AU SMALL FINANCE BANK LIMITED

CIN: L36911RJ1996PLC011381
Registered Office: 19-A, DHULESHWAR GARDEN, AJMER ROAD,
JAIPUR – 302001, RAJASTHAN, INDIA
Tel: +91-141 4110060 | Fax: +91-141 4110090
E-mail: investorrelations@aubank.in | Website: www.aubank.in

POSTAL BALLOT NOTICE

(Notice pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014)

Dear Member(s),

NOTICE is hereby given that pursuant to provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013, ("**Act**") read with Rule 20 & 22 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, circulars issued by Ministry of Corporate Affairs dated 08th April 2020, 13th April 2020 and 15th June 2020 ("**MCA Circulars**") and pursuant to all other applicable rules/regulations/guidelines/circulars/notifications (including any statutory modification(s), amendment(s) thereto or re-enactment(s) thereof for the time being in force), AU Small Finance Bank Limited hereinafter referred to as ("**Bank**") is seeking consent of the members of the Bank on special business set out herein below, proposed to be passed by way of Postal Ballot through voting only by electronic means ("**e-voting**").

The Explanatory Statement under Section 102 of the Act setting out the material facts and reasons thereof for the resolutions is also appended herewith for members consideration.

E-Voting Option

Members may note that as required under the provisions of Section 108,110 and other applicable provisions, if any of the Act and the rules made thereunder as applicable in this regard and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Bank has engaged the services of National Securities Depository Limited ("**NSDL**") to provide e-voting facility to members of the Bank.

The Scrutinizer will submit his report to the Managing Director & CEO and in his absence to the Company Secretary as authorized by Chairman after completion of the e-voting and the result of the voting by postal ballot will be announced on or before Sunday, 01st November 2020 by the Managing Director & CEO and in his absence by the Company Secretary of the Bank. The result of the postal ballot will be posted on the Bank's website (https://www.aubank.in/reports/disclosures) and NSDL website (https://www.evoting.nsdl.com) immediately after the declaration of result and the same will also be communicated to BSE Limited and the National Stock Exchange of India Ltd. within stipulated time period as prescribed in this regard.

The resolutions, if approved, will be taken as passed effectively on the last date of e-voting, i.e. Friday, 30th , October 2020 ("deemed date of passing of the resolution mentioned in the postal ballot notice dated 09th September 2020")

SPECIAL BUSINESS:

ITEM NO. 1: TO APPROVE VARIABLE PAY FOR FY 2019-20 AND REMUNERATION FOR FY 2020-21 OF MR. SANJAY AGARWAL (DIN: 00009526), MANAGING DIRECTOR & CEO

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("**Act**") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Section 35B and other applicable provisions, if any, of the Banking Regulation Act, 1949 and the rules, guidelines and circulars issued by the Reserve Bank of India ("**RBI**"), from time to time, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and all other applicable Laws, Rules and Acts, (if any) and subject to all other requisite approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities, (if any) while granting such approvals and pursuant to recommendation of the Nomination and Remuneration Committee and Board of Directors, consent of members of the Bank be and is hereby accorded to pay 70% of Fixed Pay of FY 2019-20 (excluding perquisites on reimbursable basis) as Variable Pay (Performance Bonus) and to continue the Fixed Pay for FY 2020-21 & the same shall continue till any further revision (as mentioned in table below) on the existing terms and conditions as previously approved by RBI for FY 2019-20 to Mr. Sanjay Agarwal, Managing Director & CEO, including authority to the Board to alter components of the remuneration including increment, as may be necessary from time to time, in view of any approvals and conditions as may be given / stipulated by the RBI or any other statutory authority, in such manner as may be decided by the Board.

