THIS IS A PUBLIC ANNOUNCEMENT FOR INFORMATION PURPOSES ONLY. THIS IS NOT A PROSPECTUS ANNOUNCEMENT AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OR SECURITIES. NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY OUTSIDE INDIA.

ESAF SMALL FINANCE BANK LIMITED

Our Bank was incorporated as 'ESAF Small Finance Bank Limited' on May 5, 2016 at Thrissur, Kerala, as a public limited company under the Companies Act, 2013, and was granted the certificate of incorporation by the Registrar of Companies, Kerala at Ernakulam ("**RoC**"). Our Corporate Promoter, ESAF Financial Holdings Private Limited was granted in-principle approval to establish a small finance bank ("**SFB**"), by the Reserve Bank of India ("**RBI**"), pursuant to its letter dated October 7, 2015. Subsequently, our Bank received the final approval to carry on the SFB business in India, pursuant to a letter dated November 18, 2016 issued by the RBI. Our Bank commenced its business with effect from March 10, 2017 and was included in the second schedule to the RBI Act pursuant to a notification dated November 12, 2018 issued by the RBI. For further details, see "*History and Certain Corporate Matters*" on page 139 of the Draft Red Herring Prospectus.

Registered and Corporate Office: Building No.VII/83/8, ESAF Bhavan, Thrissur-Palakkad National Highway, Mannuthy, Thrissur 680 651, Kerala, India;
Tel: +91 487 7123 907; **Website**: www.esafbank.com; **Contact Person**: Ranjith Raj P, Company Secretary and Compliance Officer; **E-mail**: investor.relations@esafbank.com;
Corporate Identity Number: U65990KL2016PLC045669

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED JANUARY 6, 2020: NOTICE TO INVESTORS (THE "ADDENDUM")

INITIAL PUBLIC OFFER OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF ESAF SMALL FINANCE BANK LIMITED ("BANK" OR "ISSUER") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[●] PER EQUITY SHARE) AGGREGATING UP TO ₹9,762.40 MILLION (THE "OFFER"), COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹8,000.00 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹1,762.40 MILLION ("THE OFFER FOR SALE"), COMPRISING UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹1,500.00 MILLION BY THE PROMOTER SELLING SHAREHOLDER (AS DEFINED HEREUNDER), AND UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹174.90 MILLION BY BAJAJ ALLIANZ LIFE INSURANCE COMPANY LIMITED AND UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹87.50 MILLION BY PI VENTURES LLP (COLLECTIVELY REFERRED TO AS THE "SELLING SHAREHOLDERS", AND SUCH EQUITY SHARES THE "OFFERED SHARES"). THE OFFER SHALL CONSTITUTE [●]% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR BANK.

Potential Bidders may note the following:

a. The Draft Red Herring Prospectus currently states that the Offer comprises of a Fresh Issue aggregating up to ₹8,000 million by our Bank and an Offer for Sale aggregating up to ₹1,762.40 million, comprising a sale of Equity Shares aggregating up to ₹1,500.00 million by ESAF Financial Holdings Private Limited, up to ₹174.90 million by Bajaj Allianz Life Insurance Company Limited and up to ₹87.50 million by PI Ventures LLP. Post filing of the Draft Red Herring Prospectus, one of the Shareholders of the Bank, namely, PNB MetLife India Insurance Company Limited ("**PNB MetLife**"), expressed its interest to participate in the Offer for Sale by offering Equity Shares aggregating up to ₹213.80 million. The Securities and Exchange Board of India ("**SEBI**") on November 5, 2020, acceded to the request of the Bank dated October 13, 2020, to include PNB MetLife as an additional Selling Shareholder in the Red Herring Prospectus to be filed with the RoC, subject to an addendum to the Draft Red Herring Prospectus being filed with SEBI. Accordingly, PNB MetLife is being included as a Selling Shareholder in the Offer. Upon including PNB MetLife as a Selling Shareholder, the size of the Offer has been increased from up to ₹9,762.40 million, comprising a Fresh Issue aggregating up to ₹8,000 million by our Bank and an Offer for Sale aggregating up to ₹1,762.40 million by the Selling Shareholders to up to ₹9,976.20 million, comprising a Fresh Issue aggregating up to ₹8,000 million by our Bank and an Offer for Sale aggregating up to ₹1,976.20 million by the Selling Shareholders. The change in Offer size is on account of the size of the Offer for Sale being increased from ₹1,762.40 million to ₹1,976.20 million on account of the participation by PNB MetLife in the Offer for Sale. Please note that the change in the size of the Offer is in compliance with the SEBI ICDR Regulations. The aforementioned changes are required to be read in conjunction with the Draft Red Herring Prospectus and accordingly, their references in the Draft Red Herring Prospectus, including on the cover page and the sections titled "*Definitions and Abbreviations*", "*Offer Document Summary*", "*The Offer*", "*Capital Structure*", "*Other Regulatory and Statutory Disclosure*" and "*Offer Structure*" on pages 1, 11, 49, 62, 287 and 306 of the Draft Red Herring Prospectus, respectively, stand amended to the extent stated in this Addendum. Please note that all other details, including relevant material contracts and documents for inspection in respect of PNB MetLife, and updates will be carried out in the Red Herring Prospectus and the Prospectus, as and when filed with the RoC. Please note that disclosures and confirmations made in respect of Selling Shareholders in the Draft Red Herring Prospectus shall be appropriately modified in the Red Herring Prospectus to include (i) reference to PNB MetLife, as relevant; (ii) disclosures; and (iii) confirmations in respect of PNB MetLife.

b. The Draft Red Herring Prospectus currently includes details of the Restated Financial Statements as at and for the financial years ended March 31, 2019, 2018, 2017 and six month periods ended September 30, 2019 and September 30, 2018. Due to the lapse of time, and given that the financial information included in the Draft Red Herring Prospectus relate to a period prior to the pandemic caused due to the worldwide spread of the novel coronavirus disease ("**COVID-19**"), the section titled "*Financial Statements*" has been updated to include the updated Restated Financial Statements of the Bank, examined by Deloitte Haskins & Sells, Chartered Accountants, the current Statutory Auditors of the Bank, as at and for the financial years ended March 31, 2020, 2019 and 2018 and six month periods ended September 30, 2020 and September 30, 2019, restated in accordance with the Section 26 of Part I of Chapter III of the Companies Act, 2013, SEBI ICDR Regulations and The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time, to enable prospective investors to assess the impact of COVID-19 on our business as the impact of COVID-19 has not been disclosed in the Draft Red Herring Prospectus. Further, the section titled "*Other Financial Information*" has also been updated in this Addendum. Please note that all other details and updates will be carried out in the Red Herring Prospectus and the Prospectus, as and when filed with the RoC.

c. The Draft Red Herring Prospectus currently does not take into account the impact of COVID-19 on our business and operations and our response to the challenges posed by it. Accordingly, the section titled, "*Our Business*" has been updated to include the impact of COVID-19 on our business and operations and our response to challenges posed by it in this Addendum. Please note that all other details in, and updates to the section titled, "*Our Business*" will be carried out in the Red Herring Prospectus and the Prospectus, as and when filed with the RoC.

d. The Draft Red Herring Prospectus currently includes certain financial measures and other statistical information relating to Bank's operations and financial performance for the financial years ended March 31, 2019, 2018, 2017 and six-month periods ended September 30, 2019 and September 30, 2018. Given that the financial measures and other statistical information included in the section titled "*Selected Statistical Information*" of the Draft Red Herring Prospectus relates to a period prior to COVID-19, the section has been updated to provide updated financial measures and certain other statistical information as at and for the financial year ended March 31, 2020 and six month period ended September 30, 2020 and comparative information for the financial year ended March 31, 2019 and six month period ended September 30, 2019, respectively, to enable prospective investors to assess the impact of COVID-19 on our business, as the impact of COVID-19 has not been disclosed in the Draft Red Herring Prospectus.

e. In view of the relaxation permitted by SEBI vide circulars bearing reference nos. SEBI/HO/CFD/DIL1/CIR/P/2020/66 dated April 21, 2020 and SEBI/HO/CFD/DIL1/CIR/P/2020/188 dated September 29, 2020 ("**SEBI Circulars**"), the Final Observation Letter is valid till March 31, 2021.

Potential Bidders may note that in order to assist the Bidders to get a complete understanding of the updated information, the relevant portions of the sections titled "*Definitions and Abbreviations*", "*Offer Document Summary*", "*The Offer*", "*Capital Structure*", "*Our Business*", "*Selected Statistical Information*", "*Financial Statements*", "*Other Financial Information*", "*Other Regulatory and Statutory Disclosures*" and "*Offer Structure*", have been included in this Addendum.

This Addendum filed with SEBI shall be made public for comments for a period of at least 21 days from the date of filing, by hosting it on the websites of SEBI, the Stock Exchanges and the Book Running Lead Managers to the Offer.

The above is to be read in conjunction with the Draft Red Herring Prospectus. The information in this Addendum supplements the Draft Red Herring Prospectus and updates the information in the Draft Red Herring Prospectus, as per the requirements set out under the SEBI Circulars which includes material updates to the information in the Draft Red Herring Prospectus, as applicable. Please note that the changes pursuant to this Addendum will be appropriately included in the Red Herring Prospectus and the Prospectus, as and when filed with the RoC, the SEBI and the Stock Exchanges. All capitalised terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus.

On behalf of ESAF Small Finance Bank Limited

Sd/-
Ranjith Raj P
Company Secretary and Compliance Officer

Place: Thrissur
Date: November 27, 2020

BOOK RUNNING LEAD MANAGERS TO THE OFFER				REGISTRAR TO THE OFFER
AXIS CAPITAL	Edelweiss	ICICI Securities	IIFL SECURITIES	LINK Intime
Axis Capital Limited Axis House, 1st floor C-2 Wadia International Centre P.B. Marg, Worli Mumbai - 400 025 Maharashtra, India Tel: +91 22 4325 2183 E-mail: esaf.ipo@axiscap.in Website: www.axiscapital.co.in Investor Grievance ID: complaints@axiscap.in Contact Person: Mayuri Arya SEBI Registration Number: INM000012029	**Edelweiss Financial Services Limited** 14th Floor, Edelweiss House Off C.S.T Road Kalina Mumbai - 400 098 Maharashtra, India Tel: +91 22 4009 4400 E-mail: esaf.ipo@edelweissfin.com Website: www.edelweissfin.com Investor Grievance ID: customerservice.mb@edelweissfin.com Contact Person: Siddharth Shah SEBI Registration Number: INM0000010650	**ICICI Securities Limited** ICICI Centre, H. T. Parekh Marg Churchgate Mumbai - 400 020 Maharashtra, India Tel: +91 22 2288 2460 E-mail : esafsfb.ipo@icicisecurities.com Website: www.icicisecurities.com Investor Grievance ID: customercare@icicisecurities.com Contact Person: Arjun A Mehrotra/Rishi Tiwari SEBI Registration No.: INM000011179	**IIFL Securities Limited** 10th Floor, IIFL Centre Kamala City, Senapati Bapat Marg Lower Parel (West) Mumbai - 400 013 Maharashtra, India Tel: +91 22 4646 4600 E-mail: esaf.ipo@iiflcap.com Website: www.iiflcap.com Investor Grievance ID: ig.ib@iiflcap.com Contact Person: Aditya Agarwal SEBI Registration Number.: INM000010940	**Link Intime India Private Limited** C-101, 1st Floor 247 Park Lal Bhadur Shastri Marg Vikhroli (West) Mumbai - 400 083 Maharashtra, India Tel: +91 022 4918 6200 E-mail: esaf.ipo@linkintime.co.in Website: www.linkintime.co.in Investor Grievance ID: esaf.ipo@linkintime.co.in Contact Person: Shanti Gopalkrishnan SEBI Registration Number: INR000004058

BID/ OFFER SCHEDULE			
BID/ OFFER OPENS ON	[●](1)	**BID/ OFFER CLOSES ON**	[●](2)

(1) Our Bank and the Promoter Selling Shareholder may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid shall be one Working Day prior to the Bid/ Offer Opening Date

(2) Our Bank and the Promoter Selling Shareholder may, in consultation with the BRLMs, consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations

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DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, requires or implies, the following terms shall have the following meanings in this Addendum. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto from time to time.

Offer Related Terms

Term	Description
Offer for Sale	The offer for sale of up to [●] Equity Shares aggregating up to ₹1,976.20 million, comprising up to [●] Equity Shares aggregating up to ₹1,500.00 million by the Promoter Selling Shareholder, up to [●] Equity Shares aggregating up to ₹213.80 million by PNB MetLife, up to [●] Equity Shares aggregating up to ₹174.90 million by Bajaj Allianz Life and up to [●] Equity Shares aggregating up to ₹87.50 million by PI Ventures in the Offer
Offered Shares	Up to [●] Equity Shares aggregating up to ₹1,976.20 million being offered by the Selling Shareholders in the Offer for Sale, comprising up to [●] Equity Shares aggregating up to ₹1,500.00 million being offered by the Promoter Selling Shareholder, up to [●] Equity Shares aggregating up to ₹213.80 million by PNB MetLife, up to [●] Equity Shares aggregating up to ₹174.90 million being offered by Bajaj Allianz Life and up to [●] Equity Shares aggregating up to ₹87.50 million by PI Ventures
PNB MetLife	PNB MetLife India Insurance Company Limited
Selling Shareholders	Together, the Promoter Selling Shareholder, PNB MetLife, Bajaj Allianz Life and PI Ventures

Technical/Industry Related Terms/Abbreviations

Term	Description
Other Loans	All retail loans and corporate loans, excluding gold loans and loan against deposits

OFFER DOCUMENT SUMMARY

Offer size

Offer of up to [●] Equity Shares for cash at price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating up to ₹9,976.20 million comprising a Fresh Issue of up to [●] Equity Shares aggregating up to ₹8,000.00 million by our Bank and an Offer for Sale of up to [●] Equity Shares aggregating up to ₹1,976.20 million, comprising up to [●] Equity Shares aggregating up to ₹1,500.00 million by the Promoter Selling Shareholder, up to [●] Equity Shares aggregating up to ₹213.80 million by PNB MetLife, up to [●] Equity Shares aggregating up to ₹174.90 million by Bajaj Allianz Life and up to [●] Equity Shares aggregating up to ₹87.50 million by PI Ventures in the Offer

Details of Offered Shares offered in the Offer for Sale are as follows:

Sr. No.	Name of the Selling Shareholder	No. of Offered Shares	Date of consent letter	Date of corporate action/board resolution
Promoter Selling Shareholder				
1.	ESAF Financial Holdings Private Limited	[●] Equity Shares aggregating up to ₹1,500.00 million	November 26, 2019	November 26, 2019
Other Selling Shareholders				
2.	PNB MetLife	[●] Equity Shares aggregating up to ₹213.80 million	November 18, 2020	November 9, 2020
3.	Bajaj Allianz Life	[●] Equity Shares aggregating up to ₹174.90 million	November 25, 2019	October 16, 2019*
4.	PI Ventures	[●] Equity Shares aggregating up to ₹87.50 million	November 26, 2019 as amended by consent letter dated December 26, 2019	September 27, 2019, as amended by the resolution dated December 24, 2019

**Pursuant to the investment policy of Bajaj Allianz Life for the year 2011-12, which was approved by the board of directors of Bajaj Allianz Life on January 20, 2011, and reviewed on October 16, 2019, as certified by Bajaj Allianz Life pursuant to certificate dated December 30, 2019.*

The aggregate pre-Offer shareholding of our Selling Shareholders as a percentage of the pre-Offer paid-up Equity Share capital of the Bank is set out below:

Selling Shareholders	Number of Equity Shares held	Percentage of the pre-Offer Equity Share Capital (%)
Promoter Selling Shareholder	280,758,396*	65.63
PNB MetLife	21,346,993	4.99
Bajaj Allianz Life	17,469,428	4.08
PI Ventures	8,734,714	2.04
Total	**328,309,531**	**76.74**

* *280,758,391 Equity Shares are held by the Promoter Selling Shareholder and one Equity Share each is held by Mereena Paul, Alok Thomas Paul, Emy Acha Paul, George Kalaparambil John and Beena George, as nominees on behalf of the Promoter Selling Shareholder, who is the beneficial owner of such Equity Shares*

Average cost of acquisition of Equity Shares of our Promoters and the Selling Shareholders

The average cost of acquisition of Equity Shares of our Promoters is as follows:

Name of the Promoter	Number of Equity Shares	Average cost of acquisition per Equity Share# (in ₹)
Corporate Promoter	280,758,396*	10.11
Kadambelil Paul Thomas	31,186,785	10.16

* *280,758,391 Equity Shares are held by our Corporate Promoter and one Equity Share each is held by Mereena Paul, Alok Thomas Paul, Emy Acha Paul, George Kalaparambil John and Beena George, as nominees on behalf of our Corporate Promoter, who is the beneficial owner of such Equity Shares.*

\# *As certified by A. John Moris & Co., Chartered Accountants pursuant to their certificate dated January 6, 2020.*

The average cost of acquisition of Equity Shares of our Selling Shareholders, other than the Promoter Selling Shareholder is as follows:

<table>
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Name of the Selling Shareholder	Number of Equity Shares	Average cost of acquisition per Equity Share (in ₹)
PNB MetLife	21,346,993	40.07[#]
Bajaj Allianz Life	17,469,428	40.07*
PI Ventures	8,734,714	40.07*

[#]*As certified by A. John Moris & Co., Chartered Accountants pursuant to their certificate dated November 27, 2020*
[*]*As certified by A. John Moris & Co., Chartered Accountants pursuant to their certificate dated January 6, 2020*

</td>
</tr>
<tr>
<td>Weighted average price at which the Equity Shares were acquired by our Promoters or Selling Shareholders, in the last one year</td>
<td>Our Promoters and Selling Shareholders have not acquired any Equity Shares in the last one year.</td>
</tr>
</table>

THE OFFER

The following table sets forth details of the Offer:

Equity Shares Offered	
Offer of Equity Shares#*	Up to [●] Equity Shares, aggregating up to ₹9,976.20 million
of which	
Fresh Issue(1)	Up to [●] Equity Shares, aggregating up to ₹8,000.00 million
Offer for Sale(2)	Up to [●] Equity Shares, aggregating up to ₹1,976.20 million by the Selling Shareholders
The Offer consists of:	
A) QIB Portion(3)(4)	Not less than [●] Equity Shares
of which:	
Anchor Investor Portion	Up to [●] Equity Shares
Net QIB Portion (assuming the Anchor Investor Portion is fully subscribed)	[●] Equity Shares
of which:	
Mutual Fund Portion	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion	Not more than [●] Equity Shares
C) Retail Portion	Not more than [●] Equity Shares
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	427,795,490 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of Net Proceeds	See "*Objects of the Offer*" on page 72 of the Draft Red Herring Prospectus for information about the use of the proceeds from the Fresh Issue. Our Bank will not receive any proceeds from the Offer for Sale

 # A Pre-IPO Placement is proposed to be undertaken by our Bank in consultation with the BRLMs. The Pre-IPO Placement will be at a price to be decided by our Bank, in consultation with the BRLMs and will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the minimum Offer size constituting at least 10% of the post-Offer paid-up Equity Share capital of our Bank.

** Except with the prior approval from the RBI, and in terms of the Banking Regulation Act and circulars issued thereunder, no person can acquire or agree to acquire, directly or indirectly, by himself or acting in concert with any other person, Equity Shares or voting rights of our Bank, if such acquisition, taken together with Equity Shares and voting rights of our Bank held by such person or his relative or associate enterprise or person acting in concert with him, results in such person holding or exercising, five percent or more of the paid-up Equity Share capital or voting rights, respectively, of our Bank.*

(1) The Fresh Issue has been authorised by our Board and our Shareholders pursuant to the resolutions passed at their respective meetings dated December 11, 2019 and January 3, 2020, respectively.

(2) Each of the Selling Shareholders has authorised and consented to participate in the Offer for Sale. Each Selling Shareholder severally and not jointly confirms that the Offered Shares have been held by such Selling Shareholder for a period of at least one year prior to filing of the Draft Red Herring Prospectus in accordance with Regulation 8 of the SEBI ICDR Regulations and accordingly, are eligible for the Offer in accordance with the provisions of the SEBI ICDR Regulations.

Sr. No.	Name of the Selling Shareholder	No. of Offered Shares	Date of consent letter	Date of corporate action/board resolution
Promoter Selling Shareholder				
1.	ESAF Financial Holdings Private Limited	[●] Equity Shares aggregating up to ₹1,500.00 million	November 26, 2019	November 26, 2019
Other Selling Shareholders				
2.	PNB MetLife	[●] Equity Shares aggregating up to ₹213.80 million	November 18, 2020	November 9, 2020
3.	Bajaj Allianz Life	[●] Equity Shares aggregating up to ₹174.90 million	November 25, 2019	October 16, 2019^
4.	PI Ventures	[●] Equity Shares aggregating up to ₹87.50 million	November 26, 2019 as amended by consent	September 27, 2019, as amended by the

			letter dated December 26, 2019	resolution dated December 24, 2019

^ *Pursuant to the investment policy of Bajaj Allianz Life for the year 2011-12, which was approved by the board of directors of Bajaj Allianz Life on January 20, 2011, and reviewed on October 16, 2019, as certified by Bajaj Allianz Life pursuant to certificate dated December 30, 2019.*

(3) *Our Bank and the Promoter Selling Shareholder may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. For details, see "Offer Procedure" on page 309 of the Draft Red Herring Prospectus.*

(4) *Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Bank and the Promoter Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange. Under-subscription, if any, in the Net QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. In the event of an undersubscription in the Offer, Equity Shares offered pursuant to the Fresh Issue shall be allocated in the Fresh Issue prior to the Equity Shares offered pursuant to the Offer for Sale. However, after receipt of minimum-subscription of 90% of the Fresh Issue, the Offered Shares shall be allocated proportionately prior to the Equity Shares offered pursuant to the Fresh issue.*

CAPITAL STRUCTURE

The Equity Share capital of our Bank, as on the date of this Addendum, is set forth below:

(in ₹, except share data)

Sr. No.	Particulars	Aggregate value at face value (₹)	Aggregate value at Offer Price*
A.	**AUTHORIZED SHARE CAPITAL**(1)		
	600,000,000 Equity Shares	6,000,000,000	-
	Total	**6,000,000,000**	-
B.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	427,795,490 Equity Shares#	4,277,954,900	-
C.	**PRESENT OFFER**		
	Offer of up to [●] Equity Shares aggregating up to ₹9,976.20 million(2)(3)#	[●]	[●]
	of which		
	Fresh Issue of up to [●] Equity Shares aggregating up to ₹8,000.00 million(2)	[●]	[●]
	Offer for Sale of up to [●] Equity Shares aggregating up to ₹1,976.20 million(3)	[●]	[●]
D.	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER**		
	[●] Equity Shares of face value of ₹10 each (assuming full subscription in the Offer)	[●]	[●]
E.	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer	3,478,537,971.95	
	After the Offer	[●]	

* *To be updated upon finalisation of the Offer Price.*

\# *Our Bank in consultation with the BRLMs, is considering, subject to the approval of our Shareholders, a Pre-IPO Placement of Equity Shares for an aggregate amount up to ₹3,000 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Bank, in consultation with the BRLM and the Pre-IPO Placement will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the minimum Offer Size constituting at least 10% of the post-Offer paid-up Equity Share capital of our Bank.*

(1) *For details in relation to the changes in the authorised share capital of our Bank, see "History and Certain Corporate Matters – Amendments to the Memorandum of Association" on page 140 of the Draft Red Herring Prospectus.*

(2) *The Fresh Issue has been authorized by our Board of Directors pursuant to a resolution passed on December 11, 2019 and by our Shareholders pursuant to a special resolution passed on January 3, 2020.*

(3) *Each Selling Shareholder severally and not jointly confirms that the Offered Shares have been held by such Selling Shareholder for a period of at least one year prior to filing of the Draft Red Herring Prospectus in accordance with Regulation 8 of the SEBI ICDR Regulations and accordingly, are eligible for the Offer in accordance with the provisions of the SEBI ICDR Regulations. For details on the authorization of each of the Selling Shareholders in relation to the Offered Shares, see "The Offer" on page 49 of the Draft Red Herring Prospectus.*

OUR BUSINESS

Recent Development – Effects of the COVID-19 Pandemic on our Business and Operations

The outbreak of COVID-19, which emerged in late 2019, was declared a global pandemic on March 11, 2020 by the World Health Organization. The Government of India initiated a nation-wide lockdown from March 25, 2020 for three weeks on all services except for essential services (which included banks and ATMs), which was extended to May 31, 2020. Although the nation-wide lockdown was lifted on June 1, 2020, restrictions on non-essential activities and travel were imposed until August 31, 2020 in multiple states across specific districts that were witnessing increases in COVID-19 cases. On September 1, 2020, the Government notified all states to allow economic activities to function normally, while continuing with restrictions only in containment zones.

We have adopted a proactive approach in managing the impact of the pandemic on our business since its outbreak. Crisis Management Committee meetings were convened on various dates to take stock of the situation. A quick response team was formed for co-ordinating the Business Continuity Plan activity against the background of the nation-wide lockdown. Our Risk Management Department prepared a Business Continuity Plan document dated March 19, 2020 for dealing with the COVID-19 situation and it was circulated to all Branches and offices for implementation. The Business Continuity Plan document dated March 19, 2020 covers, among other things: general work place measures; identification of critical functions, roles and activities; employee absenteeism; work from home arrangements; rotation of duties; alternate plans for Branch staffing; business continuity plans for critical functions such as IT and operations; method of conducting meetings; travel restrictions; vendor management; infrastructure management; and internal and external communications. Set forth below are a few key measures we adopted for managing the lockdown and COVID-19 pandemic:

- Staff members in critical functions were separated into different teams and deployed at different offices.
- Infrastructure support and webmail access using a secured VPN with two-factor authentication was provided to approximately 400 employees to enable them to work from home. Work from home reporting and monitoring is being done by all departments.
- Call centre operations started functioning from Chennai in addition to Bangalore.
- Disaster recovery systems were checked regularly and confirmed at short notice and at critical times.
- Business continuity arrangements of our core banking solutions provider, business correspondents and vendors were continuously evaluated and tracked.
- We used external vendors to ensure we had an adequate supply of computers and accessories as well as maintenance support for different locations.
- We circulated on a periodic basis to our employees a list of do's and don'ts.
- We staffed our Branches in a structured manner, so as to keep a pool of staff available for meeting exigencies.
- We formed emergency support teams at cluster levels for deploying staff to different centres in case of exigencies,
- The Business Continuity Management team in our Risk Management Department verified the implementation and effectiveness of the Business Continuity Plan document dated March 19, 2020 by contacting business units, employees and business correspondents on an on-going basis.

The measures we have adopted have been largely successful in ensuring business continuity and none of our critical functions suffered any major disruption during this period. However, due to the nation-wide lockdown, the collection and disbursement activities for microfinance loans were almost stopped entirely during April 2020 and were very limited in May 2020. Effective June 1, 2020, our microfinance business units started functioning again in most of the centres and hence microfinance loan disbursements and collections began to improve.

Our Branches and ATMs were exempt from the nation-wide lockdown. During the pandemic period until October 30, 2020, we closed 88 Branches in 12 states and one union territory for a few days in order to comply with COVID-19-related regulations.

As at October 31, 2020, 202 of our employees have reported to us that they have been infected with COVID-19 and there was no loss of life due to COVID-19.

We have adopted a "business as usual" approach since the nation-wide lockdown was lifted on June 1, 2020, while exercising precautions and preventive measures. We have adopted and promoted a 'Panch Sheel' approach - we have advised all employees to wear facemask regularly, to wash their hands frequently with soap and water, to use hand sanitizer, to keep physical distance from others and to keep away from crowds. We have advised our operational staff to fully adhere to the instructions of local government authorities and health department officials, and the state-level official forum of bankers in opening Branches and in maintaining any COVID-19-related protocols.

As a supplement to the Business Continuity Plan document dated March 19, 2020, we prepared a Business Continuity Plan document dated August 10, 2020 to update the earlier document in view of our experience since then, considering the probable impact and continuous risks for our business and staff. We circulated the document to all Branches and offices for implementation.

The severe economic downturn caused by the lockdown and restrictions has not yet resulted in a material increase in our non–performing assets ("**NPAs**") due to the RBI's 'COVID-19 Regulatory Package' on asset classification and provisioning and the Supreme Court of India's interim order in *Gajendra Sharma Vs Union of India & Anr*. Pursuant to the 'COVID-19 Regulatory Package' on asset classification and provisioning, which was announced by the RBI on March 27, 2020, April 17, 2020 and May 23, 2020, lending institutions, including us, were permitted to grant an effective moratorium of six months on the payment of term loans falling due between March 1, 2020 and August 31, 2020. As such, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under RBI's income recognition and asset classification norms. We granted a full or partial moratorium on all payments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers. The following table sets forth certain information in relation to our microfinance loans and other loans (comprising all retail loans and corporate loans, excluding gold loans and loan against deposit ("**Other Loans**")) for the first moratorium (which was from March 1, 2020 up to and including May 31, 2020) and the second moratorium (which was from June 1, 2020 up to and including August 31, 2020).

(₹ in million, except percentages)

	During the period of the first moratorium (March 1, 2020 to May 31, 2020)				**During the period of the second moratorium (June 1, 2020 to August 31, 2020)**			
	Microfinance loans		**Other Loans**		**Microfinance loans**		**Other Loans**	
Particulars	**Amount**	**% of total eligible for moratorium**	**Amount**	**% of total eligible for moratorium**	**Amount**	**% of total eligible for moratorium**	**Amount**	**% of total eligible for moratorium**
Eligible for moratorium	19,466.79	100.00%	366.25	100.00%	19,769.85	100.00%	445.95	100.00%
Paid during the period	4,794.52	24.63%	171.48	46.81%	9,149.51	46.28%	282.18	63.28%
Not paid and availed moratorium	14,672.27	75.37%	194.77	53.19%	10,620.34	53.72%	163.77	36.72%

The Supreme Court of India in *Gajendra Sharma Vs Union of India & Anr* vide its interim order dated September 3, 2020 has directed banks that, accounts that were not declared as NPAs as at August 31, 2020 shall not be declared as NPAs until further orders, pending disposal of the case by the Supreme Court. Pursuant to the order, we have not classified any borrower account that has not been declared as an NPA as at August 31, 2020 as per the RBI's prudential norms on income recognition, asset classification, provisioning and other related matters as NPAs after August 31, 2020. As at the date of this Addendum, the Supreme Court has not disposed of the case.

For information on the effect of the moratorium and the Supreme Court's interim order on our results of operations and financial condition as at and for the six months ended September 30, 2020, see "*Financial Statements – Note .A.7.h of Note 19 – "COVID Regulatory Package Asset classification and provisioning for the six months period ended 30 September 2020*" on page 64. For information on the effect of the moratorium and the Supreme Court's interim order on our results of operations and financial condition as at and for the year ended March 31, 2020, see "*Financial Statements – Note .A.7.i of Note 19 –"COVID Regulatory Package Asset classification and provisioning for the year ended 31 March 2020"* on page 64.

As per the RBI's directions, interest accrues on the outstanding portion of the term loans during the moratorium period. Litigation challenging the accrual of interest during the moratorium period on principal repayments and interest payments is pending before the Supreme Court of India. In the event that the final decision does not permit banks to charge interest for the moratorium period, we would lose a significant amount of interest income.

On October 23, 2020, the Government announced a scheme for the grant of ex-gratia payments to borrowers of certain categories of loans where the sanctioned limit and outstanding amount does not exceed ₹20 million irrespective of whether they opted for the moratorium or not (aggregate of all facilities with the lender) of the difference between compound interest and simple interest charged on those loans for the period March 1, 2020 to

August 31, 2020. The scheme involves the lenders crediting the difference between simple interest and compound interest for the period between March 1, 2020 to August 31, 2020 to the accounts of such borrowers and the Government paying such credited amounts to the lenders.

Advances

Disbursements

Set forth below is a table showing disbursements of our microfinance loans and Other Loans for each of the months indicated.

(₹ in million)

	For March 2020	For April 2020	For May 2020	For June 2020	For July 2020	For August 2020	For September 2020
Microfinance	4,879.16	-	434.10	1,327.33	1,863.78	1,705.99	3,758.37
Other Loans	1,078.26	137.56	615.82	1,211.96	1,143.64	1,388.28	1,418.97

Collections

Set forth below is a table showing collections of our microfinance loans and Other Loans for each of the months indicated

(₹ in million)

	For March 2020	For April 2020	For May 2020	For June 2020	For July 2020	For August 2020	For September 2020
Microfinance	4,679.45	1.30	113.77	2,569.47	3,132.59	3,447.45	3,975.77
Other Loans	135.21	10.80	25.47	89.77	85.24	107.16	176.09

Collection Efficiency

During the Moratorium

The following table sets forth our collection efficiency including arrears and collected in advance, which is calculated as a percentage of the total collections made in the month (including arrears and collected in advance) to the total amount due for collection in such month (without considering the repayment holiday during the moratorium).

	For March 2020	For April 2020	For May 2020	For June 2020	For July 2020	For August 2020
Microfinance loans	72.11%	0.02%	1.75%	39.45%	47.53%	51.71%
Other Loans	110.75%	8.85%	20.86%	60.39%	57.35%	72.09%

The following table sets forth our collection efficiency after adjustments with respect to collections due toward arrear demands and amount collected in advance, which is calculated as a percentage of the total collections (after adjustments with respect to collections due towards arrear demands and amount collected in advance) to the total amount due for collection in such month (without considering the repayment holiday during the moratorium).

	For March 2020	For April 2020	For May 2020	For June 2020	For July 2020	For August 2020
Microfinance loans	71.68%	0.02%	0.94%	37.14%	36.83%	36.29%
Other Loans	96.09%	8.24%	20.55%	52.30%	41.09%	59.29%

Post the Moratorium

The following table sets forth our collection efficiency including arrears and collected in advance, which is calculated as a percentage of the total collections made in the month (including arrears and collected in advance) to the total amount due for collection in such month.

	For September 2020	For October 2020
Microfinance loans	79.24%	96.34%
Other Loans	87.27%	83.28%

The following table sets forth our collection efficiency after adjustments with respect to collections due toward arrear demands and amount collected in advance, which is calculated as a percentage of the total collections (after adjustments with respect to collections due towards arrear demands and amount collected in advance) to the total amount due for collection in such month.

	For September 2020	For October 2020
Microfinance loans	74.18%	84.74%
Other Loans	86.49%	77.01%

Deposits

The following table sets forth, as at the dates indicated, deposits and the percentage composition by each category of deposits.

