



## Annexure I Report on Corporate Governance

**"Good corporate governance is the cornerstone of a stable and healthy banking sector. It promotes transparency, accountability, and ethical behaviour, and it is essential for building trust and confidence in financial institutions." – Christine Lagarde, President of the European Central Bank.**

### The Bank's philosophy on Corporate Governance

Corporate governance refers to the system of rules, practices, and processes by which a Bank is directed and controlled. It encompasses the relationships among the stakeholders involved, such as the Board of Directors, executive management, shareholders, and others.

The AU Small Finance Bank ("Bank") recognises the importance of good corporate governance as a critical component of sustainable business growth and development.

**The Bank's Corporate Governance philosophy, *inter alia*, includes below key principals:**



The Bank aim is to promote transparency, accountability, integrity, and compliance while maintaining effective risk management by constructive and meaningful engagement with its stakeholders.

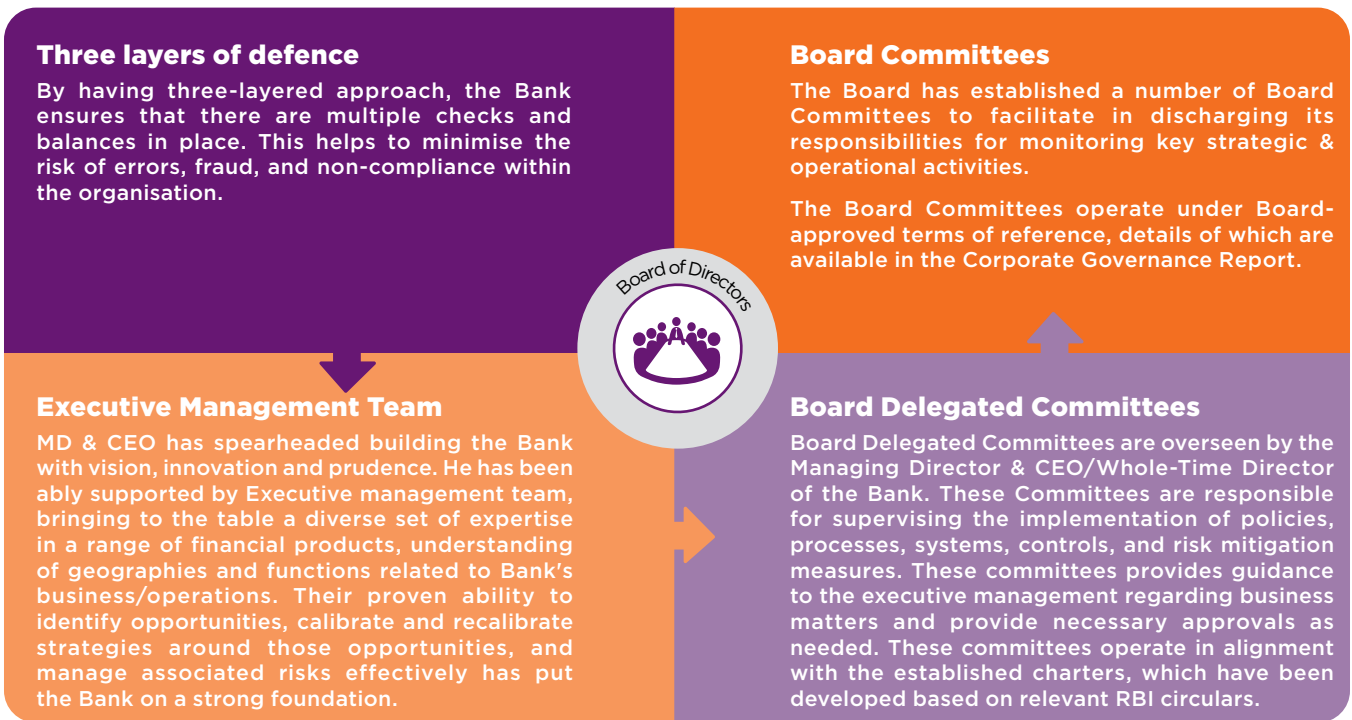
### Bank's Governance Structure

The governance structure of Bank is designed to ensure that the Bank is managed in the best interests of its all stakeholders, including shareholders, customers, and employees etc. while maintaining effective risk management and compliance with applicable laws and regulations.

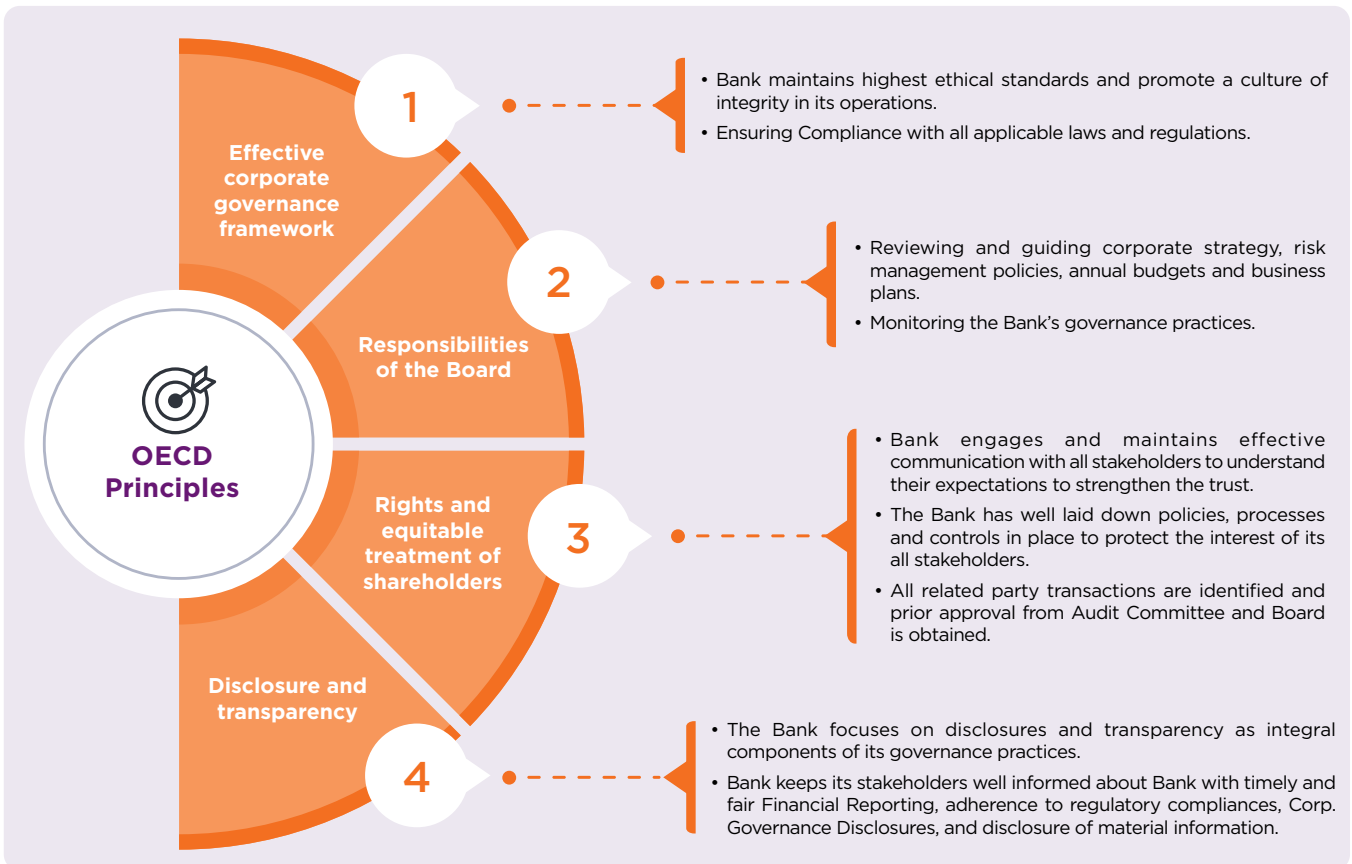
The Board is responsible for strategic direction, setting of plans and priorities, monitoring corporate performance against strategic business plan. The Board is assisted by the Board Committees and Board Delegated Committees to discharge its responsibilities of devising key strategies and monitoring of Bank's activities. MD & CEO, Whole-Time Director and Senior officials are responsible for implementing the Bank's strategy and managing day-to-day operations.

The Bank has three layers of defence for strong internal controls, wherein control groups and business units are the first layer of defence, supplemented by the Risk and Compliance function as the second layer of defence and Internal Audit and Vigilance function acting as the third line of defence, which is independent from the first and second lines of defence, and has the primary responsibility of conducting objective reviews and providing assurance on the quality and effectiveness of the Bank's internal control system.

## Governance Structure



The governance practices of Bank are in line with the principles of the Organisation for Economic Co-operation and Development (OECD), which provide a framework for effective corporate governance. Bank is guided by these principles in fostering transparency, accountability, and fairness in its operations





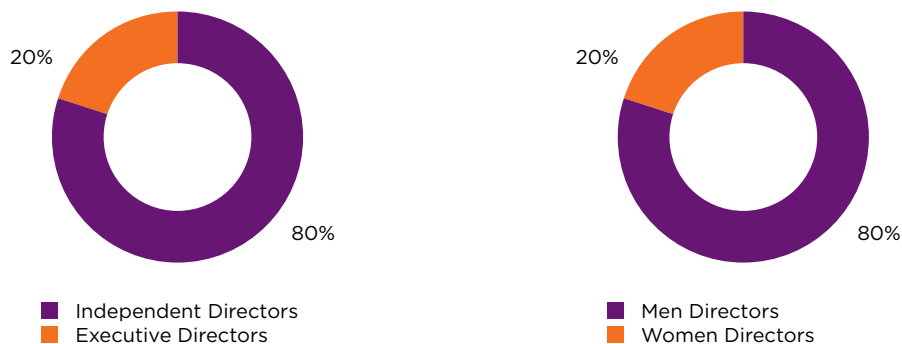
## Board of Directors (“the Board”)

The Bank has diversified & well-balanced Board consisting of ten (10) Directors with eight (8) Independent Directors including two (2) Woman Independent Directors, and two (2) Executive Directors. Majority of the Board consist of Independent Directors, thereby maintaining highest level of Independence, they actively participate in Board discussions, challenging assumptions, raising questions, and providing alternative viewpoints, fostering robust and constructive deliberation for effective decision-making.

The composition of the Board conforms to the Banking Regulation Act, 1949, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the Companies Act, 2013 and the relevant rules made thereunder.

The changes in the composition of the Board of Directors that took place during the FY 2022-23 was carried out in compliance of the provisions of the Companies Act, 2013/ SEBI Listing Regulations/ RBI Guidelines and details of appointment/ re-appointment during the FY 2022-23 is covered in the Board’s Report.

All non-executive directors on the Board are Independent Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Companies Act, 2013 along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. Independent Directors of the Bank have submitted their annual declarations with respect to the criteria of independence as stipulated under the provisions of the Companies Act, 2013, SEBI Listing Regulations, the Banking Regulation Act, 1949, and the guidelines issued by the RBI from time to time and in the opinion of Board the independent directors meet the criteria of independence laid down thereunder and are independent of the management.



*Note: The number of directors and Board Composition is as on March 31, 2023.*

## Board’s Role & Functioning

The Board is the apex body whose constitution is approved by the shareholders and is responsible for strategic supervision and overseeing the Management performance and governance of the Bank on behalf of all stakeholders. In order to take an informed decision, the Board has access to all relevant information and are free to approach the management. Driven by the principles of Corporate Governance Philosophy, the Board strives to work in the best interests of the Bank and the stakeholders.

The Board is responsible for strategic direction, setting of plans and priorities, monitoring corporate performance against strategic business plan, review and approval of the Bank’s financial and operating results on a periodic basis, overseeing major capital expenditures, overseeing the Bank’s Corporate Governance framework including the functioning of the Board committees, and supervising the succession planning process for Directors and its Executive Management.

