,2017[5], [6]
Profit After Tax	7,895.41	9,577.00
Average total assets	238,528.40	312,281.61
Average shareholders' equity[1]	37,588.01	49,741.43
Return on equity (net profit to average shareholders' equity) (%)[6]	27.88%	25.55%
	[21.01%]	[19.25%]
Return on assets (net profit to average assets) (%)[6]	4.39%	4.07%
	[3.31%]	[3.07%]
Average shareholders' equity as a percentage of average total assets (%)	15.76%	15.93%
Tier I capital adequacy ratio (%)	26.85	23.53
Tier II capital adequacy ratio (%)	1.82	1.32
Total capital adequacy ratio (%)	28.67	24.85
Advances to deposit ratio (%)	83.49%	91.46%
Cost to income ratio (%)[2]	[36.72%]	[35.38%]
Other income to total income ratio (%)[3]	[9.06%]	[12.71%]
Operating profit to Average total assets (%)[4], [6]	7.03%	7.34%
	[5.29%]	[5.53%]

(1) *Average shareholder's equity referred to in the above table defined as average of month end balances of capital and reserves.*
(2) *Calculated as Operating expenses / (Net Interest Income & Other Income).*
(3) *Calculated as Other Income / Total Income.*
(4) *Calculated as Profit before provision and contingencies and taxes / Average total assets.*
(5) *All ratios are calculated based on the relevant days of operations during the period unless specified. Annualized for the relevant days of operations during the period.*
(6) *Figures in square brackets represent unannualized figures.*

Funding

Our funding operations are designed to optimize the cost of funding and effective liquidity management. The primary source of funding is deposits accepted from our customers.

Deposits

₹in millions

Particulars	Year ended March 31, 2016	Year ended March 31, 2017	Half Year ended September 30, 2016	Half Year ended September 30, 2017	Half Year ended March 31, 2016	Half Year ended March 31, 2017
Period/year end balance	120,887.48	232,286.58	178,807.80	254,421.70	120,887.48	232,286.58
Average balance during the period/year	57,595.45	176,515.10	150,272.26	233,884.10	65,158.18	202,757.93
Interest expended during the period/year on deposits	2,210.26	12,910.79	5,767.56	7,887.87	2,157.06	7,143.23
Average interest rate during the period (%)[1], [3]	6.31% [3.84%]	7.31%	7.66% [3.84%]	6.73% [3.37%]	6.64% [3.31%]	7.07% [3.52%]
Average interest rate at period end (%)[2], [3]	3.01% [1.83%]	5.56%	6.43% [3.23%]	6.18% [3.10%]	3.58% [1.78%]	6.17% [3.08%]
Retail deposits to total deposits (%)	37.95%	70.67%	44.77%	76.09%	37.95%	70.67%

(1) *Average interest rate computed as a % of the average of the month end balances.*
(2) *Average interest rate computed as a % of the period end balance.*

(3) *Figures in square brackets represent unannualized figures.*

₹in millions

Particulars	Nine months ended December 31,2016	Nine months ended December 31,2017
Period/year end balance	194,633.13	252,939.56
Average balance during the period/year	165,073.57	239,503.88
Interest expended during the period/year on deposits	9,362.33	12,100.05
Average interest rate during the period (%)(1), (3)	7.53%	6.71%
	[5.67%]	[5.05%]
Average interest rate at period end (%)(2), (3)	6.38%	6.35%
	[4.81%]	[4.78%]
Retail Deposit to Total deposits (%)	65.31%	85.07%

(1) *Average interest rate computed as a % of the average of the month end balances.*
(2) *Average interest rate computed as a % of the period end balance.*
(3) *Figures in square brackets represent unannualized figures.*

Demand deposits do not bear interest, and are therefore carried at zero cost. The following table sets forth, as at the dates indicated our outstanding deposits and the percentage composition by each category of deposits.

Category of deposits

₹in millions

Particulars	Year ended March 31, 2016		Year ended March 31, 2017		Half Year ended September 30, 2016		Half Year ended September 30, 2017	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Demand deposits	2,345.50	1.94%	14,526.17	6.25%	3,554.01	1.99%	12,881.56	5.06%
Savings deposits	23,710.50	19.61%	53,847.20	23.18%	26,322.29	14.72%	58,818.83	23.12%
Term deposits	94,831.48	78.45%	163,913.21	70.57%	148,931.50	83.29%	182,721.31	71.82%
Total	120,887.48	100.00%	232,286.58	100.00%	178,807.80	100.00%	254,421.70	100.00%

				₹in millions
Particulars	**Nine months ended December 31,2016**		**Nine months ended December 31,2017**	
	Amount	**% of total**	**Amount**	**% of total**
Demand deposits	6,292.96	3.23%	14,853.44	5.87%
Savings deposits	46,677.42	23.98%	69,165.01	27.34%
Term deposits	141,662.74	72.79%	168,921.11	66.79%
Total	194,633.12	100.00%	252,939.56	100.00%

Borrowings

₹in millions

Particulars	Year ended March 31, 2016	Year ended March 31, 2017	Half Year ended September 30, 2016	Half Year ended September 30, 2017	Half Year ended March 31, 2016	Half Year ended March 31, 2017
Period end balance	30,516.48	10,289.38	18,295.52	8,058.18	30,516.48	10,289.38
Average balance during the period/year	53,409.67	19,005.72	24,003.99	8,791.15	48,064.17	14,007.46
Interest on RBI/Inter-bank borrowings and other interest expended	4,274.99	2,141.32	1,320.90	476.38	2,903.96	820.42
Average interest rate during the period/year (%)(1), (3)	13.16% [8.00%]	11.27%	10.98% [5.50%]	10.81% [5.42%]	12.12% [6.04%]	11.75% [5.86%]
Average interest rate at period/year end (%)(2), (3)	23.03% [14.01%]	20.81%	14.40% [7.22%]	11.79% [5.91%]	19.08% [9.52%]	15.99% [7.97%]

(1) *Average interest rate computed as % of the average of the month end balances.*
(2) *Average interest rate computed as % of the period end balance.*
(3) *Figures in square brackets represent unannualized figures.*

₹in millions

Particulars	Nine months ended December 31,2016	Nine months ended December 31,2017
Period end balance	14,154.43	13,306.94
Average balance during the period/year	21,488.98	8,735.14
Interest on RBI/Inter bank borrowings and other interest expended	1,803.63	728.65
Average interest rate during the period/year (%)(1), (3)	11.14%	11.07%
	[8.39%]	[8.34%]
Average interest rate at period/year end (%)(2), (3)	16.91%	7.27%
	[12.74%]	[5.48%]

(1) *Average interest rate computed as % of the average of the month end balances.*
(2) *Average interest rate computed as % of the period end balance.*
(3) *Figures in square brackets represent unannualized figures.*

Classification of investments (gross)

₹in millions

Particulars	Year ended March 31, 2016	Year ended March 31, 2017	Half Year ended September 30, 2016	Half Year ended September 30, 2017
Held to maturity(1)	23,259.41	40,549.62	35,523.76	39,381.99
Available for sale(2)	13,825.58	14,018.65	17,240.60	31,441.47
Held for trading(3)	495.35	615.50	198.33	987.08
Total	**37,580.34**	**55,183.77**	**52,962.69**	**71,810.54**

(1) *Investments that our Bank intends to hold till maturity are classified as "Held to Maturity (HTM)".*
(2) *Investments, which are not classified in "Held to Maturity" and "Held for Trading", are classified as "Available for Sale (AFS)" investments.*
(3) *Investments that are held principally for sale within 90 days from the date of purchase are classified as "Held for Trading (HFT)".*

₹in millions

Particulars	Nine months ended December 31,2016	Nine months Year ended December 31,2017
Held to maturity(1)	38,458.63	42,037.21
Available for sale(2)	22,728.44	31,035.18
Held for trading(3)	1,595.58	249.01
Total	**62,782.65**	**73,321.40**

(1) *Investments that our Bank intends to hold till maturity are classified as "Held to Maturity (HTM)".*
(2) *Investments, which are not classified in "Held to Maturity" and "Held for Trading", are classified as "Available for Sale (AFS)" investments.*
(3) *Investments that are held principally for sale within 90 days from the date of purchase are classified as "Held for Trading (HFT)".*

Classification of assets

All loan assets will be classified into following four broad groups:

I. Standard Assets
II. Sub Standard assets
III. Doubtful assets
IV. Loss assets

Sub Standard Assets:

Sub Standard assets would be one, which has remained NPA for a period less than or equal to 12 months. Such assets will have well defined credit weaknesses that jeopardize the liquidation of the debt and are characterized by the distinct possibility that the banks will sustain some loss, if deficiencies are not corrected.

Doubtful Assets

An NPA after completion of 12 months in Sub Standard category will be classified as a Doubtful asset. Doubtful assets will further be sub-classified into following three categories:

Doubtful – I	All NPAs after completion of 12 months from date of categorization as an NPA will slip to Doubtful – I category.
Doubtful - II	All NPAs after completion of 24 months from date of categorization as an NPA will slip to Doubtful-II category.
Doubtful-III	All NPAs after completion of 48 months from date of categorization as an NPA will slip to Doubtful-III category.

Loss Assets:

A loss asset is one where loss has been identified by our Bank, internal or external auditors or the RBI inspection but the amount has not been written off wholly. In other words, such an asset is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value.

An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank.

A loan asset will be classified as non-performing if:

a) In respect of term loans, interest and/or installments of principal remain overdue for a period of more than 90 days.

b) In respect of bills purchased/bills discounted, the bill remains overdue for a period of more than 90 days.

c) In respect of overdraft/cash credit accounts, if the account remain continuously "Out of Order" for 90 days.

d) In respect of bank guarantees/letters of credit that have devolved on the Bank, the amount so devolved will be treated as NPA after 90 days from the date of devolvement if the amount has not been reimbursed by the customer.

The following table provides a breakdown of our gross advances (excluding IBPC/Assignment) as at the dates indicated.

Break up of Gross Advances (excluding IBPC/Assignment)

₹in millions

Asset Classification	Year ended March 31, 2016		Year ended March 31, 2017		Half Year ended September 30, 2016		Half Year ended September 30, 2017	
	Amount	%	Amount	%	Amount	%	Amount	%
Standard Assets	124,273.12	99.85%	167,779.08	99.49%	164,226.54	99.69%	191,949.61	98.57%
NPA of which								
Sub Standard	136.46	0.11%	795.90	0.47%	428.51	0.26%	2,630.24	1.35%
Doubtful	51.20	0.04%	66.72	0.04%	78.66	0.05%	161.25	0.08%
Loss	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total Gross NPA	**187.66**	**0.15%**	**862.62**	**0.51%**	**507.17**	**0.31%**	**2,791.49**	**1.43%**
Net NPAs / Net advances (%)	**0.08%**	**-**	**0.36%**	**-**	**0.20%**	**-**	**0.76%**	**-**

₹in millions

Asset Classification	Nine months ended December 31,2016		Nine months ended December 31,2017	
	Amount	%	Amount	%
Standard Assets	161,728.83	99.52%	227,466.28	98.33%
NPA Of which				
Sub Standard	646.62	0.40%	3561.62	1.54%
Doubtful	132.20	0.08%	301.30	0.13%
Loss	0	0.00%	0	0.00%
Total Gross NPA	**778.82**	0.48%	**3,862.92**	1.67%
Net NPA / Net Advances (%)		**0.31%**		**0.80%**

Non-performing assets

Once loan accounts are identified as non-performing, interest and other fees charged in the account, if uncollected, are reversed. In compliance with regulations governing the presentation of financial information by banks, we report non-performing assets net of cumulative provision. In accordance with the RBI guidelines, interest income from advances for NPAs is recognized upon realization, rather than on an accrual basis as with all other loans. Any recoveries in the non performing advances account will be first appropriated to Fees/Charges outstanding if any, then interest outstanding and then principal outstanding except in those cases where bank has a specific agreement with a borrower with regards to appropriation of recoveries.

We define net NPAs as gross NPAs less our loan loss provision. The following table sets forth, as at the dates indicated, information about our non-performing loan portfolio.

₹in millions

Particulars	Year ended March 31, 2016	Year ended March 31,2017	Half Year ended September 30, 2016	Half Year ended September 30, 2017	Half Year ended March 31, 2016	Half Year ended March 31, 2017
Opening balance of gross NPAs at the beginning of the period/year	-	187.66	187.66	862.62	81.78	507.17
Additions during the period/year	187.66	1,033.70	340.21	2,025.69	105.88	693.49
Less: Reductions during the period on account of recovery and write-offs	-	(358.74)	(20.70)	(96.82)	-	(338.04)
Gross NPAs at the close of the period/year	187.66	862.62	507.17	2,791.49	187.66	862.62
Gross NPAs	187.66	862.62	507.17	2,791.49	187.66	862.62
Net NPAs	102.34	611.70	335.00	1,467.20	102.34	611.70
Gross NPAs / Gross advances (%) (Excluding IBPC/Assignment)	0.15%	0.51%	0.31%	1.43%	0.15%	0.51%
Gross NPA and Gross NPA on IBPC/Assignment / Gross Advances (including IBPC Assignment)	0.14%	0.38%	0.30%	1.26%	0.14%	0.38%
Net NPAs /Net advances (%)	0.08%	0.36%	0.20%	0.76%	0.08%	0.36%
Net NPA and Net NPA on IBPC/Assignment / Net Advances and Net IBPC/Assignment	0.08%	0.26%	0.18%	0.67%	0.08%	0.26%
Provision for NPA	85.32	250.92	172.17	1324.29	85.32	250.92
Provision Coverage Ratio	45.46%	29.09%	33.95%	47.44%	45.46%	29.09%
Gross Advances (including IBPC/Assignment)	155,784.35	235,432.92	179,145.43	221,107.14	155,784.35	235,432.92
Gross Advances (excluding IBPC/Assignment)	124,460.78	168,641.70	164,733.71	194,741.10	124,460.78	168,641.70
Net Advances	124,375.46	168,390.78	164,561.54	193,416.81	124,375.46	168,390.78

₹in millions

Particulars	Nine months ended December 31,2016	Nine months ended December 31,2017
Opening balance of gross NPAs at the beginning of the period/year	187.66	862.62
Additions during the period/year	619.35	3,117.23
Less: Reductions during the period/year on account of recovery and write-offs	(28.19)	(116.93)
Gross NPAs at the close of the period/year	778.82	3,862.92
Gross NPAs	778.82	3,862.92
Net NPAs	496.84	1,841.19
Gross NPAs / Gross advances (%) (Excluding IBPC/Assignment)	0.48%	1.67%
Gross NPAs and Gross NPA on IBPC/Assignment/Gross advances (including IBPC Assignment) (%)	0.44%	1.59%

₹in millions

Particulars	Nine months ended December 31,2016	Nine months ended December 31,2017
Net NPAs/Net advances (%)	0.31%	0.80%
Net NPA and Net NPA on IBPC/Assignment/Net advances and Net IBPC/Assignment	0.27%	0.76%
Provision for NPA	281.98	2,021.73
Provision Coverage Ratio	36.21%	52.34%
Gross Advances (including IBPC/Assignment)	183,660.00	243,643.89
Gross Advances (excluding IBPC/Assignment)	162,507.62	231,329.20
Net Advances	162,225.63	229,307.47

Gross NPA – Classification wise Break-up Based on Gross Advances (excluding IBPC/Assignment)

₹in millions

Particulars	Year ended March 31, 2016	Year ended March 31, 2017	Half Year ended September 30, 2016	Half Year ended September 30, 2017
Sub Standard advances				
Amount	136.46	795.90	428.51	2,630.24
As a percentage of total Gross NPAs (%)	72.72%	92.26%	84.49%	94.22%
Doubtful advances				
Amount	51.20	66.72	78.66	161.25
As a percentage of total Gross NPAs (%)	27.28%	7.74%	15.51%	5.78%
Loss advances				
Amount	-	-	-	-
As a percentage of total Gross NPAs (%)	0.00%	0.00%	0.00%	0.00%
Gross NPAs	187.66	862.62	507.17	2,791.49

Note: Percentages may not add to 100% due to rounding.

₹in millions

Particulars	Nine months ended December 31,2016	Nine months ended December 31,2017
Sub-standard advances:		
Amount	646.62	3561.62
As a percentage of total Gross NPAs (%)	83.02%	92.20%
Doubtful advances:		
Amount	132.20	301.30
As a percentage of total Gross NPAs (%)	16.97%	7.80%
Loss advances:		
Amount	-	-
As a percentage of total Gross NPAs (%)	0.00%	0.00%
Gross NPAs	778.82	3,862.92

Note: Percentages may not add to 100% due to rounding.

Analysis of gross non-performing advances by industry sector

₹in millions

Particulars	Year ended March 31,2016		Year ended March 31,2017		Half Year ended September 30, 2016		Half Year ended September 30, 2017	
	Gross NPA	Provision	Gross NPA	Provision	Gross NPA	Provision	Gross NPA	Provision
Agriculture	136.69	64.81	296.40	83.97	286.63	109.70	1,014.56	480.27
Micro & small Enterprises	48.23	19.60	526.71	157.16	215.77	61.29	1,683.04	799.90
Other Priority Sector	0.67	0.18	35.80	9.10	0.87	0.20	17.70	11.40
Other Non-Priority Sector	2.07	0.73	3.71	0.69	3.90	0.98	76.19	32.72
Total	**187.66**	**85.32**	**862.62**	**250.92**	**507.17**	**172.17**	**2,791.49**	**1,324.29**

₹*in millions*

Particulars	Nine months ended December 31,2016		Nine months ended December 31,2017	
	Gross NPA	Provision	Gross NPA	Provision
Agriculture	381.07	164.69	1,402.45	758.88
Micro & small Enterprises	387.15	114.51	2,329.98	1,195.94
Other Priority Sector	2.89	0.76	40.24	31.44
Other Non Priority Sector	7.71	2.02	90.25	35.47
Total	**778.82**	**281.98**	**3,862.92**	**2,021.73**

Accounting and provision policy

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 sub-standard and doubtful assets other than micro lending portfolio are made at rates as prescribed by the RBI.

We believe in adopting prudent provisioning policies in order to maintain a buffer against deterioration in asset quality. Accordingly, we have voluntarily adopted provisioning policies that are more conservative than the minimum standards imposed by the RBI. In particular, the RBI requires that banks make a minimum standard provision of 0.4% or 0.25% depending upon the type of advances and in case of micro loans, our Bank makes a standard provision of 1.0% as against the above mentioned minimum requirement. Moreover, we make provisions for non-performing micro loans earlier than required under RBI policies, with 100% provisions once a loan remains non-performing and past the loan tenure for more than 30 days. We also make provisions on our non performing micro loan portfolio, which are "secured" loans as per the RBI definition, as though they were unsecured.

Movement in NPA provision

₹*in millions*

Particulars	Year ended March 31,2016	Year ended March 31,2017	Half Year ended September 30, 2016	Half Year ended September 30, 2017	Half Year ended March 31,2016	Half Year ended March 31,2017
Opening balance at the beginning of the year/period	-	85.32	85.32	250.92	43.99	172.17
Addition during the year/period	85.32	487.20	98.18	1,093.45	41.33	389.02
Less reductions during the period on account of recovery and write-offs	-	(321.60)	(11.33)	(20.08)	-	(310.27)
Provision at the close of the year/period	85.32	250.92	172.17	1,324.29	85.32	250.92

₹*in millions*

Particulars	Nine months ended December 31,2016	Nine months ended December 31,2017
Opening balance at the beginning of the year/period	85.32	250.92
Addition during the year/period	209.63	1,794.16
Less reductions during the period on account of recovery and write-offs	(12.97)	(23.35)
Provision at the close of the year/period	281.98	2,021.73

Gross Advances (including IBPC/Assignment)

The following table sets forth, as of the dates indicated, our loan portfolio classified by product group.

₹in millions

Particulars	Year ended March 31, 2016	Year ended March 31, 2017	Half Year ended September 30, 2016	Half Year ended September 30, 2017
Cash credits, overdrafts and loans repayable on demand	846.01	3,445.47	1,448.99	3,802.57
Term loans	154,938.34	231,987.45	177,696.44	217,304.57
Bills purchased and discounted	-	-	-	-
Gross Advances (including IBPC/Assignment)	155,784.35	235,432.92	179,145.43	221,107.14

₹in millions

Particulars	Nine months ended December 31,2016	Nine months ended December 31,2017
Cash credits, overdrafts and loans repayable on demand	1,629.38	5,034.00
Term loans	182,030.62	238,609.89
Bills purchased and discounted	-	-
Gross Advances (including IBPC/Assignment)	183,660.00	243,643.89

Business wise break up of Gross Advances (including IBPC/Assignment)

₹in millions

Particulars	Year ended March 31, 2016	Year ended March 31, 2017	Half Year ended September 30, 2016	Half Year ended September 30, 2017
Micro Loans	154,173.85	213,865.51	168,303.83	196,701.49
SEL	-	10,544.82	4,211.56	10,758.68
SME	1,005.12	7,099.88	5,309.26	8,467.60
Retail	605.38	3,922.71	1,320.78	5,179.37
Gross Advances (including IBPC/Assignment)	155,784.35	235,432.92	179,145.43	221,107.14

₹in millions

Particulars	Nine months ended December 31,2016	Nine months ended December 31,2017
Micro Loans	168,749.77	215,045.44
SEL	6,377.54	12,294.36
SME	6,516.32	9,051.54
RETAIL	2,016.37	7,252.55
Gross Advances (including IBPC/Assignment)	183,660.00	243,643.89

Priority sector advances break-up

₹in millions

Particulars	Year ended March 31,2016		Year ended March 31,2017		Half Year ended September 30, 2016		Half Year ended September 30, 2017	
	Advances	% of total	Advances	% of total	Advances	% of total	Advances	% of total
Agriculture advances	82,700.91	53.70%	107,258.41	46.36%	85,701.33	48.56%	94,896.65	44.18%
Small-scale industry (SME)	71,019.48	46.11%	118,174.36	51.08%	87,401.11	49.53%	118,131.99	55.00%
Others	291.28	0.19%	5,924.87	2.56%	3,369.35	1.91%	1,758.50	0.82%
Total priority Sector (Gross)	**154,011.67**	**100%**	**231,357.64**	**100%**	**176,471.79**	**100%**	**214,787.14**	**100%**
Less: PSLC	-	-	-	-	-	-	107,940.00	-
Priority sector Advance (net of PSLC)	154,011.67		231,357.64		176,471.79		106,847.14	

₹*in millions*

Particulars	Nine Months ended December 31,2016		Nine Months ended December 31,2017	
	Advances	% of total	Advances	% of total
Agriculture advances	86,538.61	47.64%	101,851.23	43.32%
Small-scale industry (SME)	92,855.97	51.12%	129,795.28	55.21%
Others	2,262.72	1.25%	3,446.29	1.47%
Total priority Sector (Gross)	**181,657.30**	**100%**	**235,092.80**	**100.00%**
Less: PSLC	-		149,540.00	-
Priority sector Advance (net of PSLC)	181,657.30		85,552.80	

Industry wise Gross Advances (excluding IBPC/Assignment)

₹*in millions*

Industry Name	Year ended March 31,16		Year ended March 31,17		Half Year ended September 30, 16		Half Year ended September 30, 17	
	Amount	% of Total Outstanding	Amount	% of Total Outstanding	Amount	% of Total Outstanding	Amount	% of Total Outstanding
A. Mining and Quarrying (A.1 + A.2)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
A.1 Coal	-	0.00%	-	0.00%	-	0.00%	-	0.00%
A.2 Others	-	0.00%	-	0.00%	-	0.00%	-	0.00%
B. Food Processing (Sum of B.1 to B.5)	1,800.22	1.45%	4,844.73	2.87%	2,613.18	1.59%	4,539.28	2.33%
B.1 Sugar	-	0.00%	-	0.00%	-	0.00%	1.81	0.00%
B.2 Edible Oils and Vanaspati	-	0.00%	-	0.00%	-	0.00%	0.42	0.00%
B.3 Tea	-	0.00%	1.15	0.00%	-	0.00%	2.64	0.00%
B.4 Coffee	-	0.00%	-	0.00%	-	0.00%	0.23	0.00%
B.5 Others	1,800.22	1.45%	4,843.58	2.87%	2,613.18	1.59%	4,534.18	2.33%
C. Beverages (excluding Tea & Coffee) and Tobacco (Sum of C.1 & C.2)	-	0.00%	24.23	0.01%	-	0.00%	26.55	0.01%
C.1 Tobacco and tobacco products	-	0.00%	2.16	0.00%	-	0.00%	3.62	0.00%
C.2 Others	-	0.00%	22.07	0.01%	-	0.00%	22.93	0.01%
D. Textiles (Sum of D.1 to D.6)	508.18	0.41%	3,786.58	2.25%	1,430.77	0.87%	6,531.61	3.35%
D.1 Cotton	-	0.00%	0.50	0.00%	0.51	0.00%	4.42	0.00%
D.2 Jute	99.73	0.08%	141.11	0.08%	137.38	0.08%	181.16	0.09%
D.3 Handicraft/ Khadi (Non Priority)	-	0.00%	-	0.00%	-	0.00%	0.34	0.00%
D.4 Silk	-	0.00%	-	0.00%	-	0.00%	-	0.00%
D.5 Woolen	-	0.00%	-	0.00%	-	0.00%	-	0.00%
D.6 Others	408.45	0.33%	3,644.97	2.16%	1,292.88	0.78%	6,345.69	3.26%
Out of D (i.e. Total Textiles) to Spinning	-	0.00%	-	0.00%	-	0.00%	-	0.00%

Industry Name	Year ended March 31,16		Year ended March 31,17		Half Year ended September 30, 16		Half Year ended September 30, 17	
Mills								
E. Leather and Leather Products	496.86	0.40%	354.25	0.21%	658.45	0.40%	434.06	0.22%
F. Wood and Wood products	14.89	0.01%	180.23	0.11%	41.19	0.03%	612.74	0.31%
G. Paper and Paper Products	-	0.00%	1.16	0.00%	-	0.00%	3.87	0.00%
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	57.64	0.05%	78.65	0.05%	67.71	0.04%	100.66	0.05%
I. Chemicals and Chemical Products (Dyes, Paints etc.) Sum of I.1 to I.4)	-	0.00%	73.79	0.04%	-	0.00%	193.34	0.10%
I.1 Fertilisers	-	0.00%	1.16	0.00%	-	0.00%	6.89	0.00%
I.2 Drugs and Pharmaceuticals	-	0.00%	-	0.00%	-	0.00%	2.54	0.00%
I.3 Petro-chemicals (excluding under Infrastructure)	-	0.00%	-	0.00%	-	0.00%	0.42	0.00%
I.4 Others	-	0.00%	72.63	0.04%	-	0.00%	183.49	0.09%
J. Rubber, Plastic and their products	185.89	0.15%	308.64	0.18%	247.15	0.15%	372.15	0.19%
K. Glass & Glassware	100.30	0.08%	760.42	0.45%	86.22	0.05%	440.97	0.23%
L. Cement and Cement Products	52.16	0.04%	59.14	0.04%	46.03	0.03%	77.74	0.04%
M. Basic Metal and Metal Products (M.1 & M.2)	-	0.00%	260.96	0.15%	0.23	0.00%	393.12	0.20%
M.1 Iron and Steel	-	0.00%	203.37	0.12%	0.23	0.00%	317.75	0.16%
M.2 Other Metal and Metal Products	-	0.00%	57.59	0.03%	-	0.00%	75.37	0.04%
N. All Engineering (N.1 & N.2)	1,166.51	0.94%	3,192.25	1.89%	1,107.81	0.67%	4,187.60	2.15%
N.1 Electronics	-	0.00%	7.80	0.00%	-	0.00%	22.03	0.01%
N.2 Others	1,166.51	0.94%	3,184.45	1.89%	1,107.81	0.67%	4,165.57	2.14%
O. Vehicles, Vehicle Parts and Transport Equipment	-	0.00%	26.41	0.02%	-	0.00%	8.23	0.00%
P. Gems and Jewelry	2,945.03	2.37%	439.54	0.26%	2,716.94	1.65%	262.92	0.14%
Q. Construction	-	0.00%	-	0.00%	-	0.00%	-	0.00%
R. Infrastructure (Sum R.1 to R.4)	-	0.00%	-	0.00%	-	0.00%	3.83	0.00%
R.1 Transport(Sum of R.1.1 to R.1.5)	-	0.00%	-	0.00%	-	0.00%	-	0.00%
R.1.1. Railways	-	0.00%	-	0.00%	-	0.00%	-	0.00%
R.1.2 Roadways	-	0.00%	-	0.00%	-	0.00%	-	0.00%

Industry Name	Year ended March 31,16		Year ended March 31,17		Half Year ended September 30, 16		Half Year ended September 30, 17	
R.1.3 Aviation	-	0.00%	-	0.00%	-	0.00%	-	0.00%
R.1.4 Waterways	-	0.00%	-	0.00%	-	0.00%	-	0.00%
R.1.5 Others	-	0.00%	-	0.00%	-	0.00%	-	0.00%
R.2 Energy	-	0.00%	-	0.00%	-	0.00%	-	0.00%
R.3 Telecommunication	-	0.00%	-	0.00%	-	0.00%	-	0.00%
R.4 Others	-	0.00%	-	0.00%	-	0.00%	-	0.00%
R.4.1 Water sanitation	-	0.00%	-	0.00%	-	0.00%	-	0.00%
R.4.2 Social & Commercial Infrastructure	-	0.00%	-	0.00%	-	0.00%	-	0.00%
R.4.3 Others	-	0.00%	-	0.00%	-	0.00%	3.83	0.00%
S. Other Industries	3,597.89	2.89%	221.23	0.13%	6,182.54	3.75%	13,916.76	7.15%
All Industries (Sum of A to S)	10,925.56	8.78%	14,612.20	8.66%	15,198.22	9.23%	32,105.41	16.49%
Residuary Other Advances (totally with gross advances)	113,535.22	91.22%	1,54,029.50	91.34%	149,535.49	90.77%	162,635.68	83.52%
a. Education Loan	-	0.00%	-	0.00%	-	0.00%	-	0.00%
b. Aviation Sector	-	0.00%	-	0.00%	-	0.00%	-	0.00%
c. Other residuary Advances	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Gross Advances (excluding IBPC/Assignment)	**124,460.78**	**100%**	**168,641.70**	**100%**	**164,733.71**	**100%**	**194,741.10**	**100%**

₹in millions

	Nine Months ended December 31, 2016		Nine Months ended December 31, 2017	
Industry Name	**Amount**	**% of Total Outstanding**	**Amount**	**% of Total Outstanding**
A. Mining and Quarrying (A.1 + A.2)	-	0.00%	0.97	0.00%
A.1 Coal	-	0.00%	-	0.00%
A.2 Others	-	0.00%	0.97	0.00%
B. Food Processing (Sum of B.1 to B.5)	2,922.69	1.80%	4,522.20	1.95%
B.1 Sugar	-	0.00%	2.70	0.00%
B.2 Edible Oils and Vanaspati	-	0.00%	0.83	0.00%
B.3 Tea	4.23	0.00%	2.46	0.00%
B.4 Coffee	-	0.00%	0.22	0.00%
B.5 Others	2,918.46	1.80%	4,515.99	1.95%
C. Beverages (excluding Tea & Coffee) and Tobacco (Sum of C.1 & C.2)	0.19	0.00%	27.35	0.01%
C.1 Tobacco and tobacco products	0.19	0.00%	4.11	0.00%
C.2 Others	-	0.00%	23.24	0.01%
D. Textiles (Sum of D.1 to D.6)	2,041.50	1.26%	9,069.38	3.92%
D.1 Cotton	0.47	0.00%	5.87	0.00%

₹in millions

	Nine Months ended December 31, 2016		Nine Months ended December 31, 2017	
Industry Name	**Amount**	**% of Total Outstanding**	**Amount**	**% of Total Outstanding**
D.2 Jute	125.72	0.08%	215.22	0.09%
D.3 Handicraft/ Khadi (Non Priority)	-	0.00%	0.66	0.00%
D.4 Silk	-	0.00%	-	0.00%
D.5 Woolen	-	0.00%	-	0.00%
D.6 Others	1,915.31	1.18%	8,847.63	3.82%
Out of D (i.e. Total Textiles) to Spinning Mills	-	0.00%	-	0.00%
E. Leather and Leather Products	627.14	0.39%	486.50	0.21%
F. Wood and Wood products	23.60	0.01%	1,045.27	0.45%
G. Paper and Paper Products	7.56	0.00%	4.71	0.00%
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	68.16	0.04%	118.84	0.05%
I. Chemicals and Chemical Products (Dyes, Paints etc.) Sum of I.1 to I.4)	-	0.00%	316.07	0.14%
I.1 Fertilisers	-	0.00%	5.95	0.00%
I.2 Drugs and Pharmaceuticals	-	0.00%	2.41	0.00%
I.3 Petro-chemicals (excluding under Infrastructure)	-	0.00%	0.58	0.00%
I.4 Others	-	0.00%	307.13	0.13%
J. Rubber, Plastic and their products	251.20	0.15%	411.85	0.18%
K. Glass & Glassware	62.74	0.04%	327.59	0.14%
L. Cement and Cement Products	25.96	0.02%	94.43	0.04%
M. Basic Metal and Metal Products (M.1 & M.2)	41.32	0.03%	372.32	0.16%
M.1 Iron and Steel	41.32	0.03%	296.42	0.13%
M.2 Other Metal and Metal Products	-	0.00%	75.90	0.03%
N. All Engineering (N.1 & N.2)	856.14	0.53%	4,900.70	2.12%
N.1 Electronics	-	0.00%	18.95	0.01%
N.2 Others	856.14	0.53%	4,881.75	2.11%
O. Vehicles, Vehicle Parts and Transport Equipment	-	0.00%	8.16	0.00%
P. Gems and Jewelry	1,752.02	1.08%	270.65	0.12%
Q. Construction	-	0.00%	-	0.00%
R. Infrastructure (Sum R.1 to R.4)	-	0.00%	7.68	0.00%
R.1 Transport(Sum of R.1.1 to R.1.5)	-	0.00%	-	0.00%
R.1.1. Railways	-	0.00%	-	0.00%
R.1.2 Roadways	-	0.00%	-	0.00%
R.1.3 Aviation	-	0.00%	-	0.00%
R.1.4 Waterways	-	0.00%	-	0.00%
R.1.5 Others	-	0.00%	-	0.00%
R.2 Energy	-	0.00%	-	0.00%
R.3 Telecommunication	-	0.00%	-	0.00%
R.4 Others	-	0.00%	-	0.00%
R.4.1 Water sanitation	-	0.00%	-	0.00%
R.4.2 Social & Commercial Infrastructure	-	0.00%	-	0.00%
R.4.3 Others	-	0.00%	7.68	0.00%
S. Other Industries	8,045.40	4.95%	14,453.88	6.25%
All Industries (Sum of A to S)	16,725.62	10.29%	36,438.55	15.75%
Residuary Other Advances (totally with gross advances)	145,781.99	89.71%	194,890.65	84.25%