(₹ in million)

	As at September 30, 2019	**As at March 31, 2020**	**As at April 30, 2020**	**As at May 31, 2020**	**As at June 30, 2020**	**As at July 31, 2020**	**As at August 31, 2020**	**As at September 30, 2020**
Demand Deposits	554.91	578.43	451.30	430.25	705.52	685.17	612.59	806.32
Savings Bank Deposits	6,862.22	9,024.42	8,977.68	9,148.04	9,720.77	9,581.46	10,357.22	11,562.21
Term Deposits	53,216.59	60,680.97	62,128.09	62,612.40	65,259.97	68,332.85	68,952.79	69,715.38
of which:								
Retail deposits	*50,251.70*	*57,220.97*	*58,897.28*	*59,447.36*	*62,290.01*	*64,984.97*	*65,854.40*	*67,105.84*
Wholesale deposits	*2,964.89*	*3,460.00*	*3,230.81*	*3,165.04*	*2,969.96*	*3,347.88*	*3,098.39*	*2,609.54*
Total	**60,633.72**	**70,283.82**	**71,557.07**	**72,190.69**	**75,686.26**	**78,599.48**	**79,922.60**	**82,083.91**

SELECTED STATISTICAL INFORMATION

This section should be read together with the Restated Financial Statements, including the notes thereto, in "Financial Statements", on page 35 of this Addendum.

Our Bank's fiscal year commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, the financial information included herein is derived from our Restated Financial Statements included in this Addendum.

In this Addendum, amounts for the six months ended September 30, 2020 and September 30, 2019 are presented along with amounts for Fiscals 2020, 2019 and 2018. Figures for the six months ended September 30, 2020 and September 30, 2019 are not indicative of our annual results as they are for six-month periods and, as such, are not directly comparable with figures for Fiscals 2020, 2019 and 2018.

The following information is included for analytical purposes. Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Addendum. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP measures are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere. For more details, see "-Certain Non-GAAP Measures" on page 32.

Average Balance Sheet, Interest Earned/Expended and Yield/Cost

The tables below presents our average balances for total interest-earning assets and total interest-bearing liabilities together with the related interest earned and interest expended, resulting in the presentation of the yield and cost for each period. The average balances are calculated as the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period. The average balances of advances include NPAs and are net of provisions for NPAs. The average balances of investments are net of depreciation or provision for investments, if any. Yield and cost are non-GAAP measures.

(₹ in million, except percentages)

	As at and for the six months ended September 30,					
	2020			**2019**		
	Average Balance[(1)] [A]	**Interest Earned/ Expended [B]**	**Yield/ Cost (%)[(2)] [C = B/A]**	**Average Balance [(1)] [A]**	**Interest Earned/ Expended [B]**	**Yield/ Cost (%)[(2)] [C = B/A]**
Interest-earning assets:						
Advances	69,001.97	7,577.03	10.98%	49,194.58	5,679.01	11.54%
Investments	18,705.50	634.33	3.39%	17,224.86	669.80	3.89%
Others[(3)]	9,571.93	217.69	2.27%	6,705.89	258.02	3.85%
Total interest-earning assets	**97,279.40**	**8,429.05**	**8.66%**	**73,125.33**	**6,606.83**	**9.03%**
Non-interest-earning assets:						
Fixed assets	1,221.62	-	-	936.05	-	-
Other assets[(4)]	5,378.17	-	-	4,623.12	-	-
Total non-interest-earning assets	**6,599.79**	**-**	**-**	**5,559.17**	**-**	**-**
Total assets	**103,879.19**	**-**	**-**	**78,684.50**	**-**	**-**
Interest-bearing liabilities:						
Deposits[(5)]	75,321.24	2,964.02	3.94%	51,792.20	2,194.73	4.24%

(₹ in million, except percentages)

	As at and for the six months ended September 30,					
	2020			2019		
	Average Balance[(1)] [A]	**Interest Earned/ Expended [B]**	**Yield/ Cost (%)[(2)] [C = B/A]**	**Average Balance [(1)] [A]**	**Interest Earned/ Expended [B]**	**Yield/ Cost (%)[(2)] [C = B/A]**
Borrowings[(6)]	13,793.99	605.98	4.39%	15,321.42	752.61	4.91%
Total interest-bearing liabilities	**89,115.23**	**3,570.00**	**4.01%**	**67,113.62**	**2,947.34**	**4.39%**
Non-interest-bearing liabilities:						
Capital and reserves	11,521.36	-	-	9,384.88	-	-
Other liabilities[(7)]	3,242.60	-	-	2,186.00	-	-
Total non-interest bearing liabilities	**14,763.96**	**-**	**-**	**11,570.88**	**-**	**-**
Total liabilities	**103,879.19**	**-**	**-**	**78,684.50**	**-**	**-**

Notes:

1. *Average balances are calculated as the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period.*
2. *Non-annualised. yield/cost on average balance is a non-GAAP measure and is calculated as interest earned/expended divided by average balance.*
3. *Includes balances with banks in other deposits accounts and money at call and short notice ("**Interest-Earning Balance with Reserve Bank of India and other Inter-Bank Funds**").*
4. *Includes cash in hand, balance with the Reserve Bank of India in current accounts, balances with banks in current accounts and other assets.*
5. *Includes savings bank deposits and term deposits.*
6. *Borrowings include borrowing from Reserve Bank of India, other banks, other institutions and agencies, subordinated debt and perpetual debt instruments.*
7. *Includes demand deposits and other liabilities and provisions. Demand deposits are current account deposits. We do not pay interest on demand deposits.*

(₹ in million, except percentages)

	As at and for the year ended March 31,								
	2020			2019			2018		
	Average Balance [(1)] [A]	**Interest Earned/ Expended [B]**	**Yield/ Cost[(7)] (%) [C = B/A]**	**Average Balance [(1)] [A]**	**Interest Earned/ Expended [B]**	**Yield/ Cost[(7)] (%) [C = B/A]**	**Average Balance [(1)] [A]**	**Interest Earned/ Expended [B]**	**Yield/ Cost[(7)] (%) [C = B/A]**
Interest-earning assets:									
Advances	54,702.39	12,382.84	22.64%	38,614.43	9,146.08	23.69%	23,870.92	5,367.00	22.48%
Investments	17,532.82	1,321.98	7.54%	12,622.13	969.35	7.68%	6,101.50	493.37	8.09%
Others[(2)]	5,912.06	427.63	7.23%	2,914.07	200.96	6.90%	1,801.62	108.02	6.00%
Total interest-earning assets	**78,147.27**	**14,132.45**	**18.08%**	**54,150.63**	**10,316.39**	**19.05%**	**31,774.04**	**5,968.39**	**18.78%**
Non-interest-earning assets:									
Fixed assets	1,003.73	-	-	768.78	-	-	468.59	-	-
Other assets[(3)]	4,901.74	-	-	4,558.58	-	-	4,760.78	-	-
Total non-interest-earning assets	**5,905.47**	**-**	**-**	**5,327.36**	**-**	**-**	**5,229.37**	**-**	**-**
Total assets	**84,052.74**	**-**	**-**	**59,477.99**	**-**	**-**	**37,003.41**	**-**	**-**
Interest-bearing liabilities:									
Deposits[(4)]	57,875.20	4,851.17	8.38%	31,914.85	2,659.07	8.33%	12,168.71	1,067.51	8.77%
Borrowings[(5)]	14,100.02	1,359.40	9.64%		1,923.75	10.12%		2,080.69	10.34%

(₹ in million, except percentages)

	As at and for the year ended March 31,								
	2020			2019			2018		
	Average Balance [1] [A]	**Interest Earned/ Expended [B]**	**Yield/ Cost[7] (%) [C = B/A]**	**Average Balance [1] [A]**	**Interest Earned/ Expended [B]**	**Yield/ Cost[7] (%) [C = B/A]**	**Average Balance [1] [A]**	**Interest Earned/ Expended [B]**	**Yield/ Cost[7] (%) [C = B/A]**
				19,011.69			20,113.18		
Total interest-bearing liabilities	**71,975.22**	**6,210.57**	**8.63%**	**50,926.54**	**4,582.82**	**9.00%**	**32,281.89**	**3,148.20**	**9.75%**
Non-interest-bearing liabilities:									
Capital and reserves	9,858.17	-	-	6,512.43	-	-	2,893.40	-	-
Other liabilities[6]	2,219.35	-	-	2,039.02	-	-	1,828.12	-	-
Total non-interest-bearing liabilities	**12,077.52**	**-**	**-**	**8,551.45**	**-**	**-**	**4,721.52**	**-**	**-**
Total liabilities	**84,052.74**	**-**	**-**	**59,477.99**	**-**	**-**	**37,003.41**	**-**	**-**

Notes:

1. *Average balances are calculated as the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period.*
2. *Includes balances with banks in other deposits accounts and money at call and short notice ("**Interest-Earning Balance with Reserve Bank of India and other Inter-Bank Funds**").*
3. *Includes cash in hand, balance with the Reserve Bank of India in current accounts, balances with banks in current accounts and other assets.*
4. *Comprises savings bank deposits and term deposits.*
5. *Borrowings include borrowing from Reserve Bank of India, other banks, other institutions and agencies, subordinated debt and perpetual debt instruments.*
6. *Includes demand deposits and other liabilities and provisions. Demand deposits are current account deposits. We do not pay interest on demand deposits.*
7. *Yield/Cost on average balance is a non-GAAP measure and is calculated as interest earned/expended divided by average balance.*

Analysis of Changes in Interest Earned and Interest Expended by Volume and Rate

The following tables set forth, for the periods indicated, the analysis of the changes in our interest earned and interest expended between average volume and changes in rates.

(₹ in million)

	Six months ended September 30, 2020 vs. Six months ended September 30, 2019		
	Net Changes in Interest[1]	**Change in Average Volume[2]**	**Change in Rates[3]**
Interest earned:			
Advances	1,898.02	2,175.03	(277.01)
Investments	(35.47)	50.22	(85.69)
Others	(40.33)	65.18	(105.51)
Total interest earned [A]	1,822.22	2,290.43	(468.21)
Interest expended:			
Deposits	769.29	925.91	(156.62)
Borrowings	(146.63)	(67.09)	(79.54)
Total interest expended [B]	**622.66**	**858.82**	**(236.16)**
Net Interest Income [A-B]	**1,199.56**	**1,431.61**	**(232.05)**

(₹ *in million)*

	Year ended March 31, 2020 vs. Year ended March 31, 2019		
	Net Changes in Interest[1]	**Change in Average Volume[2]**	**Change in Rates[3]**
Interest earned:			
Advances	3,236.76	3,641.79	(405.03)
Investments	352.63	370.27	(17.64)
Others	226.67	216.85	9.82
Total interest earned [A]	**3,816.06**	**4,228.91**	**(412.85)**
Interest expended:			
Deposits	2,192.10	2,176.03	16.07
Borrowings	(564.35)	(473.54)	(90.81)
Total interest expended [B]	**1,627.75**	**1,702.49**	**(74.74)**
Net Interest Income [A-B]	**2,188.31**	**2,526.42**	**(338.10)**

(₹ *in million)*

	Year ended March 31, 2019 vs. Year ended March 31, 2018		
	Net Changes in Interest[1]	**Change in Average Volume[2]**	**Change in Average Rate[3]**
Interest earned:			
Advances	3,779.08	3,492.10	286.98
Investments	475.98	500.77	(24.79)
Others	92.94	76.72	16.22
Total interest earned [A]	**4,348.00**	**4,069.59**	**278.41**
Interest expended:			
Deposits	1,591.56	1,645.20	(53.64)
Borrowings	(156.94)	(111.46)	(45.48)
Total interest expended [B]	**1,434.62**	**1,533.74**	**(99.12)**
Net Interest Income [A-B]	**2,913.38**	**2,535.95**	**377.53**

Notes:

1. *The changes in interest earned, interest expended and net interest income between periods have been reflected as attributed either to volume or rate changes. For purposes of this table, changes that are due to both volume and rate have been allocated solely to changes in rate.*
2. *Change in average volume is computed as the increase in average balances for the period/year multiplied by yield/cost for Fiscal 2020, Fiscal 2019 and the six months ended September 30, 2020, as the case may be.*
3. *Change in average rate represents the average balance for Fiscal 2020, Fiscal 2019 and the six months ended September 30, 2020, as the case may be, multiplied by change in rates during the respective periods during the relevant period.*

Yields, Spread, Cost of Funds and Net Interest Margin

The following table sets forth, for the periods indicated, the yields, spread and net interest margins on our interest-earning assets and cost of funds on our interest-bearing liabilities.

(₹ *in million, except percentages*)

	As at and for the six months ended September 30[11],		As at and for the year ended March 31,		
	2020	**2019**	**2020**	**2019**	**2018**
Interest earned [A]	8,429.05	6,606.83	14,132.45	10,316.39	5,968.39
Of which:					
Interest/discount earned on advances/bills, [B]	*7,577.03*	*5,679.01*	*12,382.84*	*9,146.08*	*5,367.00*
Interest expended [C]	3,569.99	2,947.34	6,210.57	4,582.82	3,148.20
Net Interest Income[1][*] [D =A-C]	4,859.06	3,659.49	7,921.88	5,733.57	2,820.19
Average Interest-Earning Advances[2] [E]	69,001.97	49,194.58	54,702.39	38,614.43	23,870.92
Average Total Interest-Earning Assets[3] [F]	97,279.41	73,125.33	78,147.27	54,150.63	31,774.04
Average Total Assets[4] [G]	103,879.19	78,684.50	84,052.74	59,477.99	37,003.41
Average Total Interest-Bearing Liabilities[5] [H]	89,115.23	67,113.62	71,975.21	50,926.54	32,281.89
Average Total Interest-Earning Assets as a percentage of Average Total Interest-Bearing Liabilities[*] (%) [I = F/H]	109.16	108.96	108.58	106.33	98.43

(₹ in million, except percentages)

	As at and for the six months ended September 30[11],		As at and for the year ended March 31,		
	2020	2019	2020	2019	2018
Average Interest-Earning Advances as a percentage of Average Total Assets(*) (%) [J = E/G]	66.43	62.52	65.08	64.92	64.51
Average Total Interest-Earning Assets as a percentage of Average Total Assets(*) (%) [K = F/G]	93.65	92.93	92.97	91.04	85.87
Average Total Interest-Bearing Liabilities as a percentage of Average Total Assets(*) (%) [L = H/G]	85.79	85.29	85.63	85.62	87.24
Yield on Average Total Interest-Earning Assets(6)(*) (%) [M = A/F]	8.66	9.03	18.08	19.05	18.78
Yield on Average Interest-Earning Advances (7)(*) (%) [N = B/E]	10.98	11.54	22.64	23.69	22.48
Cost of funds(8)(*) (%) [O = C/H]	4.01	4.39	8.63	9.00	9.75
Spread(9)(*) (%) [P = M-O]	4.66	4.64	9.45	10.05	9.03
Net Interest Margin(10)(*) (%) [Q = D/F]	4.99	5.00	10.14	10.59	8.88

Notes:

1. *Net Interest Income is interest earned minus interest expended ("**Net Interest Income**").*
2. *Average Interest-Earning Advances are interest-earning assets (advances net of NPA Provisions) calculated on the basis of the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period ("**Average Interest-Earning Advances**").*
3. *Average Total Interest-Earning Assets are total interest-earning assets calculated on the basis of the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period ("**Average Total Interest-Earning Assets**").*
4. *Average Total Assets are total assets calculated on the basis of the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period ("**Average Total Assets**").*
5. *Average Total Interest-Bearing Liabilities are total interest-bearing liabilities calculated on the basis of the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period ("**Average Total Interest-Bearing Liabilities**").*
6. *Yield on Average Total Interest-Earning Assets is calculated as the ratio of interest earned to Average Total Interest-Earning Assets.*
7. *Yield on Average Interest-Earning Advances is calculated as ratio of interest earned on advances divided by Average Interest-Earning Advances.*
8. *Cost of funds is the ratio of interest expended to Average Total Interest-Bearing Liabilities ("**Cost of Funds").***
9. *Spread is the difference between Yield on Average Total Interest-Earning Assets and Cost of Funds.*
10. *Net Interest Margin is the ratio of Net Interest Income to Average Total Interest-Earning Assets.*
11. *Percentages relating to the six-month period are not annualised.*

** Non-GAAP measure.*

Return on Equity and Assets and Other Financial Ratios

The following table presents selected financial ratios for the periods indicated.

(₹ in million, except percentages)

	As at and for the six months ended September 30[9],		As at and for the year ended March 31,		
	2020	2019	2020	2019	2018
Net Interest Income(*) [A]	4,859.06	3,659.49	7,921.88	5,733.57	2,820.19
Other Income [B]	450.16	681.92	1,331.90	1,091.50	1,018.60
Operating Income(*) [C=A+B]	5,309.22	4,341.41	9,523.78	6,825.07	3,838.79
Operating expenses [D]	2,659.80	2,813.39	6,006.76	4,533.94	3,062.87
Net Profit [E]	1,304.22	924.40	1,903.90	902.84	269.94
Average Total Assets [F]	103,879.19	78,684.50	84,052.74	59,477.99	37,003.41
Average Shareholders' Funds(1) (*) [G]	11,521.36	9,384.88	9,858.17	6,512.43	2,893.40
Return on Equity(*) (%)[H=E/G]	11.32	9.85[9]	19.31	13.86	9.33
Return on Assets(*)	1.26	1.17[9]	2.27	1.52	0.73

(₹ *in million, except percentages*)

	As at and for the six months ended September 30[9],		As at and for the year ended March 31,		
	2020	2019	2020	2019	2018
(%)[I=E/F]					
Average Shareholders' Funds as a percentage of Average Total Assets[2] [*] (%) [J=G/F]	11.09	11.93	11.73	10.95	7.82
Cost to income ratio[3] [*] (%) [K=D/C]	50.10	64.80	64.91	66.43	79.79
Operating expenses to Average Total Assets[*] (%) [L=D/F]	2.56	3.58	7.15	7.62	8.28
Provision for NPAs (excluding provisions on standard assets) [M]	840.94	629.31	586.92	388.09	362.49
Provisions towards Standard Assets [N]	994.56	238.92	315.90	215.14	122.81
Average Interest-Earning Advances [O]	69,001.97	49,194.58	54,702.39	38,614.43	23,870.92
Provisions to Average Interest-Earning Advances[4] [*] (%) [P=(M+N)/O]	2.66	1.76	1.65	1.56	2.03
Retail deposits to total deposit ratio[5] (%)	96.82	95.11	95.08	92.43	62.44
CASA to total deposits ratio[6] [*] (%)	15.07	12.23	13.66	13.55	10.01
Total deposit to credit ratio [7] [*] (%)	111.32	110.76	106.39	94.11	79.06
Operating expenses to net interest income[*][8] (%) [Q=D/A]	54.74	76.88	75.82	79.08	108.61

Notes:

1. *Average Shareholders' Funds is share capital and reserves and surplus calculated on the basis of the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period ("**Average Shareholders' Funds**").*
2. *Average Shareholders' Funds as a percentage of Average Total Assets is calculated as Average Shareholders' Funds divided by Average Total Assets.*
3. *Cost to income ratio is calculated as a ratio of operating expenses divided by operating income.*
4. *Provision to Average Interest-Earning Advances is calculated as a ratio of provisions (provision towards non-performing advances and provision towards standard advances) divided by Average Interest-Earning Advances.*
5. *Retail deposits represents total outstanding deposits less bulk deposits. Bulk deposits are deposits exceeding ₹ 20 million.*
6. *CASA to total deposits ratio is calculated as (demand deposits from banks plus demand deposits from others plus savings bank deposits) divided by total deposits.*
7. *Total deposit to credit ratio is calculated as a ratio of total deposits divided by gross advances.*
8. *Calculated as operating expense divided by net interest income.*
9. *Non-annualised.*

** Non-GAAP measure.*

Investment Portfolio

The following table sets forth, as at the dates indicated, information related to our total net investment portfolio.

(₹ in million)

	As at September 30, 2020			
	Total Book Value	**Held to Maturity**	**Available for Sale**	**Held for Trading**
Government securities	18,587.61	15,026.92	3,560.69	-
Shares	50.98	-	50.98	-
Debentures and bonds	-	-	-	-
Others[1]	1,145.72	-	1,145.72	-
Total	**19,874.31**	**15,026.92**	**4,757.39**	**-**

(₹ in million)

	As at March 31, 2020				As at March 31, 2019				As at March 31, 2018			
	Total Book Value	**Held to Maturity**	**Available for Sale**	**Held for Trading**	**Total Book Value**	**Held to Maturity**	**Available for Sale**	**Held for Trading**	**Total Book Value**	**Held to Maturity**	**Available for Sale**	**Held for Trading**
Government securities	15,069.47	12,827.40	2,242.07	-	8,864.09	7,047.75	1,568.56	247.78	6,739.44	5,741.96	997.48	-
Shares	35.62	-	35.62	-	-	-	-	-	-	-	-	-
Debentures and bonds	-	-	-	-	-	-	-	-	-	-	-	-
Others[1]	2,231.16	-	2,231.16	-	6,443.41	-	4,948.47	1,494.94	579.20	-	579.20	-
Total	**17,336.25**	**12,827.40**	**4,508.85**	**-**	**15,307.50**	**7,047.75**	**6,517.04**	**1,742.72**	**7,318.64**	**5,741.96**	**1,576.68**	**-**

Note:

1. *Others include investment in pass-through certificates, commercial papers and certificate of deposits.*

Residual Maturity Profile

In computing the below information only the book value of investments is considered. Depreciation and NPI provisioning for the investments is not considered.

Available for Sale

The following table sets forth, as at the date indicated, an analysis of the residual maturity profile of our investments in securities classified as available for sale securities and their weighted average market yields.

(₹ in million, excluding percentages)

	As at September 30, 2020									
	Up to One Year		**One to Five Years**		**Five to Ten Years**		**More than Ten Years**		**Total**	
	Amount	**Yield (%)**	**Amount**	**Yield (%)**	**Amount**	**Yield (%)**	**Amount**	**Yield (%)**	**Amount**	**Yield (%)**
Government securities	3,216.76	3.36	-	-	343.93	5.70	-	-	3,560.69	3.58
Shares	50.98	N.A.	-	-	-	-	-	-	50.98	N.A.
Debentures and bonds	-	-	-	-	-	-	-	-	-	-
Others	1,145.72	7.82	-	-	-	-	-	-	1,145.72	7.82
Total	**4,413.46**	**4.48**	**-**	**-**	**343.93**	**5.70**	**-**	**-**	**4,757.39**	**4.56**

Note: *Provisions towards depreciation and non-performing investments have been deducted from book value of respective categories. Therefore, total book value will match with the net balance of the balance sheet as at the respective dates.*

Held to Maturity

The following table sets forth, as at the date indicated, an analysis of the residual maturity profile of our investments in securities classified as held to maturity securities and their weighted average market yields.

(₹ in million, except percentages)

	As at September 30, 2020									
	Up to One Year		**One to Five Years**		**Five to Ten Years**		**More than Ten Years**		**Total**	
	Amount	**Yield**	**Amount**	**Yield**	**Amount**	**Yield**	**Amount**	**Yield**	**Amount**	**Yield**
Government	-	-	1,828,71	7.72	7,729.48	7.68	5,468.74	7.98	15,026.93	7.79

(₹ in million, except percentages)

	As at September 30, 2020									
	Up to One Year		One to Five Years		Five to Ten Years		More than Ten Years		Total	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
securities										
Shares	-	-	-	-	-	-	-	-	-	-
Debentures and bonds	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**1,828,71**	**7.72**	**7,729.48**	**7.68**	**5,468.74**	**7.98**	**15,026.93**	**7.79**

Held for Trading

We had nil investments held for trading as at September 30, 2020.

Deposits

Cost of Interest-Bearing Deposits

The non-annualised Cost of Average Interest-Bearing Deposits was 3.94% and 4.24%, for the six months ended September 30, 2020 and 2019, respectively, and the Cost of Average Interest-Bearing Deposits was 8.38%, 8.33% and 8.77% for Fiscals 2020, 2019 and 2018, respectively. The non-annualised Cost of Average Savings Bank Deposits was 2.64% and 2.55% for the six months ended September 30, 2020 and 2019, respectively, and the Cost of Average Savings Bank Deposit was 5.20%, 4.79% and 5.28% for Fiscals 2020, 2019 and 2018, respectively. The non-annualised Cost of Average Term Deposits was 4.14% and 4.46% for the six months ended September 30, 2020 and 2019, respectively, and the Cost of Average Term Deposits was 8.82%, 8.76% and 9.24% for Fiscals 2020, 2019 and 2018, respectively.

Cost of Deposits

The non-annualised Cost of Average Total Deposits was 3.90% and 4.21% for the six months ended September 30, 2020 and 2019, respectively. The Cost of Average Total Deposits was 8.32%, 8.26% and 8.66% for Fiscals 2020, 2019 and 2018, respectively. We do not pay interest on demand deposits. The non-annualised Cost of Average Savings Bank Deposits was 2.64% and 2.55% for the six months ended September 30, 2020 and 2019, respectively, and the Cost of Average Savings Bank Deposit was 5.20%, 4.79% and 5.28% for Fiscals 2020, 2019 and 2018, respectively. The non-annualised Cost of Average Term Deposits was 4.14% and 4.46% for the six months ended September 30, 2020 and 2019, respectively, and the Cost of Average Term Deposits was 8.82%, 8.76% and 9.24% for Fiscals 2020, 2019 and 2018, respectively.

Deposits by Type

The following table sets forth, as at the dates indicated, deposits and the percentage composition by each category of deposits.

(₹ in million, except percentages)

	As at September 30,				As at March 31,					
	2020		2019		2020		2019		2018	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Demand Deposits	806.32	0.98%	554.91	0.92%	578.43	0.82%	339.74	0.79%	471.89	1.87%
Savings Bank Deposits	11,562.21	14.09%	6,862.22	11.32%	9,024.42	12.84%	5,510.50	12.76%	2,052.60	8.14%
Term Deposits	69,715.38	84.93%	53,216.59	87.77%	60,680.97	86.34%	37,319.84	86.45%	22,706.43	89.99%
of which:										
Retail deposits	*67,105.84*	81.75%	*50,251.70*	*82.88%*	*57,220.98*	81.41%	*34,050.92*	*78.88%*	*13,230.71*	*52.44%*
Wholesale deposits	*2,609.54*	3.18%	*2,964.88*	*4.89%*	*3,460.00*	4.92%	*3,268.92*	*7.57%*	*9,475.82*	*37.56%*
Total	**82,083.91**	**100.00%**	**60,633.72**	**100.00%**	**70,283.82**	**100.00%**	**43,170.08**	**100.00%**	**25,230.92**	**100.00%**

Deposits Based on Location of Branches

The following table sets forth, as at the dates indicated, deposits and the percentage composition by location of Branches.

(*₹ in million, except percentages*)

	As at September 30		As at March 31					
	2020		2020		2019		2018	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Urban	32,759.10	39.91%	30,211.16	42.98%	21,106.80	48.89%	16,281.93	64.53%
Semi Urban	36,824.40	44.86%	31,295.41	44.53%	17,280.90	40.03%	7,671.38	30.40%
Rural	6,286.67	7.66%	4824.87	6.86%	2,370.90	5.49%	551.25	2.18%
Metro	6,213.74	7.57%	3,952.38	5.63%	2,411.48	5.59%	726.36	2.88%
Total	**82,083.91**	**100.00%**	**70,283.82**	**100.00%**	**43,170.08**	**100.00%**	**25,230.92**	**100.00%**

Balance to maturity for Deposits exceeding ₹7.00 million

As at September 30, 2020, our individual domestic term deposits in excess of ₹7.00 million had balance to maturity profiles as set out below.

(*₹ in million*)

	As at September 30, 2020				
	Up to Three Months	Over Three Months to Six Months	Over Six Months to One Year	Over One Year	Total
Balance to maturity for deposits exceeding ₹ 7.00 million	1,785.62	2,580.30	4,219.30	3,029.57	**11,614.79**

Concentration of Deposits

The following table presents an analysis of our domestic deposits by region as at the dates indicated.

(*₹ in million*)

Geographical Distribution	State / Union Territory	As at September 30, 2020	As at March 31,		
			2020	2019	2018
	Bihar	46.97	18.52	-	-
	Jharkhand	766.57	225.17	118.10	0.05
	Odisha	207.24	125.24	24.90	-
	West Bengal	388.79	212.91	38.00	-
	Meghalaya	0.60	-	-	-
	Assam	9.54	6.79	-	-
Eastern	**Subtotal**	**1,419.71**	**588.63**	**181.00**	**0.05**
	Gujarat	31.60	18.00	-	-
	Maharashtra	1,209.23	569.55	251.40	-
Western	**Subtotal**	**1,240.83**	**587.55**	**251.40**	**-**
	Chhattisgarh	227.97	116.87	21.50	-
	Delhi	1,790.85	1,557.41	12.70	579.12
	Madhya Pradesh	346.14	187.44	1,240.80	102.88
	Rajasthan	13.16	7.43	-	-
	Haryana	0.40	-	-	-
	Uttar Pradesh	33.85	-	-	-
	Chandigarh	0.01	-	-	-
Northern	**Subtotal**	**2,412.38**	**1,869.15**	**1,275.00**	**682.00**
	Andhra Pradesh	97.91	34.94	17.60	-
	Telangana	3.07	-	-	-
	Karnataka	1,293.37	966.37	497.50	44.35
Southern	Kerala	73,538.44	64,889.47	40,490.58	24,465.83

(₹ *in million*)

Geographical Distribution	State / Union Territory	As at September 30, 2020	As at March 31,		
			2020	**2019**	**2018**
	Puducherry	25.46	8.45	457.00	38.67
	Tamil Nadu	2,052.74	1,339.26	-	-
	Subtotal	**77,010.99**	**67,238.49**	**41,462.68**	**24,548.86**
Total domestic deposits		**82,083.91**	**70,283.82**	**43,170.08**	**25,230.92**

Total Borrowings

The following table sets forth, for the periods indicated, information related to our borrowings, which are comprised primarily of borrowings from banks, refinances and subordinated debt.

(₹ *in million, except percentages)*

	As at and for the six months ended September 30,	
	2020	**2019**
Period end balance	13,901.47	13,374.99
Average balance during the period[(1)]	13,793.99	15,321.42
Interest expended during the period	605.97	752.61
Cost of average borrowings [(2) (3) (*)] (%)	4.39	4.91
Average interest rate per annum at period end [(4)](%)	8.49	9.80
Average cost of subordinated debt (including perpetual debt) [(3) (5)] (%)	6.48	6.49
Cost of average refinance borrowings [(3) (6)(*)] (%)	4.17	4.62

Notes:

1. *Average is calculated on the basis of the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period.*
2. *Represents the ratio of interest expended on borrowings to average borrowings calculated on the basis of the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period. All of the borrowings are interest-bearing.*
3. *Non-annualised.*
4. *Average interest per annum is calculated as the sum of interest rate of the borrowings multiplied by the closing balance of the borrowings divided by the sum of closing balance of the borrowings*
5. *Average cost of subordinated debt represents the ratio of interest expended on subordinated to average subordinated debt calculated on the basis of the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period.*
6. *Cost of average refinance borrowings represents the ratio of interest expended on refinance borrowings to average refinance borrowings (which represents borrowings from Mudra, SIDBI and NABARD) calculated on the basis of the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period.*

** Non-GAAP measure.*

(₹ *in million, except percentages*)

	As at and for the Year ended March 31,		
	2020	**2019**	**2018**
Year-end balance	12,033.17	17,023.60	16,746.50
Average balance during the year[(1)]	14,100.02	19,011.69	20,113.18
Interest expended during the year	1,359.40	1,923.75	2,080.69
Cost of average borrowings [(2) (*)] (%)	9.64	10.12	10.34
Average interest rate at year end [(3)] (%)	9.83	9.77	10.06
Average cost of subordinated debt (including perpetual debt) [(4)] (%)	12.97	13.05	12.60
Cost of average refinance borrowings [(5) (*)] (%)	9.20	9.54	10.24

Notes:

1. *Average is calculated on the basis of the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period.*
2. *Represents the ratio of interest expended on borrowings to average borrowings calculated on the basis of the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period. All of the borrowings are interest-bearing.*
3. *Average interest per annum is calculated as the sum of interest rate of the borrowings multiplied by the closing balance of the borrowings divided by the sum of closing balance of the borrowings*
4. *Average cost of subordinated debt represents the ratio of interest expended on subordinated to average subordinated debt calculated on the basis of the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period.*

5. *Cost of average refinance borrowings represents the ratio of interest expended on refinance borrowings to average refinance borrowings (which represents borrowings from Mudra, SIDBI and NABARD) calculated on the basis of the average of the opening balance at the start of the relevant period and the closing balance as at quarter end for all quarters in the relevant period.*

* *Non-GAAP measure.*

Interest Sensitivity Analysis

The following table sets forth the interest rate sensitivity analysis of certain items of assets and liabilities as at September 30, 2020, which is prepared/compiled based on guidelines provided by the RBI.

(₹ in million)

	As at September 30, 2020				
	Up to Three Months	**Over Three Months to One Year**	**Over One Year to Five Years**	**Over Five Years**	**Total**
Cash and Balances with RBI	1,084.50	1,160.43	925.46	267.84	3,438.23
Balances with Other Banks	12,609.81	0.00	2.06	1.25	12,613.12
Investments	1,546.45	1,413.48	2,955.98	13,868.40	19,784.31
Advances	17,801.95	34,164.53	20,261.51	668.75	72,896.74
Other Assets[(1)]	205.27	478.96	0.00	4,230.35	4,914.58
Total Assets	**33,247.98**	**37,217.40**	**24,145.01**	**19,036.59**	**113,646.98**
Capital and Reserves	-	3,084.32	-	8,236.49	11,320.81
Borrowings	585.87	7,335.60	5,500.00	-	13,421.47
Deposits	11,702.01	36,057.86	33,939.64	384.40	82,083.91
Other Liabilities[(2)]	286.28	3,448.61	181.26	2,904.64	6,820.79
Total Liabilities	**12,574.16**	**49,926.39**	**39,620.90**	**11,525.53**	**113,646.98**

Notes:

1. *Other assets include, among others, fixed assets, net inter-office adjustments, interest accrued, net tax paid in advance/tax deduced at source and net deferred tax assets.*
2. *Other liabilities include, among others, bills payable, net inter-office adjustments, interest accrued and others, including provisions for standard assets.*

Asset Liability Gap

The following table sets forth the maturity pattern of certain items of assets and liabilities as at September 30, 2020, which is prepared/compiled based on guidelines provided by the RBI.