## Board Skill Matrix

The Board of the Bank comprises of qualified directors who possess relevant skills, expertise and competence to ensure effective functioning of the Bank. In terms of the requirements of the SEBI Listing Regulations, the Board and the Nomination and Remuneration Committee reviewed existing skill matrix which are relevant in Bank and added Sustainability and ESG, as new skills in the Board skill matrix as mentioned below:

• Banking	• Information Technology
• Accountancy	• Payment and Settlement
• Economics	• Financial Inclusion
• Finance	• Co-operation
• Risk Management	• Small Scale Industry
• Business Management	• Treasury
• Agriculture and Rural Economy	• Sustainability and ESG
• Human Resources	



**Mr. Raj Vikash Verma**  
Part-time Chairman  
Independent Director  
DIN: 03546341

Age	68
Qualification	MA Economics, MBA (Finance) & CAIIB
Date of Appointment	January 30, 2018 (ID) April 8, 2020 (Chairman)
Date of Re-Appointment	January 30, 2021 (ID) April 8, 2023 (Chairman)
Term of Directorship	3 Years Till completion of tenure as ID i.e. January 29, 2024
Shareholding	0
Board Membership - Other Listed Entities	Nil
No. of Directorships other Companies	4
Member/Chairperson in Committee(s)	
Member	2
Chairperson	1
Areas of Expertise	Accountancy   Banking   Economics   Finance   Human Resources   Risk Management and Business Management



**Mr. Harun Rasid Khan**  
Independent Director  
DIN: 07456806

Age	68
Qualification	MA, M.Phil, Diploma in Business Management, CAIIB
Date of Appointment	December 28, 2021
Date of Re-Appointment	NA
Term of Directorship	3 Years
Shareholding	0
Board Membership - Other Listed Entities	Nil
No. of Directorships other Companies	1
Member/Chairperson in Committee(s)	
Member	0
Chairperson	0
Areas of Expertise	Banking   Finance   Information Technology   Payment and Settlement Systems   Human Resources   Risk Management   Economics and Financial Market & Financial Inclusion



**Mr. Kamlesh Shivji Vikamsey**  
Independent Director  
DIN: 00059620

Age	62
Qualification	FCA, B.Com.
Date of Appointment	April 25, 2022
Date of Re-Appointment	NA
Term of Directorship	3 Years
Shareholding	0
Board Membership - Other Listed Entities	1. Navneet Education Limited - Non-Executive Director & Chairman 2. Man Infraconstruction Limited - Independent Director 3. Tribhovandas Bhimji Zaveri Limited - Independent Director 4. Apcotex Industries Limited - Independent Director
No. of Directorships other Companies	4
Member/Chairperson in Committee(s)	
Member	5
Chairperson	4
Areas of Expertise	Accountancy   Audit   Taxation   Finance   Economics   Business Management and Sustainability



**Mr. Kannan Gopalaraghavan Vellur**  
Independent Director  
DIN: 03443982

Age	66
Qualification	MBA, CAIIB, Organisational Leadership Executive Programme, Wharton Business School
Date of Appointment	January 22, 2020
Date of Re-Appointment	January 22, 2023
Term of Directorship	3 Years
Shareholding	625 Shares
Board Membership - Other Listed Entities	Aptus Value Housing Finance India Limited - Independent Director
No. of Directorships other Companies	2
Member/Chairperson in Committee(s)	
Member	2
Chairperson	0
Areas of Expertise	Agriculture and Rural Economy   Banking   Co-operation   Economics   Finance   Small Scale Industry   Risk Management   Business Management and Treasury



**Ms. Kavita Venugopal**  
Independent Director  
DIN: 07551521

Age	66
Qualification	MBA, BA and Certificate Programme on Corporates Boards Membership by FICCI Women
Date of Appointment	March 29, 2023
Date of Re-Appointment	NA
Term of Directorship	3 Years
Shareholding	0
Board Membership - Other Listed Entities	Munjal Showa Limited - Independent Director
No. of Directorships other Companies	3
Member/Chairperson in Committee(s)	
Member	2
Chairperson	1
Areas of Expertise	Banking   Finance   Economics   Human Resource   Risk Management   Business Management   Financing to SME   SSI & Mid Corporates



**Ms. Malini Thadani**  
Independent Director  
DIN: 01516555

Age	65
Qualification	MA, Ohio University, Master's in History, Hindu College, Certificate of Public Administration, Ohio University
Date of Appointment	November 25, 2022
Date of Re-Appointment	NA
Term of Directorship	3 Years
Shareholding	0
Board Membership - Other Listed Entities	Saksoft Limited - Independent Director
No. of Directorships other Companies	3
Member/Chairperson in Committee(s)	
Member	2
Chairperson	0
Areas of Expertise	Banking   Risk Management   Business Management   Sustainability & Sustainable Finance   ESG   Public Affairs and CSR



**Mr. Mankal Shankar Sriram**  
Independent Director  
DIN: 00588922

Age	60
Qualification	Graduate from IRMA, Fellow - IIMB
Date of Appointment	October 21, 2019
Date of Re-Appointment	October 21, 2022
Term of Directorship	3 Years
Shareholding	0
Board Membership - Other Listed Entities	Nil
No. of Directorships other Companies	4
Member/Chairperson in Committee(s)	
Member	3
Chairperson	0
Areas of Expertise	Accountancy   Agriculture and Rural Economy   Banking   Co-operation   Economics   Finance   Business Management   Financial inclusion and Rural Banking.



**Mr. Pushpinder Singh**  
Independent Director  
DIN: 08496066

Age	69
Qualification	B.Sc., CAIIB
Date of Appointment	October 21, 2019
Date of Re-Appointment	October 21, 2022
Term of Directorship	3 Years
Shareholding	500 Shares
Board Membership - Other Listed Entities	Nil
No. of Directorships other Companies	0
Member/Chairperson in Committee(s)	
Member	0
Chairperson	0
Areas of Expertise	Banking   Information Technology   Payment and Settlement Systems   Business Management



**Mr. Sanjay Agarwal**  
Managing Director &  
CEO (Executive)  
DIN: 00009526

Age	52
Qualification	CA, B.Com
Date of Appointment	April 19, 2017 (Commencement of Banking Operations, on Board since January 22, 2003)
Date of Re-Appointment	April 19, 2023
Term of Directorship	3 Years
Shareholding	11,71,91,360 Shares
Board Membership - Other Listed Entities	Nil
No. of Directorships other Companies	0
Member/Chairperson in Committee(s)	
Member	1
Chairperson	0
Areas of Expertise	Accountancy   Agriculture and Rural Economy   Banking   Economics   Finance   Treasury   Small Scale Industry   Human Resource   Risk Management and Business Management



**Mr. Uttam Tibrewal**  
Whole-time Director  
(Executive)  
DIN: 01024940

Age	52
Qualification	B.Com
Date of Appointment	April 19, 2017 (Commencement of Banking Operations, on Board since January 22, 2005)
Date of Re-Appointment	April 19, 2023
Term of Directorship	3 Years
Shareholding	1,31,84,936 Shares
Board Membership - Other Listed Entities	Nil
No. of Directorships other Companies	0
Member/Chairperson in Committee(s)	
Member	1
Chairperson	0
Areas of Expertise	Accountancy   Agriculture and Rural Economy   Banking   Economics   Finance   Small Scale Industry   Risk Management and Business Management

Notes:

- Includes Memberships & Chairpersonship of the Audit Committee and Stakeholders Relationship Committee in public limited companies including the Bank.
- Mr. Raj Vikash Verma has been re-appointed as Part-Time Chairman of the Bank for another term w.e.f. April 8, 2023 till January 29, 2024 with the approval of the shareholders and RBI.
- Mr. Kamlesh Vikamsey was appointed as an Additional Director (Non-Executive Independent) w.e.f. April 25, 2022 for a term of 3 years and his appointment was approved by the shareholders as Independent Director pursuant to resolution passed through postal ballot on May 29, 2022.
- Ms. Malini Thadani was appointed as an Additional Director (Non-Executive Independent) w.e.f. November 25, 2022 for a term of 3 years and her appointment was approved by the shareholders as Independent Director pursuant to resolution passed through postal ballot on December 30, 2022.
- Re-appointment of Mr. Sanjay Agarwal, MD & CEO has been approved by the RBI vide its communication dated April 12, 2023 for another term w.e.f. April 19, 2023 for a period of 3 years. The same has already been approved by the shareholders via postal ballot on March 9, 2022.
- Re-appointment of Mr. Uttam Tibrewal, Whole-Time Director has been approved by the RBI vide its communication dated April 12, 2023 for another term w.e.f. April 19, 2023 for a period of 3 years. The same has already been approved by the shareholders via postal ballot on March 9, 2022.

7. Ms. Kavita Venugopal was appointed as an Additional Director (Non-Executive Independent) w.e.f. March 29, 2023 for a term of 3 years and her appointment was approved by the shareholders as Independent Director pursuant to resolution passed through postal ballot on April 30, 2023.
8. None of the Directors on the Board hold directorship in more than 10 Public Limited Companies and not exceeding 20 companies and is compliant with the requirement of Companies Act, 2013.
9. Mr. Krishan Kant Rathi and Ms. Jyoti Narang ceased to be Independent Director of the Bank on March 29, 2023 (close of business hours) on completion of tenure on the Board.
10. None of the Independent Director serves as an Independent Director on more than 7 Listed Companies.
11. None of the Directors of the Bank are member of more than 10 committees or acted as a Chairperson of more than 5 committees across Public Limited Companies in which they hold directorship.
12. None of the Independent Directors of the Bank have resigned before the expiry of their tenure during FY 2022-23.
13. No *inter se* relationship exists between the Directors of the Bank.
14. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2023 have been made by the Directors.
15. None of the Director belong to promoter and promoter group except Mr. Sanjay Agarwal.
16. Detail profile of each director can be accessed at <https://www.aubank.in/about-us/board-of-directors>.

### Board & Committee Meetings

The Board meets at regular intervals to deliberate on matters of strategic & regulatory importance including the matters referred under Regulation 17 of the SEBI Listing Regulations read with Part A of Schedule II and matters covered under the Calendar of Reviews.

In order to facilitate effective discussions at the meetings, the agenda is bifurcated into items requiring approval and items which are to be taken for noting of/ review by the Board/ Committee(s). This facilitates efficient time management, informed decision-making and active participation at meetings, leading to higher Board effectiveness.

Board's calendar of review is based upon RBI prescribed seven (7) critical themes covering key subjects is elucidated below:





## Procedures

Quarterly Board and the Committee meetings are pre-scheduled as per annual calendar of the meetings to ensure Board members availability and effective participation in the Board and Committee meetings. However, in case of a special and urgent business need, the Bank convene meetings physically or through electronic means on shorter notice or place the matter for consideration/approval through circular resolution.

The agenda for the Board & Committee meetings is circulated to the Board/Committee members in advance. The Board members have unrestricted access to all the relevant & required information. To enhance the depth of discussions and decision-making, senior officials are invited to Board and Committee meetings to provide insights related to the items being deliberated or presented for deliberation, this enables the well-informed decision-making. Matters in the nature of unpublished price sensitive information are circulated to the Board and Committee members, at a shorter notice, as per the general consent taken from the Board/Committee, from time to time.

## Post-meeting Action Tracker

The Bank has a well-articulated system of follow up, review and reporting on actions taken by the Management with regard to the directions of the Board/Committees. The important decisions taken at the Board and Committee meetings are tracked till their closure and an 'Action Taken Report' is placed in Board and Committee meetings.

## Number of Board Meetings held during FY 2022-23

During the FY 2022-23, the Board of the Directors of the Bank met Sixteen (16) times on following dates:

April 25 & 26, 2022	July 19 & 20, 2022	September 7, 2022	January 19, 2023
May 7, 2022	July 23 2022	October 10, 2022	February 16, 2023
May 28, 2022	July 29 2022	October 19, 2022	March 3, 2023
June 27, 2022	August 31, 2022	November 24, 2022	March 10, 2023

The requisite quorum was present for all the meetings of the Board held during FY 2022-23.

The attendance details of directors at Board Meetings and last Annual General Meeting are as follows:

Name of the Director	No. of Board meetings entitled to attend	Board Meetings attended	Attendance at Twenty Seventh AGM
Mr. Raj Vikash Verma	16	16	✓
Mr. H. R. Khan	16	16	✓
Ms. Jyoti Narang#	16	16	-
Mr. Kamlesh Vikamsey	16	16	✓
Mr. V. G. Kannan	16	16	✓
Ms. Kavita Venugopal*	-	-	NA
Mr. Krishan Kant Rathi#	16	16	✓
Ms. Malini Thadani	4	4	NA
Mr. M. S. Sriram	16	16	-
Mr. Pushpinder Singh	16	16	✓
Mr. Sanjay Agarwal	16	15	✓
Mr. Uttam Tibrewal	16	15	✓

NA: Joined on Board post the Annual General Meeting, hence not applicable.

#: Mr. Krishan Kant Rathi and Ms. Jyoti Narang ceased to be Independent Director of the Bank on March 29, 2023 (close of business hours) on completion of tenure on the Board.

\* Joined on Board w.e.f. March 30, 2023.

The role and the composition of Board committees as of March 31, 2023 is as follows:

## 1. Audit Committee

### Terms of Reference

The terms of reference of the Audit Committee, *inter alia*, include:

- Review and approve the remit, nature and scope of the internal audit function and ensure it has adequate resources, skills, qualifications, and appropriate access to information to enable it to perform its function effectively.
- Consider major findings of internal – quarterly, semi-annual, and annual audit reviews, LFAR and management’s response; and review management letter(s) and management response to the findings, recommendations of the external auditor(s).
- Oversee relationship with external auditors with respect to their remuneration for services, terms of engagement, assessment of their independence, rotation of auditors, resignation and dismissal of auditors, approval of audit plan in line with the scope of engagement.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management’s investigation and follow-up (including disciplinary action) of any instances of non-compliance, including their policies, procedures, techniques, and other regulatory requirements.
- Review and monitor implementation and effectiveness of the policies laid down by the Risk Management Committee and highlight gaps or deviations, if any, to the Board.
- Oversight of the Bank’s financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient, and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Bank including approval of payment to auditors for any other services rendered.
- Appointment of Chief Financial Officer, Head of Internal Audit, Chief Compliance Officer after assessing the qualifications, experience, and background, etc. of the candidate and changes in their terms, if any.
- 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.
- Reviewing, with the management, the annual financial statements and auditor’s report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors’ 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;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgement by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure & approvals of any related party transactions; and
  - Modified opinion(s) in the draft audit report.



- Reviewing and overseeing the functioning of the whistle-blower mechanism/vigil mechanism established by Bank and the Chairperson of audit committee shall directly hear grievances of victimisation of employees and directors, who use vigil mechanism to report genuine concerns.
- Review of statement of significant Related Party Transactions.
- Reviewing the quarterly financial results before submission to the Board for approval.

During the year, Audit Committee met Nine (9) times on April 14, 2022, April 26, 2022, July 19 & 20, 2022, August 25 2022, October 17, 2022, October 19, 2022, January 16, 2023, January 19, 2023 and February 16, 2023.

Details of the composition of the Audit Committee as on March 31, 2023 is as follows:

<b>Name</b>	<b>Category of Directorship</b>	<b>Chairperson/Member</b>
Mr. Kamlesh Vikamsey	Independent Director	Chairperson <sup>1</sup> (w.e.f. March 30, 2023)
Mr. M. S. Sriram	Independent Director	Member
Mr. V. G. Kannan	Independent Director	Member
Ms. Kavita Venugopal	Independent Director	Member

<sup>1</sup>Mr. Krishan Kant Rathi (Independent Director) was Chairperson of the Audit committee during the FY 2022-23 till March 29, 2023 i.e. date of completion of his tenure on the Board.

