

SH:112 / 2022-23

December 08, 2022

The General Manager Department of Corporate Services <b>BSE Limited</b> I Floor, New Trading Ring Rotunda Building, P J Towers Dalal Street Fort, Mumbai – 400 001	The Manager Listing Department <b>National Stock Exchange of India Limited</b> 'Exchange Plaza', Bandra – Kurla Complex Bandra (E), Mumbai – 400 051
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Dear Sir,

**Sub: Annual Report for the Financial Year 2021-22**

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements), 2015, please find enclosed the Annual Report for the financial year 2021-22.

Please take the same on record.

Thanking you,

Yours faithfully,

Venkatesh. H  
Company Secretary & Secretary to the Board

**95 YEARS**

**BANKING ON  
RELATIONSHIPS  
SINCE 1927.**

**GROWTH  
INSPIRES  
MORE  
GROWTH**

**ANNUAL REPORT  
2021-2022**

**DhanlaxmiBank**   
established 1927

*Banking on Relationships forever*

[www.dhanbank.com](http://www.dhanbank.com)

Over 532 customer touch points including  
249 branches, 264 ATMs and 19 BCs



Branch Presence  
.....  
Metro Branches-58  
.....  
Urban Branches-65  
.....  
Semi-Urban Branches-107  
.....  
Rural Branches-19  
.....  
ATM/CDM Presence  
Onsite-221 Offsite-43

**DhanlaxmiBank**   
established 1927

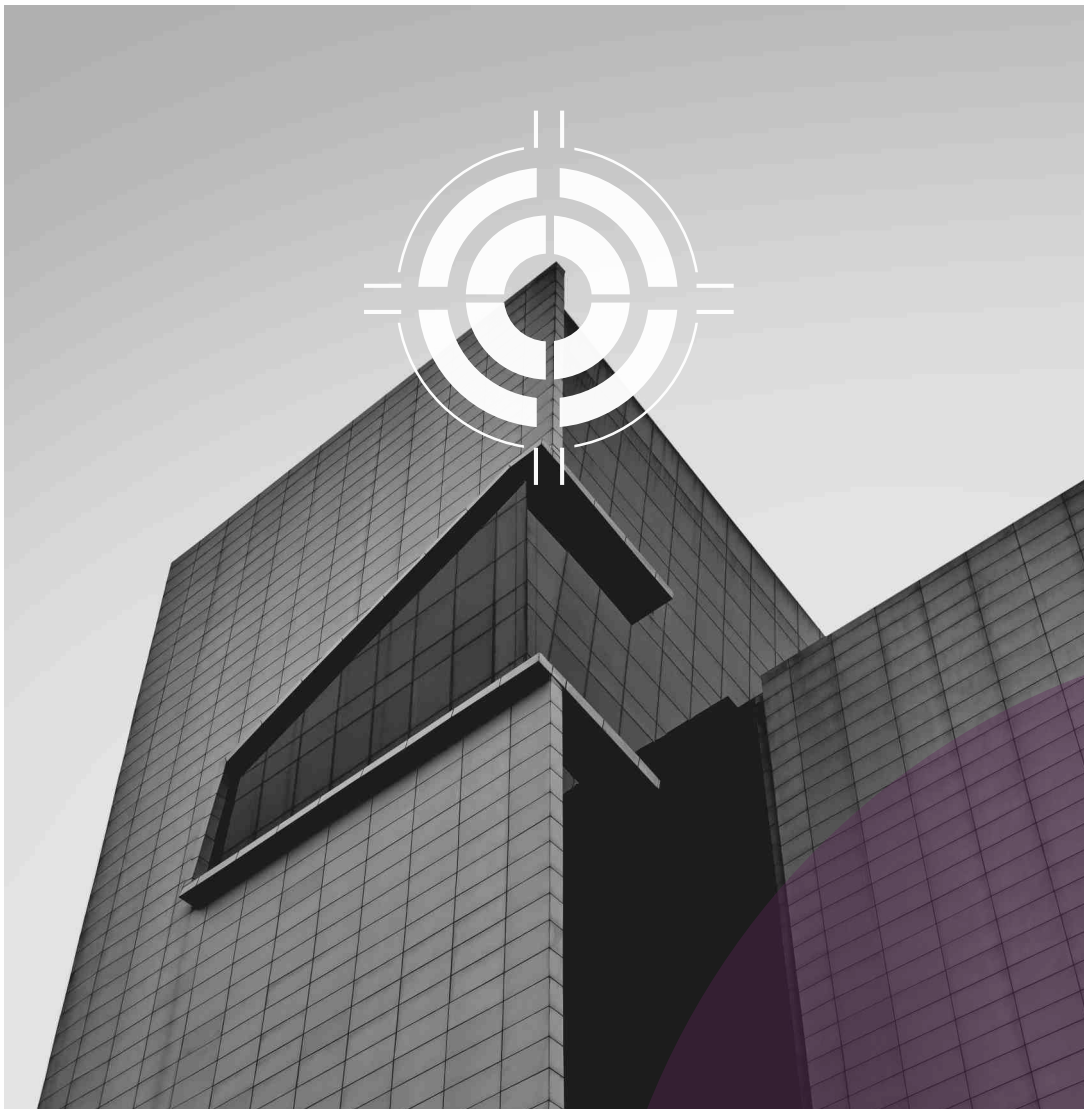
*Banking on Relationships forever*

## **VISION**

Banking on Relationships forever

## **MISSION**

To Become a Strong and Innovative Bank with Integrity and Social Responsibility to Maximise Customer Satisfaction as well as that of the Employees, Shareholders and the Society.



**DhanlaxmiBank**   
established 1927

*Banking on Relationships forever*

# BOARD OF DIRECTORS



**Shivan J K**  
Managing Director & CEO



**Gopinathan C K**  
Director



**G Rajagopalan Nair**  
Independent Director



**D K Kashyap**  
RBI Additional Director



**Jayakumar Yarasi**  
RBI Additional Director



**Sreesankar Radhakrishnan**  
Additional Director  
(Independent Category)



**K N Madhusoodanan**  
Additional Director  
(Independent Category)



**Dr. Nirmala Padmanabhan**  
Additional Director  
(Independent Category)



**Sridhar Kalyanasundaram**  
Additional Director  
(Independent Category)

## C O R P O R A T E I N F O R M A T I O N

### Registered Office

Dhanlaxmi Bank Limited, P.B. No.9,  
Dhanalakshmi Buildings,  
Naickanal, Thrissur-68001

### Corporate Office

Dhanlaxmi Bank Limited,  
Punkunnam, Thrissur-68002

Kindly refer the website for other offices

### Chief Financial Officer (In -Charge)

**Kavitha T A**

### Company Secretary & Secretary to the Board

**Venkatesh H**

### Secretarial Auditors

**M/s. V Suresh Associates,**  
Practising Company Secretaries, First Floor,  
No.28, Ganapathy Colony  
Illrd Street, Teynampet, Chennai-600018

### Statutory Auditors

**Krishnamoorthy & Krishnamoorthy,**  
Chartered Accountants,  
Palam Road, Cochin.

### Legal Advisors

**M/s. Menon & Pai,** Ernakulam  
**M/s. B S Krishnan Associates,** Ernakulam,  
**M/s. C K Karunakaran & Associates,** Ernakulam

### Stock Exchanges

**National Stock Exchange of India Limited (NSE)**  
**BSE Limited** (Formerly known as  
Bombay Stock Exchange Limited)

### Registrar & Transfer Agents

M/s. Kfin technologies limited  
(Previously known as M/s. Karvy Fintech Private Limited)  
"Selenium Tower B", Plot No.31 & 32, Financial District  
Nanakramguda, Serilingampally,  
Hyderabad - 500 032

## SENIOR MANAGEMENT

### GENERAL MANAGER

Chandran L

### DEPUTY GENERAL MANAGERS

John Varughese	Rajan Sleeba
Surendran A V	Santoy John
Binoy B S	Satheesan V
Sreekumar M P	Sunny George
Suresh M Nair	Gurumurthy R K

### ASSISTANT GENERAL MANAGERS

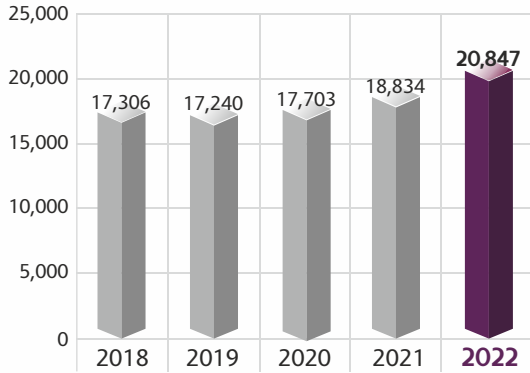
Rajesh P	Sunil Kumar A
Ramakrishnan S	Satyanarayana K
Kavitha T A	Abhilash R
Bijukumar P H	Sijo Joseph
Anup Nair	Abhiram Unni M
Arun Somanathan Nair	Raghunath R
Ranjith P	

**DhanlaxmiBank**   
established 1927

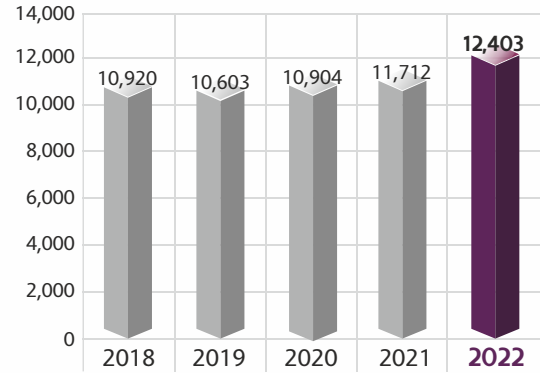
*Banking on Relationships forever*

# PERFORMANCE DASHBOARD

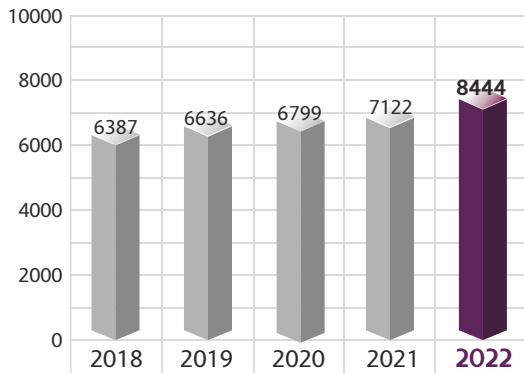
**TOTAL BUSINESS** (Value in Cr.)



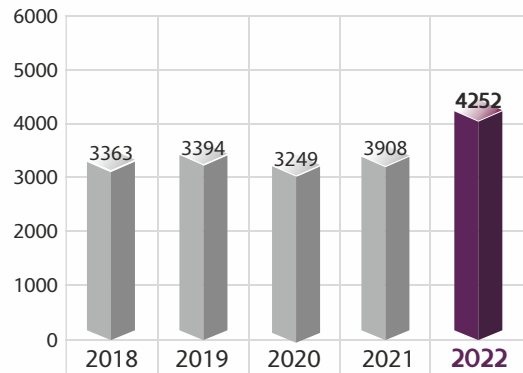
**TOTAL DEPOSIT** (Value in Cr.)



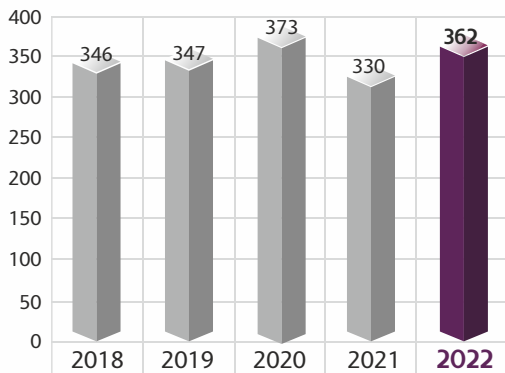
**GROSS ADVANCE** (Value in Cr.)



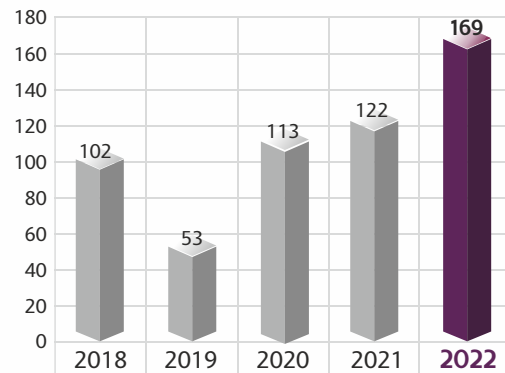
**CASA** (Value in Cr.)



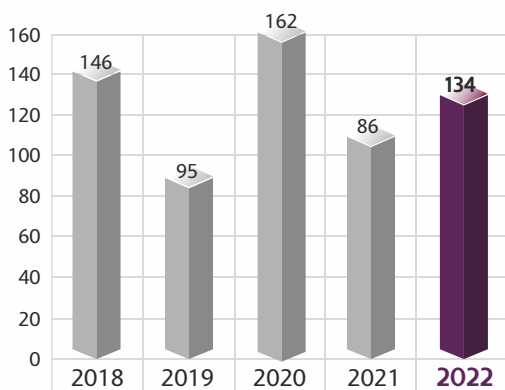
**NET INTEREST INCOME** (Value in Cr.)



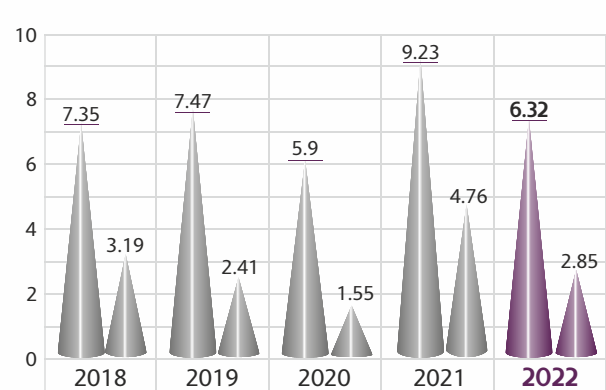
**NON INTEREST INCOME** (Value in Cr.)



**OPERATING PROFIT** (Value in Cr.)



**GROSS NPA% & NET NPA%**





## MD & CEO'S MESSAGE

Dear Shareholders,

As the world was slowly recovering from the after effects of the pandemic, the spectre of unbridled inflation caused by geopolitical tensions has taken the centre stage. This has forced Central banks all over the world to take unprecedented monetary policy measures resulting in increasing interest rates across the globe. We are thus in uncharted territory. However, our Bank has demonstrated extraordinary tenacity to bolster its strong relationships with its customers, which has helped the Bank to ride the wave and deliver a commendable performance in FY 22.

It wouldn't have been possible without the unparalleled professionalism and unwavering dedication of our employees. I thank Team DLB for striving to uphold the Bank's motto – 'Banking on Relationships forever.' And I reassure you that the Bank is committed to the well-being of all our stakeholders.

The Bank was able to offer seamless banking services to the customers by adapting to digital mode and month on month our digital coverage is increasing. We are a 95-year old financial institution that perfectly blends tradition with technology. The recent investments we made in upgrading the technological infrastructure including the Bank's Core Banking and Data Centres are testimony to our keen eye for innovation.

The Bank has posted an Annual Operating Profit of Rs. 134.30 Cr. and Net Profit of Rs. 35.90 Cr. in FY 22. The total business of the Bank increased to Rs. 20847 Cr., registering a growth of 10.69%. CASA to Total Deposits ratio improved to 34.28%, Gross Advances reached Rs. 8444 Cr., Annual Net Interest Income improved by 9.91% and CD Ratio improved to 68.08%, as on 31st March 2022.

Our thrust will be on maintaining a well-balanced loan book in the fiscal 2022-23 and we will continue our focus on Retail Advances including gold loans, CASA growth, non-interest income opportunities and NPA recovery. We look forward to an uptick in the total business albeit the headwinds. After all, good relationships make great success stories and we have been banking on relationships since 1927.

I can assure you that the Bank will accelerate growth by harnessing technology. I thank the regulatory authorities and agencies for their continued direction. I thank our shareholders and customers for continuing to repose faith in the institution and I assure them that our principal focus during the financial year and beyond would be increasing value for investors. I also thank the Board of Directors for guiding and mentoring us at every step.

Yours Sincerely

**Shivan J K**





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# Directors' Report

## Dear Shareholders,

It gives the Board pleasure to place before you the highlights of your Bank's performance during the financial year 2021-22. Details of the achievements and initiatives taken by the Bank are provided in the 95th Annual Report of the Bank along with the Audited Balance Sheet as at March 31, 2022 and the Profit and Loss Account for the year ended on that date.

## Performance Highlights

Bank's performance Highlights for the financial year ended March 31, 2022 are as follows

	Rs. in Crore	
	March 31, 2022	March 31, 2021
Total Business	20846.47	18834.16
Deposits	12402.89	11711.90
Advance(Gross)	8443.58	7122.26
Total Income	1085.76	1052.97
Total Expenditure	951.46	967.14
Operating Profit	134.30	85.83
Net Profit	35.90	37.19
Cost to Income Ratio%	74.73	81.01
Gross NPA%	6.32	9.23
Net NPA%	2.85	4.76
Provision Coverage Ratio%	80.64	74.20
CRAR%	12.98	14.47
Return on Assets%	0.27	0.29
Book Value Per Share (in Rs.)	35.57	34.15

Figures for the previous period have been re-grouped and re-classified in adherence to RBI Master Direction on Financial Statements – Presentation and Disclosure dated 30.08.2021, wherever necessary to conform to current year's classification.

## Bank's Geographical Spread & Expansion Programme

- Bank had 245 branches as on 31st March, 2022 spread across 14 States and 1 Union Territory (Chandigarh).
- Out of 245 branches, 19 branches were in rural

population, 106 in Semi Urban, 62 in Urban and 58 in Metropolitan Category.

- Bank has 258 ATMs and 17 Business Correspondents as on March 31, 2022
- Bank opened a new Regional Office at Hyderabad w.e.f. March 16, 2022.
- Bank received in-principle approval from Reserve Bank of India for opening of 20 new branches in Kerala, Tamil Nadu, Karnataka, Pondicherry, Andhra Pradesh and Telangana states. Bank opened Mananthavady Branch in Wayanad Kerala on September 05, 2022, Thanjavur branch in Tamil Nadu on September 16, 2022, Tirunelveli Branch in Tamil Nadu on October 17, 2022 and Karimnagar branch in Telangana on November 28, 2022.

## Total Business

Total Business of the Bank as on 31.03.2022 stood at Rs.20846.47 Crore as against Rs.18834.16 Crore as on 31.03.2021.

## Deposits

Deposits recorded a growth of 5.90 % to reach Rs.12402.89 Crore as on 31st March 2022 against Rs. 11711.90 Crore as on 31st March 2021. Bank's CASA deposits grew by 8.80% during the year and reached Rs.4252.34 Crore as on 31st March.2022 which was Rs.3908.42 Crore as on 31st March.2021. CASA to Total deposits as on 31st March.2022 improved to 34.29%.

## Gross Advances

Bank's Gross advance stood at Rs.8443.58 Crore as on 31.3.2022 against Rs.7122.26 Crore as on 31.03.2021, registering growth of 18.55%.CD Ratio improved from 60.81% to 68.08% on Y-o-Y basis.

## Profitability

Annual Net Interest Income increased from Rs.329.65 Crore as on 31st March 2021 to Rs. 362.32 Crore, as on 31st March 2022 registering growth of 9.91%. Non-Interest income increased from Rs. 122.22 Crore as on 31st March 2021 to Rs. 169.12 Crore as on 31st March 2022, registering a growth of 38.37%. NIM improved from 2.82% to 3.00% on Y-o-Y basis. Total Income increased by Rs.32.79 Crore with growth of 3.11% on Y-o-Y basis. Cost to Income Ratio reduced from 81.01% to 74.73% on Y-o-Y basis.

Operating profit during the year was Rs.134.30 Crore as against Rs.85.83 Crore during the previous year. The Bank declared a net Profit of Rs.35.90 Crore during the year under report and for the previous year, the Bank had declared a net profit of Rs.37.19 Crore.

### Capital and Reserves

Bank's Paid up capital and reserves was Rs.900 Crore as on 31.03.2022. The capital adequacy ratio as per Basel III was 12.98% with Core CRAR of 10.31%.

### Dividend

The Board has not recommended any dividend in the financial year 2021 - 2022.

### Non - Performing Assets

Gross NPA and Net NPA percentage stood at 6.32% and 2.85% respectively as on 31.03.2022 against 9.23% and 4.76% as on 31.03.2021.

The provision coverage ratio (PCR) as on 31.3.2022 was 80.64% which was 74.20% in the previous year.

### Vision & Mission

**Our Vision:** "Banking on Relationships forever".

**Our Mission:** To Become a Strong and Innovative Bank with Integrity and Social Responsibility to Maximize Customer Satisfaction as well as that of the Employees, Shareholders and the Society.

### Customer Service

The Bank accords high importance to the quality of customer service rendered across its branches / offices. It instated a series of measures during the year through deployment of technology and significantly enhancing service quality. A well-defined and full-fledged Customer Grievance Redressal Mechanism has been put in place in the Bank.

The Customer Service Committees comprising of Bank personnel as well as our constituents monitor the implementation of customer service measures periodically. Customer Service Committee of the Board has been formed at the apex level and committees at branches for monitoring service quality and bringing about improvements in this area on an ongoing basis. The Bank has a 24 x 7 Phone Banking Call Centre at Chennai to cater to customer needs across the country.

During the financial year 2021-22, the Bank received 14,005 complaints as against a total of 15,178 complaints received in the previous financial year. As on 31-03-2022 the number of complaints pending was 113 and the same was also closed within TAT.

### The following important products and services / initiatives were introduced during the year for the benefit of the customers:

- Bank entered into agreement with SBI General Insurance Company Limited for distribution of general insurance products.
- Bank introduced online Trading facility through arrangement with SMC Global Securities Limited.
- Bank introduced Rupay Platinum Debit Cards for Domestic Customers.
- Bank introduced "Dhan Namaste" Credit Card with Contactless payment facility.
- Bank introduced Business Debit Cards for Business entities and HUF.
- Bank introduced Dhanam Treasury Bill Linked Prime Loan facility to match the lending rates with market.
- Bank introduced "Dhanam Paddy Receipt Sheet Loan" in tie up with "SUPPLYCO".
- Bank re-introduced the Govt of Kerala Bill Discounting Scheme for clearing the bills of contractors of work departments through digital platform.
- Bank entered into agreement with NORKA ROOTS for funding to returned NRIs for starting of businesses.
- Bank entered into agreement with NREDCAP, state Nodal Agency, for funding to Electric Two Wheelers to Government Employees in the State of Andhra Pradesh.
- Bank increased the number of B category branches from 17 to 35 for improving the Forex business.
- Bank made arrangement with BSE for providing BSEiBBS platform for bidding in IPO, NCD & Right issues.
- RBI empanelled the Bank as agency Bank for Government Agency Business.
- Bank signed MOU with Central Board of Direct Taxes and Central Board of Indirect Taxes for collection of Direct, Indirect Taxes and Customs Duty.

### Investor Education and Protection Fund

The Bank transferred the entire pending unclaimed dividend amount to the Investor Education and Protection Fund (IEPF) during the financial year 2018-19. There was no amount of dividend pending to be transferred to the fund in the financial year 2021-22.

In terms of Section 124 (6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, it may be noted that if the dividends have been unpaid or unclaimed for seven consecutive years or more the underlying shares shall be transferred to the IEPF Demat Account maintained with

depositories. Upon transfer of such shares to IEPF account, all benefits (eg. bonus, split, etc.), if any, accruing on such shares shall also be credited to the IEPF Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. The members/claimants whose shares, unclaimed dividend etc. have been transferred to IEPF may claim the shares or apply for refund by making an application to IEPF Authority as per the procedure prescribed in the IEPF Rule.

### **Listing on Stock Exchanges**

The Equity shares of the Bank are listed on BSE Ltd. and National Stock Exchange of India Ltd. The Bank confirms that it has paid the listing fees to all the Stock Exchanges for the financial year 2022-23.

### **Number of cases filed, if any, and their disposal under Section 22 of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Bank has zero tolerance approach towards any action on the part of any executive / employee which may fall under the ambit of "Sexual Harassment" at work place, and is fully committed to uphold and maintain the dignity of woman staff working in the Bank. The policy provides for protection against sexual harassment of women at work place, prevention and redressal of such complaints. All the employees (permanent, contractual, temporary, trainees) are covered under this policy.

Number of complaints pending as on the beginning of the financial year - Nil

Number of complaints filed during the financial year - Nil

Number of complaints pending as on the end of the financial year - Nil

### **Particulars of employees**

The Bank has no employee whose particulars are required to be given in terms of Section 197 of the Companies Act, 2013 read with Rule 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The ratio of the remuneration of each Director to the median employees' remuneration and other details in terms of Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report.

### **Green Initiatives in Corporate Governance**

The Bank supports and pursues the 'Green Initiative' of the Ministry of Corporate Affairs. All the documents including the notice and explanatory statement of Annual General Meeting, Audited Financial Statements, Directors' Report and Auditors' Report are being sent electronically to all

shareholders who have registered their e-mail addresses with their Depository Participants or with the Bank's Registrar & Transfer Agents. Shareholders holding shares in electronic form are requested to update their e mail addresses in their respective DP accounts. Shareholders holding shares in physical form are requested to update their e mail addresses with Bank's Registrar and Transfer Agents by a written request if they require electronic delivery of documents.

### **Directors**

The Board of Directors of the Bank as on March 31, 2022 had 4 Directors, comprising of the Managing Director & CEO, 2 independent non-executive Directors and one non-executive non-independent Director. In addition, there were 2 additional Directors appointed by the Reserve Bank of India under Section 36AB of the Banking Regulation Act, 1949. The matter with regard to the appointment of directors on the Board of the Bank was pending before the Hon'ble High Court of Kerala. Consequently, the Annual General Meeting (AGM) held on 29.09.2021 was also adjourned in deference with the directions of the Hon'ble High Court of Kerala, after considering all the other Agenda items listed in the Notice of AGM. Necessary disclosures in this regard were made by the Bank to the Stock Exchanges. As the matter on appointment of Directors was sub-judice, the Bank was not in a position to appoint new Directors. As such, the regulatory provisions w.r.t the composition of the Board and various mandatory Committees of the Board were not complied with as on 31.03.2022.

The petitions against the Bank on the appointment of Directors were held non-maintainable by the Hon'ble High Court on 25.10.2022. The Bank appointed 3 Additional Directors in Independent Category and 1 Additional Director in Independent Category on 09.11.2022 and 05.12.2022 respectively. As on the date of this Report, the composition of the Board of Directors of the Bank and its mandatory Committees is in accordance with the provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Banking Regulation Act, 1949 and the RBI guidelines.

All the Directors have rich experience and specialized knowledge in various sectors like banking, agriculture and rural economy, economics, risk management, information technology, etc. The remuneration / sitting fees paid to the Directors during the year are disclosed in the Report on Corporate Governance. Declarations have been taken from Independent Directors as required under the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and RBI guidelines.

### Changes in the Board during the year

1. Sri. P.K Vijayakumar retired from the Board of the Bank on September 13, 2021 on completion of tenure of office.
2. Sri. Gopinathan C.K was re-appointed as Non-Independent Director liable to retire by rotation at Annual General Meeting held on September 29, 2021.
3. Sri. G. Subramonia Iyer resigned from the Board of the Bank w.e.f December 31, 2021, due to personal reasons and there are no other material reasons other than those provided.
4. Shareholders of the Bank have approved the resolution for the re-appointment of Sri. G. Rajagopalan Nair as Independent Director of the Bank through postal ballot for a period of five years w.e.f January 17, 2022 and he shall not be liable to retire by rotation.
5. Changes in the Board from April 01, 2022 to till date are as follows:-
  - (a) Dr. (Capt.) Suseela Menon R, Independent Director of the Bank, resigned from the Board of Directors of the Bank w.e.f May 01, 2022 due to personal reasons and professional commitments and there were no other material reasons for the resignation.
  - (b) RBI has appointed Shri. Yarasi Jayakumar as Additional Director on the Board of the Bank, in place of Dr. G Jagan Mohan, for a period of two years from May 30, 2022 to May 29, 2024 or till further orders, whichever is earlier.
  - (c) RBI had extended the tenure of Shri D.K Kashyap for a period of 2 years w.e.f 28.09.2022 to 27.09.2024 or till further orders of RBI, whichever is earlier.
  - (d) Sri. K.N Madhusoodhanan, Sri.Sreesankar Radhakrishnan and Dr. Nirmala Padmanabhan were appointed as Additional Directors (Independent Category) on the Board of the Bank w.e.f 09.11.2022. Sri. Sridhar Kalyanasundaram was appointed as Additional Director (Independent Category) on the Board of the Bank w.e.f 05.12.2022.

### Composition of Audit Committee

As on March 31, 2022, the Bank had a five-member Audit Committee. All the five members of the Committee were non-executive Directors, with Sri. G. Rajagopalan Nair, as its Chairman and Gopinathan C.K, Dr. (Capt.) Suseela Menon R, Dr. G Jagan Mohan and Sri. D.K Kashyap as the other Members. The Committee was constituted in accordance with regulatory requirements. The terms of reference of the Committee are in accordance with the Companies Act, 2013, Securities and Exchange Board of

India (Listing Obligations and Disclosure Requirements) Regulations 2015 and RBI guidelines.

### Declaration By Independent Directors

The Bank has duly obtained necessary declarations from each independent Director under Section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence as laid down in the Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Bank has also obtained the 'Fit & Proper' declarations from all Directors as prescribed by the Reserve Bank of India. Pursuant to the notification of the Ministry of Corporate Affairs dated October 22, 2019, an online data bank for the independent directors ("Data Bank") has been rolled out by the Indian Institute of Corporate Affairs. All the Independent Directors of the Bank as on March 31, 2022 have registered themselves in the Data Bank.

### Policy on appointment and remuneration of Directors

The Nomination & Remuneration Committee recommends the appointment / reappointment / continuation of Directors to the Board after conducting due diligence of the Directors on the basis of the "fit & proper" criteria prescribed by RBI along with the provisions of the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Nomination Policy approved by the Board. The Board will take the appropriate action based on the recommendations of the Nomination & Remuneration Committee.

The criteria for determining qualifications, positive attributes and independence of Directors to be appointed / re-appointed or for continuation of Directors include, inter-alia, the following:-

- Ensuring that the appointment / re-appointment / continuation is in conformity with the provisions of the Banking Regulation Act, 1949, RBI guidelines, Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- Ensuring that the criteria for independence of Directors as stated in the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is complied with, in case of independent Directors
- Ensuring that the person does not attract any disqualification as per the Banking Regulation Act, 1949, RBI guidelines, Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Special knowledge or practical experience in various



fields as enumerated in Section 10A(2)(a) of the Banking Regulation Act, 1949 or any other field which may be useful to the Bank;

- Professional knowledge and experience;
- Experience in the field of banking / finance sectors;
- Interest in NBFCs and other entities;
- Relatives connected with the Bank;
- Fund and non-fund facilities availed from the Bank;
- Defaults, if any, by the Director or interested entities with respect to the credit facilities availed from any Bank;
- Professional achievements relevant to the office of Directorship;
- Prosecution, if any, pending or commenced or resulting in conviction in the past against the director and / or against any of the interested entities for violation of economic laws and regulations;
- Criminal prosecution, if any, pending or commenced or resulting in conviction in the past against the Director;
- Any other factors as the Nomination & Remuneration Committee may think fit for the purpose of considering the appointment / re-appointment / continuation as Director.

The Bank has a Board approved Compensation Policy which deals with the compensation & benefits of the Employees of the Bank.

The objectives of the Compensation Policy of the Bank inter-alia includes, to provide a fair and persistent basis for motivating, inspiring and rewarding the employees appropriately, according to their jobs/role size, performance, accomplishments, contribution, skill, aptitude and competence to implement standards on sound compensation practices and incentives and to provide effective governance of compensation payable to the employees, alignment of compensation with prudent risk taking and effective supervisory oversight. The disclosure requirement of the remuneration is separately provided in "Disclosure under Basel III norms."

The Board considers the recommendations of the Nomination & Remuneration Committee and approves the remuneration, with or without modifications, subject to regulatory approvals. The remuneration payable to Whole-time Directors/MD & CEO is subject to prior approval of the Reserve Bank of India (RBI). Therefore, the remuneration or any revision in remuneration to Whole-time Directors/MD & CEO is payable only after receipt of the approval from RBI.

The non-executive Directors are paid sitting fees for attending each meeting of the Board of Directors or any Committee thereof as approved by the Board, within the permissible limit

prescribed under the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other regulatory guidelines, as amended from time to time. The Board while recommending any change in the sitting fees considers various factors like size and complexity of organization, comparison with the peer banks and regulatory guidelines as applicable. Apart from sitting fees, the Bank does not pay any other remuneration to the non-executive Directors.

The total remuneration paid to MD & CEO and non-executive Directors for the financial year 2021-22 is included in the Report on Corporate Governance forming part of this Report.

The Remuneration Policy of the Bank is hosted on the website of the Bank <https://www.dhanbank.com/bank-policies/>

### **Board Level Performance Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the performance evaluation of the Board as a whole, the individual Directors and various Committees of the Board are undertaken annually. The evaluation of the individual Directors is being done in the absence of the Director being evaluated.

A separate meeting of independent Directors evaluates the performance of non-independent Directors, Chairman and the Board as a whole. The separate meeting of independent Directors is held once in a year.

The criteria for performance evaluation of Directors, Board and its Committees include, inter-alia, the following:

- Attendance at Board and various Committee meetings;
- Participation and contribution in Board and Committee meetings;
- Composition of the Board and its diversity;
- Roles of various Committees of the Board;
- Compliance and understanding of regulatory requirements;
- Contribution to effective corporate governance and transparency in the Bank's operations;
- Updation of Knowledge and familiarization programmes conducted for Directors;
- Appropriateness of decisions made by the Board and its Committees;
- Quality, quantity and timeliness of flow of information to the Board;
- Understanding by individual Directors for their roles and responsibilities as Director;

- Contributions towards the performance and strategies of the Bank;
- Conduct of Meetings;
- Professionalism in the Board and Committees

### **Changes in Key Managerial Personnel (KMP)**

There were no changes in Key Managerial Personnel (KMP) in the financial year 2021-22.

### **Corporate Governance**

A separate report on Corporate Governance as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and certificate from M/s. V. Suresh Associates, Practicing Company Secretaries certifying compliance with the conditions of Corporate Governance are annexed to this report.

### **Number of Board Meetings**

A total of 15 Board Meetings were held during the year. The Board meetings were held in accordance with the regulatory requirements. The details of the meetings held are provided in the Corporate Governance Report that forms part of this Annual Report.