(₹ in million, except percentages)

	1-30 Days	**30-90 Days**	**3-6 Months**	**6-12 Months**	**1-3 Years**	**3-5 Years**	**Over 5 Years**	**Total**
Cash and Bank Balance	13,538.73	155.58	309.75	850.68	881.69	45.82	269.10	16,051.35
Advances	7,849.96	9,951.99	13,892.27	20,272.26	19,457.37	804.14	668.75	72,896.74
Investments	1,306.23	240.21	377.30	1,036.18	1,071.46	1,884.53	13,868.40	19,784.31
Fixed Assets	-	-	-	-	-	-	1,247.77	1,247.77
Other Assets	136.84	68.42	68.42	410.54	-	-	2,982.59	3,666.81
Total Assets	**22,831.76**	**10,416.20**	**14,647.74**	**22,569.66**	**21,410.52**	**2,734.49**	**19,036.61**	**113,646.98**
Capital & Reserve	-	-	-	3,084.32	-	-	8,236.49	11,320.81
Deposits	5,412.65	6,289.36	11,962.94	24,094.92	33,217.87	721.77	384.40	82,083.91
Borrowings	0.29	585.58	1,375.60	5,960.00	4,250.00	1,250.00	-	13,421.47
Other Liabilities	257.64	28.64	28.64	3,419.97	181.26	-	2,904.64	6,820.79
Total Liabilities	**5,670.58**	**6,903.58**	**13,367.18**	**36,559.21**	**37,649.13**	**1,971.77**	**11,525.53**	**113,646.98**
Liquidity Gap	17,161.18	3,512.61	1,280.57	(13,989.56)	(16,238.61)	762.72	7,511.08	-
Cumulative Liquidity Gap	17,161.18	20,673.80	21,954.37	7,964.81	(8,273.80)	(7,511.08)	-	-
Cumulative Liabilities	5,670.58	12,574.16	25,941.34	62,500.55	100,149.68	102,121.45	113,646.98	113,646.98
Cumulative Liquidity Gap as a percentage	302.64%	164.41%	84.63%	12.74%	(8.26)%	(7.36)%	0.00%	0.00%

(₹ in million, except percentages)

	1-30 Days	30-90 Days	3-6 Months	6-12 Months	1-3 Years	3-5 Years	Over 5 Years	Total
of Cumulative Liabilities (%)								

Note: *Grouping of future Rupee cash flows in the above table is in accordance with the guidelines issued by RBI under its circular PBOD.NO.BP.BC.38/21.04.098/2007. The numbers for certain line items in the above table are different from those appearing in the same line item in the Restated Financial Statement as the above table was prepared as per RBI guidelines, which requires (a) perpetual bonds to be considered as Capital, (b) the table to be prepared on a gross basis without the netting of certain items, such as provisions relating to tax, prepaid taxes and advances set off, and (c) the accumulated profit for the six months ended September 30, 2020 to be classified in other liabilities.*

Advances Portfolio

The table set forth below sets forth our gross advances by product groups as at the dates indicated.

	As at September 30, 2020		As at March 31,					
			2020		2019		2018	
Classification of Advances	**Advances *(₹ in million)***	**% of Total**	**Advances *(₹ in million)***	**% of Total**	**Advances *(₹ in million)***	**% of Total**	**Advances *(₹ in million)***	**% of Total**
Microfinance loans	66,800.10	90.59%	61,389.53	92.92%	*44,177.71*	*96.31%*	*31,411.15*	*98.43%*
Retail loans	5,927.18	8.04%	3,612.68	5.47%	*1,492.92*	*3.25%*	*502.19*	*1.57%*
Corporate loans	1,010.44	1.37%	1,062.90	1.61%	200.00	0.44%	-	-
Total	**73,737.72**	**100.00%**	**66,065.11**	**100.00%**	**45,870.63**	**100.00%**	**31,913.34**	**100.00%**

The table set forth below the disbursement of our advances by product groups for the periods indicated.

(₹ in million)

	Six months ended September 30,		Year ended March 31,		
	2020	2019	2020	2019	2018
Microfinance loans	9,089.57	30,380.45	68,304.47	52,615.74	46,189.46
Retail loans	5,816.23	1,417.08	5,262.05	1,379.35	521.08
Corporate loans	100.00	350.00	705.00	310.00	-
Total	**15,005.80**	**32,147.53**	**74,271.52**	**54,305.09**	**46,710.54**

The table set forth below represents our cycle-wise outstanding assets under management, which is equal to gross advances plus off-balance sheet advances (i.e., securitisation/ assignment and inter-bank participation certificate) ("**Assets Under Management**"), of microfinance loans.

	As at September 30, 2020		As at March 31,					
			2020		2019		2018	
Cycle	***(₹ in million)***	**% of Total**	***(₹ in million)***	**% of Total**	***(₹ in million)***	**% of Total**	***(₹ in million)***	**% of Total**
1	4.19	0.01%	4.65	0.01%	5.87	0.01%	4.84	0.01%
2	10,837.54	16.37%	12,338.57	19.69%	13,113.08	27.12%	12,941.98	32.05%
3	19,900.69	30.07%	19,454.09	31.05%	14,903.25	30.82%	12,825.97	31.76%
4	14,531.09	21.96%	13,630.50	21.75%	9,526.93	19.70%	6,288.45	15.57%
5	8,567.78	12.95%	7,342.13	11.72%	4,054.23	8.38%	2,532.85	6.27%
>5	12,343.44	18.65%	9892.77	15.79%	6,754.59	13.97%	5,789.88	14.34%
Total	**66,184.73**	**100.00%**	**62,662.71**	**100.00%**	**48,357.95**	**100.00%**	**40,383.97**	**100.00%**

The table set forth below represents the asset under management of microfinance loans break up in terms of collection cycle for the periods indicated.

(₹ in million)

	As at September 30,		As at March 31,		
	2020	2019	2020	2019	2018
Weekly	47,825.05	38,159.37	45,297.62	35,187.94	32,792.11
Fortnightly	7,434.26	6,081.68	7,024.84	5,792.32	4,011.26
Monthly	10,925.42	8,593.20	10,340.25	7,377.68	3,580.61
Total	**66,184.73**	**52,834.25**	**62,662.71**	**48,357.94**	**40,383.98**

The following table presents our sector-wise outstanding gross advances and the proportion of these advances to our outstanding domestic advances, as at the dates indicated.

(₹ in million, except percentages)

	As at September 30, 2020		As at March 31,					
			2020		2019		2018	
	Advances	% of Total	Advances	% of Total	Advances	% of Total	Advances	% of Total
Agricultural and Allied Activities	37,094.12	50.31%	33,528.24	50.75%	25,906.58	56.48%	18,332.92	57.45%
Advances to Industry Sector	16,867.51	22.88%	11,210.46	16.97%	5,775.19	12.59%	4,568.53	14.32%
Advances to Services Sector	7,602.27	10.31%	11,607.53	17.57%	7,762.51	16.92%	2,729.75	8.55%
Personal Loan and Others	12,173.82	16.50%	9,718.88	14.71%	6,426.35	14.01%	6,282.14	19.68%
Total Gross Advances	**73,737.72**	**100.00%**	**66,065.11**	**100.00%**	**45,870.63**	**100.00%**	**31,913.34**	**100.00%**

Note: *The above categorization is based on the sectoral classification as reported under RBI DSB Risk Based Supervision Returns. The above figures reported are the same as reported under RBI DSB Risk Based Supervision Returns.*

Maturity and Interest Rate Sensitivity of Advances

The following table sets forth, for the periods indicated, the interest rate sensitivity of our variable rates and fixed rates advances as at September 30, 2020.

(₹ in million)

Interest rate classification of advances by maturity	Due in One Year or less	Due in One Year to Five Years	Due after Five Years	Total
Variable rates	3,194.90	1,214.04	294.12	4,703.06
Fixed rates	48,771.58	19,047.47	374.63	68,193.68
Total	**51,966.48**	**20,261.51**	**668.75**	**72,896.74**

Regional Concentration of Advances (Gross)

The following table presents an analysis of our domestic advances by region as at the dates indicated.

(₹ in million)

Geographical Distribution	State / Union Territory	As at September 30, 2020	As at March 31, 2020	2019	2018
	Assam	-	78.70	109.91	-
	Bihar	869.12	709.04	427.33	219.71
	Jharkhand	1,374.78	1,403.82	599.02	359.84
	Odisha	44.70	36.29	7.69	-
	West Bengal	327.57	266.77	170.94	50.61
Eastern	**Subtotal**	**2,616.17**	**2494.62**	**1,314.89**	**630.16**
	Maharashtra	3,892.97	3,246.37	2,271.00	2,224.98
Western	**Subtotal**	**3,892.97**	**3,246.37**	**2,271.00**	**2,224.98**
	Chhattisgarh	1,988.87	1,783.49	1,219.16	958.25
	Delhi	-	10.00	1.73	-
	Madhya Pradesh	2,934.32	2,739.71	2,262.70	1,607.71
	Uttar Pradesh	0	-	-	-
	Rajasthan	45.44	29.81	-	-
Northern	**Subtotal**	**4,968.63**	**4,563.01**	**3,483.59**	**2,565.96**
	Andhra Pradesh	-	6.41	4.95	-
	Karnataka	2,087.11	2,028.73	1,287.95	777.28
	Kerala	43,699.29	37,845.34	24,068.82	18,312.54
	Puducherry	450.79	403.75	323.13	226.3
	Tamil Nadu	16,022.76	15,476.88	13,116.30	7,176.12
Southern	**Subtotal**	**62,259.95**	**55,76.11**	**38,801.15**	**26,492.24**
Total		**73,737.72**	**66,065.11**	**45,870.63**	**31,913.34**

Concentration of Advances and Credit Substitutes by Industry/ Economic Activity

Pursuant to RBI guidelines, exposure ceilings are 15.00% of capital funds in the case of a single borrower and 40.00% in the case of a borrower group. The single borrower exposure limit is extendable by another 5.00%, up to 20.00% of capital funds. The borrower group exposure limit is extendable by another 10.00%, up to 50.00% of capital funds, provided that the additional exposure is for the purpose of financing infrastructure projects. In addition, a bank may, in exceptional circumstances and with the approval of its board of directors, consider increasing its exposure to a single borrower up to a maximum of an additional 5.00% of capital funds, subject to the borrower consenting to us making appropriate disclosure about the borrower in our annual report. There are generally no restrictions in India on exposure to a particular industry. RBI norms specify exposure to capital market, real estate, sensitive commodities listed by the RBI, venture capital funds, stockbrokers, financing for acquisition of overseas entities, and credit to overseas joint ventures. For further information, see "*Key Regulations and Policies*" on page 129.

The following table sets forth, at the dates indicated, our gross fund-loans outstanding categorized by borrower industry or economic activity.

(₹ in million, except percentages)

Subsector	As at September 30, 2020		As at March 31, 2020		As at March 31, 2019		As at March 31, 2018	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Agriculture-Land Development	137.81	0.19	146.21	0.22	328.3	0.72	397.21	1.24
Agri-Farm Mechanisation	208.31	0.28	220.66	0.33	461.66	1.01	549.26	1.72
Animal Husbandry	26,521.70	35.97	26,068.64	39.46	12,192.13	26.58	1,345.10	4.21
Crop Loans	2,826.23	3.83	3,057.00	4.63	10,108.04	22.04	16,074.87	50.37
Fisheries	2,210.40	3.00	2,263.07	3.43	1,279.94	2.79	146.53	0.46
Others	3,642.41	4.94	248.98	0.38	758.99	1.65	-	-
Poultry	1,547.26	2.10	1,523.67	2.31	774.33	1.69	200.88	0.63
Consumer Durables	1,217.23	1.65	1,476.58	2.24	1,384.97	3.02	778.67	2.44
Education	1,618.30	2.19	968.15	1.47	234.92	0.51	191.49	0.60
Housing	931.88	1.26	672.85	1.02	295.76	0.64	151.59	0.48
Micro Food Processing	11,867.51	16.09	11,210.46	16.97	5,775.19	12.59	994.35	3.12
Service	8,004.80	10.86	7,325.93	11.09	4,591.75	10.01	3,060.19	9.59
Trade	4,524.67	6.14	4,281.60	6.48	3,171.25	6.91	3,378.25	10.59
Personal and Others	8,479.21	11.50	6,601.30	9.99	4,513.40	9.84	46,44.95	14.55
Total	**73,737.72**	**100.00**	**66,065.11**	**100.00**	**45,870.63**	**100.00**	**31,913.34**	**100.00**

Priority Sector Lending

Commercial banks in India are required to lend, through advances or investment, 40% of their adjusted net bank credit ("**ANBC**") or credit equivalent amount of off-balance sheet exposures, whichever is higher, to specified sectors known as "priority sectors", subject to certain exemptions permitted by RBI from time to time. Priority sector advances include advances to agriculture sector, micro and small enterprises, weaker sections, housing and education finance up to certain ceilings.

We are required to comply with the priority sector lending requirements on a quarterly basis. Any shortfall in the amount required to be lent to the priority sectors is required to be deposited with the Rural Infrastructure Development Fund established by NABARD or funds with other financial institutions as specified by the RBI, which generally provide for lower than market interest rate. Therefore, if we are unable to meet the priority sector conditions requirements, it could have an adverse effect on our results of operations.

The tables below set out our outstanding Priority Sector advances (as defined by the Government and the RBI) by sector, our ANBC and each sector as a percentage of our ANBC as at the dates indicated,

(₹ in million, except percentages)

	As at September 30,			
	2020		2019	
	Advances	% of ANBC(1)	Advances	% of ANBC(1)
Agricultural and Allied Activities	37,094.12	67.80	28,893.30	75.77
Advances to Industry Sector	11,867.51	21.69	4,209.00	11.04
Advances to Services Sector	7,602.27	13.90	9,969.29	26.14
Personal Loans and others	6,447.02	11.78	4,723.07	12.39
Gross advances to the priority sector	**63,010.92**	**115.17**	**47,794.66**	**125.34**

(₹ in million, except percentages)

	As at March 31,					
	2020		2019		2018	
	Advances	% of ANBC(1)	Advances	% of ANBC(1)	Advances	% of ANBC(1) (2)
Agricultural and Allied Activities	33,528.24	73.35	23,906.58	87.80	18,332.92	123.06
Advances to Industry Sector	6,210.46	13.59	5,775.19	21.21	4,568.53	30.67
Advances to Services Sector	11,607.53	25.39	7,762.51	28.51	2,729.75	18.32
Personal Loans and others	5,727.51	12.53	4,995.98	18.35	5,866.48	39.38
Gross advances to the priority sector	**57,073.74**	**124.86**	**42,440.26**	**155.87**	**31,497.68**	**211.43**

Notes:

1. *ANBC represents gross advances less bills re-discounted and other permissible reductions as per RBI guidelines, and increased by bonds/debentures in investments eligible by priority sectors.*
2. *ANBC was not applicable to us during our first fiscal year of operations.*

Capital to Risk-Weighted Assets Ratios

The RBI monitors capital to risk-weighted assets ratios based on financial information. The following table sets forth our capital to risk-weighted assets ratios for the periods indicated:

(₹ in million, except for percentages)

	As at September 30, 2020	As at March 31,		
		2020	2019	2018
Tier I Capital	12,528.30	11,225.01	9,393.97	3,901.28
Of which				
Perpetual Debt Instruments	*480.00*	*480.00*	*480.00*	*480.00*
Tier II Capital	1,893.17	1,627.17	1,730.48	1,422.81
Of which				
Subordinated Debt	*1,110.00*	*1,270.00*	*1,510.00*	*1,300.00*
Total Capital	14,421.47	12,852.18	11,124.45	5,324.09
Total risk weighted assets	59,367.17	53,481.91	40,331.45	31,484.36
Tier I Capital Adequacy Ratio (%)	21.10	20.99	23.30	12.40
Tier II Capital Adequacy Ratio (%)	3.19	3.04	4.29	4.52
Total Capital Adequacy Ratio (%)	**24.29**	**24.03**	**27.59**	**16.92**

Non-Performing Advances

As at September 30, 2020, our gross NPAs as a proportion of gross advances were 1.32% and net NPAs as a proportion of net advances were 0.19%. As at September 30, 2020, we had in effect a provision coverage ratio of

93.45% of our gross NPAs.

The following table sets forth information about our NPA portfolio as at and for the periods indicated.

(*₹ in million, except percentages*)

	As at and for the six months ended		**As at and for the year ended**		
	September 30, 2020	**September 30, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2018**
Opening balance of Gross NPAs at the beginning of the period	1,008.61	740.14	740.14	1,210.47	78.49
Additions during the period	0.59	389.22	801.06	760.80	1,146.77
Less: Reductions during the period on account of recovery	23.24	62.83	49.03	30.44	14.79
Less: Reductions during the period on account of upgradations	9.82	103.12	190.89	306.99	-
Less: Reductions during the period on account of technical / prudential write-offs	-	-	292.67	893.70	-
Gross NPAs	976.14	963.41	1,008.61	740.14	1,210.47
Net NPAs	135.20	334.10	421.70	352.05	847.98
Gross Advances	73,737.72	54,742.35	66,065.11	45,870.63	31,913.34
Net Advances	72,896.74	54,113.04	65,478.22	45,482.54	31,550.85
Gross NPAs/Gross Advances (%)	**1.32**	**1.76**	**1.53**	**1.61**	**3.79**
Net NPAs/Net Advances (%)	**0.19**	**0.62**	**0.64**	**0.77**	**2.69**

Recognition of Non-Performing Advances

We classify our advances in accordance with the RBI guidelines. Under these guidelines, an advance is classified as non-performing if any amount of interest or principal remains overdue for more than 90 days with respect to term loans. In respect of overdraft and cash credit, an advance is classified as non-performing if the account remains out of order for a continuous period of 90 days, and in respect of bills purchased and discounted, if the account remains overdue for more than 90 days.

<u>Changes Implemented Pursuant to the RBI's COVID-19 Regulatory Package and Orders by the Supreme Court of India</u>

Pursuant to the 'COVID-19 Regulatory Package' on asset classification and provisioning, which was announced by the RBI on March 27, 2020, April 17, 2020 and May 23, 2020, lending institutions, including us, were permitted to grant an effective moratorium of six months on the payment of term loans falling due between March 1, 2020 and August 31, 2020. As such, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under RBI's income recognition and asset classification norms. We granted a full or partial moratorium on all payments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers.

The Honourable Supreme Court of India in *Gajendra Sharma Vs Union of India & Anr* vide its interim order dated September 3, 2020 has directed banks that accounts which were not declared as NPAs till August 31, 2020 shall not be declared as NPAs till further orders, pending disposal of the case by the Supreme Court. Pursuant to the order, our Bank has not classified any borrower account that has not been declared as an NPA as at August 31, 2020 as per the RBI's prudential norms on income recognition, asset classification, provisioning and other related matters as NPAs after August 31, 2020. Gross advances amounting to ₹ 101.78 million has crossed the 90 days overdue as at September 30, 2020 and continued to be classified as standard assets. However, if we had classified such borrower accounts as NPAs after August 31, 2020, the corresponding NPA provisions of ₹ 25.54 million would have been made and our proforma Gross NPAs and Net NPAs and proforma Gross NPA ratio and Net NPA ratio would have been ₹ 1,077.92 million and ₹ 211.52 million and 1.46% and 0.29%, respectively.

Substandard Advances

In accordance with RBI guidelines, a substandard advance is an advance that has remained non-performing for a period less than or equal to 12 months.

Doubtful Advances

In accordance with RBI guidelines, a doubtful advance is an advance that has remained in the sub-standard category for a period of 12 months. Further, these doubtful advances are to be classified into the following three categories, depending on the period for which such advances have been classified as doubtful:

- Advances which have remained in the doubtful category for a period of up to one year;
- Advances which have remained in the doubtful category for a period of more than one year but less than three years; and
- Advances which have remained in the doubtful category for a period of more than three years.

Loss Advances

In accordance with the RBI guidelines, a loss advance is an advance where loss has been identified by us or internal or external auditors or the RBI at the time of inspection but the amount has not been written off / provided for wholly.

In cases of serious credit impairment, an advance is required to be immediately classified as doubtful or as a loss advance, as appropriate. Further, erosion in the value of the security provided may also be considered significant when the realisable value of the security is less than 50.00% of the value as assessed by us or as accepted by the RBI at the time of the last inspection of the security, as the case may be. In such a case, the advance secured by such impaired security may immediately be classified as doubtful and provisioning should be made as applicable to doubtful advance. If the realisable value of the security, as assessed by us or approved valuers or by the RBI, is less than 10.00% of the outstanding in the borrower’s accounts, the existence of security should be ignored and the advance should be immediately classified as a loss asset and it may be either written off or fully provided for by us.

The table below sets forth our NPA position as at the dates specified:

(₹ in million, except percentages)

Non-Performing Assets	As at September 30, 2020	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Standard	72,761.56	65,056.53	45,130.49	30,702.79
Sub-standard	474.48	787.29	571.87	1,130.64
Doubtful	501.66	221.31	168.25	79.83
Loss	-	-	-	-
Total provision towards NPAs [A]	840.94	586.91	388.09	362.49
Gross Advances [B]	73,737.72	66,065.11	45,870.63	31,913.34
Gross NPAs [C]	976.14	1,008.61	740.14	1,210.47
Total provisions (including provision towards standard assets) (1) [D]	1,835.50	902.81	603.23	485.30
Total provisions (including provision towards standard assets) held as percentage of gross advances (%) [E=D/B]*	2.49	1.37	1.32	1.52
Total provision towards NPAs held as percentage of gross NPAs (%) [F=A/C]*	86.15	58.19	52.43	29.95
Provision coverage ratio (%)	93.45	79.93	78.45	29.94

Notes:

1. *The RBI circulars in relation to the moratorium require us to make provisions of up to 10% on loans that are subject to moratorium and that were overdue but standard as at February 29, 2020. Our Bank provided ₹ 44.08 million during the year ended March 31, 2020 and ₹ 44.08 million during the six months ended September 30, 2020 as required under the regulatory guidelines, aggregating to 10% of the special mention accounts outstanding as at February 29, 2020. However, considering the prevailing uncertainty over the business due to the COVID-19 pandemic, our Bank, as a prudential measure, set aside an additional provision of ₹ 440.78 million during the six months ended September 30, 2020, being 50% of such outstanding special mention accounts, taking the total provisions to ₹ 528.94 million as at September 30, 2020 as against the outstanding amount of ₹ 881.56 million of such special mention accounts as at February 29, 2020.*

** Non-GAAP measure.*

Non-accrual Policy

Once a loan account is identified as non-performing, interest and other fees charged in the account, if uncollected, are reversed. In accordance with RBI guidelines, interest realised on NPAs may be credited to a bank's income account provided that such credited interest is not out of fresh or additional credit facilities sanctioned to the borrower. The RBI has also stipulated that in the absence of a clear agreement between us and the borrower for the purpose of appropriating recoveries in NPAs (i.e., towards principal or interest due), banks should adopt an accounting principle and exercise the right of appropriation of recoveries in a uniform and consistent manner.

In the case of NPAs where recoveries are effected, our policy is to appropriate the same against the demand of the customers. If any of a borrower's advances are classified as an NPA, all advances to such borrower are classified as NPAs. For more information on the recognition and provisioning of NPAs, see the section "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting our Results of Operations – Critical Accounting Policies*" on page 253 of the Draft Red .

Policy for Making Provisions for Non-Performing Advances

Our policy for making provisions for non-performing advances, which is in accordance with the RBI's policy on provisioning, described below:

Provisions for Standard Advances

In accordance with RBI guidelines, a general provision is made on all standard advances based on the category of advances identified in the RBI's guidelines.

Changes Implemented Pursuant to the RBI's COVID-19 Relief Package

The RBI circulars in relation to the moratorium require us to make provisions of up to 10% on loans that are subject to moratorium and that were overdue but standard as at February 29, 2020. Our Bank provided ₹ 44.08 million during the year ended March 31, 2020 and ₹ 44.08 million during the six months ended September 30, 2020 as required under the regulatory guidelines, aggregating to 10% of the special mention accounts outstanding as at February 29, 2020. However, considering the prevailing uncertainty over the business due to the COVID-19 pandemic, our Bank, as a prudential measure, set aside an additional provision of ₹ 440.78 million during the six months ended September 30, 2020, being 50% of such outstanding special mention accounts, taking the total provisions to ₹ 528.94 million as at September 30, 2020 as against the outstanding amount of ₹ 881.56 million of such special mention accounts as at February 29, 2020.

Substandard Advances

The general provisioning requirement for substandard advances is 15.00% of the amount outstanding without making any allowance for ECGC guarantee cover and securities available and in respect of "unsecured exposures" identified as "substandard", an additional provision of 10.00% of the amount outstanding (i.e., a total of 25.00% in the outstanding balance).

As at September 30, 2020, 91.15% of our advances were unsecured. As per our Board approved policy, unsecured loans that are classified as 'substandard' and 'doubtful' attract a total of 25.00% and 100.00% provisioning on the day of slippages, respectively.

Accordingly, the provisioning on the substandard category, as approved by the Board, is as follows:

Period for which the advance has remained in 'Substandard' category	Provision requirement (%) (secured loan)	Provision requirement (%) (unsecured loan)
On classification	15	25
After the end of Quarter 1	15	40
After the end of Quarter 2	15	60
After the end of Quarter 3	15	80

Doubtful Advances

The following provisions are made for doubtful advances.

- Doubtful "up to one year" – 100.00% of the unsecured portion and 25.00% of the secured portion;

- Doubtful "one to three years" – 100.00% of the unsecured portion and 40.00% of the secured portion; and

- Doubtful "more than three years" – 100.00% of the unsecured portion and, 100.00% of the secured portion.

Loss Advances

Loss are to 100.00% provided for or written off.

The above-mentioned provisions are the minimum provisions that have to be provided for non-performing advances in accordance with the RBI's policy. We provide for more than the stipulated rates if we feel that the credit deterioration of the customer requires us to do so.

Floating Provisions

We do not carry any floating provision in our books.

Analysis of Non-Performing Advances by Industry Sector

The table below sets forth, for the periods indicated, our non-performing advances, by the borrower's industry or economic activity.

(₹ in million, except percentages)

Sector	As at September 30, 2020		
	Gross NPA	Provision	% of NPA in Industry
Agriculture-Land Development	11.03	10.30	1.13
Agri-Farm Mechanisation	16.25	14.98	1.66
Animal Husbandry	203.19	166.08	20.82
Crop Loans	231.42	217.65	23.71
Fisheries	12.24	10.38	1.25
Other Agricultural Loan	7.20	6.44	0.74
Poultry	16.91	14.15	1.73
Consumer Durables	11.98	9.81	1.23
Education	3.66	3.10	0.37
Housing	19.40	17.29	1.99
Micro Manufacturing	163.24	131.62	16.72
Service	97.40	80.78	9.98
Trade	89.65	74.89	9.18
Others	38.14	34.98	3.91
Personal	54.43	48.49	5.58
Total	**976.14**	**840.94**	**100.00**

(₹ in million, except percentages)

Sector	As at March 31,								
	2020			2019			2018		
	Gross NPA	Provision	% of NPA in Industry	Gross NPA	Provision	% of NPA in Industry	Gross NPA	Provision	% of NPA in Industry
Agriculture-Land Development	11.22	8.16	1.11	-	-	-	1.70	0.46	0.14
Agri-Farm Mechanization	16.43	11.31	1.63	-	-	-	3.15	1.34	0.26
Animal Husbandry	208.24	102.85	20.65	60.43	34.24	8.16	113.75	31.93	9.40
Crop Loans	236.31	171.82	23.43	318.66	139.13	43.05	404.76	127.48	33.44
Fisheries	12.52	7.05	1.24	3.69	1.60	0.50	0.62	0.21	0.05
Other Agricultural Loan	7.64	4.78	0.76	14.05	6.66	1.90	-	-	0.00
Poultry	17.22	8.99	1.71	4.79	2.22	0.65	1.13	0.36	0.09
Consumer Durables	12.59	6.24	1.25	14.33	7.36	1.94	10.40	4.07	0.86
Education	3.74	2.08	0.37	3.99	2.09	0.54	2.61	0.68	0.22
Housing	23.35	15.22	2.32	6.91	2.93	0.93	25.09	7.66	2.07
Micro Manufacturing	165.94	79.01	16.45	36.30	18.96	4.90	7.54	2.59	0.62

Sector	As at March 31,								
	2020			2019			2018		
	Gross NPA	Provision	% of NPA in Industry	Gross NPA	Provision	% of NPA in Industry	Gross NPA	Provision	% of NPA in Industry
Services	99.18	51.49	9.83	37.56	19.19	5.08	83.45	24.18	6.89
Trade	92.02	48.65	9.12	39.59	21.53	5.35	245.27	72.19	20.26
Other	46.96	32.7	4.66	6.00	3.58	0.81	-	-	0.00
Personal	55.25	36.56	5.47	193.83	128.60	26.19	311.01	89.34	25.69
Total	**1,008.61**	**586.91**	**100.00**	**740.14**	**388.09**	**100.00**	**1,210.47**	**362.49**	**100.00**

Analysis of our NPA Portfolio

(₹ in million, except percentages)

	As at September 30, 2020		As at March 31,					
			2020		2019		2018	
	Gross NPAs	% of Total	Gross NPAs	% of Total	Gross NPAs	% of Total	Gross NPAs	% of Total
Microfinance loans	915.39	93.78	934.26	92.63	660.84	89.29	1,174.19	97.00
Retail loans	60.75	6.22	74.35	7.37	79.30	10.71	36.28	3.00
Corporate loans	-	-	-	-	-	-	-	-
Total	**976.14**	**100.00**	**1,008.61**	**100.00**	**740.14**	**100.00**	**1,210.47**	**100.00**

Movement in our Provisions for NPAs

The table below sets forth movement in our provision for NPAs.

(₹ in million)

	As at September 30, 2020	As at March 31,		
		2020	2019	2018
Opening balance at the beginning of the period	586.91	388.09	362.49	42.54
Additions during the period	270.66	618.94	1,011.91	324.38
Reductions during the period	16.63	420.12	986.31	4.43
Provisions at the close of the period	**840.94**	**586.91**	**388.09**	**362.49**

Productivity Ratios

The following table sets forth certain information relating to our productivity ratios:

Particulars	As at and for the six months ended		As at and for the year ended		
	September 30, 2020	September 30, 2019	March 31, 2020	March 31, 2019	March 31, 2018
Branches and Ultra-Small Branches	483	421	454	423	413
ATMs	232	190	222	126	32
Total number of employees	3,527	2,893	3,337	2,168	993
Gross Assets Under Management per employee (₹ in million)	20.94	19.26	20.43	23.34	41.60
Gross Assets Under Management per Branch and Ultra-Small Branch (combined) (₹in million)	152.90	132.32	150.17	119.63	100.03
Gross advances per employee	20.91	18.92	19.80	21.16	32.14
Lending Accounts (in million)	2.95	2.74	2.83	2.78	2.33
Deposit Accounts (in million)	4.31	3.59	4.19	3.25	2.42
Disbursements per Branch and Ultra-Small Branch (combined) (₹ in million)	31.07	76.36	163.59	128.38	113.10
Total disbursements	15,005.80	32,147.53	74,271.52	54,305.09	46,710.54
Disbursements per employee (₹ in million)	4.25	11.11	22.26	25.05	47.04
Deposits per employee (₹ in million)	23.27	20.96	21.06	19.91	25.41
Deposits per Branch and Ultra-Small Branch (combined) (₹ in million)	169.95	144.02	154.81	102.06	60.94

Certain Non-GAAP Measures

The generally accepted accounting principles are commonly referred to as "GAAP." Our management believes that the presentation of certain non-GAAP measures provides additional useful information to investors regarding our performance and trends related to our results of operations. Accordingly, we believe that when non-GAAP financial information is viewed together with GAAP financial information, investors are provided with a more meaningful understanding of our ongoing operating performance and financial results.

We use a variety of financial and operational performance indicators to measure and analyse our operational performance from period to period, and to manage its business. Our management also uses other information that may not be entirely financial in nature, including statistical and other comparative information commonly used within the Indian banking industry to evaluate our financial and operating performance. For these reasons, we have included certain non-GAAP measures in this section and elsewhere in this Red Herring Prospectus, including, among others: Cost to Income Ratio; Net Interest Income; Net Interest Margin; Yield on Average Interest-Earning Advances; Yield on Average Interest-Earning Investments; Yield on Average Interest-Earning Balance with Reserve Bank of India and other Inter-Bank Funds, Yield on Average Total Interest-Earning Assets; net worth; net asset value per Equity Share; return on net worth; operating expenses to Net Interest Income; operating profit; return on equity; return on assets; Average Total Interest-Earning Assets as a percentage of Average Total Interest-Bearing Liabilities; Average Interest-Earning Advances as a percentage of Average Total Assets; Average Total Interest-Earning Assets as a percentage of Average Total Assets; Average Total Interest-Bearing Liabilities as a percentage of Average Total Assets; Cost of Funds; spread; operating income; Average Shareholders' Funds as a percentage of Average Total Assets; operating expenses to Average Total Assets; provisions to Average Interest-Earning Advances; CASA to total deposits ratio; total deposits to credit ratio; total provision (including provision towards standard assets) held as percentage of gross advances; total provision towards NPAs held as a percentage of gross NPAs; provision made towards income tax as percentage of Net Profit Before Tax; earnings before interest, tax, depreciation and amortisation (EBITDA); cost of average refinance borrowings, Cost of Average Interest-Bearing Deposits; Cost of Average Borrowings; Cost of Average Total Interest-Bearing Liabilities; Cost of Average Savings Bank Deposits; Cost of Average Term Deposits; Cost of Average Total Deposits; Average CASA to Average Total Deposits; and Cost of Average CASA, as well as certain other metrics based on or derived from those non-GAAP measures. These financial and operational performance indicators have limitations as analytical tools. These non-GAAP measures are not calculated in accordance with Indian GAAP and, therefore, should not be viewed as substitutes for performance or profitability measures under Indian GAAP. As a result, these financial and operational performance indicators should not be considered in isolation from, or as a substitute for, analysis of our historical financial performance, as reported under Indian GAAP and presented in our Restated Financial Statements. Our use of these terms may vary from the use of similarly-titled measures by other banks due to potential inconsistences in the method of calculation and differences due to items subject to interpretation and, as such, they may not be comparable to similar financial or performance indicators used by other banks or financial institutions.

Sets forth below are the non-GAAP measures presented in this section that are able to be reconciled to a directly comparable GAAP measure that have not already been reconciled to a directly comparable GAAP measure in the tables above.