## **2. Risk Management Committee**

### **Terms of Reference**

The terms of reference of the Risk Management Committee, *inter alia*, include:

- Review Bank's risk management framework (i.e. principles, policies, strategies, process, and controls) and to ensure that the same is being communicated throughout review reports from management concerning changes in the factors relevant to the Bank's projected strategy, business performance and capital adequacy.
- To ensure that the procedures for identifying, measuring, monitoring, and controlling risks are in place.
- Ensure appropriate risk organisation structure with authority and responsibility clearly defined adequate staffing and the independence of the Risk Management function.
- To review report on fraudulent transactions relating to internet banking and pointing out the deficiencies in the existing system including steps taken to prevent such cases under Operational risk.
- Review reports from management concerning implications of new and emerging risks, legislative or regulatory initiatives and changes, organisational changes and major initiatives to monitor them.
- To continuously scan the environment for new and emerging risks coming up including changes in regulations/rules which could impact the performance of the Bank.
- To review, consider and recommend to Nomination & Remuneration Committee ("NRC") performance assessment of Chief Risk Officer ("CRO") of the Bank and set objectives for the CRO and ensure that the CRO has unfettered access to the RMCB and Board.
- Oversee statutory/regulatory reporting requirements related to risk management and capital adequacy computation with an understanding of methodology.
- Approve the stress testing results/analysis and periodically monitor the action plans and corrective measures in line with internal guidelines.
- Monitor and review non-compliance, limit breaches, audit/regulatory findings and policy exception of risk management as well as fraud and potential losses.

- Oversee the working of the Credit Risk & NPA Management Committee (CRNPAC), Asset & Liability Management Committee (ALCO), Investment Committee, Operational Risk Management Committee (ORMC), Committee for Outsourcing of IT & Financial Services and IT Security Risk Management Committee.
- Review and ensure that all systems are being implemented in the Bank with adequate security controls.
- Provide appropriate and prompt reporting to the Board of Directors, in order to fulfil the oversight responsibilities of the Board of Directors.

During the year, the Risk Management Committee met Eight (8) times on April 18, 2022, April 25, 2022, July 15, 2022, July 19, 2022, August 25, 2022, October 15, 2022, January 17, 2023 and February 16, 2023.

Details of the composition of the Risk Management Committee as on March 31, 2023 is as follows:

Name	Category of Directorship	Chairperson/Member
Mr. V. G. Kannan	Independent Director	Chairperson
Mr. Pushpinder Singh	Independent Director	Member
Ms. Kavita Venugopal	Independent Director	Member
Mr. H. R. Khan	Independent Director	Member
Mr. Kamlesh Vikamsey	Independent Director	Member

### 3. Nomination and Remuneration Committee (NRC)

#### Terms of Reference

The terms of reference of the NRC, *inter alia*, include:

- Develop policies and lay down criteria for appointment/ removal/ reappointment of the Directors of the Board capturing the statutory and regulatory requirements.
- Formulate comprehensive criteria for appointment of directors in terms of qualifications, positive attributes, independence, professional experience, track record and integrity of the person.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- Devise a policy on Board diversity based on diversity of thought, experience, knowledge, perspective, and gender.
- Conduct appropriate due diligence and scrutinise the declarations made by probable candidates at the time of appointment/re-appointment of directors.
- Ensure that the Bank has a detailed succession and management continuity plan for key positions.
- Assist in defining the performance evaluation criteria for directors and other Key Management Personnel (KMPs), Senior Managerial Personnel (SMPs), Material Risk Takers (MRTs) and Control Function Staff and ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- Ensure Bank's compensation policy provides a fair and consistent basis for motivating and rewarding employees appropriately according to their performance, job profile/role size, contribution, skill, and competence and review compensation levels of the Bank's employees vis-à-vis other Banks and the Banking industry in general.
- Ensure that the compensation for Directors, Key Management Personnel (KMPs), Senior Managerial Personnel (SMPs), Material Risk Takers (MRTs) and Control Function Staff is in accordance with the RBI guidelines and other applicable regulatory requirements.
- Review and oversee the Employee Benefits' programme of the Bank, including deferred benefits plans and retirement plans.



- Perform functions required to be performed by the compensation committee under the SEBI (Share-Based Employee Benefits and Sweat Equity) Regulations, 2021, including the following:
  - Administering the Employee Stock Option Plans (“**ESOP**”);
  - Determining the eligibility of employees to participate under the ESOP;
  - Granting options to eligible employees and determining the date of grant;
  - Determining the number of options to be granted to an employee;
  - Determining the exercise price under the ESOP; and
  - Construing and interpreting the ESOP and any agreements defining the rights and obligations of the Bank and eligible employees under the ESOP, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP.

During the year, Nomination and Remuneration Committee met Eleven (11) times on April 11, 2022, April 25, 2022, June 30, 2022, July 14, 2022, July 23, 2022, August 25, 2022, October 8, 2022, November 19, 2022, February 16 2023, March 2 & 3, 2023 and March 10, 2023.

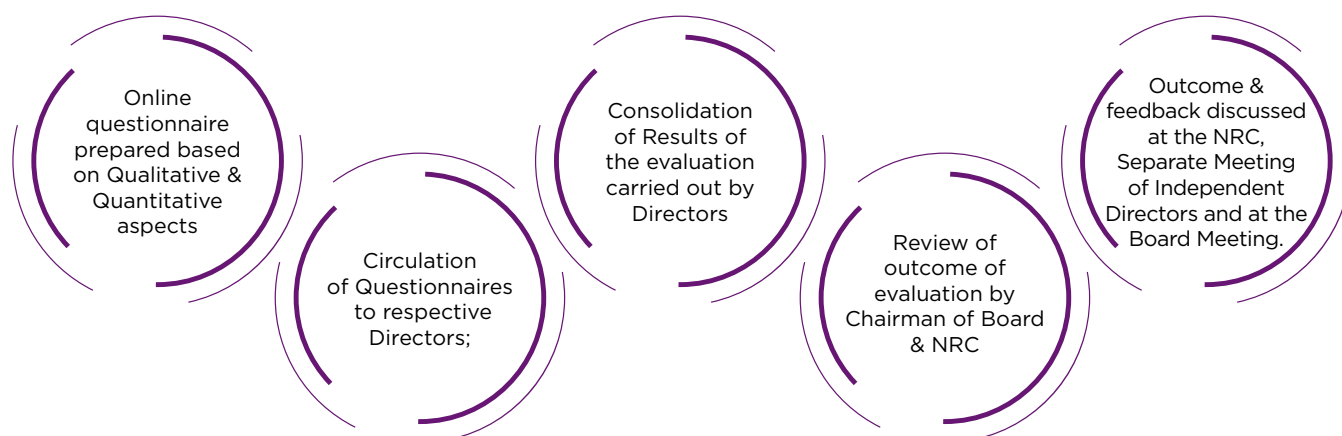
Details of the composition of the Nomination and Remuneration Committee as on March 31, 2023 is as follows:

<b>Name</b>	<b>Category of Directorship</b>	<b>Chairperson/Member</b>
Mr. M. S. Sriram	Independent Director	Chairperson
Mr. Pushpinder Singh	Independent Director	Member
Ms. Malini Thadani	Independent Director	Member
Mr. H. R. Khan	Independent Director	Member

### Performance Evaluation

The Board evaluation framework is designed in compliance with the requirements under the 149(8) read with Schedule IV, Section 178(2) of Companies Act, 2013 and Regulation 17 of SEBI Listing Regulations, and in accordance with the Guidance Note on Board Evaluation issued by SEBI, The Board evaluation was conducted through online questionnaire designed containing Qualitative & Quantitative parameters.

The Bank has a structured assessment process for evaluation of the performance of the Board, Committees of the Board and individual performance of each Director including the Chairman. Further, the Independent Directors met separately, without the presence of non-Independent Directors and Executive Management, and *inter alia* reviewed the performance of non-independent directors, and Board as a whole; and performance of the Chairman.



Performance Evaluation of the Board, Individual Directors including Chairperson and Board Committees was carried out on below mentioned criteria:



### Outcome of Performance Evaluation

The evaluation results have been positive where it was indicated, that the Board is functioning well and actively engages for discussion on important strategic issues and spend considerable time on important subjects. Further, Board members possessed requisite combination of skills and demonstrated a collaborative and constructive mindset. This encouraged active participation and constructive questioning at the meetings leading to effective decision-making. The Committees have also been fulfilling their responsibilities effectively, addressing key issues and discussing matters of their designated areas of focus.

The outcome of the Board Evaluation for the FY 2022-23 was discussed by the Nomination and Remuneration Committee and the Board at their respective meetings held in April 2023. The Board noted the actions taken in improving Board effectiveness based on feedback given. Considering, the current external landscape, the Board has emphasised the need for enhanced training and knowledge programmes for the Board members, with a particular focus on risk management, leadership development, the dynamic realm of technology and digital advancements, information and cyber security, as well as ESG (Environmental, Social, and Governance) related subjects. These vital areas shall be actively pursued and implemented by the Bank.

### Compensation Policy

The Bank has Board approved Compensation Policy which deals with the compensation and benefits of the Executive and Non-Executive Directors, Key Managerial Personnel (KMP), Senior Management Personnel, Material Risk Takers (MRTs) and Control Function staff of the Bank. This Policy is in line with the Reserve Bank of India's circular/guideline dated November 4, 2019 bearing number DOR.Appt.BC.No.23/29.67.001/2019-20 on Guidelines on Compensation of Whole-Time Directors/ Chief Executive Officers/ Other Risk Takers and Control Function Staff, etc. and guidelines issued by the Reserve Bank of India from time to time, Section 178 of the Companies Act, 2013, the relevant Rules made thereunder, and the SEBI Listing Regulations, amended from time to time.



Compensation policy regulates the appointment and remuneration of Directors (including Independent Directors), Key Managerial Personnel (KMP), Senior Management Personnel, Material Risk Takers (MRTs) and Control Function staff.

The policy is annually reviewed by the Board of Directors in addition to the other amendments that may be required in the policy. The policy is hosted by the Bank on its website and can be accessed at the link <https://www.aubank.in/investors/secretarial-policies>.

### Remuneration to Directors

#### Remuneration to Non-Executive Directors

The Non-Executive Directors are paid sitting fees for attending each meeting of the Board of Directors or any Committee thereof as approved by the Board, within the permissible limit prescribed under the Companies Act, 2013 and remuneration as per the RBI Circular no. RBI/2021-22/24DOR.GOV.REC.8/29.67.001/2021-22 on Corporate Governance in Banks - Appointment of Directors and Constitution of Committees of the Board dated April 26, 2021 and other regulatory guidelines, as amended from time to time.

The Non-Executive Directors are entitled to receive the sitting fees of ₹80,000 per meeting for attending the Board meetings and ₹40,000 per meeting for attending the Committee meetings.

Fixed remuneration of ₹15 lakh per annum is payable to each Independent Director of the Bank and Honorarium of ₹20 lakh per annum is payable to Part-Time Chairman of the Bank.

The details of sitting fees for attending the Board & Committee meetings and Compensation paid to Non-Executive Directors for the Financial Year ended March 31, 2023 is given below:

(₹ in lakh)			
Name of Director	Sitting Fees	Compensation/ Honorarium	Total
Mr. Raj Vikash Verma	20.40	20.00	40.40
Mr. H. R. Khan	21.60	15.00	36.60
Ms. Jyoti Narang	25.20	14.92	40.12
Mr. Kamlesh Vikamsey	20.00	14.01	34.01
Mr. V. G. Kannan	25.20	15.00	40.20
Ms. Kavita Venugopal	-	0.12	0.12
Mr. Krishan Kant Rathi	26.80	14.92	41.72
Ms. Malini Thadani	3.20	5.22	8.42
Mr. M. S. Sriram	26.40	15.00	41.40
Mr. Pushpinder Singh	19.60	15.00	34.60

*Note: None of the Non-Executive Directors have any pecuniary relationship or transaction with the Bank apart from receiving sitting fee and Compensation/Honorarium as applicable.*

*The Compensation/Honorarium was paid after finalisation of Audited Accounts.*

#### Remuneration of Executive Directors

On recommendation of the Nomination and Remuneration Committee, the Board of the Bank approves remuneration to Executive Directors subject to shareholders', RBI's approvals as applicable and terms of appointment is governed by the employment agreement executed between the Bank and Executive Directors.

A proper balance between fixed pay and variable pay is ensured for remuneration of the Executive Directors, the variable pay is a mix of cash and non-cash instrument, which is paid under deferral arrangement. The Executive Directors are duly bound with Malus and claw back clause, which activates in the event of subdued or negative financial performance of the Bank.

The remuneration details of Executive Directors viz. Mr. Sanjay Agarwal, MD & CEO and Mr. Uttam Tibrewal, Whole-Time Director of the Bank is as per the terms of approval of RBI is given below:

(₹ in lakh)		
Name	Fixed Pay for FY 2022-23 <sup>2</sup> (including perquisites)	Variable Pay of Previous Years paid during the FY 2022-23 <sup>3</sup>
Mr. Sanjay Agarwal, MD & CEO	233	89
Mr. Uttam Tibrewal, Whole-Time Director	202 <sup>1</sup>	38

<sup>1</sup> Excluding perquisite amount of ₹19.06 crore for ESOPs exercised by Mr. Uttam Tibrewal during FY 2022-23.