### **Annual Return**

Pursuant to Section 92 (3) of the Companies Act, 2013 and Section 134 (3) (a), the Annual Return is hosted on the Bank's website at <https://www.dhanbank.com/sebi-disclosure/>

### **Related Party Transactions**

The Bank has adopted the "Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions" in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy is hosted on the website of the Bank <https://www.dhanbank.com/bank-policies/>

During the financial year, the Bank did not enter into any related party transactions with its Directors or Key Managerial Personnel or their Relatives that would potentially conflict with and/ or adversely affect the interests of the Bank, except the remuneration paid to the Managing Director & CEO, Chief Financial Officer and Company Secretary. There was no related party transaction for which Form AOC-2 was applicable.

### **Material Changes and Commitments affecting Financial Position of the Bank**

There are no material changes and commitments affecting the financial position of the Bank which has occurred

between the end of the financial year, i.e., March 31, 2022 and the date of Directors' Report, i.e, December 05, 2022

### **Maintenance of Cost Records**

Being a Banking Company, the Bank is not required to maintain cost records as per sub-section(1) of Section 148 of the Companies Act, 2013

### **Subsidiary Companies**

The Bank does not have any subsidiary companies.

### **Strictures and Penalties**

During the last three years, there were no penalties or strictures imposed on the Bank by the Stock exchanges(s) and/or SEBI and/or any other statutory authorities on matters relating to capital market.

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Bank or the future operations of the Bank.

### **Corporate Social Responsibility**

The brief outline of the CSR policy of the Bank, overview of the projects taken up by the Bank and other mandatory disclosures are annexed to this Report.

### **Management Discussion and Analysis Report**

This has been dealt with in a separate section in the Annual Report.

### **Directors' Responsibility Statement**

Pursuant to the provisions of Section 134 (5) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:-

- in the preparation of the annual accounts for the financial year ended March 31, 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year 2021-22 and of the profit and loss of the Bank for that period.;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts for the financial year ended March 31, 2022 on a going concern basis;
- the Directors had laid down internal financial controls to

be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and

- (vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

Board of Directors of the Bank appointed M/s. V. Suresh Associates, Practicing Company Secretaries, Chennai as the Secretarial Auditors to conduct the Secretarial Audit of the Bank for the financial year 2021-22. The Bank has provided all assistance and facilities to the Secretarial Auditors for conducting their audit. The report of the Secretarial Auditors is annexed to this report. The observations in the Secretarial Audit Report for the financial year 2021-22 along with the response of the Board of Directors of the Bank on the same are furnished below:-

### Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013, the

Sl. No.	Observations in the Secretarial Audit Report	Responses of the Board
1	During the period under audit, The Composition of Board is not in compliance of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board of Directors of the Bank had only 4 Directors, excluding 2 Nominee Directors of Reserve Bank of India. The matter with regard to the appointment of directors on the Board of the Bank is pending before the Hon'ble High Court of Kerala. Consequently, the Annual General Meeting (AGM) held on 29.09.2021 was also adjourned in deference with the directions of the Hon'ble High Court of Kerala, after considering all the other Agenda items listed in the Notice of AGM.	Two Writ Petitions with regard to the appointment of directors on the Board of the Bank was pending against the Bank before the Hon'ble High Court of Kerala. As the matter on appointment of Directors was sub-judice, the Bank was not in a position to appoint new Directors. However, on 25.10.2022, the Hon'ble High Court held that the Writ Petitions were not maintainable. Subsequently, on 09.11.2022, the Bank had appointed 3 Additional Directors in Independent Category. Presently, the Composition of Board / mandatory Committees are in compliance of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of the said RBI circular.
2	The provisions of the RBI Circular RBI/2021-22/24 DOR.GOV.REC.8/29.67.001/2021-22 dated 20.04.2021 on composition of the Board and various mandatory Committees of the Board are not complied with.	After the Hon'ble High Court Order of 25.10.2022, the Bank had informed the Stock Exchanges that the 94th AGM stood concluded and closed.

### Business Responsibility Report

The regulatory provisions relating to the Business Responsibility Reporting are not applicable to the Bank for the financial year ended March 31, 2022.

### Acknowledgements

The Board of Directors places on record its gratitude to the Government of India, Reserve Bank of India, State Governments, Securities and Exchange Board of India and other Regulatory bodies including Stock Exchanges where the Bank's shares are listed for their support and guidance. The Board also places on record its gratitude to the Bank's customers, shareholders, other stakeholders and well-wishers for their valued patronage. The Board further places on record its appreciation for the valuable services rendered by M/s Krishnamoorthy & Krishnamoorthy, present Statutory Central Auditors of the Bank as well as M/s. P.B Vijayaraghavan & Co., the previous Statutory Central Auditors of the Bank. The Board expresses its sincere appreciation for the dedicated services rendered by officers and employees of the Bank at all levels.

Sd/-  
**Gopinathan C.K**  
(Director)

Place: Thrissur  
Date: 05.12.2022

Sd/-  
**Shivan J.K**  
(Managing Director & CEO)

Place: Thrissur  
Date: 05.12.2022

Sd/-  
**G. Rajagopalan Nair**  
(Independent Director)

Place: Thrissur  
Date: 05.12.2022

## Annexure to Directors' Report for the year ended March 31, 2022

PARTICULARS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:-

SI. No.	Requirements	Disclosure to be given in Annual Report of 2021-22	
I	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year	Sri. Shivan J K, Managing Director & CEO (from 01.04.2021) : 5.34 : 1 considering annual fixed pay as Rs. 54.00 Lakhs per annum	
II	The percentage increase in remuneration of each director, CFO, CEO, CS in financial year	<b>MD &amp; CEO</b>	
		Sri. Shivan J K	Nil
		<b>Chief Financial Officer</b>	
		Sri. Ramesh A J	5.45%
		<b>Company Secretary &amp; Secretary to the Board</b>	
	Sri. Venkatesh H	7.66%	
III	The percentage increase in the median remuneration of employees in the financial year	12.69%	
IV	The number of permanent employees on the rolls of the Bank	There were 1724 employees as on March 31, 2022.	
V	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Normal annual increments and increase in dearness allowance (linked to consumer price index) was also paid to employees.	
VI	Affirmation that the remuneration is as per the remuneration policy of the Bank	Yes, it is confirmed.	

Notes:

1. The median salary of the staff members is arrived by taking gross salary for the month of March 2022.
2. Remuneration of MD and CEO is regulated by RBI guidelines.

# Annexure to the Directors Report

## ANNUAL REPORT ON CORPORATESOCIAL RESPONSIBILITY (CSR) ACTIVITIES

### 1. Brief outline on CSR Policy of the Company

Dhanlaxmi Bank Limited is grateful to the society for the support and encouragement in the Bank's growth and development. The Bank believes that no organization can make sustainable development without the patronage from the society. The Bank is committed in the integration of social and environmental concerns in its business operations and also in the interactions with its stakeholders. The Bank shall continue to have among its objectives, the promotion and growth of the national economy and shall continue to be mindful of its social and moral responsibilities to customers, shareholders, employees and society. The Bank is committed to financing the economic and developmental activities of the nation with concern for human rights and environment. The Bank's CSR mission is to contribute to the social and economic development of the community. Through a series of interventions, the Bank seeks to mainstream economically, physically and socially challenged groups and to draw them into the cycle of growth, development and empowerment. The Bank's strategy is to integrate its activities in community development, social responsibility and environmental responsibility and encourage each business unit or function to include these considerations into its operations whether directly or in participation or in association with or jointly with NGOs of repute, trusts, partnership, corporates or any other organization as the Bank deems fit.

### 2. Composition of CSR Committee as on 31-03-2022:

Sl. No.	Name of the Director	Designation/ Nature of Directorship	Number of Meetings	
			Held During the Tenure	Attended
1	Dr.(Capt.) Suseela Menon R, Chairperson of the Committee	Independent Director	1	1
2	Sri. Shivan J.K	Managing Director& CEO	1	1
3	Sri. Gopinathan C.K	Director	1	1

3. Provide the web-link(s) where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Composition of committee: [https://www.dhanbank.com/pdf/bod\\_committees.pdf](https://www.dhanbank.com/pdf/bod_committees.pdf)

Policy: <https://www.dhanbank.com/pdf/corp-social-responsibility-policy.pdf>

4. Provide the executive summary along with the weblink(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule(3) of rule 8, if applicable

Not applicable

5. (a) Average net profit of the company as per section 135(5). **Rs 33.46 Crore**

(b) Two percent of average net profit of the company as per section 135(5) **Rs 66,91,394**

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. **NIL**

(d) Amount required to be set off for the financial year, if any: **NIL**

(e) Total CSR obligation for the financial year (b+c-d). **Rs 66,91,394**

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project). **Rs. 66,92,000**

(b) Amount spent in Administrative Overheads. **NIL**

(c) Amount spent on Impact Assessment, if applicable. **NIL**

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]. **Rs.66,92,000**

(e) CSR amount spent or unspent for the financial year:



Total Amount Spent or the Financial Year. (in Rs.)		Amount Unspent (in Rs.)	
Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).	
Amount Rs.	Date of transfer	Name of the Fund	Amount Rs
40,40,557	31.03.2022	NIL	NIL
			NIL

Details of CSR amount spent against on-going projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sr. No	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the Project	Project duration (in Months)	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency
				State	District				Name	CSR Registration Number
"Sparsham" Services for Persons with disabilities in Wayanad										
1.	Persons with disabilities in Wayanad	Promoting Education	No	Kerala	Wayanad	4,44,000	1,86,000	2,58,000	No	Shreyas, Wayanad CSR00002489
2	CDS Thrissur Municipal Corporation	Women Empowerment	Yes	Kerala	Thrissur	3,18,943	1,50,000	1,68,943	Yes	NA
3	Thrissur Municipal Corporation	Environmental sustainability	Yes	Kerala	Thrissur	21,60,000	20,000	21,40,000	Yes	NA
4	Smart Class Room & facilities upgradation to Govt. Junior Basic School (GJBS), Peruvamba	Promoting Education	Yes	Kerala	Palakkad	2,24,500	2,00,000	24,500	Yes	NA
5	Waste management system to Community Health Centre, Nemmara	Healthcare/ Water and Sanitation	Yes	Kerala	Palakkad	1,40,000	80,000	60,000	Yes	NA
								32,87,443	6,36,000	26,51,443

Details of CSR amount spent against other than on-going projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the Project		Amount spent in the current financial Year (in Rs)	Mode of Implementation -Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration No.
1	Smart Class Room facility to Government High School, Mupliyam	Promoting Education	Yes	Kerala	Thrissur	2,48,550	Yes		NA
2	Smart Class Room facility to Govt LP School, Pirayiri	Promoting Education	Yes	Kerala	Palakkad	2,00,000	Yes		NA
3	Facility Upgrations -Govt LP School, Kodunthirappilly	Promoting Education	Yes	Kerala	Palakkad	1,23,000	Yes		NA
4	Facility Upgrations - Anganwadi, Kallekkad, Kodunthirappilly	Promoting Education	Yes	Kerala	Palakkad	8,250	Yes		NA
5	Facility Upgrations - Govt LP School, Haripad	Promoting Education	Yes	Kerala	Alappuzha	15,000	Yes		NA
6	Smart Class Room facility to Vocational Higher Secondary School, Kanichikulangara	Promoting Education	Yes	Kerala	Alappuzha	1,49,500	Yes		NA
7	Smart Class Room facility to Girls High School, Kanichikulangara	Promoting Education	Yes	Kerala	Alappuzha	1,15,440	Yes		NA
8	Smart Class Room facility to St. Joseph International School, Kumbalam	Promoting Education	Yes	Kerala	Kollam	1,45,000	Yes		NA
9	Smart Class Room facility to CA Higher Secondary School, Peruvamba	Promoting Education	Yes	Kerala	Palakkad	1,50,000	Yes		NA
10	CCTV Cameras & Traffic Barricades, Vijayawada	Promoting Education	Yes	Andhra Pradesh	Vijayawada	3,70,382	Yes		NA
11	CCTV Cameras-for police surveillance at Anna Salai location	Promoting Education	Yes	Tamil Nadu	Chennai	1,53,000	Yes		NA
12	Video wall for traffic awareness -Bengaluru City	Promoting Education	Yes	Karnataka	Bengaluru	1,39,830	Yes		NA
13	Facility upgradation to Chinnasemur Govt Elementary School, Erode	Promoting Education	Yes	Tamil Nadu	Erode	21,400	Yes		NA
14	Library to Govt. School and distribution of seeds & plants to school children, Vazhaipandal	Promoting Education/ Education/	Yes	Tamil Nadu	Ranipet	16,825	Yes		NA
15	Facility upgradation to St. Anne's School for differently abled children, Namakkal	Promoting Education	Yes	Tamil Nadu	Namakkal	15,000	Yes		NA
16	Medical Aids and equipment for the usage at HOSPICE UNIT - ABHAYAM , unit of Chennai Pain and Palliative Care (CPPC),	Health care	Yes	Tamil Nadu	Chennai	1,19,380	Yes		NA

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)
Sr. No	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the Project		Amount spent in the current financial Year (in Rs)	Mode of Implementation -Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency
				State	District			Name CSR Registration No.
17	Support for setting up of Gymnasium to Police Dept-Kukatpally	Health care	Yes	Telangana	Medchal-Malkajgiri	1,97,900	Yes	NA
18	Covid preventive items Kerala Police force, Kunnankulam	Health care	Yes	Kerala	Thrissur	11,890	Yes	NA
19	Raincoats to Police Personnel - Thiruvananthapuram	Healthcare	Yes	Kerala	Thiruvananthapuram	79,000	Yes	NA
20	Public Awareness programme on Blood Donation during Covid Pandemic	Healthcare	No	Kerala	All Kerala	73,790	Yes	NA
21	Covid Prevention items to Schools in Manjeri Municipality	Healthcare	Yes	Kerala	Malappuram	1,00,000	Yes	NA
22	ICU beds and AC Units to Medical College, Nephrology Unit Thrissur	Healthcare	Yes	Kerala	Thrissur	1,30,000	Yes	NA
23	R O water purifier to Govt school, Panchayath union primary school, Adiramapattinam	Healthcare/ Safe Drinking Water and Sanitation	Yes	Tamil Nadu	Thanjavur	8,400	Yes	NA
24	Water Storage Tank at KV Kuppam Village	Healthcare/ Water and Sanitation	Yes	Tamil Nadu	Vellore	17,500	Yes	NA
25	Cold storage unit to medical dispensary of school, Sree Narayana Mission Senior Secondary School, West Mambalam, Chennai	Healthcare	Yes	Tamil Nadu	Chennai	12,500	Yes	NA
26	Water Tank and Push cart for Reverse Osmosis Plant (R O plant) Vivekananda Kendram, Rameswaram	Healthcare/ Water and Sanitation	Yes	Tamil Nadu	Ramanathapuram	26,350	Yes	NA
27	Water storage tanks - Latheri Village, Latheri Grama Panchayath	Healthcare/ Water and Sanitation	Yes	Tamil Nadu	Vellore	14,000	Yes	NA
28	Phrozen sonic mini 3D scanning machine to PMS College of Dental Science & Research, Vattappara	Healthcare	Yes	Kerala	Thiruvananthapuram	75,670	Yes	NA
29	IMA Thiruvananthapuram-Public Health Brigade, TOT programme	Preventive Healthcare	Yes	Kerala	Thiruvananthapuram	2,50,000	Yes	NA

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)
Sr. No	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the Project		Amount spent in the current financial Year (in Rs)	Mode of Implementation -Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency
				State	District			Name CSR Registration No.
30	Gurukulam Foundation-New Delhi	Art & Culture	No	NCT of Delhi	South West Delhi	2,00,000	Yes	NA
31	Facility upgradation to Kudumbasree Mission -Thrissur	Women Empowerment	Yes	Kerala	Thrissur	1,57,000	Yes	NA
32	Thrissur District Cricket Association Sports Kit to Women Cricket Players	Sports	Yes	Kerala	Thrissur	60,000	Yes	NA
						34,04,557		

(f) Excess amount for set-off, if any:

Sl. No	Particular	Amount (in Rs)
(i)	Two percent of average net profit of the company as per section 135(5)	66,91,393
(ii)	Total amount spent for the Financial Year	66,92,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	607
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

7. Details of Unspent CSR amount for the preceding three financial years:

Sl. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) in Rs.	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any		Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Date of transfer	
01	2020-21	20,25,320	1,67,600	Nil	Nil	18,57,720
02	2019-20	NA	0	0	0	0
03	2018-19	NA	0	0	0	0

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced	Project duration (in Months)	Total amount allocated for the project (in Rs)	Amount spent on the project in the reporting Financial Year (in Rs)	Cumulative amount spent at the end of reporting Financial Year. (in Rs)	Status of the project - Completed / Ongoing
01	01/2020-21	TMA Education Scholarships	2020-21	48	4,00,000	1,00,000	2,00,000	Ongoing
		Punkunnam Jn. Central						
02	02/2022	Median development and upkeep	2020-21	48	17,92,000	67,600	1,34,280	Ongoing

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

YES  NO

If Yes, enter the number of Capital assets created/ acquired

Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the Property or asset(s)	Date of creation	Amount of CSR Amount spent	Details of entity/ Authority/ beneficiary of the registered owner
(1)	(2)	(3)	(4)	(5)	(6)
					Registered address
					CSR Registration Number, if applicable
					Name
					Registered address

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

Due to the Second wave of Covid-19 Pandemic and regulatory restrictions imposed by the state authorities during the first half of financial year, opportunities for on-the-spot assessment/evaluation of projects was limited. To the extent possible, projects were either implemented or identified as on-going projects for completion in the subsequent financial year.

Sd/-

**SHIVAN J K**

Managing Director & CEO

Sd/-

**C K Gopinathan**

Chairman of the CSR Committee



# Secretarial Audit Report

## For the Financial Year 2021-22

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**DHANLAXMI BANK LIMITED**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **DHANLAXMI BANK LIMITED (hereinafter called the Bank)**. Secretarial Audit was conducted in a manner that provided to us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We have conducted online verification & examination of records, as facilitated by the Bank, due to Covid 19 and for the purpose of issuing this Report.

Based on our verification of **DHANLAXMI BANK LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, We hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended 31st March 2022, complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. DHANLAXMI BANK LIMITED** ("the Bank") for the financial year ended on 31st March 2022 according to the provisions of:

The Companies Act, 2013 (the Act) and the rules made there under;

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the

rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – **(Not applicable to the Bank during the audit period)**

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; **(Not applicable to the Bank during the audit period)**
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Bank during the audit period)**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Bank during the audit period).**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable).**
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Bank during the audit period).**
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Bank during the audit period).**

Other Laws specifically applicable to this Bank is as follows:

- (vi) The Reserve Bank of India Act, 1934
- (vi) The Banking Regulation Act, 1949
- (vii) The Banking Companies Regulation (Companies Rules), 1949
- (viii) The Banking Companies (Period of Preservation of Records) Rules, 1985
- (ix) Prevention of Money Laundering Act, 2002
- (x) Credit Information Companies (Regulation) Act, 2005

(xi) The Deposit Insurance and Credit Guarantee Corporation Act, 1961

(xii) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- During the period under audit, the Composition of Board is not in compliance of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors of the Bank had only 4 Directors, excluding 2 Nominee Directors of Reserve Bank of India during the said period. The matter with regard to the appointment of directors on the Board of the Bank is pending before the Hon'ble High Court of Kerala. Consequently, the Annual General Meeting (AGM) held on 29.09.2021 was also adjourned in deference with the directions of the Hon'ble High Court of Kerala, after considering all the other Agenda items listed in the Notice of AGM. Necessary disclosures in this regard were made by the Bank to the Stock Exchanges.

The provisions of the RBI Circular RBI/2021-22/24 DOR. GOV.REC.8/29.67.001/2021-22 dated 20.04.2021 on composition of the Board and various mandatory Committees of the Board are not complied with.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members views are captured and recorded as part of the minutes.

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

For **V Suresh Associates**  
Practising Company Secretaries

**V Suresh**

Senior Partner

FCS No. 2969

C.P.No. 6032

Peer Review Cert. No. : 667/2020

UDIN : F002969D002248509

Place : Chennai

Date : 25/11/2022

## Annexure to Secretarial Audit Report

To,

The Members

Dhanlaxmi Bank Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Where ever required, we have obtained the Management

representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For **V Suresh Associates**  
Practising Company Secretaries

**V Suresh**

Senior Partner

FCS No. 2969

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# Management Discussion and Analysis Report

## Global Economy

The escalation of geopolitical tensions into war from late February 2022 has delivered a brutal blow to the world economy, battered as it has been through 2021 by multiple waves of the pandemic, supply chain and logistics disruptions, elevated inflation and bouts of financial market turbulence, triggered by diverging paths of monetary policy normalization. The global macroeconomic outlook is overcast with the economic costs of the war and sanctions. Emerging market and developing economies (EMDEs) are bearing the brunt of global spillovers, despite being bystanders. Capital outflows and sizeable currency depreciations have tightened external funding costs, pushed up debt levels and put their hesitant and incomplete recoveries in danger.

The geopolitical conflict in Europe has imparted a strong shock that threatens to overwhelm the global economy and its constituents. Negative externalities are already rippling through financial and commodity markets, the international trade and financial systems, supply chains and the global geopolitical order. Surging food and fuel prices, in particular, and shortages of essential items are impacting the disadvantaged adversely. These forces are superimposed upon tightening financial conditions as countries across the world adopt more hawkish monetary policy stances in response to elevated and diffused inflationary pressures.

Globally, inflation broadened and acquired persistence during 2021 under the impact of repetitive shocks which severely constrained the supply response to the release of pent-up demand and pushed up costs and prices. It is estimated that supply chain pressures by themselves contributed 1.0 percentage points to global core inflation in 2021.

The global recovery is expected to suffer a significant loss of momentum in 2022. Risks are large and to the downside - war escalation; shortages; resurgence of the pandemic; slowdown in China; and climate stress overshooting the Paris agreement goals.

## Indian economy

In 2021-22, India renewed its tryst with the recovery that had commenced in the second half of 2020-21 with the abatement of the first wave. The second wave took a grievous toll, however, pushing the nation into arguably the worst health crisis the country had ever faced. Supported by continuing fiscal measures and congenial financial conditions engendered by monetary, regulatory and liquidity initiatives undertaken by the Reserve Bank, including

some unconventional ones, the real GDP bounced back in Q2:2021-22 and grew at 1.3 per cent over Q2:2019-20. The recovery was further entrenched in Q3:2021-22 with GDP exceeding the corresponding pre-pandemic quarter by 6.2 per cent. In Q4, however, the third wave of the pandemic driven by the Omicron variant and more recently, geopolitical conflict has caused a loss of pace in the recovery and darkened the outlook.

Unlike in the first wave, the economic impact of the second wave of the pandemic was contained due to the localised nature of lockdowns and better adaptability to pandemic protocols. Growth impulses, rejuvenated by the receding of the second wave from June 2021, were fortified by the pace and scale of vaccination.

Turning to financial conditions, money markets were flush with abundant liquidity, with short-term interest rates aligned to the floor of the Reserve Bank's liquidity adjustment facility (LAF), although they did firm up in the second half of the year as a result of rebalancing of liquidity towards auctions and away from the fixed rate reverse repo, a cessation of large liquidity injections through secondary market asset purchases and the lapse of some extraordinary measures on due dates. In the debt markets, yields hardened in the second half of the year and spread widened as market sentiment turned bearish on large issuances by governments (central and states) and the recurring incidence of global spillovers as monetary policy stances diverged across the world. The Indian rupee (INR) traded range-bound, displaying strong mean reversion after every bout of volatility from global developments.

## Kerala economy

The Covid-19 pandemic was an added set-back to the State economy which had already been affected by unprecedented floods in 2018 and 2019. The State has been increasingly witnessing impacts of climate change variations. The year 2021 also witnessed period of extreme rainfall events. The pre-monsoon rainfall received in the State from March 1, 2021 to May 31, 2021 was largely in excess with a departure of 111 per cent from the normal. Climate change impacts have affected growth patterns and pose a serious threat to sustainable development in the State.

The contraction in growth would have been more but for the economic stimulus packages announced by the Government of Kerala from time to time. The Government announced two economic packages of ₹20,000 crore in

March 2020 and June 2021 respectively. Further, in July 2021, a supplementary package of ₹5,650 crore was announced to support small industries. These stimulus packages have helped in stimulating growth at a time when economic activities were severely constrained.

Despite the negative growth in 2020-21, Kerala continues to be a relatively high income State with average income per person in the State being 1.5 times the all-India average as per the per capita GSDP estimates of 2020-21. In terms of poverty, Kerala is the State with the lowest poverty across India, according to NITI Aayog's first Multidimensional Poverty Index report.

Kerala's GSDP (at constant prices) saw a growth of 6.8% in 2021-22. In comparison, national GDP is estimated to grow at 8.9% in 2021-22. In 2021-22, the manufacturing sector and services sector of Kerala is estimated to witness a growth of 7.3%. In 2021-22, at current prices, agriculture, manufacturing, and services sectors contributed to 12%, 23% and 66% of the economy, respectively.

The per capita GSDP of Kerala in 2021-22 (at current prices) is estimated to be Rs 2,36,093; 9% higher than the corresponding figure in 2020-21 (Rs 2,16,749). In comparison, the per capita GDP at the national level is estimated to be Rs 1,72,761 (at current prices) in 2021-22.

### **Regulatory Measures and Monetary Policies**

Banking regulation is a form of government regulation which subjects banks to certain requirements, restrictions and guidelines, designed to create market transparency between banking institutions and the individuals and corporations with whom they conduct business, among other things. As regulating focusing on key factors in the financial markets, it forms one of the three components of financial law, the other two being case law and self-regulating market practices.

It is important for regulatory agencies to maintain control over the standardized practices of financial institutions to hold control over the economy. This is the premise for government bailouts, in which government's financial assistance is provided to banks or other financial institutions that appear to be on the brink of collapse. The belief is that without this aid, the crippled banks would not only become bankrupt, but would create rippling effects throughout the economy leading to systemic failure.

### **Financial Performance**

The Bank declared a net profit of Rs.35.90 Crore for the year ended March 31, 2022 as against Rs.37.19 Crore during the previous year. Total business of the Bank as on 31.03.2022 stood at Rs.20846.47 Crore as against Rs.18834.16 Crore as on 31.03.2021. The total deposits of the Bank stood at Rs.12402.89 Crore and gross advance stood at Rs.8443.58 Crore as on 31.03.2022. Gross NPA and Net

NPA percentage stood at 6.32% and 2.85% respectively in the current year against 9.23% and 4.76% respectively in the previous year. CRAR was at 12.98% as on 31st March, 2022 against 14.47% as on 31st March, 2021. Book Value of the Shares stood at Rs.35.57 as on 31st March, 2022.

### **Credit Sanction**

A comprehensive Credit Policy has been put in place in the Bank with the following broad objectives:

- On-board and maintain quality loan assets of acceptable risk profile.
- Secure a reasonable return on the assets.
- Achieve proper sectoral / geographical distribution of assets.
- Comply with regulatory norms in respect of exposure caps, pricing, IRAC guidelines, targeted credit, etc.

Bank is adopting a careful assessment of risk-return trade-off, which is critical to its success. Transparency is ensured at all levels of processing. Bank is committed to meet its social responsibility goals. Bank has brought out new products and revamped existing products, retail loans processing structure as well, to ensure achievement of an enhanced assets portfolio.

### **Credit Cards**

A robust system as per international standards is in place for credit card operations in the Bank. Bank is issuing globally valid Platinum credit cards in association with the Visa International Service Association (VISA). During the financial year, Bank introduced "Dhan Namaste" Credit Card with Contactless payment facility. The end to end activity of credit card operations is managed by a well experienced team of staff.

### **Credit Monitoring**

In order to ensure safety and quality of credit portfolio, Credit Monitoring Team plays a key role in the post sanction credit processes such as, timely and orderly dispensation of credit, security creation, prevention account management, monitoring the conduct of the assets, quality of asset portfolio, safeguarding securities charged to the Bank, reporting of irregularities and adherence to terms of sanction through continuous liaison with the branches. This team helps to strengthen the post sanction activities in the weak prone areas and plug the gaps. Remedial measures are taken proactively to prevent slippages. All Management Information systems are in place and the data automation is done in most of the critical areas. There was a significant reduction in the SMA position of the Bank as on 31.03.2022 compared to the previous financial year. The Total SMA of the Bank reduced from Rs. 853.65 Crore to Rs. 324.60 Crore. Total SMA reduced by 61.97% and SMA 2 by 72.30% compared to 2020-21



### **Non-Performing Assets Management**

Bank's NPA Management is driven by a Board approved Recovery Policy. The Policy was revised during the FY to suit the changes in the economic scenario of our country and certain regulatory changes in accordance with the provision of RBI guidelines. Due to the unprecedented waves of Covid -19 pandemic shook the entire nation and the resultant scar left on the economy, there was an upsurge in NPA in the banking system in the country and the Bank was not an exception. However, Bank could recover a substantial amount from Non-Performing Asset (NPA) accounts slipped during the period.

During the fag end of last FY, following Supreme Court order on a batch of petitions challenging banks on charging interest on interest on loans during moratorium period, where a stay was clamped to classify the accounts as NPA, accounts worth Rs.289.16 crore turned NPA. This had brought the total NPA position of the Bank to Rs.657.21 crore and GNPA position to 9.23%. There were also an embargo imposed by certain State Governments for taking action against the borrowers by invoking SARFAESI Act. The situation continued till the middle of the second quarter. After the restrictions were gradually lifted, Bank had made concerted efforts and recovered money to the tune of Rs.406.48 crore thereby bringing down the GNPA to Rs.533.54 crore. Bank had technically written off NPA accounts worth Rs.77.86 crore during the FY 2021-22.

During the year, the Gross NPA of the Bank was decreased from Rs.657.21 crore as on March 31, 2021 to Rs.533.54 crore as on March 31, 2022 and Net NPA decreased from Rs.322.92 crore as on March 31, 2021 to Rs.232.16 crore as on March 31, 2022. In terms of percentages, the GNPA improved from 9.23% as on March 31, 2021 to 6.32% as on March 31, 2022 and Net NPA improved from 4.76% as on March 31, 2021 to 2.85% as on March 31, 2022.

As a result of Bank's strong focus on recovery as well as the initiatives taken in curtailing fresh slippages, the NPA level is expected to moderate in the days to come.

### **Business Development and Planning**

The department handles business development activities, branch expansions, introduction of new products & services, branch operations support, public relations and publicity measures, brand building initiatives and review of existing products and processes. The department is responsible to devise the business plan, fix budgets for the branches / regions and drive the business. The department also oversees the implementation of RBI guidelines on customer service and management of complaints. The department acts as an effective coordinator between the Management, various regional administrative offices and the branches which are business generating units.

### **Public Relations and Publicity**

Bank continues its publicity and marketing efforts by way of Social Media, localized and regional initiatives in reaching out to its customers. As part of its community involvement, Bank participated and encouraged local events and functions thereby growing with the society.

### **Bank's Operations at Sabarimala**

The Bank has been the principal bankers to Travancore Devaswom Board since the 1970s. Bank had accepted to become the Banker to Lord Ayyappa and the temples administered by TDB in a spirit of public service. Since then the Bank has been extending the best of services to the TDB and other temples under TDB by establishing ATMs and branches in their premises. Bank also handles prasadam distribution counters at Sabarimala Sannidhanam and Pampa during the Mandalam Makaravilakku Season.

### **Third Party Products Distribution**

This department exclusively handles Third Party Products (TPP), its distribution, functioning and execution. Bank has entered into agreement with Leading Life Insurance, General Insurance and Mutual Fund Companies for distribution of their products.

### **Government Initiatives**

Bank is actively participating in distribution of Government of India Sovereign Gold Bonds (SGB) and Atal Pension Yojana (APY) to its customers apart from participating in Government driven initiatives to meet the objectives of Financial Inclusion.

Bank associated with Kerala State Welfare Corporation for Forward Communities for financing the poor and marginalized people among the forward communities of State of Kerala. Bank made arrangements with SUPPLYCO for loan to farmers on the basis of Paddy Receipt Sheet issued by Supplyco. Govt of Kerala empanelled our Bank for Contractors Bill discounting facility through Digital Platform.

Bank entered into Memorandum of Understanding with Central Board of Direct Taxes and Central Board of Indirect Taxes for collection of direct and indirect Taxes.

### **Aadhaar Enrolment Centers**

Govt. of India, Department of Financial Services under Ministry of Finance had directed banks to become Enrolment Registrars with UIDAI so as to set up AADHAAR enrolment stations at branch premises. As on March 31, 2022, Bank has 26 Aadhaar Enrolment centres across various states.

### **Financial Inclusion**

Financial Inclusion ensures availability of basic banking services and products to all, thereby reaching the unreachd unbanked and under-banked areas. Bank has engaged 4

FLCs in the state of Kerala and these FLCs conducted 175 Financial Literacy awareness campaigns during the financial year 2021-22, to provide basic banking knowledge to people across various part of the Society.

Bank engaged 17 Business Correspondents for effective implementation of financial inclusion programme, to reach the banking services in sub service areas of a branch.

The Bank has opened 192473 Basic Savings Bank Deposit (BSBD) accounts as on March 31, 2022 with an outstanding balance of Rs.69.46 crore

### **Pradhan Mantri Jan DhanYojana (PMJDY):**

Pradhan Mantri Jan Dhan Yojana (PMJDY) is a National Mission on Financial Inclusion encompassing an integrated approach to bring about comprehensive financial inclusion of all the households in the country. The plan envisages universal access to banking facilities with at least one basic banking account for every household. As on March 31, 2022, Bank has opened total 30600 PMJDY accounts.

### **Micro credit (SHGs Bank linkage):**

Bank is providing credit facilities to Self-Help Groups (SHG) and Joint Liability Groups (JLG) to meet the credit needs of the poor. As on March 31, 2022, the Bank has 257 JLG loans with outstanding of Rs.4.27 Crore and 10347 SHG loans with outstanding of Rs. 543.15 crore.

### **Forex Business**

Bank offers an array of Trade Finance products and services to exporters and importers through a well-equipped branch network that operates from 14 States and Union Territories. The entire back end trade finance operations are centralized at Bank's new Corporate Office, Thrissur, Kerala and is handled by a team who is well versed with these kinds of transactions and can handle any kind of complex products of Cross Border Transactions. The objective of Trade Finance Central Processing Centre (TFCPC) backed with experienced team members is to ensure error free & TAT based processing of transactions.

Bank is on-boarding customers on the FX-Retail platform rolled out by CCIL (Clearing Corporation of India Ltd.), through which customers benefit from transparent and competitive pricing. TFCPC also organizes frequent trade-related workshops/Trainings by partnering with Trade bodies like FIEO, ECGC, etc., to provide a platform for networking with Exporters/ Importers and other Trade/Regulatory Bodies.