Fixed Pay		**Existing (FY 19-20)**	**Proposed (FY 20-21)**
1	Salary	74,38,152	74,38,152
2	Dearness allowance	-	-
3	Retiral/Superannuation benefits		
	(a) Provident Fund	23,400	23,400
	(b) Gratuity	3,57,780	3,57,780
	(c) Pension	-	-
	(d) ………		
4	Leave Fare Concession/ Allowance	-	-
5	Other fixed allowances, if any (Consolidated allowance, if any, to be given with details of heads it subsumes)		
	(a) Special Allowance	74,35,764	74,35,764
	(b) House Rent Allowance	37,19,076	37,19,076
	(c) Education Allowance	2,400	2,400
	Total A (1 to 5 above)	**1,89,76,572**	***1,89,76,572**
6	**Perquisites:**		
	i) Free Furnished House and its maintenance	-	-
	ii) Conveyance Allowance/Free use of bank's car for (2 Cars) (a) Official purposes (b) Private purposes	 10,00,000 -	 10,00,000 -
	iii) Driver(s)' salary (2 Chauffer)	8,00,000	8,00,000
	iv) Club Membership(s)	-	-
	v) Reimbursement of medical expenses	-	-
	vi) Any other perquisites (please specify) • Servant allowance (2 persons) • Other benefit – Insurance	 4,00,000 20,000	 4,00,000 20,000
	Total B (6 (i) to (vi) above)	**22,20,000**	**22,20,000**
	Total Fixed Pay (A + B) (including perquisites) (in INR)	**2,11,96,572**	**2,11,96,572**

*****Total A is voluntarily relinquished for FY20-21.

RESOLVED FURTHER THAT pursuant to RBI Circular No. RBI/2019- 20/89 DOR.Appt.BC.No.23/29.67.001 /2019-20 dated 04th November, 2019 ("**RBI Circular**"), the Compensation Policy of the Bank and on the recommendation of Nomination and Remuneration Committee ("**NRC**") and Board of Directors, members of the Bank hereby approves that Variable Pay for FY 2020-21 of Mr. Sanjay Agarwal, Managing Director & CEO shall be as per threshold mentioned in RBI Circular, subject to review of his performance covering Organizational Performance, Business Unit Performance and Individual Performance for FY2020-21 by NRC, Board of Directors and approval of RBI .

RESOLVED FURTHER THAT In view of the RBI Circular and to ensure flexibility between Fixed and Variable pay, suitable adjustments may be made in the individual components of remuneration viz., Fixed Pay & Variable Pay and deferrals thereof while maintaining the aggregate of the components as constant in compliance with the said RBI circular or in compliance with any changes that the RBI may instruct in this regard.

RESOLVED FURTHER THAT when in any financial year, the Bank has no profits or its profits are inadequate, the remuneration including the perquisites as aforesaid will be paid to Mr. Sanjay Agarwal, Managing Director & CEO in accordance with the Schedule V and applicable provisions of the Act.

RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule V to the Companies Act, 2013, the Board of Directors be and are hereby authorized to vary limit or ceiling including salary, commission, perquisites, allowances etc. within such prescribed limit and the said agreement between the Bank and Mr. Sanjay Agarwal, be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members for their approval.

RESOLVED FURTHER THAT to give effect to this resolution**,** Board of Directors including any Board committee, be and is hereby authorised in this regard to do all deeds, matters, things, acts as may deemed necessary, but not limited to making correspondences in this regard with RBI or any other regulatory authority and/or to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole and absolute discretion deem fit and to delegate all or any of its powers herein conferred to any Director(s)/Officer(s) of the Bank."