CASA to Total Deposits Ratio

(₹ in million, except percentages)

Particulars	As at September 30,		As at March 31,		
	2020	2019	2020	2019	2018
Demand Deposits From Banks [A]	31.87	22.04	26.20	28.74	21.63
Demand Deposits From Others [B]	774.75	532.87	552.23	311.00	450.26
Savings Bank Deposits [C]	11,562.21	6,862.22	9,024.42	5,510.50	2,052.60
CASA [D] = [A+B+C]	12,368.83	7,417.13	9,602.85	5,850.24	2,524.49
Deposits [E]	82,083.91	60,633.72	70,283.82	43,170.08	25,230.92
CASA to Total Deposits Ratio [F=D/E]	**15.07%**	**12.23%**	**13.66%**	**13.55%**	**10.01%**

Total Deposit to Credit Ratio

(₹ in million, except percentages)

Particulars	As at September 30,		As at March 31,		
	2020	2019	2020	2019	2018
Total Deposits [A]	82,083.91	60,633.72	70,283.82	43,170.08	25,230.92
Gross Advances [B]	73,737.72	54,742.35	66,065.11	45,870.63	31,913.34
Total Deposit to Credit Ratio [A/B = C]	**111.32%**	**110.76%**	**106.39%**	**94.11%**	**79.06%**

Cost of Average Saving Bank Deposits

(₹ in million, except percentages)

Particulars	As at and for the six months ended(1)		As at and for the year ended		
	September 30, 2020	September 30, 2019	March 31, 2020	March 31, 2019	March 31, 2018
Average Savings Bank Deposits [A]	10,102.46	6,121.97	7,034.56	3,474.20	1,428.50
Interest expended on Saving Banks Deposits [B]	266.39	156.39	365.46	166.55	75.43
Cost of Average Savings Bank Deposits [C=B/A] (1)	**2.64%**	**2.55%**	**5.20%**	**4.79%**	**5.28%**

Note:

1. *Percentages relating to six-month periods are not annualised.*

Cost of Average Term Deposits

(₹ in million, except percentages)

Particulars	As at and for the six months ended		As at and for the year ended		
	September 30, 2020	September 30, 2019	March 31, 2020	March 31, 2019	March 31, 2018
Average Term Deposits [A]	65,218.78	45,670.23	50,840.64	28,440.65	10,740.21
Interest expended on Term Deposits [B]	2,697.69	2,038.34	4,485.71	2,492.52	992.08
Cost of Average Term Deposits [C=B/A] (1)	**4.14%**	**4.46%**	**8.82%**	**8.76%**	**9.24%**

Note:

1. *Percentages relating to six-month periods are not annualised.*

Cost of Average Total Deposits

(₹ in million, except percentages)

Particulars	As at and for the six months ended(1)		As at and for the year ended		
	September 30, 2020	September 30, 2019*	March 31, 2020	March 31, 2019	March 31, 2018
Average Total Deposits [A]	76,018.00	52,174.23	58,303.97	32,196.81	12,324.82
Interest expended on deposits [B]	2,964.02	2,194.73	4,851.17	2,659.07	1,067.51
Cost of Average Total Deposits [C=B/A] (1)	**3.90%**	**4.21%**	**8.32%**	**8.26%**	**8.66%**

Note:

1. *Percentages relating to six-month periods are not annualised.*

Cost of Average CASA

(₹ in million, except percentages)

Particulars	As at and for the six months ended(1)		As at and for the year ended		
	September 30, 2020	September 30, 2019	March 31, 2020	March 31, 2019	March 31, 2018
Average CASA [A]	10,799.22	6,504.01	7,463.33	3,756.15	1,584.49
Interest expended on CASA [B]	266.39	156.39	365.46	166.55	75.43

(₹ in million, except percentages)

Particulars	As at and for the six months ended(1)		As at and for the year ended		
	September 30, 2020	September 30, 2019	March 31, 2020	March 31, 2019	March 31, 2018
Cost of Average CASA [C=B/A] (1)	**2.47%**	**2.40%**	**4.90%**	**4.43%**	**4.76%**

Note:

1. *Percentages relating to six-month periods are not annualised.*

Cost of Average Refinance Borrowings

(₹ in million, except percentages)

Particulars	As at and for the six months ended(1)		As at and for the year ended		
	September 30, 2020	September 30, 2019	March 31, 2020	March 31, 2019	March 31, 2018
Average Refinance Borrowings [A]	9,838.33	12,554.17	11,160.24	13,728.77	8,127.98
Interest expended on Refinance Borrowings [B]	409.91	579.78	1,026.83	1,310.29	832.10
Cost of Average Refinance Borrowings [C=B/A] (1)	**4.17%**	**4.62%**	**9.20%**	**9.54%**	**10.24%**

Note:

1. *Percentages relating to six-month periods are not annualised.*

Average CASA to Average Total Deposits

(₹ in million, except percentages)

Particulars	As at and for the six months ended(1)		As at and for the year ended		
	September 30, 2020	September 30, 2019	March 31, 2020	March 31, 2019	March 31, 2018
Average CASA [A]	10,799.22	6,504.01	7,463.33	3,756.15	1,584.59
Average Total Deposits[B]	76,018.00	52,174.23	58,303.97	32,196.81	12,324.82
Average CASA to Average Total Deposits [C=A/B]	**14.21%**	**12.47%**	**12.80%**	**11.67%**	**12.86%**

Note:

1. *Percentages relating to six-month periods are not annualised.*

Provisions made towards Income Tax as a percentage of Net Profit plus Provisions made towards Income Tax (i.e., Net Profit Before Tax)

(₹ in million, except percentages)

Particulars	For the six months ended		For the year ended March 31,		
	September 30, 2020	September 30, 2019	2020	2019	2018
Current Tax expense [A]	634.50	333.00	713.50	328.97	261.61
Deferred Tax [B]	(182.68)	(11.69)	(54.84)	40.00	(93.14)
Provision made towards income tax [C=A+B]	451.82	321.31	658.66	368.97	168.47
Net Profit [D]	1,304.22	924.40	1,903.90	902.84	269.94
Net Profit before tax [E=C+D]	1,756.04	1,245.71	2,562.56	1,271.81	438.41
Provisions made towards Income Tax as a percentage of Net Profit plus Provisions made towards Income Tax (i.e., Net Profit Before Tax) [F=C/E]	**25.73%**	**25.79%**	**25.70%**	**29.01%**	**38.43%**

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION

The Board of Directors
ESAF Small Finance Bank Limited
Building No. VII/83/8,
ESAF Bhavan, Mannuthy,
Thrissur – Palakkad National Highway
Thrissur – 680 651
Kerala, India

Dear Sirs,

1. We have examined (as appropriate, refer paragraph 5 below) the attached Restated Financial Information of ESAF Small Finance Bank Limited (the "Bank" or the "Issuer"), comprising the Restated Statement of Assets and Liabilities as at September 30, 2020 and 2019, March 31, 2020, 2019 and 2018, the Restated Profit and Loss Account, the Restated Cash Flow Statement for the six months period ended September 30, 2020 and 2019 and for the years ended March 31, 2020, 2019 and 2018, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Restated Financial Information"), as approved by the Board of Directors of the Bank at their meeting held on November 10, 2020 for the purpose of inclusion in the addendum to the draft red herring prospectus ("Addendum"), Red Herring Prospectus ("RHP") and Prospectus (Collectively, the "Offer Documents") prepared by the Bank in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:

   a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");

   b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

   c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2. The Bank's Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Kerala in connection with the proposed IPO. The Restated Financial Information have been prepared by the management of the Bank on the basis of preparation stated in Note 2.2 to the Restated Financial Information. The Bank's Board of Directors responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Bank's Board of Directors are also responsible for identifying and ensuring that the Bank complies with the Act, ICDR Regulations and the Guidance Note.

3. We have examined such Restated Financial Information taking into consideration:

   a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated September 22, 2020 in connection with the proposed IPO of equity shares of the Bank;

   b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

   c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and

   d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

4. These Restated Financial Information have been compiled by the management from:

   a) the audited Special Purpose Interim Financial Statements of the Bank as at and for the six month period ended September 30, 2020 prepared in accordance with the recognition and measurement principles of Accounting Standards (AS) 25 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and the other accounting principles generally accepted in India in so far as they apply to banks, requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, the circulars and guidelines issued by the RBI from time to time to the extent applicable and practices generally prevalent in the banking industry in India, which have been approved by the Board of Directors at their meeting held on November 10, 2020.

   b) the audited interim financial statement as at and for the six month period ended September 30, 2019, which have been approved by the Board of Directors at their meetings held on November 5, 2019. These interim financial statements were prepared by the Bank in accordance with the requirements prescribed under the Banking Regulation Act, 1949, accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank and guidelines and directions issued by Reserve Bank of India from time to time.

   c) the audited financial statements as at and for each of the years ended March 31, 2020, 2019 and 2018 which have been approved by the Board of Directors at their meetings held on May 29, 2020, May 10, 2019, and May 22, 2018 respectively. These audited financial statements as at and for each of the years ended March 31, 2020, 2019, and 2018 were prepared by the Bank in accordance with the requirements prescribed under the Banking Regulation Act, 1949, accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank and guidelines and directions issued by Reserve Bank of India from time to time.

5. For the purpose of our examination, we have relied on:
   a) Auditor's report issued by us dated November 24, 2020 on the Special Purpose Interim Financial Statements of the Bank as at and for the six month period ended September 30, 2020 as referred in paragraph 4(a) above.

      The auditor's report on the Special Purpose Interim Financial Statements of the Bank as at and for the six month period ended September 30, 2020 includes the following Emphasis of Matter paragraph [also refer Part (C) (II) of Note 1 of the Restated Financial Information]:

      "(i) Basis of accounting and restriction on distribution and use
      We draw attention to Note 2.2 to the Special Purpose Interim Financial Statements, which describes the purpose and basis of preparation. The Special Purpose Interim Financial Statements have been prepared by the Bank for the purpose of preparation of the restated financial information as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time ("ICDR Regulations") in connection with the proposed initial public offering of the Bank. As a result, the Special Purpose Interim Financial Statements may not be suitable for any another purpose. The Special Purpose Interim Financial Statements cannot be referred to or distributed or included in any offering document or used for any other purpose except with our prior consent in writing. Our report is intended solely for the purpose of preparation of the Restated Financial Information and is not to be used, referred to or distributed for any other purpose without our prior written consent.

      (ii) Impact of COVID-19 pandemic
      We draw attention to Note A.7.h to Note 19 the Special Purpose Interim Financial Statements, which describes that the potential impact of the COVID-19 pandemic on the Bank's financial Statements are dependent on future developments, which are highly uncertain.

      Our opinion is not modified with respect to these matters."

   b) Auditors' Report issued by the Previous Auditors dated May 29, 2020, May 10, 2019 and May 22, 2018 on the financial statements of the Bank as at and for the years ended March 31, 2020, 2019 and 2018 respectively, and on the Auditor's Report dated November 5, 2019 on the Interim Financial Statement of the Bank as at and for the six month period ended September 30, 2019 as referred in paragraphs 4(b) and (c) above.

      The audits for the six month period ended September 30, 2019 and financial years ended March 31, 2020, 2019 and 2018 were conducted by the Bank's previous auditors, and accordingly reliance has been placed on the restated statement of assets and liabilities and the restated profit and loss account and cash flow statements, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Previous Restated Financial Information") examined by them for the said period / years.

      The examination report included for the said period / years is based solely on the report submitted by the Previous Auditors. They have also confirmed that:

      i. The Previous Restated Financial Information have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the six month period ended September 30, 2019 and in the financial years ended March 31, 2020, 2019 and 2018 to reflect the same accounting treatment as per the accounting policy and grouping/classifications followed as at and for the six month period ended September 30, 2020.

ii. There are no qualifications in the auditors' report on the audited financial statements as at and for each of the years ended March 31, 2020, March 31, 2019 and March 31, 2018 and audited interim financial statements as at and for the six month period ended September 30, 2019 which require any adjustments to the Previous Restated Financial Information.

There is an Emphasis of matter paragraph included in the auditor's report on the audited financial statements as at and for the year ended March 31, 2020 which does not require any corrective adjustment to the Previous Restated Financial Information, which is as follows:

"We draw attention to Note A.7.i to Note 19 to the financial statements, which describes the extent to which COVID-19 pandemic will impact the Bank's operations and asset quality will depend on future developments, which are highly uncertain. Our opinion is not modified in respect of this matter."

iii. The Previous Restated Financial Information have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

6. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by the Previous Auditors for the respective period / years as per paragraph 5(b) above, we report that the Restated Financial Information:

   a. have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the six month period ended September 30, 2019 and financial years ended March 31, 2020, 2019 and 2018 to reflect the same accounting treatment as per the accounting policy and grouping/classifications followed as at and for the six month period ended September 30, 2020;

   b. do not require any adjustment for modification as there is no modification in the underlying audit reports. There are items relating to emphasis of matter (refer paragraph 5(a) and paragraph 5(b)(ii) above), which do not require any adjustment to the Restated Financial Information; and

   c. have been prepared in accordance with the Act, the ICDR Regulations and the Guidance Note.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

8. The Restated Financial Information does not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements mentioned in paragraph 5 above.

9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or the Previous Auditors, nor should this report

be construed as a new opinion on any of the financial statements referred to herein.

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11. Our report is intended solely for use of the Board of Directors for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Kerala in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

G. K. Subramaniam
Partner
(Membership No. 109839)
UDIN: 20109839AAAAYE8133

Place: Mumbai
Date: 24 November, 2020

ESAF SMALL FINANCE BANK LIMITED

RESTATED STATEMENT OF ASSETS AND LIABILITIES

Rs. In Million

Particulars	Note Reference	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
CAPITAL AND LIABILITIES						
Capital	3	4,277.96	4,277.96	4,277.96	4,277.96	3,119.45
Reserves and Surplus	4	7,867.07	5,583.35	6,562.85	4,658.95	314.02
Deposits	5	82,083.91	60,633.72	70,283.82	43,170.08	25,230.92
Borrowings	6	13,901.47	13,374.99	12,033.17	17,023.60	16,746.50
Other Liabilities and Provisions	7	3,728.01	1,675.60	1,541.92	1,453.54	1,842.99
Total		**1,11,858.42**	**85,545.62**	**94,699.72**	**70,584.13**	**47,253.88**
ASSETS						
Cash and Balances with Reserve Bank of India	8	3,438.23	3,294.74	3,047.72	2,467.41	4,384.58
Balances with Banks and Money at Call and Short Notice	9	12,613.12	7,896.46	5,980.19	5,347.15	2,593.28
Investments	10	19,784.31	17,787.19	17,336.25	15,307.50	7,318.64
Advances	11	72,896.74	54,113.04	65,478.22	45,482.54	31,550.85
Fixed Assets	12	1,247.77	983.68	1,201.07	899.41	687.03
Other Assets	13	1,878.25	1,470.51	1,656.27	1,080.12	719.50
Total		**1,11,858.42**	**85,545.62**	**94,699.72**	**70,584.13**	**47,253.88**
Contingent Liabilities	14	14.54	77.69	15.04	583.26	617.20
Bills for collection		-	-	-	-	-
Significant Accounting Policies and notes to accounts forming part of Restated financial information	2 & 19					

The accompanying Notes are an integral part of this Statement.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration Number: 117365W

G K Subramaniam
Partner
Membership No. : 109839

Place : Mumbai
Date :24 November 2020

For and on behalf of the Board of Directors

P R Ravi Mohan
Chairman
DIN:08534931

Kadambelil Paul Thomas
Managing Director & CEO
DIN: 00199925

Asha Morley
Director
DIN: 02012799

Gireesh C P
Chief Financial Officer

Ranjith Raj P
Company Secretary

Place : Mannuthy
Date : 10 November 2020

ESAF SMALL FINANCE BANK LIMITED

RESTATED PROFIT AND LOSS ACCOUNT

Rs. In Million

Particulars	Note Reference	Six months period ended 30 September 2020	Six months period ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018
I. INCOME						
Interest Earned	15	8,429.05	6,606.83	14,132.45	10,316.39	5,968.39
Other Income	16	450.16	681.92	1,331.90	1,091.50	1,018.60
Total		**8,879.21**	**7,288.75**	**15,464.35**	**11,407.89**	**6,986.99**
II. EXPENDITURE						
Interest Expended	17	3,570.00	2,947.34	6,210.57	4,582.82	3,148.20
Operating Expenses	18	2,659.80	2,813.39	6,006.77	4,533.94	3,062.87
Provisions and Contingencies (Refer Note A.12 of Note 19)		1,345.19	603.62	1,343.11	1,388.29	505.98
Total		**7,574.99**	**6,364.35**	**13,560.45**	**10,505.05**	**6,717.05**
III. PROFIT						
Net Profit for the year/period (I - II)		**1,304.22**	**924.40**	**1,903.90**	**902.84**	**269.94**
Add: Balance in Restated Profit and Loss Account brought forward from Previous Year		2,271.96	879.96	879.96	208.17	5.72
		3,576.18	**1,804.36**	**2,783.86**	**1,111.01**	**275.66**
IV. APPROPRIATIONS (Refer Note 4.1)						
Transfer to Statutory Reserve		-	-	475.97	225.71	67.49
Transfer to Capital Reserve		-	-	-	-	-
Transfer to/(from) Investment Fluctuation Reserve Account		-	-	35.93	5.34	-
Balance carried over to Restated Statement of Assets and Liabilities		3,576.18	1,804.36	2,271.96	879.96	208.17
Total		**3,576.18**	**1,804.36**	**2,783.86**	**1,111.01**	**275.66**
Earnings per share (face value of Rs.10/- each) (Rs.) *						
(Refer Note B.1 of Note 19)						
Basic		3.05	2.16	4.45	2.37	0.89
Diluted		3.05	2.16	4.45	2.37	0.89
Significant Accounting Policies and notes to accounts forming part of Restated financial information	2 & 19					

** Six months period numbers are not annualised*

The accompanying Notes are an integral part of this Statement.

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Firm's Registration Number: 117365W

For and on behalf of the Board of Directors

P R Ravi Mohan
Chairman
DIN:08534931

Kadambelil Paul Thomas
Managing Director & CEO
DIN: 00199925

G K Subramaniam
Partner
Membership No. : 109839

Asha Morley
Director
DIN: 02012799

Gireesh C P
Chief Financial Officer

Ranjith Raj P
Company Secretary

Place : Mumbai
Date :24 November 2020

Place : Mannuthy
Date :10 November 2020

ESAF SMALL FINANCE BANK LIMITED

RESTATED CASH FLOW STATEMENT

					Rs. In Million
Particulars	**Six months period ended 30 September 2020**	**Six months period ended 30 September 2019**	**Year Ended 31 March 2020**	**Year Ended 31 March 2019**	**Year Ended 31 March 2018**
Cash Flows from Operating Activities					
Net Profit before tax	1,756.04	1,245.71	2,562.56	1,271.82	438.41
Adjustments for:					
Depreciation on Fixed Assets	137.14	106.99	231.67	169.06	94.26
Amortisation of Premium on HTM Investments	31.48	14.99	35.25	21.99	20.40
Profit on sale of investments (net)	(213.26)	(41.53)	(64.02)	(10.04)	(48.26)
Profit on sale of Fixed Assets	(0.08)	(0.38)	(0.39)	(0.26)	-
Provision for Non Performing Advances	254.04	241.23	491.51	919.38	319.87
Provision/ (Reversal) for Standard Advances	678.66	23.77	100.76	92.33	17.64
Provision for Depreciation on investments	(4.81)	-	18.32	-	-
Provision for Other Contingencies	(34.52)	17.31	73.86	7.61	-
	2,604.69	**1,608.09**	**3,449.52**	**2,471.89**	**842.32**
Adjustments for :-					
(Increase)/ Decrease in Investments (other than HTM Investments)	(30.46)	1,623.38	3,796.59	(6,673.03)	(136.25)
(Increase)/ Decrease in Advances	(7,672.56)	(8,871.73)	(20,487.18)	(14,851.06)	(17,015.92)
(Increase)/ Decrease in Fixed Deposit with Bank (Original Maturity greater than 3 months)	2,267.57	(4,907.28)	(1,662.84)	(59.31)	(1,102.11)
(Increase)/ Decrease in Other Assets	(140.41)	(333.09)	(498.78)	(323.34)	2,084.01
Increase/ (Decrease) in Deposits	11,800.09	17,463.64	27,113.74	17,939.16	21,137.51
Increase/ (Decrease) in Other liabilities and provisions	1,459.55	180.98	(86.24)	(489.39)	127.72
Direct taxes paid	(451.00)	(378.62)	(736.04)	(406.26)	(132.39)
Net Cash Flows from/(used in) Operating Activities (A)	**9,837.47**	**6,385.37**	**10,888.77**	**(2,391.34)**	**5,804.89**
Cash Flows from/(Used in) Investing Activities					
Purchase of Fixed Assets	(184.33)	(191.44)	(533.93)	(381.46)	(452.25)
Proceeds from Sale of Fixed Assets	0.57	0.56	0.99	0.28	-
(Increase)/ Decrease in Held to Maturity Investments	(2,231.01)	(4,076.53)	(5,814.90)	(1,327.78)	(1,362.58)
Net Cash Used in Investing Activities (B)	**(2,414.77)**	**(4,267.41)**	**(6,347.84)**	**(1,708.96)**	**(1,814.83)**
Cash Flows from/(Used in) Financing Activities					
Proceeds from Issue of Share Capital (including Share Premium)	-	-	-	4,642.13	105.90
Share Issue Expenses	-	-	-	(41.53)	-
Increase/(Decrease) in Borrowings	1,868.30	(3,648.61)	(4,990.41)	277.09	(3,781.98)
Cash Flows from/(Used in) Financing Activities (C)	**1,868.30**	**(3,648.61)**	**(4,990.41)**	**4,877.69**	**(3,676.08)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**9,291.00**	**(1,530.65)**	**(449.48)**	**777.39**	**313.98**

ESAF SMALL FINANCE BANK LIMITED

RESTATED CASH FLOW STATEMENT

					Rs. In Million
Particulars	**Six months period ended 30 September 2020**	**Six months period ended 30 September 2019**	**Year Ended 31 March 2020**	**Year Ended 31 March 2019**	**Year Ended 31 March 2018**
Cash and Cash Equivalents at the beginning of year/period	**6,760.35**	**7,209.83**	**7,209.83**	**6,432.44**	**6,118.46**
Cash and Cash Equivalents at the end of year/period (refer note below)	**16,051.35**	**5,679.18**	**6,760.35**	**7,209.83**	**6,432.44**
Note:					
Cash in Hand [Refer Note 8 (I)]	793.44	505.43	761.28	202.04	113.04
Balance with RBI in Current Account [Refer Note 8 (II) (i)]	2,644.79	2,789.31	2,286.44	2,265.37	4,271.54
Balance with Banks in India in Current Account [Refer Note 9 I (i) (a)]	759.81	554.44	362.63	892.42	1,047.86
Balance with Banks in India in Fixed Deposit	203.31	150.00	250.00	850.00	-
Money at Call and Short Notice [Refer Note 9 (I)(ii) (a)]	2,000.00	700.00	-	2,200.00	1,000.00
Lending Under Reverse Repo [Refer note 9 (I) (ii) (c)]	9,650.00	980.00	3,100.00	800.00	-
Cash and cash equivalents at the end of the year/period	**16,051.35**	**5,679.18**	**6,760.35**	**7,209.83**	**6,432.44**

The above Restated Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 - Cash Flow Statements specified under Section 133 of the Companies Act, 2013 read with the Companies (Account) Rules, 2006 (as amended).

The accompanying Notes are an integral part of this Statement.

For and on behalf of the Board of Directors

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

P R Ravi Mohan
Chairman
DIN:08534931

Kadambelil Paul Thomas
Managing Director & CEO
DIN: 00199925

G K Subramaniam
Partner
Membership No. : 109839

Asha Morley
Director
DIN: 02012799

Gireesh C P
Chief Financial Officer

Ranjith Raj P
Company Secretary

Place : Mumbai
Date : 24 November 2020

Place : Mannuthy
Date : 10 November 2020

ESAF SMALL FINANCE BANK LIMITED

NOTE 1 - Restated Statement of Material Adjustments, Regroupings and changes in Accounting polices

Appropriate adjustments have been made in the restated statement of assets and liabilities, Restated Profit and Loss Account and restated cash flow statement in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended), by reclassification of the corresponding items of income, expense, assets, liabilities and cash flows in order to bring them in line with the groupings and accounting policies as per the Special Purpose Interim Financial Statements of the Bank as at and for the six months period ended 30 September 2020.

Part A

a. Regroupings in Restated Statement of Assets and Liabilities & Restated Profit and Loss Account

i.Regrouping for the year ended 31 March 2019

Rs. in Million

Particulars	As per Audited Financial Statements	Changes due to Regrouping	As per Restated Financial Information
Assets and Liabilities			
Other Assets	1,070.86	9.26	1,080.12
Other Liabilities	1,444.28	9.26	1,453.54

ii.Regrouping for the year ended 31 March 2018

Rs. in Million

Particulars	As per Audited Financial Statements	Changes due to Regrouping	As per Restated Financial Information
Other Liabilities	1,830.44	12.55	1,842.99
Other Assets	706.95	12.55	719.50
Operating Expenses	3,044.78	18.09	3,062.87
Provisions and Contingencies	524.07	(18.09)	505.98

b. Regroupings in Restated Cash Flow Statement

i. for the year ended 31 March 2019

Rs. in Million

Particulars	As per Audited Financial Statements	Changes due to Regrouping	As per Restated Financial Information
Net Cash Flows from/(used in) Operating Activities	(2,401.38)	10.04	(2,391.34)
Net Cash Used in Investing Activities	(1,698.92)	(10.04)	(1,708.96)

ii. for the year ended 31 March 2018

Rs. in Million

Particulars	As per Audited Financial Statements	Changes due to Regrouping	As per Restated Financial Information
Net Cash Flows from/(used in) Operating Activities	7,004.89	(1,200.00)	5,804.89
Cash and Cash Equivalents at the beginning of year/period	4,918.46	1,200.00	6,118.46

Part B

Other Adjustments

Adjustments for Audit Qualifications	Nil
Other Material Adjustments	Nil
Changes in Accounting Policy	Nil
Tax Adjustments	Nil

Part C

Non Adjusting Items

(I) Emphasis of matter paragraph in auditor's report for the year ended 31 March, 2020 by the previous Auditors

The auditors' report on the financial statements for the year ended 31 March, 2020 included the following Emphasis of Matter paragraph, which does not require any adjustment in the Restated Financial Information:

We draw attention to Note A. 7 (i) to Note 19 to the financial statements, which describes the extent to which COVID- 19 Pandemic will impact the Bank's operations and asset quality will depend on future developments, which are highly uncertain. Our opinion is not modified in respect of this matter.

(II) Emphasis of matter paragraph in auditors' report on Special Purpose interim financial statements for the six months period ended 30 September 2020

The auditors' report on the Special purpose interim financial statements for the six months period ended 30 September 2020 the following Emphasis of Matter paragraph, which does not require any adjustment in the Restated Financial Information:

We draw attention to Note A.7 (h) to Note 19 to the Special Purpose Interim Financial Statements, which describes that the potential impact of the COVID-19 pandemic on the Bank's financial Statements are dependent on future developments, which are highly uncertain.

ESAF SMALL FINANCE BANK LIMITED

NOTE 2 -SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF RESTATED FINANCIAL INFORMATION

1.Background

ESAF Small Finance Bank Limited ("the Bank") is a public limited company incorporated on 5 May 2016 in India after receiving in principle approval from Reserve Bank of India ("RBI") to establish a small finance bank in the private sector under section 22 of the Banking Regulation Act, 1949 on September 16, 2015. The Bank received the license from the Reserve Bank of India on November 18, 2016 and commenced its banking operations from March 10, 2017. As per RBI Approval, the name of the Bank is included in the Second Schedule to the Reserve Bank of India Act, 1934 w.e.f 12 November 2018.The Bank provides Micro, retail and corporate banking, para banking activities such as debit card, third party financial product distribution, in addition to Treasury and permitted Foreign Exchange Business. The Bank is in the process of listing its Equity pursuant to resolution passed by Board of Directors on 23 December 2019 in BSE Limited and National Stock Exchange Limited. The Bank has filed Draft Red Herring Prospectus (DRHP) for Initial Public Offer (IPO) with Securities and Exchange Board of India ("SEBI") on 6 January 2020 and obtained final observations vide their letter dated 20 March 2020.

2.Basis of Preparation

The Restated Financial Information of the Bank comprise of the Restated Statement of Assets and Liabilities as at 30 September 2020 and 2019, 31 March 2020, 2019 and 2018, the Restated Profit and Loss Account and Restated Cash Flow Statement for the six month periods ended 30 September 2020 and 30 September 2019 and for the years ended 31 March2020, 31 March2019, and 31 March 2018, and the Summary of Significant Accounting Policies and explanatory notes (collectively, the 'Restated Financial Information'). Restated Financial Information is prepared by the management of the Bank for the purpose of inclusion in the addendum to the draft red herring prospectus ("Addendum to the DRHP"), Red Herring Prospectus ("RHP") and Prospectus (Collectively, the "Offer Documents") prepared by the Company in connection with its proposed Initial Public Offer ("IPO") in terms of the requirements of:

a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");

b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations"); and

c) The Guidance Note on Reports on Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

The Restated Financial Information has been compiled by the Management from:

a) the audited Special Purpose Interim Financial Statements of the Bank as at and six month period ended 30 September 2020 prepared in accordance with the recognition and measurement principles of Accounting Standards (AS) 25 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and the other accounting principles generally accepted in India in so far as they apply to banks, requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, the circulars and guidelines issued by the RBI from time to time to the extent applicable and practices generally prevalent in the banking industry in India, which have been approved by the Board of Directors at their meeting held on 10 November 2020.

b) the audited interim financial statement as at and for six months period ended 30 September 2019, which have been approved by the Board of Directors at their meetings held on November 5, 2019. These interim financial statements were prepared by the Bank in accordance with the requirements prescribed under the Banking Regulation Act, 1949, accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank and guidelines and directions issued by Reserve Bank of India from time to time.

c) the audited financial statements as at and for each of the years ended 31 March 2020, 2019 and 2018 which have been approved by the Board of Directors at their meetings held on 29 May 2020,10 May 2019, and 22 May 2018 respectively. These audited financial statements as at and for each of the years ended 31 March 2020, 2019, and 2018 were prepared by the Bank in accordance with the requirements prescribed under the Banking Regulation Act, 1949, accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank and guidelines and directions issued by Reserve Bank of India from time to time.

The Bank follows historical cost convention and accrual method of accounting in the preparation of the financial statements, except otherwise stated. The accounting policies have been consistently applied by the Bank in preparation of the Restated Financial Information and are consistent with those adopted in the preparation of financial statements for the six month period ended 30 September 2020. Restated Financial Information does not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited interim financial statement as at and for the six months period ended 30 September 2020 and 30 September 2019 and audited financial statements as at and for the each of the years ended 31 March 2020, 2019 and 2018.

NOTE 2 -SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF RESTATED FINANCIAL INFORMATION

The Restated Financial Information have been prepared so as to contain information / disclosures and incorporating adjustments (as per Note 1) set out below in accordance with the SEBI ICDR Regulations:
a) There are no audit qualifications requiring corrective adjustment in the financial statements;
b) There are no adjustments for previous period / years errors identified and adjusted in arriving at the profits of the period / years to which they relate irrespective of the year in which the event triggering;
c) There are no changes in accounting policies and uniform accounting policy was followed in each of the period / years. Accordingly, there are no adjustments to the profits or losses of the each of the period / years.
d) Adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the audited Special Purpose Interim Financial Statements of the Bank for the six month period ended 30 September 2020 and the requirements of the SEBI ICDR Regulations, if any.

3. Use of Estimation

The preparation of Restated Financial Information in confirmity with GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Bank's management believes that the estimates used in the preparation of the Restated Financial Information are prudent and reasonable. Actual results could differ from this estimate. Any revision to accounting estimates is recognized prospectively in current and future periods.

4.Significant Accounting Policies

4.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

i. Interest Income is recognized in the Restated Profit and Loss Account on accrual basis, except in the case of non-performing assets. Interest on non-performing assets is recognized upon realization basis as per the prudential norms issued by the RBI.

ii. Profit or Loss on sale of investments is recognised in the Restated Profit and Loss Account. However, the profit on sale of investments in the 'Held to Maturity' category is appropriated (net of applicable taxes and amount required to be transferred to statutory reserve) to 'Capital Reserve Account'.

iii Income on non-coupon bearing discounted instruments is recognized over the tenure of the instrument on a straight line basis. In case of coupon bearing discounted instruments, discount income is recognized over the tenor of the instrument on yield basis.

iv Dividend on Investments in shares and units of Mutual Funds are accounted when the Bank's right to receive the dividend is established.

v Processing Fee/ upfront fee, handling charges or income by way of similar charges collected at the time of sanctioning or renewal of loan/ facility is recognised at the inception/ renewal of loan.

vi Other fees and Commission income (including commission income on third party products) are recognised when due, except in cases where the Bank is uncertain of ultimate collection.

vii Interest income on deposits with banks and other financial institutions are recognised on a time proportion accrual basis taking into account the amounts outstanding and the rates applicable.

viii. Guarantee commission are recognised on a straight line basis over the period of contract.

ix. Locker rent is recognised on realisation basis.

x. In accordance with the RBI guidelines on Securitisation Transactions, gains arising from assignment / securitisation are amortised over the life of the underlying portfolio loans. In case of any loss, the same is recognised in the Restated Profit and Loss Account immediately. Income from interest strip (excess interest spread) is recognized in the Restated Profit and Loss Account net of any losses when redeemed in cash in line with the relevant Reserve Bank of India guidelines.

xi. Fees received on sale of priority sector lending certificates is considered as Miscellaneous income, while fees paid for purchase is expended as other expenses in accordance with the guidelines issued by RBI on the date of purchase/ sale on upfront basis.

4.2 Investments

i. Classification:

Investments are classified in to three categories, viz Held to Maturity ("HTM") , Available for Sale ("AFS") and held for Trading ("HFT") at the time of purchase as per guidelines issued by RBI.
However for disclosure in the Restated Statement of Assets and Liabilities, for Investments in India are classified under six groups - Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures and Others.