### **Treasury Department**

The Bank's gross Investment portfolio as on 31 March 2022 was Rs.4,155.46 Crore –consisting of Rs.,3385.27 Crore

SLR instruments and Rs.770.19 Crore non SLR instruments. In the SLR instruments, Treasury Bill is Rs.192.28 Crore. In domestic treasury operation, the yield of investment portfolio was 5.30%. The Bank had booked profit of Rs.11.97 Crore by sale of Investments. During the year ended 31.03.2022, the aggregate book value of investments sold from Held to Maturity (HTM) category was Rs.113.21 Crore. The sale is 4.83% of the book value at beginning of the Financial Year. The above sale is excluding sale under RBI's Open Market Operation and one time shifting from HTM to Available for Sale category (Rs.211.57 Crore).

### **Infrastructure Management**

Infrastructure Department takes care of Management of Premises, Fixed Assets, Security & communication equipment, etc., and getting infrastructure related works coordinated through various Regional Offices. Bank has adopted optimum measures to curtail rental and operational expenditure. Bank has undertaken shifting of branches to new premises as a part of rent reduction and renovation as part of facelift.

Major activities taken up during the FY 2021-22 are as follows:

- Bank's Corporate Office Shifted from Naickanal, Thrissur to a landmark building in Punnamm, Thrissur.
- All departments of the Bank operates from Corporate office building
- The building is constructed with low FAR [Floor Area Ratio] and surrounded with landscaping bringing a Green environment.
- The building is provided with Rain Water harvesting system and Sewage Treatment Plant with re-cycling facility.
- Shifted 18 branches to new premises bringing more facility and visibility to branches.
- Refurbishment undertaken in 25 branches to have more convenience for employees and customers.
- "Swachhata Drive 2021" undertaken in October 2021 for Cleanliness Drive and upkeep of premises which was participated by all branches PAN India.

### **Operations Department**

In order to ensure better efficiencies, control and integrity of data, Bank had set up an Operations Department at Corporate Office effective from July 1, 2021 and the following functions were brought under the control of centralized Operations Department: -

- ✓ Trade Finance Operations
- ✓ Central Processing Centre
- ✓ Regional Processing Centers
- ✓ Cash Management Services including Currency Chests
- ✓ Branch Banking Operations



While some of the functions were existing under the aegis of various departments / Regional Offices (RPCs were reporting to Regional Offices), an altogether new team for management of Cash, Currency Chest (CC) and RPC functions was created under Operations Department. Besides for revamping the customer onboarding software, DCAMS, is taken up and the upgraded version of the software is in the development stage.

### **Cash Management, Currency Chests & Regional Processing Centre**

- ✓ Daily monitoring of cash position and balance with other Banks of all branches. The average Cash to Deposit ratio of Bank reduced to 1.02 during FY 2021-22.
- ✓ Average surplus cash above the targeted CD ratio of 0.75, reduced by Rs.14.04 crore.
- ✓ Coins worth Rs.11.45 crore were disposed of during FY 21-22.
- ✓ Cash Retention limit of the Branches was fixed long back and the same was revised based on current business figures, location, chest linkage facility, average per day dispense at linked ATM etc.
- ✓ Got RBI approval for fresh chest linkage requests for 45 branches.
- ✓ Forged Note Vigilance Cell as per RBI direction was formed at Corporate Office level and updated list of 74 district nodal officers were issued.

### **Currency Chest Operations**

- ✓ Compliance level of Currency Chest operations improved drastically.
- ✓ Though the Bank has only 2 currency chests, one at Pushpagiri, Thrissur and other one at Attukal, Thiruvananthapuram, it stands at top 3 in terms of incentive received on soiled note remittance from RBI. Soiled note remittance of Rs.205.25 crore was done to RBI by both Currency Chest during the FY 2021-22.
- ✓ Issued Handbook on Currency Chest Operations and Management where in the existing rules as prescribed by various RBI circulars are briefly encapsulated which will help the banks' staffs to effortlessly familiarize themselves with the fundamentals of Currency Chest operations.
- ✓ Renovation work at both chests is done.

### **Management of Regional Processing Centres**

Rationalisation of the RPC team strength based on the functions handled were carried out thereby releasing 20 staff from RPC functions to branch activities. The activities of 5 RPCs were re-aligned with other RPCs resulting in

considerable saving in cost and resources. The overall volume of work handled at RPCs increased with the increase in deposits thereby supporting the business functions.

### **Branch Banking Operations Division**

Considerable improvement in Re-KYC compliance levels (more than 50% completion of pending positions). Video KYC process was implemented for Re-KYC, with a very low rejection percentage. Streamlining of many activities ensuring compliance to regulatory guidelines viz., current account opening, routing account reconciliation etc. were done. To facilitate the smooth functioning of branches, Branch Banking Operations Department issued Policies / Circulars/ SOPs/Desk Cards / Learning series etc., on Current Accounts, Video KYC, Record Maintenance, MNRL, DEA fund, Recurring Deposit, Safe Deposit Locker Operations, Account Opening & Re-KYC Process, DD/BC Issuance, Recurring Deposit etc.

### **Central Processing Centre (CPC)**

All functions coming under CPC were brought to one place (HO, earlier some functions were operating from a different location) after the Operations Department was formed. There were a concentrated and effective effort to improve TAT and bring more and more functions under CPC to ease the work load of branches to enable them to concentrate more on business improvements and customer service. There are 5 major functional teams working under the CPC at Head Office viz.,

- ✓ Payments & Settlements which started automation process of all the NACH products during the year, ensued that there's no rejections during the NACH file uploads, timely passing on of DBT credits to dormant customer accounts etc. The team also reduced the work load of branches by taking up bulk fund transfers from branches.
- ✓ Loans opening and limit set up: All loans and advances other than Gold Loans & loan against deposits are getting opened at CPC-Loans. All Covid related schemes loan openings were successfully handled. TAT has considerably improved for Loan Account Opening, compared to previous years.
- ✓ Account Activation & maintenance of Central KYC (CKYC): The team achieved 116% growth in CASA account opening activation, 252% growth in Gift card account activation, 133% growth in individual new customer ID upload in CKYC, compared to previous year and started the process of intimating customers, the CKYC number, through SMS.
- ✓ Request Processing of Security deliverables and Logistics team ensured increased safety of deliverables

and to reduce the cost and TAT, National level Account Facility agreement has been executed with Speed Post Department. Started a process of sharing of data of expired cards to branches to enable them to contact customers to strengthen relationship, reactivation of SB accounts and Re-KYC compliances.

- ✓ Depository Participant: The team started bidding of IPO and right issue for the customers through BSE & NSE, introduced Insta Demat Account for quick opening of Demat account and opened 300 Insta Demat Accounts and successfully coordinated the entire Sovereign Gold Bonds subscriptions.

### **Trade Finance Central Processing Centre (TFCPC)**

The TFCPC team was brought under Operations Department w.e.f July 1, 2021. The Forex Business activities of the Bank Branches is co-ordinated by this team.

### **Alternate Channels**

Bank has 258 ATM terminals across the country to cater to the requirements of the customers which includes 16 cash recyclers (CR) facilitating the customers to deposit cash into their Dhanlaxmi Bank Account without visiting any of our branches. Bank has also revamped its ATMs and its sites to enhance the visibility and to make the ATM sites more appealing to the customers.

As per the RBI guidelines Bank has implemented enhanced security features in ATMs and in the debit cards issued by the Bank which includes end to end encryption of data between the ATMs and the Switch, facility for the customers to enable/disable the card, payment channels like ATM, PoS and E-Commerce, manage the limits for each payment channels, etc.

As part of enhancing the customer experience and customer convenience, the Bank has introduced Platinum Debit card in association with RuPay and introduced contactless debit card in association with VISA.

### **Information Technology Department**

The banking sector is undergoing a paradigm shift as the core functions are facing a major process of transformation, driven by technological advancement.

The impact of covid-19 pandemic has paved the way for the shifting of traditional banking on to digital way due to the unprecedented challenges thrown by the need for physical distancing, innovations in Information Technology, growth in mobile and internet connectivity and advent of Fintech Companies. Our Bank has strengthened the core capabilities to empower our frontend teams with rightsizing and data analytics. With adoption of balanced scheduling of work from home and work from office, our business and operations team has delivered with faster turnaround

time against higher volumes across all products through technology enabled delivery model and unified workflows.

During the FY21-22, IT Department took a large number of innovative approaches and thoroughly upgraded our customer services.

Some of the initiatives are:

- Added various advanced features to our netbanking, mobile banking and UPI applications to deliver a superior user experience, issued different variants of credit and debit cards from VISA and Rupay to customers. New features to control the card related functions in mobile banking application were introduced to give flexibility to customers in switching ON/OFF and setting limits in various types of transactions. UPI application is enhanced with more features; QR code cash withdrawal at merchant outlets and standing instruction for transactions, etc.
- Customer Care Centre was upgraded with a wide range of Artificial Intelligence and voice functions providing 24x7x365 assistance to the customers / non-customers. The automated interactive voice response solution (IVRs) are now available in 6 languages with 20+ services. To provide an Omni-channel customer experience, a new SMS gateway is integrated.
- In response to the evolving customer preferences and requirements, we have undertaken a host of initiatives to digitise all possible customer journeys. As part of this endeavor, we have launched Re-KYC through Video KYC, an effective and efficient customer onboarding solution with the help of artificial intelligence (AI) and cognitive technology.
- To encourage customers to make '**green banking**' choices more effectively, new innovative method was introduced in the generation of e-statements and the statements are now delivered on the 1st of every month to the inbox of each customer having registered e-mail ids.
- Green PIN facility has made the PIN generation process much easier with low security concerns. The Green PIN facility extended to our Mobile Banking Application, DhanSmart.
- Bank has adopted a few remarkable technology-driven reforms such as making official e-mail available on-the-go to the employees (Mobile Data Management) and providing Virtual Private Network (VPN)/ Virtual Desktop Infrastructure (VDI) based access to the Bank's systems, adapting video conference-based executive meetings, implementation of analytics platform OFSAA, implementation of Network Monitoring Solution (NMS), launch of a fully digitised loan processing system (LGMS) for various MSME and other loan products.
- We have also put up various analytical/predictive models

for Non-Performing Asset (NPA) automation for various loan products, churn prediction for portfolio of Agri/ MSME, current/ saving account, customer profiling and segmentation, etc.

- In this fiscal, Bank has migrated the existing module of Locker application to the Safe Deposit Locker module with safety features. Our Bank will send SMS and email notification every time a Safe Deposit Locker is accessed.
- To bring the speed and efficiency in HR functions and to increase employee performance in aligning with Bank's strategic objectives, Bank has rolled out new HRMS application. Techzone (the ITSM application) rolled out to all the Branches in this financial year to address all incidents and service requests pertaining to IT applications, Systems and Network. The TechZone application is ITIL-compliant and leverages the latest advances in AI-powered service automation. Bank has also upgraded the applications related to APY, SGB and other Schemes to incorporate the latest regulatory changes and business requirements.
- On the data refinement and enrichment front, Department is in the process of implementing Centralised Information Management System (CIMS) taken up by RBI, for the purpose of creating a single repository for collating banks' data through system-to-system approach for regulatory submissions.
- To ensure high accessibility, availability and sustainability Bank has focused on dedicated high bandwidth with low latency and redundancy. The Bank has deployed the best in the class infrastructure to provide availability of service to users and customers without fail. Redundant network backbone has been deployed to provide seamless access to critical banking applications on 24x7 basis.

Bank has a robust Business Continuity and Disaster Recovery plan that is periodically tested to ensure that it can meet any operational contingencies. Bank manages the state-of-the-art Data Centre, Near DR Site and Disaster Recovery Site.

### Rewards & Recognitions

This year was remarkable in a way that our Bank's innovative strides were duly recognized and appreciated which is always a motivation to move forward.

Our Bank has bagged the following award during the year in recognition of its achievement:

- **'Most Future Ready Bank of the Year'** in the 3rd annual BFSI Technology Excellence Awards 2022 presented by M/s Quantic India.

Head – IT & Digital Banking received the following personal recognition during the last financial year:

- **'Transformational CIO of the Year 2021'**, presented by M/s Enterprise IT World.
- **'BFSI Game changer Award 2021'** for the exemplary contribution to the BFSI industry presented by M/s Elets Technomedia.
- **'Channel recommended Top CIO of India Award 2022'**, presented by M/s Digital Edge – Enterprise Channels Summit & Awards 2022.
- **'Futuristic CIO100 Awards 2021'** presented by M/s IDG Media, India.

### Audit & Inspection Department

During the Financial Year 2021-22, Audit & Inspection Department conducted Risk based internal audit (RBIA) in 149 Branches and Business Units of the Bank. Concurrent Audits were conducted in 38 branches, 11 RPCs and 10 Business Units. Credit Audits were conducted in 484 advance accounts and Final Review/closure of RBIA reports of 135 branches were conducted. Management Audit was conducted for 28 business units at Central Office. Snap audit conducted in 5 branches. Various special audits conducted assessing the compliance status of Regulatory guidelines. Surprise check conducted on Information technology group. Audit Committee of Executives conducted 22 review meetings during the financial year.

### Vigilance Department

Vigilance function of the Bank aims to attain high levels of integrity in Systems and Procedure by creating Awareness and developing Commitment and Probity at all levels, contributing high standards of efficiency and professionalism. Vigilance function is responsible to ensure that public money is not misused by delinquent elements by using/misusing the loopholes in the systems and procedures.

Vigilance Department of the Bank is having a well-defined and comprehensive Board approved Policy, being reviewed annually by the Board of the Bank. Bank is having a Whistle Blower policy with an objective to conduct the affairs of the Bank in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. 'Whistle Blower Policy' provides a mechanism for employees/ stakeholders to report the instances of corruption, misuse of Office, unethical behavior, actual or suspected fraud or violation of the Bank's code of conduct, failure to comply with existing rules and regulations resulting in financial loss / operational risk, loss of reputation etc; detrimental to Depositors / Public Interest, Misappropriation of Bank's asset, etc. The Department is responsible for conducting investigation, wherever necessary, based on the complaint/input from the Whistle Blowers. This is in addition to the Protected Disclosure Scheme framed in tune with the RBI directions.

All fraud related issues are handled by Vigilance Department

as per regulatory norms, which includes Investigation on frauds/Serious irregularities and timely reporting of frauds to the RBI and the Board. The department conducts Root Cause Analysis of Frauds reported and wherever system flaws/control weakness are identified, control measures are suggested or taken up with concerned Department for its proper implementation, so as to avoid recurrence of such incidents.

### **Information Security**

Rapid digitization of business, increasing transaction intensity and connectivity to networks and ecosystems has made cyber security increasingly important. The Bank needs to be prepared for cyber risk as we become more digital and maintain open and flexible platforms to encourage partnerships and innovation. The Bank has an Information Security Group functioning at Corporate Office which addresses information and cyber security related risks. The Bank has a defined governance structure in place under the Information Security Management Committee, which includes representatives from Business, Operations, IT, HR and Risk Management functions.

Bank's Information Security Group is primarily responsible for identifying, assessing and proposing mitigation for every information and cyber security related risks. Information Security Group is also responsible for the Education, Awareness and Promotion of Information & Cyber Security initiatives across the Bank.

The Bank ensures adherence to compliance standards set by the regulatory bodies. As per the RBI guideline on Cyber Security, Bank has formulated Cyber Security Policy, Information Security Policy and Cyber Crisis Management Plan which are reviewed on a periodic basis. The Bank has been implementing guidelines by RBI on Cyber Security Framework. The Bank was certified with ISO/IEC 27001:2013 in the year 2019, for Information Security Management System. This certification is our assurance that we are in line with the cyber security standards for keeping the Information Systems secured. In the year 2022, Bank got re-certified on ISO/IEC 27001:2013 standard for another 3 years.

Bank has established Security Operation Centre (SOC) to detect and respond to Cyber incidents. Bank also conducts and participates in cyber security drills to continuously fine-tune its response mechanisms. Moreover, the Bank runs multiple awareness and internal simulation exercises to ensure high levels of employee awareness on information security. Bank has deployed Endpoint Detection and Response (EDR) solution to detect and respond against the advanced cyber-attacks like ransom ware attacks.

Due to the advent of Digital Banking age, the approach of customers to avail banking services are changing at different

scenarios. Presently, customers prefer to transact using the digital banking channels round the clock to perform their banking services. Diversified channels of banking like internet banking, mobile banking, ATM, POS pursue different types of frauds. Our Bank has implemented a Real time Fraud Monitoring mechanism to mitigate the fraud risk and reduce financial loss to Bank by integrating all payment channels.

### **Legal**

The Bank has its credit a well-defined Legal Policy, which defines and takes care of the functions of the Legal Department of the Bank, inter-alia, the following:

- to devise the ways and means to suggest and implement preventive legal measures in tune with the statutory provisions, regulatory prescriptions and judicial expositions
- to ensure proper due diligence and documentation in furthering the business of the Bank
- to initiate legal steps from time to time to secure the interest of the Bank
- to minimize the legal risks in the decision making process of the Bank and thus mitigating the legal and operational risks in a time bound manner.
- to take care of all suits filed by and against the Bank with scrupulous monitoring and timely steps

The Bank is having a well-structured and defined Manual on Documentation to suit the loan products, updated from time to time, in tune with the statutory changes and judicial decisions.

Legal Department takes care of the updation of legal knowledge among the field functionaries by circulating an internal journal called "Legal PRO", which conveys latest judicial decisions and statutory changes affecting bankers.

Legal Department of the Bank is well equipped and has put in place all the necessary and statutory checks and balances to protect and safeguard the interest of the Bank.

### **KYC – "Know Your Customer" and AML – "Anti Money Laundering"**

AML function assesses customers' identity and financial activities and identifies the risk based on various factors, including the transactions.

The Bank has a well-defined Core Banking System, and all transactions processed by the system are monitored to verify the transactions' nature using the dedicated AML application. The alerts generated by the AML application are evaluated and processed based on the guidelines/rules issued by regulators from time to time. The Bank is discharging its responsibilities under the Prevention of Money Laundering Act.



### **Risk Management**

Bank has adopted an integrated approach for the management of risk. The Bank's risk management structure is overseen by the Board of Directors and the Risk Management committee of the Board (RMCB) at the Board level. At the executive level, Bank has Asset Liability Management Committee (ALCO), Credit Risk Management Committee (CRMC) Operational Risk Management Committee (ORMC) and Market Risk Management Committee (MRMC) for Risk Management.

Bank has framed comprehensive risk management policies to manage various types of risks like ICAAP (Internal Capital Adequacy Assessment Process) Policy, Credit Risk Management Policy, Asset Liability Management Policy, Operational Risk Management Policy and Integrated Risk Management Policy. The Stress testing Policy of the Bank was formulated to define different stress scenarios according to the RBI guidelines. The Bank has also developed various other risk Policies such as Stressed Industry Risk Management Policy, Fund Transfer Pricing Policy, Key Risk Indicator framework, Credit Pricing Policy, Risk Appetite Framework, etc., for better monitoring of Risk management.

### **Credit Risk**

The Bank assesses the credit risk at the portfolio level as well as at the exposure or counterparty level. It has a robust credit risk management framework comprising of the three distinct building blocks namely Policy & Strategy, Organizational structure and Operations/Systems.

Bank has a Board approved CRM Policy which deals with the various measures of Credit risks, goals to be achieved, current practices and future strategies.

The Credit Risk Management Committee of the Bank deals with issues relating to Credit Risk, which includes Rating standards and benchmarks, addressing issues in implementation of Rating, prudential limits on credit exposure, etc.

The credit risk management aims at ensuring sustained growth of healthy credit portfolio. Exposure caps in terms of individual, group, industry / sector and segment level are defined to control risk concentrations and to ensure a fairly diversified spread of credit portfolio. Bank has developed comprehensive risk rating system that serves as a single point indicator of diverse risk factors of counterparty and for taking credit decisions in a consistent manner. All exposures of Rs. 2 lakhs and above will come under the purview of rating. The Bank has put in place 'Rating Migration Analysis' of all credit exposures of Rs.25 lakhs and above. Credit risks inherent in investments in non-SLR Bonds are being assessed independently by treasury mid office using the internal rating models.

### **Market Risk**

Market Risk is defined as the possibility of loss to a bank caused by changes in the market variables. Liquidity risk is the risk to a bank's earnings and capital arising from its inability to timely meet obligations when they come due without incurring unacceptable losses. The primary tool of monitoring liquidity is the mismatch/gap analysis, which is monitored over successive time bands on a static basis. Moreover, the funds readily available as a back stop to meet contingency situations are measured and analyzed on a continuous basis.

Interest Rate Risk is another major risk involved in market risk. It is the exposure of a bank to financial loss through movements in interest rates. The immediate impact of changes in interest rates is on bank's earnings due to change in Net Interest Income (NII) and long term impact of changing interest rates is on bank's market value of equity

(MVE) or Networth as the economic value of bank's assets, liabilities and off-balance sheet positions get affected due to variation in market interest rates. The Bank measures the impact on EVE on a monthly basis using Duration Gap Analysis. Bank uses VaR limits in the trading portfolios to determine the potential loss on a 10 day holding period basis with a 99% confidence level.

ALCO plays an important role in deciding the business strategy of the Bank in line with the Bank's budget, Corporate Goals and risk tolerance levels decided by the Board having regard to the Capital Adequacy and Regulatory prescriptions. Bank has also a Market Risk Management Committee which is responsible for ensuring /adhering to the market risk limits set by the Board and plays a major role in devising the market risk strategy of the Bank.

### **Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Bank has a comprehensive policy on Operational Risk Management to ensure that all the operational risks within the Bank are identified, monitored and reported in a structured manner. The Operational Risk Management Committee consisting of the Bank's senior management including MD & CEO is responsible for the implementation of the Operational risk policy/strategy approved by the Board.

Bank had rolled out the Risk Control Self-Assessment (RCSA) to pro-actively identify emerging risks at operational level for devising mitigants at source itself during 2010-11 and has successfully completed RCSAs in majority of the branches and other business functions. Collation of Loss Events is also being continued as a measure to move towards The Standardized Approach for capital calculation. Bank has also established a Key Risk Indicator Framework

across the Bank which assists in identification, assessment, monitoring and mitigation of operational risk.

### **Compliance**

Compliance Department is the guardian to the rule books of the bank and regulator. It protects the Bank from taking excessive risks by ensuring that the business is within the regulatory parameters.

Compliance Department of your Bank is staying abreast of the changing regulatory requirements, expectations and industry practices. The Department is ensuring the best practice of compliance across various levels of our Bank. The Compliance Policy formulated by the Bank empowers the compliance function as an adequately enabled, strengthened and independent unit. The policy helps to ensure the effective monitoring and co-ordination of the compliance functions in the Bank. The policy is reviewed periodically and suitable changes are made to fall in line with the guidelines issued by the regulators from time to time.

The Compliance Manual which contains the compliance functions of each and every unit in our Bank serves as a guidance material for branches/ offices. It is comprehensively updated to stay contemporary. Our Bank has a well laid-down procedure and online mechanism to monitor the compliance functions. A network of compliance team is available for overseeing the compliance functions at various levels. Compliance Monitoring Officers have been nominated in all units to monitor the compliance functions and to develop a robust compliance culture in the Bank.

Our Bank is focusing on employee education through circulars, frequent contact sessions, e-learning, online Tests, etc., to sensitize them on the need for a strong compliance culture and also striving to develop a robust/ dynamic compliance culture in the Bank. For all matters related to compliance, the Department is functioning as a focal point for regulators like RBI, SEBI, IRDAI, etc. The Compliance function has been further strengthened by implementation of various regulations across the Bank and proactive detection of any compliance lapses coupled with quick remediation. To ensure compliance with all regulatory aspects and robustness of the controls, the Department has strengthened the monitoring and conducted thematic reviews.

Bank's Compliance Department, consisting of experienced officers headed by Chief Compliance Officer, is setup at Corporate Office, Thrissur. The main function of Compliance Department is to ensure strict observance of all statutory provisions contained in various legislations such as Banking Regulation Act, Reserve Bank of India Act, Foreign Exchange Management Act, Prevention of Money Laundering Act, etc., as well as to ensure observance of other regulatory guidelines issued from time to time, standards and codes prescribed by IBA, FEDAI, FIMMDA, etc., and also Bank's

internal policies and fair practices code. The activities of Compliance function is based on a well-defined Compliance Framework approved by the Board of Directors. Compliance function conducts compliance testing at various functional units and failures, if any, are brought to the notice of the Board of Directors. The Compliance Department acts as the focal point for receipt and dissemination of all regulatory and internal guidelines/instructions. Compliance Department ensures that appropriate instructions get promptly percolated within the organization, the instructions are actually received at each office, and the instructions are implemented. Compliance Department plays the pivotal role in the area of identifying the level of compliance risk in each business line, products and processes and issue instructions to operational functionaries.

### **Human Resources**

The Bank's employee strength was 1724 as on March 31, 2022 against 1656 as on 31st March, 2021. Bank had recruited 106 employees in the FY 2021-22 and promoted 88 employees across various cadres.

During the year, 1221 employees were trained through 113 programs. Bank has imparted special thrust on Information Security & Cyber Security, Compliance, Preventive Vigilance, Fraud Awareness, Digital Banking, Trade Finance, Credit, Selling Skills and other programs related to regulatory guidelines. Bank also, conducts online exams for the employees as a part of knowledge enhancement and upskilling.

### **Corporate Social Responsibility**

The Bank is grateful to the society for the support and encouragement in the Bank's growth and development. The Bank believes that no organization can make sustainable development without the patronage from the society. The Bank is committed in the integration of social and environmental concerns in its business operations and also in the interactions with its stakeholders. The Bank shall continue to have among its objectives, the promotion and growth of the national economy and shall continue to be mindful of its social and moral responsibilities to customers, shareholders, employees and society. The Bank's CSR mission is to contribute to the social and economic development of the community. Due to the Covid-19 Pandemic second wave and regulatory restrictions imposed by the state authorities during the financial year, opportunities for on the spot assessment/evaluation of projects were limited. However, to the extent possible, projects were either implemented or identified as on-going projects for completion in the subsequent financial year.



# Report on Corporate Governance

(This Report is in terms of Regulation 34(3) read with part C of schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and forms part of the Directors' Report dated December 05, 2022.)

The Corporate Governance philosophy of the Bank places strong emphasis on transparency, accountability and integrity in all the business activities of the Bank. The objective is to uphold transparency and integrity in all its operations, thereby optimizing shareholder value. The Bank believes that its business plans and strategies should be consistent with the above objective leading to sustained growth and long-term benefit to all. The Bank follows this principle meticulously in all its business dealings and decisions.

## BOARD OF DIRECTORS

### Composition of Board

The composition of the Board of Directors, the category of each Director and the sector represented by them according to the Banking Regulation Act, 1949 in the Bank as on March 31, 2022 are given below:-

Sl. No.	Name of Director	Category of Director	Sector represented by the Director according to the Banking Regulation Act, 1949
1	Sri. Shivan J.K	Managing Director & CEO	Banking
2	Sri. Gopinathan C.K	Non-Executive Director	Minority
3	Dr.(Capt.) Suseela Menon R #	Non-Executive Independent Director	Small Scale Industry
4	Sri. G. Rajagopalan Nair	Non-Executive Independent Director	Information Technology
5	Dr. G. Jagan Mohan *	RBI Additional Director	NA
6	Sri. D.K Kashyap	RBI Additional Director	NA

# Dr. (Capt.) Suseela Menon R, Independent Director, resigned from the Board w.e.f May 01, 2022 due to personal reasons and professional commitments and there were no other material reasons for the resignation.

\*Dr. G Jagan Mohan ceased to be Director w.e.f 30.05.2022 on completion of his tenure as RBI additional Director. In his place, RBI has appointed Sri. Yarasi Jayakumar as Additional Director w.e.f 30.05.2022.

The Board of Directors of the Bank as on March 31, 2022 had 4 Directors, comprising of the Managing Director & CEO, 2 independent non-executive Directors and one non-executive non-independent Director. In addition, there were 2 additional Directors appointed by the Reserve Bank of India under Section 36AB of the Banking Regulation Act, 1949. The matter with regard to the appointment of directors on the Board of the Bank was pending before the Hon'ble High Court of Kerala. Consequently, the Annual General Meeting (AGM) held on 29.09.2021 was also adjourned in deference with the directions of the Hon'ble High Court of Kerala, after considering all the other Agenda items listed in the Notice of AGM. Necessary disclosures in this regard were made by the Bank to the Stock Exchanges. As the matter on appointment of Directors was sub-judice, the Bank was not in a position to appoint new Directors. As such, the regulatory provisions w.r.t the composition of the Board and various mandatory Committees of the Board were not complied with as on 31.03.2022.

The petitions against the Bank on the appointment of Directors were held non-maintainable by the Hon'ble High Court on 25.10.2022. On 09.11.2022, the Bank appointed 3 Additional Directors in Independent Category. As on the date of this Report, the composition of the Board of Directors of the Bank and its mandatory Committees is in accordance with the provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Banking Regulation Act, 1949 and the RBI guidelines.

All the Directors have rich experience and specialized knowledge in various sectors like banking, agriculture and rural economy, economics, risk management, information technology, etc. The remuneration / sitting fees paid to the Directors during the

year are disclosed in Report on Corporate Governance. Declarations have been taken from Independent Directors as required under the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and RBI guidelines.

Therefore, the composition of the Board of Directors, the category of each Director and the sector represented by them according to the Banking Regulation Act, 1949 as on the date of this Report is as below:-

Sl. No.	Name of Director	Category of Director	Sector represented by the Director according to the Banking Regulation Act, 1949
1	Sri. Shivan J.K	Managing Director & CEO	Banking
2	Sri. Gopinathan C.K	Non-Executive Director	Minority
3	Sri. G. Rajagopalan Nair	Non-Executive Independent Director	Information Technology
4	Sri. D.K Kashyap	RBI Additional Director	NA
5	Sri. Yarasi Jayakumar	RBI Additional Director	NA
6	Sri. K.N Madhusoodanan	Non-Executive Additional Director (Independent Category)	Agriculture & Rural Economy
7	Sri. Sreesankar Radhakrishnan	Non-Executive Additional Director (Independent Category)	Minority
8	Dr. Nirmala Padmanabhan	Non-Executive Additional Director (Independent Category)	Economics
9	Sri. Sridhar Kalyanasundaram	Non-Executive Additional Director (Independent Category)	Risk Management

As on the date of this report, Sri. Gopinathan C.K holds 2,22,90,000 Equity Shares, including 33,20,000 equity shares held by relatives (i.e., 8.80% of the total equity capital of the Bank) and Sri. K.N Madhusoodanan holds 4,91,360 equity shares of the Bank (0.19%) and M/s. Mavanal Granites Private Limited, where he is the promoter as well as Managing Director, holds 4,33,210 equity shares of the Bank (0.17%). Sri. Sridhar Kalyanasundaram holds 100 equity shares of the Bank. Sri. Shivan J.K, Managing Director & CEO holds 550 equity shares of the Bank. No other Director holds any shares in the Bank. None of the Directors hold directorship in any other listed/public limited companies. Further, none of the Directors of the Bank are related inter-se, in terms of Section 2(77) of the Companies Act, 2013 and rules made thereunder.

Detailed profiles of all the Board Members are available in the Bank's website at <https://www.dhanbank.com/board-of-directors>.

### Board Meetings

A total of 15 Board Meetings were held during the year and the dates are as under:-

01.05.2021, 29.05.2021, 09.06.2021, 26.06.2021, 28.07.2021, 03.09.2021, 20.09.2021, 29.09.2021, 29.10.2021, 05.11.2021, 30.11.2021, 21.12.2021, 01.02.2022, 11.02.2022 and 17.03.2022.

The details of attendance of each Director at the Board meetings and at the last Annual General Meeting (AGM) held on September 29, 2021 are as follows:-

Sl. No.	Name of Director	No. of Board Meetings		Attendance at last AGM
		Held during the Tenure	Attended	
1	Sri. G. Subramonia Iyer	12	12	Present
2	Sri. Shivan J.K	15	15	Present
3	Sri. Gopinathan C.K	15	15	Present
4	Dr. (Capt.) Suseela Menon R	15	15	Present
5	Sri. G. Rajagopalan Nair	15	15	Present
6	Sri. P.K Vijayakumar	6	6	NA
7	Dr. G. Jagan Mohan, RBI Additional Director	15	15	NA
8	Sri. D.K Kashyap, RBI Additional Director	15	15	NA

Change in Directors during the year 2021-22

1. Sri. P.K Vijayakumar retired from the Board of the Bank on September 13, 2021 on completion of tenure of office.
2. Sri. Gopinathan C.K was re-appointed as Non-Independent Director liable to retire by rotation at the Annual General Meeting of the Bank held on September 29, 2021.
3. Sri. G. Subramonia Iyer resigned from the Board of Directors of the Bank w.e.f December 31, 2021 due to personal reasons and there are no other material reasons other than those provided.
4. The Shareholders of the Bank had approved the resolution for the re-appointment of Sri. G. Rajagopalan Nair as Independent Director of the Bank through postal ballot for a period of five years w.e.f January 17, 2022 and he shall not be liable to retire by rotation.

Changes in the Board from April 01, 2022 to till date are as follows:-

- (a) Dr. (Capt.) Suseela Menon R, Independent Director of the Bank, resigned from the Board of Directors of the Bank w.e.f May 01, 2022 due to personal reasons and professional commitments and there were no other material reasons for the resignation.
- (b) RBI has appointed Shri. Yarasi Jayakumar as Additional Director on the Board of the Bank, in place of Dr. G Jagan Mohan, for a period of two years from May 30, 2022 to May 29, 2024 or till further orders, whichever is earlier.
- (c) RBI had extended the tenure of Shri D.K Kashyap for a period of 2 years w.e.f 28.09.2022 to 27.09.2024 or till further orders of RBI, whichever is earlier.
- (d) Sri. K.N Madhusoodhanan, Sri.Sreesankar Radhakrishnan and Dr. Nirmala Padmanabhan were appointed as Additional Directors (Independent Category) on the Board of the Bank w.e.f 09.11.2022.
- (e) Sri. Sridhar Kalyanasundaram was appointed as Additional Director (Independent Category) on the Board of the Bank w.e.f 05.12.2022.