<sup>2</sup> RBI vide its letter dated November 18, 2022 approved the Fixed pay for FY 2021-22 of ₹2.33 crore and ₹2.02 crore of Mr. Sanjay Agarwal and Mr. Uttam Tibrewal respectively and the same Fixed Pay was retained for FY 2022-23 also.

<sup>3</sup> Variable Pay (Performance bonus) of ₹0.85 crore for FY 2020-21 & ₹0.94 crore for FY 2021-22 for Mr. Sanjay Agarwal, MD & CEO was approved by RBI on April 8, 2022 & November 18, 2022, respectively and out of which 50% i.e. ₹0.89 crore was paid during the FY 2022-23 and 50% is deferred in next 3 years in equal installments.

Variable Pay (Performance bonus) of ₹0.40 crore for FY 2020-21 & ₹0.37 crore for FY 2021-22 for Mr. Uttam Tibrewal, WTD was approved by RBI on April 8, 2022 & November 18, 2022, respectively and out of which 50% i.e. ₹0.38 crore was paid during the FY 2022-23 and 50% is deferred in next 3 years in equal installments.

Further, during the FY 2022-23, 13,648 options (post bonus issue adjusted to 27,296 options) were granted to Mr. Uttam Tibrewal with fair valuation of ₹0.95 crore as part of Variable Pay for FY 2020-21 as approved by RBI vide its letter dated April 8, 2022 and 40,488 options (post-bonus issue) were granted to Mr. Uttam Tibrewal with fair valuation of ₹1.11 crore as part of Variable Pay for FY 2021-22 as approved by RBI vide its letter dated November 18, 2022.

During the FY 2022-23, Mr. Uttam Tibrewal exercised 6,00,000 options under ESOP Scheme 2018 and 3,434 options Under ESOP Scheme 2020 at exercise price of ₹332 and ₹547.50 respectively.

The tenure of the office of the Managing Director & CEO and Whole-Time Director three years w.e.f. April 19, 2020 which is extended by the Reserve Bank of India for another term of three years w.e.f. April 19, 2023 and can be terminated by either party by giving one month's notice in writing. There is no provision for payment of severance fees.

#### 4. Stakeholders Relationship Committee (SRC)

The terms of reference of the SRC, *inter alia*, include:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the RTA.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Bank.
- Review and address all matters pertaining to Depositories for dematerialisation of shares of the Bank and other matters connected therewith.
- Review and address matters pertaining to Registrar and Share Transfer Agent ("RTA") including appointment of new RTA in place of existing.
- Review status of investor complaints on a periodic basis and issue necessary instructions to expedite resolution of pending complaints.



- Oversee the performance of the RTA and to recommend measures for overall improvement in the quality of investor services.
- Carrying out any other function contained in the SEBI Listing Regulations.

During the year, the SRC met Four (4) times on April 13, 2022, July 14, 2022, November 16, 2022 and January 18, 2023.

Details of the composition of the SRC as on March 31, 2023 is as follows:

<b>Name</b>	<b>Category of Directorship</b>	<b>Chairperson/Member</b>
Mr. Raj Vikash Verma	Independent Director	Chairperson
Ms. Malini Thadani	Independent Director	Member
Mr. Kamlesh Vikamsey	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director & CEO	Member
Mr. Uttam Tibrewal	Whole-Time Director	Member

### **Investor Grievance Redressal**

The Bank has appointed “Link Intime India Private Limited” as the Registrar and Share Transfer Agent (“RTA”) of the Bank to carry out the share transfer and other work associated thereto. Link Intime India Private Limited has appropriate systems to ensure that requisite service is provided to investors of the Bank in accordance with the corporate, securities and other applicable laws. The SRC review/evaluate the performance of RTA in its quarterly meetings.

Members holding shares in physical form are requested to convert their holdings to dematerialised form to eliminate all risks associated with physical shares, to be able to transfer shares and for ease of portfolio management. Pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023, Investor Service Request Form (ISR)-1 along with other forms were shared with all the physical shareholders and also made available on the website of the Bank and RTA for updating their KYC details.

For any assistance, request or instruction regarding transfer or transmission of securities, dematerialisation of securities, change of address, non-receipt of annual report, dividend warrant and any other query relating to the securities of the Bank, the investors may contact the RTA, Link Intime India Private Limited at [rt.helpdesk@linkintime.co.in](mailto:rt.helpdesk@linkintime.co.in). Shareholders may write to the Bank at [investorrelations@aubank.in](mailto:investorrelations@aubank.in). The addresses and contact details of RTA are provided in General Shareholder Information section of Corporate Governance Report.

### **Details of Investor Complaints Received During the FY 2022-23:**

<b>Particulars</b>	<b>Shareholders</b>	<b>Debenture holders</b>
No. of complaints pending as on April 1, 2022	0	0
No. of complaints received during FY 2022-23	6	0
No. of complaints resolved during FY 2022-23	6	0
No. of complaints pending as on March 31, 2023	0	0

There were no investor complaints pending as at March 31, 2023 which were not solved to the satisfaction of shareholders in compliance with SEBI Listing Regulations and the statement of investor grievances was submitted to stock exchange on a quarterly basis.

### **Name and Designation of Compliance Officer**

Pursuant to Regulation 6(1) of SEBI Listing Regulations, Mr. Manmohan Parnami, Company Secretary is designated as Compliance Officer.

## 5. Corporate Social Responsibility (CSR) Committee

### Terms of Reference

The terms of reference of the CSR Committee, *inter alia*, include:

- To formulate and recommend to the Board, a CSR policy which will indicate the activities to be undertaken by the Bank in accordance with Schedule VII of the Companies Act, 2013.
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Bank.
- To monitor and Review the CSR policy of the Bank and its effective implementation from time to time.
- The CSR Committee shall formulate and recommend to the Board, an Annual Action Plan in pursuance of CSR policy.
- Monitor the implementation of the projects in pursuance to Annual Action Plan for smooth implementation of the project within the overall permissible time period and satisfy itself regarding the utilisation of the disbursed CSR funds.
- Ensure appropriate disclosures regarding CSR activities undertaken by the Bank are appropriately disclosed in the Annual Report.
- The CSR Committee shall also report annually:
  - Significant CSR activities and achievements in the Bank’s Annual Report.
  - The impact assessment reports which shall be placed before the Board and shall be annexed to the annual report on CSR.
- Any other matter as the CSR Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time.

During the year, CSR Committee met two (2) times on April 25, 2022 and November 16, 2022.

Details of the composition of the CSR Committee as on March 31, 2023 is as follows:

Name	Category of Directorship	Chairperson/Member
Ms. Malini Thadani	Independent Director	Chairperson
Mr. M. S. Sriram	Independent Director	Member
Mr. H. R. Khan	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director & CEO	Member
Mr. Uttam Tibrewal	Whole-Time Director	Member

## 6. IT Strategy and Information Systems Security Committee

### Terms of Reference

The terms of reference of the IT Strategy and Information Systems Security Committee, *inter alia*, include:

- Review the IT related strategy and policy and ensure that the same is approved by the Board.
- Oversee performance of the IT Steering Committee and IT Security Risk Management Committee and guide the management in implementing the IT strategy, maintaining a good balance between the Board and the Management across all IT related verticals.
- Implementation of an IT governance framework covering basic principles of value delivery, IT Risk Management, IT resource management, and performance management (including IT Security).
- Ensure that a governance structure is created for IT which will include technology and development, IT operations, IT assurance and supplier and resource management, each of which may be headed by suitably experienced and trained senior officials.
- Review IT performance measurement and contribution of IT to the Bank’s business.



- Review the IT operational model and ensure it is effective and working as per set policies and processes.
- Review the investments made into IT infrastructure to sustain the Bank's growth and represent a balance of risks and benefits.
- Overseeing the aggregate funding of IT at bank-level and ascertain if the management has resources to ensure the proper management of IT risks.
- Oversee and guide the process of:
  - Budgetary allocations for the IT function (including for IT security) aligned with the Bank's IT maturity, digital depth, threat environment and industry standards and are utilised in a manner intended for meeting the stated objectives;
  - Maintain close oversight over the Business Continuity Planning and Disaster Recovery Management of the Bank consistent with the Regulatory and supervisory expectations on the one hand and the best industry standards and practices on the other hand, under the broad Digital Vision of the Bank; and
  - Ensure the annual assessment of capacity vis-a-vis the expectations, with sufficient safety in terms of any capacity constraint based on past trend (peak usage), business activities (current as well as future plans) and address the issues effectively in order to ensure that there is always enough bandwidth available for any contingency.

During the year, the IT Strategy and Information Systems Security Committee met Four (4) times on April 11, 2022, July 14, 2022, November 16 & adjourned to 24, 2022 and February 10, 2023.

Details of the composition of the IT Strategy and Information Systems Security Committee as on March 31, 2023 is as follows:

<b>Name</b>	<b>Category of Directorship</b>	<b>Chairperson/Member</b>
Mr. Pushpinder Singh	Independent Director	Chairperson
Mr. Raj Vikash Verma	Independent Director	Member
Mr. V. G. Kannan	Independent Director	Member
Mr. H. R. Khan	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director & CEO	Member

## **7. Customer Service Committee (CSC)**

### **Terms of Reference**

The terms of reference of the CSC, *inter alia*, include:

- To review and monitor the effective implementation of customer service-related policies, procedures, systems and processes.
- Review the statement of complaints along with an analysis of the complaints received with an objective to address the following: (i) to identify customer service areas in which the complaints are frequently received; (ii) to identify frequent sources of complaint; (iii) to identify systemic deficiencies; and (iv) for initiating appropriate action to make the grievance redressal mechanism more effective.
- Review, on a quarterly basis, the position of the complaints against the Bank with the Banking Ombudsman offices/ Consumer Courts/ Courts and analyse the reasons for these complaints not getting resolved by the Bank itself.

- Review the effectiveness of grievance redressal mechanism within the Bank for redressing complaints received about services rendered by Business Correspondents (BC).
- Evaluate the trend analysis of customer complaints by product categories/ channels/ BCs and monitor improvement plans.
- Ensure that the products and services are appropriate to the needs of the customers by analysing products and service and associated customer complaints for betterment in customer service quality and adhere to extant regulations.
- Assess Banking Ombudsman awards on a periodic basis, address systemic deficiencies brought out by these awards and report cases with delayed implementation of more than 3 months to the Board with reasons for delay to facilitate necessary remedial action on priority.
- Review the details of the number of claims received pertaining to deceased depositors/ locker-hirers/ depositors of safe custody article accounts and those pending beyond the stipulated period, giving reasons.
- Review the performance of ‘Standing Committee for Customer Services’ and other Sub Committees, if any.
- Benchmark review of turnaround time for key product offerings and monitoring improvement plans put in place.

During the year, the CSC met Four (4) times on April 13, 2022, July 15, 2022, November 17, 2022 and January 18, 2023.

Details of the composition of the CSC as on March 31, 2023 is as follows:

Name	Category of Directorship	Chairperson/Member
Mr. M. S. Sriram	Independent Director	Chairperson
Ms. Kavita Venugopal	Independent Director	Member
Mr. Pushpinder Singh	Independent Director	Member
Mr. V. G. Kannan	Independent Director	Member
Mr. Uttam Tibrewal	Whole-Time Director	Member

## 8. Review of Classification of Wilful Defaulters Committee

### Terms of Reference

The terms of reference of the Review of Classification of Wilful Defaulters Committee, *inter alia*, include:

- Review and examine the evidence of wilful default on the part of the borrower, and its Director/ Whole-Time Director.
- Ensure that the parties are given necessary opportunities to put forth their cases before classifying them as wilful defaulters.
- Review of the problematic areas leading to advancement of wilful defaulters in the Bank and develop control measures to mitigate the same.
- Cases where-in suggestions and advice of the Committee is required or cases having substantive progress requiring knowledge of Committee will be reviewed. All cases of Non-Cooperative Borrowers category will be reviewed every six months.
- Make recommendations and facilitate efficient and effective decisions on time to improve the quality of loan portfolio.
- Interface with legal department and recovery department to monitor the wilful default cases and their current position.

During the year, Review of Classification of Wilful Defaulters Committee met three (3) times on April 13, 2022, July 14, 2022 and November 16, 2022.



Details of the composition of the Review of Classification of Wilful Defaulters Committee as on March 31, 2023 is as follows:

<b>Name</b>	<b>Category of Directorship</b>	<b>Chairperson/Member</b>
Mr. Raj Vikash Verma	Independent Director	Chairperson
Mr. V. G. Kannan	Independent Director	Member
Mr. Kamlesh Vikamsey	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director & CEO	Member

## 9. Special Committee on Fraud Monitoring (SFMC)

### Terms of Reference

The terms of reference of the SFMC, *inter alia*, include:

- Monitor and review all frauds of ₹1 crore and above.
- Identify the system lacunae, if any, that facilitate perpetration of the fraud and put in place measures to plug the same.
- Evaluation of existing systems and procedures for fraud detection and prevention and reasons for delay in detection, if any, in reporting to top management of the Bank and RBI.
- Review the efficacy of the remedial action undertaken to prevent recurrence of frauds, such as strengthening of internal controls.
- Monitoring progress of police investigation and recovery position and ensure that staff accountability is examined at all levels in all fraud cases and staff side action, if required.
- Put in place other measures to strengthen preventive measures against frauds.

During the year, no meeting of the Special Committee on Fraud Monitoring was held as there was no fraud of ₹1 crore and above was identified by the Bank during the year.