ITEM NO. 2: TO APPROVE VARIABLE PAY FOR FY 2019-20 AND REMUNERATION FOR FY 2020-21 OF MR. UTTAM TIBREWAL (DIN: 01024940), WHOLE TIME DIRECTOR

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("**Act**") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Section 35B and other applicable provisions, if any, of the Banking Regulation Act, 1949 and the rules, guidelines and circulars issued by the Reserve Bank of India ("**RBI**"), from time to time, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and all other applicable Laws, Rules and Acts, (if any) and subject to all other approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities, (if any) while granting such approvals and pursuant to recommendation of the Nomination and Remuneration Committee and Board of Directors, consent of members of the Bank be and is hereby accorded to pay 50% of Fixed Pay of FY 2019-20 (excluding perquisites on reimbursable basis) as Variable Pay in cash & 200% of Fixed Pay of FY 2019-20 (excluding perquisites on reimbursable basis) as ESOPs being duly calculated as per applicable valuation methodology and to continue the Fixed Pay for FY 2020-21 & the same shall continue till any further revision (as mentioned in table below) on the existing terms and conditions as previously approved by RBI for FY 2019-20 to Mr. Uttam Tibrewal, Whole Time Director, including authority to the Board to alter components of the remuneration including increment, as may be necessary from time to time, in view of any approvals and conditions as may be given/stipulated by the RBI or any other statutory authority, in such manner as may be decided by the Board:

Fixed Pay		Existing (FY 19-20)	Proposed (FY 20-21)
1	Salary	67,42,152	67,42,152
2	Dearness allowance	-	-
3	Retiral/Superannuation benefits		
	(a) Provident Fund	23,400	23,400
	(b) Gratuity	3,24,300	3,24,300
	(c) Pension	-	-
	(d) ………		
4	Leave Fare Concession/ Allowance	-	-
5	Other fixed allowances, if any *(Consolidated allowance, if any, to be given with details of heads it subsumes)*		
	(a) Special Allowance	67,39,764	67,39,764
	(b) House Rent Allowance	33,71,076	33,71,076
	(c) Education Allowance	2,400	2,400
	Total A (1 to 5 above)	**1,72,03,092**	**1,72,03,092**
6	Perquisites:		
	i) Free Furnished House and its maintenance	-	**-**
	ii) Conveyance Allowance/Free use of bank's car for (1 car) (a) Official purposes (b) Private purposes	6,00,000 **-**	6,00,000 **-**
	iii) Driver(s)' salary (1 Chauffer)	4,00,000	4,00,000
	iv) Club Membership(s)		
	v) Reimbursement of medical expenses	-	-
	vi) Any other perquisites (please specify) Servant allowance (1 person) Other benefit – Insurance	2,00,000 20,000	2,00,000 20,000
	Total B (6 (i) to (vi) above)	**12,20,000**	**12,20,000**
	Total Fixed Pay (in INR) (including perquisites)	**1,84,23,092**	**1,84,23,092**

RESOLVED FURTHER THAT pursuant to RBI Circular No. RBI/2019- 20/89 DOR.Appt.BC.No.23/29.67.001/ 2019-20 dated 04th November 2019 ("**RBI Circular**"), and the Compensation Policy of the Bank and on the recommendation of Nomination and Remuneration Committee ("**NRC**") and Board of Directors, members of the Bank hereby approves that Variable Pay for FY 2020-21 of Mr. Uttam Tibrewal, Whole Time Director shall be as per threshold mentioned in RBI Circular (including Cash Component and ESOPs), subject to review of his performance covering Organizational Performance, Business Unit Performance and Individual Performance for FY 2020-21 by NRC, Board of Directors and approval of RBI.

RESOLVED FURTHER THAT in view of the RBI Circular and to ensure flexibility between Fixed and Variable pay, suitable adjustments may be made in the individual components of remuneration viz., Fixed Pay & Variable Pay and deferrals thereof while maintaining the aggregate of the components as constant in compliance with the said RBI circular or in compliance with any suggestions that the RBI may have in this regard.

RESOLVED FURTHER THAT when in any financial year, the Bank has no profits or its profits are inadequate, the remuneration including the perquisites as aforesaid will be paid to Mr. Uttam Tibrewal in accordance with Schedule V and applicable provisions of the Act.

RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule V to the Companies Act, 2013 the Board of Directors be and are hereby authorized to vary limit or ceiling including salary, commission, perquisites, allowances etc. within such prescribed limit and the said agreement between the Bank and Mr. Uttam Tibrewal, be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members for their approval.

RESOLVED FURTHER THAT to give effect to this resolution, Board of Directors including any Board committee be and is hereby authorised in this regard to do all deeds, matter, things, acts as may deemed necessary, but not limited to making correspondences in this regard with RBI or any other regulatory authority and/or to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole and absolute discretion deem fit and to delegate all or any of its powers herein conferred to any Director(s)/Officer(s) of the Bank."

By Order Of The Board of Directors
For AU Small Finance Bank Limited

Sd/-
Manmohan Parnami
Company Secretary
Membership No: F9999

Place: Jaipur
Date: 09th September 2020
Registered Office: 19-A, Dhuleshwar Garden,
Ajmer Road, Jaipur – 302001, Rajasthan
Website: www.aubank.in
Tel: +91 141 4110060
Fax: +91 141 4110090
E-mail: investorrelations@aubank.in

NOTES

1. Ministry of Corporate Affairs ("**MCA**"), in terms of the General Circular No.14, 17, 22 /2020 dated 8th April 2020 ,13th April 2020 and 15th June 2020 respectively ("**MCA Circulars"**) and in view of the current extraordinary circumstances due to COVID-19 pandemic requiring social distancing, have advised the companies to take all decisions requiring members approval, other than items of ordinary business or business where any person has a right to be heard, through the mechanism of postal ballot/e-voting in accordance with the provisions of the Companies Act, 2013 and rules made thereunder, without holding a general meeting that requires physical presence of members at a common venue. The MCA has further clarified that for companies that are required to provide e-voting facility under the Act, while they are transacting any business (es) only by postal ballot upto 30th September 2020 or till further orders, the requirements provided in Rule 20 & 22 of the Companies (Management and Administration) Rules, 2014 as well as the framework provided in the MCA Circulars will be applicable mutatis mutandis.

2. The Explanatory Statement pursuant to Section 102 of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014 in respect of the special business is annexed herewith and forms part of this notice.

3. The Notice is being electronically sent to all the members of the Bank whose names appear on the Register of Members/List of Beneficial Owners as received from the National Securities Depository Limited ("**NSDL"**)/Central Depository Services (India) Limited ("**CDSL**") as on Friday, 25th September 2020. The Postal Ballot Notice is being sent to members in electronic form to the e-mail addresses registered with Bank or depository/ depository participants and the communication of assent/dissent of the members will only take place through the remote e-voting system. It is however, clarified that all the persons who are members of the Bank as on Friday, 25th September 2020 and who may not have received notice due to non-registration of e-mail id with the Bank or the depository shall be entitled to vote in relation to the resolutions specified in this notice.

4. The Board of Directors has appointed CS Manoj Maheshwari (FCS: 3355),Practicing Company Secretary, Jaipur as Scrutinizer and failing him CS Vikas Mehta (FCS: 9985),Practicing Company Secretary as the Alternate Scrutinizer for conducting the postal ballot voting process in a fair and transparent manner.

5. In terms of Sections 108 and 110 and other applicable provisions, if any, of the Act, as amended, from time to time read with the Companies (Management and Administration) Rules, 2014 and in compliance with Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Bank is pleased to offer remote e-voting facility to all the members of the Bank. The Bank has appointed NSDL for facilitating e-voting to enable the members to cast their votes electronically ('**Remote e-voting**').

6. In accordance with MCA Circulars and on account of threat posed by COVID-19 pandemic situation, the Bank is sending Postal Ballot Notice in electronic form only and will not dispatch hard copy of Postal Ballot Notice along with Postal Ballot Form, pre-paid business reply envelope and the members are required to communicate their assent or dissent through the remote e-voting system only. To facilitate such members to receive this notice electronically and cast their vote electronically, members can register their e-mail id by following the process detailed herein.