Committee position of Directors in the Bank as on March 31, 2022

Sl.No.	Name of Director	Chairman	Member
1	Sri. Shivan J.K	<ol style="list-style-type: none"> <li>1. Large Value Fraud Monitoring Committee</li> <li>2. Redressal Committee on Willful Defaulters &amp; Review Committee on Non-Cooperative Borrowers</li> </ol>	<ol style="list-style-type: none"> <li>1. Credit &amp; Business Committee of Board</li> <li>2. NPA Monitoring Committee</li> <li>3. Risk Management Committee</li> <li>4. HRD Committee</li> <li>5. Stakeholders' Relationship Committee</li> <li>6. Corporate Social Responsibility Committee</li> <li>7. Customer Service Committee</li> <li>8. IT Strategy Committee</li> </ol>
2	Sri. Gopinathan C.K	<ol style="list-style-type: none"> <li>1. Stakeholders' Relationship Committee</li> <li>2. Corporate Social Responsibility Committee</li> <li>3. Customer Service Committee</li> </ol>	<ol style="list-style-type: none"> <li>1. Audit Committee</li> <li>2. Credit &amp; Business Committee of Board</li> <li>3. NPA Monitoring Committee</li> <li>4. Risk Management Committee</li> <li>5. HRD Committee</li> <li>6. Large Value Fraud Monitoring Committee</li> <li>7. IT Strategy Committee</li> <li>8. Nomination &amp; Remuneration Committee</li> </ol>
3	Dr. (Capt.) Suseela Menon R	<ol style="list-style-type: none"> <li>1. Credit &amp; Business Committee of Board</li> <li>2. HRD Committee</li> <li>3. IT Strategy Committee</li> <li>4. Nomination &amp; Remuneration Committee</li> </ol>	<ol style="list-style-type: none"> <li>1. Audit Committee</li> <li>2. Risk Management Committee</li> <li>3. Large Value Fraud Monitoring Committee</li> <li>4. Stakeholders' Relationship Committee</li> <li>5. Corporate Social Responsibility Committee</li> <li>6. Customer Service Committee</li> <li>7. Redressal Committee on Willful Defaulters &amp; Review Committee on Non-Cooperative Borrowers</li> </ol>

Sl.No.	Name of Director	Chairman	Member
4	Sri. G. Rajagopalan Nair	1. Audit Committee 2. NPA Monitoring Committee 3. Risk Management Committee	1. Credit & Business Committee of Board 2. Large Value Fraud Monitoring Committee 3. Customer Service Committee 4. IT Strategy Committee 5. Nomination & Remuneration Committee 6. Redressal Committee on Willful Defaulters & Review Committee on Non-Cooperative Borrowers
5	Dr. G. Jagan Mohan, RBI Additional Director	----	1. Audit Committee
6	Sri. D.K Kashyap, RBI Additional Director	----	1. Audit Committee

None of the Directors hold directorship in any other listed / public limited companies. None of the Directors is a member of more than ten Committees or Chairperson of more than five Committees across all listed companies in which he is a director, as required under Regulation 26 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. For the purpose of determination of this limit, chairpersonship and membership of Audit Committee and Stakeholders' Relationship Committee is only taken into account.

Further, none of the Directors of the Bank are related inter-se, in terms of Section 2(77) of the Companies Act, 2013 and the rules made thereunder.

#### Skills / Expertise / Competence of Board of Directors

The Bank is regulated by the provisions of the Banking Regulation Act, 1949 besides the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013. In terms of Section 10A(2)(a) of the Banking Regulation Act, 1949, not less than fifty-one per cent of the total number of members of the Board of Directors shall consist of persons who shall have special knowledge or practical experience in respect of one or more of certain areas / sectors as specified in the said Act. The Board of Directors of the Bank is guided by the provisions of aforesaid regulations and the business requirements as and when any new Directors were appointed on the Board. The Bank has identified the skills/expertise/competencies as required to be possessed by its Board, in the context of its businesses and the sectors, for it to function effectively. The details of the skills/expertise/competencies possessed by the Directors, as on March 31, 2022, were as follows:-

Sl. No.	Name of Director	Skills/expertise/competencies
1	Sri. Shivan J.K	Banking
2	Sri. Gopinathan C.K	Business
3	Dr.(Capt.) Suseela Menon R	Small Scale Industry
4	Sri. G. Rajagopalan Nair	Information Technology

#### 1. COMMITTEES OF BOARD

The Board has constituted various Committees of the Board in accordance with the provisions of Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Banking Regulation Act, 1949, RBI guidelines and other applicable regulations to take informed decisions in the best interests of the Bank. These Committees monitor the activities falling within their terms of reference. The terms of reference of these Committees and composition of the Committees as on March 31, 2022 and the number / dates of meetings of various Committees in the financial year 2021-22 along with the attendance of the Directors in such meetings are detailed below.

##### A) Audit Committee

The Board of the Bank had constituted a five member Audit Committee. All the Members of the Committee are non-executive Directors.

**i) Composition of the Committee as on March 31, 2022**

- Sri.G. Rajagopalan Nair, Chairman of the Committee
- Sri.Gopinathan C.K, Member of the Committee
- Dr. G. Jagan Mohan, Member of the Committee
- Dr. (Capt.) Suseela Menon R, Member of the Committee
- Sri. D.K Kashyap, Member of the Committee

**ii) Terms of reference**

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board the appointment, reappointment, and if required, the replacement or removal of the statutory auditor and the fixation of audit fee;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing with management the annual financial statements before submission to the Board for approval with particular reference to:
  - a) Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of clause(C) of Sub-section 3 of section 134 of the Companies Act 2013;
  - b) Changes if any in accounting policies and practices and reasons for the same;
  - c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - d) Significant adjustment made in the financial statement arising out of audit findings;
  - e) Compliance with listing and other legal requirements relating to the financial statements;
  - f) Disclosure of any related party transactions;
  - g) Qualifications in the draft audit report
5. Reviewing with the management the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditors independence and performance and effectiveness of audit process
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing the performance of the statutory and internal auditors and adequacy of the internal control system with the management;
13. Reviewing the adequacy of internal audit function if any including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors regarding any significant findings and follow-up thereon;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before audit commences about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern and following up all the issues brought out in the Long Form Audit Report (LFAR) and interacting with the Statutory Auditors before finalization of the annual financial accounts and reports;
17. Following up on all the issues / concerns raised in the Annual Financial Inspection (AFI) reports of Reserve Bank of India;
18. To look into the reasons for substantial defaults in the payments to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors;
19. To review the function of whistle blower mechanism in case the same exists;

20. Monitoring the end use of funds raised through public offers and related matters;
21. Recommending / approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
22. Reviewing the Risk Based Internal Audit (RBIA) / audit function – the system, its quality and effectiveness in terms of follow up;
23. Reviewing the RBIA reports of all branches (First Review) and final review of branches having High, Medium and above Risk level with “Increasing” trend;
24. Review of Revenue leakage detected in RBIA / Revenue / Concurrent Audit;
25. Focusing on the follow-up of:
  - a) Reconciliation of inter-branch adjustment accounts;
  - b) Long outstanding entries in inter-bank accounts and nostro accounts;
  - c) Arrears in balancing of books at various branches;
  - d) Frauds;
  - e) Other key areas of housekeeping
26. Reviewing half yearly reports from the Compliance Officers of the Bank;
27. Review of Concurrent Audit of Depository Department;
28. Review of dishonored cheques of Rs. 1 Crore and above and cheques issued by broker entities;
29. Review of forex transactions;
30. Review of Concurrent audit of Integrated Treasury and branches (quarterly);
31. Summary of Risk Control Self-Assessment (RCSA) of functions/branches done together with open and closed issues;
32. Monthly review of the working of the Vigilance department;
33. Quarterly report on the activity of the Inspection department;
34. Review of the functioning of the meetings of Audit Committee of Executives;
35. Review of reports of inspection of Regional Offices;
36. Quarterly/Annual review of frauds

### iii) Number of Meetings during the year

The Committee met 9 times during the year on 29.05.2021, 23.07.2021, 28.07.2021, 29.10.2021, 05.11.2021, 20.12.2021, 01.02.2022, 11.02.2022 and 17.03.2022.

### iv) Details of attendance of each Director at the meetings

Sl. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Sri. G. Rajagopalan Nair, Chairman of the Committee (Inducted to the Committee w.e.f 09.06.2021)	8	8
2	Sri. Gopinathan C.K (Inducted to the Committee w.e.f 20.09.2021)	6	6
3	Dr. G. Jagan Mohan	9	8
4	Dr. (Capt.) Suseela Menon R	9	9
5	Sri. D.K Kashyap	9	9
6	Sri. P.K Vijayakumar, Chairman of the committee (Ceased to be Director w.e.f 13.09.2021)	3	3
7	Sri. G. Subramonia Iyer (Ceased to be Director w.e.f 31.12.2021)	1	1

## B) Credit & Business Committee of Board

### i) Composition of the Committee as on March 31, 2022

- Dr. (Capt.) Suseela Menon R, Chairperson of the Committee



- Sri Shivan J.K, Member of the Committee
- Sri Gopinathan C.K, Member of the Committee
- Sri G. Rajagopalan Nair, Member of the Committee.

**ii) Terms of reference**

- Consider for approval financial sanctions in individual accounts and group entities beyond the sanctioning powers of Corporate Credit Committee-1 and upto Rs. 50 crore;
- Consider recording of sanctions of Corporate Credit Committee-1;
- Approve / review strategies / plans for business growth;
- Review performance of regions / branches on key business parameters;
- Review details of top 20 depositors;
- Any other item as may be decided by the Board / Committee from time to time

**iii) Number of Meetings during the year**

The Committee met 10 times on 27.05.2021, 25.06.2021, 08.08.2021, 22.09.2021, 16.10.2021, 15.11.2021, 14.12.2021, 27.01.2022, 07.03.2022 and 25.03.2022 during the year.

**iv) Details of attendance of each Director at the meetings**

Sl. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Dr. (Capt.) Suseela Menon R, Chairman of the Committee (Inducted to the Committee w.e.f 05.01.2022)	3	3
2	Sri. Shivan J.K	10	10
3	Sri. Gopinathan C.K	10	10
4	Sri. G. Rajagopalan Nair	10	10
5	Sri. G. Subramonia Iyer (Ceased to be Director w.e.f 31.12.2021)	7	7

**C) Nomination & Remuneration Committee**

**i) Composition of the Committee as on March 31, 2022**

- Dr. (Capt.) Suseela Menon R, Chairperson of the Committee
- Sri. Gopinathan C.K, Member of the Committee
- Sri. G. Rajagopalan Nair, Member of the Committee

**ii) Terms of reference**

1. Recommending to the Board for its consideration and approval on the size and composition of the Board taking into account the available and needed diversity and balance in terms of experience, knowledge, skills and judgment of the Directors;
2. Reviewing, from time to time, possible candidates for current and potential Board vacancies, including Directors who are to retire and are eligible for re-appointment or re-election and other persons who may be recommended by the Chairman or the MD&CEO or other Directors, shareholders or others;
3. Recommending to the Board, candidates for election (including re-election) or appointment (including reappointment) to the Board;
4. Carrying out evaluation of every Director's performance;
5. Deciding on the matter of whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
6. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal; formulation of the criteria for determining qualifications, positive attributes and Independence of a Director;
7. Devising a policy on diversity of Board of Directors;

8. Recommending to the Board a policy relating to the remuneration for the Directors, key managerial personnel and other employees;
9. Formulating and determining the Bank's policies on remuneration packages payable to the Directors and key managerial personnel including performance/achievement bonus perquisites, retinals, sitting fees;
10. Considering grant of Stock Options to employees;
11. Reviewing the composition of the existing Committees of the Board;
12. Formulation of criteria for performance evaluation of independent directors and the Board;
13. Validation of "fit and proper" status of all Directors on the Board of the Bank in terms of the guidelines issued by the RBI or other regulatory authorities;
14. Developing and recommending to the Board the Corporate Governance guidelines applicable to the Bank for incorporating best practices from time to time

### iii) Number of Meetings during the year

The Committee met 9 times on 26.05.2021, 23.07.2021, 03.09.2021, 20.09.2021, 11.10.2021, 15.11.2021, 22.11.2021, 30.11.2021 and 08.03.2022 during the year.

### iv) Details of attendance of each Director at the meetings

Sl. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Dr. (Capt.) Suseela Menon R, Chairperson of the Committee	9	9
2	Sri. Gopinathan C.K	9	9
3	Sri. G. Rajagopalan Nair	9	9
4	Sri. P.K Vijayakumar (Ceased to be Director w.e.f 13.09.2021)	3	3
5	Sri. G. Subramonia Iyer (Ceased to be Director w.e.f 31.12.2021)	8	8

### v) Performance Evaluation of Independent Directors

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the performance evaluation of the Board as a whole, the individual Directors including independent Directors and various Committees of the Board are undertaken annually. The evaluation of the individual Directors is being done in the absence of the Director being evaluated.

The criteria for performance evaluation of independent Directors include, inter-alia, the following:

- Attendance at Board and various Committee meetings and General meetings of the Bank;
- Active/ constructive participation and contribution in Board and Committee meetings;
- Contribution to effective corporate governance and transparency in the Bank's operations;
- Regular updation of skills/ knowledge;
- Contributions towards the performance and strategies of the Bank;
- Ensuring independence from the Bank/ Management / other Directors;
- Adherence to the code of conduct for independent Directors and the terms and conditions in the letter of appointment;
- Assisting the Bank in protecting the interest of the Bank and all its stakeholders;

The Board also hereby confirms that the Independent Directors of the Bank fulfill the conditions specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and are independent of the Management. Pursuant to the notification of the Ministry of Corporate Affairs dated October 22, 2019, an online data bank for the independent directors ("Data Bank") has been rolled out by the Indian Institute of Corporate Affairs. All the Independent Directors of the Bank as on March 31, 2022 have registered themselves in the Data Bank.

#### D) Risk Management Committee

##### i) Composition of the Committee as on March 31, 2022

- Sri. G. Rajagopalan Nair, Chairman of the Committee
- Sri. Shivan J.K, Member of the Committee
- Dr. (Capt.) Suseela Menon R, Member of the Committee
- Sri. Gopinathan C.K, Member of the Committee

##### ii) Terms of reference

Review the risk management framework and risk appetite of the Bank, examine the adequacy and effectiveness of the risk management policy, and ensure appropriate / adequate reporting to the Board with recommendations where required by:-

1. Overseeing the development and implementation of the risk management strategy and practices by the Bank and assess the effectiveness thereof;
2. Overseeing the implementation of Risk Management guidelines prescribed by the Reserve Bank of India;
3. Ensure that the Bank has an appropriate and effective mechanism to identify, measure, control and monitor all applicable risks on a timely basis and as accurately as feasible;
4. Call for appropriate data / information to confirm the risk assessments of the past or projections for the future including development of any key performance or risk tolerance indicators;
5. Ensure that the risk management policy in force is in tune with regulatory requirements, corporate governance standards, emerging new risks and industry best practices;
6. Review major breaches in policy;
7. Appraise uncovered / residual risks to the Board;
8. Assess the capacity of the Bank to withstand major 'shocks' , financial or otherwise, caused by market forces, regulatory directives, environment, any other external factors or internal upheavals;
9. Call for any studies, information, data or analyses in matters pertaining to management of risk from the officers of the Bank, issue orders for investigation on any risk related subject including constitution of any sub-committee for such purpose and seek the opinions or reports of independent experts/professionals where considered desirable or essential;
10. Review the reports of discussions of the Risk Management Committees of Executives including Asset Liability Management Committee (ALCO), Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC) and Risk Management Committee of Executives (RMCE);
11. Review of credit rating migration analysis done by the Bank;
12. Reviewing the quarterly reports on loss data collection;
13. Review of Country Risk Exposure of the Bank

##### iii) Number of Meetings during the year

The Committee met 5 times during the year on 26.06.2021, 08.08.2021, 07.12.2021, 23.12.2021 and 08.03.2022.

##### iv) Details of attendance of each Director at the meetings

Sl. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Sri. G. Rajagopalan Nair, Chairman of the Committee.	5	5
2	Sri. Shivan J.K	5	5
3	Dr. (Capt.) Suseela Menon R	5	5
4	Gopinathan C.K (Inducted to the committee w.e.f 05.01.2022)	1	1
5	Sri. G. Subramonia Iyer (Ceased to be Director w.e.f 31.12.2021)	4	4
6	Sri. P.K Vijayakumar (Ceased to be Director w.e.f 13.09.2021)	2	2

## E) NPA Monitoring Committee

### i) Composition of the Committee as on March 31, 2022

- Sri. G. Rajagopalan Nair, Chairman of the Committee
- Sri. Shivan J.K, Member of the Committee
- Sri. Gopinathan C.K, Member of the Committee

### ii) Terms of reference

1. Overview of the NPA management in the Bank;
2. Review top SMA-1 / SMA-2 and NPA accounts and suggesting steps for recovery

### iii) Number of Meetings during the year

The Committee met 4 times during the year on 20.06.2021, 22.09.2021, 14.12.2021 and 15.03.2022.

### iv) Details of attendance of each Director at the meetings

Sl. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Sri. G. Rajagopalan Nair, Chairman of the Committee	4	4
2	Sri. Shivan J.K	4	4
3	Gopinathan C.K ( Inducted to the committee w.e.f 05.01.2022)	1	1
4	Sri. G. Subramonia Iyer (Ceased to be Director w.e.f 31.12.2021)	3	3
5	Sri. P.K Vijayakumar (Ceased to be Director w.e.f 13.09.2021)	1	1

## F) Large Value Fraud Monitoring Committee

### i) Composition of the Committee as on March 31, 2022

- Sri. Shivan J.K, Chairman of the Committee
- Sri. Gopinathan C.K, Member of the Committee
- Dr. (Capt.) Suseela Menon R, Member of the Committee
- Sri G. Rajagopalan Nair, Member of the Committee

### ii) Terms of reference

Monitor and review all the frauds of Rs.1 Crore and above so as to:-

1. Identify the systemic lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same;
2. Identify the reasons for delay in detection, if any, reporting to top management of the Bank and Reserve Bank of India;
3. Monitor progress of CBI/Police investigation and recovery position;
4. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time;
5. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls;
6. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds

### iii) Number of Meetings during the year

The Committee met 4 times during the year on 25.06.2021, 16.10.2021, 21.12.2021 and 07.03.2022.

**iv) Details of attendance of each Director at the meetings**

Sl. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Sri. Shivan J.K, Chairman of the Committee	4	4
2	Sri. Gopinathan C.K	4	4
3	Dr. (Capt.) Suseela Menon	4	4
4	Sri. G. Rajagopalan Nair	4	4
5	Sri. G. Subramonia Iyer (Ceased to be Director w.e.f 31.12.2021)	3	3
6	Sri. P.K Vijayakumar (Ceased to be Director w.e.f 13.09.2021)	1	1

**G) Stakeholders' Relationship Committee**

**i) Composition of the Committee as on March 31, 2022**

- Sri. Gopinathan C K, Chairman of the Committee
- Sri. Shivan J.K, Member of the Committee
- Sri. Dr. (Capt.) Suseela Menon R, Member of the Committee

**ii) Terms of reference**

1. Monitor investor complaints/grievances;
2. Ensure quick redressal of investor complaints associated with transfer/ transmission of shares, non-receipt of Annual Reports, non-receipt of declared dividends and issued dividend warrants;
3. Consider and resolve the grievances of security holders of the Bank including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
4. Review measures taken for effective exercise of voting rights by shareholders;
5. Review adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent;
6. Review various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders

**iii) Number of Meetings during the year**

The Committee met 4 times during the year on 25.06.2021, 16.10.2021, 27.01.2022 and 08.03.2022.

**iv) Details of attendance of each Director at the meetings**

Sl. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Sri. Gopinathan C.K, Chairman of the Committee	4	4
2	Sri. P.K Vijayakumar (Ceased to be Director w.e.f 13.09.2021)	1	1
3	Sri. Shivan J.K	4	4
4	Dr. (Capt.) Suseela Menon	4	4

**v) Number of investor complaints received and attended to by the Bank during the year**

Sl. No.	Nature of complaint	No. of complaints pending as on 01.04.2021	No. of complaints received	No. of complaints resolved	No. of complaints pending as on 31.03.2022
1	Transfer related Complaints	0	0	0	0
2	Dividend related Complaints	0	0	0	0
3	Others	0	0	0	0
	Total	0	10	0	0

There are no investor complaints pending as on the date of this Report in SEBI Complaints Redress System (SCORES).

#### H) Customer Service Committee

##### i) Composition of the Committee as on March 31, 2022

- Sri. Gopinathan C.K, Chairman of the Committee
- Sri. Shivan J.K, Member of the Committee
- Dr. (Capt.) Suseela Menon R, Member of the Committee
- Sri. G. Rajagopalan Nair, Member of the Committee

##### ii) Terms of reference

1. Formulation of a comprehensive deposit policy;
2. Issues such as the treatment of death of a depositor for operations of his account;
3. Product approval process with a view to suitability and appropriateness;
4. Annual survey of depositor satisfaction;
5. Tri-ennial audit of such services;
6. Monitor the progress in bringing about improvements in the quality of service provided to customers of the Bank;
7. Monitor periodically the customer service measures and new initiatives implemented by the Bank;
8. Review the implementation of guidelines and procedures prescribed by Reserve Bank of India that have a bearing on customer service of the Bank and make suitable recommendations;
9. Examine any other issues having a bearing on the quality of customer service rendered

##### iii) Number of Meetings during the year

The Committee met three times during the year on 16.10.2021, 27.01.2022 and 25.03.2022.

##### iv) Details of attendance of each Director at the meetings

Sl. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Sri. C.K Gopinathan, Chairman of the Committee	3	3
2	Sri. Shivan J.K	3	3
3	Dr. (Capt.) Suseela Menon R	3	3
4	Sri.G. Rajagopalan Nair	3	3

#### I) Corporate Social Responsibility Committee

##### i) Composition of the Committee as on March 31, 2022

- Sri. Gopinathan C.K, Chairman of the Committee
- Sri. Shivan J.K, Member of the Committee
- Dr.(Capt.) Suseela Menon R, Member of the Committee

##### ii) Terms of reference

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013;
2. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
3. Monitor the implementation of the Corporate Social Responsibility Policy;
4. Review the Corporate Social Responsibility Policy of the Bank from time to time

##### iii) Number of Meetings during the year

The Committee meet once during the year on 15.11.2021.



**iv) Details of attendance of each Director at the meetings**

Sl. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Dr.(Capt.) Suseela Menon R, Chairperson of the Committee	1	1
2	Sri. Shivan J.K	1	1
3	Sri. Gopinathan C.K	1	1

**J) Redressal Committee on Wilful Defaulters & Review Committee on Non-cooperative Borrowers**

**i) Composition of the Committee as on March 31, 2022**

- Sri. Shivan J.K, Chairman of the Committee
- Sri. G. Rajagopalan Nair, Member of the Committee
- Dr.(Capt.) Suseela Menon R, Member of the Committee

**ii) Terms of reference**

1. Review the willful defaulters, negotiate with them for settlement;
2. Review of the decision of Committee of higher functionaries to classify the borrower as non-cooperative borrower and confirm the same, as required

**iii) Number of Meetings during the year**

The Committee did not meet during the year.

**K) HRD Committee**

**i) Composition of the Committee as on March 31, 2022**

- Dr.(Capt.) Suseela Menon R, Chairperson of the Committee
- Sri. Shivan J.K, Member of the Committee
- Sri. Gopinathan C.K, Member of the Committee

**ii) Terms of reference**

1. Oversee the overall manpower planning of the Bank;
2. Approve budgets for HR planning and other HR related issues;
3. Recruitment for and promotions to Scale VI and above

**iii) Number of Meetings during the year**

The Committee met 6 times during the year on 29.04.2021, 26.06.2021, 07.12.2021, 23.12.2021, 27.01.2022 and 15.03.2022.

**iv) Details of attendance of each Director at the meetings**

Sl. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Dr. (Capt.) Suseela Menon R, Chairperson of the Committee	6	6
2	Sri. Shivan J.K	6	6
3	Sri. Gopinathan C.K	6	5
4	Sri. G. Subramonia Iyer (Ceased to be Director w.e.f 31.12.2021)	4	4
5	Sri. P.K Vijayakumar (Ceased to be Director w.e.f 13.09.2021)	2	2

**L) IT Strategy Committee**

**i) Composition of the Committee as on March 31, 2022**

- Dr. (Capt.) Suseela Menon R, Chairperson of the Committee
- Sri Shivan J.K, Member of the Committee

- Sri Gopinathan C.K, Member of the Committee
- Sri.G. Rajagopalan Nair, Member of the Committee

**ii) Terms of reference**

1. Review IT Strategy and recommend necessary action / changes, if any, to the Board;
2. Review IT organizational structure, IT risks & controls, gap analysis of IT skills and resource augmentation and recommend necessary action to the Board;
3. Review the cyber security and preparedness of the Bank;
4. Review IT related budgets and recommend the same to the Board for approval;
5. Review the status of unmitigated, critical vulnerabilities, if any, for each department / division and review mitigation plans / vulnerability reports;
6. Recommend to the Board for purchase of any IT-related hardware / software;
7. Examine other IT-related issues in the Bank and recommend necessary action to the Board

**iii) Number of Meetings during the year**

The Committee met 5 times during the year on 26.05.2021, 14.08.2021, 22.11.2021, 27.01.2022 and 08.03.2022

**iv) Details of attendance of each Director at the meetings**

Sl. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Dr. (Capt.) Suseela Menon R, Chairperson of the Committee	5	5
2	Sri. Shivan J.K	5	5
3	Sri. G. Rajagopalan Nair	5	5
4	Sri. Gopinathan C.K ( Inducted to the committee w.e.f 05.01.2022)	2	2
5	Sri. G. Subramonia Iyer (Ceased to be Director w.e.f 31.12.2021)	3	3
6	Sri. P.K Vijayakumar (Ceased to be Director w.e.f 13.09.2021)	2	2

**3. SEPARATE MEETING OF INDEPENDENT DIRECTORS**

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors of the Bank was held on March 15, 2022. All the Independent Directors of the Bank attended the meeting.

The agenda for the meeting included:-

- a) Reviewing the performance of non-independent directors and the Board as a whole;
- b) Reviewing the performance of the Chairman of the Bank, taking into account the views of executive directors and non-executive directors;
- c) Assess the quality, quantity and timeliness of flow of information between the Bank management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**4. REMUNERATION POLICY**

**A) Remuneration Policy for Employees of the Bank**

The Bank has a Board approved Compensation Policy which deals with the compensation & benefits of the Employees of the Bank and Whole-time Directors.

The objectives of the Compensation Policy of the Bank inter-alia includes, to provide a fair and persistent basis for motivating, inspiring and rewarding the employees appropriately, according to their jobs/role size, performance, accomplishments, contribution, skill, aptitude and competence to implement standards on sound compensation practices and incentives and to provide effective governance of compensation payable to the employees, alignment of compensation with prudent risk taking and effective supervisory oversight. The disclosure requirement of the remuneration is separately provided in “Disclosure under Basel III norms.”

## B Remuneration Policy for Directors

### Remuneration of Executive Directors

The Board considers the recommendations of the Nomination & Remuneration Committee and approves the remuneration, with or without modifications, subject to regulatory approvals. The remuneration payable to Whole-time Directors/MD & CEO is subject to prior approval of the Reserve Bank of India (RBI). Therefore, the remuneration or any revision in remuneration to Whole-time Directors/MD & CEO is payable only after receipt of the approval from RBI.

### Remuneration of Non-Executive Directors (NEDs)

The NEDs are paid sitting fees for attending each meeting of the Board of Directors or any Committee thereof as approved by the Board, within the permissible limit prescribed under the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other regulatory guidelines, as amended from time to time. The Board while recommending any change in the sitting fees considers various factors like size and complexity of organization, comparison with the peer banks and regulatory guidelines as applicable. Apart from sitting fees, the Bank does not pay any other remuneration to the non-executive Directors.

#### Remuneration paid to Directors during the year ended March 31, 2022

1. Remuneration (including perquisites) of Rs.55,03,226.00 was paid to Sri. Shivan J.K, Managing Director & CEO during the financial year 2021-22. The shares approved as part of compensation to MD&CEO will be subject to the compliance with the regulatory guidelines.
2. The sitting fees payable to a non-executive Director for attendance at a Board / Committee Meeting attended by him / her shall be such amount as may be fixed by the Board of Directors in accordance with the provisions of the Companies Act, 2013, the Banking Regulation Act, 1949, RBI guidelines and other applicable rules and regulations. The sitting fees for attending each Board and each Committee is Rs.25000/- and Rs.15000/- respectively. The total sitting fee paid by the Bank during the financial year 2021-22 is as under:-

Sl. No.	Name of Director	Total Amount of Sitting Fees paid during the year ended March 31, 2022 (Rs.)
1	Sri. Gopinathan C.K	1040000
2	Dr. (Capt.) Suseela Menon R	1125000
3	Sri. Rajagopalan Nair	1110000
4	Sri. G. Subramonia Iyer	795000
5	Sri. P.K Vijayakumar	375000
<b>Total</b>		<b>44,45,000</b>

The Remuneration Policy of the Bank is hosted on the website of the Bank [http://www.dhanbank.com/investor\\_relations/inv\\_stat\\_policy.aspx](http://www.dhanbank.com/investor_relations/inv_stat_policy.aspx).

## 5. INFORMATION ON DIRECTORS PROPOSED TO BE APPOINTED / RE-APPOINTED AT THE 95th ANNUAL GENERAL MEETING (REGULATION 36 (3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)

### 1. Sri. GOPINATHAN C.K (DIN - 01236752)

Date of Birth and age	29.03.1954 ; 68 years
Qualifications	B.Com
Brief Resume, Experience and Nature of expertise in specific functional areas	Sri. Gopinathan C.K has more than 25 years of experience in the financial sector. He was a Director in the Catholic Syrian Bank Limited for almost 8 years from September 26, 2008 to July 20, 2016. He was also Director of C.K.G Supermarket Limited and Managing Director of C.K.G Securities and Investments Limited. Sri. Gopinathan C.K is a major shareholder in the Bank and also has major investments in various leading companies across the State.

Terms and conditions of appointment / re-appointment along with details of remuneration	Sri. Gopinathan C.K will be entitled to sitting fees for attending Board / Committee Meetings
Details of Remuneration last drawn	Sri. Gopinathan C.K was paid only sitting fees of Rs.10,40,000/- for attending Board / Committee Meetings during the financial year 2021-22. Sri. Gopinathan C.K was paid only sitting fees of Rs.7,00,000/- for attending Board / Committee Meetings from April 01, 2022 upto 30.11.2022
Date of first appointment on Board	August 11, 2016
Shareholding in the Bank as on the date of this Report	2,22,90,000 Equity Shares (including 33,20,000 equity shares held by relatives)
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2021-22	15
Number of Board Meetings attended from April 01, 2022 upto 30.11.2022	10
Chairperson / Member of Committees of Board of Directors of the Bank as on the date of this Report	<u>Chairperson</u> HRD Committee Stakeholders' Relationship Committee Corporate Social Responsibility Committee  <u>Member</u> Audit Committee Credit & Business Committee of Board Large Value Fraud Monitoring Committee NPA Monitoring Committee Customer Service Committee Nomination & Remuneration Committee Redressal Committee on Willful Defaulters & Review Committee on Non-Cooperative Borrowers Equity Issuance Committee
Directorship in other public companies	Nil
Membership / Chairmanship of Committees of Boards of other listed companies as on the date of this Report	Nil

**2. Sri. K.N MADHUSOODANAN (DIN - 00396796)**

Date of Birth and age	01.06.1958 ; 64 years
Qualifications	B.Sc (Chemistry)
Brief Resume, Experience and Nature of expertise in specific functional areas	Shri. K.N Madhusoodanan is a successful entrepreneur with business interests in varied fields. He is the Managing Director of various private limited companies including MSME companies. He is a graduate and has special knowledge and practical experience in the field of agriculture and is also a leading civil construction contractor. Shri. K.N Madhusoodanan is also involved in various social service activities for the upliftment of economic conditions of socially and economically backward people belonging to rural areas and is associated with social service organizations in Kerala.
Terms and conditions of appointment /re-appointment along with details of remuneration	Shri. K.N Madhusoodanan will be entitled to sitting fees for attending Board / Committee Meetings.
Details of Remuneration last drawn	Nil (Appointed to the Board on November 09, 2022)
Date of first appointment on Board	November 09, 2022
Shareholding in the Bank as on the date of this Report	4,91,360 Equity Shares M/s. Mavanal Granites Private Limited, where he is the promoter as well as Managing Director, holds 4,33,210 Equity Shares of the Bank
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2021-22	Nil (Appointed as a Director w.e.f November 09,2022)
Number of Board Meetings attended from April 01, 2022 upto 30.11.2022	Nil (Appointed as a Director w.e.f November 09,2022)
Chairperson / Member of Committees of Board of Directors of the Bank as on the date of this Report	<u>Chairperson</u> Customer Service Committee Nomination & Remuneration Committee Equity Issuance Committee  <u>Member</u> Audit Committee Large Value Fraud Monitoring Committee NPA Monitoring Committee Stakeholders' Relationship Committee IT Strategy Committee
Directorship in other public companies	Nil
Membership / Chairmanship of Committees of Boards of other listed companies as on the date of this Report	Nil

### 3. Sri. SREESANKAR RADHAKRISHNAN (DIN - 02128417)

Date of Birth and age	22.02.1963 ; 59 years
Qualifications	BSc (Physics)
Brief Resume, Experience and Nature of expertise in specific functional areas	Shri. Sreesankar Radhakrishnan has over 39 years of experience in banking, capital market, money management and equity research. He has worked in State Bank of Travancore and Canara Bank in different positions before joining the Canbank Mutual Fund. Presently, he is the Senior Advisor of ECM, Incred Capital Wealth Portfolio Managers Pvt. Ltd. He was the Head of Institutional Equities in M/s. Tata Securities Ltd. from 2008 to 2013 and Co-Head of Institutional Equities in M/s. PrabhudasLiladher Pvt. Ltd. from 2013 to 2019. He was also the Head of South Asian Investments in BAM and Chief Investment Officer in DSP MLIM. He is also an analyst covering the banking and financial services sector.
Terms and conditions of appointment / re-appointment along with details of remuneration	Shri. Sreesankar Radhakrishnan will be entitled to sitting fees for attending Board / Committee Meetings.
Details of Remuneration last drawn	Nil (Appointed to the Board on November 09, 2022)
Date of first appointment on Board	November 09, 2022
Shareholding in the Bank as on the date of this Report	Nil
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2021-22	Nil (Appointed as a Director w.e.f November 09,2022)
Number of Board Meetings attended from April 01, 2022 upto 30.11.2022	Nil (Appointed as a Director w.e.f November 09,2022)
Chairman / Member of Committees of Board of Directors of the Bank as on the date of this Report	<u>Chairperson</u> Audit Committee  <u>Member</u> Large Value Fraud Monitoring Committee NPA Monitoring Committee Risk Management Committee Stakeholders' Relationship Committee Corporate Social Responsibility Committee Customer Service Committee IT Strategy Committee Nomination & Remuneration Committee Redressal Committee on Willful Defaulters & Review Committee on Non-Cooperative Borrowers Equity Issuance Committee
Directorship in other public companies	Nil
Membership / Chairmanship of Committees of Boards of other listed companies as on the date of this Report	Nil