Details of the composition of the Special Committee on Fraud Monitoring as on March 31, 2023 is as follows:

<b>Name</b>	<b>Category of Directorship</b>	<b>Chairperson/Member</b>
Mr. Raj Vikash Verma	Independent Director	Chairperson
Ms. Kavita Venugopal	Independent Director	Member
Mr. V. G. Kannan	Independent Director	Member
Mr. Kamlesh Vikamsey	Independent Director	Member
Mr. Uttam Tibrewal	Whole-Time Director	Member

*Note: Board in its meeting held on May 22, 2023 revised the constitution of Committee wherein Mr. Sanjay Agarwal was inducted as member of Committee in place of Mr. Uttam Tibrewal.*

## 10. Disciplinary Committee (DC)

### Terms of Reference

The terms of reference of the Disciplinary Committee, *inter alia*, include:

- To review the policy on Code of Conduct for employees, Whistle-Blower Policy and Vigil Mechanism and Prevention and Redressal against Sexual Harassment Policy, recommend the same to the Board and appropriately review as and when required.
- Setting up of a transparent mechanism to decide and resolve complaints from employees and take appropriate corrective action plan.
- Resolution of complaints received by the Bank including sexual harassment and enforce disciplinary action in the matter.
- Taking appropriate remedial measures to respond to any substantiated allegations of a complaint (sexual harassment or disciplinary) against any employee.
- Promote appropriate working conditions and a safe environment for all employees.

During the year, the Disciplinary Committee met two (2) times on April 13, 2022 and November 17, 2022.

Details of the composition of the Disciplinary Committee as on March 31, 2023 is as follows:

Name	Category of Directorship	Chairperson/Member
Ms. Kavita Venugopal	Independent Director	Chairperson
Mr. M. S. Sriram	Independent Director	Member
Mr. Pushpinder Singh	Independent Director	Member
Mr. Uttam Tibrewal	Whole-Time Director	Member

## 11. Committee For Financial Inclusion

### Terms of Reference

The terms of reference of the Committee for Financial Inclusion, *inter alia*, include:

- To review the channelisation of deposits in unserved and underserved sections of the society & availability of credit to small business units, small & marginal farmers; micro and small industries and other unorganised sector entities through high technology & low-cost operations.
- Review of the financial inclusion initiatives covering the targets, products, customer segment etc. and review the plan in this regard.
- To monitor achievements in priority sector lending including sub targets covering lending under Agriculture, Small & Marginal farmers, Micro Enterprises and to weaker sections of the society.
- To review and monitor the progress of enrolments under the pro-poor insurance and pension programmes and other government schemes.
- To advise for the new initiatives for financial inclusion that can be undertaken by the Bank.

During the year, the Committee for Financial Inclusion met Four (4) times on April 14, 2022, July 14, 2022, November 16, 2022 and January 18, 2023.

Details of the composition of the Committee for Financial Inclusion as on March 31, 2023 is as follows:

Name	Category of Directorship	Chairperson/ Member
Mr. H. R. Khan	Independent Director	Chairperson
Mr. Raj Vikash Verma	Independent Director	Member
Mr. M. S. Sriram	Independent Director	Member
Ms. Malini Thadani	Independent Director	Member
Mr. Uttam Tibrewal	Whole-Time Director	Member

## 12. Management Committee

### Terms of Reference

The terms of reference of the Management Committee, *inter alia*, include:

- To approve credit facilities & investment exposure above certain threshold to new exposure/loan to existing customers along with existing facility.
- Reporting to Board about no officer or any Committee comprising, *inter alia*, an officer as member, shall, while exercising powers of sanction of any credit facility, sanction any credit facility to his/her relative.
- Reporting to Board about proposals for credit facilities to the relatives of senior officers of the Bank sanctioned by the appropriate authority through Management Committee.
- Reporting to Board about any company in which any of the relatives of any senior officer of the Bank holds substantial interest or is interested as a director or as a guarantor.



- To sanction proposals of loans and advances aggregating Rupees twenty-five lakh and above to -
  - directors (including the Chairperson/Managing Director) of other Banks
  - any firm in which any of the directors of other Banks is interested as a partner or guarantor; and
  - any company in which any of the directors of other Banks holds substantial interest or is interested as a director or as a guarantor.

However, for personal loans granted to any director of other Banks, the threshold of Rupees twenty-five lakh, as mentioned above shall be revised to Rupees five crore.

- To sanction proposals of loans and advances aggregating Rupees five crore and above to:
  - any relative other than spouse and minor/ dependent children of their own Chairperson/ Managing Directors or other Directors;
  - any relative other than spouse and minor/ dependent children of the Chairperson/ Managing Director or other directors of other Banks;
  - any firm in which any of the relatives other than spouse and minor/dependent children as mentioned in (a) & (b) above is interested as a partner or guarantor; and;
  - any company in which any of the relatives other than spouse and minor/dependent children as mentioned in (a) & (b) above is interested as a major shareholder or as a director or as a guarantor or is in control;

Provided that a relative of a director shall also be deemed to be interested in a company, being the subsidiary or holding company, if he/she is a major shareholder or is in control of the respective holding or subsidiary company.

- Approval of Waiver in POS amount for amount above ₹1 crore.

During the year, the Management Committee met Five (5) times on April 13, 2022, July 14, 2022, November 16, 2022, January 18, 2023 and March 15, 2023.

Details of the composition of the Management Committee as on March 31, 2023 is as follows:

Name	Category of Directorship	Chairperson/Member
Mr. Raj Vikash Verma	Independent Director	Chairperson
Mr. Pushpinder Singh	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director & CEO	Member
Mr. Uttam Tibrewal	Whole-Time Director	Member

### 13. Capital Raising Committee

#### Terms of Reference

The terms of reference of the Capital Raising Committee, *inter alia*, include:

- To analyse various options for infusion of capital and funds by offering various securities including equity shares, preference shares, debentures, bonds, BASEL compliant Tier I and Tier II Instruments and other debt securities, etc.
- To approve the issue of securities in one or more tranches to various potential Investors within the overall limit as approved by the Board/ Shareholders and determine price/ price range for the securities.
- To approve and incur the necessary expenditure relating to capital and fund-raising exercise.
- To issue receipts/ allotment letters/ confirmations of allotment notes either in physical or electronic mode representing the underlying equity shares.
- To perform all activities with regard to fundraising by various methods/ means/ options under the authority of Board and Shareholders.
- To do all such acts, deeds as the Board may delegate in connection with the capital and fund-raising exercise.

During the year, the Capital Raising Committee met two (2) times on August 3, 2022 and August 8, 2022.

Details of the composition of the Capital Raising Committee as on March 31, 2023 is as follows:

Name	Category of Directorship	Chairperson/Member
Mr. Raj Vikash Verma	Independent Director	Chairperson
Ms. Malini Thadani	Independent Director	Member
Mr. V. G. Kannan	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director & CEO	Member

## 14. Sustainability Committee

### Terms of Reference

The terms of reference of the Sustainability Committee, *inter alia*, include:

- Monitor and assess the adequacy of the Bank’s sustainable development framework.
- Stakeholder identification & meaningful engagement to identify, strategise, address & report the material issues.
- Firm up a roadmap, fix sustainability targets in alignment with business targets & monitoring of the targets.
- Explore integration of Business objectives and their alignment with the ESG goals in consultation with all business verticals.
- Support in creation & support of climate resilient business models. Work towards positive ecosystem with carbon positive, water positive & waste neutral operations.
- Support in identifying climate related physical & systemic risks. Work out ESG financing strategy & risk mitigation plan in phase-wise manner in accordance with globally accepted frameworks.
- Collaborate and partner with industry peers to strengthen sustainability initiatives. This may include international peers/stakeholders as well.
- Develop lending and investment guidelines in alignment with climate resiliency.
- Ensure accountability, transparency, efficiency, equity, including Gender equality and inclusivity in the business.
- Creation of diverse & inclusive ecosystem presenting with equal opportunities.
- Education & communication of sustainable practices to all the stakeholders.

The Board approved constitution of the Sustainability Committee in its meeting held on January 19, 2023 to monitor and assess the adequacy of the Bank’s sustainable development framework including sustainable financing. During the FY 2022-23, No Meeting of the Sustainability Committee was held.

Details of the composition of the Sustainability Committee as on March 31, 2023 is as follows:

Name	Category of Directorship	Chairperson/Member
Ms. Malini Thadani	Independent Director	Chairperson
Mr. Raj Vikash Verma	Independent Director	Member
Mr. H. R. Khan	Independent Director	Member
Mr. Kamlesh Vikamsey	Independent Director	Member
Mr. Sanjay Agarwal	Managing Director & CEO	Member



**Table- I – Details of Number of Committee Meetings and Participation of the Members at the Meetings During FY 2022-23**

Name of Committee Member	No. of Meetings attended/No. of Meetings													
	Audit Committee	Risk Management Committee	Nomination & Remuneration Committee	Stakeholders Relationship Committee	Corporate Social Responsibility Committee	IT Strategy and Information Systems Security Committee	Customer Service Committee	Customer Classification of Wilful Defaulter Committee	Disciplinary Committee	Committee for Financial Inclusion	Management Committee	Capital Raising Committee	Special Committee for Fraud Monitoring	Sustainability Committee
Mr. Raj Vikash Verma <sup>1</sup>	-	-	-	4/4	-	4/4	-	3/3	-	3/3	5/5	0/0	-	-
Mr. H. R. Khan <sup>2</sup>	-	6/6	9/9	-	1/1	3/3	-	-	3/3	-	-	-	-	-
Ms. Jyoti Narang <sup>3</sup>	2/2	8/8	11/11	-	2/2	-	4/4	2/2	-	-	-	2/2	-	-
Mr. Kamlesh Vikamsey <sup>4</sup>	7/7	6/6	-	3/3	-	-	-	2/2	-	-	-	-	-	-
Mr. V. G. Kannan <sup>5</sup>	9/9	8/8	-	-	-	4/4	4/4	3/3	-	1/1	-	2/2	-	-
Ms. Kavita Venugopal <sup>6</sup>	0/0	0/0	-	-	-	-	0/0	-	-	-	-	-	-	-
Mr. Krishan Kant Rathi <sup>7</sup>	9/9	8/8	11/11	3/4	1/1	-	-	1/1	-	-	-	2/2	-	-
Ms. Malini Thadani <sup>8</sup>	-	-	0/0	0/0	0/0	-	-	-	0/0	-	-	0/0	-	-
Mr. M. S. Sriram <sup>9</sup>	9/9	2/2	11/11	-	2/2	-	4/4	-	2/2	4/4	-	-	-	-
Mr. Pushpinder Singh <sup>10</sup>	-	0/0	0/0	-	1/1	4/4	4/4	-	2/2	1/1	5/5	-	-	-
Mr. Sanjay Agarwal <sup>11</sup>	-	-	-	0/0	2/2	4/4	-	3/3	-	-	5/5	2/2	-	-
Mr. Uttam Tibrewal <sup>12</sup>	-	-	-	4/4	0/0	0/0	4/4	2/2	4/4	4/4	4/5	-	-	-
<b>Total No. of Meeting Held</b>	<b>9</b>	<b>8</b>	<b>11</b>	<b>4</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>2</b>	<b>0</b>	<b>0</b>

1. Mr. Raj Vikash Verma inducted as member of Committee for Financial Inclusion w.e.f. April 26, 2022 and Chairperson of Capital Raising Committee w.e.f. March 30, 2023.
2. Mr. H. R. Khan inducted as member of Risk Management Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and IT Strategy and Information Systems Security Committee and as Chairperson of Committee for Financial Inclusion w.e.f. April 26, 2022. He was also inducted as member of Sustainability Committee w.e.f. March 30, 2023.
3. Ms. Jyoti Narang ceased to be member of the Audit Committee w.e.f. April 26, 2022. Due to completion of her tenure on the Board, she ceased to be member of Risk Management Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Chairperson of Customer Service Committee, Disciplinary Committee and Capital Raising Committee w.e.f. March 30, 2023.
4. Mr. Kamlesh Vikamsey inducted as member of Audit Committee, Risk Management Committee, Stakeholders Relationship Committee, Review of Classification of Wilful Defaulter Committee and Special Committee for Fraud Monitoring w.e.f. April 26, 2022. He was also appointed as member of Sustainability Committee w.e.f. January 19, 2023. Further, he was designated as Chairperson of Audit Committee w.e.f. March 30, 2023.
5. Mr. V. G. Kannan ceased to be member of Committee for Financial Inclusion w.e.f. April 26, 2022.
6. Ms. Kavita Venugopal inducted as member of Audit committee, Risk Management Committee, Customer Service Committee, Special Committee for Fraud Monitoring and as Chairperson of Disciplinary Committee w.e.f. March 30, 2023.
7. Mr. Krishan Kant Rathi ceased to be member of the Corporate Social Responsibility Committee and Review of Classification of Wilful Defaulter Committee w.e.f. April 26, 2022. Due to completion of his tenure on the Board, he ceased to be member of Risk Management Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Capital Raising Committee and Chairperson of Audit Committee w.e.f. March 30, 2023.
8. Ms. Malini Thadani inducted as member of Sustainability Committee w.e.f. January 19, 2023. She was also inducted as member of Nomination and Remuneration Committee, Stakeholders Relationship Committee, Committee for Financial Inclusion, Capital Raising Committee and Chairperson of Corporate Social Responsibility Committee and Sustainability Committee w.e.f. March 30, 2023.
9. Mr. M. S. Sriram appointed as Chairperson of Corporate Social Responsibility Committee and ceased to be Chairperson of Committee for Financial Inclusion and member of Risk Management Committee and Special Committee for Fraud Monitoring w.e.f. April 26, 2022. He inducted as member of Sustainability Committee w.e.f. January 19, 2023. Further, He appointed as Chairperson of Customer Service Committee and ceased to be member of Sustainability Committee w.e.f. March 30, 2023.
10. Mr. Pushpinder Singh ceased to be member of the Corporate Social Responsibility Committee and Committee for Financial Inclusion w.e.f. April 26, 2022. He inducted as member of Risk Management Committee Nomination and Remuneration Committee and ceased to be member of Special Committee for Fraud Monitoring w.e.f. March 30, 2023.
11. Mr. Sanjay Agarwal inducted as member of Sustainability Committee w.e.f. January 19, 2023. He was inducted as member of Stakeholders Relationship Committee and ceased to be member of Special Committee for Fraud Monitoring w.e.f. March 30, 2023.
12. Mr. Uttam Tibrewal was inducted as member of Corporate Social Responsibility Committee and Special Committee for Fraud Monitoring w.e.f. March 30, 2023.