₹*in millions*

	Nine Months ended December 31, 2016		Nine Months ended December 31, 2017	
Industry Name	**Amount**	**% of Total Outstanding**	**Amount**	**% of Total Outstanding**
a. Education Loan	-	0.00%	-	0.00%
b. Aviation Sector	-	0.00%	-	0.00%
c. Other residuary Advances	-	0.00%	-	0.00%
Total Loans and Gross Advances (excluding IBPC/Assignment)	162,507.62	100.00%	231,329.20	100.00%

Interest rate sensitivity of advances

Maturity and Interest Rate Sensitivity of Advances as of March 31, 2016

₹*in millions*

Interest rate classification of advances by maturity	Due in one year or less	Due in one year to five years	Due after five years	Total
Variable rates	-	-	-	-
Fixed rates	102,488.71	21,737.37	47.04	124,273.12
Total of Standard Advances	102,488.71	21,737.37	47.04	124,273.12
NPA	-	187.66	-	187.66
Gross Advances (excluding IBPC/Assignment)	102,488.71	21,925.03	47.04	124,460.78

Maturity and Interest Rate Sensitivity of Advances as of March 31, 2017

₹*in millions*

Interest rate classification of advances by maturity	Due in one year or less	Due in one year to five years	Due after five years	Total
Variable rates	-	-	-	-
Fixed rates	106,752.94	60,292.50	733.64	167,779.08
Total of Standard Advances	106,752.94	60,292.50	733.64	167,779.08
NPA	-	862.62	-	862.62
Gross Advances (excluding IBPC/Assignment)	106,752.94	61,155.12	733.64	168,641.70

Maturity and Interest Rate Sensitivity of Advances as of September 30, 2016

₹*in millions*

Interest rate classification of advances by maturity	Due in one year or less	Due in one year to five years	Due after five years	Total
Variable rates	-	-	-	-
Fixed rates	129,927.92	33,959.32	339.30	164,226.54

Total of Standard Advances	129,927.92	33,959.32	339.30	164,226.54
NPA	-	507.17	-	507.17
Gross Advances (excluding IBPC/Assignment)	129,927.92	34,466.49	339.30	164,733.71

Maturity and Interest Rate Sensitivity of Advances as of September 30, 2017

₹in millions

Interest rate classification of advances by maturity	**Due in one year or less**	**Due in one year to five years**	**Due after five years**	**Total**
Variable rates	-	-	-	-
Fixed rates	145,715.47	45,135.15	1,098.99	191,949.61
Total of Standard Advances	145,715.47	45,135.15	1,098.99	191,949.61
NPA	-	2,775.44	16.05	2,791.49
Gross Advances (excluding IBPC/Assignment)	145,715.47	47,910.59	1,115.04	194,741.10

Maturity and interest rate sensitivity of advances as of December 31, 2016:

₹in millions

Interest rate classification of advances by maturity	**Due in one year or less**	**Due in one year to five years**	**Due after five years**	**Total**
Variable rates	-	-	-	-
Fixed rates	125,474.73	35,854.96	399.11	161,728.80
Total of Standard Advances	125,474.73	35,854.96	399.11	161,728.80
NPA	-	646.62	132.20	778.82
Gross Advances (excluding IBPC/Assignment)	125,474.73	36,501.57	531.31	162,507.62

Maturity and interest rate sensitivity of advances as of December 31, 2017:

₹in millions

Interest rate classification of advances by maturity	**Due in one year or less**	**Due in one year to five years**	**Due after five years**	**Total**
Variable rates	-	-	-	-
Fixed rates	173,816.85	52,329.61	1,319.82	227,466.28
Total of Standard Advances	173,816.85	52,329.61	1,319.82	227,466.28
NPA	-	3,561.65	301.27	3,862.92
Gross Advances (excluding IBPC/Assignment)	173,816.85	55,891.26	1,621.09	231,329.20

₹in millions

Interest rate classification of assets and liabilities as on December 31, 2017	**Due in one year or less**	**Due in one year to five years**	**Due after five years**	**Non-sensitive**	**Total**
Cash and balances with the	8,552.56	-	-	15,366.56	23,919.11

Interest rate classification of assets and liabilities as on December 31, 2017	Due in one year or less	Due in one year to five years	Due after five years	Non-sensitive	Total
RBI/interbank					
Investments	19,359.19	4,658.65	48,891.80	2.00	72,911.64
Advances	1,73,816.85	54,149.09	1,341.53	-	229,307.47
Other assets	-	-	-	6,054.34	6,054.34
Total Assets	**2,01,728.59**	**58,807.74**	**50,233.33**	**21,422.89**	**332,192.55**
Borrowings	11,706.94	1,600.00	-	-	13,306.94
Deposits	128,723.69	122,919.93	1,295.94	-	252,939.56
Other liabilities	-	-	-	11,904.50	11,904.50
Capital and Reserves	-	-	-	54,041.55	54,041.55
Total Liabilities	**140,430.63**	**124,519.93**	**1,295.94**	**65,946.05**	**332,192.55**

Asset liability management

Maturity pattern of certain items of assets and liabilities for various years given below:

Asset Liability Maturity position as of March 31, 2016

₹in millions

Particulars	1-28 days	29 days to 3 months	3-6 months	6-12 months	1-3 years	3-5 years	Over 5 years	Total
Deposit	4,353.78	6,604.50	9,524.90	50,044.40	49,806.40	325.50	228.00	120,887.48
Net Advances	9,551.46	27,814.20	16,978.90	48,144.10	21,832.50	4.90	49.40	124,375.46
Investments	12,376.64	1,726.90	2,508.30	10,049.40	10,050.50	552.00	316.60	37,580.34
Borrowings	406.68	3,742.50	5,638.20	7,702.60	10,426.50	1,000	1,600.00	30,516.48
Foreign Currency Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Currency Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total assets	51,882.74	29,684.67	19,694.36	59,281.95	32,867.69	666.26	3,487.32	197,564.99
Total liabilities	5,336.23	10,026.29	14,563.11	58,347.02	59,827.21	3204.71	46,260.42	197,564.99
Liquidity gap	46,546.51	19,658.38	5,131.25	934.93	-26,959.52	-2,538.45	-42,773.10	0.00
Cumulative liquidity gap	46,546.51	66,204.89	71,336.14	72,271.07	45,311.55	42,773.10	0.00	

Asset Liability Maturity position as of March 31, 2017

₹in millions

Particulars	1-28 days	29 days to 3 months	3-6 months	6-12 months	1-3 years	3-5 years	Over 5 years	Total
Deposit	13,872.98	29,819.08	12,002.06	56,101.02	117,563.52	1,799.89	1,128.03	232,286.58
Net Advances	14,193.18	28,779.99	36,244.68	47,019.44	41,607.44	39.73	506.32	168,390.78
Investments	-	986.31	3,069.27	4,236.75	1,588.95	-	45,283.59	55,164.87

Particulars	1-28 days	29 days to 3 months	3- 6 months	6-12 months	1-3 years	3-5 years	Over 5 years	Total
Borrowings	710.70	1,058.91	2,462.16	2,832.26	1,625.35	1,600.00	0.00	10,289.38
Foreign Currency Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Currency Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total assets	95,045.66	30,150.25	36,905.45	63,327.15	70,220.83	1,438.64	5,272.92	302,360.90
Total liabilities	18,170.87	37,286.02	17,668.46	58,933.25	121,309.88	3,399.89	45,592.53	302,360.90
Liquidity gap	76,874.79	-7,135.77	19,236.99	4,393.90	-51,089.05	-1,961.25	-40,319.61	0.00
Cumulative liquidity gap	76,874.79	69,739.02	88,976.01	93,369.91	42,280.86	40,319.61	0.00	

Asset Liability Maturity position as of September 30, 2016

₹in millions

Particulars	1-28 days	29 days to 3 months	3- 6 months	6-12 months	1-3 years	3-5 years	Over 5 years	Total
Deposit	10,631.69	31,569.56	37,779.25	23,181.36	74,112.99	967.00	565.95	178,807.80
Net Advances	16,189.57	33,825.83	39,823.31	42,908.51	31,171.36	331.09	311.87	164,561.54
Investments	3,403.77	7,297.29	5,335.02	-	-	96.85	36,829.76	52,962.69
Borrowings	304.41	2,335.90	3,648.76	5,199.57	5,206.88	1,600.00	0.00	18,295.52
Foreign Currency Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Currency Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total assets	50,418.19	28,896.82	53,191.68	54,573.24	52,828.97	1,134.73	3,671.97	244,715.60
Total liabilities	13,452.40	34,905.46	42,278.29	27,380.93	81,807.99	3,567.00	41,323.53	244,715.60
Liquidity gap	36,965.79	-6,008.64	10,913.39	27,192.31	-28,979.02	-2,432.27	-37,651.56	0.00
Cumulative liquidity gap	36,965.79	30,957.15	41,870.54	69,062.85	40,083.83	37,651.56	0.00	

Asset Liability Maturity position as of September 30, 2017

₹in millions

Particulars	1-28 days	29 days to 3 months	3- 6 months	6- 12 months	1-3 years	3-5 years	Over 5 years	Total
Deposit	12,066.60	36,282.10	42,379.70	48,641.30	111,263.00	2,529.50	1,259.50	254,421.70
Net Advances	19,401.40	36,357.70	43,995.50	51,952.70	39,274.00	1,460.20	975.31	193,416.81
Investments	2,647.10	2,914.60	5,973.30	10,623.30	4,217.80	-	45,360.40	71,736.50

Particulars	1-28 days	29 days to 3 months	3-6 months	6-12 months	1-3 years	3-5 years	Over 5 years	Total
Borrowings	2,028.88	805.50	1,998.90	1,624.90	0.00	1,600.00	0.00	8,058.18
Foreign Currency Assets	6.66	0.00	0.00	0.00	0.00	0.00	0.00	6.66
Foreign Currency Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total assets	60,007.67	53,167.23	67,068.39	78,381.57	57,311.96	2,394.01	5,697.55	324,028.38
Total liabilities	18,146.53	37,087.73	44,378.53	50,266.14	114,412.32	4,129.45	55,607.68	324,028.38
Liquidity gap	41,861.14	16,079.50	22,689.86	28,115.43	-57,100.36	-1,735.44	-49,910.13	0.00
Cumulative liquidity gap	41,861.14	57,940.64	80,630.50	108,745.93	51,645.57	49,910.13	0.00	

Asset Liability Maturity position as of December 31, 2016

₹in millions

Particulars	1-28 days	29 days-3 months	3-6 months	6-12 months	1-3 years	3-5 years	Over 5 years	Total
Deposit	19,346.50	27,374.60	13,874.80	26,567.30	104,960.70	1,604.13	905.10	194,633.13
Net Advance	16,810.50	30,239.60	36,060.10	42,364.70	35,640.10	703.63	407.00	162,225.63
Investments	14,718.30	7,602.70	0.00	939.70	497.80	96.85	38,927.30	62,782.65
Borrowings	1,637.70	1,760.20	1,236.70	3,295.80	3,624.00	2,600.03	0.00	14,154.43
Foreign Currency Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Currency Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total assets	62,158.05	37,729.70	39,932.56	49,984.53	63,668.76	1,694.01	4,356.04	259,523.67
Total liabilities	21,295.00	29,134.74	15,111.54	29,863.05	117,130.11	4,204.15	42,785.08	259,523.67
Liquidity gap	40,863.05	8,594.96	24,821.02	20,121.48	-53,461.35	-2,510.13	-38,429.04	0.00
Cumulative liquidity gap	40,863.05	49,458.01	74,279.03	94,400.52	40,939.17	38,429.04	0.00	

Asset Liability Maturity position as of December 31, 2017

₹in millions

Particulars	1-28 days	29 days -3 months	3-6 months	6-12 months	1-3 years	3-5 years	Over 5 years	Total
Deposit	18,790.75	34,035.64	26,576.90	49,320.40	118,560.42	4,359.51	1,295.94	252,939.56
Net Advance	22,923.37	38,066.07	48,100.86	64,726.55	52,315.98	1,833.11	1,341.53	229,307.47
Investments	318.94	5,334.68	2,030.76	11,674.81	4,291.85	366.80	48,893.80	72,911.64
Borrowings	8,111.46	1,971.07	500.00	1,124.42	0.00	1,600.00	0.00	13,306.94
Foreign Currency Assets	15.95	0.00	0.00	0.00	0.00	0.00	0.00	15.95
Foreign Currency Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total assets	62,934.21	46,415.33	55,217.29	78,518.41	79,589.34	3,142.48	6,375.49	332,192.55
Total liabilities	27,070.70	36,006.71	27,076.90	50,444.82	121,474.46	5,959.51	64,159.46	332,192.55
Liquidity gap	35,863.51	10,408.62	28,140.39	28,073.60	-41,885.12	-2,817.03	-57,783.98	0.00
Cumulative liquidity gap	35,863.51	46,272.14	74,412.52	102,486.12	60,601.00	57,783.98	0.00	

Financial indebtedness

₹in millions

Particulars	Year ended March 31,2016	Year ended March 31,2017	Half Year ended September 30, 2016	Half Year ended September 30, 2017

Particulars	Year ended March 31,2016	Year ended March 31,2017	Half Year ended September 30, 2016	Half Year ended September 30, 2017
Borrowings	30,516.48	10,289.38	18,295.52	8,058.18

₹in millions

Particulars	Nine months ended December 31,2016	Nine months ended December 31,2017
Borrowings	14,154.43	13,306.94

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no (i) outstanding criminal proceedings, (ii) actions taken by statutory or regulatory authorities, (iii) outstanding claims related to direct and indirect taxes, (iv) outstanding material litigation, in each case involving our Bank, our Promoters or our Directors, (v) litigation or legal action pending or taken by any ministry or department of the Government or a statutory authority against any of our Promoters during the immediately preceding five years and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, (vi) inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years against our Bank, (vii) prosecutions filed (whether pending or not), fines imposed or compounding of offences done in the last five years against our Bank and action taken by our Bank, if any, (viii) default in or non-payment of any statutory dues by our Bank, (ix) material frauds committed against our Bank in the five immediately preceding years, and (x) proceedings initiated against our Bank for any economic offences

In relation to (iv) above, our Board in its meeting held on December 19, 2017, has considered and adopted a policy of materiality for identification of material litigation. In terms of the materiality policy adopted by our Board, any outstanding litigation:

a) *involving our Bank, in which the aggregate monetary amount of claim by or against our Bank exceeds an amount equivalent to one per cent of the profit after tax as per the Restated Summary Statements of our Bank as at March 31, 2017 would be considered as material. The profit after tax of our Bank for the Fiscal 2017 is ₹11,119.52 million, and accordingly, all litigation involving our Bank in which the amount involved exceeds ₹111.19 million have been considered as material.*

b) *involving our Promoters (which are not trusts), in which the aggregate monetary amount of claim by or against the respective Promoter exceeds an amount equivalent to one per cent of the profit after tax as per the latest audited consolidated financial statements of the respective Promoter have been considered as material. The materiality policy for identification of material litigation involving our Promoters has been determined on the basis of confirmation from our Promoters. The consolidated net profit of BFHL and BFSL in Fiscal 2017 is ₹11,129.08 million, and ₹11,268.59 million, respectively, and accordingly, all outstanding litigation in which the aggregate monetary amount of claim by or against BFHL and BFSL exceeds ₹111.29 million and ₹112.68 million, respectively have been considered as material.*

c) *involving our Promoters (which are trusts), in which the aggregate monetary amount of claim by or against the respective Promoter exceeds one per cent of the total income of the respective Promoter as per the latest audited financial statements shall be considered material. During Fiscal 2017, the total income of FIT and NEFIT was ₹24.97 million and ₹30.44 million, respectively, and accordingly, any outstanding litigation in which the aggregate monetary amount of claim exceeds ₹0.25 million for FIT and ₹0.30 million for NEFIT has been considered material;*

d) *involving our Directors, the outcome of which could have a material adverse effect on the position, business, operations, prospects or reputation of our Bank, irrespective of the amount involved in such litigation, has been considered as material; and*

e) *involving our Bank, Promoters or Directors or any other person, the outcome of which could have a material adverse effect on the position, business, operations, prospects or reputation of our Bank, irrespective of the amount involved in such litigation, has been considered as material.*

Our Bank has approved, vide its meeting dated December 19, 2017 that in view of the nature and extent of outstanding dues of our Bank and nature of business undertaken by our Bank, a creditor of our Bank, shall be considered to be material for the purpose of disclosure in this Prospectus, if amounts due to such creditor exceeds 5% of the total outstanding dues or ₹100 million, whichever is higher, of our Bank's standalone trade payables as per our Restated Summary Statements for the nine months ended December 31, 2017.

It is clarified that for the purposes of the above, pre-litigation notices received by our Bank, Directors or Promoters from third parties (excluding those notices issued by statutory/regulatory/tax authorities or notices threatening criminal action) shall, unless otherwise decided by the Board, not be considered as material until such time that our Bank, Directors or Promoters, as applicable, is impleaded as defendant in litigation proceedings before any judicial forum.

We have disclosed matters relating to direct and indirect taxes involving our Bank, Directors and Promoters in a consolidated manner giving details of number of cases and total amount involved in such claims.

I. Litigation involving our Bank

Litigation filed against our Bank

Criminal matters

1. Vijay Paswan (the "**Complainant**") has filed a criminal complaint against certain officers of our Bank (the "**Defendants**") before the court of the Additional/Upper Chief Judicial Magistrate, 1st Class, Barh (the "**Court**"), alleging embezzlement and refusal by our Bank to pay for the death claim amount due to the Complainant under a micro-loan scheme of our Bank availed by a deceased relative of the Complainant (the "**Complaint**"), which the Court has taken cognizance of by its order dated October 7, 2015 (the "**Order**"). Our Bank has filed a quashing petition before the High Court of Patna against the Order. Pursuant to an application made by the Defendants, the High Court of Patna granted anticipatory bail to the Defendants by its order dated December 15, 2016. The matter is currently pending.

2. Mahanta Barman (the "**Complainant**") has filed an FIR against certain officers of our Bank (the "**Accused**") at Police Station Chakulia, District Uttar Dinajpur, under Section 306 and 34 of the IPC alleging abetment of suicide of Ananda Barman, who was an employee of our Bank, by the Accused. The police have filed a charge sheet before the Court of Additional District Magistrate, Islampur. Pursuant to an application made by the Accused, the Calcutta High Court granted anticipatory bail to the Accused by its order dated August 30, 2016 and the matter is currently pending before the Court of Additional District Magistrate, Islampur.

3. The electricity department (the "**Complainant**") has filed an FIR at Police Station Nanauta, district Saharanpur and a complaint before the Additional District Judge/CR-4, Saharanpur (the "**Court**") against our Bank under Section 135 of the Electricity Act, 2003 alleging theft of electricity (the "**Complaint**"). The Court has taken cognizance of the matter by its order dated May 2, 2017 (the "**Order**"). The police have filed a charge sheet against our Bank before the Court. Our Bank filed an application for quashing the Order and the Complaint before the Allahabad High Court. Further our Bank has filed a criminal writ petition against the State of Uttar Pradesh and others (the "**Respondents**") to issue a writ of mandamus directing the Respondents not to arrest the branch manager and refrain from disturbing the banking operations of our Bank's branch in Saharanpur. The matter is currently pending.

4. In addition to the above, two former employees of our Banks have filed two separate criminal complaints, received by our Bank in January, 2018, before different police stations against our Bank and/ or its employees, in relation to alleged (i) coercion and threats and; (ii) use of abusive and derogatory remarks, respectively. Further, a spouse of a customer of our Bank has also filed a criminal complaint, received by our Bank in January, 2018, before the Executive Magistrate, Barrackpore, West Bengal against the manager of our Bank's branch in Naihati, West Bengal (the "**Branch Manager**") in relation to alleged adoption of illegal means by the Branch Manager for recovery of loan availed by the said customer from our Bank. These matters are currently pending at various stages of adjudication.

5. Rinku Ghosh (the "**Complainant**") has filed a criminal complaint, received by our Bank in February, 2018, before the Additional Chief Judicial Magistrate, Durgapur (the "**Court**") against our Managing Director and Chief Executive Officer and others, alleging cheating, criminal breach of trust, criminal act done by several persons with common intention and criminal conspiracy in relation to withdrawal of money by one of the accused from a joint account opened by the Complainant's father and the said accused with our Bank (the "**Complaint**"). The Court had taken cognizance of the matter and issued arrest warrant against our Managing Director and Chief Executive Officer. Our Managing Director and Chief Executive Officer, among others, has filed an application for quashing of the Complaint before the Calcutta High Court which, has stayed further proceedings, with a direction to surrender before the Court and pray for regular bail. The matter is currently pending.

Tax matters

Particulars	Number of matters	Amount involved (*in ₹ million*)
Indirect tax	2*	54.29

** Two show cause cum demand notices dated October 20, 2016 and February 12, 2018 have been issued against our Bank.*

Litigation filed by our Bank

Criminal matters

1. Our Bank has filed an FIR against Bijay Laxmi Senapati and others (the "**Accused**") at Police Station Baripada Town, Mayurbhanj under Sections 34, 341, 323, 294, 506 and 379 of the IPC. The Accused were alleged to have forcefully entered the branch office of our Bank and assaulted the staff present there. The matter is currently pending.

2. Our Bank has filed a complaint against Santosh Kumar, who was an employee of our Bank, (the "**Accused**") at Police Station Kankarbagh, Patna under section 420 of the IPC alleging fraud against our Bank in relation to collection of an amount aggregating ₹0.22 million from certain customers and failing to deposit the same with our Bank. The police have filed a charge sheet and the matter is currently pending before the court of Judicial Magistrate, Patna.

3. Our Bank has filed an FIR against Mrinal Das, who was an employee of our Bank, (the "**Accused**") at Police Station Mukalmua, District Nalbari under sections 468, 406 and 420 of the IPC alleging fraud, cheating, misappropriation of money and criminal breach of trust. The Accused allegedly misappropriated money by collecting it from the borrowers of our Bank against outstanding loans but failed to deposit the same with our Bank and used it for his own benefit. The matter is currently pending.

4. Our Bank filed an FIR against Priya Manash Tiwari, who was an employee of our Bank, and others (the "**Accused**") at Police Station Bhagalpur under Sections 420, 409, 467, 468, 471 and 120B of the IPC for alleged misuse of the position by the Accused for misappropriation of funds for an amount aggregating ₹ 5 million. The application for anticipatory bail filed by Accused was denied by the Sessions Judge, Bhagalpur, following which, the Accused has approached the Patna High Court for grant of anticipatory bail. The matter is currently pending.

5. Our Bank has filed an FIR against Ramanand Kumar and others, who were employees of our Bank, (the "**Accused**") at Police Station Mohammadabad, District Gazipur under sections 409, 419, 420 and 120B of the IPC alleging fraud against our Bank aggregating approximately ₹7.47 million. The matter is currently pending.

6. Our Bank filed a complaint against Shyam Babu and others, who were employees of our Bank, (the "**Accused**") before the Court of Additional Chief Judicial Magistrate – VI, Siwan for committing a fraud against our Bank for an amount aggregating ₹9.48 million. The Patna High Court dismissed the bail petition filed by the Accused on the condition that bail may be granted upon submission of the claimed amount by the Accused to our Bank. The matter is currently pending.

7. Our Bank has filed an FIR against Md. Muslim and others, who were employees of our Bank, at Police Station Forbesganj alleging a fraud committed against our Bank for an amount aggregating ₹0.29 million. The matter is currently pending.

8. Our Bank has filed an FIR against Nirmal Sarkar and others, who were employees of our Bank, at Police Station Rani Tala alleging embezzlement of our Bank's funds and committing fraud against our Bank involving an amount aggregating ₹0.36 million. The matter is currently pending before the court of Additional Chief Judicial Magistrate, Lalbagh.

9. Our Bank has filed an FIR against Shakti Kumar Bharti and Kohil Kumar (the "**Accused**"), who were employees of our Bank, at Police Station Salempur alleging embezzlement of our Bank's funds aggregating ₹ 2.42 million by the Accused. The matter is currently pending.

10. In addition to the above, our Bank has filed three separate first information reports before different police stations against its former employees, in relation to alleged misappropriation of funds. Further, our Bank has filed two separate first information reports before different police stations against unknown persons, in relation to alleged robbery at one of the Bank's automated teller machine and snatching of a point of sale machine from one of the Bank's employee. These FIRs were reported by branches to the Bank's Board in January, 2018. These matters are currently pending at various stages of adjudication.

Outstanding dues to small scale undertakings and other creditors

Our Bank, in its ordinary course of business, has certain amounts aggregating to ₹ 57.00 million which are due towards sundry and other creditors as on December 31, 2017. As on the date of this Prospectus, our Bank does not owe any dues to the small scale undertakings and other material creditors where dues to each creditor exceeded ₹100 million.

The details pertaining to net outstanding dues towards our creditors are available on the website of our Bank at https://www.bandhanbank.com/pdf/Sundry_Creditors_31.12.2017.pdf. It is clarified that such details available on our website do not form a part of this Prospectus. Anyone placing reliance on any other source of information, including our Bank's website, would be doing so at their own risk.

II. Litigation involving our Promoter

Litigation filed against BFSL

Tax matters

Particulars	Number of matters	Amount involved (*in ₹ million*)
Direct tax	1	35.72
Indirect tax	1	47.56

Litigation filed against FIT

Tax matters

Particulars	Number of matters	Amount involved (*in ₹ million*)
Direct tax	1	209.37

III. Litigation involving our Directors

Litigation involving Chandra Shekhar Ghosh

Criminal case

Rinku Ghosh has filed a criminal complaint before the Additional Chief Judicial Magistrate, Durgapur against our Managing Director and Chief Executive Officer and another employee and others, alleging cheating, criminal breach of trust, criminal act done by several persons with common intention and criminal conspiracy. For details, see " – *Litigation involving our Bank – Litigation filed against our Bank – Criminal matters*" beginning on page 440.

IV. Material developments

For details of material developments, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on page 384.

GOVERNMENT AND OTHER APPROVALS

We have set out below an indicative list of approvals obtained by our Bank which are considered material and necessary for the purpose of undertaking its business activities. In view of these material approvals, our Bank can undertake this Issue and its current business activities. In addition, certain of our material approvals may have lapsed or may lapse in their normal course and our Bank has either already made an application to the appropriate authorities for renewal of such material approvals or is in the process of making such renewal applications.

In relation to certain of our branches and DSCs which are material from the perspective of our business operations, we have also disclosed below (i) the material approvals applied for, including renewal applications made, but not received; (ii) the material approvals which have expired and renewal yet to be applied for; and (iii) the material approvals which are required but not obtained or applied for.

I. Approvals in relation to the Issue

For details regarding the approvals and authorisations obtained by our Bank in relation to the Issue, see "*Other Regulatory and Statutory Disclosures - Authority for the Issue*" beginning on page 445.

II. Incorporation details of our Bank

(a) Certificate of incorporation dated December 23, 2014 issued by the RoC.

(b) Our Bank's Corporate Identity Number is U67190WB2014PLC204622.

III. Business related approvals

RBI related licenses, approvals and memberships

(a) License dated June 17, 2015 issued under the Banking Regulation Act to carry on business of banking in India.

(b) Membership of Bankers' Clearing House at New Delhi (northern grid), at Chennai (southern grid), and at Mumbai (western grid), dated August 11, 2015, August 6, 2015 and August 7, 2015, respectively, issued under the Uniform Regulations and Rules for Bankers' Clearing Houses.

(c) Approval for participation in RTGS, NEFT and NECS centralized payment systems dated July 13, 2015.

(d) Membership of INFINET dated July 29, 2015.

(e) License dated July 3, 2015 issued under the Foreign Exchange Management Act, 1999 to deal in foreign exchange.

(f) Approval for launching mobile banking services dated July 9, 2015.

(g) Inclusion of our Bank's name in Schedule II to the RBI Act vide notification DBR.PSBD. No. 3427/16.01.0145/2015-16 dated September 3, 2015 published in the Gazette of India dated September 24, 2015.

Taxation related approvals

Various tax related approvals, including PAN and TAN issued under the Income Tax Act, 1961, goods and services tax registrations issued under the Goods and Services Tax, Act, 2017 and registrations issued under certain state professional tax legislations, as applicable.

In addition to the above, our Bank has received an approval to operate as a Bharat Bill Payment Operating Unit under the Payment and Settlements Act, 2007, and memberships of the Banking Codes and Standards Board of India, Fixed Income Money Market and Derivatives Association of India, Foreign Exchange Dealers Association of India, Clearing Corporation of India Limited's securities and forex segment, Deposit Insurance and Credit Guarantee Corporation, and Clearing Corp Dealing Systems (India) Limited. Further, our Bank has obtained an Import Export Code, a Bank Code, a Basic Statistical Returns Code, and an Indian Financial System Code for its operations.

Labour related approvals

Registrations under various employee and labour related laws including the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Contract Labour Act.

Material approvals obtained for material branches and material DSCs of our Bank

(a) Pursuant to RBI Circular No. DBOD. No. BAPD.BC.54/22.01.001/2013-14 dated September 19, 2013, domestic scheduled commercial banks (other than regional rural banks) are permitted to open branches in Tier 1 to Tier 6 centres and in the rural, semi-urban and urban centres in north-eastern states and Sikkim, without prior approval from the RBI in each case, subject to certain conditions. Our Bank commenced operations on August 23, 2015. Our Bank fulfilled the conditions set out in the aforementioned circular, and accordingly, our Bank has not obtained separate approvals from the RBI for opening our branches. Further, in terms of the above circular and other circulars issued by the RBI from time to time in this regard, we undertake regular reporting to the RBI in relation to our branches and DSCs.

(b) Trade licenses and licenses for location of business issued by relevant municipal authorities under applicable laws in respect of our branches and DSCs, wherever applicable.

(c) Shops and establishments registrations issued by various state labour departments under relevant state legislations in respect of our branches and DSCs, wherever applicable.

IV. Material approvals applied for, including renewal applications made, but not received

(a) Applications for trade licenses and licenses for location of business have been made to the relevant municipal authorities in relation to two of our material branches and four of our material DSCs.

(b) Applications for shops and establishments registrations have been made to the relevant state labour departments in relation to seven of our material DSCs.

(c) Application for shops and establishments registration in relation to one of our material branches has been made on March 5, 2018.

V. Material approvals required but not obtained or applied for

Application for shops and establishments registration in relation to one of our material DSCs is yet to be made.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Board of Directors has approved the Issue pursuant to the resolution passed at their meeting held on December 19, 2017 and our Shareholders have approved the Issue pursuant to a special resolution passed at the extra-ordinary general meeting held on December 20, 2017.

The Offer for Sale has been authorised by the Selling Shareholders as follows:

No.	Name of Selling Shareholder	Maximum number of Equity Shares being offered in the Offer for Sale	Authorization (consent letter/ board resolution, as may be applicable)
1.	IFC	14,050,780	Consent letter dated December 29, 2017
2.	IFC FIG	7,565,804	Board resolution passed on December 7, 2017

Our Bank has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated January 10, 2018 and January 16, 2018, respectively.

Prohibition by SEBI or other Governmental Authorities

Our Bank, our Promoters (including any persons in control of our Bank), our Directors, the members of our Promoter Group and the Selling Shareholders, have not been debarred from accessing capital markets under any order or direction passed by the SEBI or any other authorities.

None of the companies with which our Promoters, Directors or persons in control of our Bank are or were associated as promoter, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

None of our Directors are associated with the securities market. There have been no violations of securities laws committed by any of our Directors in the past or are pending against them.

Declaration as Wilful Defaulter

Neither our Bank, nor our Promoters, relatives of our Promoters, Directors, nor the Selling Shareholders have been identified as wilful defaulters in terms of the SEBI ICDR Regulations.

Eligibility for the Issue

Our Bank meets each of the eligibility conditions as prescribed under Regulation 26(1) of the SEBI ICDR Regulations, however, it does not meet the criteria of ‘three full years’ as set out under Regulations 26(1)(a) and 26(1)(c) since our Bank was incorporated on December 23, 2014 (and was not in existence for twelve months in the Fiscal 2015). In view of the same, our Bank had filed an exemption application dated November 23, 2017 with SEBI seeking relaxation from the strict enforcement of Regulation 26(1) of the SEBI ICDR Regulations. SEBI through its letter dated December 14, 2017, has granted relaxation from the strict enforcement of Regulation 26(1) of the SEBI ICDR Regulations in view of the fact that BFSL has been in existence for a period prior to the Fiscal 2015 and that the entire business of BFSL has been transferred to our Bank by virtue of the Business Transfer Agreement.