**4. Dr. NIRMALA PADMANABHAN (DIN - 09455116)**

Date of Birth and age	31.05.1965 ; 57 years
Qualifications	M.A, M.Phil, Ph.D
Brief Resume, Experience and Nature of expertise in specific functional areas	Dr. Nirmala Padmanabhan was a faculty of Economics for 26 years for post-graduation and graduation and has handled subjects such as financial markets and systems, international trade and monetary systems. She has experience in budget analysis and analysis of economic issues of the country and in rural economic development as part of the Unnath Bharath Abhiyan / community development projects. Presently, she is the Dean of Extension and Incubation in St. Teresa's College, Ernakulam with overall charge of community development projects undertaken by the college and responsible for overall guidance to the business incubation and entrepreneurship development initiatives of the college. Dr. Nirmala Padmanabhan was Member of the Public Expenditure Review Committee of the Government of Kerala in 2020-21. She was also a Member of the Working Group on Gender and Development to prepare Plan of Action for 14 Five Year plan of the Government of Kerala in 2021-22. She was also a Member of the Working Group on Financial Resource Mobilisation to prepare Plan of Action for 14 Five Year Plan of the Government of Kerala in 2021-22. Dr. Nirmala Padmanabhan is a Director in and holds 6.94% of the paid-up capital of BhuME Women's Collective Pvt. Ltd. Dr. Nirmala Padmanabhan is a post graduate in economics and holds a doctorate and has special knowledge and practical experience in economics.
Terms and conditions of appointment / re-appointment along with details of remuneration	Dr. Nirmala Padmanabhan will be entitled to sitting fees for attending Board / Committee Meetings.
Details of Remuneration last drawn	Nil (Appointed to the Board on November 09, 2022)
Date of first appointment on Board	November 09, 2022
Shareholding in the Bank as on the date of this Report	Nil
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2021-22	Nil (Appointed as a Director w.e.f November 09,2022)
Number of Board Meetings attended from April 01, 2022 upto 30.11.2022	Nil (Appointed as a Director w.e.f November 09,2022)
Chairman / Member of Committees of Board of Directors of the Bank as on the date of this Report	<u>Chairperson</u> Risk Management Committee  <u>Member</u> Audit Committee Credit & Business Committee of Board HRD Committee Stakeholders' Relationship Committee Corporate Social Responsibility Committee Customer Service Committee IT Strategy Committee Nomination & Remuneration Committee

Directorship in other public companies	Nil
Membership / Chairmanship of Committees of Boards of other listed companies as on the date of this Report	Nil

#### 4. Sri. SRIDHAR KALYANASUNDARAM(DIN - 02732352)

Date of Birth and age	22.06.1957 ; 65 years
Qualifications	M.A, MBA, CAIIB, CISA, CRISC,CRICP
Brief Resume, Experience and Nature of expertise in specific functional areas	<p>Shri. Sridhar Kalyanasundaram has vast experience with various banks including State Bank of India, Standard Chartered Bank, Equatorial Trust Bank, Nigeria, I&amp;M Bank, Kenya and ESAF Small Finance Bank. Further, he has also worked with Globacom Telecom, Nigeria, HCL Technologies and Manappuram Finance Limited. He has worked in diverse areas including Risk Management, Enterprise Risk Management, Business Continuity, etc. He was the Chief Risk Officer of ESAF Small Finance Bank and Group Head of Risk Management in I&amp;M Bank, Kenya, Manappuram Finance Limited and Globacom Telecom. He has special knowledge and practical experience in risk management.</p> <p>Shri. Sridhar Kalyanasundaram is presently a freelance consultant &amp; trainer for Enterprise Risk &amp; Resilience Management.</p> <p>Shri. Sridhar Kalyanasundaram is an MBA holder, post graduate in economics, Certified Information Systems Auditor and has also passed the CAIIB, CRISC and CRICP examinations.</p>
Terms and conditions of appointment / re-appointment along with details of remuneration	Sri. Sridhar Kalyanasundaram will be entitled to sitting fees for attending Board / Committee Meetings.
Details of Remuneration last drawn	Nil (Appointed to the Board on December 05, 2022)
Date of first appointment on Board	December 05, 2022
Shareholding in the Bank as on the date of this Report	100 Equity Shares
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2021-22	Nil (Appointed as a Director w.e.f December 05, 2022)
Number of Board Meetings attended from April 01, 2022 upto 30.11.2022	Nil (Appointed as a Director w.e.f December 05, 2022)
Chairman / Member of Committees of Board of Directors of the Bank as on the date of this Report	Nil (Appointed as a Director w.e.f December 05, 2022)
Directorship in other public companies	Nil
Membership / Chairmanship of Committees of Boards of other listed companies as on the date of this Report	Nil

## 6. DETAILS OF LAST THREE ANNUAL GENERAL MEETINGS

Name of Meeting	Day, Date & Time	Venue	Special Resolutions passed at the Meeting	Additional Remarks
94th Annual General Meeting	29.09.2021 11.00 A.M	Through Video Conferencing	No Special Resolutions were included in the Notice of the Meeting	The Meeting was not concluded and adjourned as per the Order dated 29.09.2021 of the Hon'ble High Court of Kerala in two Writ Petitions filed against the Bank, i.e, WP(C) 19758/21 and WP(C) 20425/21.  The Writ Petitions were held not maintainable by the Hon'ble High Court on 25.10.2022 and consequently, the Bank informed the Stock Exchanges on the closure of the said AGM.
93rd Annual General Meeting	30.09.2020 11.00 A.M	Through Video Conferencing	1. To Increase the Authorised Share Capital and consequent alteration to the Memorandum of Association & Articles of Association of the Bank	Nil
92nd Annual General Meeting	30.08.2019 10.00 A.M	Lulu International Convention Center & Garden Hotels, Thrissur	No Special Resolutions were included in the Notice of the Meeting	Nil

## 7. POSTAL BALLOT

During the year the Shareholders had approved the following special resolution through postal ballot:-

- To re-appoint Sri. G. Rajagopalan Nair as Independent Director of the Bank

The details of voting pattern on the resolution are given below:-

Total Valid Votes	Votes in favour of the resolution			Votes against the resolution			Abstained Votes
	No. of Share Holders (Folios)	No. of Shares	% of total number of valid votes cast	No. of Share Holders (Folios)	No. of Shares	% of total number of valid votes cast	
7,49,71,735	196	7,49,17,338	99.93	36	54,397	0.07	1,383

Pursuant to the provisions of Section 110 of the Act read with Rule 22 of Companies (Management and Administration) Rules, 2014 (Management Rules), as amended, the Bank had issued Postal Ballot Notice dated November 30, 2021 to the Members, seeking their consent for a Special Resolution for the re-appointment of Sri. G. Rajagopalan Nair as an Independent Director of the Bank for a period of five years with effect from January 17, 2022, not to be liable to retire by rotation. The Postal Ballot also sought the approval of the Members for 2 other Ordinary Resolutions, being "Appointment of Statutory Central Auditors and authorizing the Board of Directors to fix their remuneration" and "Authorizing the Board of Directors to appoint and fix the remuneration of branch auditors".

In compliance with the provisions of Section 108 and Section 110 and other applicable provisions of the Act read with the relevant Rules, the Bank had provided remote e-voting facility to all the Members. The Bank engaged the services of M/s. KFin Technologies Limited, Registrar and Share Transfer Agents (RTA) of the Bank for facilitating e-voting to enable the Members to cast their votes electronically. The Board of Directors had appointed Mr. V. Suresh, Senior Partner, M/s. V. Suresh Associates, Practising Company Secretaries (FCS 2969/ CP 6032), to act as the Scrutinizer for Postal Ballot process. The voting period commenced on Wednesday, December 01, 2021 at 9.00 a.m. (IST) and ended on Thursday, December 30, 2021 at 5.00 p.m. (IST). The cut-off date for the purpose of determining the number of Members was Friday, November 26, 2021 and the total number of Members as on cut-off date was 98113. The report of the Scrutinizer was submitted to the

Chairperson of the Board. Based on the report, the voting results on the resolutions set out in the said Postal Ballot Notice were declared on Friday, December 31, 2021. The voting results were immediately placed to the Board of Directors of the Bank and disseminated to the Stock Exchanges and on the websites of the Bank as well as M/s. KFin Technologies Limited as per the regulatory provisions. All the Special as well as Ordinary resolutions set out in the said Postal Ballot Notice were approved by the Members with requisite majority. The resolutions were deemed to be passed on the last date specified for e-voting i.e. Thursday, December 30, 2021.

## **8. DISCLOSURES**

### **A) MD & CEO / CFO Certification**

The Managing Director & CEO and the Chief Financial Officer have issued certificate pursuant to the provisions of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Bank's affairs. The said certificate is annexed and forms part of the Annual Report.

### **B) Related Party Transactions**

The Bank has adopted the "Policy on materiality of related party transactions and dealing with related party transactions" in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy is hosted on the website of the Bank <https://www.dhanbank.com/bank-policies/>.

During the financial year, the Bank did not enter into any related party transactions with its Directors or Key Managerial Personnel or their Relatives that would potentially conflict with and/ or adversely affect the interests of the Bank, except the remuneration paid to the Managing Director & CEO, Chief Financial Officer and Company Secretary. There was no related party transaction for which Form AOC-2 was applicable.

### **C) Disclosure of Accounting Treatment**

In the preparation of financial statements for the year ended March 31, 2022, there has been no treatment different from that prescribed in the Accounting Standard that is being followed in the preceding financial year ended March 31, 2021. The additional liability on account of revision in family pension is accounted as per letter from RBI dated October 4, 2021.

### **D) Internal Control Systems**

#### **Insider Trading Code**

The Bank has adopted a "Code of Conduct to Regulate, Monitor and Report Trading by Insiders" and "Code of practices and procedures of Unpublished Price sensitive Information" in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and Companies Act, 2013 with a view to regulate trading in securities by the Directors and designated employees of the Bank. The Code requires pre-clearance for dealing in the Bank's shares beyond threshold limits. Further, it prohibits the purchase or sale of Bank shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Bank and during the period when the Trading Window is closed. The Directors and designated employees of the Bank have affirmed compliance with the Codes. The Codes are hosted on the website of the Bank <https://www.dhanbank.com/bank-policies/>

#### **Code of Conduct**

The Board of Directors has framed the "Code of Conduct for Directors and Senior Management", as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Corporate Governance. The confirmation from the Managing Director & CEO regarding compliance with the Code by all the Directors and Senior Management forms part of the Report. The Code is hosted on the website of the Bank <https://www.dhanbank.com/sebi-disclosure/>

#### **Whistle Blower Policy**

The Bank has formulated a Whistle Blower Policy with a view to provide a mechanism for employees of the Bank to approach the Ethics Counselor of the Bank (Chief Vigilance Officer) / Chairman of the Audit Committee of the Board, in case they observe any unethical and improper practices or any other alleged wrongful conduct in the Bank and to prohibit

managerial functionaries from taking any adverse personal action against those employees. All protected disclosures reported under this policy will be thoroughly investigated by the Ethics Counselor/ Chairman of the Audit Committee of the Bank. The investigation is to be normally completed within 180 days of receipt of the protected disclosure. The Policy is hosted on the website of the Bank <https://www.dhanbank.com/sebi-disclosure/>. It is affirmed that no personnel has been denied access to the Audit Committee.

### **Familiarization Programmes**

The Bank conducts various sessions to familiarize Directors, including independent Directors, with their roles, rights, responsibilities in the Bank, nature of the banking industry, business position of the Bank, business model, risk management system and technology architecture of the Bank. The following training programs were attended by Directors:-

- Certification programme in IT and Cyber Security for Board Members conducted by The Institute for Development and Research in Banking Technology (IDRBT), established by Reserve Bank of India, on 3rd and 4th of June 2021
- Virtual Learning Program on Governance and Assurance for the Directors on the Boards of Banks and Financial Institutions conducted by The Centre for Advanced Financial Research and Learning (CAFRAL) on 10th & 11th March 2022

The details of familiarization programmes are displayed on the website of the Bank <https://www.dhanbank.com/bank-policies/>.

### **Information supplied to the Board**

The Board is regularly presented with all information under the following heads, in accordance with the provisions of Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Banking Regulation Act, 1949, RBI guidelines and other statutory provisions, whenever applicable and materially significant. These are submitted either as a part of the agenda papers well in advance of the Board/Committee Meetings or are tabled in course of the Board/Committee Meetings.

Besides, all periodical returns and statements as prescribed by RBI are placed before the Board. All the policy documents relating to different aspects of Bank's functioning are also placed before the Board for their approval.

Among others, the following information is also furnished to the Board:

1. Review of annual operating plans of business, capital budgets, updates;
2. Quarterly results of the Bank and its operating divisions or business segments;
3. Minutes of meetings of Audit Committee and all other Committees;
4. Any materially relevant default in financial obligations to and by the Bank;
5. Significant developments in human resources and industrial relations fronts;
6. Non-compliance of any regulatory or statutory provision or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer;
7. Materially important show cause, demand, prosecution and penalty notices

The Bank has adhered to all the mandatory requirements of Corporate Governance norms as prescribed by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable to the Bank..

### **E) Utilization of funds raised through Preferential Allotment or Qualified Institutions Placement**

During the FY 2021-22, no funds were raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of Listing Regulations.

### **F) Recommendations of Committee(s) of the Board of Directors**

During the FY 2021-22, all recommendations of Committee(s) of the Board of Directors, which are mandatorily required, were accepted by the Board.

### **G) Strictures and Penalties**

During the last three years, there were no penalties or strictures imposed on the Bank by the Stock exchanges(s) and/or SEBI and/or any other statutory authorities on matters relating to capital market.

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Bank or the future operations of the Bank.

#### H) Fees paid to Statutory Auditors

A total fee of Rs.13,00,000 (Rupees Thirteen Lakh only) plus applicable taxes was paid to the previous Statutory Central Auditors M/s. P.B Vijayaraghavan & Co. for Quarterly Review and certification for the first two quarters of FY 2021-22. The travelling and out-of-pocket expenses related to the audit / review were additionally reimbursed on actual basis.

A total fee of Rs.31,00,000 (Rupees Thirty One Lakh only) plus applicable taxes was paid to the present Statutory Central Auditors M/s. Krishnamoorthy & Krishnamoorthy for Audit, Certification, Quarterly Review and Tax Audit for the FY 2021-22. The travelling and out-of-pocket expenses related to the audit / review were additionally reimbursed on actual basis.

#### I) Credit Ratings

During the FY 2021-22, the credit ratings on the outstanding debt instruments of the Bank were reaffirmed as under:-

- CARE BB +(Outlook: Stable) for Lower Tier II Bonds from CARE Ratings Limited
- BWR BB+ Credit watch with Developing implications from Brickwork Ratings India Private Limited for Lower Tier II Bonds

#### J) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Foreign Exchange Risk arising out of Forex positions of the Bank is monitored by the Treasury Mid Office, which is part of Integrated Risk Management Department (IRMD). Various risk limits such as Daylight Limit, NOOPL, AGL and Forex VAR are defined in the Market Risk Management Policy of the Bank and are closely monitored by IRMD. The Treasury Management Policy of the Bank with respect to Investment, Forex and Derivative operations lays out the operative guidelines for Foreign Exchange operations. The Foreign Currency Assets and Liability gap is ascertained by Treasury Department and is managed using hedging tools such as swaps, wherever found necessary. The Bank is not involved in Commodity Price Risk hedging activities..

#### K) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

No complaints were received during the FY 2021-22 under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and there were no complaints pending to be disposed of under the Act as on March 31, 2022.

### 9. MEANS OF COMMUNICATION

The unaudited/audited quarterly/half yearly/annual financial results of the Bank are forwarded to the BSE Ltd. and National Stock Exchange of India Ltd. immediately after the Board meeting. The same were also published in leading national and vernacular newspapers such as Financial Express and Janmabhumi. The results, Annual Report and Notice of Annual General Meeting are displayed on the Bank's website at <https://www.dhanbank.com/statutory-reports/>

The Bank has disclosed on its website all information as required under Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) and other applicable rules and regulations.

### 10. GENERAL SHAREHOLDER INFORMATION

95th Annual General Meeting	<b>Date</b>	<b>December 30, 2022</b>
	<b>Time</b>	<b>11.00 am</b>
	<b>Venue</b>	<b>Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")</b>
Name and other details regarding Compliance Officer		<b>Sri. Venkatesh H</b> Company Secretary & Secretary to the Board Dhanlaxmi Bank Ltd. Dhanalakshmi Buildings, Naickanal, Thrissur - 680001 Phone: 0487-6617000 Fax: 0487-2335367 E-mail: investors@dhanbank.co.in
Financial Year		2021-22
Date of Book Closure		December 25 ,2022 to December 30, 2022 (both days inclusive)
Dividend Payment Date		Not Applicable



Listing on Stock Exchanges	The equity shares of the Bank are listed on - 1. BSE Ltd. 2. National Stock Exchange of India Ltd.
Stock Code – Equity Shares	1. BSE Ltd. - 532180 2. National Stock Exchange of India Ltd. - DHANBANK
Registrar and Transfer Agents (RTA)	M/s. KFin Technologies Limited (previously known as M/s. Kfin Technologies Private Limited / M/s. Karvy Fintech Private Limited) Unit: Dhanlaxmi Bank “Selenium Tower B”, Plot No.31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032 Tel : +91-40-67162222 Fax: 040-2300 1153 Toll Free No: 1800 345 4001 E-mail: einward.ris@kfintech.com Website: www.kfintech.com  Contact Person Sri. Raj Kumar Kale, Senior Manager E-mail: rajkumar.kale@kfintech.com Tel : +91-40-67161736
Registered Office and Address for Correspondence	Dhanlaxmi Bank Ltd. P.B.No.9, Dhanalakshmi Buildings, Naickanal, Thrissur-680 001
Corporate Identity Number (CIN)	L65191KL1927PLC000307

## 11. LISTING OF THE BANK'S EQUITY SHARES

A) The Bank's shares are listed on the following Stock Exchanges in India and their Stock Codes are as under:

1. The National Stock Exchange of India Ltd. (Stock Code: DHANBANK)  
Exchange Plaza, Plot no. C/1, G Block,  
Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051  
Tel No: (022) 26598100 - 8114, Fax No: (022) 26598120
2. The BSE Ltd. (Stock Code: 532180)  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001  
Tel No: (022) 22721233/4, Fax: (022) 22721919

The listing fees payable to the Stock Exchanges for the financial year 2022-23 have already been remitted.

The Lower Tier-II bonds of Rs 150 Crore issued by the Bank on March 20, 2018 are listed on the listed on the National Stock Exchange of India Ltd. The contact details of the Trustees for the bonds are given below:-

Axis Trustee Services Limited  
Axis House, 2nd Floor, Wadla International Centre  
Panduranga Budhakarmarg, Worli, Mumbai- 400 025  
Phone: 022-2425 5000  
Fax: 022 4325 3000

### B) Market Price Data of Bank's Shares

The monthly high and low prices of the Bank's shares traded in The National Stock Exchange of India Ltd. (NSE) and BSE Ltd. during the financial year are as under:-

Month	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2021	16.00	13.00	15.99	13.40
May 2021	17.45	13.60	17.43	13.61
June 2021	18.65	14.30	18.90	14.49
July 2021	19.70	15.75	20.20	15.75
August 2021	18.10	13.85	18.00	13.85
September 2021	18.15	15.00	18.10	15.05
October 2021	17.55	15.20	17.50	15.25
November 2021	16.00	13.90	16.40	13.80
December 2021	15.90	13.60	15.90	13.60
January 2022	15.55	14.05	15.50	13.71
February 2022	15.35	11.80	15.25	11.71
March 2022	13.20	11.65	13.15	11.65

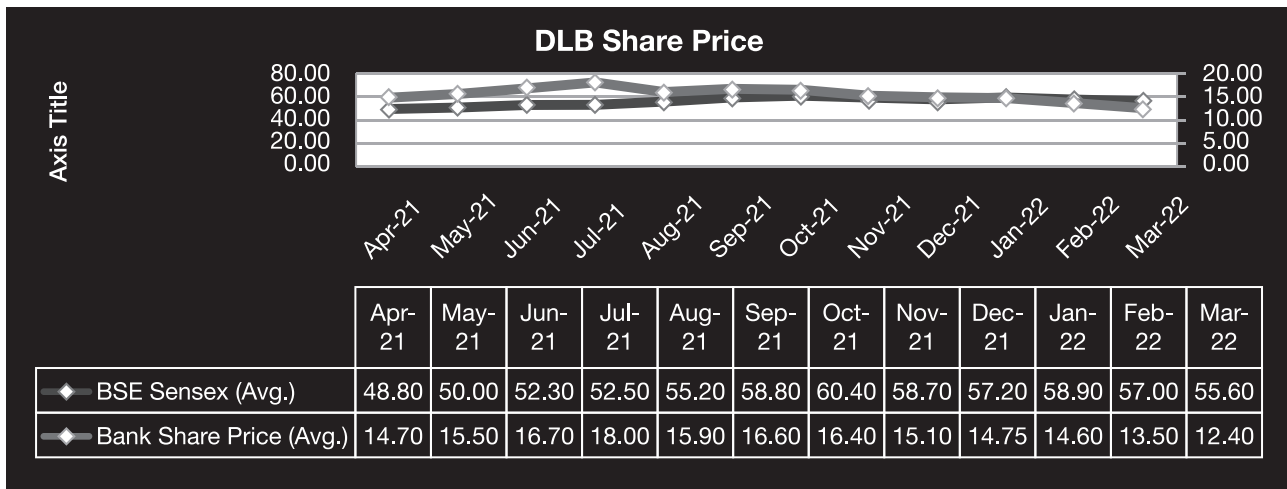
### C) Distribution of shareholding as on March 31, 2022

Category (No. of Shares)	Cases	% of cases	Amount	% of Amount
1-5000	75459	76.45	109768630	4.34
5001-10000	10591	10.73	89662870	3.54
10001-20000	5913	5.99	92331570	3.65
20001-30000	2147	2.18	56029680	2.21
30001-40000	995	1.00	36059420	1.43
40001-50000	980	0.99	4700986	1.86
50001-100000	1413	1.43	107835370	4.26
100001 & above	1212	1.23	1991423440	78.71
<b>Total</b>	<b>98710</b>	<b>100</b>	<b>2530120840</b>	<b>100</b>

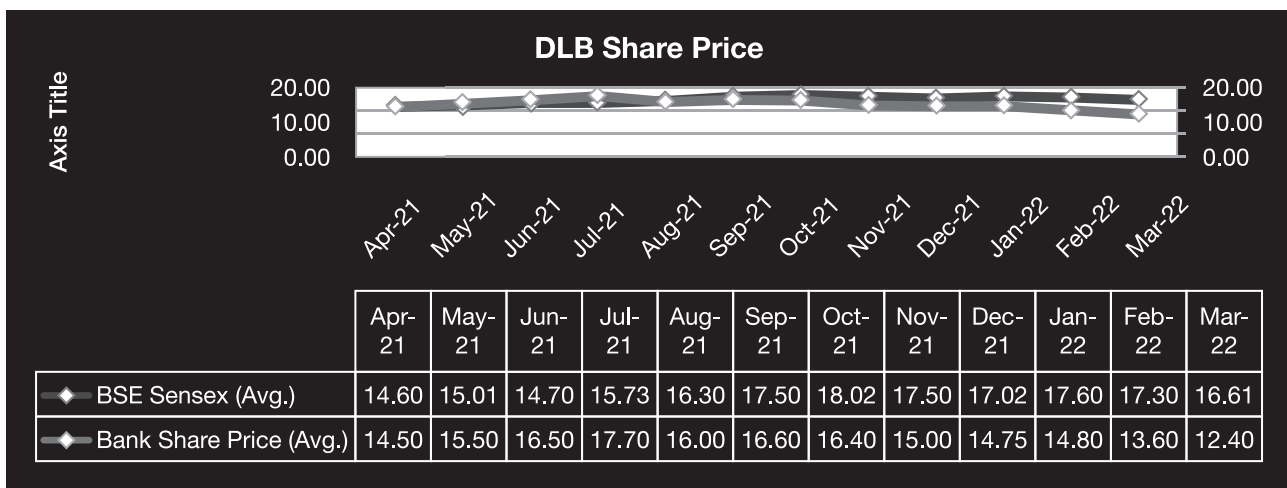
### D) Category – wise distribution of shareholding as on March 31, 2022

Sl. No.	Description	Cases	Shares	% Equity
1	Banks	1	200	0.00
2	Clearing Members	69	670402	0.27
3	Directors	1	18970000	7.45
4	Foreign Portfolio Investors	8	29085782	11.51
6	H U F	1341	3935348	1.57
7	Insurance Companies	1	180986	0.07
8	Bodies Corporates	361	23092525	9.14
9	NBFC	3	5600	0.00
10	Non Resident Indians	720	22279161	8.81
11	NRI Non- Repatriation	347	26060364	10.30
12	Resident Individuals	95855	127372988	50.34
13	Trusts	2	6300	0.00
14	IEPF	1	1352428	0.54
<b>Total</b>		<b>98710</b>	<b>253012084</b>	<b>100</b>

**E) Performance of the Bank's Equity Shares relative to BSE Sensex**



**E) Performance of the Bank's Equity shares relative to NSE Nifty**



**G) Share Transfer System & Dematerialisation of Shares and Liquidity**

The Equity shares of the Bank have been allotted International Securities Identification Number (ISIN) INE 680A01011. As on March 31, 2022, 21,15,968 shares constituting 0.84% of the paid-up capital and 25,08,96,116 shares constituting 99.16% of the paid-up capital were held in physical and electronic mode respectively.

As per SEBI directives, the trading of the Bank's shares is to be compulsorily done in dematerialised form. The Bank has also brought to the notice of all the shareholders the amendments in SEBI (Listing Obligations and Disclosure Requirements), 2015 stipulating transfer of securities in dematerialised form only with effect from April 1, 2019.

The Bank had appointed M/s. KFin Technologies Limited (previously known as M/s. KFin Technologies Private Limited / M/s. Karvy Fintech Private Limited) as its Registrar & Share Transfer Agents (RTA) and accordingly, processing of share transfer/dematerialisation/rematerialisation and allied activities were being done by them. During the year under review, the name of M/s. KFin Technologies Private Limited was changed to M/s. KFin Technologies Limited with effect from February 02, 2022.

As required under Regulation 7(3) of the Listing Regulations, the Bank files, on yearly basis, certificate issued by RTA and compliance officer of the company certifying that all activities in relation to both physical and electronic share transfer facility are maintained by RTA. The Bank's equity shares which are in compulsory dematerialized form are transferable through the depository system. Shares in physical form are processed by the RTA and approved by the Stakeholders' Relationship

Committee of the Bank. Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with effect from April 1, 2019, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository. All share transfers are completed within statutory time limit from the date of receipt, provided the documents meet the stipulated requirement of statutory provisions in all respects.

The Bank obtains, from a company secretary in practice, yearly certificate of compliance with the share transfer/ transmission or transposition of securities formalities as required under Regulation 40(9) of the Listing Regulations, and the Bank files a copy of the same with the Stock Exchanges. An independent firm of Practicing Company Secretary carries out the Reconciliation of Share Capital Audit as mandated by SEBI, and reports on the reconciliation of total issued and listed Capital with that of total share capital admitted / held in dematerialized form with NSDL and CDSL and those held in physical form. This audit is carried out on quarterly basis and the report thereof is submitted to the Stock Exchanges, where the Bank's shares are listed.

## **12. UNCLAIMED / UNPAID DIVIDEND**

All Dividends remaining unclaimed or unpaid including the balance in Dividend Account upto and including financial year 1993-94 have been transferred to the General Reserve Account of the Central Government. Any claim in respect of transferred amounts shall be made to the Registrar Of Companies, Kerala Company Law Bhavan, Bharath Matha College Road, P.O. Thrikkakkara, Kochi-682021.

In terms of Section 125 of the Companies Act, 2013, the amount which has remained unclaimed/unpaid for a period of 7 years from the date of transfer to the unpaid /unclaimed Dividend Account has to be transferred to the "Investors' Education and Protection Fund" and thereafter, no claim can be made by any shareholder against the Bank or the fund for the dividend amount of that year. The unpaid dividend for the financial year 2010-11 was transferred to this fund in the financial year 2018-19. Consequently, all dividends remaining unclaimed or unpaid have been transferred to this fund.

In accordance with the Investor Education Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, notified by MCA, the Bank is required to transfer all unclaimed/unpaid shares in respect of which dividends have remained unclaimed for the last seven years continuously to the IEPF suspense account. The Bank has transferred all shares on which dividends have remained unclaimed / unpaid for the last seven years to the said account after giving due notice to the shareholders as prescribed under the Companies Act, 2013 and the rules made thereunder.

## **13. COMPLIANCE OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

The Board of Directors of the Bank as on March 31, 2022 had 4 Directors, comprising of the Managing Director & CEO, 2 independent non-executive Directors and one non-executive non-independent Director. In addition, there were 2 additional Directors appointed by the Reserve Bank of India under Section 36AB of the Banking Regulation Act, 1949. The matter with regard to the appointment of directors on the Board of the Bank was pending before the Hon'ble High Court of Kerala. Consequently, the Annual General Meeting (AGM) held on 29.09.2021 was also adjourned in deference with the directions of the Hon'ble High Court of Kerala, after considering all the other Agenda items listed in the Notice of AGM. Necessary disclosures in this regard were made by the Bank to the Stock Exchanges. As the matter on appointment of Directors was sub-judice, the Bank was not in a position to appoint new Directors. As such, the regulatory provisions w.r.t the composition of the Board and various mandatory Committees of the Board were not complied with as on 31.03.2022.

The petitions against the Bank on the appointment of Directors were held non-maintainable by the Hon'ble High Court on 25.10.2022. On 09.11.2022, the Bank appointed 3 Additional Directors in Independent Category. As on the date of this Report, the composition of the Board of Directors of the Bank and its mandatory Committees is in accordance with the provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Banking Regulation Act, 1949 and the RBI guidelines. A certificate to this effect from Mr. V Suresh Associates, Practicing Company Secretary is annexed as Annexure II to this report.

The Bank has complied with the following discretionary requirements stipulated under Part E of Schedule-II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015: -

### **A) Modified opinion(s) in Audit Report**

The auditor's report on the Bank's audited financial statements for the FY 2021-22 contains unmodified opinion on the financial statements and the Bank wishes to continue with a regime of financial statements with unmodified audit opinion.

## **B) Shareholder Rights**

The Bank discloses its financial results of every quarter to the Stock Exchanges within the prescribed timeline and the same is available on the websites of the Stock Exchanges. The results are also available on the Bank's website at [www.dhanbank.com](http://www.dhanbank.com) which is accessible to the public. The results are published in an English newspaper having wide circulation and a Malayalam newspaper having wide circulation in Kerala.

## **C) Separate posts of Chairperson and Chief Executive Officer**

The Bank already has separate posts for Chairperson and Managing Director & Chief Executive Officer as per the RBI regulations and Chairperson will be always a non-executive independent Director. Chairperson will also be normally unrelated to Managing Director & Chief Executive Officer.

## **14. AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT**

I, Shivan J.K, Managing Director & CEO hereby confirm that all Directors and Members of the Senior Management have affirmed compliance with Dhanlaxmi Bank Code of Conduct for Directors and Senior Management.

By and on behalf of the Board  
Sd/-

**Shivan J.K**  
Managing Director & CEO

Place: Thrissur

Date: 05.12.2022

## **CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

To the Members of  
**Dhanlaxmi Bank Limited**

We have examined the compliance of Corporate Governance by Dhanlaxmi Bank Limited, for the year ended 31st March 2022, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion and to the best of our information and according to the explanations given to us, and considering the relaxations granted by the Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic.

We certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 subject to the following:

- During the period under audit, The Composition of Board is not in compliance of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- The Board of Directors of the Bank had only 4 Directors, excluding 2 Nominee Directors of Reserve Bank of India during the said period. The matter with regard to the appointment of directors on the Board of the Bank is pending before the Hon'ble High Court of Kerala. Consequently, the Annual General Meeting (AGM) held on 29.09.2021 was also adjourned in deference with the directions of the Hon'ble High Court of Kerala, after considering all the other Agenda items listed in the Notice of AGM. Necessary disclosures in this regard were made by the Bank to the Stock Exchanges.
- The provisions of the RBI Circular RBI/2021-22/24 DOR.GOV.REC.8/29.67.001/2021-22 dated 20.04.2021 on composition of the Board and various mandatory Committees of the Board are not complied with.

We further state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by it.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **V Suresh Associates**  
Practising Company Secretaries

**V Suresh**

Senior Partner

FCS No. 2969

C.P.No. 6032

Peer Review Cert. No. : 667/2020

UDIN : F002969D002248509

Place : Chennai

Date : 25/11/2022

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,

The Members of

**Dhanlaxmi Bank Limited**

Dhanalakshmi Bank Building, Naickanal,  
Trichur, Kerala - 680001.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Dhanlaxmi Bank Limited having CIN: L65191KL1927PLC000307 and having registered office at Dhanalakshmi Bank Building, Naickanal, Trichur, Kerala 680001 (hereinafter referred to as 'the Bank'), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Bank & its officers, We hereby certify that none of the Directors on the Board of the Bank as stated below for the Financial Year ended on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority

Sl. No.	Name of Director	DIN	Date of appointment in Bank
1	Mr. Jenemejayan Kamalam Shivan	09008166	30.01.2021
2	Mr. Chittilangatkalam Gopinathan	01236752	11.08.2016
3	Dr. Jagan Mohan Gundam	08722219	27.02.2020
4	Dr. (Capt.) Suseela Rayirath Menon	08785027	06.07.2020
5	Mr. Gangadharan Nair Rajagopalan	08845540	17.08.2020
6	Mr. Dwijendra Kumar Kashyap	08911524	28.09.2020

\* Mr. Subramonia Ganapathi Iyer resigned on 31.12.2021 and \*Mr. Kuttannair Vijayakumar puthalath ceased from the Board, his term expired on 13.09.2021.



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

For **V Suresh Associates**  
Practising Company Secretaries

**V Suresh**  
Senior Partner  
FCS No. 2969  
C.P.No. 6032  
Peer Review Cert. No. : 667/2020  
UDIN : F002969D002248509

Place : Chennai  
Date : 25/11/2022

## CEO / CFO Certification

We, Shivan J K, Managing Director and CEO and Ramesh A J, Chief Financial Officer, of Dhanlaxmi Bank Limited hereby certify that:

- 1) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2022 and that to the best of our knowledge and belief:
  - 1) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
  - 2) these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violation of the Bank's Code of Conduct.
- 3) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- 4) We have indicated, to the Auditors and the Audit Committee:
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in Bank's internal control system over financial reporting.