### Independent Director's Meeting

As per the requirement of the Section 149(8) read with Schedule IV of Companies Act, 2013, and Regulation 25 of SEBI Listing Regulations, a meeting of the Independent Directors of the Bank is required to be held once a year in absence of non-independent directors.

During the FY 2022-23, the Independent Directors of the Bank met two (2) times on April 25, 2022 and March 10, 2023, chaired by Mr. Raj Vikash Verma and attended by all the Independent Directors of the Bank and discussed & reviewed the below matters:

- Familiarisation Programme held during the year
- Performance of Non-Independent Directors, the Board of Directors as a whole, Chairperson of the Bank
- Assessed the quality, quantity, and timeliness of flow of information between the management of the Bank and the Board of Directors that is necessary for the Board of Directors to effectively and reasonably perform their duties
- Assessed whether adequate time is spent by the Board/Committees on discussions on important issues.
- Reviewed the criteria for evaluation of performance of Board Committees
- Reviewed the revised composition of Board Committees of the Bank

No sitting fees was paid to the Independent Directors of the Bank for attending the said meeting.

### Familiarisation Programme for Independent Directors

The Bank's independent directors are eminent professionals with several decades of experience in Banking and financial services industry, technology, finance, governance and management areas and are fully conversant and familiar with the business of the Bank. In compliance with Regulation 25(7) of SEBI Listing Regulations, the Board familiarisation programme covers Induction programme for New Independent Directors, familiarisation/knowledge session on Banking Business and its functional issues. Knowledge session of subject matters experts, external training programmes from IDRBT, CAFRAL and other institutions is organised for Board Members to keep them abreast with evolving Banking Industry and regulatory landscape.

During the induction programme, the Directors are apprised about the roles, rights, responsibilities of Independent Directors covered under Bank's codes & key Board approved policies including Code of Ethics & Conduct for Directors and Senior Management Personnel. The Orientation document set is provided to the Directors for smooth familiarisation with Bank's policies, operations, its senior leadership team, and organisation structure etc. The newly inducted directors are also familiarised by the Managing Director & CEO and members of senior management team about Bank's vision & mission, business model, strategies, management structure, HR initiatives, compliance, Risk Management, Compliance, & Audit framework.

Further, at the Board and Committee Meetings regular updates on key regulatory developments including RBI & other regulatory circulars/ notifications/ guidelines etc. is also presented to keep the Directors informed about the regulatory changes and impact thereof.

The details of the familiarisation programme imparted to the Independent Directors during the FY 2022-23 are available on the website of the Bank at <https://www.aubank.in/investors/secretarial-policies>.

### Director & Officer's Liability Insurance Policy

Pursuant to the Regulation 25(10) of SEBI Listing Regulations, The Bank had undertaken Directors and Officers insurance ('D & O insurance') for all its Directors, including Independent Directors, for a quantum and risks as determined by the Board of Directors of the Bank.

### Board Diversity Policy

The Board has framed a policy for Board Diversity which lays down the criteria for appointment of Directors on the Board of Bank and guides organisation's approach to Board Diversity.

Bank believes that a mix of individuals representing different geographies, culture, gender, industry experience, qualification and skill set will bring in different perspectives which will help the organisation grow.



The Board of Directors is responsible for review of the Board Diversity policy from time to time. Board Diversity Policy is available at Bank's website at <https://www.aubank.in/investors/secretarial-policies>.

### Succession Planning

The Bank believes that a sound succession plan for the Directors and Senior Management executives is important for maintaining stability, continuity of operations and long-term sustainable growth of the institution. The Nomination and Remuneration Committee works with the Board on the leadership succession plan to ensure an orderly succession in appointments to the Board and of Senior Management.

Accordingly, the Bank has put in place the Policy for orderly succession for appointment to the Board and Senior Management and the same can be accessed through the link at <https://www.aubank.in/investors/secretarial-policies>.

### General Body Meetings

#### A. Location and time of last three Annual General Meetings (AGMs) and details of special resolutions passed thereat:

Year	Particular of Meeting	Date & Time	Location	Special Resolution passed if any
2021-22	27 <sup>th</sup> AGM	August, 23, 2022 at 04:00 p.m.	Through Video Conferencing ("VC") and other audio-visual means ("OAVM")	<ol style="list-style-type: none"> <li>To re-appoint Mr. M. S. Sriram (DIN: 00588922) for second term of 3 years as an Independent Director.</li> <li>To re-appoint Mr. Pushpinder Singh (DIN: 08496066) for second term of 3 years as an Independent Director.</li> <li>To re-appoint Mr. V. G. Kannan (DIN: 03443982) for second term of 3 years as an Independent Director.</li> <li>To issue non-convertible debt securities/ bonds/ other permissible instruments, in one or more tranches.</li> <li>To raise funds through issue of equity shares and/or any other instruments or securities representing either equity shares and/or convertible securities linked to equity shares including through Qualified Institutions Placement or such other permissible mode or combinations thereof.</li> </ol>
2020-21	26 <sup>th</sup> AGM	August 17, 2021 at 10:30 a.m.	Through VC and OAVM	<ol style="list-style-type: none"> <li>To issue debt securities/ bonds/ other permissible instruments, in one or more tranches.</li> <li>To raise funds through issue of equity shares and/or any other instruments or securities representing either equity shares and/or convertible securities. Linked to equity shares including through Qualified Institutions Placement or such other permissible mode or combinations thereof.</li> </ol>
2019-20	25 <sup>th</sup> AGM	July 21, 2020 at 3.30 p.m.	Through VC and OAVM	<ol style="list-style-type: none"> <li>To issue debt securities/ bonds/ other permissible instruments, in one or more tranches.</li> <li>To approve the amendments in Employee Stock Option Scheme 2015 Plan A &amp; B ("ESOP Scheme 2015").</li> <li>To approve the amendments in Employee Stock Option Scheme 2016 ("ESOP Scheme 2016").</li> <li>To approve the amendments in Employee Stock Option Scheme 2018 ("ESOP Scheme 2018").</li> <li>Raising of funds through issue of equity shares and/or any other instruments or securities representing either equity shares and/or convertible securities linked to equity shares including through Qualified Institutions Placement/preferential allotment or such other permissible mode or combinations thereof.</li> </ol>

## B. Postal Ballot during the FY 2022-23

Pursuant to provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of SEBI Listing Regulations, Secretarial Standard on General Meetings (“SS-2”) issued by Institute of Company Secretaries of India, General Circulars No.14/2020 dated April 8, 2020, No. 17/2020 dated April 13, 2020, No. 22/2020 dated June 15, 2020, No. 33/2020 dated September 28, 2020, No. 39/2020 dated December 31, 2020, No. 10/2021 dated June 23, 2021 and No. 20/2021 dated December 8, 2021, No. 03/2022 dated May 5, 2022 and 11/2022 dated December 28, 2022 issued by the Ministry of Corporate Affairs (“MCA Circulars”) and other applicable rules/ regulations/ guidelines/ circulars/ notifications, the Bank has received shareholders’ approval by passing following special resolution on May 29, 2022 and December 30, 2022 through postal ballot by e-voting.

Date of Postal Ballot Notice	Agenda Heading	Nos. of Votes		Percentage (%) of votes	
		In Favour	Against	In Favour	Against
April 26, 2022	Approval for the appointment of Mr. Kamlesh Shivji Vikamsey (DIN: 00059620) as an Independent Director of the Bank	22,39,27,136	3,79,82,228	85.4980	14.5020
November 24, 2022	Approval for the appointment of Ms. Malini Thadani (DIN: 01516555) as an Independent Director of the Bank	52,25,94,800	84,006	99.9839	0.0161

In addition to above, shareholders have approved the following Special resolutions through postal ballot by e-voting on April 30, 2023:

Date of Postal Ballot Notice	Agenda Heading	Nos. of Votes		Percentage (%) of votes	
		In Favour	Against	In Favour	Against
March 10, 2023	Approval for the Appointment of Ms. Kavita Venugopal (DIN: 07551521) as an Independent Director of the Bank	49,51,22,271	5,638	99.9989	0.0011
	Approval and adoption of ‘AU Employees Stock Option Scheme 2023’ (“AU ESOS 2023”)	47,91,43,940	1,59,80,911	96.7723	3.2277

CS Manoj Maheshwari, Partner of M/s. V. M. & Associates, Companies Secretaries was the scrutiniser for monitoring and scrutinising remote e-Voting and for conducting the Postal Ballot process in a fair and transparent manner.

None of the special business proposed to be transacted in the Annual General Meeting requires to be conducted through postal ballot.

### Procedure of the Postal Ballot

The Postal Ballot procedure followed by the Bank is as stipulated under the provisions of Section 108 and Section 110 of the Companies Act, 2013 read with applicable Rules and SEBI Listing Regulations and the Secretarial Standards issued by the Institute of Company Secretaries of India.

Members are provided with the facility to cast their votes through e-Voting. The Board of Directors of the Bank has appointed Scrutiniser for conducting the postal ballot voting process fairly and transparently. The Scrutiniser submits his report to the Company Secretary & Compliance Officer as authorised by the Chairperson of the Board after the completion of the scrutiny of the e-Voting results. Considering the results and report of the Scrutiniser of the Postal Ballot, the resolution is considered approved or rejected.



The necessary intimations as required under the applicable SEBI Listing Regulations are submitted to the Stock Exchanges and post declarations of the results the same are displayed on the website of the Bank and of National Securities Depositories Limited.

### General Shareholder Information

1	Date of Incorporation	January 10, 1996																							
2	Corporate Identification No.	L36911RJ1996PLC011381																							
3	Registered office Address	19-A, Dhuleshwar Garden, Ajmer Road, Jaipur - 302 001, Rajasthan, India																							
4	Address for Correspondence and Contact Detail	The Company Secretary & Compliance Officer, AU Small Finance Bank Limited Registered Office: 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur - 302 001 Tel: +91-141-4110060/6660666   Fax: +91-141-4110090 E-mail: <a href="mailto:investorrelations@aubank.in">investorrelations@aubank.in</a>																							
5	Name of depositories	National Securities Depository Limited (NSDL) Central Depository Services (India) Limited (CDSL)																							
6	Listing on Stock Exchange	<b>BSE Limited (BSE)</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001, Maharashtra, India  <b>National Stock Exchange of India Ltd. (NSE)</b> Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East) Mumbai - 400 051, Maharashtra, India Bank has deposited the annual listing fees to the stock exchange(s) where the securities of the Bank are listed. No securities were suspended for trading on any of the exchange viz. BSE and NSE during the financial year 2022-23.																							
7	Stock Code	BSE: 540611 NSE: AUBANK																							
8	ISIN of Equity Shares	INE949L01017																							
9	Dematerialisation of Shares & Liquidity	The Bank's equity shares are traded compulsorily in electronic form. Bank has established connectivity with both the depositories in India - NSDL and CDSL. The requisite fees were duly paid to the depositories. The Bank has also appointed Link Intime India Pvt. Ltd. as the connectivity agent to provide electronic connectivity interface with NSDL and CDSL for securities of the Bank. Position of Shareholding (Demat/Physical) as on March 31, 2023 was as below: <table border="1"> <thead> <tr> <th>Particulars</th> <th></th> <th>No. of Shares</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Dematerialisation Form</td> <td>CDSL</td> <td>6,29,81,591</td> <td>9.446</td> </tr> <tr> <td>NSDL</td> <td>60,37,59,694</td> <td>90.553</td> </tr> <tr> <td><b>Total Dematerialised shareholding</b></td> <td></td> <td><b>66,67,41,285</b></td> <td><b>99.999</b></td> </tr> <tr> <td>Physical Form*</td> <td></td> <td>3,770</td> <td>0.001</td> </tr> <tr> <td><b>Grand Total (A+B)</b></td> <td></td> <td><b>66,67,45,055</b></td> <td><b>100.00</b></td> </tr> </tbody> </table> <i>*issued at the time of bonus issuance of securities due to non-credit of shares to few shareholders.</i> Further, as mandated by the Securities and Exchange Board of India ("SEBI"), existing members of the Bank, who hold securities in physical form and intend to transfer their securities, can do so only in dematerialised form. Hence, shareholders who hold shares in physical form are requested to dematerialise these shares to ensure such shares are freely transferable. No shares were held by Bank in the demat suspense account or unclaimed suspense account as on March 31, 2023.	Particulars		No. of Shares	Percentage	Dematerialisation Form	CDSL	6,29,81,591	9.446	NSDL	60,37,59,694	90.553	<b>Total Dematerialised shareholding</b>		<b>66,67,41,285</b>	<b>99.999</b>	Physical Form*		3,770	0.001	<b>Grand Total (A+B)</b>		<b>66,67,45,055</b>	<b>100.00</b>
Particulars		No. of Shares	Percentage																						
Dematerialisation Form	CDSL	6,29,81,591	9.446																						
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Physical Form*		3,770	0.001																						
<b>Grand Total (A+B)</b>		<b>66,67,45,055</b>	<b>100.00</b>																						
10	Share Transfer System	In terms of amended Regulation 40 of SEBI Listing Regulations, transfer of securities in physical form shall not be processed unless the securities are held in the demat mode with a Depository Participant. Members holding shares in physical form are therefore requested to convert their holdings into dematerialised mode to avoid loss of shares and fraudulent transactions and avail better investor servicing.  An Annual certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI Listing Regulations is obtained from a Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges within the prescribed time.																							