   Process for those members whose e-mail id's are not registered with the depositories and for procuring user id, password & registration of e-mail ids for e-voting for the resolutions set out in this notice:

   i) **For Temporary Registration for De-mat members :** The Members of the Bank holding Equity Shares of the Bank in de-mat Form and who have not registered their e-mail addresses may temporarily get their e-mail addresses registered with Link Intime India Pvt Ltd by clicking the link: https://web.linkintime.co.in/EmailReg/Email_Register.html at the Investor Services tab by choosing the E mail Registration heading and follow the registration process as guided therein. The members are requested to provide details such as Name, DPID, Client ID/ PAN, mobile number, and e-mail id. In case of any query, a member may send an e-mail to RTA at rnt.helpdesk@linkintime.co.in

On submission of the members details an OTP will be received by the members which needs to be entered in the link for verification.

ii. **For Permanent Registration for De-mat members:** It is clarified that for permanent registration of e-mail address, the Members are requested to register their e-mail address, in respect of de-mat holdings with the respective Depository Participant (DP) by following the procedure prescribed by the Depository Participant.

7. The remote e-voting period commences from **Thursday, 01st October [9.00 a.m. (IST)] and ends on Friday, 30th October 2020 [5.00 p.m. (IST)]**. During this period, members holding shares either in physical form or in dematerialized form, as on Friday, 25th September 2020, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, he/she shall not be allowed to change it subsequently or cast vote again.

   The voting rights of the members shall be in proportion to their shares in the total paid-up equity share capital of the Bank subject to the provisions of the Banking Regulation Act, 1949, as amended, as on the cut-off date i.e. Friday, 25th September 2020.

8. The Scrutinizer's decision on the validity of e-voting will be final.

9. Brief profile and other additional information pursuant Secretarial Standard on General Meetings (SS-2) issued by The Institute of Company Secretaries of India is furnished as annexure to the Notice.

10. Resolutions passed by the members through Postal Ballot are deemed to have been passed as if the same have been passed at a General Meeting of the members.

11. Postal Ballot notice is also available on the website of the Bank i.e. https://www.aubank.in/reports/disclosures and can also be downloaded by accessing website of the Registrar and Transfer Agent [RTA] at www.linkintime.co.in and NSDL at www.evoting.nsdl.com.

12. To exercise vote by using e-voting facility, please carefully follow the instructions given under the heading "**e-voting Instructions**" of Postal Ballot Notice.

E-Voting Instructions: The instructions for members voting electronically are as under:

<u>How do I vote electronically using NSDL e-Voting system?</u>

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/
Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website? 1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under members section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	**Your User ID is:**
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.
   c) How to retrieve your 'initial password'?
      (i) If your email ID is registered in your de-mat account or with the Bank, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
      (ii) If your email ID is not registered, follow the process of registering the email as per point 6 above given under Notes.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
   a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your de-mat account number/folio number, your PAN, your name and your registered address.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "**EVEN 114664**" of Bank for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "**Submit**" and also "**Confirm**" when prompted.
6. Upon confirmation, the message "**Vote cast successfully**" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for members

1 Institutional members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail at cs.vmanda@gmail.com with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the download section of www.evoting.nsdl.comor call on toll free no.: 1800-222-990 or contact Ms. Pallavi Mhatre, Manager, National Securities Depository Ltd., Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated email address: pallavid@nsdl.co.in/evoting@nsdl.co.in or at telephone no. +91 22 2499 4545 who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the email address: investorrelations@aubank.in or contact at telephone no. 0141-4110060/61.

Explanatory statement for Agenda Item No. 1 & 2 pursuant to provisions of Section 102(1) of the Companies Act, 2013.

The following statements sets out all material facts relating to the special business under Item No. 1 & 2 of the Notice.