Purchase and sale transactions in securities are recorded under 'Settlement Date' accounting.

ii. Basis of classification:

Investments that the Bank intends to hold till maturity are classified as HTM category.
Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category.
Investments which are not classified in either of the above two categories are classified under AFS category.

iii. Acquisition Cost :

The Cost of investments is determined on the weighted average basis. Broken period interest in debt instruments and government securities is treated as a revenue item. The transaction cost including brokerage commission etc. paid at the time of acquisition of investments are charged to the Restated Profit and Loss Account.

iv. Disposal of investments:

Investments classified as HFT or AFS - Profit or loss on sale or redemption is recognised in the Restated Profit and Loss Account. Investments classified as HTM - Profit on sale or redemption of investments is recognised in the Restated Profit and Loss Account and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale or redemption is recognised in the Restated Profit and Loss Account.

NOTE 2 -SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF RESTATED FINANCIAL INFORMATION

v. Valuation:

HTM securities are carried at their acquisition cost. Any premium on acquisition of government securities are amortised over the remaining maturity of the security on a straight line basis. Any diminution, other than temporary, in the value of such securities is provided for.

AFS and HFT securities are valued periodically as per RBI guidelines.

The market/ fair value for the purpose of periodical valuation of quoted investments included in the AFS and HFT categories are the market price of the scrip as available from the trades/ quotes on the stock exchanges, SGL account transactions, price list of RBI, prices declared by Primary Dealers Association of India jointly with Fixed Income Money Market and Derivatives Association ("FIMMDA") / Financials Benchmark India Private Limited ("FBIL") as at the year/period end.

The market/ fair value of other than quoted SLR securities for the purpose of periodical valuation of investments included in the AFS and HFT categories are as per the rates put out by FIMMDA/FBIL.

The valuation of non-SLR securities, other than those quoted on the stock exchanges, wherever linked to the YTM rates, are taken with a mark-up (reflecting associated credit risk) over the YTM rates for government securities put out by FIMMDA/FBIL. Securities are valued scrip wise and depreciation/appreciation aggregated for each category. Net appreciation in each basket if any, being unrealised, are ignored, while net depreciation are provided for.

Treasury bills and Certificate of Deposits being discounted instruments, are valued at carrying cost.

Pass through Certificates are valued as per RBI guidelines.

Non Performing investments are identified and valued based on RBI guidelines.

Transfer of Securities between categories of Investments is accounted as per RBI guidelines.

vi. Repo Reverse Repo transactions

In accordance with the RBI guidelines repo and reverse repo transactions in Government securities are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transaction is accounted for as interest expense and revenue on reverse repo is accounted for as interest income.

vii. Investment Fluctuation Reserve ("IFR")

With a view to building up of adequate reserves to protect against increase in yields, RBI through circular number RBI/2017-18/147 DBR.No.BP. BC.102/21.04.048/2017-18 dated April 2, 2018, advised all banks to create an IFR with effect from the FY 2018-19.

Amount transferred to IFR is not less than lower of the following:

(i) net profit on sale of investments during the year or

(ii) net profit for the year less mandatory appropriations, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis.

Amount is drawn down from IFR as per the guidelines issued by the RBI.

viii. Transfer of securities between categories

The transfer/shifting of securities between catogories of investements is accounted as per the RBI guidelines.

4.3 Advances

i. Advances are classified into performing assets ("Standard") and non-performing assets ("NPAs") as per the RBI guidelines and are stated net of interest in suspense for non performing advances and specific provisions made towards NPAs [also Refer Note A. 7 (h) toNote 19]. Interest on Non-performing advances is not recognised in Restated Profit and Loss Account and transferred to an unrealised interest account till the actual realisation. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made at /or above the minimum required level in accordance with the provisioning policy adopted by the Bank and as per the guidelines and circulars of the RBI on matters relating to prudential norms.

ii Amounts recovered against debts written off are recognised in the Restated Profit and Loss Account and included under "Other Income".

iii. Provision for standard advances are made as per the extant RBI guidelines.

iv. The Bank transfers advances through interbank participation with and without risk. In accordance with the RBI guidelines, in the case of participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances and where bank is participating; the aggregate amount of participation is classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings and where the bank is participating, the aggregate amount of participation is shown as due from banks under advances.

NOTE 2 -SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF RESTATED FINANCIAL INFORMATION

4.4 Fixed Assets (Property Plant & Equipment and Intangible) and Depreciation / Amortization

Fixed Assets have been stated at cost less accumulated depreciation and amortisation and adjusted for impairment, if any.

Cost includes cost of purchase inclusive of freight, duties, incidental expenses and all expenditure like site preparation, installation costs and professional fees incurred on the asset before it is ready to put to use.

Gains or losses arising from the retirement or disposal of Fixed Assets are determined as the difference between the net disposal proceeds and the carrying amount of assets and recognised as income or expense in the Restated Profit and Loss Account.

Depreciation is charged over the estimated useful life of the fixed asset on a straight-line basis. The management believes that the useful life of assets assessed by the Bank, pursuant to the Companies Act, 2013, taking into account changes in environment, changes in technology, the utility and efficacy of the asset in use, fairly reflects its estimate of useful lives of the fixed assets. The estimated useful lives of key fixed assets, based on technical evaluation done by the management are given below:

Class of Asset (Tangible and Intangible)	Estimated useful life as assessed by the Bank (in years)	Estimated useful life specified under Schedule II of the Companies Act, 2013 (in years)
Office Equipment's	5	5
Computers	3	3
Furniture & Fixtures	10	10
Motor Vehicles	4	8
Servers	5	6

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price including after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use following initial recognition. Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets comprising of software is amortised on straight line basis over a period of 4 years, unless it has a shorter useful life.

For assets purchased/ sold during the year, depreciation is being provided on pro rata basis by the Bank.

Capital work-in-progress includes costs incurred towards creation of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

4.5 Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount which is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

4.6 Retirement and employee benefits

i. Short Term Employee Benefit

The undiscounted amount of short-term employee benefits including performance incentive which are expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the service.

ii. Long Term Employee Benefit

a. Defined Contribution Plan:

Provident Fund: In accordance with law, all employees of the Bank are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Bank contribute monthly at a pre-determined rate. Contribution to provident fund are recognized as expense as and when the services are rendered. The Bank has no liability for future provident fund benefits other than its fixed contribution.

b. Defined Benefit Plan:
Gratuity: The Bank provides for Gratuity, covering employees in accordance with the Payment of Gratuity Act, 1972, Service regulations and Service awards as the case may be. The Bank's liability is actuarially determined (using Projected Unit Credit Method) at the Balance Sheet date. The actuarial gain or loss arising during the year/period is recognised in the Restated Profit and Loss Account.

Compensated Absences: The Bank accrues the liability for compensated absences based on the actuarial valuation as at the Balance Sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Banks' obligation is actuarially determined using the Projected Unit Credit Method as at the Balance Sheet date. Actuarial gains / losses are recognised in the Restated Profit and Loss Account in the year/period in which they arise.

4.7 Share Issue expenses
Share issue expenses are adjusted from share Premium Account as permitted by Section 52 of the Companies Act, 2013.

4.8 Income Taxes
Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act,1961.Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent period(s)/year(s).

Deferred tax assets on account of timing differences are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In case of carry forward losses and unabsorbed depreciation, under tax laws, the deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.
At each reporting date, the bank re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.
Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.
The carrying amount of deferred tax assets are reviewed at each reporting date. The Bank writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.
Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the Restated Statement of Assets and Liabilities date. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the Restated Profit and Loss Account in the year/period of the change.

4.9 Cash and Cash equivalents
Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice with an original maturity of three months or less (including the effect of changes in exchange rates on cash and cash equivalents in foreign currency).

4.10 Segment Information
In accordance with guidelines issued by RBI vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated 18th April, 2007 and Accounting Standard 17 (AS-17) on "Segment Reporting", the Banks' business has been segregated into Treasury, Wholesale Banking, Retail Banking Segments and other Banking Operations.

a) Treasury: The treasury segment revenue primarily consists of interest earnings on investments portfolio of the bank, gains or losses on investment operations and earnings from foreign exchange business. The principal expenses of the segment consist of interest expense on funds borrowed and other expenses.
b) Wholesale Banking: Wholesale Banking segment provides loans to corporate segment identified on the basis of RBI guidelines. Revenues of this segment consist of interest earned on Loans made to corporate customers and the charges/fees earned from other banking services. The principal expenses of the segment consist of interest expense on funds borrowed and other expenses.
c) Retail Banking: The Retail Banking segment provides loans to non-corporate customers identified on the basis of RBI guidelines. Revenues of this segment consist of interest earned on Loans made to non-corporate customers and the charges/fees earned from other banking services. The principal expenses of the segment consist of interest expense on funds borrowed and other expenses.
d) Other Banking Operations: This segment includes income from para banking activities such as debit cards, third party product distribution and associated costs.

Segment revenues consist of earnings from external customers and inter-segment revenues based on a transfer pricing mechanism. Segment expenses consist of interest expenses including allocated operating expenses and provisions. Segment results are net of segment revenues and segment expenses.

Segment assets include assets related to segments and exclude tax related assets. Segment liabilities include liabilities related to the segment excluding net worth and proposed dividend and dividend tax thereon.

Since the business operations of the Bank are primarily concentrated in India, the Bank is considered to operate only in the domestic segment.

4.11 Earnings Per Share
Basic earnings per share are calculated by dividing the net profit or loss for the year/ period attributable to equity shareholders (after deducting/adjusting for attributable taxes) by the weighted average number of equity shares outstanding during the year/period. The weighted average number of equity shares outstanding during the year/period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year/ period attributable to equity shareholders and the weighted average number of shares outstanding during the year/period are adjusted for the effects of all dilutive potential equity shares. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year/period.

NOTE 2 -SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF RESTATED FINANCIAL INFORMATION

4.12 Provisions and contingent assets/liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Bank or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Bank does not generally recognize a contingent liability but discloses its existence in the Restated Statements.

The Bank creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each Restated Statements of Assets and Liabilities date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the Restated Financial Information.

4.13 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating lease. Operating lease payments are recognised as an expense in the Restated Profit and Loss Account on a straight line basis over the lease term.

4.14 Transactions involving Foreign Exchange

All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transfer.

Foreign currency monetary items are reported using the exchange rate prevailing at the Restated Statement of Assets and Liabilities date.

Non-monetary items which are measured in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Non-monetary items which are measured at Fair Value or other similar value denominated in a foreign currency are translated using the exchange rate at the date when such value is determined.

Exchange differences arising on settlement of monetary items or on reporting of such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expense in the year/period in which they arise.

4.15 Securitisation Transactions and direct assignments

The Bank transfers its loan receivables through Direct Assignment and Inter Bank Participation Certificate (IBPC) route as well as transfer to Special Purpose Vehicle (SPV).

The Securitisation transactions are without recourse to the Bank. The transferred loans and such securitised receivables are de-recognised as and when these are sold (true sale criteria being fully met) and the consideration has been received by the Bank. Gains/Losses are recognised only if the Bank surrenders the rights to the benefits specified in the loan contracts.

Profit / premium arising at the time of securitisation / assignment of loan portfolio is amortised over the life of the underlying loan portfolio / securities and any loss arising therefrom is accounted for immediately. Income from interest strip (excess interest spread) is recognised in the Restated Profit and Loss Account net of any losses when redeemed in cash. Interest retained under assignment of loan receivables is recognised on realisation basis over the life of the underlying loan portfolio.

ESAF SMALL FINANCE BANK LIMITED
NOTES FORMING PART OF THE RESTATED FINANCIAL INFORMATION

Rs. In Million

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
NOTE 3 - RESTATED STATEMENT OF CAPITAL					
Authorised Capital					
Number of Equity Shares (in Million) of Rs. 10/- each	600.00	450.00	600.00	450.00	350.00
Equity Share Capital (Authorised)	6,000.00	4,500.00	6,000.00	4,500.00	3,500.00
Issued, Subscribed and Paid up Capital #					
Number of Equity Shares (in Million)	427.79	427.79	427.79	427.79	311.94
Face Value per Equity Share (in Rs.)	10.00	10.00	10.00	10.00	10.00
Equity Share Capital	4,277.96	4,277.96	4,277.96	4,277.96	3,119.45
Total	**4,277.96**	**4,277.96**	**4,277.96**	**4,277.96**	**3,119.45**
NOTE 4 - RESTATED STATEMENT OF RESERVES AND SURPLUS (Refer Note 4.1)					
I. Statutory Reserve					
Opening balance	771.08	295.11	295.11	69.40	1.91
Additions during the year/period	-	-	475.97	225.71	67.49
	771.08	**295.11**	**771.08**	**295.11**	**69.40**
II. Capital Reserves					
(a) Revaluation Reserve					
Opening balance	-	-	-	-	-
Additions during the year/period	-	-	-	-	-
	-	-	-	-	-
(b) Others					
Opening balance	-	-	-	-	-
Additions during the year/period	-	-	-	-	-
	-	**-**	**-**	**-**	**-**
III. Share premium #					
Opening balance	3,478.54	3,478.54	3,478.54	36.45	34.37
Additions during the year/period	-	-	-	3,483.62	2.08
Less : Capital Raise expenses (Refer Note A.14 of Note 19)	-	-	-	41.53	-
	3,478.54	**3,478.54**	**3,478.54**	**3,478.54**	**36.45**
IV. Revenue and Other Reserves					
a) Revenue Reserve					
Opening Balance	-	-	-	-	-
Additions during the year/period	-	-	-	-	-
Deductions during the year/period	-	-	-	-	-
	-	**-**	**-**	**-**	**-**
b) Investment Fluctuation Reserve					
Opening Balance	41.27	5.34	5.34	-	-
Additions during the year/period	-	-	35.93	5.34	-
	41.27	**5.34**	**41.27**	**5.34**	**-**
V. Balance in Restated Profit and Loss Account	**3,576.18**	**1,804.36**	**2,271.96**	**879.96**	**208.17**
Total (I to V)	**7,867.07**	**5,583.35**	**6,562.85**	**4,658.95**	**314.02**

\# During the year ended 31 March 2019, the Bank has raised Tier I capital for Rs.4,642.12 Million through private placement of 115.85 Million Equity Shares having the face value of Rs.10/- each at an issue price of Rs.40.07 per Equity Share. The related issue expenses amounting to Rs.41.53 Million has been drawn from Share Premium.

Note 4.1 Appropriation of reserves

The Bank appropriates net profit towards various regulatory reserves only at year end. For six months period ended 30 September 2020 and for the six months period ended 30 September 2019, appropriations required by RBI guidelines would have been Rs. 326.05 Million and Rs. 231.10 Million towards Statutory reserve, Rs. 53.88 Million and Rs. 23.31 Million towards Investment Fluctuation Reserve, respectively.

ESAF SMALL FINANCE BANK LIMITED
NOTES FORMING PART OF THE RESTATED FINANCIAL INFORMATION

Rs. In Million

Particulars	**As at 30 September 2020**	**As at 30 September 2019**	**As at 31 March 2020**	**As at 31 March 2019**	**As at 31 March 2018**
NOTE 5 - RESTATED STATEMENT OF DEPOSITS					
A. I. Demand Deposits					
i. From Banks	31.87	22.04	26.20	28.74	21.63
ii. From Others	774.45	532.87	552.23	311.00	450.26
	806.32	**554.91**	**578.43**	**339.74**	**471.89**
II. Savings Bank Deposits	11,562.21	6,862.22	9,024.42	5,510.50	2,052.60
III. Term Deposits					
i. From Banks	6,824.42	5,805.56	5,990.47	5,205.94	8,983.47
ii. From Others	62,890.96	47,411.03	54,690.50	32,113.90	13,722.96
	69,715.38	**53,216.59**	**60,680.97**	**37,319.84**	**22,706.43**
Total (I to III)	**82,083.91**	**60,633.72**	**70,283.82**	**43,170.08**	**25,230.92**
B. I. Deposits of branches in India	82,083.91	60,633.72	70,283.82	43,170.08	25,230.92
II. Deposits of branches outside India	-	-	-	-	-
Total (I to II)	**82,083.91**	**60,633.72**	**70,283.82**	**43,170.08**	**25,230.92**
NOTE 6 - RESTATED STATEMENT OF BORROWINGS					
I. Borrowings in India					
i. Reserve Bank of India	1,460.00	-	1,630.00	-	-
ii. Other Banks	-	32.10	-	859.93	4,686.16
iii. Other institutions and agencies	10,061.47	10,962.89	8,023.17	13,783.67	10,080.34
iv. Subordinated Debt	1,900.00	1,900.00	1,900.00	1,900.00	1,500.00
v. Perpetual Debt Instrument	480.00	480.00	480.00	480.00	480.00
	13,901.47	**13,374.99**	**12,033.17**	**17,023.60**	**16,746.50**
II.Borrowings outside India	-	-	-	-	-
Total (I to II)	**13,901.47**	**13,374.99**	**12,033.17**	**17,023.60**	**16,746.50**
Secured Borrowings included in I and II above	1,461.47	1,014.99	3.17	2,322.35	7,819.10
NOTE 7- RESTATED STATEMENT OF OTHER LIABILITIES AND PROVISIONS					
I. Bills Payable	13.97	7.82	5.84	7.72	0.30
II. Inter - office adjustments (Net)	-	-	-	-	-
III. Interest accrued	283.26	299.62	188.74	266.91	269.72
IV. Provision for Standard Assets (Refer Note A (7) (g) of Note 19)	994.56	238.92	315.90	215.14	122.81
V. Others (including Provisions)	2,436.22	1,129.24	1,031.44	963.77	1,450.16
Total (I to V)	**3,728.01**	**1,675.60**	**1,541.92**	**1,453.54**	**1,842.99**

ESAF SMALL FINANCE BANK LIMITED

NOTES FORMING PART OF THE RESTATED FINANCIAL INFORMATION

Rs. In Million

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
NOTE 8 - RESTATED STATEMENT OF CASH AND BALANCES WITH RESERVE BANK OF INDIA					
I. Cash in hand	793.44	505.43	761.28	202.04	113.04
II. Balance with Reserve Bank of India					
i. in Current Accounts	2,644.79	2,789.31	2,286.44	2,265.37	4,271.54
ii. in Other Accounts	-	-	-	-	-
Total (I to II)	**3,438.23**	**3,294.74**	**3,047.72**	**2,467.41**	**4,384.58**
NOTE 9 - RESTATED STATEMENT OF BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE					
I. In India					
i. Balances with Banks					
a. in Current Accounts	759.81	554.44	362.63	892.42	1,047.86
b. in Other Deposit Accounts	203.31	5,662.02	2,517.56	1,454.73	545.42
Total	**963.12**	**6,216.46**	**2,880.19**	**2,347.15**	**1,593.28**
ii. Money at Call and Short Notice					
a. With Banks	2,000.00	700.00	-	2,200.00	1,000.00
b. With Other Institutions	-	-	-	-	-
c. Lending under Reverse Repo (RBI)	9,650.00	980.00	3,100.00	800.00	-
Total	**11,650.00**	**1,680.00**	**3,100.00**	**3,000.00**	**1,000.00**
Total (I)	**12,613.12**	**7,896.46**	**5,980.19**	**5,347.15**	**2,593.28**
II. Outside India					
i. in Current Accounts	-	-	-	-	-
ii. in Other Deposit Accounts	-	-	-	-	-
iii. Money at call and short notice	-	-	-	-	-
Total (II)	**-**	**-**	**-**	**-**	**-**
Total (I to II)	**12,613.12**	**7,896.46**	**5,980.19**	**5,347.15**	**2,593.28**
NOTE 10- RESTATED STATEMENT OF INVESTMENTS (NET OF PROVISIONS)					
I. Investments in India in :					
i. Government Securities	18,587.61	12,206.72	15,069.47	8,864.09	6,739.44
ii. Other approved Securities	-	-	-	-	-
iii. Shares	50.98	-	35.60	-	-
iv. Debentures and Bonds	-	-	-	-	-
v. Subsidiaries/ Joint Ventures	-	-	-	-	-
vi. Others [Certificate of Deposits (CDs), Pass Through Certificates (PTCs) etc.]	1,145.72	5,580.47	2,231.18	6,443.41	579.20
Total (I)	**19,784.31**	**17,787.19**	**17,336.25**	**15,307.50**	**7,318.64**
II. Investments outside India	-	-	-	-	-
Total (II)	-	-	-	-	-
Total (I to II)	**19,784.31**	**17,787.19**	**17,336.25**	**15,307.50**	**7,318.64**
Gross Investments	19,797.82	17,787.19	17,354.57	15,307.50	7,318.64
Less: Depreciation/ Provision for Investments	13.51	-	18.32	-	-
Net Investments	**19,784.31**	**17,787.19**	**17,336.25**	**15,307.50**	**7,318.64**

ESAF SMALL FINANCE BANK LIMITED

NOTES FORMING PART OF THE RESTATED FINANCIAL INFORMATION

Rs. In Million

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
NOTE 11 - RESTATED STATEMENT OF ADVANCES (NET OF PROVISIONS)					
A. i. Bills purchased and discounted	-	-	-	-	-
ii. Cash credits, overdrafts and loans repayable on demand	479.09	161.62	308.08	126.56	-
iii. Term loans	72,417.65	53,951.42	65,170.14	45,355.98	31,550.85
Total	**72,896.74**	**54,113.04**	**65,478.22**	**45,482.54**	**31,550.85**
B. i. Secured by tangible assets	6,454.29	1,997.44	4,205.55	1,496.21	182.45
ii. Covered by Bank/Government guarantees	-	-	-	-	-
iii. Unsecured	66,442.45	52,115.60	61,272.67	43,986.33	31,368.40
Total	**72,896.74**	**54,113.04**	**65,478.22**	**45,482.54**	**31,550.85**
C. I. Advances in India					
i. Priority Sectors	62,206.27	47,226.40	56,519.54	42,100.01	31,143.20
ii. Public Sector	-	-	-	-	-
iii. Banks	-	-	-	-	-
iv. Others	10,690.47	6,886.64	8,958.68	3,382.53	407.65
Total (I)	**72,896.74**	**54,113.04**	**65,478.22**	**45,482.54**	**31,550.85**
II.Advances outside India					
i. Due from Banks	-	-	-	-	-
ii. Due from Others					
a) Bills purchased and discounted	-	-	-	-	-
b) Syndicated Loans	-	-	-	-	-
c) Others	-	-	-	-	-
Total (II)	**-**	**-**	**-**	**-**	**-**
Total (I to II)	**72,896.74**	**54,113.04**	**65,478.22**	**45,482.54**	**31,550.85**

ESAF SMALL FINANCE BANK LIMITED
NOTES FORMING PART OF THE RESTATED FINANCIAL INFORMATION

Rs. In Million

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
NOTE 12 - RESTATED STATEMENT OF FIXED ASSETS					
I OWNED ASSETS					
a. Fixed assets					
(including furniture and fixtures)					
Gross Block					
At the beginning of the year	1,657.95	1,124.20	1,124.20	701.66	313.03
Additions during the year/period	163.06	186.00	534.95	422.84	388.63
Deductions during the year/period	0.86	0.48	1.20	0.30	-
Closing Balance	**1,820.15**	**1,309.72**	**1,657.95**	**1,124.20**	**701.66**
Depreciation					
As at the beginning of the year	498.83	267.46	267.46	98.68	4.42
Charge for the year/period	137.14	106.99	231.97	169.06	94.26
Deductions during the year/period	0.37	0.30	0.60	0.28	-
Depreciation to date	**635.60**	**374.15**	**498.83**	**267.46**	**98.68**
Net Block	**1,184.55**	**935.57**	**1,159.12**	**856.74**	**602.98**
II. Capital Work in progress (Including Capital Advances)	**63.22**	**48.11**	**41.95**	**42.67**	**84.05**
Total (I & II)	**1,247.77**	**983.68**	**1,201.07**	**899.41**	**687.03**

ESAF SMALL FINANCE BANK LIMITED

NOTES FORMING PART OF THE RESTATED FINANCIAL INFORMATION

Rs. In Million

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
NOTE 13 - RESTATED STATEMENT OF OTHER ASSETS					
I. Inter - office adjustments (net)	-	-	-	-	-
II. Interest accrued	684.23	591.65	637.28	409.34	269.01
III. Tax paid in advance/Tax Deducted at source (Net of provision)	-	124.19	101.11	78.57	1.28
IV. Stationery and Stamps	0.83	0.25	0.38	0.11	0.06
V. Non-banking assets acquired in satisfaction of claims	-	-	-	-	-
VI. Deferred tax asset (net)	296.28	70.45	113.60	58.77	98.78
VII. Others	896.91	683.97	803.90	533.33	350.37
Total (I to VII)	**1,878.25**	**1,470.51**	**1,656.27**	**1,080.12**	**719.50**
NOTE 14 - RESTATED STATEMENT OF CONTINGENT LIABILITIES					
I. Claims against the Bank not acknowledged as debts	-	-	-	-	-
II. Liability on account of outstanding forward exchange contracts	-	-	-	-	-
III. Guarantees given on behalf of constituents - in India	12.54	13.04	13.04	6.44	-
IV. Acceptances, endorsements and other obligations	-	-	-	-	-
V. Other items for which the Bank is contingently liable	2.00	64.65	2.00	576.82	617.20
Total (I to V)	**14.54**	**77.69**	**15.04**	**583.26**	**617.20**

ESAF SMALL FINANCE BANK LIMITED
NOTES FORMING PART OF THE RESTATED FINANCIAL INFORMATION

Rs. In Million

Particulars	Six months period ended 30 September 2020	Six months period ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018
NOTE 15 - RESTATED STATEMENT OF INTEREST EARNED					
I. Interest/discount on advances/bills	7,577.03	5,679.01	12,382.84	9,146.08	5,367.00
II. Income on investments	634.33	669.80	1,321.98	969.35	493.37
III.Interest on balances with Reserve Bank of India and other inter-bank funds	217.69	258.02	427.63	200.96	108.02
IV. Others	-	-	-	-	-
Total (I to IV)	**8,429.05**	**6,606.83**	**14,132.45**	**10,316.39**	**5,968.39**
NOTE 16 - RESTATED STATEMENT OF OTHER INCOME					
I. Commission, exchange and brokerage	134.98	427.98	979.79	542.16	410.81
II. Profit on sale of investments (Net)	213.26	41.53	64.02	10.04	48.26
III. Profit on revaluation of investments (Net)	-	-	-	-	-
IV. Profit on sale of land, buildings and other assets (Net)	0.08	0.38	0.39	0.26	-
V. Profit on foreign exchange transactions (Net)	1.50	1.00	2.38	0.23	0.01
VI. Income earned by way of dividends etc. from companies	0.23	-	0.04	-	-
VII. Miscellaneous income	100.11	211.03	285.28	538.81	559.52
Total (I to VII)	**450.16**	**681.92**	**1,331.90**	**1,091.50**	**1,018.60**
NOTE 17 - RESTATED STATEMENT OF INTEREST EXPENDED					
I. Interest on deposits	2,964.02	2,194.73	4,851.17	2,659.07	1,067.51
II. Interest on Reserve Bank of India/Inter bank borrowings	41.71	18.13	23.36	266.26	891.47
III.Others	564.27	734.48	1,336.04	1,657.49	1,189.22
Total (I to III)	**3,570.00**	**2,947.34**	**6,210.57**	**4,582.82**	**3,148.20**
NOTE 18 - RESTATED STATEMENT OF OPERATING EXPENSES					
I. Payments to and provisions for employees	949.10	653.81	1,440.65	771.04	395.16
II. Rent, taxes and lighting	195.53	167.47	339.13	267.83	208.96
III. Printing and stationery	29.01	28.65	53.36	53.60	51.02
IV. Advertisement and publicity	11.17	12.11	34.80	80.41	124.22
V. Depreciation on Bank's Property	137.14	106.99	231.67	169.06	94.26
VI. Directors' fees, allowances and expenses	5.98	4.60	14.75	11.50	6.32
VII. Auditors' fees and expenses (Refer Note B.13 of Note 19)	3.49	4.22	7.67	8.47	4.88
VIII. Law charges	0.83	0.44	2.02	7.22	5.69
IX. Postage, Telegrams, Telephones etc.	50.63	25.45	73.71	38.60	31.71
X. Repairs and maintenance	5.41	6.71	13.12	12.03	10.94
XI. Insurance	52.24	23.93	60.77	25.88	4.24
XII. Other expenditure * (Refer Note B.7 of Note 19)	1,219.27	1,779.01	3,735.12	3,088.30	2,125.47
Total (I to XII)	**2,659.80**	**2,813.39**	**6,006.77**	**4,533.94**	**3,062.87**

* includes expenditure towards Corporate Social Responsibility and Business Correspondent Expenses (refer table below)

Rs. In Million

Particulars	Six months period ended 30 September 2020	Six Months Ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018
Corporate Social Responsibility	35.78	-	28.90	11.50	-
Business Correspondent Expense	727.76#	1,362.72	2,777.82	2,382.30	1,585.41

#Refer Note A.7 (h)(ii) to Note 19)

ESAF SMALL FINANCE BANK LIMITED
NOTE 19- NOTES TO ACCOUNTS FORMING PART OF RESTATED FINANCIAL INFORMATION

A. DISCLOSURES AS LAID DOWN BY RBI CIRCULARS:

1. Capital Adequacy Ratio:

The Bank is subject to the Basel II Capital Adequacy guidelines (NCAF) stipulated by RBI. The Capital Adequacy Ratio (CRAR) of the Bank is calculated as per the Standardized approach for Credit Risk.
As per RBI circular "DBR.NBD.No. 4502/16.13.218/2017-18" dated November 8, 2017, no separate capital charge is prescribed for market and operational risk.
The Bank has also considered an additional Risk Weight of 25% on assets under lien for its "grandfathered" legacy borrowings as per instructions received from RBI.
No Capital Conservation Buffer and Counter - Cyclical Capital Buffer is applicable on Small Finance Bank (SFB) as per operating guidelines issued on SFB by RBI.

(Rs. in Million)

Particulars	**As at 30 September 2020**	**As at 30 September 2019**	**As at 31 March 2020**	**As at 31 March 2019**	**As at 31 March 2018**
Common Equity Tier I Capital	12,048.30	9,855.97	10,745.01	8,931.57	3,433.48
Tier I Capital - A	12,528.30	10,317.22	11,225.01	9,393.97	3,901.28
Tier II Capital - B	1,893.17	1,734.25	1,627.17	1,730.48	1,422.81
Total Capital (A)+(B)	14,421.47	12,051.47	12,852.18	11,124.45	5,324.09
Total Risk Weighted Assets	59,367.17	46,910.59	53,481.91	40,331.45	31,484.36
Capital Ratios:					
(i) Common Equity Tier I Capital (%)	20.29%	20.97%	20.09%	22.11%	10.89%
(ii) Tier I Capital (%)	21.10%	21.99%	20.99%	23.30%	12.40%
(iii) Tier II Capital (%)	3.19%	3.70%	3.04%	4.29%	4.52%
(iv) Total CRAR (%)	24.29%	25.69%	24.03%	27.59%	16.92%
(v) Percentage of the shareholding of the Government of India in Public Sector Banks	NA	NA	NA	NA	NA
(vi) Amount raised by issue of Equity Shares *(Including Share Premium)*	-	-	-	4,642.12	105.90
(vii) Amount of Additional Tier I capital raised of which:					
Perpetual Non Cumulative Preference Shares (PNCPS)	-	-	-	-	-
Perpetual Debt Instruments (PDI)	-	-	-	-	480.00
(viii) Amount of Tier II Capital raised of which:					
Debt capital instruments	-	-	-	400.00	850.00
Preference share capital instruments	-	-	-	-	-

2. Investments

2.1 Category-wise details of Investments (Net of provision for depreciation): **(Rs. in Million)**

Sl.No	Particulars	As at 30 September 2020				As at 30 September 2019			
		HTM	**AFS**	**HFT**	**Total**	**HTM**	**AFS**	**HFT**	**Total**
(i)	Government securities	15,026.92	3,560.69	-	**18,587.61**	11,109.29	1,097.43	-	**12,206.72**
(ii)	Other approved securities	-	-	-	**-**	-	-	-	**-**
(iii)	Shares	-	50.98	-	**50.98**	-	-	-	**-**
(iv)	Debentures and bonds	-	-	-	**-**	-	-	-	**-**
(v)	Others	-	1,145.72	-	**1,145.72**	-	5,580.47	-	**5,580.47**
	Total	**15,026.92**	**4,757.39**	**-**	**19,784.31**	**11,109.29**	**6,677.90**	**-**	**17,787.19**

(Rs. in Million)

Sl.No	Particulars	As at 31 March 2020				As at 31 March 2019			
		HTM	**AFS**	**HFT**	**Total**	**HTM**	**AFS**	**HFT**	**Total**
(i)	Government securities	12,827.40	2,242.07	-	**15,069.47**	7,047.75	1,568.56	247.78	**8,864.09**
(ii)	Other approved securities	-	-	-	**-**	-	-	-	**-**
(iii)	Shares	-	35.62	-	**35.62**	-	-	-	**-**
(iv)	Debentures and bonds	-	-	-	**-**	-	-	-	**-**
(v)	Others	-	2,231.16	-	**2,231.16**	-	4,948.47	1,494.94	**6,443.41**
	Total	**12,827.40**	**4,508.85**	**-**	**17,336.25**	**7,047.75**	**6,517.03**	**1,742.72**	**15,307.50**

(Rs. in Million)

Sl.No	Particulars	As at 31 March 2018			
		HTM	**AFS**	**HFT**	**Total**
(i)	Government securities	5,741.96	997.48	-	**6,739.44**
(ii)	Other approved securities	-	-	-	**-**
(iii)	Shares	-	-	-	**-**
(iv)	Debentures and bonds	-	-	-	**-**
(v)	Others	-	579.20	-	**579.20**
	Total	**5,741.96**	**1,576.69**	**-**	**7,318.64**

ESAF SMALL FINANCE BANK LIMITED
NOTE 19- NOTES TO ACCOUNTS FORMING PART OF RESTATED FINANCIAL INFORMATION

Securities kept as margin

The details of securities that are kept as margin are under:

(Rs. in Million)

Sl.No	Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
1	Securities kept as margin with Clearing Corporation of India towards Collateral and funds management - Securities segment	71.00*	71.00	71.00	51.00	-

** also refer Note 6 - RESTATED STATEMENT OF BORROWINGS*

2.2 The details of investments of Bank :

(Rs. in Million)

	Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
1.	**Value of Investments**					
i.	Gross value of Investments					
	a. In India	19,797.82	17,787.19	17,354.57	15,307.50	7,318.64
	b. Outside India	-	-	-	-	-
ii.	Provision for Depreciation					
	a. In India	13.51	-	18.32	-	-
	b. Outside India	-	-	-	-	-
iii.	Net value of Investments					
	a. In India	19,784.31	17,787.19	17,336.25	15,307.50	7,318.64
	b. Outside India	-	-	-	-	-
2	**Movement of provisions held towards depreciation on investments**					
i.	Opening Balance	18.32	-	-	-	-
ii.	Add : Provisions made during the year/period	9.57	-	18.32	4.50	-
iii.	Less : Write off/ Write back of excess provisions made during the year/period	14.38	-	-	4.50	-
iv.	Closing Balance	13.51	-	18.32	-	-

3. Details of Repo /Reverse Repos including Liquidity Adjustment Facility (LAF) Transactions in (face value terms):

As at 30 September 2020 **(Rs. in Million)**

Particulars	Minimum outstanding during the Period	Maximum outstanding during the period	Daily Average outstanding during the period *	Outstanding as at 30 September 2020
Securities sold under repos				
i. Government securities	1,460.00	1,630.00	1,615.14	1,460.00
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repos				
i. Government securities	2,700.00	10,100.00	6,346.36	9,650.00
ii. Corporate debt securities	-	-	-	-

* daily average is considered for entire period including the days when outstanding were nil.