11	Registrar and Share Transfer Agent	<b>Link Intime India Private Limited</b> C-101, 1 <sup>st</sup> Floor 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400 083 Maharashtra, India Tel: (0) 8108116767, FAX: +91 022-49186060 Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a> E-mail ID: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>
12	Debenture Trustees	<b>Catalyst Trusteeship Limited</b> Regd. Office: GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud, Paud Road, Pune - 411 038, Maharashtra, India Phone: +91 20 66807200 / 223 / 224, FAX: +91 020- 25280275 E-mail: <a href="mailto:dt@ctltrustee.com">dt@ctltrustee.com</a>
13	28 <sup>th</sup> Annual General Meeting	Date & Time: Thursday, August 10, 2023 at 4:00 p.m. (IST) Venue: Through VC or OAVM
14	Financial Year	The Bank follows the financial year starting from April 1, to March 31, every year.

## Other Disclosure

### 1. Code of Conduct

The Bank has adopted a Code of Conduct for Directors and Senior Management Personnel and Code of Conduct for employees. The Bank through these Code of Conduct provides guiding principles of conduct to promote ethical conduct of business, confirms to equitable treatment of all stakeholders, and to avoid practices like bribery, corruption and anti-competitive practices. The Code is available on the website of the Bank <https://www.aubank.in/investors/secretarial-policies>.

All members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for Board and Senior Management for the financial year 2022-23. The declaration to this effect signed by Managing Director & CEO of the Bank is annexed to this report.

### 2. Code of Conduct for Prohibition of Insider Trading

The Board has adopted a Code of Conduct - Prohibition of Insider Trading to regulate, monitor and report trading by insiders/designated persons in securities of the Bank. The Code *inter alia* requires pre-clearance for trading in the securities and prohibits the purchase or sale of securities while in possession of unpublished price sensitive information and closure of trading window.

The Bank organised trainings for the Designated Persons on various occasions during the year to create & enhance awareness on various aspects of the Code of Conduct - Prohibition of Insider Trading and the SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Bank periodically reviews the efficacy of its systems, controls and processes to ensure that access to unpublished price-sensitive information is on a need-to-know basis. The Code of Fair Disclosure and Conduct & Policy for determination and sharing of information for Legitimate purpose is available on the website <https://www.aubank.in/investors/secretarial-policies>.

### 3. Related Party Transactions

All related party transactions are placed before the Audit Committee for review and approval and annual omnibus approval is obtained for transactions which are of repetitive nature and/or entered in the Ordinary Course of Business. During the FY 2022-23, there were no materially significant related party transactions entered by the Bank with its related parties which may have potential conflict with the interest of the Bank at large. All the transactions entered into by the Bank with related parties during the FY 2022-23 were on arm's length and in ordinary course of business.

Bank's Policy on Related Party Transactions & Materiality is available on the website <https://www.aubank.in/investors/secretarial-policies>.



#### 4. Whistle-Blower Policy & Vigil Mechanism

The Bank is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Bank has adopted a Whistle-Blower Policy & Vigil Mechanism in compliance with the relevant provisions of Section 177(9) of the Companies Act, 2013, rules made thereunder and Regulation 4(2)(d) and Regulation 22 of the SEBI Listing Regulations to provide a formal mechanism to employees, customer and stakeholders of the Bank to voice concerns in a responsible and effective manner regarding suspected unethical matters involving serious malpractice, abuse or wrongdoing within the organisation and also provides for adequate safeguards against the victimisation of employees who avail the mechanism. Any incidents that are reported are investigated and suitable action is taken in line with the Whistle-Blower Policy. No personnel were denied access to the Audit Committee of the Bank with regard to above.

The Whistle-Blower Policy & Vigil Mechanism have been disclosed on the website <https://www.aubank.in/investors/secretarial-policies>.

#### 5. Credit Rating

The Bank's financial discipline and prudence is reflected in the strong credit ratings ascribed by rating agencies. The following table covers the Credit Ratings of the Bank as on March 31, 2023:

Nature of Debt Instrument	Nature of Term	CRISIL <sup>1</sup>	India Ratings <sup>2</sup>	CARE <sup>3</sup>
Fixed Deposits	Long-Term	AA+/Stable	-	-
Long-Term/ Subordinated Debt/ Tier II Bonds	Long-Term	AA/Stable	AA/Stable	AA/Stable
Certificate of Deposits	Short-Term	A1+	A1+	A1+

<sup>1</sup> CRISIL rating upgraded long-term rating to AA/Stable from AA-/Positive and reaffirmed Short-Term Ratings to A1+ and also upgraded FD ratings to AA+/Stable from FAA+/Positive on June 29, 2022. CRISIL assigned AA/Stable to Tier II Bond and withdrawn the ratings of Subordinated Debt as the Bank has repaid the term loan in full on July 7, 2022.

<sup>2</sup> India Ratings upgraded long-term Tier II bonds ratings to AA/Stable from AA-/Stable, reaffirmed Short-Term Ratings to A1+ and has withdrawn the ratings of Subordinated Debt & Bank Facilities as the Bank has repaid the term loan in full on July 22, 2022.

<sup>3</sup> CARE Ratings has reaffirmed the long rating Tier-II Bond rating to AA/Stable and reaffirmed rating of Certificate of Deposits on April 4, 2023.

#### 6. Penalties

No penalties, strictures have been imposed on the Bank by the Stock Exchange(s)/SEBI or any other statutory authorities on matters relating to capital market during the last three years.

#### 7. CEO & CFO Certification

In Compliance of Regulation 17(8) of the SEBI Listing Regulations, Managing Director & CEO and CFO of the Bank have certified that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Bank's affairs. The said certificate is annexed with the Corporate Governance Report.

#### 8. Subsidiary Company

The Bank does not have any Subsidiary Company.

#### 9. Declaration of Independence

All Independent Directors provided an annual confirmation that they meet the criteria of independence. Based on the confirmations/disclosures received from the Directors as per the Section 149(7) of the Companies Act, 2013 read with Rule 6 (3) of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 25(8) of SEBI Listing Regulations, the Board hereby affirm that the Independent Directors fulfill the conditions as specified under Schedule V of the SEBI Listing Regulations and are independent of the management.

The Terms & Conditions of appointment of Independent Directors have been hosted on the Bank's website and can be accessed through link at <https://www.aubank.in/about-us/Board-of-directors>.

## 10. Accounting Treatment

The Bank has adopted accounting policies which are in line with the Accounting Standards. The Financial Statements of the Bank have been prepared in accordance with the Accounting Standards as per the Section 133 of the Companies Act, 2013, read with relevant Rules issued thereunder and Banking Regulation Act, Guidelines issued by Reserve Bank of India and SEBI Listing Regulations.

## 11. Means of Communication

The Bank has provided adequate and timely information to its member's *inter alia* through the following means:

- i) **Publication of Quarterly/ Half Yearly/ Annual Financial Results:** The quarterly/half yearly and annual financial results of the Bank are published in the English newspaper viz. Business Standard and one leading newspaper of Vernacular language viz. Nafanuksan and the newspaper advertisement is also submitted to the stock exchanges.
- ii) **Update on Official Website:** The Bank's website [www.aubank.in](http://www.aubank.in) contains a separate 'Investor' Section wherein financial results, corporate announcement, reports and presentations, Annual Reports, Quarterly Corporate Governance Report, Shareholding Pattern and other disclosures are made available. Additionally, other press release, corporate Governance coverage, corporate social responsibility, policies and procedures and other details are also displayed on Bank's website.
- iii) **Presentation to Institutional Investors or Analysts:** The Bank participates in various investor conferences and analyst meets and makes presentation thereat. The presentations made to the institutional investors or analysts are uploaded on the website as well as informed to the Stock Exchanges for dissemination.
- iv) **E-mail Communication:** The Bank sent various communication such as notice calling general meeting/ postal ballot notice, quarterly financial results, audited financial statements, tax deduction at source intimation, credit of dividend intimation through e-mails at the e-mail IDs provided by the shareholders.
- v) **Management's Discussion and Analysis Report** is annexed with this Annual Report.
- vi) **Exclusive e-mail ID for Investors:** The Bank has designated the e-mail ID [investorrelations@aubank.in](mailto:investorrelations@aubank.in) exclusively for Investor servicing and to resolve their grievances, the same is displayed on the Bank's website.
- vii) **NSE Electronic Application Processing System (NEAPS):** All periodical and other event-based compliance filings of the Bank are filed electronically on this web-based portal of NSE.
- viii) **BSE Listing Centre (Listing Centre):** All periodical and other event-based compliance filings of the Bank are filed electronically on this web-based portal of BSE.
- ix) **SEBI Complaints Redress System (SCORES):** Investor complaints received by the Bank at SEBI Complaints Redress System (SCORES) are regularly monitored and resolved by the Bank. Investors can lodge complaints on the SCORES and also can see status of their complaints.

## 12. Utilisation of Funds

During the FY 2022-23, ₹2,000 crore were raised through Qualified Institutional Placement and was utilised for supporting the growth aspirations of the Bank, meeting regulatory requirements by enhancing its tier 1 capital base and for general corporate requirements and any other purposes, as stated in the placement document.

During the year, Bank has successfully raised Tier-II capital of ₹500 crore by way of private placement by issuing 500, 9.30% Unsecured, Not guaranteed, Subordinate – Tier 2 – Lower, Taxable, Non-Cumulative, Rated, Redeemable, Non-Convertible Debentures having a face value of ₹1,00,00,000/- each for cash which was utilised for the intended object as mentioned in offer document and there was no deviation or variation in utilisation of the said funds.



### 13. Dividend Payment

The Board of the Bank in its meeting dated April 25, 2023 has recommended final dividend of ₹1/- (Rupee One) per equity share of face value of ₹10 each fully paid up (i.e., 10% of face value) out of net profit for the financial year ended March 31, 2023, subject to approval of shareholders at the ensuing Annual General Meeting (AGM) of the Bank. The dividend on equity shares if approved by the shareholders, will be paid within 30 days from the date of AGM of the Bank.

Pursuant to provisions of Sections 124 and 125 of the Companies Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), wherein any dividend declared by the Bank, which remains unclaimed or unpaid for a period of seven years from the date of transfer to Unpaid Dividend Account of the Bank, is liable to be transferred to the Investor Education and Protection Fund ('IEPF').

Further, all the shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall also be transferred to the IEPF Authority. Since inception, the Bank has declared dividend in FY 2017-2018, FY 2018-2019 and FY 2021-22, respectively. Hence, the Bank is not required to transfer any unclaimed dividend amount to IEPF Authority. The details of unclaimed dividends are available on the Bank's website at <https://www.aubank.in/investors/investor-services>.

The following tables is containing information relating to unclaimed dividends and the dates by which dividend can be claimed by the shareholders from the Bank:

Unclaimed Dividend	Amount (in ₹)	Status	Last Date for Claiming Dividend
FY 2017-18	24,045.00	Amount lying in respective Unpaid Dividend Accounts	September 11, 2025
FY 2018-19	1,17,421.50		August 28, 2026
FY 2021-22	48,926.97		September 22, 2029

*Note: Bank has not paid dividend in 2019-20 and 2020-21.*

### 14. Details in Relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Bank has adopted the Prevention and Redressal of Sexual Harassment Policy in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. The Bank has zero tolerance towards sexual harassment at the workplace. The Bank believes that all employees, including other individuals who are dealing with the Bank have the right to be treated with dignity. Bank has constituted Internal Complaints Committee to review, investigate and take suitable actions on complaint and Board level Disciplinary Committee reviews the decisions taken by Internal Complaints Committee.

The following is the summary of Sexual Harassment complaints received and disposed of by the Bank during the FY 2022-23.

Sr. No.	Particulars	Numbers
1.	Number of complaints filed during the financial year	5
2.	Number of complaints disposed of during the financial year	5
3.	Number of complaints pending as on the end of the financial year	0

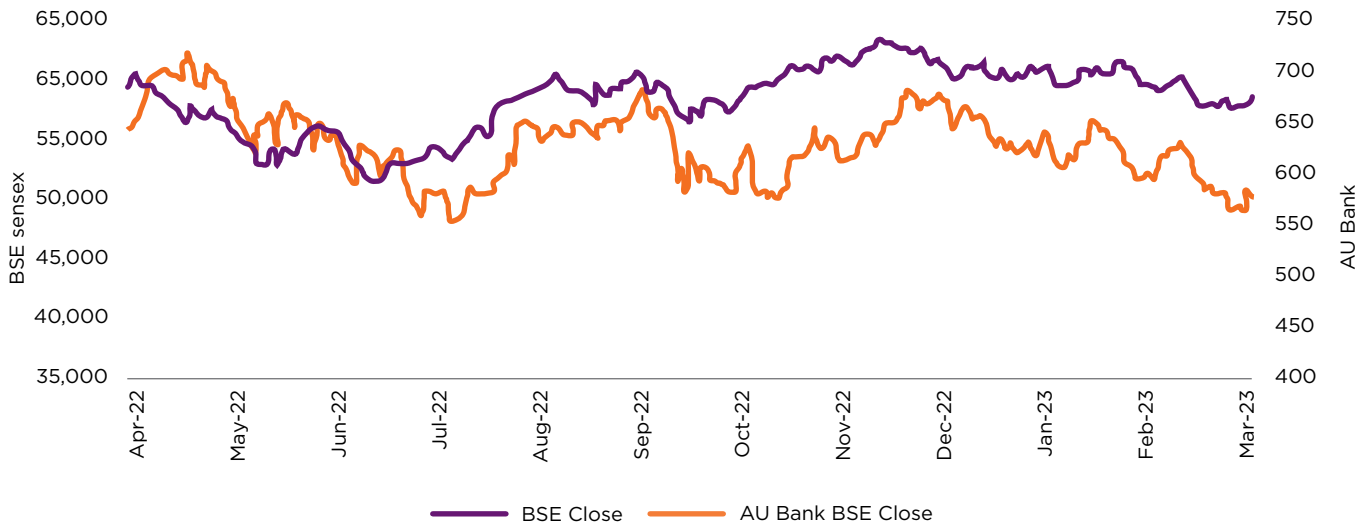
### 15. Market Price Data

Month	NSE			BSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-22	733	618	5,93,54,550	733	619	26,43,380
May-22	697	608	7,07,25,202	699	609	19,04,786
Jun-22	660	565	4,73,32,688	660	565	16,70,208
Jul-22	601	539	3,72,87,577	601	539	10,89,569
Aug-22	668	588	4,92,36,368	668	589	1,06,49,292
Sep-22	687	577	3,74,09,377	686	578	15,83,258
Oct-22	639	568	4,07,80,294	638	568	26,96,864
Nov-22	655	592	2,92,66,517	649	593	8,81,870
Dec-22	695	630	3,34,27,668	694	630	9,50,285
Jan-23	664	599	2,66,16,196	664	592	6,67,448
Feb-23	653	585	2,35,15,526	665	585	7,59,086
Mar-23	637	548	3,03,48,633	636	548	7,06,130

Note: Price & Volume of April 1, 2022 to June 8, 2022 are adjusted for Bonus issue done by the Bank in FY 2022-23 (June 9, 2022 being ex-bonus date).