Item No.1 & 2

Members are hereby apprised that Board on the recommendations of the Nomination and Remuneration Committee ("**NRC**") had a detailed deliberation over the performance and achievements of Mr. Sanjay Agarwal, Managing Director & CEO and Mr. Uttam Tibrewal, Whole Time Director, respectively for FY 2019-20 covering the Business Parameters, Strategic Initiatives and overall achievements.

Mr. Sanjay Agarwal – MD & CEO

Mr. Sanjay Agarwal has extensive experience in Retail Finance, Accountancy, Agriculture & Rural Economy, Banking, Human Resource Management, Risk & Strategic Business Management and possess over 25 years of strategic executive experience. He spearheaded several initiatives that helped create a more nimble and agile organization. He has led Bank's evolution to the highest standards of corporate governance and enhanced engagement with stakeholders.

Under his leadership, Balance sheet grew by 29% y-o-y, continuous improvement in Risk Management & Governance, Bank achieved stable & satisfactory growth of 16% in new loan disbursements resulting in a strong 27% growth in Assets Under Management (AUM).

It is also hereby informed to the members that given the unprecedented challenge posed by Covid-19, Mr. Sanjay Agarwal, Managing Director & CEO has decided to relinquish his right for receiving the Fixed Pay for FY 2020-21, as he felt that it is imperative on his part to lead from the front and such relinquishment forms part of the Bank's austerity measures which start at the top.

Mr. Uttam Tibrewal – Whole-Time Director

Mr. Uttam Tibrewal has over 23 years of experience in Financial Service sector with rich experience in the field of Agriculture & Rural Economy, Financing small-scale industry, Accountancy, Banking Business and Risk Management. His dynamic vision, strategic focus, and entrepreneurial skills continue to guide the growth of the Bank's businesses across markets and industry was deliberated upon.

Mr. Tibrewal spearheaded Personal Banking division of the Bank. His ability to pulse the customer expectation sets him apart from other leaders. He has led from front and over the years ensured that simplification of processes and customer centricity is kept as organizational priority for success and sustainability in the long run. His understanding of Banking needs of customers of Core Markets & Urban Markets shall be even more useful going forward as Bank's plan to expand its reach through physical and digital channel to further financial inclusion.

Under stewardship of Mr. Uttam Tibrewal, Bank registered a growth of 40% in its deposit base y-o-y, Total disbursements for verticals reporting to him registered a growth of 27%, AUM, Bank's physical touch points increased to 647 as on 31st March-2020 from 572 as on 31st March-2019. He led strong customer engagement - First ever Digital Brand campaign, #Bharosa Apno Jaisa (on Hotstar), this Brand campaign initiative led to greater visibility & strong recall value.

In view of Mr. Sanjay Agarwal, contribution being important for the future growth of the Bank and Mr. Uttam Tibrewal understanding of customers in Core & Urban Markets, the Board of Directors approved and recommends the Variable Pay for FY2019-20, Fixed Pay of FY2020-21 and Variable Pay for FY2020-21 shall be as per RBI Circular as proposed in Item No. 1 & 2 respectively, to the members of the Bank for their approval.

None of the Directors, Key Managerial Personnel of the Bank and their relatives except Mr. Sanjay Agarwal and Mr. Uttam Tibrewal of the Bank or their relatives are, directly or indirectly, concerned or interested in the resolution set out at Item No. 1 & 2 respectively.

The Board of Directors recommends the passing of the Ordinary Resolution as set out in Item No. 1 & 2 of the Notice.

This explanatory statement along with the additional information as per Secretarial Standard 2 on General Meetings issued by Institute of Company Secretaries of India ("**ICSI**"), as annexed herewith may also be regarded as disclosure under the provisions of the Act.

BRIEF PROFILE AND OTHER INFORMATION OF DIRECTORS, AS SET OUT IN THIS NOTICE, IN TERMS OF THE SECRETARIAL STANDARD – 2 ON GENERAL MEETINGS (SS-2) ISSUED BY THE ICSI.