Our Bank’s net worth and net tangible assets derived from the Restated Summary Statements included in this Prospectus as at and for the three years ended Fiscal 2017 are set forth below:

(in ₹ million, except percentage values)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Net tangible assets(1)	301,265.74	196,700.56	5,259.71
Profit before tax	17,044.72	4,135.10	23.05
Net Worth at the end of the year	44,464.55	33,345.03	5,016.26
Monetary assets (2)	64,701.22	27,728.93	4,012.60
Monetary assets as a percentage of the net tangible assets%	21.48%	14.10%	76.29%

(1) “Net tangible assets” means the sum of total assets of our Bank excluding deferred taxes and intangible assets.

(2) *"Monetary assets" represent cash in hand, balance with banks, Balance with RBI in other accounts money at call and short notice . excluding balance with the RBI in current account.*

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Bank shall ensure that the number of Allottees shall not be less than 1,000, failing which, the entire application monies shall be refunded forthwith. In case of delay, if any, in refund, our Bank shall pay interest on the application monies at the rate of 15% per annum for the period of delay.

Our Bank is in compliance with the conditions specified in Regulation 4(2) of the SEBI ICDR Regulations, to the extent applicable.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, AXIS CAPITAL LIMITED, GOLDMAN SACHS (INDIA) SECURITIES PRIVATE LIMITED, JM FINANCIAL LIMITED, AND J.P. MORGAN INDIA PRIVATE LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR BANK IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS AND THE SELLING SHAREHOLDERS WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY EACH OF THEM IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO THEMSELVES FOR THEIR RESPECTIVE PROPORTION OF THE OFFERED SHARES, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR BANK AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 30, 2017 WHICH READS AS FOLLOWS:

WE, THE BOOK RUNNING LEAD MANAGERS TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;

2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH OUR BANK, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY OUR BANK AND THE SELLING SHAREHOLDERS, WE CONFIRM THAT:

   (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

   (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA, THE CENTRAL GOVERNMENT AND

ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956 AND THE COMPANIES ACT, 2013, AS APPLICABLE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – <u>NOTED FOR COMPLIANCE</u>

5. WE CERTIFY THAT WRITTEN CONSENTS FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

6. WE CERTIFY THAT REGULATION 33 OF THE SEBI ICDR REGULATIONS, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS. – <u>COMPLIED WITH AND NOTED FOR COMPLIANCE</u>

7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI ICDR REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO OUR BANK ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – <u>NOT APPLICABLE</u>

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF OUR BANK FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF OUR BANK AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION – <u>COMPLIED WITH, TO THE EXTENT APPLICABLE</u>.

9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THIS PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE, OUR BANK AND THE SELLING SHAREHOLDERS SPECIFICALLY CONTAINS THIS CONDITION. – <u>NOTED FOR COMPLIANCE. ALL MONIES RECEIVED OUT OF THE ISSUE SHALL</u>

BE CREDITED/TRANSFERRED TO A SEPARATE BANK ACCOUNT AS REFERRED TO IN SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013.

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES IN THE ISSUE HAVE TO BE ISSUED IN DEMATERIALISED FORM ONLY.**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SEBI ICDR REGULATIONS HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

    (A) AN UNDERTAKING FROM OUR BANK THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF OUR BANK; AND

    (B) AN UNDERTAKING FROM OUR BANK THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME.

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI ICDR REGULATIONS WHILE MAKING THE ISSUE. – COMPLIED WITH AND NOTED FOR COMPLIANCE**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF OUR BANK, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

16. **WE ENCLOSE A STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THE ISSUE)', AS PER FORMAT SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA THROUGH CIRCULAR.**

17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF OUR BANK, AS PER THE ACCOUNTING STANDARD 18 AND INCLUDED IN THE DRAFT RED HERRING PROSPECTUS AND AS CERTIFIED BY DE & BOSE, CHARTERED ACCOUNTANTS, BY WAY OF CERTIFICATE DATED DECEMBER 28, 2017**.

18. **WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THE REGULATIONS (IF APPLICABLE–) - NOT APPLICABLE.**

The filing of this Prospectus does not, however, absolve any person who has authorised the issue of this Prospectus from any liabilities under Section 34 or Section 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the Issue. SEBI further reserves the right to take up, at any point of time, with the Book Running Lead Managers, any irregularities or lapses in the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus.

All legal requirements pertaining to the Issue have been complied with at the time of registration of this Prospectus with the RoC in terms of Sections 26, 30 and 32 of the Companies Act, 2013.

Caution - Disclaimer from our Bank, the Selling Shareholders, and the Book Running Lead Managers

Our Bank, the Directors, the Selling Shareholders, and the Book Running Lead Managers accept no responsibility for statements made otherwise than those confirmed in this Prospectus or in the advertisements or any other material issued by or at our Bank's instance and anyone placing reliance on any other source of information, including our Bank's website www.bandhanbank.com, would be doing so at his or her own risk. Each Selling Shareholder, its respective directors, affiliates, associates and officers accept/undertake no responsibility for any statements other than those specifically undertaken or confirmed by such Selling Shareholder in relation to itself and to their respective portion of Offered Shares.

The Book Running Lead Managers accept no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders and our Bank.

All information shall be made available by our Bank, the Selling Shareholders (to the extent of themselves and Offered Shares), and the Book Running Lead Managers to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centers or elsewhere.

None among our Bank, the Selling Shareholders or any member of the Syndicate shall be liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Bidders are required to confirm and are deemed to have represented to our Bank, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Bank, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The Book Running Lead Managers and their respective associates and affiliates may engage in transactions with, and perform services for, our Bank, the Selling Shareholders and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with or become customers to our Bank, the Selling Shareholders and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation. As used herein, the term 'affiliate' means any person or entity that controls or is controlled by or is under common control with another person or entity.

Price information of past issues handled by the Book Running Lead Managers:

A. Kotak

Price information of past issues handled by Kotak:

Table 1: Price information of past issues handled

Sr. No.	Issue Name	Issue Size (₹ Cr.)	Issue Price (`)	Listing Date	Opening Price on Listing Date (Rs.)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Aster DM Healthcare Limited	980.10	190	26-Feb-18	183.00	-	-	-
2.	The New India Assurance Company Limited(1)	9,466.98	800	13-Nov-17	750.00	-27.91% [+0.15%]	-12.93%[+2.25%]	-
3.	Mahindra Logistics Limited(2)	828.88	429	10-Nov-17	429.00	+3.12% [-0.54%]	+9.48%[+1.50%]	-
4.	General Insurance Corporation of India(3)	11,175.84	912	25-Oct-17	850.00	-12.92% [+0.52%]	-13.95%[+6.52%]	-
5.	Indian Energy Exchange Limited	1,000.73	1,650	23-Oct-17	1,500.00	-8.15% [+1.39%]	-1.77%[+6.97%]	-
6.	Godrej Agrovet Limited	1,157.31	460	16-Oct-17	615.60	+14.96%[- 0.43%]	+34.95%[+4.40%]	-
7.	SBI Life Insurance Company Limited(4)	8,386.40	700	3-Oct-17	735.00	-7.56%[+ 5.89%]	-0.66%[+6.81%]	-
8.	Security and Intelligence Services (India) Limited	779.58	815	10-Aug-17	879.80	-3.29%[+ 1.17%]	+3.14%[+5.40%]	+39.12%[+8.62%]
9.	CL Educate Limited	238.95	502	31-Mar-17	402.00	-8.98%[+ 1.42%]	-15.36%[+3.46%]	-31.92%[+7.61%]
10.	Avenue Supermarts Limited	1,870.00	299	21-Mar-17	600.00	+145.08%[- 0.33%]	+167.59%[+4.97%]	+263.80%[+10.42%]
11.	Laurus Labs Limited(5)	1,330.50	428	19-Dec-16	489.90	+11.44%[+3.62%]	+23.97%[+13.03%]	+41.43%[+18.31%]
12.	Varun Beverages Limited	1,112.50	445	8-Nov-16	430.00	-7.72%[-5.17%]	-11.49%[+2.31%]	+8.89%[+8.68%]

Sr. No.	Issue Name	Issue Size (₹ Cr.)	Issue Price (`)	Listing Date	Opening Price on Listing Date (Rs.)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
13.	PNB Housing Finance Limited(6)	3,000.00	775	7-Nov-16	860.00	+11.70%[-4.16%]	+21.28%[+2.87%]	+70.50%[+9.28%]
14.	L&T Technology Services Limited	894.40	860	23-Sep-16	920.00	-0.85%[-1.57%]	-8.54%[-8.72%]	-9.55%[+3.28%]
15.	RBL Bank Limited	1,212.97	225	31-Aug-16	274.20	+27.07%[-2.22%]	+56.98%[-7.50%]	+103.07%[+1.74%]
16.	Larsen & Toubro Infotech Limited(7)	1,236.38	710	21-Jul-16	667.00	-6.39%[+1.84%]	-12.44%[+1.97%]	-4.21%[-1.14%]
17.	Mahanagar Gas Limited(8)	1,038.88	421	1-Jul-16	540.00	+20.86%[+3.72%]	+57.15%[+5.00%]	+83.71%[-3.55%]
18.	Parag Milk Foods Limited(9)	750.54	215	19-May-16	217.50	+17.07%[+4.97%]	+48.67%[+11.04%]	+38.93%[+6.59%]
19.	Ujjivan Financial Services Limited	882.50	210	10-May-16	231.90	+72.38%[+4.88%]	+120.90%[+10.08%]	+98.31%[+6.92%]
20.	Healthcare Global Enterprises Limited	649.64	218	30-Mar-16	210.20	-15.32%[+1.45%]	-19.98%[+4.65%]	-1.31%[+14.17%]
21.	Dr. Lal PathLabs Limited(10)	631.91	550	23-Dec-15	720.00	+32.54%[-7.49%]	+66.95% [-2.06%]	+63.13% [+3.87%]
22.	S H Kelkar and Company Limited	508.17	180	16-Nov-15	223.70	+21.69%[-1.35%]	+20.78%[-10.58%]	+24.97% [+0.11%]
23.	Interglobe Aviation Limited(11)	3,008.50	765	10-Nov-15	855.80	+32.39%[-2.20%]	+9.41%[-3.78%]	+40.59% [-0.64%]
24.	Coffee Day Enterprises Limited	1,150.00	328	2-Nov-15	317.00	-21.42%[-1.19%]	-19.73%[-6.05%]	-20.98% [-2.50%]
25.	Sadbhav Infrastructure Project Limited	491.66	103	16-Sep-15	111.00	-2.28% [+3.55%]	-5.63%[-3.15%]	-12.67% [-4.92%]
26.	Power Mech Projects Limited	273.22	640	26-Aug-15	600.00	-9.36% [+0.98%]	-4.63%[+0.74%]	-10.65% [-7.15%]
27.	Manpasand Beverages Limited	400.00	320	9-Jul-15	300.00	+23.20% [+2.83%]	+36.53% [-2.11%]	+58.34% [-6.45%]
28.	Adlabs Entertainment Limited(12)	374.59	180	6-Apr-15	162.20	-18.36% [-3.87%]	-12.08% [-2.02%]	-38.39% [-8.19%]

Source: www.nseindia.com

Notes:

1. *In The New India Assurance Company Limited, the issue price to retail individual bidders and employees was ` 770 per equity share after a discount of ` 30 per equity share.*
2. *In Mahindra Logistics Limited, the issue price to employees was ` 387 per equity share after a discount of ` 42 per equity share. The Anchor Investor Issue price was ` 429 per equity share.*
3. *In General Insurance Corporation of India, the issue price to retail individual bidders and employees was ` 867 per equity share after a discount of ` 45 per equity share.*
4. *In SBI Life Insurance Company Limited, the issue price to employees was ` 632 per equity share after a discount of ` 68 per equity share. The Anchor Investor Issue price was ` 700 per equity share.*
5. *In Laurus Labs Limited, the issue price to employees was ` 388 per equity share after a discount of ` 40 per equity share. The Anchor Investor Issue price was ` 428 per equity share.*
6. *In PNB Housing Finance Limited, the issue price to employees was ` 700 per equity share after a discount of ` 75 per equity share. The Anchor Investor Issue price was ` 775 per equity share.*
7. *In Larsen & Toubro Infotech Limited, the issue price to retail individual investor was ` 700 per equity share after a discount of ` 10 per equity share. The Anchor Investor Issue price was ` 710 per equity share.*
8. *In Mahanagar Gas Limited, the issue price to employees was ` 383 per equity share after a discount of ` 38 per equity share. The Anchor Investor Issue price was ` 421 per equity share.*
9. *In Parag Milk Foods Limited, the issue price to retail individual investor and employees was ` 203 per equity share after a discount of ` 12 per equity share. The Anchor Investor Issue price was ` 227 per equity share.*
10. *In Dr. Lal PathLabs Limited, the issue price to retail individual investor was ` 535 per equity share after a discount of ` 15 per equity share. The Anchor Investor Issue price was ` 550 per equity share.*
11. *In Interglobe Aviation Limited, the issue price to employees was ` 688.50 per equity share after a discount of ` 76.5 per equity share. The Anchor Investor Issue price was ` 765 per equity share.*
12. *In Adlabs Entertainment Limited, the issue price to retail individual investor was ` 168 per equity share after a discount of ` 12 per equity share. The Anchor Investor Issue price was ` 221 per equity share.*
13. *In the event any day falls on a holiday, the price/index of the immediately preceding working day has been considered.*
14. *Nifty is considered as the benchmark index.*

Table 2: Summary statement of disclosure

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Cr.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Cr.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
2017-2018*	8	33,775.82	-	1	4	-	-	2	-	-	-	-	1	-
2016-2017	11	13,567.63	-	-	4	2	1	4	-	1	2	5	2	1
2015-2016	9	7,487.69	-	-	5	-	2	2	-	1	4	2	1	1

**As on the date of this Prospectus*

B. Axis

Price information of past issues handled by Axis:

Table 1: Price information of past issues handled

Sr. No.	Issue name	Issue size (` millions)	Issue price(`)	Listing date	Opening price on listing date (in `)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Aster DM Healthcare Limited	9801.00	190.00	February 26, 2018	183.00	-	-	-
2	Khadim India Limited	5,430.57	750.00	November 14, 2017	730.00	-10.40%,[+0.06%]	-6.47%, [+3.47%]	-
3	The New India Assurance Company Limited	18,933.96	800$	November 13, 2017	750.00	-27.91%,[+0.15%]	-7.81%, [+3.08%]	-
4	Mahindra Logistics Limited	8,288.84	429^	November 10, 2017	429.00	+2.49%,[0.00%]	+9.48%,[+1.50%]	-

5	Reliance Nippon Life Asset Management Limited	15,422.40	252	November 6, 2017	295.90	+3.61%[-3.19%]	+8.12%,[+2.05%]	-
6	General Insurance Corporation of India	111,758.43	912@	October 25, 2017	850.00	-12.92%,[+0.52%]	-13.95%,[+6.52%]	-
7	Indian Energy Exchange Limited	10,007.26	1650	October 23, 2017	1,500.00	-8.15%,[+1.39%]	-1.95%,[+7.67%]	-
8	Godrej Agrovet Limited	11,573.12#	460	October 16, 2017	615.60	+14.96%,[-0.43%]	+35.66%,[+4.99%]	-
9	SBI Life Insurance Company Limited	83,887.29	700*	October 3, 2017	735.00	-7.56%,[5.89%]	-0.07%,[+5.84%]	-
10	Capacit'e Infraprojects Limited	4,000	250	September 25, 2017	399.00	+36.30%,[+3.39%]	+57.42%,[+6.67%]	-

Source: www.nseindia.com

Offer Price was ` 632.00 per equity share to Eligible Employees

#*Company has undertaken a Pre-Ipo Placement aggregating to `84.88 Million. The size of the fresh issue as disclosed in the draft red herring prospectus dated July 18, 2017, being `3,000.00 Million, has been reduced accordingly.*

@*Offer Price was ` 855.00 per equity share to Retail Individual Bidders and Eligible Employees*

^*Offer Price was ` 387.00 per equity share to Eligible Employees*

$*Offer Price was ` 770.00 per equity share to Retail Individual Bidders and Eligible Employees*

Notes:

a. Issue Size derived from prospectus/final post issue reports, as available.
b. The CNX NIFTY is considered as the Benchmark Index.
c. Price on NSE is considered for all of the above calculations.
d. In case 30th/90th/180th day is not a trading day, closing price on NSE of the next trading day has been considered.
e. Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

Table 2: Summary statement of disclosure

Financial Year	Total no. of IPOs	Total funds raised (` in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-2018*	16	329,571.86	-	1	7	1	2	4	-	2	-	2	2	-
2016-2017	10	111,377.80	-	-	1	4	2	3	-	-	-	7	1	2
2015-2016	8	60,375.66	0	0	3	0	4	1	0	0	3	1	2	2

** The information is as on the date of the document*

The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

C. Goldman Sachs

Price information of past issues handled by Goldman Sachs:

Table 1: Price information of past issues handled

Sr. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Aster DM Healthcare	9,801.00	190.00	February 26,	183.00	-	-	-

Sr. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
	Limited			2018				
2.	Healthcare Global Enterprises Limited	6,496.4	218.00	March 30, 2016	210.20	-15.32%, [+1.45%]	-19.98%, [+4.65%]	-1.31%, [+14.17%]

Source: www.nseindia.com

Notes:

1. *All data sourced from* www.nseindia.com
2. *Benchmark index considered is NIFTY*
3. *30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the next trading day*

Table 2: Summary statement of disclosure

Fiscal Year	Total no. of IPOs	Total amount of funds raised(₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-18	1	9,801.00	-	-	-	-	-	-	-	-	-	-	-	-
2016-17	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2015-16	1	6,496.4	-	-	1	-	-	1	-	-	1	-	-	-

D. *JM Financial*

Price information of past issues handled by JM Financial:

Table 1: Price information of past issues handled

Sr. No.	Issue name	Issue Size (` million)	Issue price (`)	Listing Date	Opening price on Listing Date (in `)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
1.	Aster DM Healthcare Limited	9,801.00	190.00	February 26, 2018	183.00	NA	NA	NA
2.	Galaxy Surfactants Limited	9,370.88	1,480.00	February 8, 2018	1,525.00	+1.14% [-3.31%]	NA	NA
3.	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 6, 2017	295.90	+3.61% [-3.19%]	+5.91% [+2.95%]	NA
4.	Prataap Snacks Limited	4,815.98	938.00(1)	October 5, 2017	1,270.00	+25.12% [+5.70%]	+31.82% [+5.60%)	NA
5.	SBI Life Insurance Company Limited	83,887.29	700.00(2)	October 3, 2017	735.00	-7.56% [+5.89%]	-0.66% [+6.81%]	NA
6.	ICICI Lombard General Insurance Company Limited	57,009.40	661.00	September 27, 2017	651.10	+3.62% [+6.25%]	+17.60% [+7.78%]	NA
7.	Cochin Shipyard Limited	14,429.30	432.00(3)	August 11, 2017	440.15	+27.06% [+2.31%]	+30.96% [+6.10%]	+20.01% [+8.11%]
8.	GTPL Hathway Limited	4,848.00	170.00	July 4, 2017	170.00	-10.71% [+4.87%]	-19.09% [+1.82%]	-2.94% [+9.54%]
9.	S Chand and Company Limited	7,286.00	670.00	May 09, 2017	700.00	-17.37% [+3.72%]	-25.38% [+8.05%]	-27.92% [+12.19%]
10.	Avenue Supermarts Limited	18,700.00	299.00	March 21, 2017	600.00	+145.08% [-0.20%]	+167.59% [+5.11%]	+263.80% [+10.57%]

Source: www.nseindia.com; for price information and prospectus/ basis of allotment for issue details

Notes:

1. *A discount of ` 90 per equity share had been offered to eligible employees.*
2. *A discount of ` 68 per equity share had been offered to eligible employees.*
3. *A discount of ` 21 per equity share had been offered to eligible employees and retail individual bidders.*
4. *Opening price information as disclosed on the website of NSE.*
5. *Change in closing price over the issue/offer price as disclosed on NSE.*
6. *Change in closing price over the closing price as on the listing date for benchmark index viz. NIFTY 50.*
7. *In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.*
8. *30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken a listing date plus 179 calendar days.*
9. *Restricted to last 10 issues.*

Table 2: Summary statement of disclosure

Financial Year	Total no. of IPOs	Total funds raised (` in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25% - 50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-2018*	9	206,870.25	-	-	3	-	2	3	-	1	1	-	-	1
2016-2017	7	137,049.21	-	-	2	1	1	3	-	-	1	2	2	2
2015-2016	1	5,081.70	-	-	-	-	-	1	-	-	-	-	-	1

* *The information is as on the date of this document.*

E. J.P. Morgan

Price information of past issues handled by J.P. Morgan:

Table 1: Price information of past issues handled

Sr. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	InterGlobe Aviation Limited[1]	30, 171.4	765.00	November 10, 2015	855.80	32.4%, [-3.8%]	7.8%, [-6.7%]	40.8%, [-0.6%]
2	Alkem Laboratories Limited[2]	13,477.6	1,050.00	December 23, 2015	1,380.00	30.3%, [-6.5%]	28.6%,[-1.1%]	31.9%, [5.8%]

Sr. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
3.	Quick Heal Technologies Limited	4,512.5	321.00	February 18, 2016	305.00	-31.6%,[7.0%]	-20.0%, [11.0%]	-24.2%, [21.6%]
4.	PNB Housing Finance Limited[3]	30,000.0	775.00	November 7, 2016	860.00	11.7%,[-3.4%]	26.9%,[4.4%]	70.5%,[10.1%]

Source: www.nseindia.com

[1]Price for eligible employees was ₹688.50 per equity share

[2]Discount of ₹100 per equity share to the offer price offered to eligible employees

[3]Discount of ₹75per equity share to the offer price offered to eligible employees

Notes:

1. *The S&P CNX NIFTY is considered as the Benchmark Index.*
2. *Price on NSE is considered for all of the above calculation*
3. *In case 30th/90th/180th day is not a trading day, closing price on NSE of the next trading day has been considered*
4. *Closing price of 30th, 90th, 180th calendar day from listing day has been taken as listing day plus 29, 89 and 179 calendar days respectively*
5. *Pricing Performance for the company is calculated as per the final offer price*
6. *Pricing Performance for the benchmark index is calculated as per the close on the day prior to the listing date*
7. *Issue size as per the basis of allotment*

Table 2: Summary statement of disclosure

Fiscal Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2016-2017	1	30,000.0	-	-	-	-	-	1	-	-	-	1	-	-
2015-2016	3	48,161.5	-	1	-	-	2	-	-	-	1	-	2	-

Note: In the event that any day falls on a holiday, the price/ index of the next trading day has been considered.

The information for each of the financial years is based on issues listed during such financial year.

Track record of past issues handled by the Book Running Lead Managers

For details regarding the track record of the Book Running Lead Managers, as specified in circular (reference CIR/MIRSD/1/2012) dated January 10, 2012 issued by the SEBI, please see the websites of the Book Running Lead Managers, as set forth in the table below:

Sr. No.	Name of the Book Running Lead Manager	Website
1.	Kotak	www.investmentbank.kotak.com
2.	Axis	www.axiscapital.co.in
3.	Goldman Sachs	www.goldmansachs.com
4.	JM Financial	www.jmfl.com
5.	J.P. Morgan	www.jpmipl.com

Disclaimer in respect of Jurisdiction

This Issue has been made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and insurance funds, and permitted provident funds and pension funds) and to, Eligible NRIs, FPIs and other eligible foreign investors (viz. bilateral and multilateral development financial institution). The Red Herring Prospectus and this Prospectus do not, however, constitute an invitation to subscribe to shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Red Herring Prospectus and this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of the Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Red Herring Prospectus and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Red Herring Prospectus and this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Bank or any of the Selling Shareholders since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares have been offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and applicable laws of the jurisdictions where such offers and sales occur.

Disclaimer Clause of BSE

BSE Limited (the "**Exchange**") has given vide its letter dated January 10, 2018 permission to our Bank to use the Exchange's name in this offer document as one of the stock exchanges on which our Bank's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Bank. The Exchange does not in any manner:-

a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

b) warrant that our Bank's securities will be listed or will continue to be listed on the Exchange; or

c) take any responsibility for the financial or other soundness of our Bank, its promoters, its management or any scheme or project of our Bank;

and it should not for any reason be deemed or construed to mean that this offer document has been cleared or approved by the Exchange. Every Person who desires to apply for or otherwise acquires any securities of our Bank may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of NSE

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/25 dated January 16, 2018 permission to our Bank to use the Exchange's name in this offer document as one of the stock exchanges on which our Bank's securities are proposed to be listed. The Exchange has scrutinized the draft Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Bank. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that our Bank's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of our Bank, its promoters, its management or any scheme or project of our Bank.

Every person who desires to apply for or otherwise acquire any securities of our Bank may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Corporate Finance Department, Plot No.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 have been delivered for registration to the RoC and a copy of this Prospectus has been filed under Section 26 of the Companies Act, 2013 and delivered for registration with RoC at the Office of the Registrar of Companies, Nizam Palace, 2nd MSO Building, 2nd Floor, 234/4, A.J.C. Bose Road, Kolkata 700 020.

Listing

Applications have been made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. BSE Limited is the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Bank will forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus and each Selling Shareholder will be severally liable to reimburse our Bank for such repayment of monies, on its behalf, with respect to their respective portion of the Offered Shares. If such money is not repaid within the prescribed time, then our Bank, the Selling Shareholders and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law. Any expense incurred by our Bank on behalf of the Selling Shareholders with regard to interest on such refunds will be reimbursed by the Selling Shareholders in proportion to their respective portion of the Offered Shares. For the avoidance of doubt, subject to applicable law, a Selling Shareholder shall not be responsible to pay interest for any delay, except to the extent that such delay has been caused by any act or omission solely attributable to such Selling Shareholder and to the extent of its respective portion of the Offered Shares.

Our Bank shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within six Working Days from the Bid/Issue Closing Date. Further, the Selling Shareholders confirm that they shall provide assistance to our Bank, and the Book Running Lead Managers, as may be reasonably required and necessary, for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges within six Working Days from the Bid/Issue Closing Date, to the extent of the respective portion of their Offered Shares.

If our Bank does not Allot Equity Shares pursuant to the Issue within six Working Days from the Bid/Issue Closing Date or within such timeline as prescribed by SEBI, it shall repay, without interest, all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period.

Other than listing fees, payment of Issue expenses will be shared proportionately as mutually agreed amongst our Bank and the Selling Shareholders and in accordance with applicable law, upon the successful completion of the Issue and such payments shall be made as stipulated in the Cash Escrow Agreement. In the event the Issue is withdrawn or not completed for any reason whatsoever, all Issue related expenses shall be borne by our Bank.

Consents

Consents in writing of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, legal advisors, the Book Running Lead Managers, the Syndicate Members, the Escrow Collection Bank, Refund Bank and the Registrar to the Issue to act in their respective capacities, have been obtained prior to filing of this Prospectus with the RoC and filed along with a copy of this Prospectus with the RoC as required under the Companies Act and such consents shall not be withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

In accordance with the Companies Act, 2013 and the SEBI ICDR Regulations, our Statutory Auditors, S.R. Batliboi & Associates LLP, Chartered Accountants, have given their written consent to the inclusion of the reports of the Statutory Auditors on the Restated yearly Summary Statements dated January 31, 2018, the Restated nine monthly Summary Statements dated January 31, 2018 and the Restated half yearly Summary Statements dated November 22, 2017 and the statement of possible special tax benefits dated February 27, 2018 included in this Prospectus and such consents have not been withdrawn as on the date of this Prospectus.

Experts to the Issue

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

Our Bank has received written consent from the Statutory Auditors namely, S. R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of the reports of the Statutory Auditors on the Restated yearly Summary Statements dated January 31, 2018, the Restated nine monthly Summary Statements dated January 31, 2018 and the Restated half yearly Summary Statements dated November 22, 2017 and the statement of possible special tax benefits dated February 27, 2018, included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U. S. Securities Act.

Issue Expenses

The total expenses of this Issue are estimated to be ₹ 963.37 million. The expenses of this Issue include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees. For further details of Issue expenses, see "*Objects of the Issue – Issue Expenses*" beginning on page 75.

Other than listing fees, payment of Issue expenses will be shared proportionately as mutually agreed amongst our Bank and the Selling Shareholders and in accordance with applicable law, upon the successful completion of the Issue and such payments shall be made as stipulated in the Cash Escrow Agreement. In the event the Issue is withdrawn or not completed for any reason whatsoever, all Issue related expenses shall be borne by our Bank.

Fees Payable to the Syndicate

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expense) will be as per the fee/engagement letter dated December 29, 2017. For details of Issue expenses, see "*Objects of the Issue – Issue Expenses*" beginning on page 75.

Commission payable to SCSBs, Registered Brokers, RTAs and CDPs

For details of the commission payable to SCSBs, Registered Brokers, RTAs and CDPs, see "*Objects of the Issue – Issue Expenses*" beginning on page 75.

Fees Payable to the Registrar to the Issue

The fees payable by our Bank to the Registrar to the Issue for processing of application, data entry, printing of Allotment Advice/CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Registrar Agreement, a copy of which will be available for inspection at the Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post.

The Selling Shareholders will reimburse our Bank proportionately the expenses incurred on behalf of the Selling Shareholders in this regard, upon the successful completion of the Issue.

Particulars regarding public or rights issues or any capital issue by our Bank during the last five years

Except as disclosed in "*Capital Structure – Notes to the capital structure – Equity Share capital history our Bank*" beginning on page 65, our Bank has not made any rights issues or any capital issue during the five years immediately preceding the date of the Draft Red Herring Prospectus and until the date of this Prospectus.

Further, our Bank has not made any public issues during the five years immediately preceding the date of the Draft Red Herring Prospectus and until the date of this Prospectus.

Previous issues of Equity Shares otherwise than for cash

Except as disclosed in "*Capital Structure*" beginning on page 65, our Bank has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on previous issues

Since this is the initial public issue of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Bank's inception.

Performance vis-à-vis objects – Public/rights issue of our Bank

Except as disclosed in "*Capital Structure – Notes to the capital structure – Equity Share capital history our Bank*" beginning on page 65, our Bank has not made any rights issues.

Further, our Bank has not undertaken any previous public issue.

Outstanding debentures, bonds or redeemable preference shares

Except ESOP Scheme, 2017 and non-convertible debentures issued by our Bank, there are no outstanding debentures, bonds or redeemable preference shares issued by our Bank as of the date of filing this Prospectus.

Outstanding Preference Shares or other convertible instruments issued by our Bank

Our Bank does not have any outstanding preference shares or other instruments convertible or exchangeable into Equity Shares as on date of this Prospectus.

Partly Paid-up Shares

Our Bank does not have any partly paid-up Equity Shares as on the date of this Prospectus.

Stock Market Data of Equity Shares

This being an initial public offer of our Bank, the Equity Shares are not listed on any stock exchange.

Redressal of Investor Grievances

The Registrar Agreement provides for retention of records with the Registrar to the Issue for a period of at least three years from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances, and other terms of Anchor Investors, may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, PAN, date of submission of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder and ASBA Account number.

Further, the Bidders shall also enclose a copy of the Acknowledgment Slip duly received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances of the Anchor Investors may be addressed to the Registrar to the Issue, giving full details such as the name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs where the Bid cum Application Form was submitted by the Anchor Investor.

The Board of Directors of our Bank has constituted a Stakeholders Relationship Committee for redressal of investor grievances. For details, see "*Our Management – Committees of the Board – Stakeholders' Relationship Committee*" beginning on page 185.

Our Bank has also appointed Indranil Banerjee, Company Secretary of our Bank as the Compliance Officer for the Issue and he may be contacted in case any pre-Issue or post-Issue related problems. For details, see "*General Information – Company Secretary and Compliance Officer*" beginning on page 58.

Changes in Auditors

There have been no changes in the auditors of our Bank during the three years preceding the date of the Draft Red Herring Prospectus and until the date of this Prospectus.

Capitalisation of Reserves or Profits

Our Bank has not capitalised its reserves or profits at any time during the last five years.

Disposal of investor grievances by listed companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956

There are no listed companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956 and therefore there are no investor complaints pending against our companies.

Revaluation of Assets

Our Bank has not re-valued its assets since its incorporation.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued and transferred pursuant to the Issue shall be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRA read with the SCRR, the Banking Regulation Act and rules and regulations made thereunder, the MoA and AoA, the terms of the Red Herring Prospectus, this Prospectus, the Abridged Prospectus, the Bid cum Application Form, the Revision Form, the CAN, the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to applicable laws, including guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by the SEBI, the Government, the Stock Exchanges, the RBI, the RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable or such other conditions as may be prescribed by the SEBI, the RBI, the Government, the Stock Exchanges, the RoC and/or any other authorities while granting their approval for the Issue.

Offer for Sale

The Issue also comprises an Offer for Sale by the Selling Shareholders. Other than listing fees, payment of Issue expenses will be shared proportionately as mutually agreed amongst our Bank and the Selling Shareholders and in accordance with applicable law, upon the successful completion of the Issue and such payments shall be made as stipulated in the Cash Escrow Agreement. In the event the Issue is withdrawn or not completed for any reason whatsoever, all Issue related expenses shall be borne by our Bank.

Ranking of the Equity Shares

The Equity Shares being issued and transferred pursuant to the Issue shall be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRA read with the SCRR, the Banking Regulation Act and rules and regulations made thereunder, the MoA and AoA and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the right to receive dividend. The Allottees, upon Allotment of the Equity Shares under the Issue, will be entitled to dividend and other corporate benefits, if any, declared by our Bank after the date of Allotment. For further details, see "*Main Provisions of the Articles of Association*" beginning on page 522.