As at 30 September 2019 **(Rs. in Million)**

Particulars	Minimum outstanding during the Period	Maximum outstanding during the period	Daily Average outstanding during the period *	Outstanding as at 30 September 2019
Securities sold under repos				
i. Government securities	-	-	-	-
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repos				
i. Government securities	-	2,580.00	364.97	980.00
ii. Corporate debt securities	-	-	-	-

* daily average is considered for entire period including the days when outstanding were nil.

As at 31 March 2020 **(Rs. in Million)**

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year *	Outstanding as at 31 March 2020
Securities sold under repos				
i. Government securities	-	1,680.00	89.80	1,630.00
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repos				
i. Government securities	-	3,420.00	674.40	3,100.00
ii. Corporate debt securities	-	-	-	-

* daily average is considered for entire year including the days when outstanding were nil.

As at 31 March 2019 (Rs. in Million)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year*	Outstanding as at 31 March 2019
Securities sold under repos				
i. Government securities	-	-	-	-
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repos				
i. Government securities	-	800.00	11.80	800.00
ii. Corporate debt securities	-	-	-	-

* daily average is considered for entire year including the days when outstanding were nil.

As at 31 March 2018 (Rs. in Million)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as at 31 March 2018
Securities sold under repos				
i. Government securities	-	-	-	-
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repos				
i. Government securities	-	-	-	-
ii. Corporate debt securities	-	-	-	-

4. Disclosure in respect of Non-SLR Investment Portfolio:

(i) a. Issuer Composition of Non SLR Investments as at 30 September 2020 (Rs. in Million)

S.No	Issuer	Amount	Extent of Private placement	Extent of 'Below Investment grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
[1]	[2]	[3]	[4] 1	[5] 1	[6] 1 2	[7] 1 2 3
1	PSUs	2.50	-	-	-	-
2	FIs	-	-	-	-	-
3	Banks	1,172.59	-	-	-	-
4	Private Corporates	-	-	-	-	-
5	Subsidiaries / Joint ventures	-	-	-	-	-
6	Others	34.85	-	-	-	-
7	Provision held towards depreciation	(13.24)	-	-	-	-
	Total	1,196.70	-	-	-	-

1 Amount reported under Columns 4,5,6 and 7 above are not mutually exclusive.

2 Excludes Investments in Certificate of Deposits / Equity Shares in line with extant RBI guidelines.

3 Excludes Investments in Equity shares, Commercial Papers and Certificate of Deposits in line with extant RBI guidelines.

b. Issuer Composition of Non SLR Investments as at 30 September 2019 (Rs. in Million)

S.No	Issuer	Amount	Extent of Private placement	Extent of 'Below Investment grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
[1]	[2]	[3]	[4] 1	[5] 1	[6] 1 2	[7] 1 2 3
1	PSUs	-	-	-	-	-
2	FIs	1,435.07	-	-	-	-
3	Banks	4,145.40	-	-	-	-
4	Private Corporates	-	-	-	-	-
5	Subsidiaries / Joint ventures	-	-	-	-	-
6	Others	-	-	-	-	-
7	Provision held towards depreciation	-	-	-	-	-
	Total	5,580.47	-	-	-	-

1 Amount reported under Columns 4,5,6 and 7 above are not mutually exclusive.
2 Excludes Investments in Certificate of Deposits / Equity Shares in line with extant RBI guidelines.
3 Excludes Investments in Equity shares, Commercial Papers and Certificate of Deposits in line with extant RBI guidelines.

C. Issuer Composition of Non SLR Investments as at 31 March 2020 (Rs. in Million)

S.No	Issuer	Amount	Extent of Private placement	Extent of 'Below Investment grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
[1]	[2]	[3]	[4] 1	[5] 1	[6] 1 2	[7] 1 2 3
1	PSUs	-	-	-	-	-
2	FIs	841.00	-	-	-	-
3	Banks	1,434.20	-	-	-	-
4	Private Corporates	-	-	-	-	-
5	Subsidiaries / Joint ventures	-	-	-	-	-
6	Others	9.90	-	-	-	-
7	Provision held towards depreciation	(18.32)	-	-	-	-
	Total	2,266.78	-	-	-	-

1 Amount reported under Columns 4,5,6 and 7 above are not mutually exclusive.
2 Excludes Investments in Certificate of Deposits / Equity Shares in line with extant RBI guidelines.
3 Excludes Investments in Equity shares, Commercial Papers and Certificate of Deposits in line with extant RBI guidelines.

d. Issuer Composition of Non SLR Investments as at 31 March 2019 (Rs. in Million)

S.No	Issuer	Amount	Extent of Private placement	Extent of 'Below Investment grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
[1]	[2]	[3]	[4] 1	[5] 1	[6] 1 2	[7] 1 2 3
1	PSUs	-	-	-	-	-
2	FIs	1,919.80	-	-	-	-
3	Banks	4,443.59	-	-	-	-
4	Private Corporates	-	-	-	-	-
5	Subsidiaries / Joint ventures	-	-	-	-	-
6	Others	80.02	80.02	-	-	80.02
7	Provision held towards depreciation	-	-	-	-	-
	Total	6,443.41	80.02	-	-	80.02

1 Amount reported under Columns 4,5,6 and 7 above are not mutually exclusive.
2 Excludes Investments in Certificate of Deposits / Equity Shares in line with extant RBI guidelines.
3 Excludes Investments in Equity shares, Commercial Papers and Certificate of Deposits in line with extant RBI guidelines.

e. Issuer Composition of Non SLR Investments as at 31 March 2018 (Rs. in Million)

S.No	Issuer	Amount	Extent of Private placement	Extent of 'Below Investment grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
[1]	[2]	[3]	[4] 1	[5] 1	[6] 1	[7] 1 2 3
1	PSUs	-	-	-	-	-
2	FIs	-	-	-	-	-
3	Banks	499.18	-	-	-	-
4	Private Corporates	-	-	-	-	-
5	Subsidiaries / Joint ventures	-	-	-	-	-
6	Others	80.02	80.02	-	-	80.02
7	Provision held towards depreciation	-	-	-	-	-
	Total	579.20	80.02	-	-	80.02

1 Amount reported under Columns 4,5,6 and 7 above are not mutually exclusive.
2 Excludes Investments in Certificate of Deposits in line with extant RBI guidelines.
3 Excludes Investments in Equity shares, Commercial Papers and Certificate of Deposits in line with extant RBI guidelines.

(ii) Non-performing Non-SLR investments:

The Bank does not have any non performing non-SLR Investments as on 30 September 2020, 30 September 2019, 31 March 2020, 31 March 2019 and 31 March 2018.

ESAF SMALL FINANCE BANK LIMITED
NOTE 19- NOTES TO ACCOUNTS FORMING PART OF RESTATED FINANCIAL INFORMATION

5. Sale/ transfer of securities to/from HTM category

During the six months period ended 30 September 2020 and 2019 and years ended 31 March 2020, 31 March 2019 and 31 March 2018 there was no sale/transfer of securities to/from HTM category in excess of 5% of book value of investments held in HTM category at the beginning of the year/period.

In accordance with the RBI guidelines, sales from, and transfers to / from, HTM category exclude the following from the 5% cap

a) one-time transfer of securities permitted to be undertaken by banks at the beginning of the accounting year with approval of the Board of Directors;

b) sales to the RBI under pre-announced open market operation auctions;

c) repurchase of Government securities by Government of India from banks;

d) additional shifting of securities explicitly permitted by the RBI from time to time; and

e) direct sales from HTM for bringing down SLR holdings in the HTM category.

f) sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM.

6. Derivatives:

The Bank did not have any transactions in derivative instruments. Hence the disclosure is not applicable.

7. Asset Quality

a. Non Performing Assets: **(Rs. in Million)**

Particulars		**As at 30 September 2020**	**As at 30 September 2019**	**As at 31 March 2020**	**As at 31 March 2019**	**As at 31 March 2018**
(i)	Net NPAs to Net Advances (%)	0.19%	0.62%	0.64%	0.77%	2.69%
(ii)	Movement of Gross NPAs					
(a)	Opening balance	1,008.61	740.14	740.14	1,210.47	78.49
(b)	Additions during the Period/ Year	0.59	389.22	801.06	760.80	1,146.77
(c)	Reductions during the period/ year					
	i) Recoveries (excluding recoveries made from upgraded accounts)	23.24	62.83	49.03	30.44	14.79
	ii) Upgradations	9.82	103.12	190.89	306.99	-
	iii)Technical / Prudential Write-offs	-	-	292.67	893.70	-
	iv) Write-offs other than those under (iii) above	-	-	-	-	-
(d)	Closing balance	976.14	963.41	1,008.61	740.14	1,210.47
(iii)	Movement of Net NPAs					
(a)	Opening balance	421.70	352.05	352.05	847.98	35.95
(b)	Additions during the period/year	0.09	229.61	422.13	351.64	822.39
(c)	Reductions during the period/ year	286.59	247.56	352.48	847.57	10.36
(d)	Closing balance	135.20	334.10	421.70	352.05	847.98
(iv)	Movement of provision for NPAs (excluding provisions on standard assets)					
(a)	Opening balance	586.91	388.09	388.09	362.49	42.54
(b)	Additions during the period/year	270.66	322.60	618.94	1,011.91	324.38
(c)	Reductions during the period/ year	16.63	81.38	420.12*	986.31*	4.43
(d)	Closing balance	840.94	629.31	586.91	388.09	362.49

* includes provision withdrawn for technical write off of Rs.292.70 Million and Rs. 893.70 Million for the years ended 31 March 2020 and 31 March 2019 respectively.

The Honourable Supreme Court in PIL by Gajendra Sharma Vs Union of India & Anr vide its interim order dated 3 September 2020 has directed Banks that the accounts which were not declared as NPA till 31 August 2020 shall not be declared as NPA till further orders, pending disposal of the case by Supreme Court. Pursuant to the order, the Bank has not classified any borrower account which has not been declared as NPA as at 31 August 2020 as per the RBI Prudential norms on Income Recognition, Asset classification, provisioning and other related matters as Non-Performing Asset (NPA) after 31 August 2020. Gross Advances amounting to Rs. 101.78 Million has crossed the 90 days overdue as on 30 September 2020 and continued to be classified as Standard Assets.

However, if the Bank had classified borrower accounts as NPA after 31 August 2020 the corresponding NPA provisions of Rs. 25.54 Million would have been made, the Bank's proforma Gross and Net NPA and proforma Gross and Net NPA ratios would have been Rs. 1077.92 Million and Rs. 211.52 Million and 1.46% and 0.29% respectively.

The Bank has set aside Standard Asset Provision amounting to Rs. 440.78 Million which is over and above the rates prescribed by the RBI as disclosed in Note A. 7(h) of Note 19.

b. Divergence in asset Classification and provisioning

Six Month Period ended 30 September 2020

The Bank has been subjected to assessment by the RBI during the period upto 31 March 2019 and no divergence is reported by Reserve Bank of India in its assessment report . The Bank has not been subject to assessment by the RBI for the year ended 31 March 2020 and six months period ended 30 September 2020. On account of the same the disclosure on divergence in Asset classification and provisioning as per RBI Circular: DBR.BP.BC.No. 63/21.04.018/2016-17 dated April 18, 2017 is not applicable.

Six Months Period ended 30 September 2019 and Year ended 31 March 2020, 2019 and 2018

The Bank has not been subjected to assessment by the RBI during the year ended 31 March 2020 and the final Assessment report is awaited from the regulator. In the absence of any report in past by RBI, the disclosure on divergence in Asset classification and provisioning as per RBI Circular: DBR.BP.BC.No. 63/21.04.018/2016-17 dated April 18, 2017 is not applicable.

c. Particulars of Accounts Restructured

The Bank does not have any restructured account as on and for the six months period ended 30 September 2020, and 2019 and the year ended 31 March 2020, 31 March 2019 and 31 March 2018.

d. Details of Financial Assets sold to Securitization/Reconstruction Company for Asset Reconstruction

There was no sale of non-performing financial assets to Securitisation Company/ Reconstruction Company for asset reconstruction during the six months period ended 30 September 2020 and 2019 and the years ended 31 March 2020, 31 March 2019 and 31 March 2018.

e. Details of book value of investments in Security Receipt

The Bank has not invested in Security receipts during the six months periods ended 30 September 2020 and 2019 the years ended 31 March 2020, 31 March 2019 and 31 March 2018.

f. Details of Non Performing Assets Purchased/Sold

The Bank did not sell/purchase any non-performing asset during the six months periods ended 30 September 2020 and 2019 the years ended 31 March 2020, 31 March 2019 and 31 March 2018.

g .Provisions on Standard Assets **(Rs. in Million)**

Particulars	**As at 30 September 2020**	**As at 30 September 2019**	**As at 31 March 2020**	**As at 31 March 2019**	**As at 31 March 2018**
Provisions towards Standard Assets	994.56#	238.92	315.90#	215.14	122.81*

\# includes Rs. 528.94 Million provision made in respect of accounts which were classified as SMA as on 29 February 2020 but standard against the potential impact of COVID -19 (Refer Note A. 7(h) of Note 19)

* During the Financial Year 2017-18 the Bank has changed its estimate on provisioning for standard assets from earlier 1 % to 0.40 %. Had the Bank continued with its earlier standard asset provision of 1% of its standard advances, the profit of the Bank would have been lower by Rs.181.40 Million for the year ended 31 March 2018.

ESAF SMALL FINANCE BANK LIMITED
NOTE 19- NOTES TO ACCOUNTS FORMING PART OF RESTATED FINANCIAL INFORMATION

h. COVID Regulatory Package Asset classification and provisioning for the six months period ended 30 September 2020

(i) The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The RBI on 27 March 2020, 17 April 2020 and 23 May 2020, announced 'COVID-19 Regulatory Package' on asset classification and provisioning. In terms of these RBI guidelines, the lending institutions have been permitted to grant an effective moratorium of six months on payment of all instalments/interest as applicable, falling due between 1 March 2020 and 31 August ('moratorium period'). As such, in respect of all accounts classified as standard as on 29 February 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms.

(ii) Further, during the current period on account of the moratorium, the collections have been impacted resulting in consequential lower Business Correspondent expenses (included in Other Expenses), which are payable on completion of collection services rendered. The Bank has seen an increase in the collection and disbursement activity post the moratorium period.

(iii) The Honourable Supreme Court in PIL by Gajendra Sharma Vs Union of India & Anr vide its interim order dated 3 September 2020 has directed Banks that the accounts which were not declared as NPA till 31 August 2020 shall not be declared as NPA till further orders, pending disposal of the case by Supreme Court. Pursuant to the order, the Bank has not classified any borrower account which has not been declared as NPA as at 31 August 2020 as per the RBI Prudential norms on Income Recognition, Asset classification, provisioning and other related matters as Non-Performing Asset (NPA) after 31 August 2020. Gross Advances amounting to Rs. 101.78 Million has crossed the 90 days overdue as on 30 September 2020 and continued to be classified as Standard Assets.

However, if the Bank had classified borrower accounts as NPA after 31 August 2020 the corresponding NPA provisions of Rs. 25.44 Million would have been made, the Bank's proforma Gross and Net NPA and proforma Gross and Net NPA ratios would have been Rs. 1077.92 Million and Rs. 211.52 Million and 1.46% and 0.29% respectively.

(iv) The Bank had provided Rs.44.08 Million during the year ended 31 March 2020 and Rs. 44.08 Million during the six months period ended 30 September 2020 as required under regulatory guidelines aggregating to 10% of the SMA accounts outstanding as on 29 February 2020. However, considering the prevailing uncertainty over the business due to COVID 19 pandemic , the Bank as a prudential measure set aside an additional provision of Rs. 440.78 Million during six months period ended 30 September 2020 being 50% of such outstanding SMA accounts taking the total provisions to Rs.528.94 Million as against the outstanding amount of Rs. 881.56 Million as on 29 February 2020.

(v) The extent to which the COVID-19 pandemic will impact the Bank's provision on assets and future results will depend on future developments including the final decision of the Honourable Supreme Court of India in relation to moratorium and other related matters, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government-mandated or adopted by the Bank.

i. COVID Regulatory Package Asset classification and provisioning for the Year ended 31 March 2020

The outbreak of COVID-19 virus, declared as a global pandemic by the World Health Organisation (WHO) has affected the world economy including India leading to a significant decline and volatility in financial markets and decline in economic activities across the globe. Various governments and central banks have introduced a variety of measures to contain the spread of the virus and to moderate the impact on economic activities and disruptions. On 24 March 2020, the Government of India announced a 21-day lock-down which was further extended three times up to 31 May 2020 across the country to contain the spread of the Virus. The extent to which the COVID-19 pandemic will impact the Bank's business prospects, asset quality, results of operations and other future developments, is highly uncertain. However, the Bank is taking all possible steps to take care of the activities and take proactive steps leveraging the Government of India measures to strengthen the rural economy including among the other things to reduce the severity of the COVID-19 pandemic.

In accordance with the RBI guidelines relating to COVID 19 regulatory package dated 27 March 2020, 17 April 2020 and 23 May 2020, the Bank has granted a moratorium of six months on the payment of instalments and/ or interest, as applicable, falling due between 1 March 2020 to 31 August 2020 to all eligible borrowers. For all such accounts where the moratorium is granted, the asset classification shall remain standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purpose of asset classification under the income recognition, asset classification and provisioning norms). In line with the RBI guidelines, the Bank has made a provision of Rs. 44.08 Million as on 31 March 2020 in respect of accounts in overdue standard category against the potential impact of COVID-19.

Disclosure as per RBI Circular on DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020

(Rupees in Million)

Particulars	As at 30 September 2020*	As at 31 March 2020*
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	881.60	881.60
Respective amount where asset classification benefits is extended	65,708.80	65,708.80
Provisions Made during the period/ Year	484.86	44.08
Provisions adjusted during the respective accounting periods against slippages and the residual provisions	Not Applicable	Not Applicable

* The above disclosure is not applicable for the six months period ended 30 September 2019 and for the years ended 31 March 2019 and 31 March 2018.

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8. Business ratios / information:

Particulars	As at 30 September 2020@	As at 30 September 2019@	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Interest income as a percentage of Working Funds*	15.99%	16.52%	16.61%	17.34%	15.85%
Non interest income as a percentage of Working Funds*	0.85%	1.70%	1.57%	1.83%	2.71%
Operating profit # as a percentage of Working Funds*	5.03%	3.82%	3.82%	3.85%	2.06%
Return on assets (Based on Working Fund*)	2.47%	2.31%	2.24%	1.52%	0.72%
Business ^ (deposit plus advance) per employee (Rs. in Million)$	42.00	37.65	38.88	38.48	48.11
Profit per employee $ (Rs. in Million)	0.37	0.32	0.57	0.42	0.28

* For the purpose of computing the ratio, Working Fund represents the average of total assets as reported in Form X to RBI under Section 27 of the Banking Regulation Act, 1949

#For the purpose of this ratio, Operating profit is net profit for the year/ period before provisions and contingencies

$ For the purpose of computing the ratio, number of employees (excluding part-time employees) as on Restated Statement of Assets and Liabilities date is considered.

^ Business is sum of net advances and deposits as reported to the RBI under section 27 of the Banking Regulation Act, 1949. Interbank deposits are excluded for the purposes of computation of this ratio.

@ Ratio / Percentages relating to six months period is annualised

9. Asset Liability Management

Maturity Pattern of certain items of assets and liabilities as at 30 September 2020: **(Rs. in Million)**

Particulars	Day - 1	2-7 Days	8-14 Days	15-30 Days	31 Days & up to 2 months	More than 2 months and up to 3 months	Over 3 Months and up to 6 months	Over 6 Months and up to 1 year	Over 1 Year and up to 3 years	Over 3 Year and up to 5 years	Over 5 years	Total
Advances	261.66	1,569.99	1,831.65	4,186.65	4,976.00	4,976.00	13,892.26	20,272.26	19,457.37	804.14	668.76	72,896.74
Investments	5.98	45.74	443.12	811.40	84.69	155.52	377.30	1,036.18	1,071.45	1,884.53	13,868.40	19,784.31
Deposits	206.57	1,584.65	1,510.36	2,111.07	3,094.05	3,195.31	11,962.94	24,094.92	33,217.87	721.77	384.40	82,083.91
Borrowings	0.29	-	-	-	0.29	585.29	1,375.60	5,960.00	4,250.00	1,250.00	480.00	13,901.47
Foreign Currency	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency	-	-	-	-	-	-	-	-	-	-	-	-

Maturity pattern of Advances as at 30 September 2020 is determined based on the revised cash flows considering the moratorium benefit granted to the customers.

Maturity Pattern of certain items of assets and liabilities as at 30 September 2019: **(Rs. in Million)**

Particulars	Day - 1	2-7 Days	8-14 Days	15-30 Days	31 Days & up to 2 months	More than 2 months and up to 3 months	Over 3 Months and up to 6 months	Over 6 Months and up to 1 year	Over 1 Year and up to 3 years	Over 3 Year and up to 5 years	Over 5 years	Total
Advances	191.20	1,147.20	1,338.41	3,059.21	3,854.78	3,854.78	10,351.97	15,852.06	13,424.83	686.50	352.10	54,113.04
Investments	0.97	7.98	10.92	15.14	280.27	288.32	2,095.20	3,428.27	412.64	11.10	11,236.38	17,787.19
Deposits	72.42	587.70	708.99	742.87	2,458.71	2,576.48	9,730.43	17,692.18	25,992.10	27.55	44.29	60,633.72
Borrowings	0.26	-	105.70	-	96.27	670.07	1,873.27	2,015.70	6,288.72	845.00	1,480.00	13,374.99
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

Maturity Pattern of certain items of assets and liabilities as at 31 March 2020: **(Rs. in Million)**

Particulars	Day - 1	2-7 Days	8-14 Days	15-30 Days	31 Days & up to 2 months	More than 2 months and up to 3 months	Over 3 Months and up to 6 months	Over 6 Months and up to 1 year	Over 1 Year and up to 3 years	Over 3 Year and up to 5 years	Over 5 years	Total
Advances	-	-	-	-	-	-	7,136.82	24,851.70	28,532.70	4,213.00	744.00	65,478.22
Investments	-	249.90	500.25	-	347.11	35.60	530.37	1,103.79	205.10	1,268.13	13,096.00	17,336.25
Deposits	103.66	972.91	1,178.64	1,618.45	2,896.01	3,105.79	10,357.79	19,787.34	29,960.88	90.83	211.53	70,283.82
Borrowings	0.28	-	-	-	0.28	585.28	1,375.86	2,131.47	5,987.50	1,072.50	880.00	12,033.17
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

Maturity Pattern of certain items of assets and liabilities as at 31 March 2019: **(Rs. in Million)**

Particulars	Day - 1	2-7 Days	8-14 Days	15-30 Days	31 Days & up to 2 months	More than 2 months and up to 3 months	Over 3 Months and up to 6 months	Over 6 Months and up to 1 year	Over 1 Year and up to 3 years	Over 3 Year and up to 5 years	Over 5 years	Total
Advances	161.54	969.25	1,130.79	2,584.67	3,437.14	3,437.14	9,326.38	13,196.62	10,421.05	585.26	232.70	45,482.54
Investments	1.96	1,267.43	767.26	19.51	28.28	786.13	2,901.63	1,469.43	721.36	37.86	7,306.65	15,307.50
Deposits	73.87	570.94	483.43	445.06	942.58	993.95	3,432.56	15,559.50	20,628.71	23.33	16.15	43,170.08
Borrowings	0.27	-	115.29	27.15	149.20	803.53	2,197.46	3,029.42	7,514.78	1,456.49	1,730.01	17,023.60
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

Maturity Pattern of certain items of assets and liabilities as at 31 March 2018: **(Rs. in Million)**

Particulars	Day - 1	2-7 Days	8-14 Days	15-30 Days	31 Days & up to 2 months	More than 2 months and up to 3 months	Over 3 Months and up to 6 months	Over 6 Months and up to 1 year	Over 1 Year and up to 3 years	Over 3 Year and up to 5 years	Over 5 years	Total
Advances	73.90	443.50	517.40	1,182.70	1,408.30	1,408.30	6,237.90	10,772.50	8,386.10	984.50	135.75	31,550.85
Investments	0.60	511.50	13.10	19.20	60.90	36.50	134.80	217.50	413.00	64.50	5,847.04	7,318.64
Deposits	25.30	291.00	323.50	137.90	2,502.30	908.70	3,835.80	6,355.30	10,421.60	426.40	3.12	25,230.92
Borrowings	0.20	14.20	223.10	109.40	387.10	879.80	2,557.60	3,329.50	5,272.20	2,643.40	1,330.00	16,746.50
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

Classification of assets and liabilities under the maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the returns submitted to RBI, which has been relied upon by the auditors.

10. Lending to Sensitive Sectors

a. Exposure to Real Estate Sector: **(Rs. in Million)**

Particulars		As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
	Direct exposure					
i	Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	926.17	546.77	788.75	354.72	127.10
	of which individual Housing loans eligible for inclusion in priority sector advances	*695.87*	*346.22*	*566.60*	*180.00*	*29.42*
ii	Commercial Real Estate - Lending secured by mortgages on commercial real estate's (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure also includes non-fund based (NFB) limits	-	-	-	-	-
iii	Investments in Mortgage Backed Securities (MBS) and other securitized exposures					
	- Residential	-	-	-	-	-
	- Commercial Real Estate	-	-	-	-	-
	Indirect Exposure					
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-	-	-	-
	Total Exposure to Real Estate Sector	**926.17**	**546.77**	**788.75**	**354.72**	**127.10**

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b. Exposure to Capital Market (Rs. in Million)

Particulars		As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
i	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	64.22	-	53.92	-	-
ii	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-	-	-	-
iii	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-	-	-	-
iv	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-	-	-	-
v	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers;	-	-	-	-	-
vi	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-	-	-	-
vii	Bridge loans to companies against expected equity flows / issues;	-	-	-	-	-
viii	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-	-	-	-
ix	Financing to stock brokers for margin trading;	-	-	-	-	-
x	All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	-	-	-	-	-
xi	Others (Financial Guarantees)	-	-	-	-	-
	Total Exposure to Capital Market	**64.22**	**-**	**53.92**	**-**	**-**

c. Risk category wise country exposure

The Bank does not have any country exposure other than "home country" exposures and accordingly, no provision is maintained with regard to country risk exposure.

d. Details of Single Borrower Limit (SBL)/ Group Borrower Limit

The Bank has not exceeded the prudential credit exposure limit as prescribed by the Reserve Bank of India in respect of Single Borrower and Group Borrower during the six months period ended 30 September 2020 and 30 September 2019 and years ended 31 March 2020, 31 March 2019 and 31 March 2018.

e. Unsecured Advances

The bank has not extended any advances where the collateral is an intangible asset such as a charge over rights, licenses, authorisations, etc. during the six months period ended 30 September 2020 and 30 September 2019 and years ended 31 March 2020, 31 March 2019 and 31 March 2018.

11. Disclosure of penalties imposed by RBI

No penalty had been imposed by Reserve Bank of India on the Bank under the provision of Section 47 A read with section 46(4) of the Banking Regulation Act, 1949 during the six months period 30 September 2020 and 30 September 2019 and years ended 31 March 2020, 31 March 2019 and 31 March 2018.

12 . Provisions and Contingencies

Breakup of "Provisions and Contingencies" (including write-offs; net of write-backs) shown under the head Expenditure in Restated Profit and Loss Account:

(Rs. in Million)

Particulars	Six months period ended 30 September 2020	Six months period ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018
Provision towards NPA * (Refer Note A. 7(h) of Note 19)	254.04	241.23	491.51	919.38	319.87
Provision towards Standard Assets (Refer Note A. 7(h) of Note 19)	678.66	23.77	100.76	92.33	17.64
Provision towards Depreciation on Investments	(4.81)	-	18.30	-	-
Provision made towards income tax					
-Current Tax expense	634.50	333.00	713.50	328.97	261.61
-Deferred Tax	(182.68)	(11.69)	(54.84)	40.00	(93.14)
Other Provision and Contingencies	(34.52)	17.31	73.88	7.61	-
Total Provisions and Contingencies	**1,345.19**	**603.62**	**1,343.11**	**1,388.29**	**505.98**

* The Bank has changed the estimate relating to minimum provision of unsecured substandard assets to incremental additional provision on quarterly basis during the 4th Quarter of year 2018-19. The impact by way of additional provision during the year on account of the above change in estimate is increase in provision towards NPA by Rs.76.80 Million and reduction in the Profit after Tax by Rs. 54.50 Million for the year ended 31 March 2019.

13 Floating Provisions

The bank does not have any floating provisions as at and during the six months period ended 30 September 2020 and 30 September 2019 and years ended 31 March 2020, 31 March 2019 and 31 March 2018.

14 Drawdown from Reserves

The Bank has not drawn down any amount from its opening reserves during six months period ended 30 September 2020 and 30 September 2019 and years ended 31 March 2020, 31 March 2019 and 31 March 2018. An amount of Rs.41.53 Million, being the expenditure in connection with further Issue of shares has been charged against Share Premium account in accordance with the accounting policy and as permitted under section 52 of the Companies Act, 2013 during the year ended 31 March 2019.

15. Disclosure of Complaints

a. Customer Complaints

S.No	Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
(a)	No. of complaints pending at the beginning of the period/year	33	5	5	-	-
(b)	No. of complaints received during the period/year	2,536	2,949	6,089	194	48
(c)	No. of complaints redressed during the period/year	2,426	2,909	6,061	189	48
(d)	No. of complaints pending at the end of the period/year	143	45	33	5	-

b. Awards passed by the Banking Ombudsman:

S.No	Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
(a)	No. of complaints pending at the beginning of the period/year	-	-	-	-	-
(b)	No. of complaints received during the period/year	-	-	-	-	-
(c)	No. of complaints redressed during the period/year	-	-	-	-	-
(d)	No. of complaints pending at the end of the period/year	-	-	-	-	-

c. Details of Shareholder Complaints:

S.No	Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
(a)	No. of complaints pending at the beginning of the period/year	-	-	-	-	-
(b)	No. of complaints received during the period/year	-	-	-	-	-
(c)	No. of complaints redressed during the period/year	-	-	-	-	-
(d)	No. of complaints pending at the end of the period/year	-	-	-	-	-

The Bank has compiled the data for the purpose of the disclosure (from its internal MIS system and has been furnished by the management) which has been relied upon by the auditors.

16 Disclosures of Letter of Comfort (LOC) issued by Bank

The Bank has not issued any LOC during the six months period ended S0 September 2020 and 30 September 2019 and years ended 31 March 2020, 31 March 2019 and 31 March 2018.

17. Provisioning Coverage Ratio

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Provision Coverage Ratio (PCR)	93.45%	81.53%	79.93%	78.45%	29.94%

18. Bancassurance Business **(Rs. in Million)**

Particulars	Six months period ended 30 September 2020	Six months period ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018
Fees/remuneration received from Bancassurance business:					
- For selling life insurance policies	20.56	37.47	85.21	2.71	NA
- For selling non-life insurance policies	5.39	0.36	3.24	0.00	NA
- For selling pension products	0.41	0.13	0.76	0.97	NA
Total	**26.36**	**37.96**	**89.21**	**3.68**	NA

The Bank has commenced Bancassurance business only from January, 2019. Hence prior period numbers are not applicable.