Yours Faithfully

**Shivan J K**  
Managing Director & CEO  
(DIN : 09008166)

**Ramesh AJ**  
Chief Financial Officer

Place: Thrissur  
Date: May 19th, 2022

# Independent Auditor's Report

To  
The Members of Dhanlaxmi Bank Limited  
Report on the Audit of Financial Statements

## Opinion

We have audited the accompanying financial statements of Dhanlaxmi Bank Limited ("the Bank"), which comprise the Balance Sheet as at 31st March, 2022, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information in which are included the Returns for the year ended on that date audited by the branch auditors of the Bank's branches located across India.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with the Principal Accounting Policies and Notes appended thereto give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 (the "Act") in the manner so required for banking companies and are in conformity with accounting principles generally accepted in India and give a true and fair view of the state of affairs of the Bank as at 31st March, 2022, its profit and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the

Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion of the financial statements .

## Emphasis of Matter

We draw attention to Note No. 40) under Schedule 18 to the financial statements regarding the impact of COVID-19 pandemic on the Bank's operations and financial position, which will depend on various uncertain aspects including actions taken to mitigate the same and other regulatory measures.

We draw attention to Note No. 14(i) under Schedule 18 to the financial statements regarding amortization of additional liability on account of revision in family pension amounting to Rs. 14.29 Crores. As stated therein, the bank has recognized the entire additional liability estimated at Rs. 14.29 Crores and opted to amortize the same over a period of five years beginning with the financial year ended March 31, 2022. Accordingly, an amount of Rs. 2.86 crores have been written off during the current financial year and the balance amounting to Rs.11.43 crores have been carried forward as unamortized expenditure. Had the bank charged the entire additional liability to the profit and loss account, the profits for the year ended March 31, 2022 would have been lower by a sum of Rs.11.43 Crores.

Our opinion is not modified in respect of these matters.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sl. No.	Key Audit Matters	How our audit addressed the Key Audit Matters
1	Classification of Advances, Identification of Non-Performing Advances, Income Recognition and provision on Advances	
1	Refer Note No. 4 under Schedule 18 to the financial statements relating to Asset Quality in respect of movement of Non-Performing Assets (NPAs) and related provisions.	Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of income recognition, asset classification and provisioning pertaining to advances.

Sl. No.	Key Audit Matters	How our audit addressed the Key Audit Matters
	<p>As required under Income Recognition, Asset Classification and Provisioning Norms (IRAC norms), Circulars on Resolution Framework for COVID-19 related and other circulars, notifications and directives issued by the RBI, the Bank classifies advances to performing and non performing which consists of Standard, Sub-standard, Doubtful and Loss and recognizes appropriate provisions.</p> <p>The identification of performing and non performing advances involves establishment of proper mechanism and the Bank is required to apply significant degree of judgement to identify and determine the amount of provision required against each non-performing asset ('NPA') applying both quantitative as well as qualitative factors prescribed by the regulations.</p> <p>Compliance of relevant prudential norms issued by Reserve Bank of India (RBI) in respect of income recognition, asset classification and provisioning pertaining to advances is a key audit matter due to its high degree of complexity and materiality involved. Bank has significant exposure to a large number of borrowers across various sectors, products and industries and there is a high degree of complexity, uncertainty and judgment involved in recoverability of advances, nature of transactions, estimation of provisions thereon.</p>	<p>We have evaluated and understood the Bank's internal control system in adhering to the relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances</p> <p>We evaluated the design, implementation and operating effectiveness of key internal controls over the valuation of securities for NPAs and Special Mention Accounts ('SMA').</p> <p>We checked the minutes of credit and business committee meetings and enquired with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a loan account or any product.</p> <p>We have test checked advances to examine the validity of the recorded amounts, loan documentation, examined the statement of accounts, indicators of impairment, impairment provision for non-performing assets and compliance with income recognition, asset classification and provisioning pertaining to advances in terms of applicable RBI guidelines.</p> <p>We considered the Internal Audit, Systems Audit, Credit Audit and Concurrent Audit reports.</p> <p>We considered the RBI Annual Financial Inspection report on the Bank, the bank's response to the observations and other communication with RBI during the year.</p>
2	Valuation of Investments, Identification of and provisioning for Non-Performing Investments	
	<p>Refer Note No. 3 under Schedule 18 to the financial statements with respect to Investments and related Provisions. Investments include investments made by the Bank in various Government Securities, Bonds, Debentures, Shares, Security receipts and other approved securities. These are governed by the circulars and directives of the RBI. These directions of RBI, inter-alia, cover valuation of investments, classification of investments, identification of non-performing investments, non-recognition of income and provisioning against non-performing investments.</p> <p>Considering the complexities and extent of judgement involved in the valuation, volume of transactions, investments on hand and degree of regulatory focus, this has been determined as a Key Audit Matter. Accordingly, our audit was focused on valuation of investments, classification, identification of nonperforming investments and provisioning related to investments.</p>	<p>Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of valuation, classification, identification of non-performing investments (NPIs) and provisioning/depreciation related to Investments.</p> <p>On sample basis, we tested the accuracy and compliance with the RBI Master Circulars and directions by reperforming valuation for each category of the security. Samples were selected after ensuring that all the categories of investments (based on nature of security) were covered.</p> <p>We assessed and evaluated the process adopted for collection of information from various sources for determining market value of the investments. We carried out substantive audit procedures to recompute independently the provision to be maintained in accordance with the circulars and directives of the RBI.</p>

Sl. No.	Key Audit Matters	How our audit addressed the Key Audit Matters
		<p>Accordingly, we selected samples from the investments of each category and tested for NPIs as per the RBI guidelines and recomputed the provision to be maintained in accordance with the RBI Circular for those selected sample of NPIs;</p> <p>We tested the mapping of investments between the Investment application software and the financial statement preparation software to ensure compliance with the presentation and disclosure requirements as per the aforesaid RBI Circular/directions.</p> <p>We assessed and evaluated the process of identification of NPIs and corresponding reversal of income and creation of provision.</p>
3	<p>Information Technology ('IT') Systems and Controls for financial reporting</p> <p>The Bank's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated.</p> <p>In addition, large transaction volumes and the increasing challenges to protect the integrity of the Bank's systems and data, cyber security has become a more significant risk in recent periods.</p> <p>We have identified 'IT systems and controls' as key audit matter because of the high-level automation, significant number of systems being used by the management and the complexity of the IT architecture.</p>	<p>We focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.</p> <p>We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations.</p> <p>We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventive controls designed to enforce segregation of duties.</p> <p>For a selected group of key controls over financial and reporting systems, we independently performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process.</p> <p>Other areas that were assessed included password policies, security configurations, system interface controls, controls over changes to applications and databases and that business users and controls to ensure that developers and production support did not have access to change applications, the operating system or databases in the production environment.</p> <p>Security configuration review and related tests on certain critical aspects of cyber security on network security management mechanism, operational security of key information infrastructure, data and client information management, monitoring and emergency management.</p>

### **Information other than the Financial Statements and Auditor's Report thereon**

The Bank's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Bank's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Bank's annual report, if we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance.

### **Responsibilities of Management and those charged with governance for the Financial Statements**

The Bank's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, in so far as they apply to the Bank and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error .

In preparing the financial statements, management and Board of Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management and

Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls .

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.

Conclude on the appropriateness of management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events



or conditions may cause the Bank to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of the misstatements in the financial statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other Matters**

We did not audit the financial statements of 233 branches and processing centres included in the financial statements of the Bank whose financial statements reflect total assets of Rs. 5482.77 Crore as at 31st March 2022 and total revenue of Rs. 448.48 Crore for the year ended on that date, as considered in the financial statements. These branches and processing centers cover 55.77% of gross advances, 85.44% of deposits and 45.74% of Non-performing assets as at 31st March 2022 and 41.31% of revenue for the year ended 31st March 2022. The financial statements of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so

far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.

The financial statements of the Bank for the year ended March 31, 2021 were audited by predecessor auditors whose report dated May 29, 2021 expressed an unmodified opinion on those financial statements.

Our opinion is not modified in respect of the above matters. Report on Other Legal and Regulatory Requirements.

The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Companies Act, 2013.

As required by Sub Section 3 of section 30 of the Banking Regulation Act, 1949, we report that:

- a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
  - b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
  - c) The returns received from the Offices and branches of the Bank have been found adequate for the purpose of our audit;
  - d) the profit and loss account shows a true balance of profit for the year then ended.
1. Further, as required by section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
  - c) The reports on the accounts of the branch offices of the Bank audited by branch auditors under Section 143(8) of the Act have been forwarded to us and have been properly dealt with by us in preparing this report;
  - d) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us;
  - e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
  - f) On the basis of written representations received from the directors as on 31 March, 2022 taken on record by the Board of Directors, none of the directors are disqualified



as on 31 March, 2022 from being appointed as a director in terms of Section 164(2) of the Act;

- g) With respect to the adequacy of the internal financial controls with reference to the financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in “Annexure A” to this report;
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of Section 197(16) of the Act, as amended;

The Bank is a Banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of Act do not apply;

- i) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule 12 and Note No. 16(d) under Schedule 18 to the financial statements;
  - ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note No 16(n) under Schedule 18 to the financial statements;
  - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Bank.
  - iv.
    - (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person or

entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank (“Ultimate Beneficiaries”) of provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Bank from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v) The bank has not declared or paid any dividend during the year and hence the compliance of Section 123 of the Act is not applicable.

For **Krishnamoorthy & Krishnamoorthy**  
Chartered Accountants  
(FRN:0014888)

**R.Venugopal**  
Partner

Kochi  
Date: May 19th, 2022

Membership No. 202632  
UDIN: 22202632AJGLZV8059

## Annexure A to the Independent Auditors’ Report

(Referred to in Paragraph 2(g) under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date)

Independent Auditor’s Report on the Internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference

to financial statements of Dhanlaxmi Bank Limited (“the Bank”) as of 31 March, 2022 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to financial statements.

### **Meaning of Internal financial controls with reference to financial statements**

A bank's internal financial controls with reference to financial statements is a process designed to provide reasonable

assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and Directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements

### **Inherent Limitations of Internal financial controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the Internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Bank has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Krishnamoorthy & Krishnamoorthy**  
Chartered Accountants  
(FRN:0014888)

**R.Venugopal**  
Partner

Kochi  
Date: May 19th, 2022

Membership No. 202632  
UDIN: 22202632AJGLZV8059

# Balance Sheet as at March 31, 2022

(Rs. in '000)

Particulars	Schedule No	As at March 31, 2022	As at March 31, 2021
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	25,30,121	25,30,121
Reserves and Surplus	2	64,69,906	61,10,865
Deposits	3	12,40,28,899	11,71,19,041
Borrowings	4	15,00,000	15,00,000
Other Liabilities and Provisions	5	34,28,710	37,05,040
<b>TOTAL</b>		<b>13,79,57,636</b>	<b>13,09,65,067</b>
<b>ASSETS</b>			
Cash and Balances with Reserve Bank of India	6	67,84,032	60,21,208
Balances with Banks and Money at call and short notice	7	5,74,375	38,28,521
Investments	8	4,04,40,582	4,43,89,692
Advances	9	8,14,19,836	6,78,73,984
Fixed Assets	10	22,10,001	22,49,285
Other Assets	11	65,28,810	66,02,377
<b>TOTAL</b>		<b>13,79,57,636</b>	<b>13,09,65,067</b>
Contingent Liabilities	12	1,02,26,648	86,13,618
Bills for collection		30,16,867	30,13,117
Significant Accounting Policies	17		
Notes to financial Statements	18		

**Ramesh A J**  
Chief Financial Officer

**Venkatesh H**  
Company Secretary

**Chandran L**  
General Manager

**Shivan J K**  
Managing Director & CEO

**C K Gopinathan**  
Director

**G. Rajagopalan Nair**  
Director

**D K Kashyap**  
Director

As per our Report of even Date  
For **Krishnamoorthy & Krishnamoorthy**  
Chartered Accountants  
Firm Registration No. 001488S

**CA. R Venugopal**

Partner

Membership No. 202632

Place : Thrissur.

Date : 19th May 2022

# Profit & Loss Account

## for the year ended on March 31, 2022

(Rs. in '000)

Particulars	Schedule No	As at March 31, 2022	As at March 31, 2021
<b>INCOME</b>			
Interest Earned	13	91,66,375	93,07,467
Other Income	14	16,91,181	12,22,216
<b>Total</b>		<b>1,08,57,556</b>	<b>1,05,29,683</b>
<b>EXPENDITURE</b>			
Interest expended	15	55,43,242	60,10,965
Operating Expenses	16	39,71,328	36,60,390
Provisions and Contingencies		9,83,945	4,86,447
<b>Total</b>		<b>1,04,98,515</b>	<b>1,01,57,802</b>
<b>Profit / Loss</b>			
Net Profit / (Loss) for the year		3,59,041	3,71,881
Profit / (Loss) brought forward		(83,67,488)	(83,67,488)
<b>Total</b>		<b>(80,08,447)</b>	<b>(79,95,607)</b>
<b>Appropriations</b>			
Transfer to Statutory Reserve		89,770	92,980
Transfer to Capital Reserve		28,948	2,17,192
Transfer to Investment Reserve Account		59,245	-
Transfer to Investment Fluctuation Reserve Account		71,430	61,709
Balance carried over to Balance Sheet		(82,57,840)	(83,67,488)
<b>Total</b>		<b>(80,08,447)</b>	<b>(79,95,607)</b>
<b>Earnings Per Share (in Rupees)</b>			
Basic EPS		<b>1.42</b>	<b>1.47</b>
Diluted EPS		<b>1.42</b>	<b>1.47</b>
Face value per Share		<b>10.00</b>	<b>10.00</b>
Significant Accounting Policies	17		
Notes to financial Statements	18		

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Director

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Director

As per our Report of even Date  
For **Krishnamoorthy & Krishnamoorthy**  
Chartered Accountants  
Firm Registration No. 001488S

**CA. R Venugopal**  
Partner  
Membership No. 202632

Place : Thrissur.  
Date : 19th May 2022

# Cash Flow Statement

## for the year ended on March 31, 2022

(Rs. in '000)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Cash flow from operating activities</b>		
Net profit before income tax	3,59,041	3,71,881
<b>Adjustments for :</b>		
Depreciation on fixed assets net of reversal of revaluation reserve	2,00,171	1,53,330
Depreciation on Investments	(6,73,524)	1,92,574
Amortization of premia on investments	1,84,155	1,49,859
Amortization of Deferred Employee Benefits	28,585	-
Loan Loss provisions including write off	4,98,882	2,19,541
Provision against standard assets	(1,38,600)	1,15,100
General provision for Advances under Covid 19 Regulatory package	-	80,818
Provision for Deferred Tax Asset	11,905	54,393
Provision for NPA (Investments)	5,74,649	41,900
Provision for restructured assets	2,97,990	1,110
Provision for fraud	(142)	380
(Profit)/ Loss on sale of fixed assets	(2,157)	579
Provision for unhedged Forex Exposure	1,161	289
<b>Adjustments for :</b>		
(Increase)/ Decrease in Investments	38,63,830	(79,49,997)
(Increase)/ Decrease in Advances	(1,43,42,724)	(31,33,644)
Increase/ (Decrease) in Deposits	69,09,858	80,78,349
(Increase) / Decrease in Other assets	42,960	7,84,247
Increase/ (Decrease) in Other liabilities and provisions	(1,38,749)	(57,666)
Direct taxes paid (net of refunds)	(9,883)	(5,564)
<b>Net cash flow from/ (used in) operating activities</b>	<b>(23,32,592)</b>	<b>(9,02,521)</b>

(Rs. in '000)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(1,61,541)	(2,67,860)
Proceeds from sale of fixed assets	2,811	1,664
<b>Net cash flow from/ (used in) investing activities</b>	<b>(1,58,730)</b>	<b>(2,66,196)</b>
<b>Cash flows from financing activities</b>		
Proceeds / (Repayment) of Upper and Lower Tier II capital instruments	-	(2,75,000)
<b>Net cash generated from/ (used in) financing activities</b>	<b>-</b>	<b>(2,75,000)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(24,91,322)</b>	<b>(14,43,717)</b>
Cash and cash equivalents as at April 1st	98,49,729	1,12,93,446
Cash and cash equivalents as at March 31st	73,58,407	98,49,729
<b>Note:</b>		
<b>Components of Cash and Cash Equivalents as at:</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
Cash and Balance with Reserve Bank of India (RBI)	67,84,032	60,21,208
Balances with Banks and Money at Call and Short Notice	5,74,375	38,28,521
<b>Total</b>	<b>73,58,407</b>	<b>98,49,729</b>

**Ramesh A J**  
Chief Financial Officer

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Director

As per our Report of even Date  
For **Krishnamoorthy & Krishnamoorthy**  
Chartered Accountants  
Firm Registration No. 001488S

**CA. R Venugopal**

Partner  
Membership No. 202632

Place : Thrissur.  
Date : 19th May 2022



# Schedules to the Financial Statements

## for the year ended on March 31, 2022

(Rs. in '000)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>SCHEDULE 1 - CAPITAL</b>		
<b>Authorised Capital</b>		
40,00,00,000 Equity Shares of Rs.10 each	40,00,000	40,00,000
<b>Issued,Subscribed and Paid up Capital</b>		
253012084 Equity Shares of Rs.10 each	25,30,121	25,30,121
<b>Total</b>	<b>25,30,121</b>	<b>25,30,121</b>
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
<b>I. STATUTORY RESERVES</b>		
Opening Balance	10,90,294	9,97,314
Additions during the year	89,770	92,980
<b>Total</b>	<b>11,80,064</b>	<b>10,90,294</b>
<b>II. CAPITAL RESERVES</b>		
a) Revaluation Reserve		
Opening Balance	13,86,519	13,91,446
Deductions during the year	(5,843)	(4,927)
<b>Sub total</b>	<b>13,80,676</b>	<b>13,86,519</b>
b) Capital Reserve		
Opening Balance	7,03,713	4,86,521
Additions during the year	28,948	2,17,192
<b>Sub total</b>	<b>7,32,661</b>	<b>7,03,713</b>
<b>Total (a+b)</b>	<b>21,13,337</b>	<b>20,90,232</b>
<b>III SHARE PREMIUM ACCOUNT</b>		
Opening Balance	1,00,54,482	1,00,54,482
Additions during the year	-	-
<b>Total</b>	<b>1,00,54,482</b>	<b>1,00,54,482</b>
<b>IV REVENUE AND OTHER RESERVES</b>		
a) Revenue Reserve		
Opening Balance	9,06,387	9,01,460
Additions during the year	5,843	4,927
<b>Sub total</b>	<b>9,12,230</b>	<b>9,06,387</b>
b) Investment Fluctuation Reserve		
Opening Balance	1,78,960	1,17,251
Additions during the year	71,430	61,709
<b>Sub total</b>	<b>2,50,390</b>	<b>1,78,960</b>
c) Investment Reserve		

(Rs. in '000)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	98,141	98,141
Additions during the year	59,245	-
<b>Sub total</b>	<b>1,57,386</b>	<b>98,141</b>
d) Special Reserve U/s 36(1)(viii) of Income Tax Act, 1961		
Opening Balance	59,857	59,857
Additions during the year	-	-
<b>Sub total</b>	<b>59,857</b>	<b>59,857</b>
<b>Total (a+b+c+d)</b>	<b>13,79,863</b>	<b>12,43,345</b>
<b>V BALANCE IN PROFIT AND LOSS ACCOUNT</b>	<b>(82,57,840)</b>	<b>(83,67,488)</b>
<b>Grand Total</b>	<b>64,69,906</b>	<b>61,10,865</b>
<b>SCHEDULE 3 - DEPOSITS</b>		
<b>A I. Demand Deposits</b>		
(i). From Banks	10	17
(ii). From Others	72,47,665	69,79,025
	72,47,675	69,79,042
<b>II. Savings Bank Deposits</b>	<b>3,52,75,706</b>	<b>3,21,05,176</b>
<b>III. Term Deposits</b>		
(i). From Banks	-	-
(ii). From Others	8,15,05,518	7,80,34,823
	8,15,05,518	7,80,34,823
<b>Total</b>	<b>12,40,28,899</b>	<b>11,71,19,041</b>
<b>B I. Deposits of Branches in India</b>	12,40,28,899	11,71,19,041
<b>II. Deposits of Branches outside India</b>	-	-
<b>Total</b>	<b>12,40,28,899</b>	<b>11,71,19,041</b>
<b>SCHEDULE 4 - BORROWINGS</b>		
<b>I. Borrowings in India</b>		
(i) Reserve Bank of India	-	-
(ii) Other Banks	-	-
(iii) Other Institutions and Agencies	-	-
(iv) Capital Instruments		
(a) Upper Tier II bonds	-	-
(b) Lower Tier II bonds	15,00,000	15,00,000
<b>Total</b>	<b>15,00,000</b>	<b>15,00,000</b>
<b>II. Borrowings Outside India</b>		
<b>Total</b>	<b>15,00,000</b>	<b>15,00,000</b>
Secured borrowings included in I and II above	15,00,000	15,00,000

(Rs. in '000)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS</b>		
I. Bills Payable	3,20,987	1,68,981
II. Inter Office Adjustments (Net)	-	-
III. Interest accrued	2,43,061	2,59,853
IV. Others (including Provisions)*	28,64,662	32,76,205
*Includes prudential provision for standard assets of Rs. 602369 thousands (Previous Year Rs. 437477 thousands)		
<b>Total</b>	<b>34,28,710</b>	<b>37,05,040</b>
<b>SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>		
I. Cash on Hand (including foreign currency notes)	10,13,603	10,28,677
II. Balances with Reserve Bank of India		
(a) In current accounts	57,70,429	49,92,531
(b) In other accounts	-	-
<b>Total</b>	<b>57,70,429</b>	<b>49,92,531</b>
<b>Total</b>	<b>67,84,032</b>	<b>60,21,208</b>
<b>SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE</b>		
<b>I. In India</b>		
(i) Balances with Banks :		
(a) In current accounts	30,296	49,207
(b) In other deposit accounts	-	-
	<b>30,296</b>	<b>49,207</b>
(ii) Money at Call and Short Notice		
(a) With banks	3,00,000	36,40,000
(b) With other institutions	-	-
	3,00,000	36,40,000
<b>Total</b>	<b>3,30,296</b>	<b>36,89,207</b>
<b>II. Outside India</b>		
(i) In current account	2,44,079	1,39,314
(ii) In other deposit accounts	-	-
(iii) Money at Call and Short Notice	-	-
<b>Total</b>	<b>2,44,079</b>	<b>1,39,314</b>
<b>Grand Total (I and II)</b>	<b>5,74,375</b>	<b>38,28,521</b>
<b>SCHEDULE 8 - INVESTMENTS</b>		
<b>A Investments in India in</b>		
(i) Government Securities	3,37,62,823	3,94,44,555
(ii) Other Approved securities	-	-
(iii) Shares	1,34,719	35,892
(iv) Debentures and Bonds	58,25,897	34,81,433
(v) Subsidiaries and/or Joint Ventures	-	-
(vi) Others	7,17,143	14,27,813
<b>Total</b>	<b>4,04,40,582</b>	<b>4,43,89,692</b>

(Rs. in '000)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>B Investments outside India</b>	-	-
<b>Grand Total (A + B)</b>	<b>4,04,40,582</b>	<b>4,43,89,692</b>
<b>C (i) Gross Value of Investments</b>		
(a) In India	4,15,54,621	4,56,02,606
(b) Outside India	-	-
<b>Total</b>	<b>4,15,54,621</b>	<b>4,56,02,606</b>
<b>(ii) Provision for Depreciation</b>		
(a) In India	11,14,039	12,12,914
(b) Outside India	-	-
<b>Total</b>	<b>11,14,039</b>	<b>12,12,914</b>
<b>(iii) Net Value of Investments</b>		
(a) In India	4,04,40,582	4,43,89,692
(b) Outside India	-	-
<b>Total</b>	<b>4,04,40,582</b>	<b>4,43,89,692</b>
<b>SCHEDULE 9 - ADVANCES</b>		
<b>A</b>		
(i) Bills Purchased and discounted	1,79,678	35,202
(ii) Cash Credits, Overdrafts and Loans repayable on Demand	1,38,86,989	1,24,76,611
(iii) Term Loans	6,73,53,169	5,53,62,171
<b>Total</b>	<b>8,14,19,836</b>	<b>6,78,73,984</b>
<b>B</b>		
(i) Secured by Tangible assets (Includes advances against book debts)	8,02,14,239	6,64,79,268
(ii) Covered by Bank/Govt Guarantee	-	-
(iii) Unsecured	12,05,597	13,94,716
<b>Total</b>	<b>8,14,19,836</b>	<b>6,78,73,984</b>
<b>C I. ADVANCES IN INDIA</b>		
(i) Priority sectors	3,61,05,722	2,52,19,897
(ii) Public Sector	32,91,582	10,06,680
(iii) Banks	-	-
(iv) Others	4,20,22,532	4,16,47,407
<b>Total</b>	<b>8,14,19,836</b>	<b>6,78,73,984</b>
<b>II. ADVANCES OUTSIDE INDIA</b>	-	-
<b>Grand Total (C I and C II)</b>	<b>8,14,19,836</b>	<b>6,78,73,984</b>
<b>SCHEDULE 10 - FIXED ASSETS</b>		
<b>A Premises</b>		
At cost as per last Balance sheet	19,86,922	17,43,811
Additions during the year due to revaluation of Premises	-	-
Additions/Adjustments during the year	9,983	2,43,111

(Rs. in '000)

Particulars	As at March 31, 2022	As at March 31, 2021
Deductions during the year	-	-
Depreciation to date	3,69,756	3,59,329
<b>Net Block</b>	<b>16,27,149</b>	<b>16,27,593</b>
<b>B</b> Other Fixed Assets (includes Furniture and Fixture and Computers)		
At cost as per last Balance sheet	24,70,729	21,93,241
Additions/Adjustments during the year	1,51,557	3,73,014
Deductions during the year	83,725	95,526
Depreciation to date	19,55,709	18,49,037
<b>Net Block</b>	<b>5,82,852</b>	<b>6,21,692</b>
<b>C</b> Capital Work In progress	-	-
<b>Total (A+B+C)</b>	<b>22,10,001</b>	<b>22,49,285</b>

#### SCHEDULE 11 - OTHER ASSETS

I. Inter Office Adjustments (Net)	6,128	15,373
II. Interest Accrued	17,32,631	18,03,131
III. Tax paid in advance and Tax Deducted at Source (net of provisions)	5,03,201	4,93,318
IV. Deferred Tax Asset	5,01,333	5,13,237
V. Stationery and stamps	5,152	4,640
VI. Non Banking Assets acquired in satisfaction of claims	26,391	36,965
VII. Others*	37,53,974	37,35,713
<b>Total</b>	<b>65,28,810</b>	<b>66,02,377</b>

\*Includes deposits placed with NABARD, SIDBI, NHB and Mudra amounting to Rs.2647275 thousands (Previous year Rs. 2676216 thousands)

#### SCHEDULE 12 - CONTINGENT LIABILITIES

I. Claims against the bank not acknowledged as debts	3,83,411	3,90,529
II. Liabilities on account of outstanding forward exchange contracts	12,00,069	11,21,380
III. Guarantees given on behalf of constituents in India	25,61,254	19,23,299
IV. Acceptance endorsements and other obligations	1,08,571	68,548
V. Other items for which Bank is contingently liable	59,73,343	51,09,862
i) Amount transferred to DEAF	6,75,060	4,72,123
ii) Disputed Tax Liability	1,33,791	1,52,095
iii) Estimated amount of contracts remaining to be executed on capital account and not provided for	93,600	96,700
iv) The undrawn partial credit enhancement facilities	<u>50,70,892</u>	<u>43,88,944</u>
<b>Total</b>	<b>1,02,26,648</b>	<b>86,13,618</b>

# Schedules to the Financial Statements

## for the year ended on March 31, 2022

(Rs. in '000)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>SCHEDULE 13 - INTEREST EARNED</b>		
I. Interest/Discount on Advances/bills	65,01,232	65,85,178
II. Income on Investments	24,56,311	24,12,317
III. Interest on balance with Reserve Bank of India and other inter Bank funds	1,14,289	1,75,661
IV. Others	94,543	1,34,311
<b>Total</b>	<b>91,66,375</b>	<b>93,07,467</b>
<b>SCHEDULE 14 - OTHER INCOME</b>		
I. Commission, Exchange and Brokerage	50,336	50,945
II. Profit/(Loss) on sale of Investments (Net)	1,19,741	7,43,251
III. Profit/ (Loss) on revaluation of Investments	6,73,524	(1,92,574)
IV. Profit/(Loss) on sale of land, building and other Assets (Net)	2,157	(579)
V. Profit /(Loss) on exchange transactions (Net)	24,761	19,589
VI. Income from Insurance	1,10,987	75,523
VII. Miscellaneous Income	7,09,675	5,26,061
<b>Total</b>	<b>16,91,181</b>	<b>12,22,216</b>
<b>SCHEDULE 15 - INTEREST EXPENDED</b>		
I. Interest on Deposits	53,47,834	58,04,966
II. Interest on Reserve Bank of India/Inter bank borrowings	30,408	32,409
III. Others	1,65,000	1,73,590
<b>Total</b>	<b>55,43,242</b>	<b>60,10,965</b>
<b>SCHEDULE 16 - OPERATING EXPENSES</b>		
I. Payments to and Provisions for Employees	23,46,069	22,53,675
II. Rent, Taxes and Lighting	4,54,645	4,60,407
III. Printing and Stationery	17,372	14,655
IV. Advertisement and Publicity	3,380	2,141
V. Depreciation to Bank's property	2,00,171	1,53,330
VI. Directors Fees, Allowances and Expenses	4,643	6,546
VII. Auditors' Fees and Expenses (including Branch Auditors)	10,564	9,500
VIII. Law charges	25,947	12,749
IX. Postages, Telegrams,Telephones etc	55,151	49,185
X. Repairs and Maintenance	2,43,358	1,80,416
XI. Insurance	1,74,627	1,66,918
XII. Other Expenditure	4,35,401	3,50,868
<b>Total</b>	<b>39,71,328</b>	<b>36,60,390</b>



## SCHEDULE 17- SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Corporate Information and Background

Dhanlaxmi Bank Limited ('DBL' or the 'Bank') is a private sector Bank incorporated in the year 1927. Dhanlaxmi Bank Limited is a publicly held bank engaged in providing a wide range of banking and financial services. Dhanlaxmi Bank Limited is a banking company governed by the Banking Regulation Act, 1949 and the Companies Act, 2013. 58% of the branches of the Bank are in Kerala.

### 1.2 Basis of Preparation

Financial Transactions are recorded, prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and comply with generally accepted accounting principles, statutory requirements prescribed under the Banking Regulation Act 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India ('ICAI') and notified by the Companies Accounting Standard Rules, 2006 amended by the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and current practices prevailing within the banking industry in India.

### 1.3 Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

### 1.4 Significant Accounting Policies

#### I. Revenue Recognition

- Revenue is recognized to the extent it is probable that the economic benefits will flow to the Bank and revenue can be reliably measured under AS-9 "Revenue Recognition as prescribed under section 133 of the Companies Act, 2013 and as specified by Reserve Bank of India (RBI) guidelines.
- In terms of RBI circular, FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 7, 2016 trades, in priority sector portfolio by purchasing/selling Priority Sector Lending Certificates (PSLCs) is allowed by RBI. Fees paid/received for purchase/sale of PSLC is treated as expense/income respectively.
- Interest income from loans and advances, investments (including deposits placed with banks and other institutions) are recognized over the period of the loans and advances, Investments, Deposits etc on accrual basis. However interest accrued and other dues in the nature of non-interest income relating to Advances/ Investments, classified as Non-performing Advances/ Investments under RBI guidelines, are recognized only on realization.
- Overdue Interest on Investments and Bills discounted are accounted on realization.
- Profit or Loss on sale of Investment is recognized in the Profit and Loss Account. However, an amount equal to the profit on sale of investments in the Held to Maturity (HTM) category is appropriated to Capital Reserve Account, net of applicable taxes.
- Profit or loss on revaluation of investments as well as provision for depreciation (or reversal of excess depreciation) is recognized in the Profit and Loss Account.
- Income (other than interest) on investments in the "Held to Maturity (HTM)" category acquired at a Discount to Face Value, is recognized as follows;
  - i) On interest bearing securities, it is recognized only at the time of sale/redemption.
  - ii) On Zero coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.
- Commission on ATM interchange fees are recognized as they accrue.
- Upfront fees on restructured accounts are apportioned over the restructured period.
- Profit earned from the sale of gold/silver bullion (i.e the difference between the sale price and the purchase price) is included under "Other Income".

- Dividend on investments in shares and units of mutual funds are accounted on accrual basis when the bank's right to receive the dividend is established.
- Insurance claims, Interest on Income Tax refund, Commission from Distribution of Mutual Fund products and Commission from Depository services are accounted on receipt basis.
- Locker Rent is accounted on receipt basis without spreading it over the remaining lease period.
- Commission income on issuance of Bank Guarantee/ Letter of Credit and Discount on Bill Discounted is collected upfront and is recognized over the period of the underlying liability.
- Commission on distribution of Insurance products is accounted on accrual basis.
- Processing fee/ upfront fee, handling charges or income of similar nature collected at the time of sanctioning or renewal of loan/ facility is recognized in the year of receipt without spreading it over the period of loan/ facility.
- All other amounts collected from customers as Non-interest income or recovery of expenses towards provision of various services/ facilities are accounted/ recognized on receipt basis.

## **II. Expenses recognition**

### **A) Interest Expenses**

All interest expenses relating to deposits accepted and borrowings are recognized on accrual basis. Interest on unclaimed matured deposits is provided as per RBI directives.

### **B) Employee benefits**

#### **a Provident Fund**

The contribution made by the bank to Dhanlaxmi Bank Ltd Employees Provident Fund, administered by the trustees is charged to Profit & Loss account. Provident Fund is 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 annual contribution.

#### **b Pension Fund**

The contribution towards Dhanlaxmi Bank Ltd Employees' Pension Fund, managed by trustees, is determined on actuarial basis on projected unit credit method as on the Balance Sheet date and is recognized in the accounts. The actuarial gain or loss arising during the year is recognized in the Profit and Loss Account.

#### **c Expenditure on account of enhancement in family pension of employees**

The expenditure on account of enhancement of family pension, if not fully charged to profit and loss account, be amortized over a period of 5 years, subject to a minimum of 1/5th of the total amount involved being expensed every year. This is as per the RBI Circular DOR.ACC.REC.57/21.04.018/2021-22 dtd October 4, 2021 and will be applicable up to March 31, 2026.

#### **d New Pension Scheme (NPS)**

Employees who had joined the services of the Bank with effect from April 01, 2010 are covered under Defined Contributory Pension Scheme (DCPS). In respect of such employees the bank contributes 14% of the Basic Pay plus Dearness Allowance and the expenditure thereof is charged to Profit and Loss account and the Bank has no further liability beyond the contribution to the fund on this account.