Particulars	**Mr. Sanjay Agarwal**	**Mr. Uttam Tibrewal**
Age	50 Years	49 years
Date of first appointment on Board	22^{nd} January 2003	22^{nd} January 2005
Qualification	Charted Accountant	Bachelor of Commerce
Brief Resume including experience	Mr. Sanjay Agarwal is a Rank Holder Chartered Accountant and possesses 25+ years of extensive & strategic experience in Retail Finance, Accountancy, Agriculture & Rural Economy, Banking, Human Resource Management, Risk and Strategic Business Management. He spearheaded several initiatives that helped creating a more nimble and agile organization. He is credited with creating a culture of business excellence and delivering superior benchmark performance through his vision and execution-oriented approach. He has led Bank's evolution to the highest standards of corporate governance and enhanced engagement with key stakeholders. His dynamic vision, strategic focus, and entrepreneurial skills continue to guide the growth of the Bank's businesses. He is guiding and supervising several functions and departments directly/through committee structure. The Bank has taken great strides in terms of overall Financial performance, Financial Inclusion initiatives and other Key operational parameters.	Mr. Uttam Tibrewal is a commerce graduate from the University of Delhi. He has 23+ years of vast experience in Finance & Retail Service Space with rich experience in the field of Agriculture & Rural Economy, Financing small-scale industry, Accountancy, Banking Business and Risk Management. His dynamic vision, strategic focus, and entrepreneurial skills continue to guide the growth of the Bank's businesses across markets and industry. His eye for detail approach helped the Bank to understand the realities of the market at ground in evolving market conditions and this has allowed Bank to enrich its products and service bouquet to serve customers better.
Nature of his expertise in specific functional areas	• Banking • Accountancy • Agriculture and Rural Economy • Economics • Finance • Small Scale Industry • Human Resource • Risk Management • Business Management	• Banking • Accountancy • Agriculture and Rural Economy • Economics • Finance • Small Scale Industry • Human Resource • Risk Management • Business Management
Other Directorship	None	None
Chairmanship/Membership of Committees in other	None	None

companies in which position of Director is held		
Relationship with other Directors, Managers, and other Key Managerial Personnel of the Company	None	None
No. of equity shares held in the Company	5,67,66,359	54,08,135
No. of Board meetings attended during the year (FY20-21)	4/4	3/4
Terms and conditions of appointment	Executive Director liable to retire by rotation and other terms and conditions as stipulated by RBI	Executive Director liable to retire by rotation and other terms and conditions as stipulated by RBI
Remuneration last drawn	Rs. 1.89 crores exclusive of perquisites on reimbursable basis. (In FY 19-20, on receipt of RBI approval, Rs. 45 lakhs were released to Mr. Sanjay Agarwal as Bonus for FY 2017-18 which is not included herein above)	Rs. 1.72 crores exclusive of perquisites on reimbursable basis. (In FY 19-20, on receipt of RBI approval, Rs. 44.87 lakh for FY 2018-19, Rs. 39 lakhs for FY 2017-18 and Rs. 91 lakhs for FY 2016-17 were paid to Mr. Uttam Tibrewal which is not included herein above)
Remuneration sought to be paid	As disclosed in resolution subject to approval of Reserve Bank of India with or without changes and such other terms conditions as may be specified in this regard.	As disclosed in resolution subject to approval of Reserve Bank of India with or without changes and such other terms conditions as may be specified in this regard.

By Order Of The Board of Directors
For AU Small Finance Bank Limited

Sd/-
Manmohan Parnami
Company Secretary
Membership No: F9999

Place: Jaipur
Date: 09th September 2020
Registered Office: 19-A, Dhuleshwar Garden,
Ajmer Road, Jaipur - 302001, Rajasthan
Website: www.aubank.in
Tel: +91 0141 4110060
Fax: +91 0141 4110090
E-mail: investorrelations@aubank.in