19. Concentration of deposits, advances, exposures and NPAs

a. Concentration of deposits: **(Rs. in Million)**

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Total deposits of twenty largest depositors	7,858.76	7,762.50	7,834.50	7,072.46	11,687.99
Percentage of deposits of twenty largest depositors to total deposits of the Bank	9.57%	12.80%	11.15%	16.38%	46.32%

b. Concentration of advances: **(Rs. in Million)**

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Total advances to twenty largest borrowers	1,511.63	729.00	1,293.29	343.93	60.95
Percentage of advances to twenty largest borrowers to total advances of the bank	2.07%	1.34%	1.97%	0.76%	0.19%

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

c . Concentration of exposures: **(Rs. in Million)**

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Total exposure to twenty largest borrowers/customers	1,511.63	953.91	1,547.55	422.43	638.30
Percentage of exposures to twenty largest borrowers/customers to total exposure of the bank on borrowers/customers	2.07%	1.75%	2.35%	0.93%	1.96%

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

The bank has compiled the data for the purpose of disclosure in Note No. 19.a to 19.c from its internal MIS system and has been furnished by the management, which has been relied upon by the auditors.

d. Concentration of NPAs: **(Rs. in Million)**

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Total Exposure to top Four NPA Accounts	4.55	5.01	6.06	4.46	1.42
Total Exposure to top four NPA accounts to Gross NPA	0.47%	0.52%	0.60%	0.61%	0.12%

20. Sector-wise Advances

(Rs. in Million)

Sl. No	Sector	30 September 2020		
		Gross Advances	**Gross NPAs ***	**Percentage of Gross NPAs to Gross**
A	**Priority Sector**			
1	Agricultural and Allied Activities	37,094.12	498.25	1.34%
2	Advances to Industry Sector	11,867.51	163.24	1.38%
3	Advances to Services Sector	7,602.27	187.05	2.46%
4	Personal Loans and others	6,447.02	89.54	1.39%
	Sub-Total (A)	**63,010.92**	**938.08**	**1.49%**
B	**Non Priority Sector**			
1	Agricultural and Allied Activities	-	-	-
2	Advances to Industry Sector	5,000.00	-	-
3	Advances to Services Sector	-	-	-
4	Personal Loans and others	5,726.80	38.07	0.66%
	Sub-Total (B)	**10,726.80**	**38.07**	**0.35%**
	Total (A+B)	**73,737.72**	**976.15**	**1.32%**

* (Refer Note A. 7(h) of Note 19) **(Rs. in Million)**

Sl. No	Sector	30 September 2019		
		Gross Advances	**Gross NPAs**	**Percentage of Gross NPAs to Gross Advances in that Sector**
A	**Priority Sector**			
1	Agricultural and Allied Activities	28,893.30	542.87	1.88%
2	Advances to Industry Sector	4,209.00	72.49	1.72%
3	Advances to Services Sector	9,969.29	134.54	1.35%
4	Personal Loans and others	4,723.07	140.47	2.97%
	Sub-Total (A)	**47,794.66**	**890.37**	**1.86%**
B	**Non Priority Sector**			
1	Agricultural and Allied Activities	-	-	-
2	Advances to Industry Sector	5,000.00	-	-
3	Advances to Services Sector	-	-	-
4	Personal Loans and others	1,947.69	73.04	3.75%
	Sub-Total (B)	**6,947.69**	**73.04**	**1.05%**
	Total (A+B)	**54,742.35**	**963.41**	**1.76%**

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(Rs. in Million)

Sl. No	Sector	31 March 2020		
		Gross Advances	Gross NPAs	Percentage of Gross NPAs to Gross Advances in that Sector
A	**Priority Sector**			
1	Agricultural and Allied Activities	33,528.24	509.58	1.52%
2	Advances to Industry Sector	6,210.46	165.94	2.67%
3	Advances to Services Sector	11,607.53	191.20	1.65%
4	Personal Loans and others	5,727.51	94.93	1.66%
	Sub-Total (A)	**57,073.74**	**961.65**	**1.68%**
B	**Non Priority Sector**			
1	Agricultural and Allied Activities	-	-	-
2	Advances to Industry Sector	5,000.00	-	-
3	Advances to Services Sector	-	-	-
4	Personal Loans and others	3,991.37	46.96	1.18%
	Sub-Total (B)	**8,991.37**	**46.96**	**0.52%**
	Total (A+B)	**66,065.11**	**1,008.61**	**1.53%**

(Rs. in Million)

Sl. No	Sector	31 March 2019		
		Gross Advances	Gross NPAs	Percentage of Gross NPAs to Gross Advances in that Sector
A	**Priority Sector**			
1	Agricultural and Allied Activities	23,906.58	401.63	1.68%
2	Advances to Industry Sector	5,775.19	36.30	0.63%
3	Advances to Services Sector	7,762.51	77.15	0.99%
4	Personal Loans and others	4,995.98	157.24	3.15%
	Sub-Total (A)	**42,440.26**	**672.32**	**1.58%**
B	**Non Priority Sector**			
1	Agricultural and Allied Activities	2,000.00	-	-
2	Advances to Industry Sector	-	-	-
3	Advances to Services Sector	-	-	-
4	Personal Loans and others	1,430.37	67.82	4.74%
	Sub-Total (B)	**3,430.37**	**67.82**	**1.98%**
	Total (A+B)	**45,870.63**	**740.14**	**1.61%**

(Rs. in Million)

Sl. No	Sector	31 March 2018		
		Gross Advances	Gross NPAs	Percentage of Gross NPAs to Gross Advances in that Sector
A	**Priority Sector**			
1	Agricultural and Allied Activities	18,332.92	502.09	2.74%
2	Advances to Industry Sector	4,568.53	252.13	5.52%
3	Advances to Services Sector	2,729.75	75.91	2.78%
4	Personal Loans and others	5,866.48	354.55	6.04%
	Sub-Total (A)	**31,497.68**	**1,184.68**	**3.76%**
B	**Non Priority Sector**			
1	Agricultural and Allied Activities	-	-	-
2	Advances to Industry Sector	-	-	-
3	Advances to Services Sector	-	-	-
4	Personal Loans and others	415.66	25.79	6.20%
	Sub-Total (B)	**415.66**	**25.79**	**6.20%**
	Total (A+B)	**31,913.34**	**1,210.47**	**3.79%**

The Bank has compiled the data for the purpose of this disclosure (from its internal MIS system and has been furnished by the management) which has been relied upon by the auditors.

21. Movement of Technical / Prudential Written off Accounts:

(Rs. in Million)

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Opening balance of Technical/Prudential written-off accounts	**1,091.97**	893.70	893.70	-	-
Add: Technical/Prudential write-offs during the year/ period	-	-	292.67	893.70	-
Sub-total (A)	**1,091.97**	**893.70**	**1,186.37**	**893.70**	**-**
Less: Reduction due to recovery made from previously technical/prudential written-off accounts during the year/ period	4.03	47.80	94.40	-	-
Less: Reduction due to sale of NPAs to ARCs from previously technical/prudential written-off accounts during the year/ period	-	-	-	-	-
Less: Sacrifice made from previously technical/prudential written-off accounts during the year/ period	-	-	-	-	-
Sub-total (B)	**4.03**	**47.80**	**94.40**	**-**	**-**
Closing balance (A-B)	**1,087.94**	**845.90**	**1,091.97**	**893.70**	**-**

22. Overseas Assets, NPAs and Revenue:

The Bank does not have any overseas Assets during the six months period ended 30 September 2020 and 30 September 2019 and years ended 31 March 2020, 31 March 2019 and 31 March 2018.

23. Off Balance Sheet SPVs sponsored

There are no Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) during the six months period ended 30 September 2020 and 30 September 2019 and years ended 31 March 2020, 31 March 2019 and 31 March 2018.

24. Disclosures on Remuneration

A. Qualitative Disclosures:

a) Information relating to the composition and mandate of the Remuneration Committee:

The Nomination, Remuneration & Compensation Committee ("NRC") comprises of 5 directors of the Bank, majority being independent Directors. Key mandate of the NRC is to oversee the overall design and operation of the compensation policy of the Bank, formalising criteria for appointment of Directors based on qualification, experience, track record and integrity.

b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

Objective of Banks' Compensation Policy is:

- to establish guidelines for the fair and equitable administration of salary and benefits in accordance with the policies of the Bank
- To ensure effective governance of compensation and alignment of compensation practices with prudent risk taking;
- To have mechanisms in place for effective supervisory oversight and Board engagement in compensation. The remuneration process is aligned to the Bank's Compensation Policy objectives.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks:

In order to manage current and future risk and allow a fair amount of time to measure and review both quality and quantity of the delivered outcomes, a significant portion of senior and middle management compensation is variable.
In addition, remuneration process provides for 'malus' and 'clawback' option to take care of any disciplinary issue or future drop in performance of individual/ business/ company.

d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:

All bonus (performance linked pay) pay-outs are capped at 70% of the fixed pay for all levels. The Head of Control functions will be evaluated independent of business results by the Chairman of the respective Board Committee and their compensation and rewards will be approved by the Board and NRC. The Bank will not have any guaranteed bonus as part of any contract with employees or any severance pay other than what is stipulated by Law; however, any bonus at the time of joining/ sign on bonus will be limited only to the first year and would need to be approved by the Board and NRC.

e) A discussion of the banks' policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:

Nil

f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms:

Variable remuneration in the form of Cash is paid at intervals ranging from Monthly, Quarterly, Annual
The form of variable remuneration depends on the job level of individual, risk involved, the time horizon for review of quality and longevity of the assignments performed.

B. Quantitative Disclosures

a) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.

Details of Meetings of Nomination and Remuneration committee is given below

Particulars	Six months period ended 30 September 2020	Six months period ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018
Number of Meetings of Nomination and Remuneration Committee	3	4	8	8	5

Each member of NRC is paid a sitting fee of Rs. 30,000 per meeting upto 30 November 2019 w.e.f from 01 December 2019, sitting fees is increased to Rs 40,000 per meeting.

b) Number of employees having received a variable remuneration award during the financial year.

Particulars	Six months period ended 30 September 2020	Six months period ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018
Details of Employees	4 [MD & CEO and 3 EVPs]	4 [MD & CEO and 3 EVPs]	Four [Quantitative Disclosure is restricted to MD & CEO and 5 EVPs [1 EVP joined during the year and 1 EVP retired during the year]	Five - MD & CEO and 4 EVPs [2 EVPs resigned during the year]	4 [MD & CEO and 3 EVPs]

c) Number and total amount of sign-on awards made during the financial year

Not Applicable

d) Details of guaranteed bonus, if any, paid as joining / sign on bonus.

Not Applicable

e) Details of severance pay, in addition to accrued benefits, if any.

Nil

f) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms

Nil

g) Total amount of deferred remuneration paid out in the financial year.

Nil

h) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.

Rs. In Million

Particulars	Six months period ended 30 September 2020	Six months period ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018
Total Fixed Salary Paid	11.95	12.00	23.20	23.46	30.38
Variable Pay and Bonus Paid	-	1.10	2.36	10.51	0.06

i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.

Nil

j) Total amount of reductions during the financial year due to ex- post explicit adjustments.

Nil

25. Disclosures relating to Securitization **(Rs. in Million)**

	Particulars		As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
1	No. of SPVs sponsored by the bank for securitization transactions		-	1	-	6	8
2	Total amount of Securitized assets as per books of the SPVs sponsored by the bank		-	1.92	-	900.90	4,384.86
3	Total						
	A	**Off Balance Sheet exposures**					
		First Loss	-	-	-	31.20	31.20
		Others	-	-	-	-	-
	B	**On Balance Sheet exposures**					
		First Loss (Cash Collateral)	-	62.66	-	368.51	411.06
		Others (Credit Enhancement)	-	42.17	-	175.11	172.90
4	Amount of exposures to securitization transactions other than MRR as on the date of Restated Statement of Assets and Liabilities						
	A	**Off Balance Sheet Exposures**					
		Exposure to own Securitization					
		First Loss (Subordination of Interest Strip)	-	-	-	-	-
		Others	-	-	-	-	-
		Exposure to Third Party Securitization					
		First Loss	-	-	-	-	-
		Others	-	-	-	-	-
	B	**On Balance Sheet Exposures**					
		Exposure to own securitizations					
		First Loss	-	-	-	80.02	80.02
		Others	-	-	-	-	-
		Exposure to third party securitization					
		First Loss	-	-	-	-	-
		Others	-	-	-	-	-

26. Credit Default Swaps

The Bank has not entered into any Credit Default Swap transactions during the six months period ended 30 September 2020 and 30 September 2019, the years ended 31 March 2020, 31 March 2019 and 31 March 2018.

27. Intra Group Exposures

The Bank does not have any intra group exposures during the six months period ended 30 September 2020 and 30 September 2019, the years ended 31 March 2020, 31 March 2019 and 31 March 2018. Exposure is computed as per RBI Master Circular on Exposure Norms DBOD. No. Dir.BC.12/13.03.00/ 2015-16 dated July 1, 2015.

28. Transfer to Depositor Education and Awareness Fund (DEAF) (Rs. in Million)

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Opening balance of amounts transferred to DEAF	-	-	-	-	-
Add: Amounts transferred to DEAF during the year/ period	-	-	-	-	-
Less: Amounts reimbursed by DEAF towards claim	-	-	-	-	-
Closing balance of amounts transferred to DEAF	-	-	-	-	-

29. Unhedged foreign currency exposure

The Bank does not have any unhedged foreign currency exposure during the six months period ended 30 September 2019, the years ended 31 March 2020, 31 March 2019 and 31 March 2018.

30. Priority sector lending certificates

The amount of PSLCs (Category wise) sold/ purchased

(Rs. in Million)

Sl No.	Type of PSLCs	Six months period ended 30 September 2020		Six months period ended 30 September 2019		Year Ended 31 March 2020		Year Ended 31 March 2019		Year Ended 31 March 2018	
		Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale	Purchase	Sale
1	PSLC- Agriculture	-	-	-	-	-		-	2,000	-	-
2	PSLC- SF/MF	-	-	-	-	-	-	-	-	-	-
3	PSLC- Micro enterprises	-	5,000	-	5,000	-	5,000	-	-	-	-
4	PSLC- General	-	-	-	-	-	-	-	-	-	-

31. Provisioning Pertaining to Fraud Accounts

The Bank has reported cases and amount involved as per the table given below. Amount involved in fraud net of recovery has been fully provided for in the books of account. Bank does not have any unamortised loss in this regard .

Rs. In Million

Particulars	Six months period ended 30 September 2020	Six months period ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018
Number of cases	3	7	23	6	1
Amount of Involved	0.16	4.67	10.20	1.95	0.42

32. Inter-bank participation with risk sharing

The aggregate amount of participation issued by the Bank and reduced from advances as per regulatory guidelines is as follows:

Rs. In Million

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Inter Bank Participation Certificates	-	-	2,000	3,000	4,450

33. Disclosures relating to Flexible structuring, Strategic Debt Restructuring and Sustainable structuring of Stressed Assets (S4A)

The Bank does not have any Flexible structuring, Strategic Debt Restructuring and Sustainable structuring of Stressed Assets (S4A) during the six months period ended 30 September 2020 and 30 September 2019 and Years ended 31 March 2020, 31 March 2019 and 31 March 2018. Hence the disclosures relating to the same is not applicable to the Bank.

34. Unamortised Pension and Gratuity Liabilities

Them are no unamortised pension and gratuity liabilities as at 30 September 2020 and 30 September 2019 ,31 March 2020, 31 March 2019 and 31 March 2018.

35. A. Liquidity Coverage Ratio **(Rs. in Million)**

		Three Month period ended 30 June 2020		Three Month period ended 30 September 2020	
High Quality Liquid Assets		**Total Unweighted value (average)**	**Total Weighted value (average)**	**Total Unweighted value (average)**	**Total Weighted value (average)**
1	Total High Quality Liquid Assets (HQLA)	19,645.80	19,645.80	24,520.91	24,520.91
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which:				
	i Stable deposits	55,169.85	2,758.49	60,135.91	3,006.80
	ii Less stable deposits	4,800.27	480.03	5,564.61	556.46
3	Unsecured wholesale funding, of which				
	i Operational deposits (all counterparties)	-	-	-	-
	ii Non-operational deposits (all counterparties)	-	-	-	-
	iii Unsecured debt	10,066.00	8,992.57	12,021.48	10,755.53
4	Secured wholesale funding	0.28	0.28	41.95	41.95
5	Additional requirements, of which				
	i Outflows related to derivative exposures and other collateral requirements	-	-	-	-
	ii Outflows related to loss of funding on debt products	-	-	-	-
	iii liabilities from maturing ABCP, SIV's, SPV's etc. assignments	15.05	15.05	15.20	15.20
6	Currently undrawn committed credit and liquidity facilities	277.70	92.64	281.60	92.83
7	Other contractual funding obligations	1,270.21	1,270.21	1,491.92	1,491.92
8	Other contingent funding obligations	13.04	0.39	12.88	0.39
9	**Total Cash Outflows**	**71,612.40**	**13,609.66**	**79,565.55**	**15,961.08**
Cash Inflows					
10	Secured lending (e.g. reverse repos)	-	-	-	-
11	Inflows from fully performing exposures	-	-	2,652.41	1,326.21
12	Other cash inflows	495.34	495.34	4,045.49	4,045.49
13	**Total Cash Inflows**	**495.34**	**495.34**	**6,697.90**	**5,371.70**
14	Total HQLA (a)		19,645.80	24,520.71	24,520.71
15	Total Net Cash Outflows		13,114.32		10,589.38
16	25% of Total cash flow		3,402.42		3,990.27
17	Total Net Cash inflows [Higher of 14 or 15] (b)		13,114.32		10,589.38
18	**Liquidity Coverage Ratio (%) (a/b)**		**149.80%**		**231.56%**

Liquidity Coverage Ratio **(Rs. in Million)**

		Three Month period ended 30 June 2019		Three Month period ended 30 September 2019		Three Month period ended 31 December 2019		Three Month period ended 31 March 2020	
High Quality Liquid Assets		**Total Unweighted value (average)**	**Total Weighted value (average)**	**Total Unweighted value (average)**	**Total Weighted value (average)**	**Total Unweighted value (average)**	**Total Weighted value (average)**	**Total Unweighted value (average)**	**Total Weighted value (average)**
1	Total High Quality Liquid Assets (HQLA)	9,079.32	9,079.32	11,020.36	11,020.36	13,213.27	13,213.27	14,441.92	14,441.92
Cash Outflows									
2	Retail deposits and deposits from small business customers,								
	i Stable deposits	35,281.98	1,764.10	42,520.90	2,126.04	46,936.42	2,346.82	51,439.66	2,571.99
	ii Less stable deposits	1,005.50	100.55	1,406.43	140.64	2,346.13	234.61	2,650.54	265.05
3	Unsecured wholesale funding, of which								
	i Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
	ii Non-operational deposits (all counterparties)	-	-	-	-	-	-	-	-
	iii Unsecured debt	4,830.35	3,094.38	6,428.67	4,498.70	8,532.95	6,279.17	10,291.56	7,642.65
4	Secured wholesale funding	442.94	442.94	116.64	116.64	197.55	197.55	28.54	28.54
5	Additional requirements, of which								
	i Outflows related to derivative exposures and	-	-	-	-	-	-	-	-
	ii Outflows related to loss of funding on debt	-	-	-	-	-	-	-	-
	iii liabilities from maturing ABCP, SIV's, SPV's	222.37	222.37	65.94	65.94	16.11	16.11	16.68	16.68
6	Other contractual funding obligations	1,327.07	1,327.07	1,745.39	1,745.39	1,468.24	1,468.24	1,038.86	935.43
7	Other contingent funding obligations	-	-	33.84	1.02	16.38	0.49	13.04	0.39
8	**Total Cash Outflows**	**43,110.21**	**6,951.41**	**52,317.81**	**8,694.37**	**59,513.78**	**10,542.99**	**65,478.88**	**11,460.73**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	5,940.82	2,970.41	6,396.72	3,198.36	6,898.63	3,449.32	4,763.40	2,381.70
11	Other cash inflows	3,100.23	3,100.23	3,339.40	3,339.40	1,019.36	1,019.36	873.79	873.79
12	**Total Cash Inflows**	**9,041.05**	**6,070.64**	**9,736.12**	**6,537.76**	**7,917.99**	**4,468.68**	**5,637.19**	**3,255.49**
13	Total HQLA (a)	9,079.32	9,079.32	11,020.36	11,020.36		13,213.27		14,441.92
14	Total Net Cash Outflows		880.77		2,156.61		6,074.31		8,205.24
15	25% of Total cash flow		1,737.85		2,173.59		2,635.75		2,865.18
16	Total Net Cash inflows [Higher of 13 or 14] (b)		1,737.85		2,173.59		6,074.31		8,205.24
17	**Liquidity Coverage Ratio (%) (a/b)**		**522.44%**		**507.01%**		**217.53%**		**176.01%**

ESAF SMALL FINANCE BANK LIMITED
NOTE 19- NOTES TO ACCOUNTS FORMING PART OF RESTATED FINANCIAL INFORMATION

Liquidity Coverage Ratio **(Rs. in Million)**

		Three Month period ended 30 June 2018		**Three Month period ended 30 September 2018**		**Three Month period ended 31 December 2018**		**Three Month period ended 31 March 2019**	
High Quality Liquid Assets		**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**
1	Total High Quality Liquid Assets (HQLA)	5,152.60	5,152.60	6,651.63	6,651.63	7,837.27	7,837.27	7,255.87	7,255.87
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:								
	i Stable deposits	11,490.93	574.50	15,784.40	789.19	23,288.17	1,164.39	28,561.97	1,428.10
	ii Less stable deposits	1,244.70	124.43	642.33	64.25	1,133.37	113.34	865.10	86.51
3	Unsecured wholesale funding, of which								
	i Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
	ii Non-operational deposits (all counterparties)	-	-	-	-	-	-	-	-
	iii Unsecured debt	10,221.23	6,958.30	7,382.77	5,862.90	4,524.13	3,370.70	3,516.30	1,913.57
4	Secured wholesale funding	789.37	789.37	413.50	413.50	1,045.10	1,045.10	178.10	178.10
5	Additional requirements, of which		-	-	-	-	-	-	-
	i Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
	ii Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
	iii liabilities from maturing ABCP, SIV's, SPV's etc. assignments	677.40	677.40	434.37	434.37	399.10	399.10	345.60	345.60
6	Other contractual funding obligations	1,116.43	1,116.43	1,324.17	1,324.17	839.87	839.87	667.13	667.13
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**Total Cash Outflows**	**25,540.06**	**10,240.43**	**25,981.54**	**8,888.38**	**31,229.74**	**6,932.50**	**34,134.20**	**4,619.01**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	3,923.93	1,961.97	5,211.20	2,605.58	5,706.70	2,853.35	5,681.53	2,840.77
11	Other cash inflows	4,298.94	4,298.94	5,750.00	5,750.00	4,268.47	4,268.47	3,738.00	3,738.00
12	**Total Cash Inflows**	**8,222.87**	**6,260.91**	**10,961.20**	**8,355.58**	**9,975.17**	**7,121.82**	**9,419.53**	**6,578.77**
13	Total HQLA (a)	5,152.60	5,152.60	6,651.63	6,651.63	7,837.27	7,837.27	7,255.87	7,255.87
14	Total Net Cash Outflows		3,979.52		532.80		(189.32)		(1,959.76)
15	25% of Total cash flow		2,560.11		2,222.10		1,733.13		1,154.75
16	Total Net Cash inflows [Higher of 13 or 14] (b)		3,979.52		2,222.10		1,733.13		1,154.75
17	**Liquidity Coverage Ratio (%) (a/b)**		**129.48%**		**299.34%**		**452.20%**		**628.35%**

(Rs. in Million)

		Three Month period ended 30 June 2017		**Three Month period ended 30 September 2017**		**Three Month period ended 31 December 2017**		**Three Month period ended 31 March 2018**	
High Quality Liquid Assets		**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**	**Total Unweighted Value (average)**	**Total Weighted Value (average)**
1	Total High Quality Liquid Assets (HQLA)	4,542.20	4,542.20	6,021.79	6,021.79	4,673.03	4,673.03	6,697.61	6,697.61
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:								
	i Stable deposits	2,157.39	107.87	2,681.48	134.07	5,342.53	267.13	8,466.22	423.31
	ii Less stable deposits	189.90	18.99	618.83	61.88	771.94	77.19	583.04	58.30
3	Unsecured wholesale funding, of which								
	i Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
	ii Non-operational deposits (all counterparties)	-	-	-	-	-	-	-	-
	iii Unsecured debt	3,707.60	559.38	5,382.56	1,791.64	7,749.48	3,217.05	13,114.79	7,864.27
4	Secured wholesale funding	978.65	978.75	468.64	468.64	643.01	643.01	467.55	467.55
5	Additional requirements, of which	-	-	-	-	-	-	-	-
	i Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
	ii Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
	iii liabilities from maturing ABCP, SIV's, SPV's etc. assignments	772.89	772.89	624.42	624.42	256.26	256.26	699.81	699.81
6	Other contractual funding obligations	636.50	636.50	1,095.27	1,095.27	941.82	941.82	1,337.13	1,337.13
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**Total Cash Outflows**	**8,442.93**	**3,074.38**	**10,871.20**	**4,175.92**	**15,705.04**	**5,402.46**	**24,668.54**	**10,850.37**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	1,136.02	1,136.02	-	-	-	-	-	-
11	Other cash inflows	2,609.02	1,982.79	3,769.48	2,764.74	3,543.25	2,138.29	3,684.99	2,139.16
12	**Total Cash Inflows**	**3,745.04**	**3,118.81**	**3,769.48**	**2,764.74**	**3,543.25**	**2,138.29**	**3,684.99**	**2,139.16**
13	Total HQLA (a)	4,542.20	4,542.20	6,021.79	6,021.79	4,673.03	4,673.03	6,697.61	6,697.61
14	Total Net Cash Outflows		(44.43)		1,411.18		3,264.17		8,711.21
15	25% of Total Cash Flow		768.60		1,043.98		1,350.62		2,712.59
16	Total Net Cash inflows [Higher of 13 or 14] (b)		768.60		1,411.18		3,264.17		8,711.21
17	**Liquidity Coverage Ratio (%) (a/b)**		**590.97%**		**426.72%**		**143.16%**		**76.88%**

B. Qualitative disclosure around LCR

The Reserve Bank of India has prescribed monitoring of sufficiency of Bank's liquid assets using Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and the LCR Disclosure Standards" and "Operating Guidelines for Small Finance Banks". The LCR is aimed at measuring and promoting short-term resilience of Banks to potential liquidity disruptions by ensuring maintenance of sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

The LCR requirement has been introduced in a phased manner with banks required to maintain minimum LCR of 60% till Dec 2017 and the 70% from January 2018 onwards. The requirement will be increasing by 10% annually to 100% by Jan 2021. LCR requirement is currently at 90% effective January 2019. However on account of COVID Outbreak and in terms of RBI Circular DOR.BP.BC.No.65/21.04.098/2019-20 dated April 17, 2020, banks are permitted to maintain 80% from the date of circular to 30 September 2020, 90% from 1 October 2020 to 31 March 2021 and 100% from 1 April 2021.

The ratio comprises of high quality liquid assets (HQLAs) as numerator and net cash outflows in 30 days as denominator. HQLA has been divided into two parts i.e. Level 1 HQLA which comprises of primarily cash, excess CRR, SLR securities in excess of minimum SLR requirement and a portion of mandatory SLR as permitted by RBI (under MSF) and Level 2 HQLA which comprises of investments in highly rated non-financial corporate bonds and listed equity investments considered at prescribed haircuts. Cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities by the outflow run-off rates and cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in.

The Bank has implemented the LCR and has maintained LCR well above the regulatory threshold. As on 30 September 2020, 30 September 2019, 31 March 2020 31 March 2019 and 31 March 2018, the LCR stood at 231.56% 506.37%, 176.01% 628.35% and 76.88% respectively.

Asset Liability Committee (ALCO) of the Bank is the primary governing body for Liquidity Risk Management, Risk Management Department (RMD), Finance and Treasury. Treasury is the central repository of funds within the Bank and is vested with the responsibility of managing liquidity risk within the risk appetite of the Bank. Bank has incorporated Basel Liquidity Standards - LCR for liquidity risk.

B. OTHER DISCLOSURES:

1. Earnings per Equity Share:

Particulars	Six months period ended 30 September 2020	Six months period ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018
Net Profit attributable to equity share holders (Rs. in Million)	1,304.22	924.40	1,903.90	902.84	269.94
Weighted average number of equity shares used in computation of basic and diluted earnings per	427.80	427.80	427.80	380.95	303.27
Nominal value per share (Rs.)	10.00	10.00	10.00	10.00	10.00
Basic and diluted earnings per share (Rs.)	3.05	2.16	4.45	2.37	0.89

2. Segment Reporting:

(Rs. in Million)

As at and six months period ended 30 September 2020					
Particulars	**Treasury**	**Wholesale Banking**	**Retail Banking**	**Other Banking Operations**	**Total**
Segment Revenue	1,067.13	72.66	7,665.73	73.69	8,879.21
Segment Results	**(8.38)**	**26.71**	**1,690.97**	**46.74**	**1,756.04**
Income Tax Expenses					451.82
Net Profit					1,304.22
Segment Assets	**35,316.80**	**1,012.86**	**73,984.71**	**-**	**1,10,314.37**
Unallocated Assets					1,544.05
Total Assets					1,11,858.42
Segment Liabilities	**17,755.65**	**4.04**	**80,458.20**	**-**	**98,217.89**
Unallocated Liabilities					1,495.50
Share Capital and Reserves and Surplus					12,145.03
Total Liabilities					1,11,858.42

(Rs. in Million)

As at and six months period ended 30 September 2019					
Particulars	**Treasury**	**Wholesale Banking**	**Retail Banking**	**Other Banking**	**Total**
Segment Revenue	970.37	27.83	6,214.01	76.54	7,288.75
Segment Results	**30.09**	**9.33**	**1,138.47**	**67.82**	**1,245.71**
Income Tax Expenses					321.31
Net Profit					924.40
Segment Assets	**28,770.25**	**546.14**	**55,050.92**	**-**	**84,367.31**
Unallocated Assets					1,178.31
Total Assets					85,545.62
Segment Liabilities	**15,299.62**	**2.18**	**59,245.46**	**-**	**74,547.26**
Unallocated Liabilities					1,137.05
Share Capital and Reserves and Surplus					9,861.31
Total Liabilities					85,545.62

(Rs. in Million)

As at and year ended 31 March 2020					
Particulars	**Treasury**	**Wholesale Banking**	**Retail Banking**	**Other Banking**	**Total**
Segment Revenue	1,816.08	83.43	13,388.82	176.02	15,464.35
Segment Results	**137.57**	**27.63**	**2,245.79**	**151.58**	**2,562.57**
Income Tax Expenses					658.67
Net Profit					1,903.90
Segment Assets	**25,982.97**	**1,064.83**	**66,236.13**	**-**	**93,283.93**
Unallocated Assets					1,415.79
Total Assets					94,699.72
Segment Liabilities	**14,901.85**	**4.26**	**67,926.74**	**-**	**82,832.85**
Unallocated Liabilities					1,026.06
Share Capital and Reserves and					10,840.81
Total Liabilities					94,699.72

(Rs. in Million)

As at and year ended 31 March 2019					
Particulars	**Treasury**	**Wholesale Banking**	**Retail Banking**	**Other Banking**	**Total**
Segment Revenue	1,180.69	6.98	10,202.35	17.87	11,407.89
Segment Results	**50.15**	**5.15**	**1,206.01**	**10.50**	**1,271.81**
Income Tax Expenses					368.97
Net Profit					902.84
Segment Assets	**23,082.56**	**310.13**	**46,154.69**	**-**	**69,547.38**
Unallocated Assets					1,036.75
Total Assets					70,584.13
Segment Liabilities	**11,137.54**	**0.12**	**49,547.29**	**-**	**60,684.95**
Unallocated Liabilities					962.27
Share Capital and Reserves and Surplus					8,936.91
Total Liabilities					70,584.13

(Rs. in Million)

As at and year ended 31 March 2018					
Particulars	**Treasury**	**Wholesale Banking**	**Retail Banking**	**Other Banking**	**Total**
Segment Revenue	795.78	-	6,190.00	1.21	6,986.99
Segment Results	**118.45**	**-**	**320.73**	**(0.77)**	**438.41**
Income Tax Expenses					168.47
Net Profit					269.94
Segment Assets	**14,284.17**	**-**	**32,262.75**	**-**	**46,546.92**
Unallocated Assets					706.96
Total Assets					47,253.88
Segment Liabilities	**5,020.38**	**-**	**37,362.14**	**-**	**42,382.52**
Unallocated Liabilities					1,437.89
Share Capital and Reserves and Surplus					3,433.47
Total Liabilities					47,253.88

Segmental information is provided as per the MIS available for internal reporting purposes, which included certain estimates and assumptions, which has been relied upon by the auditors

3. Lease Disclosures:

The Bank has taken on rent branch premises for periods ranging from 11 months to 120 months. The lease payments recognised in the Restated Profit and Loss Account is as below:

(Rs. in Million)

Particulars	**Six months period ended 30 September 2020**	**Six months period ended 30 September 2019**	**Year Ended 31 March 2020**	**Year Ended 31 March 2019**	**Year Ended 31 March 2018**
Lease payments	167.06	138.80	283.28	232.75	154.08

The future minimum lease payments under non cancellable operating leases is given below:

(Rs. in Million)

Particulars	**Six months period ended 30 September 2020**	**Six months period ended 30 September 2019**	**Year Ended 31 March 2020**	**Year Ended 31 March 2019**	**Year Ended 31 March 2018**
not later than one year	333.66	258.76	293.60	252.20	151.05
later than one year but not later than five years	1,624.31	1,035.49	1,241.50	1,089.36	639.30
later than five years	799.02	175.99	977.10	227.16	195.92

The terms of renewal and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreement.

4. Deferred Taxes:

(Rs. in Million)

Particulars	**As at 30 September 2020**	**As at 30 September 2019**	**As at 31 March 2020**	**As at 31 March 2019**	**As at 31 March 2018**
Deferred Tax Asset (A)					
Provision for Employee Benefits	24.58	11.52	15.24	13.31	10.31
Provision for Standard assets and NPA	223.84	33.66	53.04	32.02	91.73
Fixed Assets : on differences between book balances and tax balance of fixed asset	18.51	5.94	10.17	-	-
other Provisions	29.35	19.33	35.16	14.81	6.66
Total A	**296.28**	**70.45**	**113.61**	**60.14**	**108.70**
Deferred Tax Liabilities (B)					
Fixed Assets : on differences between book balances and tax balance of fixed asset	-	-	-	1.37	9.92
Total B	**-**	**-**	**-**	**1.37**	**9.92**
Deferred Tax Asset (net) (A)-(B)	**296.28**	**70.45**	**113.61**	**58.77**	**98.78**

The Bank has elected to exercise the option permitted under Section 115 BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance 2019. Accordingly, the Bank has recognised Provision for Income Tax for the six months period ended 30 September 2019 and year ended 31 March 2020 and re-measured its deferred tax assets based on the rates prescribed in the aforesaid section and recognised the effect of change in the Restated Profit and Loss Account. The re-measurement has resulted in an additional charge to the net profit during the six month period ended 30 September 2019 and year ended 31 March 2020 and a write down of the net deferred tax assets pertaining to earlier years by Rs. 8.00 Million.

5. Credit card reward points:
The Bank does not have credit card products. Hence reward points are not applicable.

6. Fixed Assets as per Note 12 include intangible assets relating to purchased software and system development expenditure which are as follows:

(Rs. in Million)

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Gross Block					
At cost on 31 March of the preceding year	151.14	126.28	126.28	113.57	106.10
Additions during the period/ year	19.85	0.21	24.86	12.71	7.47
Deductions during the period/ year	-	-	-	-	-
Total	**170.99**	**126.49**	**151.14**	**126.28**	**113.57**
Depreciation / Amortization					
As at 31 March of the preceding period/ year	90.51	58.98	58.98	29.07	2.12
Charge for the period/ year	17.11	15.57	31.53	29.91	26.95
Deductions during the period/ year	-	-	-	-	-
Depreciation to date	**107.62**	**74.55**	**90.51**	**58.98**	**29.07**
Net Block	**63.37**	**51.94**	**60.63**	**67.30**	**84.50**

7. Related Party Disclosures:#

Related Party	**Nature of Relationship**
ESAF Financial Holdings Private Limited ("erstwhile ESAF Microfinance and Investments Private Ltd.") ("EFHL")	Significant Investor *
CEDAR Retail Private Ltd. ("Cedar Retail")("erstwhile ESAF Retail Private Limited)	Entities in which Key Managerial Person (KMP)is a member (shareholder)
ESAF Homes and Infrastructure Private Ltd. ("ESAF Homes & Infrastructure")	Entities in which Key Managerial Person (KMP) is a member (shareholder)
ESAF Swasraya Producers Company Ltd. ("ESAF Producer Company")	Entities in which Key Managerial Person (KMP) is a member (shareholder)
K. Paul Thomas	Key Managerial Person (MD and CEO)
Mereena Paul	Relative of KMP
Emy Acha Paul	Relative of KMP
Alok Paul Thomas	Relative of KMP
Abhishek Joe Paul	Relative of KMP
Ashish Krish Paul	Relative of KMP
Beena George	Relative of KMP
ESAF Swasraya Multi State Agro Co operative Society Ltd. (formerly known as ESAF Swasraya Multi State Co-operative Credit Society Ltd) ("ESCO")	Enterprises over which KMP has significant influence through relative
Lahanti Last Mile Service Limited ("LLMS")	Enterprises over which KMP has significant influence through relative
Evangelical Social Action Forum ("ESAF Society")	Enterprises over which KMP has significant influence along with relative
Prachodhan Development services ("Prachodhan")	Enterprises over which KMP has significant influence through relative

*EFHL holds 65.93% of the equity share capital of the bank. However, since the voting rights of any investor in Banks are restricted to 26% pursuant to the provisions of RBI guidelines, EFHL has been considered as Significant Investor.