Mode of Payment of Dividend

Our Bank shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Banking Regulation Act and rules and regulations made thereunder, the MoA and the AoA and provisions of the Listing Regulations, as applicable. For further details in relation to dividends, see "*Dividend Policy*" and "*Main Provisions of the Articles of Association*" beginning on pages 196 and 522, respectively.

Face Value and Issue Price

The face value of each Equity Share is ₹ 10 and the Issue Price per Equity Share is ₹ 375. The Floor Price, being the lower end of the Price Band is ₹ 370 per Equity Share and the Cap Price, being the higher end of the Price Band is ₹ 375 per Equity Share. The Anchor Investor Issue Price is ₹ 375 per Equity Share.

The Price Band and the minimum Bid Lot for the Issue has been decided by our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers and advertised in all editions of the English national daily newspaper Financial Express, all editions of the Hindi national daily newspaper Jansatta and all editions of Bengali daily newspaper Aajkaal (Bengali being the regional language of West Bengal, where the Registered Office is located), each with wide circulation, five Working Days prior to the Bid/Issue Opening Date and was made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, has been pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges.

At any given point of time there shall be only one denomination of Equity Shares.

Compliance with Disclosure and Accounting Norms

Our Bank shall comply with all disclosure and accounting norms as specified by the SEBI from time to time.

Rights of the Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the Listing Regulations and the Articles of Association of our Bank subject to the provisions of the Banking Regulation Act and rules and regulations made thereunder.

For a detailed description of the main provisions of the Articles of Association of our Bank relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see "*Main Provisions of Articles of Association*" beginning on page 522.

Option to Receive Securities in Dematerialised Form and Market Lot and Trading Lot

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Bank, the respective Depositories and the Registrar to the Issue:

- Agreement dated December 18, 2017 amongst NSDL, our Bank and the Registrar to the Issue; and
- Agreement dated December 14, 2017 amongst CDSL, our Bank and the Registrar to the Issue.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in the Issue will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of 40 Equity Shares.

Joint Holders

Where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts/authorities in Mumbai.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the Registrar and Transfer Agents of our Bank.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013, shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may, at any time, give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may, thereafter, withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with our Bank. Nominations registered with respective Depository Participant of the applicant would prevail. If the Bidders want to change the nomination, they are requested to inform their respective Depository Participant.

Withdrawal of the Issue

Our Bank and the Selling Shareholders, in consultation with the Book Running Lead Managers, reserve the right not to proceed with the Fresh Issue, and each Selling Shareholder, severally and not jointly, reserves the right not to proceed with the Offer for Sale, in whole or in part thereof, to the extent of their respective portion of the Offered Shares, after the Bid/Issue Opening Date but before the Allotment. In the event that our Bank and the Selling Shareholders in consultation with Book Running Lead Managers decide not to proceed with the Issue at all, our Bank would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two days of the Bid/Issue Closing Date, or such other time as may be prescribed by the SEBI, providing reasons for not proceeding with the Issue. The Registrar to the Issue shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. Our Bank shall also inform the same to the Stock Exchanges.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Bank shall apply for after Allotment, and (ii) the final RoC approval of this Prospectus after it is filed with the RoC. If our Bank and the Selling Shareholders withdraw the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an issue/offer for sale of the Equity Shares, our Bank shall file a fresh draft red herring prospectus with the SEBI.

Bid/Issue Programme

BID/ISSUE OPENED ON	Thursday, March 15, 2018(1)
BID/ISSUE CLOSED ON	Monday, March 19, 2018(2)

(1) The Anchor Investor Bid/Issue Period was on March 14, 2018, one Working Day prior to Bid/Issue Opening Date.

An indicative timetable in respect of the Issue is set out below:

Event	Indicative Date
Bid/Issue Closing Date	Monday, March 19, 2018
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about Thursday, March 22, 2018
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	On or about Friday, March 23, 2018
Credit of Equity Shares to demat accounts of Allottees	On or about Monday, March 26, 2018
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about Tuesday, March 27, 2018

The above timetable, other than the Bid/Issue Closing Date, is indicative and does not constitute any obligation on our Bank, the Selling Shareholders or the Book Running Lead Managers.

Whilst our Bank shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Issue Closing Date, the timetable may be extended due to various factors, such as any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. In this regard, the Selling Shareholders shall provide reasonable co-operation in relation to their respective portion of the Offered Shares, as may be requested by our Bank.

Submission of Bids (other than Bids from Anchor Investors):

Bid/Issue Period (except the Bid/Issue Closing Date)	
Submission and Revision in Bids	Only between 10.00 A.M. and 5.00 P.M. IST
Bid/Issue Closing Date	
Submission and Revision in Bids	Only between 10.00 A.M. and 3.00 P.M. IST

On the Bid/Issue Closing Date, the Bids have been uploaded until:

(i) 4.00 P.M. IST in case of Bids by QIBs and Non-Institutional Bidders, and

(ii) until 5.00 P.M. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, Bidders were advised to submit their Bids one day prior to the Bid/Issue Closing Date. Any time mentioned in this Prospectus is in IST. Bidders were cautioned that, in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids were accepted only during Monday to Friday (excluding any public/bank holiday). None among our Bank, the Selling Shareholders or any member of the Syndicate is liable for any failure in uploading the Bids, due to faults in any software/hardware system or otherwise.

In case of any discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Minimum Subscription

If our Bank does not receive (i) the minimum subscription of 90% of the Fresh Issue; and (ii) for at least 10% of the post-Issue Equity Share capital of our Bank in terms of Rule 19(2)(b) of the SCRR, including devolvement of Underwriters, if any, within 60 days from the Bid/Issue Closing Date, our Bank shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Bank shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and other applicable laws. In case of under-subscription in the Fresh Issue, Equity Shares offered pursuant to the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

Further, our Bank shall ensure that the number of Allottees to whom the Equity Shares shall not be less than 1,000.

Any expense incurred by our Bank on behalf of the Selling Shareholders with regard to refunds, interest for delays, etc., for the Equity Shares being offered pursuant to the Issue will be reimbursed by the Selling Shareholders in relation to their respective proportion of the Offered Shares to our Bank in proportion to the Equity Shares being offered for sale by the Selling Shareholders in the Issue, to the extent that the delay is solely attributable to any such Selling Shareholder.

Arrangement for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restrictions, if any, on Transfer and Transmission of Equity Shares

Except for lock-in of the pre-Issue capital of our Bank, lock-in of the Promoters' minimum contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" beginning on page 65 and except as provided under the Banking Regulation Act and rules and regulations made thereunder or the Articles of Association, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of any shares/debentures of our Bank and on their consolidation or splitting, except as provided in the Articles of Association. For details, see "*Main Provisions of the Articles of Association*" beginning on page 522.

In accordance with Section 12B of the Banking Regulation Act read with the Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015 dated November 19, 2015, no person (along with his relatives, associate enterprises or persons acting in concert with such person) can acquire or hold 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI. For further details, see *"Regulations and Policies"* and "*Issue Procedure*" on pages 158-167and 475-520, respectively.

Eligibility and transfer restrictions

The Equity Shares have not been and will not be registered under the U.S. Securities Act, and have not been offered or sold except (i) within the United States to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A; or (ii) to persons outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and in accordance with any applicable other U.S. federal and state securities laws. Transfer of the Equity Shares are restricted to the terms of the Red Herring Prospectus, and may only be transferred pursuant to an exemption from the registration requirements of U.S. federal and state securities laws.

Any offer or sale in the United States has been made by affiliates of the Book Running Lead Managers who are broker-dealers registered under the U.S. Exchange Act. In addition, until 40 days after the commencement of the Issue, an offer or sale of Equity Shares within the United States by a dealer, whether or not participating in the Issue, may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A and any applicable state securities laws.

Equity Shares Offered and Sold within the United States

Each purchaser that is acquiring the Equity Shares within the United States, by its acceptance of the Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with our Bank and the Book Running Lead Managers that it has received a copy of the Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorised to consummate the purchase of the Equity Shares offered in compliance with all applicable laws and regulations;

2. the Equity Shares offered pursuant the Red Herring Prospectus have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States, and accordingly, the Equity Shares may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any applicable U.S. state;

3. the purchaser is (i) a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act, (ii) aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the U.S. Securities Act, and (iii) acquiring such Equity Shares for its own account or for the account of a "qualified institutional buyer" (as defined in Rule 144A) with respect to which it exercises sole investment discretion;

4. the purchaser is not an affiliate of our Bank or a person acting on behalf of an affiliate;

5. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a "qualified institutional buyer" (as defined in Rule 144A) in a transaction meeting the requirements of Rule 144A, or

(ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act and (B) in accordance with all applicable laws, including U.S. federal and state securities laws. The purchaser understands that the aforementioned transfer restrictions will remain in effect until our Bank determines, in its sole discretion, to remove them;

6. the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;

7. the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

8. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act or general solicitation or general advertising (as such terms are defined Regulation D under the U.S. Securities Act) in the United States with respect to the Equity Shares;

9. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Bank determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect;

   THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

10. Our Bank will not recognise any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

11. the purchaser acknowledges that our Bank, the Book Running Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Bank, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make (and does make) the foregoing acknowledgements, representations and agreements on behalf of such account.

Equity Shares Offered and Sold outside the United States

Each purchaser that is acquiring the Equity Shares outside the United States, by its acceptance of the Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with our Bank and the Book Running Lead Managers that it has received a copy of the Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations;

2. the Equity Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state within the United States, and accordingly, the Equity Shares not be offered or sold within the United States or to a U.S. Person (as such term is defined in Rule 902 of Regulation S under the U.S. Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

3. the purchaser is not purchasing the Equity Shares as a result of any "directed selling efforts" (as such term is defined in Rule 902 of Regulation S under the U.S. Securities Act);

4. the purchaser is purchasing the Equity Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act. The purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares, was located outside the United States at the time (i) the offer was made to it and (ii) when the buy order for such Equity Shares was originated;

5. the purchaser is not an affiliate of our Bank or a person acting on behalf of an affiliate;

6. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a "qualified institutional buyer" (as such term is defined in Rule 144A) in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S promulgated under the U.S. Securities Act and (B) in accordance with all applicable laws, including the securities laws of any applicable state within the United States. The purchaser understands that the transfer restrictions will remain in effect until our Bank determines, in its sole discretion, to remove them;

7. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the Securities Act in the United States with respect to the Equity Shares;

8. the purchaser acknowledges that our Bank, the Book Running Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Bank, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make (and does make) the foregoing acknowledgements, representations and agreements on behalf of such account.

ISSUE STRUCTURE

Public Issue of 119,280,494 Equity Shares* for cash at price of ₹ 375 (including a premium of ₹ 365 per Equity Share) aggregating to ₹ 44,730.19 million* consisting of a Fresh Issue of 97,663,910 Equity Shares* aggregating to ₹ 36,623.97 million* by our Bank and an Offer for Sale of 21,616,584 Equity Shares* aggregating to ₹ 8,106.22 million* by the Selling Shareholders.

** Subject to finalisation of Basis of Allotment.*

The Issue constitutes 10% of post-Issue paid-up Equity Share capital of our Bank.

The Issue has been made through the Book Building Process.

Particulars	QIBs[(1)]	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/allocation [(2)]	59,640,246 Equity Shares	Not less than 17,892,075 Equity Shares available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders	Not less than 41,748,173 Equity Shares available for allocation or Issue less allocation to QIB Bidders and Non Institutional Bidders
Percentage of Issue Size available for Allotment/allocation	Not more than 50% of the Issue shall be available for allocation to QIBs. However, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion were also eligible for allocation in the remaining balance QIB Portion. The unsubscribed portion in the Mutual Fund Portion shall be available for allocation to other QIBs.	Not less than 15% of the Issue	Not less than 35% of the Issue
Basis of Allotment/allocation if respective category is oversubscribed	Proportionate as follows (excluding the Anchor Investor Portion): (a) 1,192,805 Equity Shares were available for allocation on a proportionate basis to Mutual Funds only; and (b) 22,663,294 Equity Shares shall be Allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above	Proportionate	Proportionate, subject to minimum Bid Lot. For details, see "*Issue Procedure – Part B – Allotment Procedure and Basis of Allotment – Allotment to RIBs*" beginning on page 509
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 in multiples of 40 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 in multiples of 40 Equity Shares	40 Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of 40 Equity Shares not exceeding the size of the Issue, subject to applicable limits	Such number of Equity Shares in multiples of 40 Equity Shares not exceeding the size of the Issue, subject to applicable limits	Such number of Equity Shares in multiples of 40 Equity Shares so that the Bid Amount does not exceed ₹ 200,000

Particulars	QIBs[1]	Non Institutional Bidders	Retail Individual Bidders
Bid Lot	40 Equity Shares and in multiples of 40 Equity Shares thereafter		
Allotment Lot	40 Equity Shares and in multiples of one Equity Share thereafter		
Trading Lot	One Equity Share		
Who can apply[4]	Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, mutual funds registered with SEBI, FPIs other than Category III Foreign Portfolio Investors, VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDAI, provident fund (subject to applicable law) with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, in accordance with applicable law, National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important Non-Banking Financial Companies (as defined under Regulation 2(zla) of the SEBI ICDR Regulations)	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies and trusts, Category III Foreign Portfolio Investors	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)
Terms of Payment	Full Bid Amount have been blocked by the SCSBs in the bank account of the ASBA Bidder that is specified in the ASBA Form at the time of submission of the ASBA Form[3]		

(1) *Our Bank, in consultation with the Book Running Lead Managers and with intimation to the Selling Shareholders allocated 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the price at which allocation was made to other Anchor Investors. For details, see "Issue Procedure" beginning on page 475.*

(2) *Subject to valid Bids having been received at or above the Issue Price. This Issue has been made in accordance with the Rule 19(2)(b) of the SCRR and has been made through the Book Building Process, in compliance with Regulation 26(1) of SEBI ICDR Regulations.*

(3) *Bid Amount was payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms. For details of terms of payment applicable to Anchor Investors, see "Section 7: Allotment Procedure and Basis of Allotment" beginning on page 509.*

(4) *In case of joint Bids, the Bid cum Application Form contained only the name of the First Bidder whose name appeared as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder was required in the Bid cum Application Form and such First Bidder was deemed to have signed on behalf of the joint holders.*

Under-subscription, if any, in any category, except the QIB Portion, is allowed to be met with a spill-over from the other categories at the discretion of our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers and the Designated Stock Exchange.

ISSUE PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI (the "General Information Document") included below under "**Part B – General Information Document**", and suitably modified from time to time, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect the enactments and regulations, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the Book Running Lead Managers. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue.*

Our Bank, the Selling Shareholders and the Book Running Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of the Red Herring Prospectus and this Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and this Prospectus.

PART A

Book Building Procedure

The Issue has been made through the Book Building Process wherein not more than 50% of the Issue shall be allocated to QIBs on a proportionate basis, provided that our Bank, in consultation with the Book Running Lead Managers and with intimation to the Selling Shareholders, allocated 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations of which one-third was reserved for domestic Mutual Funds, subject to valid Bids having been received from them at or above the Anchor Investor Allocation Price. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids having been received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids having been received at or above the Issue Price.

Under-subscription, if any, in any category, except in the QIB Portion, is allowed to be met with spill-over from any other category or combination of categories, at the discretion of our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion is not be allowed to be met with spill-over from other categories or a combination of categories.

In accordance with Rule 19(2)(b)(iii) of the SCRR, the Issue constitutes 10% of the post Issue paid-up Equity Share capital of our Bank.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms, which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

In accordance with Section 12B of the Banking Regulation Act read with the Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, dated November 19, 2015, no person (along with his relatives, associate enterprises or persons acting in concert with such person) can acquire or hold 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI. Accordingly, in case of Bids for such number of Equity Shares, as may result in the shareholding of a Bidder (along with his relatives, associate enterprises or persons acting in concert with such person) exceeding 5% or more of the total paid-up share capital of our Bank, such Bidder is required to submit the approval obtained from the RBI with the Registrar, at least one Working Day prior to the finalisation of the Basis of Allotment. In case of failure by such Bidder to submit the approval obtained from the RBI within the above time period, our Bank may Allot maximum number of Equity Shares, as adjusted for the Bid Lot (and in case of over-subscription in the Issue, after making applicable proportionate allocation for the Equity Shares

Bid for), that will limit the aggregate shareholding of the Bidder (along with his relatives, associate enterprises or persons acting in concert with such person and including existing shareholding, if any) to less than 5% of the post-Issue paid-up Equity Share capital of our Bank. For further details, see *"Regulations and Policies"* on page 158.

A clearly legible copy of the approval obtained from the RBI together with the application submitted by such Bidder with the RBI for obtaining such approval must be submitted by the Bidders along with a copy of the Bid cum Application Form, with the Registrar at any time prior to the date falling one Working Day before the date for finalisation of the Basis of Allotment as stated above. The approval obtained from the RBI should clearly mention the name(s) of the entities which propose to Bid in the Issue, the aggregate shareholding of the Bidder in the pre-Issue paid-up share capital of our Bank and the maximum permitted holding of Equity Shares by such Bidder, in accordance with the above requirements.

Bid cum Application Form

Copies of the ASBA Form and the abridged prospectus were made available with the Designated Intermediaries at the Bidding Centers and our Registered Office. An electronic copy of the ASBA Form was also available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com), one day prior to the Bid/Issue Opening Date.

All Bidders (other than Anchor Investors) have mandatorily participated in the Issue only through the ASBA process.

For Anchor Investor, the Anchor Investor Application Form were made available at the offices of the Book Running Lead Managers.

ASBA Bidders have ensured that the Bids were made on ASBA Forms bearing the stamp of the relevant Designated Intermediary, submitted at the Bidding Centers only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp were are liable to be rejected.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents, their sub-accounts (other than sub-accounts which are foreign corporates or foreign individuals under the QIB Portion), FPIs or FVCIs registered multilateral and bilateral development financial institutions applying on a repatriation basis	Blue
Anchor Investors	White**

* *Excluding electronic Bid cum Application Form*

** *Anchor Investor Application Forms was made available at the offices of the Book Running Lead Managers.*

Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms to the respective SCSB where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

Participation by Promoters, Promoter Group, the Book Running Lead Managers, the Syndicate Members and persons related to Promoters/Promoter Group/ Book Running Lead Managers

The Book Running Lead Managers and the Syndicate Members were not allowed to purchase Equity Shares in this Issue in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the Book Running Lead Managers and the Syndicate Members may Bid for Equity Shares in the Issue, either in the QIB Portion or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis, and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the Book Running Lead Managers and Syndicate Members, have been treated equally for the purpose of allocation to be made on a proportionate basis.

Neither the Book Running Lead Managers, nor any persons related to the Book Running Lead Managers (other than Mutual Funds sponsored by entities related to the Book Running Lead Managers), or the Promoters and Promoter Group have applied in the Issue under the Anchor Investor Portion.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Bank and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which such Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity-related instruments of any single company, provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders Bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("**NRE**") accounts, or Foreign Currency Non-Resident ("**FCNR**") Accounts, and eligible NRI Bidders Bidding on a non-repatriation basis by using Resident Forms should authorize their respective SCSBs to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

Eligible NRIs Bidding on repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

Bids by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Bank and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Bank. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Bank and subject to prior intimation to RBI. As of the date of this Prospectus, the existing individual investment limit for a single FPI is 10% of the paid up capital of our Bank and the existing aggregate investment limit of FPIs in our Bank is 24% of the paid up capital of our Bank. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. Further, in terms of the Reserve Bank of India Guidelines for Licensing of New Banks in the Private Sector issued by RBI in February 2013, the aggregate non-resident shareholding from FDI, NRIs and FPIs in our Bank shall not exceed 49 per cent of the paid-up voting equity capital of our Bank for the first five years from the date of licensing of our Bank.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III Foreign Portfolio Investors and unregulated broad-based funds, which are classified as Category II Foreign Portfolio Investors by virtue of their investment manager being appropriately regulated, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority, and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by, or on behalf of, it to any persons that are not regulated by an appropriate foreign regulatory authority.

Bids by SEBI-registered VCFs, AIFs and FVCIs

The SEBI FVCI Regulations and the SEBI AIF Regulations prescribe, *inter-alia*, the investment restrictions on the VCFs, FVCIs and AIFs registered with the SEBI.

The holding by any individual VCF or FVCI registered with the SEBI in one venture capital undertaking should not exceed 25% of the corpus of such VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

Category I and Category II AIFs cannot invest more than 25% of their respective corpus in one investee company. A Category III AIF cannot invest more than 10% of its corpus in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than $1/3^{rd}$ of its corpus by way of subscription pursuant to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up. Further, the shareholding of VCFs, Category I AIFs and FVCIs holding equity shares of a company prior to an initial public offering being undertaken by such company, shall be exempt from lock-in requirements, provided such equity shares have been held for a minimum of one year prior to the date of filing of the draft red herring prospectus.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Bank, the Selling Shareholders and the Book Running Lead Managers will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Eligible NRI Bidders, AIFs, FPIs and FVCIs. All Bidders will be treated on the same basis with other categories for the purpose of allocation.

Bids by Limited Liability Partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, as amended, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, as amended, must be attached to the Bid cum Application Form of such limited liability partnership. Failing this, our Bank and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

Bids by Banking Companies

In case of Bids made by banking companies registered with the RBI, certified copies of (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Bank and the Selling Shareholders reserves the right to reject any Bid without assigning any reason.

In terms of the Reserve Bank of India (Ownership in Private Sector Banks) Directions, 2016, banks (including foreign banks having branch presence in India) are not allowed to acquire any fresh stake in a bank's equity shares, if by such acquisition, the investing bank's holding is 10 per cent or more of the investee bank's equity capital. However, in case of exceptional circumstances such as, restructuring of problem / weak banks or in the interest of consolidation in the banking sector, etc., RBI may permit a higher level of shareholding by a bank as specified in the Reserve Bank of India (Ownership in Private Sector Banks) Directions, 2016. Further, a banking company would require a prior approval of the RBI to make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016.

Bids by SCSBs

SCSBs participating in the Issue are required to comply with the terms of the circulars (No. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013 issued by the SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI-registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by Insurance Companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Bank and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016, as amended (the "**IRDAI Investment Regulations**"), are broadly set forth below:

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of (i) an amount of 10% of the investment assets of a life insurer or general insurer excluding fair value change of certain investment assets as prescribed under the IRDAI Investment Regulations, and (ii) the aggregate amount of investment in debt and investment in equity as calculated under (a), (b) and (c) below, as the case may be.

(i) *Limit for the investee company*: (i) 10%* of the outstanding equity shares (face value); or (ii) 10% of the such funds and reserves as specified under the IRDAI Investment Regulations, in case of a life insurer, or 10% of all assets in case of a general insurer or reinsurer or health insurer, as the case may be, whichever is lower;

(ii) *Limit for the entire group of the investee company*: Not more than (i) 15% of such funds and reserves as specified under the IRDAI Investment Regulations, in case of a life insurer, or (ii) 15% of all assets in case of a general insurer or reinsurer or health insurer, as the case may be; and

(iii) *Limit for the industry sector to which the investee company belongs*: Not more than (i) 15% of such funds and reserves as specified under the IRDAI Investment Regulations, in case of a life insurer, or (ii) 15% of all assets in case of a general insurer or reinsurer or health insurer, as the case may be.

* *The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹ 500,000 million or more but less than ₹ 2,500,000 million.*

Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by Provident Funds/Pension Funds

In case of Bids made by provident funds/pension funds with minimum corpus of ₹ 250 million, subject to applicable laws, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Bank and the Selling Shareholders reserve the right to reject any Bid, without assigning any reason thereof.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million, pension funds with a minimum corpus of ₹250 million and Systemically Important Non-Banking Financial Companies, subject to applicable laws, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be attached to the Bid cum Application Form. Failing this, our Bank and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

The above information is given for the benefit of the Bidders. Our Bank, the Selling Shareholders, and the Book Running Lead Managers are not liable for any amendments or modification or changes to applicable laws or regulations, which may occur after the date of the Red Herring Prospectus and this Prospectus. Bidders are advised to

make their independent investigations and ensure that any Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulations, or as specified in the Red Herring Prospectus, or as will be specified in this Prospectus.

General Instructions

***Do's*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form, in the prescribed form;

4. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the relevant Designated Intermediary at the concerned Bidding Center within the prescribed time;

5. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries. If the first applicant is not the ASBA Account holder, ensure that the Bid cum Application Form is also signed by the ASBA Account holder;

6. Ensure that the signature of the First Bidder, in case of joint Bids, is included in the Bid cum Application Form;

7. In case of joint Bids, the Bid cum Application Form should contain the name of only the First Bidder, whose name should also appear as the first holder of the beneficiary account held in joint names;

8. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

9. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgement;

10. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the circular dated June 30, 2008 issued by the SEBI, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of the circular dated July 20, 2006 issued by the SEBI, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

11. Ensure that the Demographic Details are updated, true and correct in all respects;

12. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

13. Ensure that the category and the investor status is indicated;

14. Ensure that in case of Bids under power of attorney, including Bids by limited companies, corporates, trusts, and so on, all relevant documents are submitted;

15. Ensure that Bids submitted by any person outside India are in compliance with applicable foreign and Indian laws;

16. Ensure that the depository account is active, the correct DP ID, Client ID and PAN details are mentioned in the Bid cum Application Form and that the name of the Bidder, DP ID, Client ID and the PAN entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID and PAN available in the Depository's database; and

17. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the concerned SCSB via electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid;

18. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form; and

19. Bidders should note that in the event the acquisition of Equity Shares results in the Bidder holding 5% or more of the post-Issue paid up equity share capital of our Bank, whether singly or in aggregate along with relatives, associate enterprises or persons acting in concert with such Bidder, the approval of the RBI in this regard will have to be provided prior to the finalisation of the Basis of Allotment. In the absence of the approval from the RBI, the Bid shall be liable to be rejected only to the extent to which the portion of the Bid results in the of the Bidder acquiring or holding 's entitlement to exercise 5% or more of the total voting rights of our Bank.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;

3. Do not withdraw your Bid or lower the size of your Bid (in terms of number of Equity Shares or Bid amount), if you are a QIB or a Non-Institutional Bidder;

4. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);

5. Do not pay the Bid Amount by cheque, demand draft, cash, money order, postal order or stockinvest;

6. Do not send Bid cum Application Forms by post, and instead, submit the same only to the relevant Designated Intermediary;

7. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

8. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

9. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;

10. Do not submit the Bid for an amount more than funds available in your ASBA Account;

11. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

12. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable laws or under your respective constitutional documents or otherwise;

13. Do not deliver Bid cum Application Forms after the time prescribed in the RHP and the Bid cum Application Forms;

14. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872, as amended (other than in the case of minors having valid depository accounts as per Demographic Details provided by the depository); and

15. Do not submit more than five Bid cum Application Forms per ASBA Account.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Payment into Anchor Investor Escrow Account

Our Bank in consultation with the Book Running Lead Managers and with intimation to the Selling Shareholders has decided the list of Anchor Investors to whom the CAN will be sent, pursuant to which, the details of the Equity Shares allocated to them in their respective names has been notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Anchor Investor Escrow Account should be drawn in favour of:

(a) In case of resident Anchor Investors: "Bandhan Bank IPO – Anchor Escrow Account– R"

(b) In case of Non-Resident Anchor Investors: "Bandhan Bank IPO – Anchor Escrow Account– NR"

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Bank, after registering the Red Herring Prospectus with the RoC, published a pre-Issue advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, in the form prescribed under Part A of Schedule XIII of the SEBI ICDR Regulations, in all editions of the English national daily newspaper Financial Express, all editions of the Hindi national daily newspaper Jansatta and all editions of Bengali daily newspaper Aajkaal (Bengali being the regional language of West Bengal, where the Registered Office is located), each with wide circulation.

The above information is given for the benefit of the Bidders/applicants. Our Bank, the Selling Shareholders, and the Book Running Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.

Signing of the Underwriting Agreement and Filing with the RoC

(a) Our Bank, the Selling Shareholders and the Syndicate have entered into the Underwriting Agreement after the finalisation of the Issue Price.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus is being filed with the RoC in accordance with applicable law, which is now being termed as the Prospectus. This Prospectus contains details of the Issue Price, the Anchor Investor Issue Price, the Issue size, and underwriting arrangements and is complete in all material respects.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

"*Any person who:*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

Undertakings by our Bank

Our Bank undertakes the following:

- the complaints received in respect of the Issue shall be attended to by our Bank expeditiously and satisfactorily;

- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of the Bid/Issue Closing Date will be taken;

- if our Bank and/or the Selling Shareholders do not proceed with the Issue after the Bid/Issue Closing Date, the reason thereof shall be given by our Bank as a public notice within two days of the Bid/Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The Stock Exchanges shall also be informed promptly;

- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Bank;

- if Allotment is not made within the prescribed timelines under applicable laws, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable laws. If there is a delay beyond such prescribed time, our Bank shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and other applicable laws for the delayed period;

- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within six days from the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- intimation of the credit of the Equity Shares/intimation of refunds to Eligible NRIs shall be despatched within specified time;

- except ESOPs, no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the relevant ASBA Accounts on account of non-listing, under-subscription, etc.;

- adequate arrangements were made to collect all Bid cum Application Forms from Bidders and Anchor Investor Application Forms from Anchor Investors; and

- Our Bank shall not have recourse to the Net Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges.

Undertakings by the Selling Shareholders

Each Selling Shareholder severally undertakes and/or confirms the following:

- it is the legal and beneficial holder and has valid and full title to the Equity Shares offered by it under the Offer for Sale;

- the Equity Shares offered by it in the Issue are fully paid and were in dematerialized form prior to filing of the Red Herring Prospectus;

- its respective portion of the Offered Shares were eligible to be offered for sale pursuant to the Issue as per the provisions of Regulation 26(6) of the SEBI ICDR Regulations;

- the Equity Shares offered by it pursuant to the Issue were free and clear of any encumbrances and shall be transferred to the Bidders within the time specified under applicable law; and

- it shall not have recourse to the proceeds from the Offer for Sale until receipt by our Bank of the final listing and trading approvals from all the Stock Exchanges in accordance with applicable law.

Utilisation of Issue Proceeds

The Board of Directors certify that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;

- details of all monies utilised out of the proceeds from the Fresh Issue shall be disclosed, and continue to be disclosed till all the time any part of the proceeds from the Fresh Issue remains unutilised, under an appropriate head in the balance sheet of our Bank indicating the purpose for which such monies have been utilised, or the form in which such unutilised monies have been invested; and

- continue to be disclosed till the time any part of the proceeds from the Fresh Issue remains unutilised, under an appropriate head in the balance sheet of our Bank indicating the purpose for which such monies have been utilised, or the form in which such unutilised monies have been invested.

PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA read with the SCRR and the SEBI ICDR Regulations. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Issue.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price Issues. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**SEBI ICDR Regulations, 2009**").

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue are set out in the Red Herring Prospectus ("**RHP**")/Prospectus filed by the Issuer with the Registrar of Companies ("**RoC**"). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the Book Running Lead Managers(s) to the Issue and on the website of Securities and Exchange Board of India ("**SEBI**") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may see "*Glossary and Abbreviations*".

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/Regulation 27 of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 2013, the Companies Act, 1956 (to the extent applicable), the Securities Contracts (Regulation) Rules, 1957 (the "SCRR"), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process ("**Book Built Issue**") or undertake a Fixed Price Issue ("**Fixed Price Issue**"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Issue Price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

2.5 ISSUE PERIOD

The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Issue Period. Details of Bid/Issue Period are also available on the website of the Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges, and the advertisement in the newspaper(s) issued in this regard.

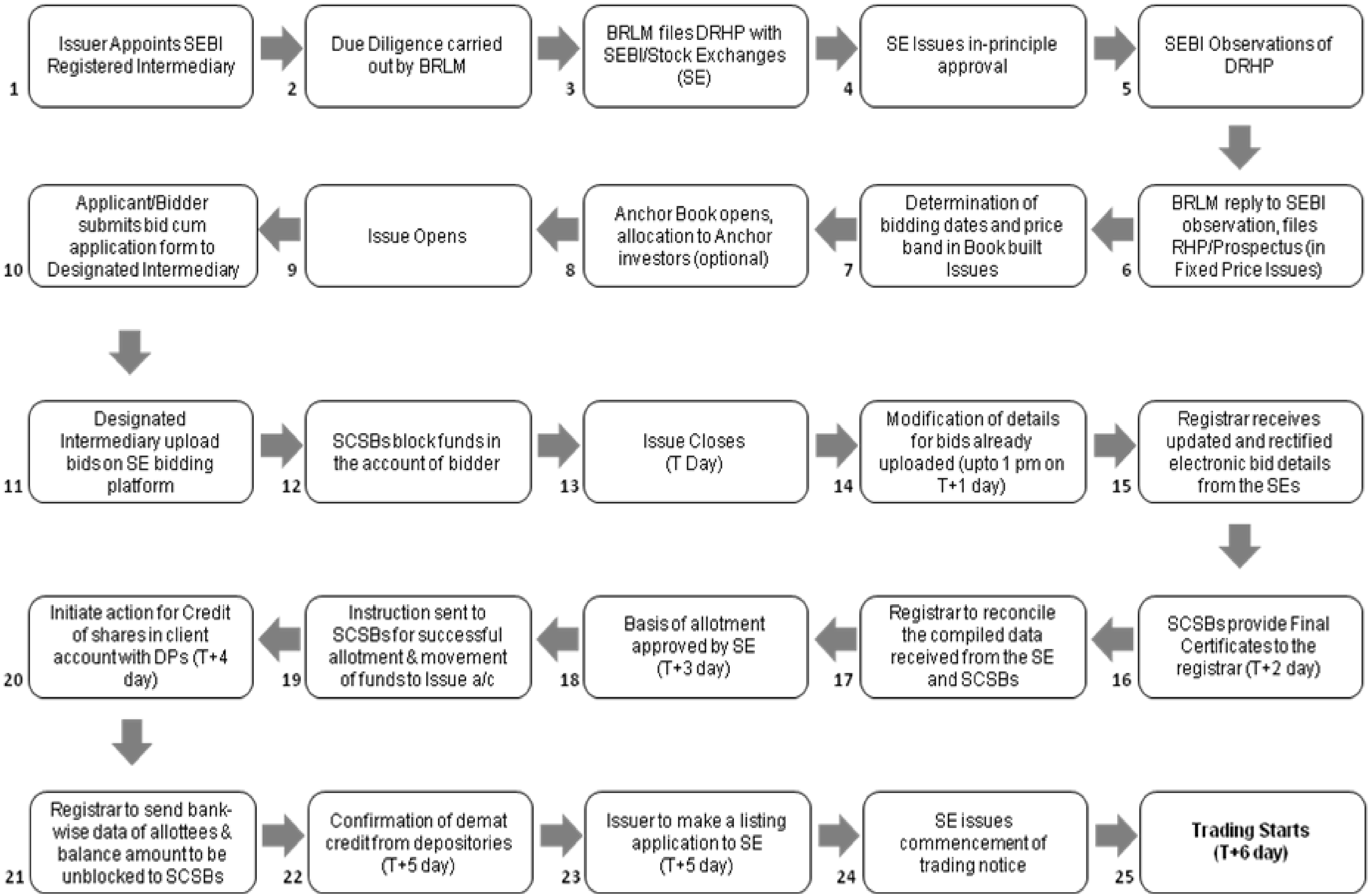
2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs:

- In case of Issue other than Book Built Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

    i. Step 7: Determination of Issue Date and Price

    ii. Step 10: Applicant submits ASBA Form with any of the Designated Intermediaries.