#### **e Gratuity:**

The Bank makes annual contribution to Dhanlaxmi Bank Ltd Employees' Gratuity Trust Fund administered and managed by the trustees. The cost of providing such benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in the Profit and Loss Account in the period in which they occur. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

#### **f Compensation for absence on Privilege/ Sick/ Casual Leave**

The employees of the bank are entitled to compensated absence on account of privilege/ sick/ casual leave as per the leave rules. The bank measures the long term expected cost of compensated absence as a result of the

unused entitlement that has accumulated at the balance sheet date based on actuarial valuation and such costs are recognized in the accounts.

**g Other Employee Benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employee is recognized during the period when the employee renders the service.

**h Employee Stock Compensation Cost**

Measurement of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India (ICAI) and SEBI (Share Based Employee Benefits) Regulations, 2014. The Bank measures compensation cost relating to employee stock options using the intrinsic value method. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock (i.e. the last closing price on the stock exchange on the day preceding the date of grant of stock options) over the exercise price. The exercise price of the Bank's stock option is the last closing price on the stock exchange on the day preceding the date of grant of stock options and accordingly there is no compensation cost under the intrinsic value method.

**i Compensation of Whole time Directors/ Chief Executive officers**

As per the guidelines of RBI, the joining/sign-on bonus should be in the form of share-linked instruments only. Such bonus will neither be considered part of fixed pay nor part of variable pay. Subject to regulatory compliance, bank can allot shares at face value with a lock in period of 1 year from the date of grant as guaranteed bonus.

The variable pay can be in the form of share-linked instruments, or a mix of cash and share-linked instruments. Variable compensation is fixed based on organizational performance. Organization's performance is charted based on performance score card which takes into account various indicators such as business growth, Asset quality, Return on Assets, Reduction in Cost to Income Ratio, Return on Investment and Divergence in provisioning & asset classification.

Share-linked instruments should be fair valued on the date of grant by the bank using Black-Scholes model. The fair value thus arrived at should be recognized as an expense beginning with the accounting period for which approval has been granted.

**C) Other Operating Expenses: - Other operating expenses are generally accounted on accrual basis. In the case of Rent, where rent agreement is expired, rent is accounted on the basis of expired agreement till new rent agreement is signed.**

**III Net profit**

Net Profit is arrived at after provisions for contingencies, which include Provision for:

- i) Standard Assets, Restructured Advances and Non-Performing Advances and Investments;
- ii) Fraud and unhedged foreign currency exposure.
- iii) Taxation in accordance with statutory requirements.

**IV Advances**

**A) Valuation/ Measurement**

- a) Advances are classified into performing assets (Standard) and non-performing assets ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs, sacrifice provisions on restructured advances and unrealized interest on NPAs. Interest on Non Performing advances is transferred to an unrealized interest account and not recognized in profit and loss account until received. Further, NPAs are classified into substandard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made at the minimum required level as per the guidelines of the RBI on matters relating to prudential norms.
- b) Amounts recovered against debts written off are recognized in the profit and loss account and included under "Other Income".
- c) For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by the RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring. In respect of loans and advances accounts subjected to restructuring, the account is upgraded to standard only after the specified period i.e. a period of one year after the date when first payment of interest or of principal, whichever is later, falls due, subject to satisfactory performance of the account during the period.

- d) For entities with Un-hedged Foreign Currency Exposure (UFCE), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of un-hedged position. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.
- e) The Bank maintains general provision for standard assets including credit exposures computed as per the current marked-to-market values of foreign exchange derivative contracts, in accordance with the guidelines and at levels stipulated by RBI from time to time – direct advances to Sectors agricultural, Individual housing loans and SME at 0.25%, Commercial Real Estate at 1%, restructured advances at 5%, teaser rate housing loans at 2%, commercial real estate residential housing at 0.75% and for other sectors at 0.40%. Additional provision for standard asset at higher rates in respect of advances to stressed assets of the economy in accordance with the Board policy for making provision for standard assets at rates higher than regulatory minimum based on revaluation of risk and stress in various sectors.
- f) Loss on sale of assets to Asset Reconstruction Companies: - The RBI issued Master Direction- Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 on September 24, 2021. In accordance with these guidelines, when the stressed loan is transferred to ARC at a price below the Net Book Value (NBV) at the time of transfer, lenders shall debit the shortfall to the profit and loss account for the year in which the transfer has taken place. when the stressed loan is transferred to an ARC for a value higher than the NBV at the time of transfer, lenders shall reverse the excess provision on transfer to the profit and loss account in the year the amounts are received and only when the sum of cash received by way of initial consideration and / or redemption or transfer of Security Receipts (SR) / Pass Through Certificates (PTCs)/ other securities issued by ARCs is higher than the NBV of the loan at the time of transfer. Further, such reversal shall be limited to the extent to which cash received exceeds the NBV of the loan at the time of transfer.

#### B) Recording/ Presentation

Provisions created against individual accounts as per RBI guidelines are not netted in the individual account. For presentation in financial statements, provision created for NPA is netted against gross amount of advance without adjusting the same at individual account level. Provision held against an individual account is adjusted against individual account's balance only at the time of write off of the account.

### V Floating Provisions

The Bank has a policy for creation and utilization of floating provisions separately for advances, investments and general purposes. The quantum of floating provisions to be created is assessed at the end of the financial year. The floating provisions are utilized only for contingencies under extraordinary circumstances specified in the policy after obtaining the approval of Board of Directors of the Bank and with prior permission of Reserve Bank of India.

### VI Country Risk

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorized into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit as per Export Credit Guarantee Corporation of India Limited ("ECGC") guidelines and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country. The provision is reflected in Schedule -5 of the Balance Sheet under "Other liabilities and Provisions- Others".

### VII Investments

#### i. Classification

- (a) In accordance with the RBI guidelines, investments are categorized in to "Held for Trading" (HFT), "Available for Sale" (AFS) and "Held to Maturity" (HTM) and are further classified under six groups;
  - i. Government Securities,
  - ii. Other Approved Securities,
  - iii. Shares,

- iv. Debentures and Bonds,
  - v. Subsidiaries/ Joint Ventures and
  - vi. Other investments for the purposes of disclosure in the Balance Sheet.
- (b) Investments which are Held for sale within 90 days from the date of purchase are classified as “Held for Trading”(HFT) . As per RBI guidelines, HFT Securities which remain unsold for a period of 90 days are classified as AFS Securities on that date.
- (c) Investments which the bank intends to hold till maturity are classified as “Held to Maturity”.
- (d) Investments which are not classified in either of the above two categories are classified as “Available for Sale”.

## ii. Valuation

The valuation of investments is made in accordance with the RBI Guidelines:

- i) Held for Trading/ Available for Sale (HFT/AFS):-Investments classified under the AFS and HFT categories are marked-to-market. The market/fair value of quoted investments included in the ‘AFS’ and ‘HFT’ categories is measured with respect to the Market Price of the Scrip as available from the trades/ quotes on the stock exchanges, SGL account transactions, pricelist of RBI or prices declared by Primary Dealers Association of India (‘PDAI’) jointly with Fixed Income Money Market and Derivative Associations of India (‘FIMMDA’), periodically. Net depreciation, if any, within each category of investment classification is recognized in Profit and Loss Account. The net appreciation, if any, under each category of Investment is ignored. Except in cases where provision for diminution other than temporary is created, the Book value of individual securities is not changed consequent to the periodic valuation of Investments.
- ii) Held to Maturity (HTM); - These are carried at their acquisition cost. Any premium on acquisition of debt instruments is amortized over the remaining maturity of the security. Any diminution, other than temporary, in the value of such securities is provided for each investment individually.
- iii) Treasury Bills, Commercial Papers and Certificate of Deposits being discounted instruments are valued at carrying cost.
- iv) Units of Mutual Funds are valued at the latest repurchase price/net asset value declared by Mutual Fund.
- v) Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:
  - in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by FIMMDA/ PDAI and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA are adopted for this purpose;
  - in case of bonds and debentures (including Pass Through Certificates or PTCs) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;
  - equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at breakup value (without considering revaluation reserves, if any) which is ascertained from the company’s latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at Rs.1/- per company
  - Investment in security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Reconstruction Company / Securitization Company.
  - Non-Performing Investments are identified and valued based on RBI guidelines.

## iii. Repurchase (REPO) and Reverse Repurchase (Reverse REPO) transactions

The securities sold and purchased under Repo/ Reverse Repo (including transactions conducted under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) with Reserve Bank of India (RBI)) are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/ purchase transactions and such movement of securities is reflected using the Repo/Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/income, as the case may be. Balance in Repo Account is classified under Schedule 4 (Borrowings) and

balance in Reverse Repo Account is classified under Schedule 7 (Balance with Banks and Money at Call & Short Notice). Reverse Repo of original tenors more than 14 days shall be classified under Schedule 9 – Advances.

**iv. Short Sales**

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is reflected as the amount received on sale and is classified under 'Other Liabilities'. The short position is marked to market and resultant mark-to-market gain/losses are accounted for as per the relevant RBI guidelines for valuation of investments.

**v. Non-Performing Investments**

In respect of securities included in any of the three categories of investments where interest / principal is in arrears, for more than 90 days, income is not recognized and appropriate provision for the depreciation in the value of the investments is made, as per prudential norms applicable to non-performing advances. Debentures / Bonds in the nature of advances are subjected to usual prudential norms applicable to advances.

**vi. Transfer Between Categories**

Classification of investments under Held to Maturity (HTM), Held for Trading (HFT) and Available for Sale (AFS) is done at the time of purchase and subsequent shifting amongst categories is done in conformity with the regulatory guidelines. Transfer between categories is done at the lower of the acquisition cost/ book value/ market value on the date of the transfer and the depreciation, if any, on such transfer is fully provided for. Transfer of securities from/ to Held to Maturity category is done as per guidelines issued by RBI from time to time.

**vii. Acquisition Cost**

In determining the acquisition cost of the Investment:

- Transaction costs including brokerage and commission pertaining to acquisition of Investments are charged to the Profit and Loss Account.
- Broken period interest is charged to the Profit and Loss Account.
- Cost of investments is computed based on the weighted average cost method.

**viii. Disposal of Investments**

- Held for Trading and Available for Sale – Profit or loss on sale/ redemption is recognized in the Profit and Loss account.
- Held to Maturity - Profit or Loss on Sale/ Redemption of Investments is recognized in the Profit and Loss account. In case of Profits, the same is appropriated to Capital Reserve, after adjustments for tax and transfer to statutory reserve.

**VIII Property, Plant and Equipment**

- An item of property, plant and equipment that qualify for recognition as an asset are initially recognized and measured at cost.
- After initial recognition, the Bank chooses 'Cost Model' or 'Revaluation Model' for subsequent measurement as its accounting policy and applies that policy to entire class of property, plant and equipment.
- Property, Plant and Equipment following 'Cost Model' are carried at Cost less any accumulated depreciation/ amortization and any accumulated impairment losses.
- Property, Plant and Equipment following 'Revaluation Model' are carried at Revalued Amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation/amortization and any accumulated impairment losses.
- Revaluations are done with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value.
- An increase in the carrying amount of an asset arising on revaluation is credited to owners' interest under "Revaluation Reserve". However, the increase is recognized in the statement of profit and loss to the extent that it reverses a decrease in the revaluation of same asset previously recognized in the profit and loss account. A decrease in the



carrying amount of an item of an asset arising on revaluation is charged to the statement of profit and loss. However, the decrease is debited directly to owners' interest under the heading "Revaluation Surplus" to the extent of any credit balance existing in the Revaluation Reserve in respect of that asset.

- Revaluation Surplus included in owners' interest in respect of an item of property, plant and equipment is transferred to "Revenue Reserves" when the asset is retired or disposed off. The difference between the depreciation based on the revalued carrying amount and the depreciation based on original cost is also transferred to "Revenue Reserves" from "Revaluation Reserve". However, such transfers from "Revaluation Reserve" to "Revenue Reserve" are not made through the statement of profit or loss.
- Cost of an item of property, Plant and Equipment includes a) purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management viz. cost of employee benefits (as defined in AS-15 'Employee Benefits') arising directly from the construction or acquisition of the item of property, plant and equipment, cost of site preparation, initial delivery and handling costs, installation and assembly costs, professional fees, cost of testing whether the asset is functioning properly; (c) the initial estimate of the cost of dismantling, removing the item and restoring the site on which it is located, referred to as 'decommissioning, restoration and similar liabilities'
- Depreciation on fixed assets is charged based on the estimated useful life of the asset in compliance with the Schedule II of the Companies Act, 2013. Depreciable amount of an asset is allocated on a systematic basis over the useful life of the asset.
- Residual value and useful life of the asset is reviewed at least at each financial year end, and if expectations differ from previous estimates, such changes are accounted for as a change in accounting estimate in accordance with "AS-5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies".
- Method of depreciation used is assessed and reviewed at each financial year end and if there is a significant change in the pattern of consumption of the future economic benefits embodied in the asset, the method of depreciation is changed to reflect the changed pattern and such a change is accounted for and disclosed as a change in Accounting Estimate in accordance with "AS-5" Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies".
- Impairment of an item of property, plant and equipment is determined by applying the Accounting Standard 28. Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in the statement of profit and loss when the compensation becomes receivable.
- Amount expended towards acquisition of Software is capitalized where it is reasonably estimated that the software has an enduring useful life. Software is amortized over an estimated useful life of 5 years on straight-line basis.
- Land and premises owned by the Bank are valued under 'Revaluation Model' and other Fixed Assets are valued under 'Cost Model'.
- Grant related to Specific Fixed Assets – Grant received from the Government/ other agencies related to depreciable assets are treated as deferred income which is recognized in the profit and loss statement on a systematic and rational basis over the useful life of the asset.

## **IX Non-Banking Assets**

Non-Banking Assets acquired in settlement of debts/dues are accounted at the lower of their cost or net realizable value.

## **X Cash and Cash Equivalents**

Cash and Cash Equivalents include cash in hand, balances with Reserve Bank of India (RBI) and Balances with other banks/institutions and money at call and short notice (including effects of changes in exchange rates on cash and cash equivalents in foreign currency).

## **XI Transactions involving foreign exchange**

- 1 Foreign Currency transactions are recorded on initial recognition in the reporting currency by applying the foreign currency amount, the exchange rate between the reporting currency and the foreign currency on the date of the transaction.
- 2 Foreign Currency Monetary items at balance sheet date are reported using the Foreign Exchange Dealers Association of India (FEDAI) closing (spot/forward) rates.

- 3 Foreign Currency Non-Monetary items, which are carried at historical cost, are reported using the exchange rate on the date of the transaction.
- 4 Contingent Liabilities denominated in foreign currency are revalued using the exchange rate notified by FEDAI at the balance sheet date.
- 5 Outstanding foreign exchange spot and forward contracts held for trading at balance sheet date are revalued at the exchange rate notified by FEDAI for specified maturities and the resulting profit or loss is recognized in the statement of profit and loss.
- 6 Foreign Exchange forward contracts which are not intended for trading and are outstanding on the Balance sheet date, are revalued at the closing spot rate. The premium or discount arising at the inception of such contracts is amortized as expense or income over the life of the contract.
- 7 Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognized as income or as expense in the period in which they arise.
- 8 Gains/Losses on account of changes in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/losses are recognized in the statement of profit and loss.

## **XII Derivative Transactions**

The Bank recognizes all derivative contracts at fair value, on the date on which the derivative contracts are entered into and are measured at fair value as at the Balance sheet or reporting dates. Derivatives are classified as assets when the fair value is positive (Positive marked-to-market) or as liabilities when the fair value is negative (negative marked-to-market). Changes in the fair value of derivatives other than those designated as hedges are recognized in the Profit and Loss Account.

## **XIII Segment Information**

The disclosure relating to segment information is in accordance with the guidelines issued by RBI.

## **XIV Earnings per Share**

The Bank reports basic and diluted earnings per share in accordance with AS 20, Earnings per Share, as prescribed under Section 133 of the Companies Act, 2013. Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year. 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. Diluted earnings per share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end.

## **XV Operating Lease**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognized as an expense in the Profit and Loss Account as per the lease terms.

## **XVI Impairment of Assets**

The carrying values of assets at each balance sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceeds the estimated recoverable amount, impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Profit and Loss Account, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a reduction in revaluation to the extent a revaluation reserve is available for that asset. When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account. In case of revalued assets such reversal is not recognized.

## **XVII Taxes on income**

The income tax expense comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act. Deferred tax assets and liabilities are recognized 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 periods. Deferred tax asset is recognized subject to prudence and judgment that realization is more likely than not. Deferred tax assets and liabilities are measured using tax rates under tax laws that have been enacted before the balance sheet date. Changes in deferred tax assets/ liabilities on account of changes in enacted tax rates are given effect to in the profit and loss account in the period of the change.

### **XVIII Provisions, Contingent Liabilities and Contingent Assets**

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 company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Bank does not recognize a contingent liability but discloses its existence in the financial statements

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 balance sheet 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.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

### **XIX Share Issue Expenses**

Share issue expenses are charged to the Share Premium Account.

### **XX Corporate Social Responsibility**

Spends towards corporate social responsibility, in accordance with Companies Act, 2013 are recognized in the Profit and Loss Account.

## **SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS**

### **1. CAPITAL**

#### **a) Capital Infusion**

During the year ended March, 31, 2022 there was no infusion of capital.

#### **Paid -up Capital**

₹. in Crore)

Particulars	March 31, 2022	March 31, 2021
Opening Balance	253.01	253.01
Addition during the year	-	-
Closing Balance	253.01	253.01

#### **Share Premium**

(₹. in Crore)

Particulars	March 31, 2022	March 31, 2021
Opening Balance	1005.45	1005.45
Addition during the year	-	-
Closing Balance	1005.45	1005.45

### Tier II Capital

During the year ended March 31, 2022, the Bank has lower Tier II Bonds (ISIN-INE680A09022) of Rs.150.00 crore. During the year ended March 31, 2021, Bank redeemed Upper Tier II Bonds (ISIN-INE680A09022) of Rs.27.50 crore.

(₹. in Crore)

Particulars	FY 2021-22	FY 2020-21
Opening Balance as on April 1st	150.00	177.50
Redemption of Bonds	-	27.50
Closing Balance as on March 31st	150.00	150.00

### b) Regulatory Capital

The Bank is subject to the Basel-III Capital Regulations stipulated by Reserve Bank of India (RBI) effective from April 1, 2013. The transition to the Basel-III Capital Regulations is in a phased manner and during the transitional period the Bank is subject to the compliance with the regulatory limits and minimum CRAR prescribed under Basel-III Capital Regulation on an on-going basis. As per the Reserve Bank of India (RBI) guidelines, the total regulatory capital consists of sum of the following;

1) Tier-1 Capital (Going Concern Capital\*)

a. Common Equity Tier-1(CET-1)

b. Additional Tier-1

2) Tier-2 Capital (Gone Concern Capital\*\*)

\* From Regulatory perspective, Going Concern Capital is the Capital, which can absorb losses without triggering bankruptcy of the Bank.

\*\* From Regulatory perspective, Gone Concern Capital is the Capital, which will absorb losses only in a situation of liquidation of the Bank.

### Transitional Arrangements

In order to ensure smooth transition to the Basel-III Capital Regulations without aggravating any near term stress, the Reserve Bank of India (RBI) has made transitional arrangements for compliance with Basel-III Capital Regulations in a phased manner. The phasing in of the Minimum Capital Requirement under Basel-III is as follows:

(% of Risk Weighted Assets [RWAs])

Particulars	As on March 31,			
	2019	2020	2021	2022
Minimum Common Equity Tier-1 (CET-1)	5.5	5.5	5.5	5.5
Capital Conservation Buffer (CCB)	1.875	1.875	1.875	2.5
Minimum Common Equity Tier-1 (CET-1) + Capital Conservation Buffer (CCB)	7.375	7.375	7.375	8
Minimum Tier- 1 Capital	7	7	7	7
Minimum Total Capital	9	9	9	9
Minimum Total Capital + Capital Conservation Buffer (CCB)	10.875	10.875	10.875	11.5

As on March 31, 2022, Basel-III guidelines require the Bank to maintain a minimum capital to risk weighted assets ratio (CRAR) of 9% with minimum CET-1 CRAR of 5.5%, Minimum Tier-1 CRAR of 7% and Capital Conservation Buffer (CCB) of 2.5%. (The CCB of 2.5% of RWAs has been fully phased in from October 1, 2021).

**c) Composition of Regulatory Capital**

The following table sets forth, for the period indicated, computation of capital adequacy as per Basel-III framework:

(₹. in Crore)

Sr. No.	Items	March 31, 2022	March 31, 2021
		Basel III	Basel III
(i)	Common Equity Tier 1 capital (CET 1) (net of deductions, if any)	697.98	684.82
(ii)	Additional Tier 1 capital	-	-
(iii)	Tier 1 capital (i + ii)	697.98	684.82
(iv)	Tier 2 capital	180.78	191.46
(v)	Total capital (Tier 1+Tier 2)	878.76	876.28
(vi)	Total Risk Weighted Assets (RWAs)	6770.12	6057.22
(vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	10.31%	11.31%
(viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	10.31%	11.31%
(ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	2.67%	3.16%
(x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	12.98%	14.47%
(xi)	Leverage Ratio	4.96%	5.16%
(xii)	Percentage of the shareholding of a) Government of India	-	-
(xiii)	Amount of paid-up equity capital raised during the year	-	-
(xiv)	Amount of non-equity Tier 1 capital raised during the year, of which:		
	a) Basel III compliant Perpetual Non-Cumulative Preference Shares (PNCPS)	-	-
	b) Basel III compliant Perpetual Debt Instruments (PD)	-	-
(xv)	Amount of Tier 2 capital raised during the year, of		
	a) Basel III compliant Debt Capital Instrument	-	-
	b) Basel III compliant Preference Share Capital Instruments	-	-

**d) Draw down from reserves**

During the financial year ended March 31, 2022 the Bank has drawn down Rs.0.58 crore from reserve (Previous Year –Rs.0.49 Cr).

**2. ASSET LIABILITY MANAGEMENT**

**a) Maturity pattern of Assets and Liabilities**

Disclosure format of maturity pattern has been revised by RBI vide circular DBR.BP.BC.No.86/21.04.098/2015-16 dated March 23, 2016. In compiling the information of maturity pattern, estimates and assumptions have been made by the management and have been relied upon by the auditors.

**i) Maturity Pattern of certain assets and liabilities as at March 31, 2022:**

(₹. in Crore)

Particulars	Day 1	2 to 7 Days	8 to 14 Days	15 to 30 Days	31 days up to 2 months	Over 2 months up to 3 months	Over 3 months and upto 6 months	Over 6 months and up to 1 year	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits	77.44	251.54	232.27	492.10	558.58	457.01	1,705.83	3,324.01	4,909.83	316.91	77.38	12,402.89
Advances (Net)	388.29	21.83	35.03	293.91	298.27	534.36	1,229.83	1,472.33	1,594.30	1,005.63	1,268.22	8,141.98
Investments (Gross)	-	-	-	-	-	-	24.17	250.26	422.20	1,938.79	1,520.05	4,155.46
Borrowings	-	-	-	-	-	-	-	-	150.00	-	-	150.00
Foreign currency Asstes	64.24	29.30	0.19	23.21	5.95	-	10.93	29.16	-	-	-	162.98
Foreign currency Liabilities	24.32	14.48	0.04	12.23	4.81	3.52	7.88	49.70	20.59	1.35	-	138.92

**ii) Maturity Pattern of certain assets and liabilities as at March 31, 2021:**

(₹. in Crore)

Particulars	Day 1	2 to 7 Days	8 to 14 Days	15 to 30 Days	31 days up to 2 months	Over 2 months up to 3 months	Over 3 months and upto 6 months	Over 6 months and up to 1 year	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits	62.57	230.60	187.39	473.83	585.23	455.63	1,736.81	3,702.44	3,995.10	211.68	70.61	11,711.90
Advances (Net)	640.08	24.00	109.36	273.57	252.49	551.22	1083.63	1181.39	994.87	596.37	1080.42	6787.40
Investments (Gross)	-	22.23	10.00	-	98.55	66.44	597.48	394.34	284.26	1,458.93	1,628.02	4,560.26
Borrowings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150.00	0.00	150.00
Foreign currency Asstes	58.11	-	4.77	9.07	10.80	11.67	12.98	62.19	-	-	-	169.59
Foreign currency Liabilities	27.36	0.05	2.60	9.82	2.51	18.37	10.22	35.25	36.92	7.12	0.06	150.28



**b) Liquidity Coverage Ratio (LCR)**

**i) Quantitative Disclosure**

Below mentioned is a position of Liquidity Coverage Ratio computed based on Simple Average of daily observations over the previous year ended March 31, 2022

(₹. in Crore)

	Quarter ended 30.06.21		Quarter ended 30.09.21		Quarter ended 31.12.21		Quarter ended 31.03.22	
	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>								
1		4092.54		4281.71		4276.22		3703.19
<b>Total High-Quality Liquid Assets (HQLA)</b>								
<b>Cash Outflows</b>								
Retail deposits and deposits from								
2	7666.52	436.68	7720.72	439.75	7758.13	442.93	7796.16	445.28
which:								
i)	Stable Deposits	6599.49	329.97	6646.39	332.32	6657.64	6686.75	334.34
ii)	Less stable deposits	1067.03	106.70	1074.33	107.43	1100.50	1109.41	110.94
3	Unsecured wholesale funding, of which:	1284.03	332.28	1363.94	378.53	1438.64	1391.70	355.00
i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-
ii)	Non-operational deposits (all counterparties)	1284.03	332.28	1363.94	378.53	1438.64	1391.70	355.00
iii)	Unsecured debt	-	-	-	-	-	-	-
4	Secured wholesale funding							25.36
5	Additional requirements, of which	-	-	-	-	-	-	-

(₹. in Crore)

	Quarter ended 30.06.21		Quarter ended 30.09.21		Quarter ended 31.12.21		Quarter ended 31.03.22	
	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)
Outflows related to derivative exposures and other collateral requirements								
i)	-	-	-	-	-	-	-	-
Outflows related to loss of funding on debt products								
ii)	-	-	-	-	-	-	-	-
Credit and liquidity facilities								
iii)	-	-	-	-	-	-	-	-
6	430.72	57.49	395.31	55.57	396.66	56.15	390.60	56.93
7	198.13	5.94	202.68	6.08	218.51	6.56	243.82	7.31
8		832.39		879.93		949.18		889.88
<b>Cash Inflows</b>								
9	454.77	454.77	489.00	489.00	220.81	220.81	112.70	112.70
Secured lending (e.g. reverse repos)								
10	-	-	-	-	-	-	-	-
Inflows from fully performing exposures								
11	-	-	-	-	-	-	-	-
Other cash inflows								
12	-	-	-	-	-	-	-	-
<b>Total Cash Inflows</b>								
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13		4092.54		4281.71		4276.22		3703.19
14		377.62		390.94		728.36		777.19
15		1083.77%		1095.25%		587.10%		476.49%
		<b>Total HQLA</b>						
		4092.54						
		377.62						
		1083.77%						
		390.94						
		728.36						
		587.10%						
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		777.19						
		3703.19						
		728.36						
		587.10%						

Below mentioned is a position of Liquidity Coverage Ratio computed based on Simple Average of daily observations of the 4 quarters for the year ended March 31, 2021.

(₹. in Crore)

	Quarter ended 30.06.20		Quarter ended 30.09.20		Quarter ended 31.12.20		Quarter ended 31.03.21			
	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)		
<b>High Quality Liquid Assets</b>										
1	Total High-Quality Liquid Assets (HQLA)		3077.84		3848.60		3838.31		4353.33	
<b>Cash Outflows</b>										
Retail deposits and deposits from small business customers, of which:										
2	7377.52		446.82		7513.13		442.60		7537.22	
i)	Stable Deposits		5818.66		290.93		5920.57		6123.29	
ii)	Less stable deposits		1558.86		155.89		1592.56		1364.40	
3	Unsecured wholesale funding, of which:		1020.88		254.60		342.92		415.79	
i)	Operational deposits (all counterparties)		-		-		-		-	
ii)	Non-operational deposits (all counterparties)		1020.88		254.60		342.92		415.79	
iii)	Unsecured debt		-		-		-		-	
4	Secured wholesale funding		-		-		-		-	
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)	Credit and liquidity facilities		-		-		-		-	

(₹. in Crore)

	Quarter ended 30.06.20		Quarter ended 30.09.20		Quarter ended 31.12.20		Quarter ended 31.03.21	
	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)
6 Other contractual funding obligations	410.51	34.96	453.91	58.13	441.85	57.99	400.66	55.99
7 Other contingent funding obligations	243.38	7.30	232.34	6.97	230.45	6.91	219.53	6.59
8 Total Cash Outflows		743.68		871.28		923.29		860.13
<b>Cash Inflows</b>								
9 Secured lending (e.g. reverse repos)	348.90	348.90	291.88	291.88	567.33	567.33	281.76	281.76
10 Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11 Other cash inflows	-	-	-	-	-	-	-	-
12 <b>Total Cash Inflows</b>	-	-	-	-	-	-	-	-
13 <b>Total HQLA</b>		3077.84		3848.60		3838.31		4353.33
14 <b>Total Net Cash Outflows</b>		394.79		571.43		355.96		578.37
15 <b>Liquidity Coverage Ratio (%)</b>		779.62%		673.51%		1078.30%		752.69%

#### ii) Qualitative Disclosure

The Bank measures and monitors the LCR in line with the Reserve Bank of India's circular dated June 09, 2014 on "Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards" as amended for "Prudential Guidelines on Capital Adequacy and Liquidity Standards" dated March 31, 2015. The LCR guidelines aim to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken. Banks are required to maintain High Quality Liquid Assets of a minimum of 100% of its Net Cash Outflows. The adequacy in the LCR maintenance is an outcome of a conscious strategy of the Bank towards complying with LCR mandate ahead of the stipulated timelines. The maintenance of LCR, both on end of period and on an average basis, has been on account of multiple factors viz, increases in excess SLR, existing eligibility in corporate bond investments, increase in retail deposits and increase in non-callable deposits. Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows) except where otherwise mentioned in the circular and LCR template. Weighted values are calculated after the application

of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows). Board of Directors of the Bank has empowered ALCO (Senior Management Executive Committee) to monitor and strategize the Balance Sheet profile of the Bank.

The Bank has been maintaining HQLA primarily in the form of SLR investments over and above mandatory requirement; Certificate of Deposits issued by Banks with rating A1+ and above apart from regulatory dispensation allowed in the form of borrowing limit available through Marginal Standing Facility (MSF) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR). Average LCR for the Quarter ended March 31, 2022 is 476.49% (Quarter ended March 31, 2021: 752.69%), which is comfortably above RBI prescribed minimum requirement of 100%.

**c) Net Stable Funding Ratio (NSFR)**

**i) Quantitative Disclosure**

The following table sets out the unweighted and weighted value of the NSFR components of the Dhanlaxmi Bank at March 31, 2022 (i.e. quarter-end observation).

(₹. in Crore)

Net Stable Funding Ratio March 31, 2022						
(₹ in Crore)	Unweighted value by residual maturity				Weighted value	
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr		
<b>ASF Items</b>						
1	Capital: (2+3)	783.29	-	-	150	933.29
2	Regulatory capital	783.29	-	-	90	873.29
3	Other capital instruments	-	-	-	60	60.00
4	Retail deposits and deposits from small business customers: (5+6)	4017.19	2200.71	1948.25	1710.70	9384.20
5	Stable deposits	2565.87	2083.70	1829.72	1575.10	7730.43
6	Less stable deposits	1451.32	117.01	118.53	135.60	1653.77
7	Wholesale funding: (8+9)	233.35	1059.62	1100.62	121.12	671.43
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	233.35	1059.62	1100.62	121.12	671.43
10	Other liabilities: (11+12)	470.91	-	-	-	-
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	470.91	-	-	-	-
13	<b>Total ASF (1+4+7+10)</b>	5504.74	3260.33	3048.87	1981.82	10988.92
<b>RSF Items</b>						
14	Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	199.64
15	Deposits held at other financial institutions for operational purposes	17.95	-	-	-	8.98
16	Performing loans and securities: (17+18+19+21+23)	-	2638.75	1462.34	4415.02	5665.35
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-

(₹. in Crore)

Net Stable Funding Ratio March 31, 2022						
(₹ in Crore)	Unweighted value by residual maturity				Weighted value	
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr		
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	342.20	294.26	-	198.46
19	Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	2296.55	1168.08	3200.23	4556.05
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	237.20	154.18
21	Performing residential mortgages, of which:	-	-	-	608.68	395.64
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	498.46	323.99
23	Securities that are not in default and do not qualify as HQLA, including exchange traded equities	-	-	-	606.11	515.19
24	Other assets: (sum of rows 25 to 29)	-	-	-	1043.46	1043.46
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	-	-	-	1043.46	1043.46
30	Off-balance sheet items	-	-	-	774.07	33.36
31	<b>Total RSF(14+15+16+24+30)</b>	-	-	-	-	6950.78
32	<b>Net Stable Funding Ratio (%)</b>	-	-	-	-	158.10%

Bank has complied with the regulatory requirements w.r.to NSFR.



The NSFR calculation at December 31, 2022 (ie quarter end observation) is shown below

(₹. in Crore)

Net Stable Funding Ratio December 31, 2021						
(₹ in Crore)	Unweighted value by residual maturity				Weighted value	
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr		
<b>ASF Items</b>						
1	Capital: (2+3)	760.35	-	-	150	910.35
2	Regulatory capital	760.35	-	-	150	910.35
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers: (5+6)	3869.47	2216.05	1654.29	1231.3	8436.36
5	Stable deposits	2457.95	2,079.84	1,553.27	1,156.11	6884.80
6	Less stable deposits	1411.52	136.21	101.02	75.19	1551.56
7	Wholesale funding: (8+9)	-	625.95	1110.38	112.67	924.5
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	625.95	1110.38	112.67	924.5
10	Other liabilities: (11+12)	495.83	-	-	1280.6	1280.6
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	495.83	-	-	1280.6	1280.6
13	<b>Total ASF (1+4+7+10)</b>	5125.65	2842	2764.67	2774.57	11551.81
<b>RSF Items</b>						
14	Total NSFR high-quality liquid assets (HQLA)					145.56
15	Deposits held at other financial institutions for operational purposes					
16	Performing loans and securities: (17+18+19+21+23)	-	2081.05	2225.79	5086.89	6986.04
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	220.14	285.18	919.09	1094.70
19	Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	1615.23	1486.51	1882.7	3103.56
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	238.01	154.70
21	Performing residential mortgages, of which:	-	0.14	0.37	563.14	366.55

(₹. in Crore)

Net Stable Funding Ratio December 31, 2021						
(₹ in Crore)	Unweighted value by residual maturity				Weighted value	
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr		
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	563.14	366.04
23	Securities that are not in default and do not qualify as HQLA, including exchange traded equities	-	245.54	453.73	1721.96	2421.23
24	Other assets: (sum of rows 25 to 29)	-	-	-	1075.59	1075.59
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	-	-	-	1075.59	1075.59
30	Off-balance sheet items	-	-	-	782.72	34.23
31	<b>Total RSF(14+15+16+24+30)</b>	-	-	-	-	8241.43
32	<b>Net Stable Funding Ratio (%)</b>	-	-	-	-	140.17%

## ii) Qualitative Disclosure

The Net Stable Funding Ratio (NSFR) is one of the Basel Committee's key reforms to promote a more resilient banking sector. The NSFR will require banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on- and off-balance sheet items, and promotes funding stability. The Bank is required to maintain the NSFR on an ongoing basis on a standalone Bank level and on a Group level. The minimum NSFR requirement set out in the RBI guideline for the standalone Bank and for Group effective October 1, 2021 is 100%. The Bank does not have any subsidiary as on date.