Related parties are identified as per Accounting Standard 18 - Related Party Disclosures specified under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2006 (as amended).

Transactions during the year/period with the Related Party

(Rs. in Million)

Nature of Transaction	Related Party	Six months period ended 30 September 2020	Six months period ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018
Liabilities						
Term Deposit placed	Cedar Retail	80.00	-	85.50	439.14	-
	ESCO	-	400.00	452.00	-	-
	EFHL	-	-	-	-	-
	ESAF Society	-	5.00	5.00	6.00	-
	LLMS	6.00	5.00	26.00	-	-
	K. Paul Thomas	4.00	2.50	2.50	-	-
	Emy Acha Paul	-	-	0.70	-	
	Beena George	0.05	-	0.32	-	-
	Abhishek Joe Paul	*	-	-	-	-
	Ashish Krish Paul	*	-	-	-	-
Term Deposit Matured	EFHL	-	-	-	1,333.70	616.30
	ESCO	-	-	416.00	500.00	-
	Cedar Retail	117.50	23.00	71.00	416.14	-
	Beena George	0.10	-	*	-	-
	LLMS	5.00	-	1.00	-	-
Transactions in Demand Deposit [Net]	ESCO	3.41	(9.38)	(6.45)	(368.05)	377.43
	Cedar Retail	(3.46)	12.54	(31.95)	23.51	19.42
	EFHL	27.37	0.09	12.93	(24.65)	26.68
	LLMS	3.35	(21.74)	(20.43)	22.50	-
	ESAF Society	-	(0.01)	1.23	0.03	-
Transactions in Savings Deposit (Net)	K. Paul Thomas	(3.93)	(4.13)	*	3.25	2.42
	Mereena Paul	(0.99)	0.58	1.66	0.60	*
	ESCO	(241.03)	(571.20)	(603.69)	1,027.62	101.28
	Emy Acha Paul	*	(0.01)	*	*	*
	Alok Paul Thomas	*	*	*	0.02	*
	ESAF Society	11.21	9.02	5.43	17.37	10.25
	Beena George	(0.19)	-	0.12	-	-
	Prachodhan	19.26	-	-	-	-
Interest accrued and due on Deposits (Gross of TDS)	ESCO	16.50	27.08	46.00	37.77	83.00
	EFHL	26.12	26.19	52.34	150.03	266.90
	Cedar Retail	0.51	0.49	2.55	1.95	-
	ESAF Society	1.53	1.52	3.05	0.81	*
	K. Paul Thomas	0.34	0.18	0.39	0.08	0.10
	LLMS	1.02	0.05	0.68	-	-
	Mereena Paul	0.05	0.02	0.08	-	0.03
	Emy Acha Paul	0.03	*	*	-	-
	Alok Paul Thomas	*	*	*	-	-
	Beena George	0.02	-	*	-	-
	Prachodhan	0.07	-	-	-	-
	Abhishek Joe Paul	*	-	-	-	-
	Ashish Krish Paul	*	-	-	-	-
Subordinate Debt	ESCO	-	-	-	400.00	450.00
Perpetual Debt	ESCO	-	-	-	-	480.00
Interest Accrued & Payable on PDI	ESCO	31.29	28.16	62.40	87.69	47.40
Interest Accrued & Payable on Sub Debt	ESCO	47.83	17.83	95.76	62.40	21.20
Issue of Equity Shares	ESCO			-	213.47	-
	K Paul Thomas	-	-	-	-	103.80
Share Premium	ESCO	-	-	-	641.90	-
	K. Paul Thomas	-	-	-	-	2.10
Collections as per Agency agreement	Cedar Retail	-	0.01	0.10	0.43	15.65
Payment of Collections as per Agency agreement	Cedar Retail	-	-	5.00	3.34	17.02
Collection and payment of Charity Fund from employees	ESAF Society	3.00	-	-	-	-
Contingent Liability						
Bank Guarantee Given	ESAF	-	-	5.00	5.90	-
Assets						-
Advance	EFHL	12.50	-	44.41	35.00	85.00
	Cedar Retail	-	-	16.80	30.00	-
	Beena George	1.41		7.50	-	-
Advances - Repaid	EFHL	-	-	-	-	85.00
	Cedar Retail	10.25	-	6.80	30.00	-
	Beena George	2.61	-	0.50	-	-
Rent Deposit	EFHL	-	-	-	-	0.20
	K. Paul Thomas	-	-	-	-	0.70
Vehicle Purchased	EFHL	-	-	-	3.54	-
Rent Deposit Repaid	K Paul Thomas	0.72				
	EFHL	-	-	-	0.23	-

(Rs. in Million)

Nature of Transaction	Related Party	Six months period ended 30 September 2020	Six months period ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018
Expenses						
Rent paid	ESAF Homes & Infrastructure	10.49	10.49	20.98	18.24	18.24
	EFHL	-	-	-	0.41	0.63
	K. Paul Thomas	-	0.73	1.46	1.44	1.26
	ESAF Society	0.10	0.10	0.20	0.19	0.03
Interest paid on deposits	ESCO	16.50	27.08	46.00	37.77	83.00
	EFHL	26.12	26.19	52.34	150.03	266.90
	LLMS	1.02	0.05	0.68	-	-
	Cedar Retail	0.51	0.49	2.55	1.95	-
	K. Paul Thomas	0.34	0.18	0.39	0.08	0.10
	Mereena Paul	0.05	0.02	0.08	*	0.03
	Emy Acha Paul	0.03	*	*	*	*
	ESAF Society	1.53	1.52	3.05	0.81	*
	Alok Paul Thomas	*	*	*	*	*
	Beena George	0.02	-	*	-	-
	Prachodhan	0.07	-	-	-	-
	Abhishek Joe Paul	*	-	-	-	-
	Ashish Krish Paul	*	-	-	-	-
Interest paid on PDI	ESCO	31.29	31.29	62.40	62.40	47.36
Interest paid on Sub Debt	ESCO	47.83	47.88	95.76	70.24	21.29
Office stationery	Cedar Retail	-	0.10	0.18	0.44	1.53
Gifts & Conference kit	ESAF Producer Company	-	0.01	*	0.26	2.87
Business Correspondent expenses (Refer Note A. 7(h) of Note 19)	ESCO	609.69	1,183.23	2,415.45	2,349.43	1,585.41
	LLMS	57.77	98.16	204.77	-	-
Corporate Facility Management service charges	ESCO	71.70	39.56	97.68	69.22	29.15
Remuneration and Sitting Fees	K. Paul Thomas	6.60	7.08	13.20	12.89	14.00
Corporate Social Responsibility Expenses	ESAF Society	16.28	-	22.70	11.50	-
	Prachodhan	19.50	-	6.20	-	-
Project cost for rebuilding of houses in relation to flood relief	ESAF Society	-	-	-	4.95	-
Royalty Expense	ESCO	26.64	-	-	-	-
Reimbursement expenses	K Paul Thomas	0.12	-	-	-	-
Income						
Interest on Advances	Cedar Retail	0.25	-	0.10	0.09	-
	Beena George	0.36	-	0.20	-	-
	EFHL	6.38	2.81	7.30	-	6.08

Figures in brackets indicate net outflow

* Amounts are below the rounding off limits adopted by the bank

Balance outstanding as at : (Rs. in Million)

Items/Related Party	Significant Investor					KMP and Enterprises over which KMP/Relative of KMP have control / significant influence				
	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Liabilities										
Term Deposits	352.61	352.60	352.60	352.61	1,683.70	85.06	422.85	115.27	29.00	500.00
Demand and Savings Deposit	44.45	4.24	17.08	4.15	28.79	379.55	656.42	586.78	1,240.20	513.90
Equity Shares	2,839.00	2,839.00	2,839.00	2,839.00	2,839.00	1,172.27	1,172.27	1,172.27	1,172.27	316.90
Borrowings	-	-	-	-	-	1,330.00	1,330.00	1,330.00	1,330.00	930.00
Other Liabilities	-	-	-	0.10	3.78	318.61	345.04	289.53	29.60	152.19
Contingent Liability										
Bank Guarantee	-	-	-	-	-	10.90	-	10.90	5.90	-
Assets										
Advances	91.91	35.00	79.40	35.00	-	6.41	-	17.27	-	-
Others	6.38	3.62	-	-	0.20	-	17.06	15.90	15.90	15.90

Maximum Balance outstanding during the year (Rs. in Million)

Items/Related Party	Significant Investor					KMP and Enterprises over which KMP/Relative of KMP have control / significant influence				
	Six months period ended 30 September 2020	Six months period ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018	Six months period ended 30 September 2020	Six months period ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018
Liabilities										
Term Deposits	352.61	357.04	357.04	1,683.70	2,320.10	174.92	446.91	601.32	506.00	503.40
Demand and Savings Deposits	44.45	8.87	41.34	567.50	28.80	872.08	1,240.20	1,298.27	1,240.20	513.90
Equity Shares	2,839.00	2,839.00	2,839.00	2,839.00	2,839.00	1,172.27	1,172.27	1,172.27	1,172.27	316.90
Borrowings	-	-	-	-	-	1,330.00	1,330.00	1,330.00	1,330.00	930.00
Assets			-							
Advances	91.91	35.00	79.41	35.00	85.00	8.60	-	24.17	30.00	-

* Amounts are below the rounding off limits adopted by the bank

8. Employee Share Based Payments

The Bank has not made any share based payments during six months period ended 30 September 2020, 30 September 2019, the years ended 31 March 2020, 31 March 2019 and 31 March 2018.

9. Advances securitized by the Bank:

(Rs. in Million)

Particulars	Six months period ended 30 September 2020	Six months period ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018
Book value of advances securitized	-	1,162.70	6,560.07	6,560.07	5,397.32
Number of accounts	-	11,156	3,95,389	3,95,389	5,01,256
Sale consideration received for the accounts securitized	-	1,162.70	6,560.07	6,560.07	5,397.32
Interest spread on securitisation during the year	-	74.30	86.30	411.22	409.66
Credit enhancement, liquidity support provided	-	193.78	576.82	576.82	615.20
Provision on securitized assets	-	-	-	16.32	32.00
Number of accounts as on date	-	-	-	1,32,056	3,72,072
Outstanding as on date	-	1.92	-	725.79	4,118.24
Nature of post securitization support	-	-	-	-	-

The Bank has compiled the data for the purpose of this disclosure (from its internal MIS system and has been furnished by the management) which has been relied upon by the auditors.

10. Employee Benefits

i. The Bank has recognized the following amounts in the Profit and Loss Account towards contributions to Provident Fund and Other Funds:

(Rs. in Million)

Particulars	Six months period ended 30 September 2020	Six months period ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018
Provident Fund	32.09	25.58	59.47	20.57*	10.15

* Honourable supreme court vide their judgement dated February 28, 2019 clarified the scope of definition of "Basic Salary" for provident fund component. Based on the legal opinion, the Bank believes that the liability on account of this decision is prospective and has provided for the incremental liability with effect from 1st March 2019.

ii. Gratuity

The gratuity plan provides a lump sum payment to vested employees at retirement or on termination of employment based on respective employee's salary and years of employment with the Bank subject to maximum of Rs.2.00 Million.

Reconciliation of opening and closing balance of present value of defined benefit obligation for gratuity benefits is given below.

Reconciliation of Defined Benefit Obligation (DBO) (Rs. in Million)

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Present value of DBO at start of year/period	**56.95**	35.44	35.44	20.66	12.41
Current Service Cost	16.99	9.23	20.35	11.02	4.16
Interest Cost	1.82	1.28	2.55	1.53	0.87
Benefits Paid	(0.44)	(0.11)	(0.70)	(0.41)	-
Past Service Cost	-	-	-	-	2.57
Actuarial (Gain)/Loss	7.81	0.05	(0.69)	2.64	0.65
Present value of DBO at end of year/period	**83.13**	**45.89**	**56.95**	**35.44**	**20.66**

Reconciliation of Fair Value of Plan Assets (Rs. in Million)

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Fair value of Plan assets at start of year/period	**41.90**	**13.07**	**13.07**	**12.52**	**-**
Contributions by employer	15.04	28.35	28.56	-	12.41
Benefits Paid	(0.44)	(0.11)	(0.70)	(0.41)	-
Expected return on plan assets	1.38	0.50	1.98	0.92	0.10
Actuarial Gain/(Loss)	*	0.01	(1.01)	0.04	0.01
Fair value of Plan assets at end of year/period	**57.88**	**41.82**	**41.90**	**13.07**	**12.52**
Actual Return on plan assets	**1.38**	0.51	0.97	0.96	0.12
Expected Employer Contributions for the coming Year	25.00	10.00	15.00	7.00	7.00

Expense recognized in the Restated Profit and Loss Account **(Rs. in Million)**

Particulars	Six months period ended 30 September 2020	Six months period ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018
Current Service Cost	16.99	9.23	20.35	11.02	4.16
Interest Cost	1.82	1.28	2.55	1.53	0.87
Past Service Cost	-	-	-	-	2.57
Expected return on plan assets	(1.38)	(0.50)	(1.98)	(0.92)	(0.10)
Actuarial (Gain)/Loss	7.81	0.06	0.32	2.60	0.64
Employer Expense/(Income)	**25.24**	**10.07**	**21.24**	**14.23**	**8.14**

Net Liability/(Asset) recognized in the Restated Statement of Assets and Liabilities **(Rs. in Million)**

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Present value of DBO	83.13	45.89	56.95	35.44	20.66
Fair value of plan assets	57.88	41.82	41.90	13.07	12.52
Net liability/(Asset)	**25.25**	**4.07**	**15.05**	**22.37**	**8.14**
Less: Unrecognized Past Service Cost	-	-	-	-	-
Liability/(Asset) recognized in the Restated Statement of Assets and Liabilities	**25.25**	**4.07**	**15.05**	**22.37**	**8.14**

Category of Plan Assets

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Insurer managed fund (traditional)	99.60%	32%	99.50%	100%	100%
Bank Balance	0.40%	68%	0.50%	0%	0%

Actuarial assumptions used

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Salary Growth Rate	7.5% p.a	7.5% p.a	7.5% p.a	7.5% p.a	7.5% p.a
Discount Rate	6.1% P.a.	6.6% P.a.	6.4% p.a	7.2% p.a	7.4% p.a
Withdrawal/Attrition Rate	10% p.a	10% p.a	10% p.a	10% p.a	10% p.a
Expected return on plan assets	6.40% p.a.	7.20% p.a.	7.2% p.a.	7.40% p.a.	7% p.a
Mortality Rate	IALM 2012-14 (Ult)	IALM 2012-14 (Ult)	IALM 2012 14 (Ult)	IALM 2012 14 (Ult)	IALM 2006 08 (Ult)
Expected average remaining working lives of employees	7.5 Years	7 Years	7 years	7 years	6years

Experience adjustments **(Rs. in Million)**

Particulars	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017 #
Defined benefit obligation	83.13	45.89	56.94	35.44	20.66	12.40
Fair value of Plan assets	57.88	41.82	41.86	13.07	12.52	-
Surplus / (Deficit)	(25.25)	(4.07)	(14.98)	(22.37)	(8.10)	(12.40)
Experience adjustment on plan liabilities : (gain)/loss	11.84	(2.25)	(4.20)	2.12	(2.01)	NA
Experience adjustment on plan assets : gain/(loss)	(0.22)	(0.02)	(1.10)	0.09	NA^	NA

* Amounts are below the rounding off limits adopted by the bank

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The Bank commenced operations in March 2017. Consequently, experience adjustments are given for current Period and last 4 years.

^ Assets introduced in FY 2017-18

iii. Leave Encashment

The employees of the Bank are entitled to compensated absence. The employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence for a maximum of 30 days. The Bank records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Bank measures the expected cost of compensated absence as the additional amount that the Bank expects to pay as a result of the unused entitlement that has accumulated at the Restated Statement of Assets and Liabilities date based on actuarial valuations.

The Actuarial liability of compensated absences of accumulated privilege leave of the employees of the Bank is given below:

(Rs. in Million)**

Assumptions	As at 30 September 2020	As at 30 September 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018
Privilege leave	30 days	30 days	30 days	30 days	30 days
Sick leave	30 days	30 days	30 days	30 days	30 days
Discount rate (Privilege/ Sick leave)	6.10%	6.60%	6.40%	7.20%	7.40%
Salary escalation rate (Privilege/ Sick leave)	7.50%	7.50%	7.50%	7.50%	7.50%
Attrition Rate (Privilege/ Sick leave)	10.00%	10%	10%	10%	8%
Actuarial liability - Privilege leave	41.90	24.25	24.95	15.09	4.37
Charged in Profit and Loss account - Privilege Leave	17.00	9.16	9.86	10.72	3.10
Actuarial liability - Sick Leave	31.80	18.78	21.87	9.57	5.82
Charged in Profit and Loss account - Sick leave	9.90	9.21	12.30	3.75	7.00

* Amounts are below the rounding off limits adopted by the bank
** except days and percentages
The discount rate is based on the prevailing market yields of Government of India securities as at the Restated Statement of Assets and Liabilities date for the estimated term of the obligations.

The estimate of future salary increases , takes into account the inflation, seniority, promotion, increments and other relevant factors. The above information is as certified by the actuary and relied upon by the auditors.

11. Corporate Social Responsibility (CSR)

As per the provisions of Section 135 of the Companies Act, 2013, the Bank shall spend, in every financial year, at least two per cent of the average net profits made during the three immediately preceding financial years. The Bank completed three financial years since Incorporation in financial year ended March 31, 2019 and the Bank is not required to contribute towards CSR expenditure for the year ended 31 March 2018 accordingly disclosure relating to CSR is not made for the year ended 31 March 2018.

For the year ended 31 March 2020

Gross Amount required to be spent Rs. 11.50 Million

Details of amount Spent during the year towards CSR are us under

Particulars	Paid	Yet to be paid	Total *
i) Construction/ Acquisition of any assets	-	-	-
ii) For purpose other than (i) above	28.90	-	28.90

* The Bank has paid Rs. 28.90 Million to the implementating agencies who have actually spent Rs. 11.90 Million as on 31 March 2020.

For the Year ended 31 March 2019

Gross Amount required to be spend- Rs. 4.60 Million

Details of amount Spent during the year towards CSR are us under

(Rs. in Million)

Particulars	Paid	Yet to be paid	Total
i) Construction/ Acquisition of any assets	-	-	-
ii) For purpose other than (i) above	11.50	-	11.50

During six months period ended 30 September 2019, the Bank has not contributed any amount towards CSR.

During six months period ended 30 September 2020, the Bank has contributed Rs.35.78 Million towards CSR.

(Rs. in Million)

Particulars	Paid	Yet to be paid	Total
i) Construction/ Acquisition of any assets	-	-	-
ii) For purpose other than (i) above	35.78	-	35.78

Refer Note B.7 of Note 19 for the related parties involved in activities relating to Corporate Social Responsibility

12. Subordinated Debt

a The Bank has an outstanding subordinated debt as follows:

(Rs. in Million)

Particulars	Six months period ended 30 September 2020	Six months period ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018
Subordinated Debt Outstanding	1,900.00	1,900.00	1,900.00	1,900.00	1,500.00

Out of the above, Rs.650 Million has been taken over by the Bank as per the Business Transfer Agreement (BTA) entered into with ESAF Financial Holdings Private Limited ("erstwhile ESAF Microfinance and Investments Private Ltd.") during the year ended 31 March 2017. This has been considered as part of Tier 2 Capital for capital adequacy computation after subjecting to discounting in accordance with RBI guidelines.

b. Interest Expended-Others includes interest on Subordinated Debt (Rs. in Million)

Particulars	Six months period ended 30 September 2020	Six months period ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018
Interest on Subordinated Debt	123.16	123.16	246.30	237.84	127.04

13. Details of payments of audit fees (Exclusive of Goods and Service Tax)

(Rs. in Million)

Particulars	Six months period ended 30 September 2020	Six months period ended 30 September 2019	Year Ended 31 March 2020	Year Ended 31 March 2019	Year Ended 31 March 2018
Statutory Audit fees	0.40	4.00	4.50	4.50	4.00
Other Attestation work	3.00	-	1.00	2.00	-
Other Certification	-	0.22	1.80	1.20	0.50
Certification fees relating to Draft Red Herring prospectus for the Proposed Initial Public Offer	-	-	6.70	-	-
Out of pocket expenses	0.09	-	0.40	0.16	0.20
Total	**3.49**	**4.22**	**14.40**	**7.86**	**4.70**

14. Description of Contingent Liabilities:
The Bank has contingent liability of Rs. 2.0 Million as at 30 September 2020 , Rs. 64.65 Million as at 30 September 2019, Rs.2.0 Million as at 31 March 2020, Rs.576.82 Million as at 31 March 2019 and Rs. 617.20 Million as at 31 March 2018 for securitization transactions and guarantee given to Pension Fund Regulatory Development Authority (PFRDA) and Rs. 12.54 Million as at 30 September 2020, Rs. 13.04 Million as at 30 September 2019, Rs. 13.04 Million as at 31 March 2020, Rs.6.44 Million as at 31 March 2019 and Rs. Nil as at 31 March 2018 with respect to guarantees given on behalf of constituents in India.

15. The Bank has a process whereby periodically all long term contracts are assessed for material foreseeable losses. As at 30 September 2020, 30 September 2019, 31 March 2020 31 March 2019 and 31 March 2018 the Bank has reviewed and recorded adequate provision as required under any law /accounting standards for material foreseeable losses on such long term contracts in the books of account and disclosed the same under the relevant notes in the Restated Financial Information.

16.The Bank has received few intimations from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Based on the information received and available with the Bank, there are no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments during the six months period ended 30 September 2020 and 30 September 2019 and each of the years ended 31 March 2020, 31 March 2019 and 31 March 2018. Further, there are no outstanding against those suppliers as on 30 September2020, 30 September 2019, 31 March 2020, 31 March 2019 and 31 March 2018 , hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given. The above is based on information available with the Bank and relied upon by the Auditors.

17. IPO Expenses
Up to 30 September 2020 and 31 March 2020, the Bank has incurred expenses in connection with ongoing Initial Public Offer ("IPO"), which include payments made to Merchant Bankers, Legal Counsel, Statutory Auditors and other incidental expenses amounting to Rs. 55.50 Million and Rs. 54.50 Million respectively. In accordance with the accounting policy approved by the Board, the provisions of the Companies Act, 2013 and Banking Regulation Act, 1949 the Share Issue Expenses are eligible to be drawn from share premium account. As the process of IPO is still in progress, the said expenses are included under "Others" in Other assets (Note13 [vi]) in the Restated Statement of Assets and Liabilities as on 30 September 2020 and 31 March 2020 respectively, pending adjustment from Share premium account.

18. Scheme for grant of exgratia payment announced by Ministry of Finance - Government of India
The Government of India (GOI) has announced the Scheme for grant of ex-gratia payment of difference between compound interest and simple interest (“differential interest”) for six months to borrowers in specified loan accounts (1.3.2020 to 31.8.2020) on 23 October 2020, which mandates ex-gratia payment to certain categories of borrowers (irrespective of whether they have opted for the moratorium or not) by way of crediting the difference between simple interest and compound interest for the period between 1 March 2020 to 31 August 2020 by respective lending institutions. Further, Department of Financial Services vide its circular dated October 29, 2020 has clarified among other points that crops and other agricultural loans are excluded from the ambit of this scheme. Accordingly the Bank has given credit to the eligible customer account on 4 November 2020. No impact of the same has been considered in the Restated Financial Information of the current six months period as the Bank considered the same as non adjusting subsequent event as circular to this effect has been issued on 23 October 2020.

19. The figures for the six months period ended 30 September 2019 and years ended 31 March 2020, 31 March 2019 and 31 March 2018 were audited by the previous Statutory Auditors.

20. Previous Year's/ Period's figures
Previous year's/period's figures have been regrouped/reclassified wherever necessary to correspond with the current period's classification/disclosure.

For and on Behalf of Board of Directors

P R Ravi Mohan
Chairman
DIN:08534931

Kadambelil Paul Thomas
Managing Director & CEO
DIN: 00199925

Asha Morley
Director
DIN: 02012799

Gireesh C P
Chief Financial Officer

Ranjith Raj P
Company Secretary

Place: Mannuthy
Date :10 November 2020

OTHER FINANCIAL INFORMATION

The accounting ratios required under Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

Accounting Ratios and Certain Financial Measures

(₹ in million other than percentages and per share values)

Particulars	As at and for six-month period ended September 30, 2020*	As at and for six-month period ended September 30, 2019*	As at and for Year ended March 31, 2020	As at and for Year ended March 31, 2019	As at and for Year ended March 31, 2018
Basic earnings per share [Refer Note (a)(i) and (c) below]	3.05	2.16	4.45	2.37	0.89
Diluted earnings per share [Refer Note (a)(i) and (c) below]	3.05	2.16	4.45	2.37	0.89
Net Worth [Refer Note(e) below] [A]	12,145.03	9,861.31	10,840.81	8,936.91	3,433.47
Return on Net Worth [Refer Note(a)(ii) and (e) below]	10.74%	9.37%	17.56%	10.10%	7.86%
Number of Equity Shares [in millions] [B]	427.79	427.79	427.79	427.79	311.94
Net Asset Value per Equity Share [Refer Note (a)(iii) below] [A/B]	28.39	23.05	25.34	20.89	11.01
EBITDA [Refer Note (b) and (f) below]	2,499.16	2,105.31	4,153.63	3,364.62	2,613.36

* *Non-annualised*

The figures disclosed in this section are derived from the Restated Financial Statements.

Note:

(a) Ratios have been computed as per the following formulas

(i) Basic/ diluted earnings per share = Net Profit, as restated, attributable to equity shareholders / Weighted average number of Equity Shares outstanding during the period/year

(ii) Return on Net Worth (%) = Net Profit, as restated, attributable to equity shareholders / Net worth at the end of the period/year

(iii) Net asset value per equity share = Net worth at the end of the period/year / Total number of Equity Shares outstanding at the end of period/year

(b) Earnings before interest, tax, depreciation and amortisation (EBITDA) has been arrived at by adding back depreciation, tax expense and Interest on Borrowings.

(c) Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" ("**AS 20**") as notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2006 (amended).

(d) "Net worth" represents the sum of Capital and Reserves and Surplus.

(e) Return on Net Worth

(₹ in million other than percentages)

Particulars	As at and for the six-months ended		As at and for the year ended		
	September 30, 2020*	September 30, 2019*	March 31, 2020	March 31, 2019	March 31, 2018
Net Profit [A]	1,304.22	924.40	1,903.90	902.84	269.94
Capital [B]	4,277.96	4,277.96	4,277.96	4,277.96	3,119.45
Reserves and Surplus					
Statutory Reserve [C]	771.08	295.11	771.08	295.11	69.40
Share Premium [D]	3,478.54	3,478.54	3,478.54	3,478.54	36.45
Investment Fluctuation Reserve [E]	41.27	5.34	41.27	5.34	-
Balance in Restated Profit and Loss Account [F]	3,576.18	1,804.36	2,271.96	879.96	208.17

Net Worth [G=B+C+D+E+F]	12,145.03	9,861.31	10,840.81	8,936.91	3,433.47
Return on Net Worth [H=A/G]	**10.74%**	**9.37%**	**17.56%**	**10.10%**	**7.86%**

* *Non-annualised*

(f) EBITDA

(₹ in million other than percentages)

Particulars	**As at and for the six-months ended**		**As at and for the year ended**		
	September 30, 2020	**September 30, 2019**	**March 31, 2020**	**March 31, 2019**	**March 31, 2018**
Net Profit [A]	1,304.22	924.40	1,903.90	902.84	269.94
Add:					
Provision made towards current tax expense [B]	634.50	333.00	713.50	328.97	261.61
Provision made towards deferred tax [C]	(182.68)	(11.69)	(54.84)	40.00	(93.14)
Depreciation on Fixed Assets / Bank's Property [D]	137.14	106.99	231.67	169.06	94.26
Interest on Reserve Bank of India/inter bank borrowings and others [E]	605.98	752.61	1,359.40	1,923.75	2,080.69
EBITDA [F=A+B+C+D+E]	**2,499.16**	**2,105.31**	**4,153.63**	**3,364.62**	**2,613.36**

(g) Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Addendum. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP measures are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere. These non-GAAP financial measures have been reconciled to their nearest GAAP measure in this section.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Our Board has approved the Offer pursuant to the resolution passed at its meeting held on December 11, 2019 and our Shareholders have approved the Offer pursuant to a resolution passed at the EGM held on January 3, 2020 in terms of Section 62(1)(c) of the Companies Act, 2013. The Draft Red Herring Prospectus has been approved by our Board pursuant to a resolution passed on January 6, 2020.

The Offer for Sale has been authorised by each of the Selling Shareholders as follows:

Sr. No.	Name of the Selling Shareholder	No. of Offered Shares	Date of consent letter	Date of corporate action/board resolution
Promoter Selling Shareholder				
1.	ESAF Financial Holdings Private Limited	[●] Equity Shares aggregating up to ₹1,500.00 million	November 26, 2019	November 26, 2019
Other Selling Shareholders				
2.	PNB MetLife	[●] Equity Shares aggregating up to ₹213.80 million	November 18, 2020	November 9, 2020
3.	Bajaj Allianz Life	[●] Equity Shares aggregating up to ₹174.90 million	November 25, 2019	October 16, 2019*
4.	PI Ventures	[●] Equity Shares aggregating up to ₹87.50 million	November 26, 2019 as amended by consent letter dated December 26, 2019	September 27, 2019, as amended by the resolution dated December 24, 2019

**Pursuant to the investment policy of Bajaj Allianz Life for the year 2011-12, which was approved by the board of directors of Bajaj Allianz Life on January 20, 2011, and reviewed on October 16, 2019, as certified by Bajaj Allianz Life pursuant to certificate dated December 30, 2019.*

Confirmation under Companies (Significant Beneficial Ownership) Rules, 2018

Our Bank, Individual Promoter, members of the Promoter Group, Promoter Selling Shareholder, PNB MetLife, Bajaj Allianz Life and PI Ventures are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent applicable.

OFFER STRUCTURE

Offer of up to [●] Equity Shares for cash at price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating up to ₹9,976.20 million comprising a Fresh Issue of up to [●] Equity Shares aggregating up to ₹8,000.00 million by our Bank and an Offer for Sale of up to [●] Equity Shares aggregating up to ₹1,976.20 million, comprising up to [●] Equity Shares aggregating up to ₹1,500.00 million by Promoter Selling Shareholder, up to [●] Equity Shares aggregating up to ₹213.80 million by PNB MetLife, up to [●] Equity Shares aggregating up to ₹174.90 million by Bajaj Allianz Life and up to [●] Equity Shares aggregating up to ₹87.50 million by PI Ventures in the Offer.

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules/guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Bank

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Ravimohan Periyakavil Ramakrishnan
Part-Time Chairman and Independent Director

Place: Kochi
Date: November 27, 2020

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules/guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Bank

____

Kadambelil Paul Thomas
Managing Director and Chief Executive Officer

Place: Thrissur
Date: November 27, 2020

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules/guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Bank

____

Mohan Chandanathil Pappachan
Non-Executive Nominee Director

Place: Thrissur
Date: November 27, 2020

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules/guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Bank

____

Joseph Vadakkekara Antony
Independent Director

Place: Kochi
Date: November 27, 2020

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules/guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Bank

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Thomas Jacob Kalappila
Independent Director

Place: Trivandrum
Date: November 27, 2020

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules/guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Bank

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Asha Morley
Independent Director

Place: Kottayam
Date: November 27, 2020

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules/guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Bank

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Alex Parackal George
Independent Director

Place: Thrissur
Date: November 27, 2020

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules/guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Bank

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Saneesh Singh
Non-Executive Nominee Director

Place: Gurugram
Date: November 27, 2020

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules/guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements in this Addendum to the Draft Red Herring Prospectus are true and correct.

Signed by the Chief Financial Officer of our Bank

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Gireesh C. P
Chief Financial Officer

Place: Thrissur
Date: November 27, 2020

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements and undertakings specifically made by it in this Addendum to the Draft Red Herring Prospectus in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct.

SIGNED FOR AND ON BEHALF OF ESAF FINANCIAL HOLDINGS PRIVATE LIMITED

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Name: Mereena Paul

Designation: Chairperson and Managing Director

Place: Thrissur

Date: November 27, 2020

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements and undertakings specifically made by it in this Addendum to the Draft Red Herring Prospectus in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, including any of the statements made by or relating to the Bank, any other Selling Shareholder or any other person(s) in this Addendum to the Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF PNB METLIFE INDIA INSURANCE COMPANY LIMITED

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Name: Sanjay Kumar

Designation: Chief Investment Officer

Place: Mumbai

Date: November 27, 2020

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements and undertakings specifically made by it in this Addendum to the Draft Red Herring Prospectus in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, including any of the statements made by or relating to the Bank, any other Selling Shareholder or any other person(s) in this Addendum to the Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF BAJAJ ALLIANZ LIFE INSURANCE COMPANY LIMITED

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Name: Sampath Reddy

Designation: Chief Investment Officer

Place: Pune

Date: November 27, 2020

DECLARATION

The undersigned Selling Shareholder confirms and certifies that all statements and undertakings specifically made by it in this Addendum to the Draft Red Herring Prospectus in relation to itself, as a Selling Shareholder and its portion of the Offered Shares, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements, including any of the statements made by or relating to the Bank, any other Selling Shareholder or any other person(s) in this Addendum to the Draft Red Herring Prospectus.

SIGNED FOR AND ON BEHALF OF PI VENTURES LLP

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Name: Bankatlal H. Gaggar

Designation: Authorised Signatory

Place: Mumbai

Date: November 27, 2020