1 Issuer Appoints SEBI Registered Intermediary
2 Due Diligence carried out by BRLM
3 BRLM files DRHP with SEBI/Stock Exchanges (SE)
4 SE Issues in-principle approval
5 SEBI Observations of DRHP
6 BRLM reply to SEBI observation, files RHP/Prospectus (in Fixed Price Issues)
7 Determination of bidding dates and price band in Book built Issues
8 Anchor Book opens, allocation to Anchor investors (optional)
9 Issue Opens
10 Applicant/Bidder submits bid cum application form to Designated Intermediary
11 Designated Intermediary upload bids on SE bidding platform
12 SCSBs block funds in the account of bidder
13 Issue Closes (T Day)
14 Modification of details for bids already uploaded (upto 1 pm on T+1 day)
15 Registrar receives updated and rectified electronic bid details from the SEs
16 SCSBs provide Final Certificates to the registrar (T+2 day)
17 Registrar to reconcile the compiled data received from the SE and SCSBs
18 Basis of allotment approved by SE (T+3 day)
19 Instruction sent to SCSBs for successful allotment & movement of funds to Issue a/c
20 Initiate action for Credit of shares in client account with DPs (T+4 day)
21 Registrar to send bank-wise data of allottees & balance amount to be unblocked to SCSBs
22 Confirmation of demat credit from depositories (T+5 day)
23 Issuer to make a listing application to SE (T+5 day)
24 SE issues commencement of trading notice
25 Trading Starts (T+6 day)

SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law. Furthermore, certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);
- FPIs other than Category III foreign portfolio investors, Bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors**,** Bidding under the NIBs category;
- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Issue.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) bearing the stamp of a Designated Intermediary, as available or downloaded from the websites of the Stock Exchanges. Bid cum Application Forms are available with the book running lead managers, the Designated Intermediaries at the Bidding Centers and at the registered office of the Issuer. Electronic Bid cum Application Forms were available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date. For further details, regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

Fixed Price Issue: Applicants should only use the specified Bid cum Application Form bearing the stamp of the relevant Designated Intermediaries, as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the Registered Office and Corporate Office of the Issuer. For further details, regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Colour of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non-repatriation basis	White
NRIs, FVCIs, their sub-accounts (other than sub-accounts which are foreign corporate(s) or foreign individuals Bidding under the QIB), FPIs, on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders Bidding/applying in the reserved category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialised form in compliance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to Allotment.

4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM/APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

Application Form – For Residents

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - R Address : .... Contact Details: .... CIN No	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE
ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK/SCSB BRANCH STAMP & CODE
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	
Option 1					
(OR) Option 2					
(OR) Option 3					

5. CATEGORY

- Retail Individual Bidder
- Non-Institutional Bidder
- QIB

6. INVESTOR STATUS

- Individual(s) - IND
- Hindu Undivided Family* - HUF
- Bodies Corporate - CO
- Banks & Financial Institutions - FI
- Mutual Funds - MF
- Non-Resident Indians - NRI (Non-Repatriation basis)
- National Investment Fund - NIF
- Insurance Funds - IF
- Insurance Companies - IC
- Venture Capital Funds - VCF
- Alternative Investment Funds - AIF
- Others (Please specify) - OTH

* HUF should apply only through Karta (Application by HUF would be treated on par with Individual)

7. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT PART PAYMENT

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue 1) 2) 3)	
Date :		

TEAR HERE

LOGO

XYZ LIMITED INITIAL PUBLIC ISSUE - R	Acknowledgement Slip for Broker/SCSB/ DP/RTA	Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures)	Bank & Branch	Stamp & Signature of SCSB Branch
ASBA Bank A/c No.		
Received from Mr./Ms.		
Telephone / Mobile	Email	

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

ASBA Bank A/c No.

Bank & Branch

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

Application Form – For Non – Residents

TEAR HERE

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - NR Address : .... Contact Details: .... CIN No	FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIS OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK/SCSB BRANCH STAMP & CODE
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder

☐ Non-Institutional Bidder

☐ QIB

6. INVESTOR STATUS

NRI	Non-Resident Indian(s) (Repatriation basis)
FII	FII or Sub-account not a Corporate/Foreign Individual
FIISA	FII Sub-account Corporate/Individual
FVCI	Foreign Venture Capital Investor
FPI	Foreign Portfolio Investors
OTH	Others (Please Specify)______

7. PAYMENT DETAILS

PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words) ____________

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date : __________	3)	

TEAR HERE

LOGO

XYZ LIMITED INITIAL PUBLIC ISSUE - NR	Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures)	Bank & Branch		Stamp & Signature of SCSB Branch
ASBA Bank A/c No.			
Received from Mr./Ms.			
Telephone / Mobile	Email		

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

ASBA Bank A/c No. ________________

Bank & Branch ________________

Bid cum Application Form No.

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

4.1.1 **FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT**

(a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(b) **Mandatory Fields**: Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid cum Application Form/Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the Designated Intermediaries and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.

(c) **Joint Bids/Applications**: In the case of Joint Bids/Applications, the Bids/Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders.

(d) **Impersonation**: Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who:*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

***shall be liable for action under Section 447.*"**

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

(e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialised form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective CDP.

4.1.2 **FIELD NUMBER 2: PAN OF SOLE/FIRST BIDDER/APPLICANT**

(a) PAN (of the sole/first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Bid cum Application Forms which provide the GIR Number instead of PAN may be rejected.

(e) Bids/Applications by Bidders/Applicants whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

4.1.3 **FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS**

(a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **<u>otherwise, the Bid cum Application Form is liable to be rejected.</u>**

(b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

(c) Bidders/Applicants should note that on the basis of the DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things for sending allocation advice or unblocking of ASBA or for other correspondence(s) related to an Issue.

(d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders'/Applicants' sole risk.

4.1.4 **FIELD NUMBER 4: BID OPTIONS**

(a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Issue Opening Date in case of an IPO, and at least one Working Day before Bid/Issue Opening Date in case of an FPO.

(b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs/FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details Bidders may refer to (Section 5.6 (e)).

(c) **Cut-Off Price:** Retail Individual Bidders or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIBs and such Bids from QIBs and NIBs may be rejected.

(d) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the Book Running Lead Managers may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

(e) **Allotment:** The Allotment of specified securities to each RIB shall not be less than the minimum Bid Lot, subject to availability of shares in the RIB category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 **Maximum and Minimum Bid Size**

(a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Bidders, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹200,000.

(b) In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category (with it not being eligible for Discount), then such Bid may be rejected if it is at the Cut-off Price.

(c) For NRIs, a Bid Amount of up to ₹200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

(d) Bids by QIBs and NIBs must be for such minimum number of shares such that the Bid Amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. NIBs and QIBs are not allowed to Bid at Cut-off Price.

(e) In case the Bid Amount reduces to ₹200,000 or less due to a revision of the Price Band, Bids by the NIBs who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

(f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.

(g) A Bid cannot be submitted for more than the Issue size.

(h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

(i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the highest number of Equity Shares Bid for by a Bidder at or above the Issue Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders may refer to (Section 5.6 (e))

4.1.4.2 **Multiple Bids**

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of three Bids at different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:

i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

ii. For Bids from Mutual Funds submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Issue portion in public category.

ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

iii. Bids by Mutual Funds submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 **FIELD NUMBER 5: CATEGORY OF BIDDERS**

(a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and Allotment in the Issue are RIBs, NIBs and QIBs.

(b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, 2009, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, Bidders/Applicants may refer to the RHP/Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, Bidders may refer to the RHP/Prospectus.

(d) The SEBI ICDR Regulations, 2009, specify the allocation or Allotment that may be made to various categories of Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

(a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Issue is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

(c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

(a) The full Bid Amount (net of any Discount, as applicable) shall be blocked in the ASBA Account based on the authorisation provided in the ASBA Form. If the Discount is applicable in the Issue, the RIBs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

(b) RIBs who Bid at Cut-off Price shall arrange to block the Bid Amount based on the Cap Price.

(c) All Bidders (except Anchor Investors) have to participate in the Issue only through the ASBA mechanism.

(d) Bid Amount cannot be paid in cash through money order or through postal order.

4.1.7.1 **Instructions for Anchor Investors:**

(a) Anchor Investors may submit their Bids with a Book Running Lead Manager.

(b) Payments should be made either by direct credit, RTGS, NACH or NEFT.

(c) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

4.1.7.2 **Payment instructions for ASBA Bidders:**

(a) Bidders may submit the ASBA Form either

i. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or

ii. in physical mode to any Designated Intermediary.

(b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.

(c) Bidders should ensure that the ASBA Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;

(d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) Bidders should submit the Bid cum Application Form only at the Bidding Centers, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centers, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.

(g) Bidders Bidding through a Designated Intermediary (other than a SCSB) should note that ASBA Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary to deposit ASBA Forms.

(h) Bidders Bidding directly through the SCSBs should ensure that the ASBA Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the ASBA Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

(j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

(k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids and such bids are liable to be rejected.

(l) Upon submission of a completed ASBA Form, each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the ASBA Form in the ASBA Account maintained with the SCSBs.

(m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.

(n) SCSBs Bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.2.1 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the ASBA Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Issue Closing Date.

4.1.7.3 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under RIB category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Issue may block the Bid Amount less Discount.

Bidder may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RIB category.

4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

(a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the Bidder/Applicant, then the signature of the ASBA Account holder(s) is also required.

(c) The signature has to be correctly affixed in the authorisation/undertaking box in the Bid cum Application/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application/Application Form.

(d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and/or ASBA Account holder is liable to be rejected.

4.1.9 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

(a) Bidders should ensure that they receive the Acknowledgement Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the ASBA Form.

(b) All communications in connection with Bids made in the Issue may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder/Applicant, Bid cum Application Form number, Bidders'/Applicants' DP ID, Client ID, PAN, date of submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder, ASBA Account number in case of ASBA Bidders and unique transaction reference number and the name of the relevant bank in case of Anchor Investors.

Further, the investor shall also enclose a copy of the Acknowledgement Slip duly received from the Designated Intermediaries in addition to the information mentioned hereinabove.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

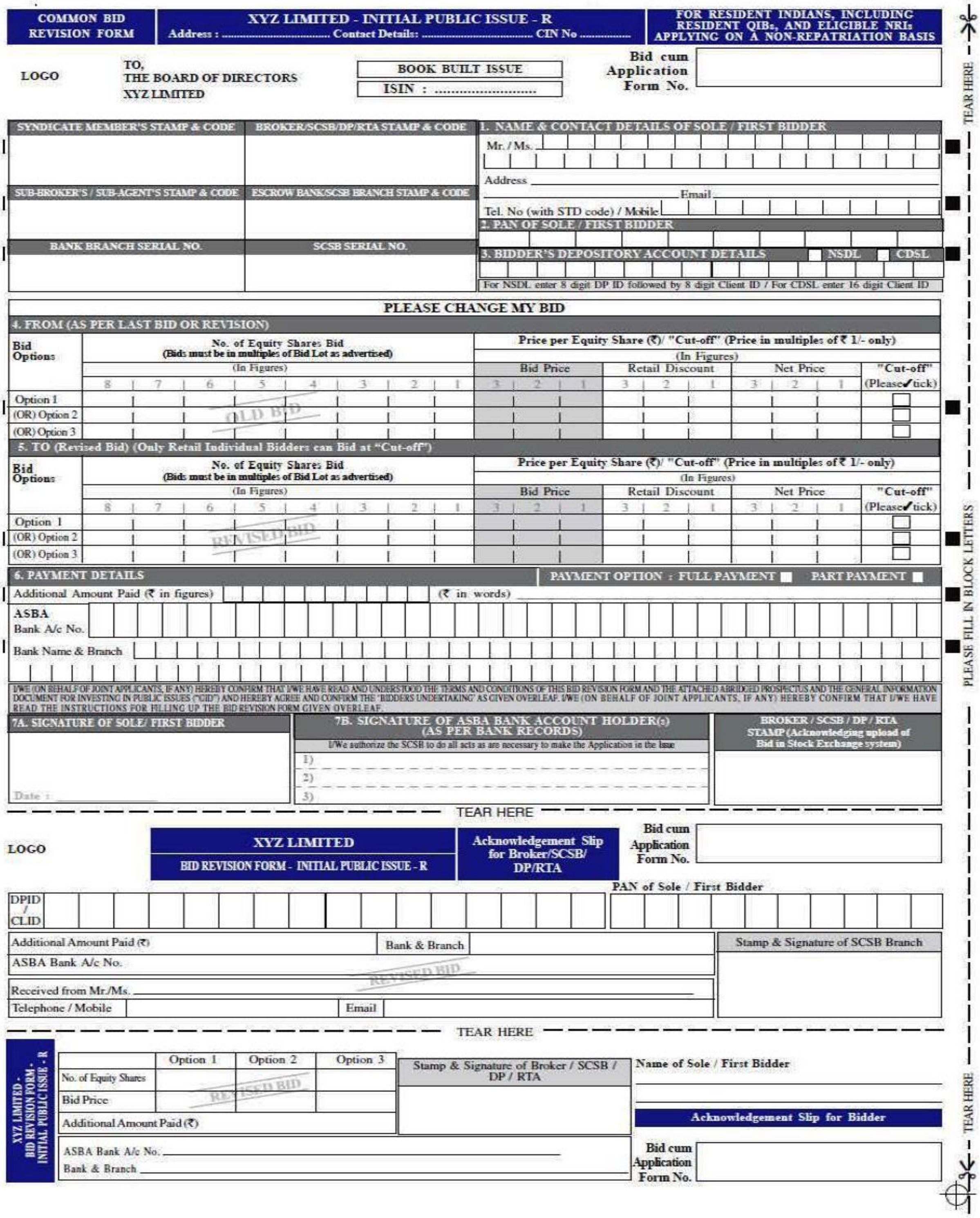
(a) During the Bid/Issue Period, any Bidder/Applicant (other than QIBs and NIBs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RIBs may revise their bids or withdraw their Bids till the Bid/Issue Closing Date.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

(d) The Bidder/Applicant can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:


COMMON BID REVISION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

Address : .... Contact Details: .... CIN No ....

FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE
ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO. | SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER
Mr. / Ms.
Address
Email
Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL
For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (AS PER LAST BID OR REVISION)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures) 8 7 6 5 4 3 2 1	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price 3 2 1	Retail Discount 3 2 1	Net Price 3 2 1	"Cut-off" (Please ✓ tick)
Option 1	OLD BID				
(OR) Option 2					
(OR) Option 3					

5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures) 8 7 6 5 4 3 2 1	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price 3 2 1	Retail Discount 3 2 1	Net Price 3 2 1	"Cut-off" (Please ✓ tick)
Option 1	REVISED BID				
(OR) Option 2					
(OR) Option 3					

6. PAYMENT DETAILS
PAYMENT OPTION : FULL PAYMENT PART PAYMENT
Additional Amount Paid (₹ in figures) (₹ in words)
ASBA Bank A/c No.
Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.

7A. SIGNATURE OF SOLE/ FIRST BIDDER
Date :

7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)
I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue
1)
2)
3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

LOGO

XYZ LIMITED
BID REVISION FORM - INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Additional Amount Paid (₹) | Bank & Branch | Stamp & Signature of SCSB Branch
ASBA Bank A/c No.
REVISED BID
Received from Mr./Ms.
Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares		REVISED BID	
Bid Price			
Additional Amount Paid (₹)			

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

ASBA Bank A/c No.
Bank & Branch

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 **FIELDS 1, 2 AND 3**: **NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 **FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

(a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIBs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIBs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

(d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the RIB does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid where possible shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RIB and the RIB is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIBs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked after the allotment is finalised.

4.2.3 **FIELD 6: PAYMENT DETAILS**

(a) All Bidders/Applicants are required to authorise that the full Bid Amount (less Discount (if applicable) is blocked. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

(b) Bidder/Applicant may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for, where possible, may be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

(d) In case of a downward revision in the Price Band, RIBs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount blocked at the time of Bidding may be unblocked after the finalisation of Basis of Allotment.

4.2.4 **FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

(a) The Issuer may mention Issue Price or Price Band in the draft Prospectus. However, a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) **Minimum Application Value and Bid Lot**: The Issuer and the Selling Shareholders in consultation with the Book Running Lead Managers may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

(c) Applications by RIBs**,** Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 200,000.

(d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.

(e) An application cannot be submitted for more than the Issue size.

(f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

(g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(h) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:

   i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds, Applications bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.

   ii. For applications from Mutual Funds, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(i) The following applications may not be treated as multiple Bids:

   i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Issue portion in public category.

   ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

   iii. Applications by Mutual Funds submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 **FIELD NUMBER 5: CATEGORY OF APPLICANTS**

(a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and Allotment in the Issue are RIBs, individual applicants other than RIBs and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

(b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 **FIELD 7: PAYMENT DETAILS**

(a) All Applicants (other than Anchor Investors) are required to make use ASBA for applying in the Issue.

(b) Application Amount cannot be paid in cash, through money order, cheque, demand draft or through postal order or through stock invest.

4.3.5.1 **Payment instructions for Applicants**

Applicants should refer to instructions contained in paragraph 4.1.7.2

4.3.5.2 **Unblocking of ASBA Account**

Applicants should refer to instructions contained in paragraph 4.1.7.2.1

4.3.5.3 **Discount** (if applicable)

Applicants should refer to instructions contained in paragraph 4.1.7.3

4.3.6 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

4.4 SUBMISSION OF BID CUM APPLICATION FORM/APPLICATION FORM/REVISION FORM

4.4.1 **Bidders may submit completed Bid cum application form/Revision Form in the following manner:-**

Mode of Application	**Submission of Bid cum Application Form**
Anchor Investors Application Form	1) To the Book Running Lead Managers at the locations mentioned in the Anchor Investor Application Form
ASBA Form	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centers or the RTA at the Designated RTA Location or the CDP at the Designated CDP Location (b) To the Designated Branches of the SCSBs, where the ASBA Account is maintained

(a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.

(b) Upon submission of the Bid cum Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

(c) Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid cum Application Form will be considered as the application form.

SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Issue Price is finalised after the Bid/Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

(a) During the Bid/Issue Period, Bidders/Applicants may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Managers, to register their Bid.

(b) In case of Bidders/Applicants (excluding NIBs and QIBs) Bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).

(c) For details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

(a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

(b) On the Bid/Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Issue Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

5.3 BUILD UP OF THE BOOK

(a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the Book Running Lead Managers at the end of the Bid/Issue Period.

(b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding Centers during the Bid/Issue Period.

5.4 WITHDRAWAL OF BIDS

(a) RIBs can withdraw their Bids until Bid/Issue Closing Date. In case a RIB wishes to withdraw the Bid during the Bid/Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

(b) The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account upon or after the finalisation of Basis of Allotment. QIBs and NIBs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

(a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:

i. the Bids accepted by the Designated Intermediary,

ii. the Bids uploaded by the Designated Intermediary, and

iii. the Bid cum Application Forms accepted but not uploaded by the Designated Intermediary.

Any RIB whose Bid has not been considered for Allotment, due to failures on the part of SCSB may seek redressal from the concerned SCSB within three months of the listing date in accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018.

(b) The Book Running Lead Managers and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

(c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

(d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) Book Running Lead Managers and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

(e) All bids by QIBs, NIBs & RIBs can be rejected on technical grounds listed herein.

5.5.1 GROUNDS FOR TECHNICAL REJECTIONS

Bid cum Application Forms/Application Forms can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected which have been detailed at various placed in this GID:-

a. Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

b. Bids/Applications by OCBs;

c. In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

d. In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum Application Form;

e. Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

f. Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

g. PAN not mentioned in the Bid cum Application Form/Application Forms, except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

h. In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

i. Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

j. Bids/Applications at a price less than the Floor Price and Bids/Applications at a price more than the Cap Price;

k. Bids/Applications at Cut-off Price by NIBs and QIBs;

l. The amounts mentioned in the Bid cum Application Form/Application Forms do not tally with the amount payable for the value of the Equity Shares Bid/Applied for;

m. Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

n. Submission of more than five ASBA Forms/Application Forms as through a single ASBA Account;

o. Bids/Applications for number of Equity Shares which are not in multiples of Equity Shares as specified in the RHP;

p. Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

q. Bids not uploaded in the Stock Exchanges bidding system;

r. Inadequate funds in the bank account to block the Bid/Application Amount specified in the ASBA Form/Application Form at the time of blocking such Bid/Application Amount in the bank account;

s. Where no confirmation is received from SCSB for blocking of funds;

t. Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;

u. Bids/Applications submitted to Designated Intermediaries at locations other than the Bidding Centers or to the Escrow Collection Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the Issuer or the Registrar to the Issue;

v. Bids/Applications not uploaded on the terminals of the Stock Exchanges; and

w. Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

5.6 BASIS OF ALLOCATION

(a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP/Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP/Prospectus.

(b) Under-subscription in any category (except QIB Category) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and the Selling Shareholders and in consultation with the Book Running Lead Managers and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB Category is not available for subscription to other categories.

(c) In case of under-subscription in the Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

(d) **Illustration of the Book Building Process and Price Discovery Process**

Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors.

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid quantity	Bid amount (₹)	Cumulative quantity	subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of equity shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. Our Bank and the Selling Shareholders in consultation with the Book Running Lead Managers, will finalise the offer price at or below such cut-off price, i.e., at or below ₹ 22.00. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding ("**Alternate Book Building Process**").

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Issue Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIBs, NIBs and Employees are Allotted Equity Shares at the Floor Price and Allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

Applicants may submit an Application Form either in physical form to the any of the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Bidders; and remaining to (i) individual investors other than Retail Individual Bidders; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The Allotment of Equity Shares to Bidders/Applicants other than Retail Individual Bidders and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Bidder will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Bidder Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Issue (excluding any Offer for Sale of specified securities). However, in case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIBs

Bids received from the RIBs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Issue Price, full Allotment may be made to the RIBs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Issue Price, then the maximum number of RIBs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot ("**Maximum RIB Allottees**"). The Allotment to the RIBs will then be made in the following manner:

(a) In the event the number of RIBs who have submitted valid Bids in the Issue is equal to or less than Maximum RIB Allottees, (i) all such RIBs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIBs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

(b) In the event the number of RIBs who have submitted valid Bids in the Issue is more than Maximum RIB Allottees, the RIBs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIBs

Bids received from NIBs at or above the Issue Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIBs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full Allotment may be made to NIBs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations, 2009 or RHP/Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full Allotment to the extent of valid Bids received above the Issue Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for Allotment to all QIBs as set out at paragraph 7.3(b) below;

(b) In the second instance, Allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the Issuer in consultation with the Book Running Lead Managers and intimation to the Selling Shareholders, subject to compliance with the following requirements:

i. not more than 60% of the QIB Category will be allocated to Anchor Investors;

ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:

- a maximum number of two Anchor Investors for allocation up to ₹ 100 million;
- a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 100 million and up to ₹ 2,500 million subject to minimum Allotment of ₹ 50 million per such Anchor Investor; and
- a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation more than ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million or part thereof, subject to minimum Allotment of ₹ 50 million per such Anchor Investor.

(b) An Anchor Investor shall make an application of a value of at least ₹ 100 million in the Issue.

(c) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer in consultation with the Book Running Lead Managers, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(d) **In the event that the Issue Price is higher than the Anchor Investor Issue Price**: Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(e) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIBs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Issue being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations, 2009.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders may be categorized according to the number of Equity Shares applied for;

(b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

(c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

(d) In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

(e) If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid Lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all Bidders in such categories may be arrived at after such rounding off; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Issue shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Issue.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of Equity Shares to the successful Bidders'/Applicants' Depository Account will be completed within six Working Days of the Bid/Issue Closing Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Issue Closing Date. The Registrar to the Issue may initiate corporate action for credit to Equity Shares the beneficiary account with Depositories, within six Working Days of the Bid/Issue Closing Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) or obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer shall be punishable with a fine which shall not be less than ₹ 5 lakhs but which may extend to ₹ 50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from Bidders/Applicants.

If such money is not refunded to the Bidders/Applicants within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION

If the Issuer does not receive a minimum subscription of 90% of the Issue (excluding any offer for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/Issue Closing Date and repay, without interest, all moneys received from Anchor Investors. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable. In case of under-subscription in the Issue involving a Fresh Issue and the Offer for Sale, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Working Days, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be Allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations, 2009 comes for an Issue under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to Allot at least 75% of the Issue to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

(a) **In case of ASBA Bids:** Within six Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Accounts for unsuccessful Bids or for any excess amount blocked on Bidding.

(b) **In case of Anchor Investors:** Within six Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.

(c) In case of Anchor Investors, the Registrar to the Issue may obtain from the depositories, the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Collection Bank.

8.3.1 Electronic mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various electronic modes as mentioned below:

(a) **NACH**—National Automated Clearing House which is a consolidated system of ECS. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS;

(b) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

(c) **RTGS**—Anchor Investors having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS; and

(d) **Direct Credit**—Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account.

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Collection Bank.

For details of levy of charges, if any, for any of the above methods, Anchor Investors may refer to RHP/Prospectus.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum, if the Allotment is not made and refund instructions have not been given to the clearing system in the disclosed manner/instructions for unblocking of funds in the ASBA Account are not dispatched within the 15 days of the Bid/Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/Issue Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

Term	Description
Allotment/Allot/Allotted	The allotment of Equity Shares pursuant to the Issue to successful Bidders/Applicants
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been Allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009 and this Prospectus.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and this Prospectus
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the Book Running Lead Managers, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids having been received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Supported by Blocked Amount/ASBA	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders/Applicants, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and this Prospectus
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder
ASBA Bidder	All Bidders/Applicants except Anchor Investors
Banker(s) to the Issue/Escrow Collection Bank(s)/Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account(s) for Anchor Investors may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Issue
Bid	An indication to make an offer during the Bid/Issue Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires

Term	Description
Bid/Issue Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Issue Closing Date
Bid/Issue Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Issue Opening Date
Bid/Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective ASBA Bidders/Applicants can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/Issue Period for QIBs one working day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Issue Period
Bidder/Applicant	Any prospective investor who makes a Bid/Application pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicants should be construed to mean an Applicant
Book Built Process/Book Building Process/Book Building Method	The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue has been made
Broker Centers	Broker centers notified by the Stock Exchanges, where Bidders/Applicants can submit the ASBA Forms to a Registered Broker. The details of such broker centers, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
BRLM(s)/Book Running Lead Manager(s)/Lead Manager/LM	The Book Running Lead Manager to the Issue as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Saturday (except 2nd and 4th Saturday of a month and public holidays)
CAN/Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/Issue Period.
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Issue Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIBs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price

Term	Description
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (excluding Anchor Investors) and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after this Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders in the Fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Intermediaries	Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the ASBA Bidders, in relation to the Issue
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details, Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity Shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors may transfer money through NACH/NEFT/RTGS/direct credit in respect of the Bid Amount when submitting a Bid

Term	Description
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Manager(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Issue
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue has been made
Floor Price	The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue	Public issue of Equity Shares of the Issuer including the Offer for Sale, if applicable
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of this Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Issue Price The Issue Price has been decided by the Issuer in consultation with the Book Running Lead Manager(s)
Issuer/Bank	The Issuer proposing the initial public offering/further public offering as applicable
Maximum RIB Allottees	The maximum number of RIBs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition – nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NACH	National Automated Clearing House
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account

Term	Description
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Issue	The Issue less reservation portion
Non-Institutional Bidders or NIBs	All Bidders/Applicants registered with SEBI which are foreign corporates or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIBs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholders
Other Investors	Investors other than Retail Individual Bidders in a Fixed Price Issue. These include individual applicants other than Retail Individual Bidders and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/Issue Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Issue Price
Prospectus	This prospectus filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information
Public Issue Account	A bank account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis

Term	Description
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Red Herring Prospectus/RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which did not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP was filed with the RoC three days before the Bid/Issue Opening Date and has become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean this Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Issue/RTO	The Registrar to the Issue as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/Categories	Categories of persons eligible for making application/Bidding under reservation portion
Reservation Portion	The portion of the Issue reserved for such category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Bidders/RIBs	Investors who applies or bids for a value of not more than ₹ 200,000
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIBs which shall not be less than the minimum Bid Lot, subject to availability in RIB category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Specified Locations	Bidding centers where the syndicate shall accept ASBA Forms from Bidders

Term	Description
Stock Exchanges/SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Members
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of ASBA Forms by Syndicate Members
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	All trading days of Stock Exchanges, excluding Sundays and holidays for commercial banks in Mumbai.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the consolidated FDI Policy and FEMA. The government bodies responsible for granting foreign investment approvals are the concerned ministries/departments of the Government of India and the RBI. The Union Cabinet has recently approved phasing out the FIPB, as provided in the press release dated May 24, 2017. The DIPP issued the Standard Operating Procedure (SOP) for Processing FDI Proposals on June 29, 2017 (the "**SOP**"). The SOP provides a list of the competent authorities for granting approval for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under automatic route but which required Government approval earlier as per the extant policy during the relevant period, the concerned Administrative Ministry/Department shall act as the competent authority (the "**Competent Authority**") for the grant of post-facto approval for foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, DIPP shall identify the Competent Authority.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The DIPP, issued the consolidated FDI Policy by way of circular no D/o IPP F. No. 5(1)/2017-FC-1 dated the August 28, 2017, which with effect from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on August 28, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, the FDI Policy will be valid until the DIPP issues an updated circular.

In terms of the Reserve Bank of India Guidelines for Licensing of New Banks in the Private Sector issued by RBI in February 2013, the aggregate non-resident shareholding from FDI, NRIs and FPIs in our Bank shall not exceed 49% of the paid-up voting equity capital of our Bank for the first five years from the date of licensing of our Bank. Further, no non-resident shareholder, directly or indirectly, individually or in groups, or through subsidiary, associate or joint venture is allowed to hold 5% or more of the paid-up voting equity capital of our Bank for a period of five years from the date of commencement of business of our Bank. After the expiry of five years from the date of commencement of the business of our Bank, the aggregate foreign shareholding in our Bank would be as per the extant FDI Policy.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the existing policy of the Government, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and applicable laws of the jurisdictions where such offers and sales occur.

The above information is given for the benefit of the Bidders. Our Bank, the Selling Shareholders, and the Book Running Lead Manages are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Subject to comments and approval from the RBI, the Articles have been approved by our Board of Directors pursuant to a resolution passed on December 19, 2017 and by our Shareholders pursuant to a special resolution passed on December 20, 2017. The Articles comprise of two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other. Notwithstanding anything contained in the Articles, in the event of any conflict between the provisions of Part A and Part B of the Articles, the provisions of Part B of the Articles shall prevail. Part B shall automatically terminate, be deleted and cease to have any force and effect from the date of listing and trading of the Equity Shares on a stock exchange in India subsequent to an initial public offering of the Equity Shares without any further action by our Bank or by the Shareholders. Further, the right of Caladium and the joint right of IFC and IFC FIG to nominate a Director each, on the Board shall be exercisable upon receipt of the Shareholders' approval through a special resolution held after completion of the initial public offering by our Bank.

Part A of the Articles

Share Capital

Article 3 provides that the Authorised Capital of our Bank will be as stated in Clause V of the memorandum of association with power to increase or reduce the said capital and to issue any part of its capital original or increased with or without any priority or special privilege subject to compliance with Applicable Laws, as well as the Articles or subject to any postponement of rights or to any conditions or restrictions so that unless the conditions of issue otherwise prescribe such issue shall be subject to the provisions herein contained.

Article 5 provides that subject to the provisions of Section 43 of the Companies Act and Section 12 of the Banking Regulation Act and such guidelines, and subject to the Articles the new shares shall be issued upon such terms and conditions and with such rights and privileges as our Bank in general meeting shall prescribe, and in particular, such shares may be issued, subject to the Banking Regulation Act and circulars that may be issued by the RBI from time to time, with a special or qualified right to dividend and in the distribution of assets of our Bank. Any issue of shares which results in a Shareholder of our Bank or any other person (in each case, by itself or acting in concert with any other Person) acquiring 5% or more of the paid-up equity share capital or voting rights of our Bank shall be made only with prior approval of RBI.