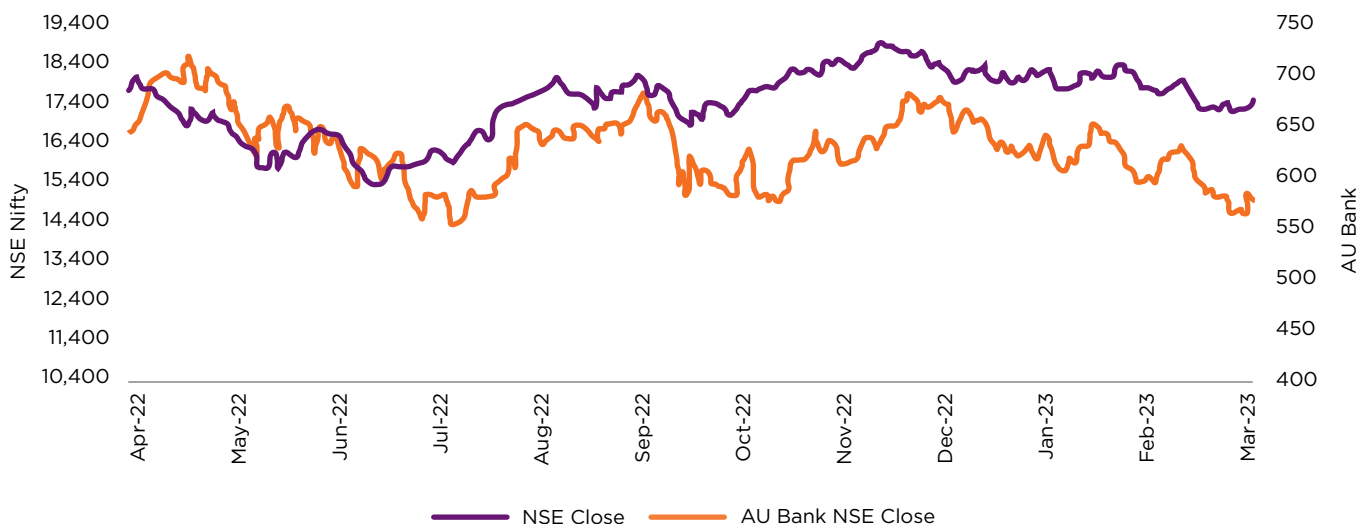
### Comparison to Broad-Based Indices

#### AUBANK relative to BSE SENSEX





## AUBANK relative to NIFTY



### Distribution of Shareholding

The distribution of shareholding of the Bank as on March 31, 2023, is detailed as under:

Sr. No.	Shareholding of Nominal Shares	Shareholder	Percentage of Total	Total shares	Percentage of Total
1	1 to 5,000	1,73,071	98.96	3,10,97,618	4.66
2	5,001 to 10,000	704	0.40	49,95,057	0.75
3	10,001 to 20,000	379	0.22	54,40,126	0.82
4	20,001 to 30,000	137	0.08	33,68,394	0.51
5	30,001 to 40,000	92	0.05	31,66,179	0.47
6	40,001 to 50,000	51	0.03	23,22,992	0.35
7	50,001 to 1,00,000	128	0.07	89,77,748	1.35
8	1,00,001 to Above	322	0.19	60,73,76,941	91.09
<b>Total</b>		<b>1,74,884</b>	<b>100.00</b>	<b>66,67,45,055</b>	<b>100.00</b>

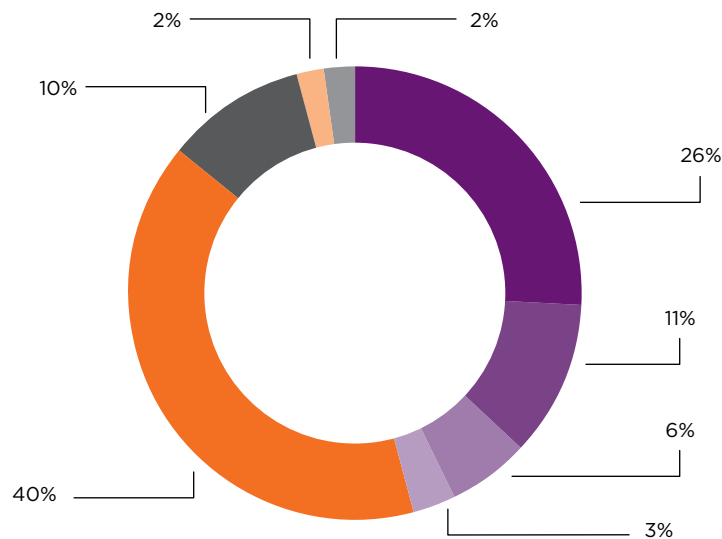
### Categories of Shareholders as on March 31, 2023

Category	No. of Shares	% of Issued Capital
Sanjay Agarwal	11,71,91,360	17.58%
Jyoti Agarwal	2,36,37,120	3.55%
Shakuntala Agarwal	1,86,40,860	2.80%
MYS Holdings Private Limited	1,08,29,072	1.62%
<b>Promoters &amp; Promoter Group (A)</b>	<b>17,02,98,412</b>	<b>25.54%</b>
Mutual Funds	7,68,94,541	11.53%
Alternate Investment Funds	3,71,00,634	5.56%
Bank	738	0.00%
Insurance Companies	2,35,34,016	3.53%
<b>Total Domestic Institutions (B)</b>	<b>13,75,29,929</b>	<b>20.62%</b>
Foreign Portfolio Investors Category I	26,22,75,265	39.34%
Foreign Portfolio Investors Category II	24,47,777	0.37%

Category	No. of Shares	% of Issued Capital
Foreign Inst. Investor	2,31,510	0.03%
<b>Total Foreign Institutions (C)</b>	<b>26,49,54,552</b>	<b>39.74%</b>
Directors and their relatives (excluding independent directors and nominee directors)	1,32,81,210	1.99%
Key Managerial Personnel	2,61,748	0.04%
Relatives of promoters (other than "Immediate relatives" of promoters disclosed under Promoter and Promoter Group category)	49,468	0.01%
Resident Individuals holding nominal share capital up to ₹2 lakh	3,31,19,142	4.97%
Resident Individuals holding nominal share capital in excess of ₹2 lakh	1,79,43,598	2.69%
Non-Resident Indians (NRIs)	40,67,703	0.61%
Bodies Corporate	1,30,18,619	1.95%
Trusts	63,74,688	0.96%
Limited Liability Partnership	17,50,237	0.26%
HUF	7,02,885	0.11%
Clearing Members	33,92,864	0.51%
<b>Total Non-Institutions (D)</b>	<b>9,39,62,162</b>	<b>14.10%</b>
<b>Total (A+B+C+D) *</b>	<b>66,67,45,055</b>	<b>100.00%</b>

\*Above number of shareholders is based upon PAN grouping.

### Shareholding pattern as on March 31, 2023



- Promoter & Promoter Group
- Insurance Companies
- Bodies Corporates
- Mutual Fund
- Foreign Investors
- Others
- Alternate Investment Funds
- Individuals



**List of Shareholders holding more than 1% share in the Bank as on March 31, 2023**

Sr. No.	Name of Shareholder	No. of Shares held	% of holding
1	Sanjay Agarwal	11,71,91,360	17.58%
2	Wasatch Advisors, Inc. Along With PAC	3,76,21,212	5.64%
2	Westbridge AIF I	3,19,72,121	4.80%
3	Smallcap World Fund, Inc	3,19,37,993	4.79%
4	Kotak Flexicap Fund	2,87,47,943	4.31%
5	New World Fund Inc	2,86,69,552	4.30%
6	Camas Investments Pte. Ltd.	2,69,39,946	4.04%
7	Jyoti Agarwal	2,36,37,120	3.55%
8	Shakuntala Agarwal	1,86,40,860	2.80%
9	Nomura India Investment Fund Mother Fund	1,53,05,638	2.30%
10	Uttam Tibrewal	1,31,84,936	1.98%
11	Nippon Life India Trustee Ltd. - A/C Nippon India Growth Fund	1,28,25,742	1.92%
12	HDFC Life Insurance Company Limited	1,12,01,234	1.68%
13	DSP Flexi Cap Fund	1,10,52,309	1.66%
14	MYS Holdings Private Limited	1,08,29,072	1.62%
15	Government Pension Fund Global	88,55,977	1.33%
16	UTI Flexi Cap Fund	80,74,773	1.21%

**Shareholding of the Directors of the Bank as on March 31, 2023**

Sr. No.	Name of Directors	No. of Shares	% of Shares
1.	Mr. Raj Vikash Verma	-	-
2.	Mr. H. R. Khan	-	-
3.	Mr. Kamlesh Vikamsey	-	-
4.	Mr. V. G. Kannan	625	0.00
5.	Ms. Kavita Venugopal	-	-
6.	Ms. Malini Thadani	-	-
7.	Mr. M. S. Sriram	-	-
8.	Mr. Pushpinder Singh	500	0.00
9.	Mr. Sanjay Agarwal	11,71,91,360	17.58
10.	Mr. Uttam Tibrewal	1,31,84,936	1.98

*Note: The Bank has not issued any convertible instruments.*

**16. Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity**

During the FY 2022-23, the Bank does not have any outstanding GDRs/ADRs warrants that were due for conversion or did not have any other convertible instruments having an impact on the equity of the Bank.

**17. Commodity price risk or foreign exchange risk and hedging activities**

During the FY 2022-23, the Bank did not undertake trading in any commodity. However, the Bank may be exposed to commodity price risks of customers in its capacity as a lender. Bank is operating in India and is not directly exposed to foreign exchange risk and hedging activities.

**18. Plant Location**

As the Bank is engaged in the business of Banking/financial services, there is no plant location.

## 19. Recommendations of the Committees

No instances have been observed where the Board has not accepted recommendations of any of the Board committees.

## 20. Fees paid to Statutory Auditors

Total fees for services provided by M/s. Deloitte Haskins & Sells and M/s. G.M. Kapadia & Co. (Joint Statutory Auditor) for the FY 2022-23 is ₹1.91 crore excluding taxes including all entities in the network firm of which the Statutory Auditor is a part.

## 21. Certificate from Company Secretary in Practice

The Bank has received a certificate from M/s. V. M. & Associates, Company Secretaries, Jaipur that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/Ministry of Corporate Affairs or any such authority.

Further, the Secretarial Auditor has also certified on compliance of conditions of corporate governance of the Bank for the FY 2022-23. The abovesaid certificates are annexed with this Annual Report.

## 22. Compliance to Corporate Governance Provisions under SEBI Listing Regulations

During the FY 2022-23, the Bank has complied with all the mandatory requirements of Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and has also complied with the requirement of Schedule V of the SEBI Listing Regulations except for Regulation 24, which is not applicable as the Bank does not have any subsidiary.

Further, among discretionary requirements, as specified in Part E of Schedule II of LODR Regulations and other acts, rules, regulations, and guidelines as applicable, the Bank has adopted the following:

### a) Separate Office of Non-Executive Part-time Chairman

The Bank has separated the role of Chairman and the Managing Director & CEO and Chairman is not related to the Managing Director or the Chief Executive Officer as per the definition of the term “relative” defined under the Companies Act, 2013.

Mr. Raj Vikash Verma is the Part-Time Chairman (Non-Executive), and Mr. Sanjay Agarwal is Managing Director & CEO of the Bank. The expenses pertaining to the office of the Non-Executive Chairman is maintained by the Bank along with the reimbursement of all the expenses incurred by the Chairman while performing his duties.

### b) Shareholder's Rights

The Bank publishes its financial results every quarter on its website at [www.aubank.in](http://www.aubank.in) which is accessible to the public at large. The same is also available on the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Ltd. (‘NSE’).

The investors’ presentations, call transcripts and Press releases are also posted on the Bank’s website. Further, information pertaining to important developments of the Bank was brought to the knowledge of the public at large and to the shareholders through communications sent to the stock exchanges where the shares of the Company are listed.

### c) Modified opinion(s) in Audit Report

For the FY 2022-23, there is no audit qualification on the Bank’s financial statements.

### d) Reporting of Internal Auditor

The internal auditor (Head of Internal Audit) of the Bank reports to and has direct access to the Audit Committee.