Article 6 provides that except in so far as otherwise provided by the conditions of issue or by the Articles, any capital raised by the creation of new shares, equity or preference, shall be considered as part of the existing share capital, shall rank *pari passu* with the shares of that class, and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

Article 7 provides that subject to the provisions of Sections 66 of the Companies Act and to confirmation by the Court / Tribunal, our Bank may by special resolution, reduce its share capital and / or any capital redemption reserve account and / or the securities premium account in any manner authorized under law and with, and subject to, any incidental authorization or consent required or such other steps that need to be undertaken in accordance with law.

Article 8 provides that subject to the Articles, our Bank in a general meeting may, by ordinary resolution:-

(i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(ii) sub-divide its shares or any of them into shares of smaller amount than is fixed by the memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;

cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 12 provides that subject to: (a) the Articles and (b) subject to any decision taken by our Bank by way of a special resolution passed in a general meeting, our Bank may offer any new shares to:

(i) to employees under a scheme of employees' stock option, subject to conditions prescribed in the Rules.

(ii) to any persons, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed in the rules issued under the Companies Act.

Where at any time, our Bank proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered:

(a) to persons who, at the date of the offer, are holders of Equity Shares of our Bank in proportion, as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the following conditions, namely:-

(i) the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;

(ii) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice referred to in clause (i) shall contain a statement of this right;

(iii) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the Person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner which is not dis-advantageous to the Shareholders and our Bank.

(b) to employees under a scheme of employees' stock option, subject to ordinary resolution passed by the Company and subject to such conditions as may be prescribed under the relevant rules or other statutory provisions as applicable; or

(c) any persons, when authorised by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed in the rules or any other applicable statutory provisions.

(ii) Notwithstanding anything contained in sub-clause (i) above, the further shares aforesaid may be offered to any Persons (whether or not those persons include the persons referred to in sub-clause (a) of sub-clause (i) above) in any manner whatsoever:

(a) If a special resolution to that effect is passed by our Bank in the general meeting; or

where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by Shareholders who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by Shareholders, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to our Bank.

Article 14 provides that subject to the provisions of Section 62 the Companies Act, the Banking Regulation Act and the Articles, the shares in the capital of our Bank for the time being (including any shares forming a part of any increased capital of our Bank) shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provision of Section 53 of the Companies Act) and at such times as they may from time to time think fit and proper, and with full power with the sanction of the Company in general meeting, to give to any person or persons the option or right to call for or be allotted shares of any class of our Bank either at par or at premium such option being exercisable at such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of our Bank on payment in full or part of any property sold and transferred or for any services rendered to our Bank in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up shares and if so issued, shall be deemed to be fully paid shares.

Share Certificate

Article 21 provides that the certificates of title to shares shall be issued under the Companies (Share Capital and Debentures) Rules, 2014 and other relevant provisions under applicable law. Every Shareholder shall be entitled, without payment, to one or more certificates in marketable lot, for all the shares of each class or denomination registered in his name, or if the Board so approves (upon paying such fee as the Board may from time to time determine), to several certificates, each for one or more of such shares and our Bank shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be as provided by Section 56 of the Companies Act. Every certificate of shares shall be under the seal of our Bank and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Board may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, our Bank shall not be required to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be a sufficient delivery to all such holders.

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to our Bank, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of our Bank and on execution of such indemnity as our Bank deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate shall be issued without payment of fees if the Board so decides, or on payment of such fees not exceeding ₹ 50 for each certificate as the Board shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any recognised stock exchange or the Companies Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other act or rules applicable in this behalf.

These provisions relating to issue of certificates shall mutatis mutandis apply to issue of certificates for any other securities including debentures (except where the Companies Act otherwise requires) of our Bank.

Article 22 provides that unless where the shares are issued in dematerialized form, every Shareholder or allottee of shares shall be entitled to receive within 2 months after incorporation, in case of subscribers to the memorandum or after allotment or within 1 month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided,-

a) One certificate for all his shares without payment of any charge; or

b) Several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

Underwriting Commission and brokerage

Article 33 provides that our Bank may at any time pay commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures or other securities of our Bank or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares, debentures or other securities of our Bank but so that if the commission in respect of the shares, debentures or other securities shall be paid or payable out of capital, the statutory conditions and requirements shall be observed and complied with and the amount or rate of commission shall not exceed the rates prescribed under Section 40(6) of the Companies Act, relevant Rules thereunder and the Banking Regulation Act. The commission may be paid or satisfied in cash or in shares, debentures or other securities of our Bank or partly in one way and partly in the other.

Calls

Article 34 provides that the Board of Directors may from time to time by a resolution passed at a meeting of the Board make such calls as they think fit upon the Shareholders in respect of all moneys unpaid (whether on account of the nominal value of the shares or by way of premium) on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times and each Shareholder shall pay the amount of every call so made on him to the persons and at the time and place appointed by the Board of Directors. A call may be made payable by instalments. A call may be revoked or postponed at the discretion of the Board.

Article 35 provides that a call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed and may payable by Shareholders on such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Directors.

Article 36 provides that:

a) Not less than 14 days' notice of every call shall be given specifying the time and place of payment provide that before the time for payment of such call the Directors may by notice in writing to the Shareholders revoke or postpone the same.

b) The Directors may from time to time, at their discretion extend the time fixed for the payment of any call by such Member(s) for such cause as the Directors may deem fit, but no Shareholder shall be entitled to such extension save as a matter of grace and favour.

c) If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by instalments at fixed times, whether on account of the amount of the share or by way of premium every such amount or instalment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall relate to such amount or instalment accordingly.

d) If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof the holder for the time being or allottee of the share in respect of which a call shall have been made or the instalment shall be due shall pay interest on the same at 10% per annum or such lower rate as the Board may determine, from the last day appointed for the payment thereof to the date of actual payment, but the Directors may in their absolute discretion waive payment of such interest wholly or in part.

e) No Shareholder shall be entitled to receive any dividend or to exercise any privilege as a Shareholder until he shall have paid all calls for the time being due and payable on every share held by him whether alone or jointly with any person, together with interest and expenses, if any.

Article 37 provides that subject to the provisions of Sections 2(31), 73 and 74 of the Companies Act and rules made thereunder, the Board of Directors may, if it thinks fit, agree to and receive from any Shareholder willing to advance the same, all or any part of the amounts of their respective shares beyond the sum actually called up; and upon the moneys so paid in advance or upon so much thereof from time to time and at any time thereafter, as exceeds the amount of the calls then made and due in respect of the shares on account of which such advances are made, the Board of Directors may pay or allow interest, at 12% per annum as the Shareholder paying the sum in advance and the Board of Directors agree upon. The Board of Directors may at their absolute discretion repay at any time any amount so provided that moneys paid in advance of calls shall not in respect thereof confer a right to dividend or to participate in the profits of our Bank. The Shareholders shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable. These provisions shall mutatis mutandis apply to the calls on debentures of our Bank.

Forfeiture, Surrender and Lien

Article 38 provides that if any Shareholder fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board of Directors may, at any time thereafter while the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by our Bank by reason of such non-payment. The provisions of forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Article 43 provides that any Shareholder whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to our Bank, on demand, all calls, instalments, interest, expenses and other moneys owing upon or in respect of such shares at the time of the forfeiture together with further interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine and the Directors may enforce the payment of the whole or a portion thereof if they think fit but shall not be under any obligation to do so.

Article 45 provides that our Bank shall have no lien on its fully paid-up shares. Our Bank shall have first and paramount lien upon every shares/debentures (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for monies called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares shall be created except upon the footing and condition that the Articles is to have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any on such shares/debentures. The Board may at any time declare any shares/debentures to be wholly or in part exempt from these provisions.

Article 46 provides that for the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made unless a sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell, shall have been served on such Shareholder, or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment of the sum payable as aforesaid for 14 days after such notice.

Article 47 provides that the net proceeds of any such sale after payment of the costs of such sale shall be applied in or towards satisfaction of all moneys called and payable in respect of such shares and the residue (if any) paid to such Shareholder or the person (if any) entitled to the shares at the date of the sale.

Article 48 provides that upon any sale after forfeiture or enforcing a lien in purported exercise of the powers hereinbefore given the Board of Directors may appoint some person to execute an instrument of transfer of the shares so sold and cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy (if any) of any person aggrieved by the sale shall be in damages only and against our Bank exclusively.

Article 49 provides that neither a judgement nor a decree in favour of our Bank for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by our Bank of a portion of any money which shall from time to time be due from any Shareholder in respect of any shares either by way of principal or interest nor any indulgence granted by our Bank in respect of payment of any money shall preclude the forfeiture of such shares as herein provided.

Transfer and Transmission of Shares

Article 51 provides that no transfer shall be registered unless a proper instrument of transfer has been delivered to our Bank. Every such instrument of transfer shall be duly stamped and executed both by the transferor and transferee and duly attested. The transferor shall be deemed to remain as the holder of such share until the name of the transferee shall have been entered in the Register in respect thereof. Further, our Bank shall adopt a common form of transfer for all shares.

Article 52 provides that the instrument of transfer of any share shall be in the prescribed form and in accordance with the requirements of Section 56 of the Companies Act and the Articles. Provided that where on an application in writing made to our Bank by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, our Bank may register the transfer on such terms as to indemnity as the Board may think fit.

Article 53 provides that subject to the provisions of Section 58 and Section 59 of the Companies Act and subject to the provisions of the Securities Contracts (Regulation) Act, 1956, the Banking Regulation Act and the rules and regulations made thereunder and other applicable laws and the Articles, if our Bank, without sufficient cause refuses to register the transfer of securities within a period of thirty days from the date on which the instrument of transfer or the intimation of transmission, as the case may be, is delivered to our Bank, the transferee may, within a period of sixty days of such refusal or where no intimation has been received from our Bank, within ninety days of the delivery of the instrument of transfer or intimation of transmission, appeal to the Tribunal.

Article 54 provides that no person / group of persons shall acquire or agree to acquire directly or indirectly by himself or acting in concert with any other person, any shares of our Bank or voting rights therein, in contravention to the provisions of the Banking Regulation Act or the RBI guidelines and the Articles. Any issue / acquisition of shares which results in a person holding (by himself or acting in concert with any other person) 5% or more of the paid-up equity share capital or voting rights of our Bank shall be made with prior approval of RBI.

Article 55 provides that if the Board refuses to register a transfer of any shares, they shall, within 1 month from the date on which the transfer was lodged with our Bank, send to the transferee and the transferor notice of the refusal.

Article 56 provides that every instrument of transfer shall be presented to our Bank duly stamped for registration accompanied by the certificate or certificates of the shares to be transferred and such other evidence as the Board of Directors may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such condition and regulation as the Board shall from time to time prescribe; and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors. But any instrument of transfer which the Board may decline to register shall be returned to the person lodging the same.

Article 57 provides that no fee shall be charged for registration of transfer or for effecting transmission or for registering any probates, succession certificates, letters of administration, certificates of death or marriage, power of attorneys and other similar documents.

Article 58 provides that the Board shall have power on giving not less than 7 days previous notice by advertisement in some newspaper circulating in the district in which our Bank's Office is situated, to close the transfer books, the register of members and/or the register of debenture holders at such time or times and for such period or periods, not exceeding 30 days at a time and not exceeding in the aggregate 45 days in each year, as the Board may deem expedient.

Article 59 provides that the legal heir, nominee, executors or administrators of a deceased Shareholder shall be the only persons recognised by our Bank as having any title to his share except in cases of joint holders, in which case the surviving holder or holders or the executors or administrators of the last surviving holders shall be the only persons entitled to be so recognised; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share jointly held by him. Our Bank shall not be bound to recognise such executor or administrator, unless he shall have obtained probate or letters of administration or other legal representation, as the case may be, from a competent court in India. Provided nevertheless that in case, which the Board in its discretion considers to be special cases and in such cases only, it shall be lawful for the Board to dispense with the production of probates or letters of administration or such other legal representations upon such terms as to indemnity, publication of notice or otherwise as the Board may deem fit.

Article 60 provides that any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any Shareholder or by any lawful means other than by a transfer in accordance with these presents, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect either to be registered himself as holder of the shares or to make such transfer of the shares as the deceased or insolvent Shareholder could have made. In the event the successor elects to become a Shareholder of the Company, he shall deliver or send a notice to the Company in writing signed by him that he so elects. Such person may, with the consent of the Board (which the Board shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under the Article, or of his title, as the Board think sufficient, be registered as a Shareholder in respect of such shares, or may, subject to the regulations as to transfer hereinabove contained, transfer such shares.

Article 61 provides that every transmission of a share shall be verified in such manner as the Directors may require and our Bank may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to our Bank with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation of our Bank or the Directors to accept any indemnity.

Article 62 provides that our Bank shall incur no liability or responsibility whatever in consequence of its registering or giving any effect to any transfer of shares, made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register) to the prejudice of a person having or claiming any equitable right, title or interest to or in the said shares not withstanding that our Bank may have had notice of such equitable right, title or interest, or notice prohibiting registration of such transfer and may have entered such notice referred hereto in any book or record of our Bank, and our Bank shall not be bound or required to regard or to attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, notwithstanding that the notice may have been entered in or referred to in some book or record of our Bank, but our Bank shall nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto if the Board of Directors shall so think fit.

Article 63 provides that these provisions shall mutatis mutandis apply to the transfer of debentures and other securities of our Bank or transmission thereof by operation of law.

Dematerialization

Article 64 provides that notwithstanding anything contained in the Articles, our Bank shall be entitled to dematerialize its existing shares, debenture and other securities, rematerialize its shares, offer its fresh shares, debentures and other securities, in a dematerialized form pursuant to the Depositories Act and the rules framed thereunder, if any, with details of shares held in physical and dematerialized forms in any medium as may be permitted by law including any form of electronic medium. Our Bank shall be entitled to keep in any State or Country outside India a branch register of Shareholders' resident in that State or Country.

Notwithstanding anything contained in the Articles, our Bank shall be entitled to rematerialize its shares, debentures and other securities held in dematerialized form pursuant to the Depositories Act and the rules framed thereunder, if any. Subject to our Bank offering issuance of securities in dematerialized form, every person subscribing to securities offered by our Bank shall have the option to receive security certificates or to hold securities with a Depository. Such Person who is the Beneficial

Owner of the securities may at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and our Bank shall in the manner and within the time prescribed, issue to the Beneficial Owner the required certificates of securities.

If a Person opts to hold his security with Depository, our Bank shall intimate such Depository for details of allotment of security and on the receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the security. All securities held by a Depository shall be dematerialized and be in a fungible form. Nothing contained in Sections 89 and 186 of the Companies Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners. Notwithstanding anything to the contrary contained in the Companies Act or the Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting the transfer of ownership of security on behalf of the Beneficial Owner.

Save as otherwise provided in above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

Borrowing Powers

Article 68 provides that subject to Articles, the Directors may, from time to time, by a resolution passed at a meeting of the Board borrow moneys for the purpose of our Bank. Provided that the Directors shall not borrow moneys except with the approval of our Bank in General Meeting by Special Resolution, where moneys to be borrowed together with the money already borrowed by our Bank, apart from temporary loans obtained in its ordinary course of business and except as otherwise provided hereafter, shall exceed the aggregate of the paid-up capital of our Bank and its free reserves or limits as set under the Act.

Provided that nothing contained herein above shall apply to:-

(i) any sums of moneys borrowed by our Bank from any other banking companies or from the RBI, State Bank of India or any other banks established by or under any law for the time being in force; and

(ii) acceptance by our Bank in the ordinary course of business of deposits of money from the public, repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise

The expression “temporary loans” means loans repayable on demand or within 6 months from the date of the loan such as short-term, cash credit arrangements, the discounting of bills and the issue of other short-term loans of a seasonal character, but does not include loans raised for the purpose of financial expenditure of a capital nature.”

Article 70 provides that “Any bonds, debenture stock or other securities issued or to be issued by our Bank shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of our Bank.”

Article 71 provides that the Directors shall cause a proper register to be kept in accordance with the provisions of Section 85 of the Act of all mortgages and charges specifically affecting the property of our Bank, and shall duly comply with requirements of the said Act in regard to registration of mortgages and charges and of copies of instruments creating charges. Such sum as may be prescribed by the Act shall be payable by any person other than a creditor or Member of our Bank for each inspection of the Register of Charges.

Meetings

Article 72 provides that General Meetings shall be held as required under the Act and other applicable laws. Procedures relating to General Meetings shall be regulated by the Articles and by the provisions of the Act. The Annual General Meeting shall be held in accordance with Section 96 of the Act and shall be called for a time during business hours, on a day that is not a national holiday and shall be held either at the Office of our Bank or at some other place within the city or town in which the Office of our Bank is situated as the Board of Directors may determine and the notice calling the meeting shall specify it as the Annual General Meeting.

Article 73 provides that every Member of our Bank shall be entitled to attend every General Meeting either in person or by Proxy; and the Director and Auditor of our Bank shall have the right to attend and to be heard (but not vote) at any General Meeting on any part of the business which concerns him as Auditor.

Article 75 provides that all General Meeting other than Annual General Meeting shall be called Extra-ordinary General meeting. If at any time there aren’t sufficient number of directors within India to form a Quorum, any Director or any two

Members of our Bank may call an Extra-ordinary General Meeting in the same manner as nearly as possible, as that in which such a meeting may be called by the Board at such time and place as it or they may determine.

Article 76 provides that the Board may, whenever it thinks fit, call an Extra-ordinary General Meeting.

Article 77 provides that the Board of Directors of our Bank shall on the requisition of such number of Members of our Bank as is specified in Section 100 of the Act, forthwith proceed duly to call an Extra-ordinary General Meeting of our Bank, and in respect of any such requisition and of any meeting to be called pursuant thereto, all the other provisions of Section 100 of the Act shall apply.

Article 78 provides that unless a shorter period of notice in respect of any particular General Meeting is unanimously agreed to by all the Members in writing, not less than clear twenty one days' notice of every General Meeting shall be given to all Members at their respective addresses notified by them to our Bank in writing from time to time. Every notice convening a General Meeting shall specify the date, place and time of that General Meeting and shall be accompanied by a written agenda and accompanying materials setting out the business proposed to be transacted at a General Meeting together with necessary and/ or relevant supporting information and documents. No business shall be transacted at any General Meeting other than that specified in the notice of that General Meeting, without the prior written consent of all the Members of our Bank. Our Bank shall facilitate/ enable the Members to exercise their right to vote on every resolution at every General Meeting, through such means of remote participation as is permitted under Applicable Law.

Article 79 provides that subject to Sections 101 and 102 of the Act, every notice of a meeting of our Bank shall specify the place, the date and hour of the meeting, and shall contain a statement of the business to be transacted thereat. No General Meeting, Annual or Extra-ordinary, shall be competent to deliberate upon, discuss or transact any business which has not been specifically mentioned in the notice or notice convening the same. Items which were not on the agenda of a General Meeting (as circulated to the Shareholders pursuant to the Articles) shall not be tabled, considered, discussed, dealt with or put to the vote at such General Meeting including if it is adjourned (unless the Investors agree otherwise in writing).

Votes of Members

Article 103 provides that subject to the provisions of the Act, votes may be given either personally or by an attorney or by Proxy or, in the case of a body corporate, by a representative duly authorised under Section 113 of the Act.

Article 104 provides that subject to any rights or restrictions for the time being attached to any class or classes of shares:-

(a) on a show of hands, every Member present in person shall have one vote; and

(b) on a poll, the voting rights of Members shall be in proportion to his share in paid-up Share Capital.

Provided however that the voting rights shall be subject to the restrictions imposed under Section 12 of the 1949 Act.

Article 108 provides that any person entitled under the transmission clause to become the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least 48 hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of Directors or any persons authorised by the Board of Directors in that behalf of his right to hold such shares, or the Directors shall have previously admitted his right to transfer such shares or his right to vote at such meeting in respect thereof.

Article 109 provides that where there are any joint registered holders of any share any one of the joint holders may vote at any meeting either personally or by an Attorney duly authorised under a power of attorney or by Proxy in respect of such share as if he were solely entitled thereto; and if more than one of such joint holders be personally present at any meeting then one of the said persons so present whose name stands first or higher in the Register in respect of such share shall be entitled to vote in respect thereof.

Article 110 provides that any Member of our Bank entitled to attend and vote at a meeting of our Bank shall be entitled to appoint any other person (whether a Member or not) as his Proxy to attend and vote instead of himself, but a Proxy so appointed shall not have any right to speak at the meeting. The instrument appointing the Proxy shall be in writing under the hand of the appointees or of his Attorney duly authorised in writing or if such appointer is a corporation, under its common Seal or be signed by an officer or an attorney duly authorised by it. A person may be appointed a Proxy though he is not a Member of our Bank, but such Proxy shall not have any right to speak at any meeting.

Article 111 provides that subject to Section 108 of the Act and the Articles above, every notice convening a General Meeting of our Bank shall state that a Member entitled to attend and vote at the meeting is entitled to appoint Proxy to attend and vote instead of himself and that a Proxy need not be a Member of our Bank.

Article 113 provides that a vote given in accordance with the terms of an instrument of Proxy shall be valid notwithstanding the previous death of the principal or revocation of the Proxy or transfer of the share in respect of which the vote is given provided no intimation in writing of the death, revocation or transfer shall have been revived at the Office of our Bank or by our Bank or by the chairman of the meeting at which the vote is given.

Article 116 provides that no Member shall be entitled to vote at any General Meeting either personally or by Proxy or as Proxy for another Member or be reckoned in a quorum while any call or other sum shall be due and payable to our Bank in respect of any of the shares of such Member or in respect of any shares on which our Bank has or had exercised any right of lien.

Directors

Article 117 provides that (a) The Board shall comprise of a maximum of 15 (fifteen) Directors, or such number of directors as allowed under Applicable Law including the RBI Guidelines, Section 10 of the 1949 Act and the 'fit and proper' criteria stipulated by RBI. For the avoidance of doubt, the NOFHC will have the right to identify and propose for appointment in such manner as it deems fit all Directors on our Bank's Board of Directors (other than the nominee directors to be appointed, each, by (i) IFC and IFC FIG (acting jointly); and (ii) Caladium) and our Bank shall appoint such Persons identified by the NOFHC as Directors, in accordance with Applicable Law, including the RBI Guidelines, Section 10 of the 1949 Act and the 'fit and proper' criteria stipulated by RBI. Subject to Applicable Law and approval by the Board, the Members of our Bank and the Articles, on and from the date on which the Equity Shares are listed on the stock exchange(s), (i) IFC and IFC FIG (acting jointly); and (ii) Caladium shall have the right to nominate directors on the Board of our Bank subject to maintaining shareholding in our Bank as indicated below:

a) IFC and IFC FIG will jointly and collectively have the right to nominate one director on the Board of our Bank if shareholding of IFC and IFC FIG (collectively) in our Bank is 2.5% or more of the paid up equity Share Capital of our Bank on a fully diluted basis

b) Caladium will have the right to nominate 1 (one) director on the Board of our Bank if shareholding of Caladium in our Bank is 2.5% or more of the paid up equity Share Capital of our Bank on a fully diluted basis.

Subject to other provisions of the Articles, the Board shall with the approval of our Bank in General Meeting appoint the non-retiring Directors from Persons nominated by NOFHC, so long as the NOFHC singly or in aggregate holds not less than 40% of the paid-up equity Share Capital in our Bank.

Article 120 provides that subject to Section 152 and other provisions of the Act and 1949 Act, one third of the total number of Directors of our Bank may be non-retiring Directors.

Article 123 provides that subject to and in accordance with the provisions of Section 161 of the Act and subject to the Articles, the Directors shall have power at any time to appoint any person as a Director either as an addition to the Board or to fill a casual vacancy but so that the total number of Directors shall not exceed the maximum fixed by the Articles.

Article 124 provides that our Bank may adopt policies, from time to time, in relation to remuneration and expenses payable to Directors and may pay such remuneration and expenses within the limits prescribed under Applicable Laws.

Dividends

Article 161 provides that subject to the Articles, no dividend shall be declared or paid by our Bank for any financial year, unless requirement of Sections 15, 17 and other applicable provisions, if any, of the 1949 Act are complied with.

Article 162 provides that subject to the provisions of Section 123 of the Act and the Articles, the Board may from time to time pay interim dividends as they deem fit and justified by the profits of our Bank.

Article 165 provides that our Bank may in general meeting subject to Sections 123 and other applicable provisions of the Act and 1949 Act and the Articles, declare dividends, to be paid to Members according to their respective right but no dividend shall exceed the amount recommended by the Board of Directors. Our Bank in General Meeting may declare a smaller dividend than recommended.

Article 164 provides that no dividend shall be paid otherwise than out of profits of the year or any other undistributed profits or otherwise than in accordance with the provisions of Sections 123 of the Act or any other law for the time being in force and no dividend shall carry interest as against our Bank unless required by law. The declaration of the Directors as to the amount of the net profits of our Bank shall be conclusive.

Article 166 provides that all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such shares shall rank for dividend accordingly.

Article 172 provides that unclaimed / unpaid dividend shall not be forfeited by the Board. However, if it remains unclaimed / unpaid for a period beyond the specified under the Act, the same shall be transferred to Investor Education and Protection Fund. Further, there shall be no forfeiture of unclaimed dividends before the claim becomes barred by law provided that a recognised stock exchange may provisionally admit to dealing in the securities of the Company, provided that our Bank agrees to amend the Articles of Association at its next Annual General Meeting in order to fulfil the foregoing requirements and agrees to act in the meantime strictly in accordance with the provisions of this Article.

Article 173 provides that where a dividend has been declared by our Bank but has not been paid or claimed within 30 days from the date of the declaration, our Bank shall, within 7 days from the date of expiry of the said period of 30 days, transfer the total amount of dividend which remains unpaid / unclaimed to a special account to be opened by our Bank in that behalf in any Scheduled Bank to be called “Unpaid Dividend Account of Bandhan Bank Ltd.” and all the other provisions of Sections 123 and 124 of the Act in respect of any such unpaid dividend or any part thereof shall be applicable, observed, performed and complied with.

Article 175 provides that “Any General Meeting declaring a dividend may make a call on the Members of such amount as the meeting fixes but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between our Bank and the Members be set off against the calls.”

Part B of the Articles

In the event of any inconsistency between Part A and Part B of the Articles of Association, the provisions of Part B of the Articles of Association shall, subject to Applicable Law, prevail over Part A. Part B of the Articles shall automatically terminate and cease to have any force and effect and shall be deemed to fall away on and from the date of listing and trading of the Equity Shares on a stock exchange in India, subsequent to an initial public offering of the Equity Shares of our Bank without any further action by our Bank or its shareholders.

Article 1 includes following definitions for the purposes of Part B:

(i) "**1949 Act**" means the Banking Regulation Act, 1949 and includes any statutory modifications or re-enactment thereof for the time being in force;

(ii) "**the Act**" means the Companies Act, 2013, and includes any statutory modification or re-enactment thereof for the time being in force; or the Companies Act, 1956, as applicable;

(iii) "**Accession Instrument**" means a deed of adherence to the agreement entered into between the Parties in the form set forth in such agreement;

(iv) "**Accounting Standards**" means Indian generally accepted accounting principles promulgated by the Institute of Chartered Accountants of India, together with its pronouncements thereon from time to time, and applied on a consistent basis;

(v) "**Action**" means any claim, demand, dispute, litigation, petition, action, suit, investigation, inquiry, process, disciplinary or other proceeding, mediation, arbitration, conciliation, enforcement proceeding, hearing, complaint, assessment, fine, penalty, decision, judgment, order, injunction, decree or award (administrative or judicial);

(vi) "**Affiliate**" means, (a) in relation to any Person other than a natural person, any other Person that directly or indirectly and whether alone or in combination with one or more other Persons, Controls, is Controlled by or is under common Control with such Person provided that, in any event, a holding company (as that expression is defined in the Act) or Subsidiary of any Person shall be deemed to be an Affiliate of that Person, and provided further however, that none of the Investors nor any of their respective Affiliates shall (individually or collectively) be deemed to be Affiliates of the Company or any of the Group Companies, any of the other Investors and/ or the BFSL and/or the NOFHC or vice-versa; and (b) in the case of a Person that is natural person, any Relative of such Person and any other Person that, either directly or indirectly and whether alone or in combination with one or more other Persons, is Controlled by such Person or any Relative of such Person. Without limiting the generality of the foregoing with respect to IFC, "**Affiliate**" shall also include any fund, collective investment scheme or partnership managed by any wholly owned subsidiary of IFC;

(vii) "**AML/CFT**" means anti-money laundering and combating the financing of terrorism;

(viii) "**AML/CFT Action Plan**" means the plan, a copy of which is attached to any agreement entered into between the Parties in this regard, setting out specific actions by the Company and its Group Companies, if any over a certain time period, for the purpose of strengthening the Company's and its Group Companies', if any AML/CFT related policies, procedures and controls;

(ix) "**AML/CFT Officer**" means a senior officer of the Company whose duties include oversight or supervision of the implementation and operation of, and compliance with, the Company's and its Group Companies', if any, AML/CFT policies, procedures and controls;

(x) "**Applicable Law**" shall mean the laws of India or any other applicable jurisdiction and shall include all applicable national, state, local and other statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, by-laws, regulations, notifications, guidelines, policies, directions, directives, codes and circulars including but not limited to orders, injunctions, awards (administrative or judicial) of any Authority, any license, permit or other governmental Authorization, in each case as in effect from time to time, any other requirement of any Authority in any relevant jurisdiction or any determination by, or interpretation having binding effect of any of the foregoing by, any Authority, including any judgment, order or decree;

(xi) "**Applicable S&E Law**" means all applicable statutes, laws, ordinances, rules and regulations of the Country, including without limitation, all Authorizations setting standards concerning environmental, social, labor, health and safety or security risks of the type contemplated by the Performance Standards or imposing liability for the breach thereof;

(xii) “**Auditors**” means the independent, external, statutory auditors of the Company from time to time;

(xiii) “**Authority**” means any competent national, supranational, regional or local government, or governmental, statutory, regulatory, administrative, fiscal, judicial, or government-owned body, department, board, agency, bureau, commission, authority, tribunal, agency or entity, or court, arbitrator, arbitral tribunal authorized to make or interpret or adjudicate upon laws, rules or regulations or pass directions having or purporting to have jurisdiction in any state, municipality, district or other sub-division thereof or any quasi-judicial or administrative entity or authority including any central bank (or any Person whether or not government owned and howsoever constituted or called, that exercises the functions of the central bank), any stock exchange and any self-regulatory organisation established under statute exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

(xiv) “**Authorization**” means:

(a) any approval, consent, ratification, waiver, notice, permission, license, permit, order, decree, authorization, no-objection, resolution, grant, concession, agreement, certificate, authentication or notarization of or from, or

(b) registration, qualification, designation, declaration, lodgement or filing with, or

(c) notification, exemption or ruling to or from,

an Authority; whether given by express action or deemed given by failure to act within any specified time period;

(xv) “**Authorized Representative**” means any individual who is duly authorized by the Company to act on its behalf and whose name and a specimen of whose signature appear on the Certificate of Incumbency and Authority most recently delivered by the Company to the Investors;

(xvi) “**Bank Operations**” means collectively, each of the existing and future financing businesses and operations of the Company and each of the Group Companies in the Country including the Micro-Finance Business;

(xvii) “**Beneficial Owner**” means Beneficial owner as defined in Section 2(1)(a) of the Depositories Act.

(xviii) “**Board of Directors**” or “**Board**” means the board of directors of the Company;

(xix) “**Business Day**” means any day which is not (a) a Sunday; nor (b) a day on which banks in (i) Kolkata or (ii) New York, New York or (iii) Singapore are closed for ordinary banking business;

(xx) “**Business Plan**” means the initial business plan of the Company for a five (5) year projection period and is attached as an annexure to any agreement entered into between the Parties in respect of the Company and thereafter, any revised business plan, including any amendments if, when and as adopted by the Board of Directors;

(xxi) “**Business Plan Committee**” means the business plan committee constituted by the Board comprising among others, two (2) Independent Directors, one (1) representative/ nominee of each of the Investors and two (2) representative/nominees of BFSL, to the extent nominated by each such Party;

(xxii) “**Business Principles**” means the following principles:

(a) The Company shall be largely focused on low and middle income customers.

(b) The Company shall focus on unbanked and underbanked regions of India.

(c) The Company shall stay committed to setting the pricing, terms and conditions of its loans in a way that is affordable to its clients and financially sustainable for the Company.

(xxiii) “**Business Transfer Agreement**” means the business transfer agreement dated February 11, 2015 executed between BFSL and the Company, for the sale of the Micro-Finance Business by BFSL to the Company by way of a slump sale on an ‘as is where is’ basis, as a going concern;

(xxiv) "**CAO**" means the Compliance Advisor Ombudsman, the independent accountability mechanism for IFC that impartially responds to environmental and social concerns of affected communities and aims to enhance outcomes;

(xxv) "**CAO's Role**" means the role of the CAO which is:

(a) to respond to complaints by Persons who have been or are likely to be directly affected by the social or environmental impacts of IFC projects; and

(b) to oversee audits of IFC's social and environmental performance, particularly in relation to sensitive projects, and to ensure compliance with IFC's social and environmental policies, guidelines, procedures and systems;

(xxvi) "**Certificate of Incumbency and Authority**" means a certificate provided to the Investors by the Company substantially in the form set forth in the agreement entered into between the Parties;

(xxvii) "**Chairman**" means the chairman of the Board of Directors elected or appointed from time to time with the prior approval of the RBI and in accordance with the provisions of the 1949 Act;

(xxviii) "**Client**" means any borrower, investee or other Person financed directly or indirectly by the Bank Operations;

(xxix) "**Client Operations**" means any operations or activities of the Clients (or with respect to any Client, the operations and activities of that Client) financed directly or indirectly by the Bank Operations;

(xxx) "**the Company**" or "**this Company**" means Bandhan Bank Limited;

(xxxi) "**Consent**" means any approval, consent, ratification, waiver, notice, permission, authorization, no-objection, agreement, authentication of or from any Person (other than an Authority) including under any material written, oral or other agreement, arrangement, obligation, contract, sub-contract, understanding, instrument, note, warranty, insurance policy or commitment of any nature (whether or not the same is absolute, revocable, contingent, conditional, binding or otherwise);

(xxxii) "**Confidential Information**" means, in relation to any Party, collectively, (i) the existence and terms of the Articles and any other agreement entered into between the Parties including information relating to the transactions contemplated in the Articles or such agreements, and (ii) any information that is not in the public domain regarding such Party and/ or its Affiliates that has become known to any other Party in the course of negotiating and/ or completing the transactions contemplated in the Articles and any other agreement entered into between the Parties;

(xxxiii) "**Corporate Governance Improvement Plan**" means the recommendations made by IFC pursuant to IFC carrying out a detailed corporate governance review of the Company as its relationships thereof, as set out in an annexure to the agreement entered into between the Parties;

(xxxiv) "**Country**" means the Republic of India;

(xxxv) "**Depositories Act**" means Depositories Act, 1996 and any statutory modification or re- enactment thereof for the time being in force in India;

(xxxvi) "**Depository**" means a company formed and registered under the Act and which has been granted certificate of registration to act as Depository under the Securities and Exchange Board of India Act, 1992;

(xxxvii) "**Director**" means an individual who is a member of the Board;

(xxxviii) "**Divestment Agreement**" means the divestment agreement between the Investors and the NOFHC whereby the NOFHC undertakes to take certain actions for the divestment of the NOFHC's shares in the Company;

(xxxix) "**Encumbrance**" means any mortgage, fixed charge , hypothecation, pledge, lien, option, claim, infringement, power of sale in favour of a third party, right to acquire, right of pre-emption, assignment by way of security or trust arrangement for the purpose of providing security or assignment of any income or other economic interest, security interest, other third party right of any kind (including any retention arrangement), any right, restriction, interest or claim of a third party, or any agreement, arrangement or obligation to create any of the foregoing, including:

(a) any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law;

(b) any power of attorney, option, right of first offer, refusal or transfer restriction in favour of any Person, and

(c) any tenancy, easement or any adverse claim as to title, possession or use,

and "**Encumber**" shall be construed accordingly;

(xl) "**Entitlement Shares**" shall have the meaning ascribed thereto in Article 229;

(xli) "**Equity Share**" means an equity share in the Company with a par value of INR 10/- (ten) each;

(xlii) "**Equity Securities**" of a company means equity shares, preference shares, bonds, loans, warrants, rights, options or other similar instruments or securities which are convertible into or exercisable or exchangeable for, or which carry a right to subscribe for or purchase equity shares of such company or any instrument or certificate representing a beneficial ownership interest in the equity shares of such company, including global depository receipts and American depository receipts and any other security issued by the company, even if not convertible into equity shares, that derives its value and / or return based on the financial performance of the company or its shares;

(xliii) "**Exclusion List**" means the list of prohibited activities set forth in any agreement entered by and amongst the Parties, which is also accessible from http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/our+approach/risk+management/ifcexclusionlist#2007;

(xliv) "**Exercising Investor**" shall have the meaning ascribed thereto in Article 229;

(xlv) "**FEMA**" means Foreign Exchange Management Act, 1999, read with various rules and regulations prescribed thereunder;

(xlvi) "**Financial Statement**" means the profit and loss accounts and the balance sheet;

(xlvii) "**Financial Year**" means the accounting year of the Company commencing each year on April 1 and ending on the following March 31, or such other period as the Company, from time to time designates as its accounting year in accordance with the terms of the Articles, provided that the Company's first Financial Year shall be the period commencing on 23 December 2014 and ending on 31 March 2015;

(xlviii) "**General Meeting**" means either an extraordinary general meeting of the Company's shareholders or an annual general meeting of the Company's shareholders, and (where the context so permits), includes all adjourned extraordinary general meetings of the shareholders of the Company and all adjourned annual general meeting of the shareholders of the Company;

(xlix) "**Group Companies**" means, collectively, each of the (i) direct Subsidiaries of the Company, (ii) indirect Subsidiaries of the Company; (iii) Joint Ventures of the Company; (iv) Joint Ventures of each of the direct Subsidiaries of the Company; and (v) Joint Ventures of each of the indirect Subsidiaries of the Company, or such of them as the context may require, and "Group Company" means any one of them.

(l) "**IFC**" means International Finance Corporation;

(li) "**IFC Group Company Nominee Director**" has the meaning set forth in Article 119;

(lii) "**IFC Nominee Director**" has the meaning set forth in Article 118(b)(i);

(liii) "**IFC Shares**" means the Shares subscribed for by IFC pursuant to the IFC Subscription Agreement and/or otherwise held by IFC from time to time;

(liv) "**IFC Subscription**" means the subscription for Equity Shares by IFC as provided for in Article II of the IFC Subscription Agreement;

(lv) "**IFC Subscription Agreement**" means subscription agreement, dated April 24, 2015 between IFC, the Company, BFSL and the NOFHC;

(lvi) "**IFC Subscription Date**" shall have the meaning ascribed to "Subscription Date" under the IFC Subscription Agreement;

(lvii) "**Independent Director**" means a non-executive Director of the Company who is an 'independent director' (as defined in the Act) and who has no direct or indirect material relationship with the Company other than membership on the Board and who:

(a) is not, and has not been in the past three (3) years, employed by the Company or its Affiliates;

(b) does not have, and has not had in the past three (3) years, a business relationship with the Company or its Affiliates (either directly or as a partner, shareholder (other than to the extent to which shares are held by such Director pursuant to a requirement of Applicable Law in the Country relating to directors generally), and is not a director, officer or senior employee of a Person that has or had such a relationship);

(c) is not affiliated with any non-profit organization that receives significant funding from the Company or its Affiliates;

(d) does not receive and has not received in the past three (3) years any additional remuneration from the Company or its Affiliates other than his or her director's fee and such director's fee does not constitute a significant portion of his or her annual income;

(e) does not participate in any share option scheme/plan or pension scheme/plan of the Company or any of its Affiliates;

(f) is not employed as an executive officer of another company where any of the Company's executives serve on that company's board of directors;

(g) is not, nor has been at any time during the past three (3) years, affiliated with or employed by a present or former auditor of the Company or any of its Affiliates;

(h) does not hold a material interest in the Company or its Affiliates (either directly or as a partner, shareholder, director, officer or senior employee of a Person that holds such an interest);

(i) is not a member of the immediate family (and is not the executor, administrator or personal representative of any such Person who is deceased or legally incompetent) of any individual who would not meet any of the tests set out in (a) to (h) (were he or she a director of the Company);

(j) is identified in the annual report of the Company distributed to the shareholders of the Company as an independent director; and

(k) has not served on the Board for more than ten (10) years.

For purposes of this definition, "material interest" shall mean a direct or indirect ownership of voting shares representing at least two per cent (2%) of the outstanding voting power or equity of the Company or any of its Affiliates;

(lviii) "**Investors**" means IFC and Caladium collectively, and Investor means any one of them;

(lix) "**IPO**" means an initial public Offering consequent to which the Equity Shares are listed/ traded on a Recognised Stock Exchange and which is fully and firmly underwritten by an underwriter;

(lx) NOT USED

(lxi) "**IPO Surviving Provisions**" means collectively, Article 1 (*Definitions*), Article 118 (*Board Composition*), Article 125 (*Appointment of Alternate Director*), Article 137 (*Removal of Directors*), Article, Article 140, Article 142 (*Indemnification of Directors*), Article 127 (*Remuneration of Directors*), Article 145(b), Article 145(c), Article 145(d), Article 145(e), Article 119 (*Group Company Nominee Director*), Article 157 (*Group Companies*), Article 229 (*Tag Along Rights of the Investors*), and Article 236 (*Effectiveness of the Articles*);

(lxii) "**Joint Venture**" in relation to any company, means the 'joint ventures' of such company as prescribed under the

Accounting Standard 31 provided that such company has a direct or indirect shareholding in such 'joint venture';

(lxiii) "**Key Employees**" in relation to any company, refers to the key managerial personnel (as defined in the Act) of such company and the Chief Executive Officer, the Managing Director, the Manager, the company secretary, all whole time directors, the Chief Financial Officer, Chief Operating Officer and risk manager of such company including in each case any other equivalent position in such company by whatever name or designation called;

(lxiv) "**Listing**" means the admission of Equity Shares of the Company to listing on any Recognised Stock Exchange(s) and/or to trading on any public trading market;

(lxv) "**Material Adverse Effect**" means a material adverse effect on:

(a) the Company's or any of the Group Companies' assets or properties;

(b) the Bank Operations and/or the Company's or any of the Group Companies' operating results, turnover, business prospects or financial condition;

(c) the carrying on of the Company's or any of the Group Companies' business or operations;

(d) the ability of the Company to comply with and perform its obligations under, and ensure that each of the Group Companies complies with the applicable terms of, the Articles, any agreement entered into between the Parties, any other Transaction Document to which the Company (or any of the Group Companies) is a party, (in the case of the Company) and/ or (in the case of each of the Group Companies), its respective Articles of Association; and

(e) the ability of BFSL or the NOFHC to comply with their respective obligations under the Articles, any agreement entered into between the Parties and/ or any other Transaction Documents to which it is a party;

(lxvi) "**Micro-Finance Business**" shall mean the micro-finance (as defined by RBI from time to time) business of BFSL;

(lxvii) "**Member**" means the duly registered holder, from time to time of the shares of the company and includes the subscribers to the memorandum of association of the company and beneficial owner(s) as defined in clause (a) of sub-section (1) of section (2) of the Depositories Act;

(lxviii) "**NOFHC**" means Bandhan Financial Holdings Limited;

(lxix) "**Nominee Directors**" means collectively, the Caladium Nominee Director and the IFC Nominee Director; and "Nominee Director" means any of them;

(lxx) "**Offering**" means any primary or secondary or public or private offering of the Equity Shares by the Company;

(lxxi) "**Offer for Sale**" means an offer of sale of Shares by the NOFHC in accordance with the SEBI Regulations or as otherwise specified by the Securities and Exchange Board of India;

(lxxii) "**Office**" means the registered office for the time being of the Company;

(lxxiii) "**Ordinary Course of Business**" shall mean, in relation to any Person, the ordinary course of business of such Person consistent with past custom and practice of such Person (including with respect to quantity and frequency), but only to the extent consistent with Applicable Law and/ or the custom of entities engaged in the same business as such Person;

(lxxiv) "**These presents**" means the Articles of Association as originally framed or as altered from time to time;

(lxxv) "**Parties**" means the collectively, the Company, BFSL, NOFHC, IFC, Caladium, and SIDBI, and Party means any one of them;

(lxxvi) ""**Performance Standards**" means IFC's Performance Standards on Social & Environmental Sustainability, dated January 1, 2012;

(lxxvii) "**Person**" means any natural person, limited or unlimited liability company, corporation, body corporate, partnership (whether limited or unlimited), proprietorship, Hindu undivided family, trust, society, union, firm, association (voluntary or otherwise), joint venture, unincorporated organization, Authority, any other entity, in each case, whether incorporated or not and whether or not having a separate legal existence and whether acting in an individual, fiduciary or other capacity and any other entity that may be treated as a person under Applicable Law;

(lxxviii) "“**Proposed Sale**” shall have the meaning ascribed thereto in Article 229;

(lxxix) “**Proxy**” means an instrument whereby any person is authorised to vote for a Member at a general meeting on a poll;

(lxxx) “**Register**” or “**Register of Members**” means the Register of Members required to be maintained pursuant to the Act and shall include the Register of Beneficial Owner(s) maintained by a Depository in respect of the company’s shares being held in dematerialized form;

(lxxxi) “**RBI**” or “**Reserve Bank of India**” shall mean the Reserve Bank of India established under RBI Act;

(lxxxii) “**RBI Act**” shall mean Reserve Bank of India Act, 1934, including any statutory modification or re-enactment thereof;

(lxxxiii) “**RBI Guidelines**” means RBI’s Guidelines for Licensing of New Banks in the Private Sector dated February 22, 2013 and other related notifications, guidelines and circulars issued by the RBI;

(lxxxiv) “**Recognised Stock Exchange**” shall mean the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited or any other reputable and internationally recognized automated quotation system(s) or stock exchange(s) acceptable to the Investors in their sole discretion;

(lxxxv) “**Related Party**” has the meaning ascribed to such term under the Act and Accounting Standard 18; ;

(lxxxvi) “**Relative**” has the meaning given to it in the Act;

(lxxxvii) “**Response Notice**” shall have the meaning ascribed thereto in Article 229(c);

(lxxxviii) “**Rules**” shall mean the Rules issued from time to time (including any statutory amendment or replacement thereto) under the Act;

(lxxxix) “**Sale Shares**” shall have the meaning ascribed thereto in Article 229(b)(i);

(xc) “**Sale Terms**” shall have the meaning ascribed thereto in Article 229(b)(iii);

(xci) “**S&E Management System**” means the Company’s social and environmental management system, as implemented or in effect from time to time, enabling it to identify, assess and manage the social and environmental risks in respect of the Bank Operations on an ongoing basis in accordance with the S&E Requirements;

(xcii) “**S&E Performance Report**” means the S&E Performance Report, in form and substance satisfactory to IFC, evaluating the social and environmental performance of the Clients of the Company (including the Clients of BFSL transferred to the Company under the terms of the Business Transfer Agreement) during the previous financial year, describing in reasonable detail: (a) the implementation and operation of the S&E Management System; and (b) the environmental and social performance of the Clients;

(xciii) “**S&E Requirements**” means the social and environmental obligations to be defined by the Company and undertaken by the Clients to ensure compliance with: (a) the Exclusion List; (b) Applicable S&E Laws; (c) the Performance Standards for project finance and long term corporate finance; and (d) any other requirements established by the S&E Management System;

(xciv) “**SEBI Regulations**” means the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 including any amendments thereto;

(xcv) “**SEMS Plan**” means the plan or plans developed by the Company, a copy of which is attached in any agreement entered by and amongst the Parties, setting out the specific measures, modifications and enhancements to be undertaken by the Company in respect of the S&E Management System (xcvi) "**Seal**" means the Common Seal for the time being of the Company;

(xcvii) "**Shares**" means the issued and outstanding Equity Shares and/or Equity Securities of the Company;

(xcviii) "**Share Capital**" means the total paid up equity share capital of the Company determined on a fully diluted basis calculated as if all Equity Securities including employee stock options outstanding on the date of calculation have been exercised or exchanged for or converted into Equity Shares;

(xcix) "**Shareholders**" means collectively, the holders of any Equity Shares of the Company;

(c) "**Shareholding Percentage**" shall mean, in relation to any Person holding Shares of the Company, at any time the percentage proportions in which the Share Capital of the Company is held at such time by such Person and its Affiliates;

(ci) "**SIDBI**" means the Small Industries Development Bank of India;

(cii) "**SIDBI Shares**" means the Equity Shares subscribed for by SIDBI pursuant to the SIDBI Subscription Agreement and/or otherwise held by SIDBI from time to time;

(ciii) "**SIDBI Subscription**" means the subscription for Equity Shares by SIDBI in accordance with the terms of the SIDBI Subscription Agreement;

(civ) "**SIDBI Subscription Agreement**" means the subscription agreement dated April 24, 2015 entered into between SIDBI, Company, NOFHC and BFSL;

(cv) "**SIDBI Subscription Date**" shall have the meaning ascribed to "Subscription Date" under the SIDBI Subscription Agreement;

(cvi) "**Special Resolution**" and "**Ordinary Resolution**" shall have the meanings assigned thereto respectively by Section 114 of the Act;

(cvii) ""**Subsidiary**" shall have the meaning given to it in the Act;

(cviii) "**Subscription Date**" means the earlier of the IFC Subscription Date and the Caladium Subscription Date;

(cix) "**Tagged Shares**" shall have the meaning ascribed thereto in Article 229(c);

(cx) "**Tag Along Notice**" shall have the meaning ascribed thereto in Article 229(b);

(cxi) "**Tag Along Right**" shall have the meaning ascribed thereto in Article 229(a);

(cxii) "**Tag Along Shares**" shall have the meaning ascribed thereto in Article 229(a);

(cxiii) "**Tag Along Period**" shall have the meaning ascribed thereto in Article 229(c);

(cxiv) "**Tribunal**" means "**National Company Law Tribunal**" constituted under the Act.

(cxv) "**Transaction Documents**" means:

(a) the Articles;

(b) the IFC Subscription Agreement dated 24 April 2015 between, *inter alia*, IFC and the Company;

(c) the Caladium Subscription Agreement dated 24 April 2015 between, *inter alia*, Caladium and the Company;

(d) the SIDBI Subscription Agreement dated 24 April 2015 between, *inter alia*, SIDBI and the Company;

(e) the Divestment Agreement dated 24 April 2015 between, *inter alia*, IFC, Caladium, SIDBI and NOFHC; and

(f) any other agreement entered into between the Parties;

(cxvi) "**Transfer**" means, whether directly or indirectly, any transfer, sale, conveyance, assignment, pledge, hypothecation, creation of security interest in or lien on or Encumbrance on, placing in trust (voting or otherwise) or any other disposal or transfer by operation of law or in any other way subject to any Encumbrance or dispose of, whether or not voluntarily, and "**Transferring**" and "**Transferred**" have corresponding meanings.

Board Composition

Article 118 provides that:

(a) The Board shall comprise of a maximum of 15 (fifteen) Directors including: (i) the IFC Nominee Director; (ii) the Caladium Nominee Director, to the extent such Nominee Director is nominated by the Investors. For the avoidance of doubt, the NOFHC will have the right to identify and propose for appointment in such manner as it deems fit all Directors on the Company's Board of Directors (other than the Nominee Directors) and the Company shall appoint such persons identified by the NOFHC as Directors, in accordance with Applicable Law including the RBI Guidelines, Section 10 of the 1949 Act and the 'fit and proper' criteria stipulated by RBI.

(b) Subject to Applicable Law including the RBI Guidelines, Section 10 of the 1949 Act and the 'fit and proper' criteria stipulated by RBI, the Nominee Directors shall be nominated by the Investors in the following manner:

    (a) IFC shall have the right exercisable by notice in writing to the Company, to nominate one (1) individual as a Director (the "**IFC Nominee Director**");

    (ii) Caladium shall have the right exercisable by notice in writing to the Company, to nominate one (1) individual as a Director (the "**Caladium Nominee Director**").

(c) Notwithstanding anything to the contrary contained in Article 118(a), the Board shall at all times comprise of such number of Independent Directors as required by Applicable Law and BFSL and the NOFHC shall consult with the Investors and arrive at a mutually acceptable framework for selecting Independent Directors for the Board, including identification of the relevant skills set, profile of ideal candidates and any other requirements, in accordance with Applicable Law for ensuring selection of candidates that are most suitable for the Company. Such mutually acceptable framework will at a minimum, seek to ensure compliance with any applicable criteria set out by the RBI or other Authorities including the provisions of the RBI Guidelines, Section 10 of the 1949 Act and the 'fit and proper' criteria stipulated by RBI. It is hereby clarified that the Investors' affirmative consent will not be required for the appointment of any Independent Director. For the avoidance of doubt, it is clarified that Nominee Directors will not be treated as Independent Directors for purposes of Article 118.

(d) The Nominee Directors (and their respective alternates, if any) shall be non-executive Directors and shall not be responsible for the day-to-day management or operations of the Company. To the fullest extent permitted under Applicable Law, the Nominee Directors (and their respective alternates, if any), shall not be liable for any failure by the Company to comply with Applicable Laws, none of the Nominee Directors (or their respective alternates, if any) shall be or shall be considered or deemed to be an "officer in default" or "officer in charge" or an "occupier" under Applicable Laws. Further, the Company, NOFHC and BFSL shall take all legally permissible steps and actions to ensure that none of the Nominee Directors (or their respective alternates, if any) are construed or deemed as an "occupier" or "officer in charge" or "officer in default" under any Applicable Laws.

(e) The Nominee Directors shall not be liable to retire by rotation.

(f) Mr. Chandra Shekhar Ghosh will be the initial Managing Director of the Company.

(g) Each Shareholder shall exercise its votes in relation to all the Equity Shares held by it at any General Meeting called for the purpose of giving effect to the appointment of the Nominee Directors (including any alternate directors) in accordance with this Section 118.

Article 119 provides that:

Group Company Nominee Director

(a) Each of Caladium and IFC shall have the right, to nominate 1 (one) individual each as director on the board of directors of each Group Company (each such director nominated by Caladium a "**Caladium Group Company**

Nominee Director" and each such director nominated by IFC an "**IFC Group Company Nominee Director**", respectively) and to nominate his/ her alternate.

(b) The provisions of the Articles (except for Articles 118) as applicable vis-à-vis, the Caladium Nominee Director and IFC Nominee Director (and their respective alternate directors if any) and the Company, shall apply *mutatis mutandis* to each Caladium Group Company Nominee Director and IFC Group Company Nominee Director (and their respective alternate directors if any) and each Group Company of which such Caladium Group Company Nominee Director and/or IFC Group Company Nominee Director is a director, respectively.

Subject to Article 118, the Board shall with the approval of the Company in General Meeting appoint the non-retiring Directors from persons nominated by NOFHC, so long as NOFHC singly or in aggregate holds not less than 40% of the paid-up equity share Capital in the Company.

Article 125 provides that subject to Applicable Law, each Director shall be entitled to nominate, by written notice to the company secretary of the Company, an individual to act as his/ her alternate Director, and the Board shall appoint the individual nominated in writing by a Director as the alternate Director of that Director. Each Investor may also by notice in writing to the Company, nominate the individual to be appointed as an alternate Director for its respective Nominee Director, and the Board shall act upon the nomination of such Investor, by appointing the individual nominated in writing by such Investor as the alternate Director of that Investor's respective Nominee Director. Subject to Applicable Law, an alternate Director appointed in accordance with this Article shall be considered/ counted for constitution of quorum at meetings of the Board (or any committee thereof) and shall be entitled to attend and vote at such meetings in place (and in the absence) of the Director for whom he/ she has been appointed as an alternate (the "**original Director**"), and generally to perform all functions of the original Director during the absence of the original Director from India for such periods as may be prescribed under Applicable Law from time to time. All decisions or approvals of an alternate Director shall be binding on the original Director.

Remuneration of Directors

Article 127 provides that the Board shall adopt and maintain a director remuneration and expense reimbursement policy providing for the payment of directors' fees and reimbursement of expenses to any Director who is not an employee of the Company. Such policy shall include reimbursement of the reasonable expenses incurred by such Directors: (i) in attending a board or committee meeting or a General Meeting or any other meeting which the Director is requested to attend in his capacity as a Director of the Company (including the reasonable costs of travel and attendance of each Nominee Director or his/ her alternate); and (ii) in obtaining independent legal or professional advice in furtherance of his or her duties as a Director.

Removal of Directors

Article 137 provides that:

(a) Each Investor shall have a right to require by written notice to the Company, the removal of its respective Nominee Director (including, for the avoidance of doubt the respective alternate of such Nominee Director) and the appointment of any other individual in place of its respective Nominee Director so removed, and to fill any vacancy in the office of its respective Nominee Director. The Board shall duly consider and promptly give full effect to all such requirements of each Investor. Each Investor shall also be entitled, in the event of the resignation or retirement of its respective Nominee Director, to nominate by notice in writing to the Company, another individual as its respective Nominee Director in place of such resigning or retiring Nominee Director, and the Board shall promptly appoint such individual as a Director. It is specifically clarified that prior to any appointment (including replacement) of its respective Nominee Director, the relevant Investor, shall inform the Company of the name and background of the individual proposed to be appointed as its respective Nominee Director by the relevant Investor, and if the Company has any genuine concerns relating to the appointment of such individual as a Director and such concerns are communicated in writing by the Company to the relevant Investor, within 3 (three) Business Days of the aforesaid information being provided by the relevant Investor to the Company, then the relevant Investor shall give due consideration to such concerns provided however, that the Company and/ or the Board shall not be entitled to refuse or prevent the appointment of any such individual as the respective Nominee Director of the relevant Investor.

Provided however, that in the event that the right to appoint a Nominee Director is assigned or transferred by an Investor to a third party pursuant to Article 231(c) then such third party shall not be entitled to nominate any Person who is a director on the board of directors of any other banking company (as defined in the 1949 Act).

(b) Without prejudice to anything contained in Article 118(e), if the period of office of the Nominee Directors is liable to determination by retirement of Directors by rotation under Applicable Law, then the Company and BFSL shall ensure in the case of each Nominee Director that such Nominee Director is re-appointed as the first item of business at the General Meeting at which such Nominee Director is required to retire.

Quorum

Article 141 provides that:

(a) The quorum for any Board meeting and for a meeting of a committee of the Board shall be as prescribed under the Act.

(b) If no quorum is present by the appointed time for any meeting of the Board (the “original Board meeting”) in accordance with Article 141(a), that original Board meeting shall stand adjourned to the same day in the next week at the same time and place and the quorum at such adjourned meeting of the Board shall be as per Applicable Law, provided that:

  (i) written notice of the adjournment of the original Board meeting was given to each Director at his/ her address notified by him/ her to the Company in writing from time to time and additionally, by electronic mode to the email address (if any) as may be notified by each Director to the Company from time to time, not less than 5 (five) Business Days before the date of the adjourned meeting;

  (ii) no business or items may be tabled, considered, discussed, dealt with or put to the vote at the adjourned meeting which were not specifically set out on the written agenda for the original Board meeting unless agreed unanimously by all Directors.

(c) The Company shall facilitate/ enable the Directors to exercise their right to vote on every resolution at every meeting of the Board, through such means of remote participation and voting as is permitted under Applicable Law from time to time. In accordance with Applicable Laws, any Director may participate in and also vote at a meeting of the Board by means of such remote participation and voting. Where any Director participates in a meeting of the Board by any of the means described in the preceding sentence of this Article 141(c), the Company shall ensure that such Director is provided with a copy of all documents to be referred to during such Board meeting before the Board meeting commences.

(d) The Company shall have in place a conflict of interest policy that will require a Director to immediately disclose to the Board any interest or conflict that he or she may have on a matter on which the approval or ratification by the Board is being sought. Such Director shall abstain (and if he or she does not abstain, shall be deemed to have abstained) from voting on the approval or ratification of the proposed agreement, arrangement or transaction.

Committee of directors

Article 145 provides that:

(a) The Board of Directors may constitute such committees of directors as may be required under the Act or 1949 Act or other law as may be applicable from time to time.

(b) The Board shall constitute and at all times maintain the following committees whose members shall all be Directors, unless otherwise specified in the Articles:

  Audit Committee;

  Corporate Governance Committee; and

  Nominations & Compensation Committee.

(c) In addition to the above committees, the Company shall set up and maintain such other committees as may be required by Applicable Law, including the RBI Guidelines, or if the Board finds it necessary to constitute a committee or committees

(d) The Investors shall cumulatively have the right to select 1 (one) Nominee Director (to be selected jointly by the Investors and notified in writing to the Company), as a member of all committees of the Board (or such of them as the Investors may elect), from time to time. The Company, BFSL and the NOFHC shall procure that the Board shall take all actions to give effect to the provisions of Article 145.

(e) The provisions relating to notice and voting for Board meetings as set out in Articles shall apply mutatis mutandis to any meeting of the committees of the Company.

(f) Any financial audit of the Company must be in compliance with the applicable accounting standards and approved by the Audit Committee

Business Plan Committee and Corporate Governance Improvement Plan

Article 148 provides that:

(a) The Company shall constitute the Business Plan Committee which would be responsible for reviewing and finalising the Business Plan and recommending the same for adoption by the Board.

(b) Each Financial Year, the senior management of the Company shall prepare the proposed updated amended Business Plan for the forthcoming Financial Year period. Such updated amended Business Plan for the forthcoming Financial Year period will be prepared and submitted to the Business Plan Committee at least thirty (30) Business Days before the start of each Financial Year. The Business Plan Committee shall discuss and review the updated amended Business Plan and make its recommendations to the senior management.

(c) The senior management of the Company shall revise the proposed Business Plan taking into account the recommendations of the Business Plan Committee and thereafter at least fifteen (15) days prior to the commencement of each Financial Year, recommend the said revised Business Plan for adoption by the Board.

The Business Plan Committee and the Board will take into account and give due consideration to the Business Principles while reviewing, recommending and adopting, as the case may be, the Business Plan.

(d) The Board shall set up a body or assign responsibility to an existing corporate body to oversee the implementation of the Corporate Governance Improvement Plan, adopted by the Board as per the terms of any agreement entered into between the Parties in this regard. The Board shall periodically, consistent with the deadlines set forth in the Corporate Governance Improvement Plan or the Policy rights Agreement, as the case may be, provide written reports to the Investors on the progress of implementation of the Corporate Governance Improvement Plan and any delays in implementation or deviations from the agreed Corporate Governance Improvement Plan.

Group Companies

Article 157 provides that the Company shall forthwith, and in any event within seven (7) days of, the incorporation of any Group Company, or of any company becoming a Group Company notify the Investors in writing of, such incorporation of or of the relevant company having become a Group Company, as the case may be;

Further, upon Caladium and IFC, as the case maybe, exercising their respective individual right to nominate an individual as the Caladium Group Company Nominee Director and the IFC Group Company Nominee Director of the Group Company, the Company shall cause that Group Company, to appoint the said individuals as the Group Company Nominee Directors, within thirty (30) Business Days of the exercise of the said nomination right or at the immediately succeeding board of directors meeting of that Group Company, whichever is earlier.

Key Employees

Article 158 provides that the Company, NOFHC and BFSL will consult with the Investors prior to any appointment or change (including any removal or replacement) of any of the Key Employees (other than appointment of Mr. Chandra Shekhar Ghosh as the initial Managing Director of the Company) of the Company and its Group Companies.

GENERAL REPORTING COVENANTS

Article 159 provides that:

(a) Notwithstanding any provision set out in the Articles, the Company shall furnish, and NOFHC shall procure that the

Company shall furnish and deliver, to each of the Investors the following information:

(i) within forty five (45) days after the end of each quarter of each Financial Year, quarterly unaudited financial statements and MIS statements (a balance sheet as of the end of such quarter and the related statements of income, shareholders' equity and cash flows for the quarter then ended) for the Company on a consolidated and an unconsolidated basis, if any, prepared in accordance with the Accounting Standards in the form in the form agreed to pursuant to any agreement executed by and amongst between the Parties in writing within 45 (forty five) days of the end of such quarter; and

(iii) within (forty five) (45) days of the end of each month, monthly management reports with respect to the Company; and

(iv) no later than forty-five (45) days before commencement of each Financial Year, the proposed annual Business Plan; and

(vi) the final Business Plan for each Financial Year, no later than ten (10) days after the said Business Plan is approved and adopted by the Board (based on the recommendations of the Business Plan Committee in accordance with the terms of the Articles); and

(vii) no later than twenty one (21) days (or a shorter period, if a shorter notice period is agreed to by all the Shareholders, in accordance with the Articles) before the General Meeting, the notice, agenda and relevant meeting materials for the General Meeting; and

(viii) no later than fifteen (15) days after each General Meeting, the minutes thereof reflecting decisions adopted at such meeting; and

(ix) until the implementation of the Corporate Governance Improvement Plan is satisfactorily completed, no later than ninety (90) days after the end of each Financial Year, a written report outlining the Company's progress in implementing the Corporate Governance Improvement Plan; and

(x) simultaneously with delivery to the Directors, the notice, agenda and relevant materials sent to them for meetings of the Board; and

(xi) no later than fifteen (15) days after each Board meeting, the minutes thereof reflecting decisions adopted at such meeting; and

(xii) within 60 (sixty) days after the end of each quarter of each Financial Year, provide each Investor with a report on compliance with the requirements of the financial covenants set out in any agreement executed by and amongst the Parties in writing; and

(xiii) at least 30 (thirty) days prior to any change in the Financial Year, details of such change in the Financial Year.

(b) The Company shall promptly (and in any event, within 7 (seven) days from the date of a request) provide to each Investor such information as each Investor from time to time requests with regard to the Company, if any, including, without limitation, copies of correspondence from the Company's regulators, financial information and information about the performance of the business of the Company. The Company shall provide to the IFC Nominee Director and the Caladium Nominee Director all information as and when provided to any other Director in his or her capacity as a Director and, at any Investor's request and to the extent consistent with Applicable Law, shall also provide such information to such Investor. The IFC Nominee Director and the Caladium Nominee Director may provide to IFC and Caladium respectively any information that the IFC Nominee Director or the Caladium Nominee Director receives in his or her capacity as a Director, including, without limitation, any information related to Bank Operations, and may provide periodic reports to IFC and Caladium respectively related to the discharge of his or her duties as a Director.

(d) The NOFHC and the Company shall procure that each of the Group Companies shall provide to each Investor, the information and access specified above in relation to each of the Group Companies on the basis that the reporting covenants as set out in this Article 159 shall apply mutatis mutandis with respect to each of the Group Companies.

(e) Any of the Investors may, by written notice to the Company, elect not to receive any of the information described in this Article 159. In this case, the Company shall provide such Investor(s) with copies of all information publicly disclosed and/or filed, in compliance with the rules and regulations of any regulator and other Applicable Law.

IFC Policy Reporting Covenant

Article 160 provides that:

(a) Subject to Applicable Law, the Company shall promptly notify each Investor upon becoming aware of any: (i) litigation or investigations or proceedings which have or may reasonably be expected to have a Material Adverse Effect; or (ii) any criminal investigations or proceedings against the Company, any Group Company or any Related Party of the Company or any Group Company, and any such notification shall specify the nature of the action or proceeding and any steps that the Company or such Related Party proposes to take in response to the same.

(b) Upon IFC's request, and with reasonable prior notice to the Company, the Company shall permit representatives of IFC and the CAO, and upon Caladium's request, and with reasonable prior notice to the Company, the Company shall permit Caladium and/ or its authorized representatives, in each case, during normal office hours, to:

(i) visit any of the sites, properties and premises where the business of the Company or its Group Companies, if any, is conducted;

(ii) inspect any of the offices, branches and other facilities of the Company or its Group Companies, if any;

(iii) have access to the books of account and all records (including corporate and financial records) of the Company and its Group Companies, if any; and

(iv) have access to those employees and agents of the Company and its Group Companies, if any, who have or may have knowledge of matters with respect to which IFC or the CAO or Caladium, as the case may be, seeks information and/ or to discuss the business or finances of the Company and/ or such Group Companies;

provided that: (A) no such reasonable prior notice shall be necessary if special circumstances so require and (B) in the case of the CAO, such access shall be for the purpose of carrying out the CAO's Role.

(c) The Company shall and shall ensure that each of its Group Companies, if any, shall:

(i) within ninety (90) days after the end of each Financial Year, deliver to IFC the corresponding S&E Performance Report confirming compliance with the SEMS Plan, the social and environmental covenants set forth in the Articles and Applicable S&E Law, or, as the case may be, identifying any non-compliance or failure, and the actions being taken to remedy it, and including such information as IFC shall reasonably require in order to measure the ongoing development results of IFC's investment in the IFC Shares, (which information IFC may hold and use in accordance with IFC's Access to Information Policy, dated January 1, 2012); and

(ii) within three (3) days after becoming aware of the occurrence, notify IFC of any social, labor, health and safety, security or environmental incident, accident or circumstance with respect to any Client or in relation to any Client Operations having, or which could reasonably be expected to have, any material adverse social and/or environmental impact or any material adverse impact on the implementation or operation of the Client Operations in compliance with the S&E Requirements, specifying in each case the nature of the incident, accident, or circumstance and the impact or effect arising or likely to arise therefrom, and the measures the Company and/or the Client is taking or plans to take to address them and to prevent any future similar event; and keep IFC informed of the on-going implementation of those measures;

(d) The Company shall and furnish to each Investor, within ninety (90) days after the end of each Financial Year, at least one of the following:

(i) a report by the AML/CFT Officer on the implementation of, and compliance with, the Company's and the Group Companies', if any, AML/CFT policies, procedures and controls;

(ii) an internal or external auditor's assessment on the adequacy of the Company's and its Group Companies', if any, AML/CFT policies, procedures and controls; or

(iii) a report by the AML/CFT regulator of the Company and its Group Companies, if any, concerning the

Company's and its Group Companies', if any, compliance with local AML/CFT laws and regulations.

(e) The Company shall furnish to each Investor, within thirty (30) days after the expiry of any of the insurance policies referred to in any agreement between the Parties, a certificate from an Authorized Representative confirming that, as of the date of such certificate, the Company and its Group Companies, if any, maintain the insurance policies required to be maintained pursuant to any agreement between the Parties and providing a detailed explanation of any material changes in such insurance policies.

(f) Any of the Investors may, by notice to the Company, elect not to receive any of the information described in this Article 160. In this case, the Company shall provide such Investor, with copies of all information publicly disclosed and/or filed by the Company and Group Companies, if any, in compliance with the rules and regulations of any regulator and any Applicable Law.

RIGHTS OF THE INVESTORS

Article 229 provides that:

Subject to Articles and Applicable Law including the applicable provisions of the RBI Guidelines and the 1949 Act,

(a) In the event that the NOFHC proposes to sell, any of its Shares held in the Company ("**Proposed Sale**" and such Shares the "**Tag Along Shares**") to any Person, then each of the Investors shall, have the option, exercisable at their respective sole discretion, to require the NOFHC to include in the proposed sale, up to such number of Entitlement Shares as is determined in accordance with Article 229 (i) at the same price and on the same terms as have been offered to the NOFHC. This right of the Investors contained herein is called the "Tag Along Right". The Tag Along Right set forth in this Article is not exercisable, "one time only" but rather shall apply in each case of a proposed sale by the NOFHC subject to the terms of the Articles.

(b) In case of a Proposed Sale, the NOFHC shall first give a written notice (hereinafter referred to as "Tag Along Notice") to each of the Investors. The Tag Along Notice shall state:

   (i) the Tag Along Shares, the number and class of Shares in the Company that the NOFHC owns at that time on an undiluted basis, the maximum number of Shares that the proposed transferee (the "Tag Purchaser") is willing to purchase (the "Sale Shares") and the number of Entitlement Shares in respect of each Investor,

   (ii) the name (including the name of the ultimate beneficial owners) and address of the Tag Purchaser,

   (iii) the proposed price, including the proposed amount and form of consideration and terms and conditions offered by such Tag Purchaser (collectively the "Sale Terms"),

   (iv) the proposed date of consummation of the Proposed Sale,

   (v) a representation from the NOFHC that the Tag Purchaser has been informed/ made aware of the Tag Along Right provided for in the Articles, and

   (vi) a representation from the NOFHC that no consideration, tangible or intangible, is being provided, directly or indirectly, to the NOFHC that is not reflected in the Sale Terms. In the event that the proposed consideration for the Proposed Sale includes consideration other than cash, the Tag Along Notice shall include a calculation of the fair market value of such consideration and an explanation of the basis for such calculation. The Tag Along Notice shall be accompanied by a true and complete copy of all documents (if any) constituting the agreement between the NOFHC and the Tag Purchaser regarding the Proposed Sale.

(c) Each of the Investors shall be entitled to, at its sole discretion, respond to the Tag Along Notice by serving a written notice (the "Response Notice") on the NOFHC prior to the expiry of 30 (thirty) Days from the date of receipt of the Tag Along Notice ("Tag Along Period") requiring the NOFHC to ensure that the Tag Purchaser also purchases such number of Shares (not exceeding such Investor's Entitlement Shares) that such Investor (each such Investor, an "Exercising Investor" and collectively the "Exercising Investors") holds in the Company which the Exercising Investor wishes to sell (in relation to each Investor, the "Tagged Shares"), to the Tag Purchaser on the Sale Terms. No Exercising Investor shall be required to provide any representations or warranties or indemnities, other than in respect of its title to its Tagged Shares, to the Tag Purchaser.

(d) If any of the Investors deliver a Response Notice to the NOFHC in accordance with Article 229(c), then the completion of the purchase by the Tag Purchaser of the Tagged Shares of each Exercising Investor and the Tag Along Shares of the NOFHC shall:

(i) occur simultaneously; and

(ii) (unless the Exercising Investors agree otherwise in writing), (a) in the event no Consents and Authorizations are required for such purchase, be completed on or before the date which is 50 (fifty) days after the expiry of the Tag Along Period, or (b) in the event any Consents and Authorizations are required for such purchase, within 7 (seven) Days of the date on which all such Consents and Authorizations have been granted (which shall in no event be later than 60 (sixty) Days after the expiry of the Tag Along Period). It is hereby clarified that in the event that such Consents and Authorizations cannot be obtained within such time period then the sale of the Tag Along Shares to the Tag Purchaser will not be completed and the provisions of this Article 229 shall apply again to the Tag Along Shares.

(e) It shall be the responsibility and liability of the NOFHC to ensure that, along with the Tag Along Shares, the Tag Purchaser also acquires the Tagged Shares of each Exercising Investor as specified in their respective Response Notices on the Sale Terms within the time period specified in Article 229(d)(ii) above. In the event the Tag Purchaser fails (for any reason whatsoever, including any limitation under Applicable Law) to purchase any Tagged Shares of any Exercising Investor on the Sale Terms within the time period specified in Article 229(d)(ii) above, then the provisions of this Article 229 shall apply again to the Tag Along Shares, and the NOFHC shall not be entitled to sell any of its Shares (including the Tag Along Shares) to the Tag Purchaser or any other Person, without first complying with the provisions of this Article 229, and if any Tag Along Shares are purported to be sold without first complying with the provisions of this Article 229, such sale shall be null and void.

(f) In the event none of the Investors deliver a Response Notice to the NOFHC prior to the expiry of the Tag Along Period, then, upon the expiry of the Tag Along Period, the NOFHC shall be entitled to sell the Tag Along Shares to the Tag Purchaser mentioned in the Tag Along Notice on the Sale Terms within the period specified in Article 229(d)(ii) above. If the sale of the Tag Along Shares by the NOFHC to the Tag Purchaser on the Sale Terms is not completed within the period specified in Article 229(d)(ii) above, the provisions of this Article 229 shall apply again, and the NOFHC shall not be entitled to sell any of its Shares (including the Tag Along Shares) to the Tag Purchaser or any other Person, without first complying with the provisions of this Article 229.

(g) Any sale of the Tag Along Shares and/ or any Tagged Shares in accordance with this Article 229 shall be subject to the following:

(i) the Tag Purchaser shall execute an Accession Instrument as a condition precedent to such sale; and

(ii) the NOFHC shall provide to each Investor, documentation evidencing the completion of the purchase of the Tag Along Shares and/ or the Tagged Shares of each Exercising Investor by the Tag Purchaser on the Sale Terms as well as an original of the Accession Instrument executed by the Tag Purchaser within ten (10) Days of the consummation of the said sale.

(h) For the avoidance of doubt, where any prior Consents or Authorizations are required for a sale of any of the Tagged Shares or any of the Tag Along Shares pursuant to this Article 229, then the respective Parties shall use their best endeavours to obtain any such required Consents and Authorisations and if any such Consent or Authorization is finally withheld, the NOFHC shall not be entitled to sell any of the Tag Along Shares in respect of which the Exercising Investors had exercised their Tag Along Right.

(i) The maximum number of Shares that each Investor shall be entitled to offer while exercising its Tag Along Rights (the “Entitlement Shares”) shall be determined as follows:

(i) if the Proposed Sale would result in the collective Shareholding Percentage of the NOFHC (which shall not include the Shareholding Percentage of the NOFHC’s Affiliates) falling below forty per cent (40%) of the Share Capital, each Investor shall be entitled (but not obliged) to Transfer up to all of the Shares held by it; or

(ii) if the number of Shares that will remain with any Investor pursuant to a Proposed Sale in which the Investor exercises its Tag Along Right in respect of a number of Shares that is computed in accordance with Article 229(i)(iv) below, is equal to or less than one third of the Shares as held by such Investor on the later of the IFC Subscription Date and the Caladium Subscription Date) (excluding the number of Tagged Shares previously Transferred by such Investor in accordance with the terms of this Article 229), then such Investor shall be entitled (but not obliged) to Transfer up to all of the Shares held by it; or

(iii) in the event any Investor holds, prior to the Proposed Sale, less than one third of the Shares as held by such Investor on the later of the IFC Subscription Date and the Caladium Subscription Date), then such Investor shall be entitled (but not obliged) to Transfer up to all of the Shares held by it; or

(iv) in each other case of a Proposed Sale (not covered in sub-sections (i) to (iii)) above, each Investor shall be entitled (but not obliged) to Transfer such number of Shares held by it that bears to all the Shares held by such Investor the same proportion that the Tag Along Shares bear to all the Shares held by the NOFHC.

It is hereby clarified that all the Shares that an Investor is entitled to Transfer in accordance with the terms of Article 229 shall be deemed to be the 'Entitlement Shares' of such Investor for purposes of Article 229.

In any sale of Shares by the NOFHC where any Investor has exercised its Tag Along Right, if the Tag Purchaser is not willing to purchase all the Tagged Shares, then the NOFHC shall not be entitled to sell any Shares to such Tag Purchaser. Further, it is hereby clarified that under no circumstances shall the NOFHC be entitled to sell any Shares in excess of the Tag Along Shares in any Proposed Sale.

(j) Any Transfer of Shares pursuant to the terms of Article 229 which results in a Shareholder of the Company or any other person (in each case, by itself or acting in concert with any other person) acquiring 5% or more of the paid-up equity share capital or voting rights of the Company shall be made with the prior approval of RBI and subject to the provisions of the RBI Guidelines and the 1949 Act.

Article 230 provides that:

(a) Each Shareholder shall have the right to purchase its *pro-rata* share of New Securities (as defined below) in the manner set out below.

(b) If the Company proposes to issue New Securities, it shall give each Shareholder written notice of its intention, describing the New Securities, their price, and their general terms of issuance, and specifying each Shareholder's entitlement to subscribe to such New Securities which shall be determined on the basis of the inter se pro-rata Shareholding Percentage of the Shareholders (the "Issue Notice"). Each Shareholder shall have 30 (thirty) Days after any such notice is delivered to them to give the Company written notice that it agrees to purchase part or all of its pro-rata share of the New Securities for the price and on the terms specified in the Issue Notice (the "Subscription Notice"). Each Shareholder may also notify the Company in the Subscription Notice that it is willing to buy a specified number of the New Securities in excess of its pro-rata share of such issuance ("Additional Securities") for the price and on the terms specified in the Issue Notice.

(c) For the avoidance of doubt, the Company shall not issue any New Securities until the expiry of the 30 (thirty) Day period.

(d) If any of the Shareholders has indicated that it is willing to buy Additional Securities, the Company shall give such Shareholder, a written notice stating the total number of New Securities not taken up by the other Shareholder(s) ("Unpurchased Securities") and (in the event more than one Shareholder has expressed its willingness to buy Additional Securities) each such Shareholder's pro-rata share of the Unpurchased Securities which shall be determined on the basis of the inter se Shareholding Percentage of each Shareholder that has indicated that it is willing to subscribe to Additional Securities, within 5 (five) Days of the expiry of the 30 (thirty) Day period referred to in Article 230(b). In any event, within 5 (five) Days of the expiry of the 30 (thirty) Day period referred to in Article 230(b), the Company shall give to each Shareholder that has issued a Subscription Notice, a notice which shall specify the particulars of the payment process for the New Securities to be purchased by such Shareholder(s) pursuant to the Subscription Notice.

(e) On the 10th (tenth) Business Day after expiry of the 30 (thirty) Day period referred to in Article 230(b):

(i) each Shareholder that exercises its preemptive right as provided in this Article 230 shall subscribe for the number of its pro-rata shares specified in the Subscription Notice;

(ii) if any Shareholder has indicated that it is willing to buy Additional Securities, such Shareholder shall also subscribe for the lower of the number of the Additional Securities specified in its Subscription Notice and its pro-rata share of the Unpurchased Securities;

(iii) the Shareholder(s) exercising its preemptive right as provided in this Article 230 shall pay the relevant consideration to the Company;

(iv) the Company shall register in its share registry and in the name of the concerned Shareholder(s) the number of New Securities for which such Shareholder(s) has/have subscribed; and

(v) the Company shall issue new certificates to the concerned Shareholder(s) representing the number of New Securities for which such Shareholder(s) has/have subscribed.

(f) In the event that the Shareholders fail to subscribe to any New Securities (including the Unpurchased Securities), the Board shall be free to dispose of such New Securities (including the Unpurchased Securities), in such manner as it deems fit.

(g) "New Securities" shall mean any Equity Shares of the Company or any Equity Securities; provided, that the term "New Securities" does not include: (i) Equity Shares (or options to purchase Equity Shares) issued or issuable to officers, Directors and employees of, or consultants to, the Company pursuant to an employee stock plan that has been approved by the Board in accordance with the Articles; or (ii) any Equity Shares required to be issued on conversion of any Equity Securities (including any loans with conversion option obtained by the Company), provided that the issuance of such Equity Securities or obtaining such loans with conversion options was consented to by all the Shareholders.

(h) It is hereby clarified that any issue of New Securities which results in any Shareholder of the Company or any other person (in each case by itself or acting in concert with any other person) acquiring 5% or more of the paid-up equity share capital or voting rights of the Company shall be made with prior approval of RBI.

SHARE TRANSFERS

Article 231 provides that:

(a) Notwithstanding anything to the contrary in the Articles (except Article 234), each Investor shall at all times be entitled to freely Transfer all or any of the Shares (along with, at its discretion but subject to Article 237 (Successors and Assigns), assignment and transfer of all or any of its rights under the Articles) held by such Investor in the Company to any Person.

(b) No Investor shall at any time be required to pledge and/ or otherwise Encumber any/all of its Shares, as and by way of security for any indebtedness of the Company and/ or any of the Group Companies or provide any guarantee or other support or any negative lien to any Person, including, without limitation, the lenders of the Company and/ or any of the Group Companies.

(c) In the event any Investor proposes to Transfer any of its Shares, BFSL, NOFHC and the Company:

(i) shall provide all necessary support, including the sharing of any Confidential Information in relation to the Company and/ or any Group Company, to allow a due diligence exercise to be conducted and to facilitate the evaluation of the Transfer of all or part of such Investor's Shares by the Person to whom or in whose favour such Investor proposes to Transfer all or part of its Shares (subject to receipt of a confidentiality undertaking substantially in accordance with the provisions of any agreement entered into amongst the Parties in favour of the Company); and

(ii) shall and shall procure and ensure that each Group Company shall, provide reasonable access to their respective board members, management and staff and information as requested by any such proposed transferee and otherwise facilitate any Transfer of all or part of such Investor's Shares.

New Shareholders

Article 231 provides that notwithstanding anything to the contrary in the Articles but subject to the provisions of Article 229 (*Tag Along Rights of the Investors*), Article 230 (*Pre-emption rights of the Shareholders*), Article 231 (*Free Transferability of Investor Shares*), Article 233 (*New Shareholders*), Article 234 (*Restricted Transfers*) and Article 235 (*Free Transferability of SIDBI Shares*), as applicable to the relevant Person holding Shares in the Company, if a Person holding Shares in the Company wishes to Transfer any Shares in the Company to a Person that is not already a shareholder in the Company, following which Transfer such Person will hold Shares in the Company representing more than 1% (one per cent) of the Share Capital, then the transferring shareholder shall be required to, as a condition to the Transfer, ensure that the transferee:

(a) executes an Accession Instrument confirming that it shall be bound by the Articles (with respect to the obligations of the transferring shareholder) in respect of all Shares in the Company held or to be held by such transferee and promptly provides copies of such executed Accession Instrument to each of the other Parties to the Articles; and

(b) delivers to each of the other Parties to the Articles: (i) a copy of the applicable corporate documentation of such Person authorizing the execution of the Accession Instrument and the subscription or purchase of the applicable Shares in the Company; and (ii) any other documentation reasonably requested by any Party to the Articles.

Restricted Transfers

Article 234 provides that:

(a) Without prejudice to the provisions of Articles 231 (*Free Transferability of Investor Shares*), 233(*New Shareholders*) and 235 (*Free* Transferability of SIDBI Shares), till such time as IFC holds any Shares in the Company:

    (i) Neither the NOFHC nor any other Person holding Shares (including the Investors) shall Transfer any Shares in the Company to any of the individuals or entities named on (A) lists promulgated by the United Nations Security Council or its committees pursuant to resolutions issued under Chapter VII of the United Nations Charter; or (B) the World Bank Listing of Ineligible Firms (see www.worldbank.org/debarr); and

    (ii) each of BFSL and the NOFHC shall cause the Company to, and the Company shall, refuse to recognize any purported Transfer of Shares in the Company in violation of Article 234(a)(i), or record or register any such Transfer of Shares in the Company in its share registry. Any Transfer made in breach of Article 234(a)(i) shall be null and void.

(b) For avoidance of doubt, Article 234 shall not apply in the case of sale of Shares of the Company on any trading market by the NOFHC or the other holders of the Shares after the consummation of an IPO/Listing.

Article 235 provides that notwithstanding anything to the contrary in the Articles (except Article234), SIDBI shall at all times be entitled to freely Transfer all or any of the SIDBI Shares (along with, at its discretion but subject to Article 237 (*Successors and Assigns*), assignment and transfer of all or any of its rights under the Articles held by SIDBI in the Company to any Person.

EFFECTIVENESS OF THE ARTICLES

Article 236 provides that:

(a) The Articles shall continue in force in respect of each Party (other than the Company and BFSL) in accordance with Article 236. Any amendment/modification of the provisions of the Articles which might affect the rights or obligations of any Shareholder as set out under the Articles shall be amended/modified only with the prior written consent of such Shareholder.

(b) The rights granted to the Investors under Articles 73 (Annual General Meetings), 79 (Notice of General Meeting), 80 (Contents of Notice), 86 (Quorum for General Meeting), 118 (Board Composition), 119 (Group Company Nominee Director), 125 (Appointment of Alternate Director), 127 (Remuneration of Directors), 137 (Removal of Directors), 139 (*Time interval of Board meetings*), 140 (*Meetings of Directors*), 141 (*Quorum*), 142 (*Indemnification for Directors*), 145 (*Committee of Directors*), 148 (*Business Plan Committee*), 149 (*Resolution by Circulation*), 157 (*Group Companies*), 159 (*General Reporting Covenants*), 160 (*IFC Policy Reporting Covenant*), 193 (*Favourable Rights*), 205 (*Appointment of Auditors*), 221 (*IPO*), 222 (*Terms of IPO / Listing*), 223 (*Approval & Cost of IPO / Listing*), 224 (*Increase in Share Capital for IPO / Listing*), 225 (*Investor Participation in an Offering*), 226 (*Indemnity*), 227 (*Investors not to be Deemed promoters*), 228 (*Lock in Restrictions*), 229 (*Tag-Along Rights of the Investors*), 230 (*Pre-emption Rights of the Shareholders*) 231 (*Free Transferability of Investor Shares*), 233 (*New Shareholders*), 234 (*Restricted Transfers*), 235 (*Free Transferability of SIDBI Shares*), 236 (*Effectiveness of the Articles*), 237 (*Successors and Assigns*) (except for the IPO Surviving Provisions only to the extent such provisions are permitted to survive subsequent to Listing) shall be of no further force or effect immediately upon receipt of listing and trading approvals for Equity Shares of the Company, granted by any Recognized Stock Exchange or earlier if required under Applicable Law and/ or by SEBI, in order to enable the completion of the IPO/ Listing provided that no such cessation of effectiveness of any provision of the Articles shall affect or prejudice the rights and/ or obligations of any Party which have accrued or been incurred prior to such termination.

(c) Notwithstanding anything to the contrary contained in the Articles, all rights available to each Investor under Articles 73 (*Annual General Meetings*), 79 (*Notice of General Meeting*), 80 (*Contents of Notice*), 86 (*Quorum for General Meeting*), 118 (*Board Composition*), 119 (*Group Company Nominee Director*), 125 (*Appointment of Alternate Director*), 127 (*Remuneration of Directors*), 137 (*Removal of Directors*), 139 (*Time interval of Board meetings*), 140 (*Meetings of Directors*), 141 (*Quorum*), 142 (*Indemnification for Directors*), 145 (*Committee of Directors*), 148 (Business Plan Committee), 149 (Resolution by Circulation), 157 (Group Companies), 159 (General Reporting Covenants), 160 (IFC Policy Reporting Covenant), 193 (Favourable Rights), 205 (Appointment of Auditors), 221 (IPO), 222 (Terms of IPO / Listing), 223 (Approval & Cost of IPO / Listing), 224 (Increase in Share Capital for IPO / Listing), 225 (Investor Participation in an Offering), 226 (Indemnity), 227 (Investors not to be Deemed promoters), 228 (Lock in Restrictions), 229 (Tag-Along Rights of the Investors), 230 (Pre-emption Rights of the Shareholders) 231 (Free Transferability of Investor Shares), 233 (New Shareholders), 234 (Restricted Transfers), 235 (Free Transferability of SIDBI Shares), 236 (Effectiveness of the Articles), 237 (Successors and Assigns) and all the obligations of each of the Investors under the abovementioned Articles (except those obligations which have accrued or been incurred prior to such termination) shall immediately fall away upon such Investor (together with Affiliates) ceasing to hold less than 1.5% (one point five per cent) of the Share Capital. It is clarified that for the purpose of calculating 1.5% (one point five per cent) of the Share Capital referred to in this Article, the Shares held by any transferee of Shares transferred by any Investor shall not be taken in account unless such transferee is an Affiliate of the transferor Investor.

(d) The cessation of effectiveness of the Articles or cessation of effectiveness with respect to a Party shall be without prejudice to any Person’s accrued rights and obligations at the date of cessation of effectiveness and any legal or equitable remedies of any kind which may accrue in connection therewith prior to such cessation of effectiveness.

SUCCESSORS AND ASSIGNS

Article 237 provides that:

(a) The Company shall not be entitled to assign or transfer any of its rights or obligations under any agreement executed between the Parties in writing. Neither BFSL nor NOFHC may assign or transfer any of their respective rights or obligations under the Articles and pursuant to any agreement executed between the Parties in writing unless:

(i) each of, IFC and Caladium give their prior written consent to such assignment or transfer;

(ii) the assignee or transferee executes an Accession Instrument;

(iii) such assignment or transfer is proposed to be made in connection with a sale of its Shares in accordance with the terms of the Articles and pursuant to any agreement executed between the Parties in writing; and

(iv) such assignment or transfer is generally, made in full compliance with Applicable Law.

For the avoidance of doubt it is clarified that the NOFHC shall be deemed to be subject to the Articles until it has transferred all of its ownership/ holding in the Company (whether Equity Shares or Equity Securities of the Company) in accordance with the terms set forth in the Articles. For the avoidance of doubt it is clarified that at all times all the rights attached to the Shares held by the NOFHC will only be exercised either by the NOFHC or the assignee or transferee.

(b) Each of the Investors and SIDBI may freely assign or transfer or delegate any or all of its rights or obligations under the Articles and pursuant to any agreement executed between the Parties in writing, to an Affiliate, provided that such Investor/SIDBI and their respective Affiliate shall exercise the rights of such Investor as a single block.

(c) Each of the Investors and SIDBI may freely assign or transfer all or any of its rights or obligations under the Articles and pursuant to any agreement executed between the Parties in writing, to a third party transferee in connection with a transfer of Shares, provided that:

(i) all the rights of such Investor under the Articles and pursuant to any agreement executed between the Parties in writing, will only be exercised either by the transferor or such third party transferee other than certain rights as may be specified under any agreement executed amongst the Parties in writing and the following rights attaching to the Shares under Applicable Law and the Articles, which can be exercised on an individual basis by both the transferor and the third party transferee in relation to the Shares held by it: Articles 230 (Pre-emption Rights of the Shareholders), 229 (Tag-Along Rights of the Investors), 231 (Free Transferability of Investor Shares), 193 (Favourable Rights), and 159 (General Reporting Covenants)

(ii) the obligations of the Company, BFSL and the NOFHC as set out in the Articles and pursuant to any agreement executed between the Parties in writing, shall continue towards each of the Investor, such Investor's Affiliate and the third party transferee.

(d) Except as expressly set out in this Article 237, no Party shall assign or transfer in any manner whatsoever any of its rights or obligations in or under these Articles or any agreement executed amongst the Parties in writing.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Bank (not being contracts entered into in the ordinary course of business carried on by our Bank or contracts entered into more than two years before the date of the Draft Red Herring Prospectus and until the date of the Red Herring Prospectus) which are or may be deemed material have been attached to the copy of this Prospectus and delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, were provided for inspection at the Registered Office between 10 A.M. and 5 P.M. on all Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated December 30, 2017 between our Bank, the Selling Shareholders, and the Book Running Lead Managers.

2. Registrar Agreement dated December 29, 2017 between our Bank, the Selling Shareholders and the Registrar to the Issue.

3. Cash Escrow Agreement dated March 9, 2018 between our Bank, the Selling Shareholders, the Registrar to the Issue, the Book Running Lead Managers and the Banker to the Issue.

4. Share Escrow Agreement dated March 4, 2018 between our Bank, the Selling Shareholders and the Share Escrow Agent.

5. Syndicate Agreement dated March 7, 2018 between our Bank, the Selling Shareholders the Book Running Lead Managers and the Syndicate Members.

6. Underwriting Agreement dated March 20, 2018 between our Bank, the Selling Shareholders and the Underwriters.

B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Bank as amended from time to time.

2. Certificate of incorporation dated December 23, 2014.

3. License to carry on business of banking in India dated June 17, 2015.

4. Resolution passed by the Board of Directors in relation to the Issue and other related matters dated December 19, 2017.

5. Resolution passed by our Shareholders in relation to the Issue and other related matters dated December 20, 2017.

6. Consent Letter issued by IFC in relation to the Offer for Sale of its respective portion of the Offered Shares dated December 29, 2017.

7. Resolution passed by the board of directors of IFC FIG in relation to the Offer for Sale of its respective portion of the Offered Shares dated December 7, 2017.

8. Business Transfer Agreement dated February 11, 2015 between our Bank and BFSL.

9. Policy Agreement dated April 24, 2015 executed amongst our Bank, BFSL, BFHL, IFC, Caladium and SIDBI, as amended and supplemented by Accession Instrument dated August 1, 2017 executed by IFC FIG, as amended by the First Amendment Agreement dated December 29, 2017 executed amongst our Bank, BFSL, BFHL, IFC, Caladium, IFC FIG and SIDBI.

10. Copies of the annual reports of our Bank for the Fiscals 2017, 2016, and 2015.

11. The examination reports of the Statutory Auditors dated January 31, 2018 and November 22, 2017 in relation to our Bank's Restated Summary Statements.

12. The Statement of possible special tax benefits dated February 27, 2018 from the Statutory Auditors.

13. Consent dated March 20, 2018, from the Statutory Auditors namely, S. R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of the reports of the Statutory Auditors on the Restated yearly Summary Statements dated January 31, 2018, the Restated nine monthly Summary Statements dated January 31, 2018 and the Restated half yearly Summary Statements dated November 22, 2017 and the statement of possible special tax benefits dated February 27, 2018, included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U. S. Securities Act.

14. Audit report issued by S. R. Batliboi & Co. LLP, Chartered Accountants, statutory auditors of BFSL dated May 30, 2015 and June 21, 2016 and the financial statements of BFSL for the Financial Years 2015 and 2016 included in this Prospectus.

15. Letters of consent from our Directors, our Company Secretary and Compliance Officer, Chief Financial Officer, Indian Legal Counsel to our Bank, Indian Legal Counsel to the Book Running Lead Managers, and International Legal Counsel to the Book Running Lead Managers, the Book Running Lead Managers, Banker to the Issue, the Registrar to the Issue, and as referred to in their specific capacities.

16. Copies of reports titled "SME Report (November, 2017), Microfinance Report (December, 2017), Housing Finance Report (December, 2017)" issued by CRISIL Limited and consent letter dated December 22, 2017 issued by CRISIL Limited in respect of such reports.

17. Due diligence certificate dated December 30, 2017 addressed to SEBI from the Book Running Lead Managers.

18. In-principle listing approvals dated January 10, 2018 and January 16, 2018 issued by BSE and NSE, respectively.

19. Tripartite agreement dated December 18, 2017 between our Bank, NSDL and the Registrar to the Issue.

20. Tripartite agreement dated December 14, 2017 between our Bank, CDSL and the Registrar to the Issue.

21. SEBI observation letter no. SEBI/HO/CFD/DIL-1/OW/P/2018/6087/1, dated February 27, 2018.

22. Resolution passed by the Board of Directors approving the resignation and resignation of Pradip Kumar Saha, the erstwhile Independent Director of our Bank.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Bank or if required by the other parties, subject to compliance with the provisions contained in the Companies Act and other applicable laws.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, or the rules, guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules or regulations made thereunder or guidelines issued, as the case may be. We further certify that all the disclosures and statements in this Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF OUR BANK

________________________	**Dr. Ashok Kumar Lahiri** *(Independent Director (part-time Chairman))*
________________________	**Chandra Shekhar Ghosh** (*Managing Director and Chief Executive Officer*)
________________________	**Bhaskar Sen** (*Independent Director*)
________________________	**Boggarapu Sambamurthy** (*Independent Director*)
________________________	**Chintaman Mahadeo Dixit** (*Independent Director*)
________________________	**Georgina Elizabeth Baker** (*Nominee Director*)
________________________	**Dr. Holger Dirk Michaelis** (*Nominee Director*)
________________________	**Krishnamurthy Venkata Subramanian** (*Independent Director*)
________________________	**Ranodeb Roy** (*Non-Executive Director*)
________________________	**Sisir Kumar Chakrabarti** (*Independent Director*)
________________________	**Snehomoy Bhattacharya** (*Independent Director*)
________________________	**Thekedathumadam Subramani Raji Gain** (*Independent Director*)

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR BANK

________________________	**Sunil Samdani** (*Chief Financial Officer*)

Date: March 20, 2018

Place: Kolkata

DECLARATION

We, International Finance Corporation, hereby confirm that all statements and undertakings specifically made by us in this Prospectus in relation to ourselves, as a Selling Shareholder and our respective portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements including statements made by the Bank or any other person(s) in this Prospectus.

Signed by International Finance Corporation

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Name: Nilesh Shrivastava

Designation: Manager – Portfolio, Financial Institutions Group South Asia

Date: March 20, 2018

DECLARATION

We, IFC FIG Investment Company I, hereby confirm that all statements and undertakings specifically made by us in this Prospectus in relation to ourselves, as a Selling Shareholder and our respective portion of the Offered Shares, are true and correct. We assume no responsibility for any other statements including statements made by the Bank or any other person(s) in this Prospectus.

Signed by IFC FIG Investment Company I

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Name: Sheref Zurga

Designation: Director

Date: March 20, 2018