NSFR Calculation Methodology	RBI prescribed minimum NSFR	Bank's NSFR for the Quarter ended March 31, 2022
NSFR= (Available amount of Stable funding) / (Required amount of Stable funding)	100%	158.10%

The Bank has complied with the regulatory minimum of 100% as of 31 March 2022.

Bank has complied with regulatory requirements with respect to NSFR

**3 INVESTMENTS**  
a) Composition of Investment Portfolio

i) As at 31st March 2022

(₹. in Crore)

Particulars	Investments in India					Total investments in India
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and / or joint ventures	
<b>Held to Maturity</b>						
Gross	2,600.08	-	-	-	-	<b>2,600.08</b>
Less: Provision for Non Performing Investments (NPI)	-	-	-	-	-	-
Net	2,600.08	-	-	-	-	<b>2,600.08</b>
<b>Available for Sale</b>						
Gross	785.19	48.19	34.34	616.81	-	<b>1,555.38</b>
Less: Provision for depreciation and NPI	8.99	-	20.87	34.22	-	<b>111.40</b>
Net	776.20	48.19	13.47	582.59	-	<b>1,443.98</b>
<b>Held for Trading</b>						
Gross	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-
Net	-	-	-	-	-	-
<b>Total investments</b>	3,385.28	48.19	34.34	616.81	-	<b>4,155.46</b>
Less: Provision for non-performing investments	-	-	-	-	-	-
Less: Provision for depreciation and NPI	8.99	-	20.87	34.22	-	<b>111.40</b>
<b>Net</b>	<b>3,376.28</b>	<b>48.19</b>	<b>13.47</b>	<b>582.59</b>	<b>23.52</b>	<b>4,044.06</b>

Bank has No Investments outside India

ii) As at 31st March 2021

(₹. in Crore)

Particulars	Investments in India						Total investments in India
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and / or joint ventures	Others	
<b>Held to Maturity</b>							
Gross	2341.72	-	-	-	-	-	2341.72
Less: Provision for Non Performing Investments (NPI)	-	-	-	-	-	-	-
Net	2341.72	-	-	-	-	-	2341.72
<b>Available for Sale</b>							
Gross	1528.35	98.56	31.39	375.98	-	100.52	2134.80
Less: Provision for depreciation and NPI	8.82	-	27.80	27.84	-	56.30	120.76
Net	1519.53	98.56	3.59	348.14	-	44.22	2014.05
<b>Held for Trading</b>							
Gross	83.73	-	-	-	-	-	83.73
Less: Provision for depreciation and NPI	0.53	-	-	-	-	-	0.53
Net	83.20	-	-	-	-	-	83.20
<b>Total investments</b>	3953.81	98.56	31.39	375.98	-	100.52	4560.26
Less: Provision for non-performing investments	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	9.35	-	27.80	27.84	-	56.30	121.29
<b>Net</b>	<b>3944.46</b>	<b>98.56</b>	<b>3.59</b>	<b>348.14</b>	<b>-</b>	<b>44.22</b>	<b>4438.97</b>

Investments outside India – Nil

**b) Movement of Provisions for Depreciation and Investment Fluctuation Reserve**

(₹. in Crore)

Particulars	31st March 2022	31st March 2021
i) Movement of Provisions held towards depreciation on Investments		
a) Opening Balance	121.29	97.84
b) Add: Provisions made during the year	-	24.26
c) Less: Write Off/ write back of excess provisions during the year.	9.89	0.81
d) Closing balance	111.40	121.29
ii) Movement of Investment Fluctuation Reserve		
e) Opening Balance	17.90	11.73
f) Add: amount transferred during the year	7.14	6.17
g) Less: Drawdown	-	-
h) Closing Balance.	25.04	17.90
iii) Closing Balance in IFR as a percentage of closing balance of investments in AFS and HFT / Current Category.	1.73	0.85

**c) i) Sale and Transfers to / from HTM Category during FY 2021-22**

Sl. No	Particulars	Classification	Book Value. ₹ in Cr
1	Shifting from AFS to HTM	G SEC & SDL	127.82
2	Shifting from HTM to AFS	G SEC & SDL	211.70
3	Sale from HTM	G.SEC	NIL
4	Sale from HTM	SDL	113.21
	Total Sale in regular market attracting 5% cap (3+4)	113.21	
	<b>Sale in terms of % to 31/03/2021 Position</b>		<b>4.83</b>

During the year ended March 31st, 2022, the aggregate book value of investments sold from Held to Maturity (HTM) category was within the prescribed limit of 5% (4.83% - Total Rs.113.21 Crores) of the book value of investments held in HTM category at the beginning of the year (Rs.2,341.72 Crores) The market value of investments held in HTM category as on 31st March 2022 was Rs.2,563.31 crores against the book value of Rs.2,600.08 crores. The Bank has not provided for excess of book value over market value i.e. Rs. 36.77 Crores.

In accordance with Reserve Bank of India (RBI) guidelines, sale from, and transfer to/from Held to Maturity (HTM) category excludes;

- One-time transfer of securities to /from HTM category permitted to be undertaken by banks at the beginning of the accounting year with the approval of the Board of Directors;
- Direct sales from HTM for bringing down SLR holdings in HTM category consequent to a downward revision in SLR requirements by RBI.
- Sale to the Reserve Bank of India (RBI) under liquidity management Operations of RBI like Open Market Operation (OMO) and the Government Securities Acquisition Programme. (GSAP)
  - Repurchase of Government securities by Government of India from Banks under buyback/ switch operations
  - Repurchase of state Development loans by respective state governments under buyback/ switch operations.
  - Additional shifting of securities explicitly permitted by the reserve Bank of India.

ii) Sale and Transfer to/from HTM Category during FY 2020-21

Sl. No	Particulars	Classification	Book Value. ₹ in Cr
1	Shifting from AFS to HTM	G SEC & SDL	Nil
2	Shifting from HTM to AFS	G SEC & SDL	615.29
3	Sale from HTM*	G.SEC	271.01
4	Sale from HTM	SDL	487.49
Total Sale in regular market attracting 5% cap (3+4)		758.49	
<b>Sale in terms of % to 31/03/2020 Position</b>			<b>37.57</b>

\*Sale of Rs 140.82 Crore under RBI's Open Market Operation is not included.

During the year ended March 31, 2021, the aggregate book value of investments sold from Held to Maturity (HTM) category was 37.57% (Total Rs 758.49 Cr) which was 32.57% in excess of the 5% of the book value of investments held in Held to Maturity (HTM) category at the beginning of the year.

The market value of investments held in HTM category as on 31 March 2021 was Rs. 2,328.65 Crore against the book value of Rs. 2,341.72 Crore. The Bank has not provided for excess of book value over market value ie, Rs. 13.07 Crore.

In accordance with Reserve Bank of India (RBI) guidelines, sale from, and transfer to/from Held to Maturity (HTM) category excludes;

- One-time transfer of securities to /from HTM category permitted to be undertaken by banks at the beginning of the accounting year with the approval of the Board of Directors;
- Direct sales from HTM for bringing down SLR holdings in HTM category consequent to a downward revision in SLR requirements by RBI.
- Sale to the Reserve Bank of India (RBI) under liquidity management Operations of RBI like Open Market Operation (OMO) and the Government Securities Acquisition Programme. (GSAP)
- Repurchase of Government securities by Government of India from Banks under buyback/ switch operations
- Repurchase of state Development loans by respective state governments under buyback/ switch operations.
- Additional shifting of securities explicitly permitted by the reserve Bank of India.

d) Non – SLR Investment Portfolio

i) Non Performing Non-SLR Investments

Particulars	(₹. in Crore)	
	March 31,2022	March 31,2021
Opening balance	35.99	31.80
Additions during the year	57.46	5.00
Reductions during the year	-	0.81
Closing balance	93.45	35.99
<b>Total provisions held</b>	<b>93.45</b>	<b>35.99</b>



ii) a) Issuer wise composition of Non SLR investments as on March 31, 2022

(₹. in Crore)

Sl. 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)	(5)
(i)	Public Sector Undertakings	270.99	259.90	0.00	0.10	0.10
(ii)	Financial Institutions	264.27	264.27	0.00	0.00	0.00
(iii)	Banks	72.08	71.77	5.00	5.00	5.00
(iv)	Private Corporates	92.00	89.43	28.22	28.22	53.88
(v)	Subsidiaries /Joint Ventures	0.00	0.00	0.00	0.00	0.00
(vi)	Others (Security Receipts & PTC)	70.84	70.84	70.84	0.00	70.84
(vii)	Less: Provision Held towards Depreciation & NPI	102.41	-	-	-	-
<b>TOTAL</b>		<b>667.77</b>	<b>756.21</b>	<b>104.06</b>	<b>33.32</b>	<b>129.82</b>

b) Issuer wise composition of Non SLR investments as on March 31, 2021

(₹. in Crore)

Sl. 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)	(5)
(i)	Public Sector Undertakings	180.64	170.04	0.00	0.00	0.00
(ii)	Financial Institutions	75.00	75.00	0.00	0.00	0.00
(iii)	Banks	116.06	116.05	5.00	5.00	5.00
(iv)	Private Corporates	134.23	133.28	39.31	39.31	53.98
(v)	Subsidiaries /Joint Ventures	-	-	-	-	-
(vi)	Others (Security Receipts & PTC)	100.52	100.52	0.00	0.00	100.52
(vii)	Less: Provision Held towards Depreciation & NPI	111.94	-	-	-	-
<b>TOTAL</b>		<b>494.51</b>	<b>594.89</b>	<b>44.31</b>	<b>44.31</b>	<b>159.50</b>

@The Total under column no: 1 is the total of investments included under the following categories in Schedule- 8 to the Balance Sheet;

- i. Shares
- ii. Debentures and Bonds
- iii. Subsidiaries/Joint Ventures
- iv. Others

# Amounts reported under the columns 2, 3, 4 and 5 above are not mutually exclusive.

\* Excludes investments in equity shares and units of equity oriented mutual funds in line with extant RBI guidelines.

\*\* Excludes investments in equity shares and units of equity oriented mutual funds in line with with extant RBI guidelines.

e) i) Repo Transactions (in Face Value Terms)

(₹. in Crore)

Particulars	Minimum outstanding during the year ended March 31,		Maximum outstanding during the year ended March 31,		Daily Average outstanding during the year ended March 31,		Outstanding as on March 31, 2022	Outstanding as on March 31, 2021
	2022	2021	2022	2021	2022	2021		
	<b>Securities sold under repos</b>							
i) Government Securities	Nil	Nil	139.99	89.99	11.17	2.81	Nil	Nil
ii) Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Securities purchased under reverse repos</b>								
i) Government Securities	Nil	Nil	90.00	8Nil	0.73	Nil	Nil	Nil
ii) Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note: As per RBI/2018-2019/24 FMRD.DIRD.01/14.03.038/2018-19 dt. July 24, 2018 only Market repo & Market reverse repo Transactions have been taken into Account; Repo/Reverse repo Transactions conducted under Liquidity Adjustment Facility (LAF) with RBI have not been counted.

ii) Outstanding Repo/Reverse Repo Transactions with Reserve Bank of India (RBI) under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF)

(₹. in Crore)

Particulars	March 31,2022	March 31,2021
Repo under Liquidity Adjustment Facility (LAF)/Marginal Standing Facility (MSF)	Nil	Nil
Reverse Repo under Liquidity Adjustment Facility (LAF)/Marginal Standing Facility (MSF)	30.00	364.00

f) Investments Kept as Margin (in Face Value Terms)

(₹. in Crore)

Particulars	March 31,2022	March 31,2021
Collateralized Borrowing and Lending Obligation (CBLO)	150.17	150.17
Clearing of Securities	35.70	35.70
Forex Forward Segment-Default Fund with Clearing Corporation of India Limited	3.00	3.00
National Securities Clearing Corporation of India Ltd.	0.00	0.00
MCX-SX Clearing Corporation Ltd.	0.00	0.00
Real Time Gross settlement System (RTGS)	250.00	250.00
<b>Total</b>	<b>438.87</b>	<b>438.87</b>

g) Triparty Repo (TREPS) Transactions

Triparty Repo (TREPS) is a repo contract where a third entity (apart from the borrower and lender), called a Triparty Agent, acts as an intermediary between the two parties to the repo to facilitate services like collateral section, payment and settlement, custody and management during the life of the transaction.

(₹. in Crore)

Particulars	March 31,2022	March 31,2021
Outstanding TREPS Borrowing	Nil	Nil
Outstanding TREPS Lending	Nil	Nil
Amortized Book Value of Securities given as collateral to Clearing Corporation of India Ltd(CCIL)	Nil	Nil

**h) Details of Book Value of Investments in Security Receipts**

(₹. in Crore)

Particulars	March 31,2022	March 31,2021
I) Backed by NPAs sold by the bank as underlying	70.84	100.52
II) Backed by NPAs sold by the other banks/ Financial Institutions /NBFC as underlying	Nil	Nil
<b>Total</b>	<b>70.84</b>	<b>100.52</b>

**i) Capital Reserve**

It is the reserve created from Capital profit. Profit on sale of investments in the Held to Maturity category is credited to the Profit and Loss Account and thereafter appropriated to capital reserve (net of taxes and the amount required to be transferred to Statutory Reserves). During the year Rs.2.89 crores (previous year Rs.21.72 crore) was transferred to Capital Reserve.

**j) Investment Reserve**

In the event, provisions created on account of depreciation in the 'AFS' or 'HFT' categories are found to be in excess of the required amount in any year, the excess shall be credited to the Profit & Loss Account and an equivalent amount (net of taxes, if any and net of transfer to Statutory Reserves as applicable to such excess provision) shall be appropriated to an IRA Account. During the year, transfer to Investment Reserve Account is 5.92 Crs (Previous year Nil).

**k) Investment Fluctuation Reserve**

Investment fluctuation reserve (IFR) is to be created with an amount not less than lower of net profit on sale of investments during the year or 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. During the year, Bank has transferred Rs7.14 crore (Previous year Rs. 6.17 crore) to Investment Fluctuation Reserve Account with a view to building up of adequate reserves to protect against increase in yields in future.

**4 ASSET QUALITY**

**a) i) Classification of Advances and provisions held as on March 31, 2022**

(₹. in Crore)

Particulars	Standard		Non-Performing			Total
	Total Standard advances	Sub standard	Doubtful	Loss	Total Non-Performing Advances	
<b>Gross standard Advances and NPAs</b>						
Opening Balance	6465.05	310.02	224.75	122.44	657.21	7122.26
Add: Additions during the year					365.62	365.62
Less: reductions during the year					489.29	489.29
Closing Balance	7910.04	47.51	413.38	72.64	533.54	8443.58

(₹. in Crore)

Particulars	Standard		Non-Performing		Total Non-Performing Advances	Total
	Total Standard advances	Sub standard	Doubtful	Loss		
Reductions in Gross NPA due to						
i) Up gradation					239.36	239.36
ii) Recoveries (excluding recoveries from upgraded accounts)					167.10	167.10
iii) Technical/ Prudential write off loans					77.86	77.86
iv) Write off other than those under (iii) above.					4.98	4.98
<b>Provisions (Excluding Floating Provisions)</b>						
Opening balance of Provisions held @	43.75	50.80	157.77	120.57	332.11	375.86
Add: Fresh Provisions made during the year					142.05	142.05
Less: Excess provision reversed/ Write-off loans					175.00	175.00
Closing Balance of provisions held @	60.24	6.90	217.81	71.48	299.17	359.41
@ Counter Cyclical Provision of ₹ 2.97Crores is factored in Total NPAs/Total columns under opening /closing balance only.						
<b>Net NPAs</b>						
Opening Balance #		261.30	64.02	1.24	322.92	322.92
Add: Fresh additions during the year					297.68	297.68
Less: reductions during the year					388.44	388.44
Closing Balance #		33.01	201.70	1.09	232.16	232.16
# General provision of ₹ 3.64 Crore (Counter Cyclical Provision of Rs 2.97Crores and floating provision of ₹ 0.67 crores) is factored in Total NPAs/Total columns under opening /closing balance only.						
<b>Floating Provisions</b>						
Opening Balance						0.67
Add: Additional provisions made during the year						0.00
Less: Amount draw down during the year	-	-	-	-	0.00	0.00
Closing Balance	-	-	-	-	0.67	0.67
<b>Technical Write off and the recoveries made thereon:-</b>						
Opening Balance						594.20
Add: Technical/Prudential write offs during the year						77.86
Less: Recoveries made from previously technical/ prudential written off accounts during the year						6.60
Closing Balance						665.46

**ii) Classification of Advances and provisions held as on March 31, 2021**

(₹. in Crore)

Particulars	Standard		Non-Performing		Total Non-Performing Advances	Total
	Total Standard advances	Sub standard	Doubtful	Loss		
<b>Gross standard Advances and NPAs</b>						
Opening Balance	6397.67	71.14	235.02	95.06	401.22	6798.89
Add: Additions during the year					391.23	391.23
Less: reductions during the year					135.24	135.24
Closing Balance	6465.05	310.02	224.75	122.44	657.21	7122.26
Reductions in Gross NPA due to						
i) Up gradation					24.72	24.72
ii) Recoveries (excluding recoveries from upgraded accounts)					96.79	96.79
iii) Technical/ Prudential write off loans					0.00	0.00
iv) Write off other than those under (iii) above.					13.74	13.74
<b>Provisions (Excluding Floating Provisions)</b>						
Opening balance of Provisions held @	21.99	15.98	165.39	93.59	297.95	319.94
Add: Fresh Provisions made during the year					124.46	124.46
Less: Excess provision reversed/ Write-off loans					90.30	90.30
Closing Balance of provisions held @	43.75	50.80	157.77	120.57	332.11	375.86
@ Counter Cyclical Provision of ₹ 2.97Crores is factored in Total NPAs/Total columns under opening /closing balance only.						
<b>Net NPAs</b>						
Opening Balance #		54.45	69.24	0.91	100.94	100.94
Add: Fresh additions during the year					346.27	346.27
Less: reductions during the year					124.29	124.29
Closing Balance #		261.30	64.02	1.24	322.92	322.92
# Buffer provision for Sale to ARC accounts ₹ 20.02 crore factored in Total NPAs /Total column under opening balance only. General provision of ₹ 3.64 crore (Counter Cyclical Provision ₹ 2.97 crore + Floating Provision of ₹ 0.67 crore) factored in Total NPAs/ Total Columns under opening/ closing balance.						
<b>Floating Provisions</b>						
Opening Balance						0.67
Add: Additional provisions made during the year						0.00
Less: Amount draw down during the year	-	-	-	-	-	0.00
Closing Balance	-	-	-	-	-	0.67
<b>Technical Write off and the recoveries made thereon:-</b>						
Opening Balance						594.90
Add: Technical/Prudential write offs during the year						0.00

(₹. in Crore)

Particulars	Standard		Non-Performing			Total
	Total Standard advances	Sub standard	Doubtful	Loss	Total Non-Performing Advances	
Less: Recoveries made from previously technical/ prudential written off accounts during the year						0.70
Closing Balance						594.20

Ratios (in Percentage)	31st March, 2022	31st March, 2021
Gross NPA to Gross Advances	6.32%	9.23%
Net NPA to Net Advances	2.85%	4.76%
Provision Coverage Ratio	80.64%	74.20%

## b) Sector-wise advances and Gross NPAs

(₹. in Crore)

Sl. No.	Sector	March 31, 2022			March 31, 2021		
		Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
<b>A Priority Sector</b>							
1	Agriculture and allied activities	2015.71	28.76	1.43	1345.11	29.45	2.19
2	Advances to industries sector eligible as priority sector lending	613.85	14.17	2.31	311.62	122.98	39.46
3	Services	772.56	116.49	15.08	693.82	91.59	13.20
4	Personal loans(Other than above)	552.67	38.23	6.92	493.43	49.79	10.09
	Sub-total (A)	3954.79	197.66	5.00	2843.98	293.80	10.33
<b>B Non Priority Sector</b>							
1	Agriculture and allied activities	Nil	Nil	Nil	Nil	Nil	Nil
2	Industry	544.15	54.93	10.09	511.47	58.12	11.36
3	Services	3011.52	264.26	8.77	2745.18	230.84	8.41
4	Personal loans (Other than above)	933.12	16.70	1.80	1021.63	74.44	7.29
	Sub-total (B)	4488.79	335.89	7.48	4278.28	363.40	8.49
	<b>Total (A+B)</b>	<b>8443.58</b>	<b>533.54</b>	<b>6.32</b>	<b>7122.26</b>	<b>657.21</b>	<b>9.23</b>

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. The above priority sector advance figure is excluding the investment in RIDF with NABARD and other regulators.

c) Overseas assets, NPA and revenue

Particulars	31.03.2022	31.03.2021
Total Assets	Nil	Nil
Total NPAs	Nil	Nil
Total Revenue	Nil	Nil

d) Particulars of Resolution Plan and Restructuring

i) Particulars of Resolution Plan

During the FY 2021-22, the Bank has restructured advances under the following schemes:

- Prudential Framework for Resolution of Stressed Assets' issued by RBI vide circular DBR.No.BP.BC.45/21.04.048/2018-19 dated June 7, 2019.
- Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses, issued by RBI vide circular RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22, dated 05th May 2021.
- Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs), issued by RBI vide circular RBI/2021-22/32 DOR.STR.REC.12/21.04.048/2021-22, dated 05th May 2021.

Total number of borrowers subjected to restructuring under various guidelines and the gross balance outstanding as on 31st March 2022 are:

Total No. of Borrowers	Gross balance outstanding (Rs.in Cr)
601	459.47*

\*Inclusive of standard, sub- standard, doubtful and loss assets.

- There were no slippages during the quarter ended 31st March 2022, from the restructured book on account of June 7, 2019 RBI Circular.
- There is no exposure to accounts where the Bank expects a delay in implementation of resolution plan triggering a potential reference to NCLT as per June 7, 2019 RBI notification (For Borrowers with aggregate debt of > Rs 2,000 Crores).
- There were no accounts subjected to restructuring during the year which included an acquisition of shares due to conversion of debt to equity during a restructuring process on account of June 7, 2019 RBI circular.

ii) Details of Accounts subjected to Restructuring

Details of Accounts subjected to Restructuring under Prudential Framework for Resolution of Stressed Assets' as on March 31, 2022, excluding loss assets, are as follows;

(₹. in Crore)

Asset Category	Particulars	Agriculture and allied activities	Corporates (excluding MSME)	Micro, Small and Medium Enterprises	Retail (excluding agriculture and MSME)	Total
Standard	Number of borrowers	Nil	Nil	Nil	1#	1
	Gross Amount	-	-	-	0.06	0.06
	Provision held	-	-	-	0.01	0.01
Sub-standard	Number of borrowers	Nil	Nil	Nil	Nil	Nil
	Gross Amount	-	-	-	Nil	Nil
	Provision held	-	-	-	Nil	Nil



(₹. in Crore)

Asset Category	Particulars	Agriculture and allied activities	Corporates (excluding MSME)	Micro, Small and Medium Enterprises	Retail (excluding agriculture and MSME)	Total
	Number of borrowers	Nil	Nil	1	Nil	1
Doubtful	Gross Amount	-	-	33.83	-	33.83
	Provision held	-	-	8.47	-	8.47
	Number of borrowers	Nil	Nil	1	1	2
<b>Total</b>	Gross Amount	-	-	33.83	0.06	33.89
	Provision held *	-	-	8.47	0.01	8.48

\*Inclusive of diminution in fair value.

# One account with balance outstanding of Rs.0.06 Cr was restructured under 'Prudential Framework for Resolution of Stressed Assets' issued vide circular DBR.No.BP.BC.45/21.04.048/2018-19 dated June 7, 2019; however due to technical error, the account continued to be in 'Standard' status as on March 31, 2022 and hence shown under 'Standard' category in the table above. The account status was subsequently downgraded to 'Sub Standard'.

**iii) Details of borrowers subjected to restructuring under various schemes, as on March 31, 2022, excluding loss assets.**

(₹. in Crore)

Asset Category	Particulars	Agriculture and allied activities	Corporates (excluding MSME)	Micro, Small and Medium Enterprises	Retail (excluding agriculture and MSME)	Total
	Number of borrowers	4	1	96	325	426
Standard	Gross Amount	1.30	39.84	285.60	74.56	401.29
	Provision held	0.10	8.93	27.48	7.34	43.85
Sub-standard	Number of borrowers	-	-	2	29	31
	Gross Amount	-	-	2.56	1.27	3.83
	Provision held	-	-	0.40	0.35	0.75
Doubtful	Number of borrowers	-	1	3	14	18
	Gross Amount	-	0.02	34.65	8.99	43.66
	Provision held	-	0.02	9.27	3.86	13.15
<b>Total</b>	Number of borrowers	4	2	101	368	475
	Gross Amount	1.30	39.86	322.81	84.82	448.78
	Provision held *	0.10	8.95	37.15	11.55	57.75

**iv) Details of Micro, Small and Medium Enterprises (MSME) Sector accounts restructured under the One Time Restructuring Scheme for MSME accounts:**

Details of MSME accounts restructured as per RBI Circular DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019, RBI/2019-20/160

DOR.No.BP.BC.34/21.04.048/2019-20 dt. February 11,2020 and RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dt.August 06,2020 is as given below:

No. of accounts restructured	Amount ( in Crores)
16	48.90

**e) Disclosure of Divergence in the Asset Classification and Provisioning**

No Divergence was observed by the RBI for Financial year 2020-21 in respect of bank's asset classification and provisioning under the Extant Prudential Norms on Income Recognition, Asset Classification and Provisioning. Hence the bank has not exceeded the limit specified under RBI Circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 and DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019 on 'Divergence in the Asset Classification and Provisioning.'

**f) Disclosure of transfer of loan exposures**

**i) In respect of loans not in default that are transferred/ acquired**

Sl .No.	Particulars	March 31, 2022	March 31, 2021
A	Weighted average maturity	Nil	Nil
B	Weighted average holding period	Nil	Nil
C	Retention of beneficial economic Interest	Nil	Nil
D	Coverage of Tangible Security coverage	Nil	Nil
E	Rating wise distribution of rated loans	Nil	Nil

**ii) In the case of stressed loans transferred**

Details of stressed loans transferred during the year for loans classified as NPA and SMA			
	To ARCs	To permitted transferees	To Other Transferees
No. of accounts	Nil	Nil	Nil
Aggregate principal outstanding of loans transferred	Nil	Nil	Nil
Weighted average residual tenor of the loans transferred	Nil	Nil	Nil
Net book value of loans transferred (at the time of transfer)	Nil	Nil	Nil
Aggregate Consideration	Nil	Nil	Nil
Additional consideration realized in respect of accounts transferred in earlier years.	Nil	Nil	Nil

**iii) Details of loans acquired during the year.**

(₹. in Crore)

Particulars	From SCBs, RRBS, UCBs, StCBs, DCCBs, AIFs, SFBs and NBFCs including Housing Finance Companies (HFCs)	From ARCs
Aggregate Principal Outstanding of loans acquired	Nil	Nil
Aggregate consideration paid	Nil	Nil
Weighted average residual tenor of loans acquired.	Nil	Nil

**g) Fraud Accounts**

The Bank has reported 12 cases of frauds that has a possible impact on the bank in the Financial year ended March 31, 2022, amounting to Rs.5.46 Cr, Of which Rs.0.0074 Cr. from 4 cases were recovered from the concerned parties / insurance companies. The Bank has expensed off/provided for the expected loss arising from the remaining frauds and does not have any unamortized provision

Following are the details of fraud and provisioning thereon;

	31.03.2022	31.03.2021
Number of frauds reported	12	34
Amount involved in fraud (Rs. In Cr)	5.46	10.56
Amount of provision made for such frauds (Rs. In Cr)	5.45	10.30
Amount of unamortized provision debited from Other reserves as at the end of the year (Rs. In Cr)	Nil	Nil

**h) Disclosure under Resolution framework for COVID-19- related Stress:-**

Details of resolution plan implemented under Resolution framework for Covid -19 related stress as per RBI Circular dated August 6, 2020 (Resolution framework 1.0) and as per RBI circular dated May 5, 2021 (Resolution Framework 2.0) "Covid-19 related Stress of Individuals and small business" are given below.

(₹. in Crore)

Type of borrower	(A)	(B)	(C)	(D)	(E)
	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of previous half year (A) 30.09.2021*	Of (A), aggregate debt that slipped into NPA during the half year	Of (A) amount written off during the half year	Of (A) amount paid by the borrowers during the half year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of year 31.03.22*
Personal Loans	18.35	0	0	0.74	23.99
Others	70.98	0.03	0	11.18	97.78
Corporate Persons	84.11	0	0	7.93	81.46
Total under RFCS	173.44	0.03	0	19.85	203.24
Of Corporate Persons, MSME	15.32	0	0	6.41	41.62

\*Excludes other facilities to the borrowers which have not been restructured

**i) Number of borrower accounts where modifications were sanctioned and implemented in terms of Clause 22 of Circular No. RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dt. May 5, 2021, 'Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses' are as follows;**

No. of Accounts	4
Aggregate Exposure as on March 31, 2022 (Rs. In crores)	14.96

**J) On account of uncertainties arising from the COVID-19 pandemic across the world and in India, the extent to which the same will impact the Bank's operations and financial position will depend on various aspects including actions taken to mitigate its impact and other regulatory measures. Despite these conditions, there is not likely to be any significant impact in the liquidity position of the Bank.**

**5. EXPOSURES**

The Bank has lending to sectors, which are sensitive to asset price fluctuations. Such sectors include capital market and real estate.

**a. Exposure to Real Estate Sector**

The exposure, representing the higher of funded and non-funded limits sanctioned or outstanding to real estate sector, is given in the table below:

(₹. in Crore)

Category	March 31, 2022	March 31, 2021
<b>a) Direct exposure</b>		
<b>(i) Residential Mortgages –</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; <b>(A)</b>	698.55	602.11
Of Which individual Housing loan eligible for inclusion in Priority Sector Advances	443.96	386.10
<b>(ii) Commercial Real Estate –</b>		
Lendings secured by mortgages on commercial real estates (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 would also include non-fund based (NFB) limits; <b>(B)</b>	158.13	176.35
<b>(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –</b>		
a. Residential,	Nil	Nil
b. Commercial Real Estate.	Nil	Nil
<b>(iv) Other Direct Exposure <span style="float: right;"><b>(C)</b></span></b>	<b>212.41</b>	<b>183.68</b>
<b>b) Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) <b>(D)</b>	304.09	162.00
<b>Total Exposure to Real Estate Sector <span style="float: right;"><b>(A+B+C+D)</b></span></b>	<b>1373.18</b>	<b>1124.14</b>

**b. Exposure to Capital Market**

The exposure, representing the higher of funded and non-funded limits sanctioned or outstanding to capital market sector, is given in the table below:

(₹. in Crore)

Particulars	March 31, 2022	March 31, 2021
(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;	61.80	48.86
(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;	Nil	Nil
(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;	Nil	Nil

(₹. in Crore)

Particulars	March 31, 2022	March 31, 2021
(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;	0.00	0.00
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	0.00	2.42
(vi) Loans sanctioned to corporate 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;	Nil	Nil
(vii) Bridge loans to companies against expected equity flows/issues;	Nil	Nil
(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;	Nil	Nil
(ix) Financing to stockbrokers for margin trading;	Nil	Nil
(x) All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
<b>Total Exposure to Capital Market</b>	<b>61.80</b>	<b>51.28</b>

Capital market exposure is reported in line with Para 2.3 of RBI's Master Circular on Exposure Norms dated July 1, 2015 (DBR.No.Dir.BC. 12/13.03.00/2015-16).

### c) Risk category wise country exposure

(₹. in Crore)

Risk Category	Exposure (net) as at	Provision held as at	Exposure (net) as at	Provision held as at
	March 31, 2022	March 31, 2022	March 31, 2021	March 31, 2021
Insignificant	Nil	Nil	0.89	Nil
Low	3.35	Nil	0.59	Nil
Moderate	Nil	Nil	Nil	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
Restricted	Nil	Nil	Nil	Nil
Off-credit	Nil	Nil	Nil	Nil
<b>Total</b>	<b>3.35</b>		<b>1.48</b>	

As the Bank's exposure for the year in respect of risk Category-wise Country Exposure (Foreign Exchange Transactions) is less than 1% of total assets of the Bank, no provision is considered necessary.

**d) Unsecured Advances**

Following are the details of unsecured advances for which intangible securities have been taken.

(₹. in Crore)

Particulars	March 31, 2022	March 31, 2021
Total Unsecured advances of the Bank	418.64	167.40
Of which, amount of advances outstanding against charge over intangible securities such as rights, Licenses, authority etc	48.64	50.92
The estimated value of such intangible security as in (i) above	Gross Value – 181.31 Cr	Gross Value – 175.06 Cr

**e) Factoring Exposures**

Bank has no factoring Exposures

**f) Intra-Group Exposures**

Bank does not have any group entities.

**g) Unhedged Foreign Currency Exposure**

The Bank has a policy on managing credit risk arising out of foreign currency exposure of its borrowers. In line with the policy, assessment of unhedged foreign currency exposure is a part of assessment of borrowers and is undertaken while proposing limits or at the review stage. The Bank has fixed a maximum limit on unhedged position on borrowers, while sanctioning limits for all clients. The unhedged portion of foreign currency credit exposure of large corporate/SMEs are monitored and reviewed on a monthly basis. Any sanction of fresh loans/ adhoc loans/ renewal of loans to new/ existing borrowers done after obtaining/ sharing necessary information. The Bank also maintains incremental provision towards the unhedged foreign currency exposure of its borrowers in line with the extant RBI guidelines.

The Bank has maintained a provision of Rs. 0.16 crore (previous year – Rs. 0.05 crore) and no additional capital (previous year – Nil) on account of unhedged foreign currency exposure of its borrowers as at March 31, 2022.

**6. CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES AND NPAS**

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.

**a) Concentration of Deposits**

(₹. in Crore)

Particulars	March 31, 2022	March 31, 2021
Total Deposits of twenty largest depositors (Rs. In crore)	2651.87	2513.06
Percentage of Deposits of twenty largest depositors to total Deposits of the Bank	21.39%	21.48%

**b) Concentration of Advances**

(₹. in Crore)

Particulars	March 31, 2022	March 31, 2021
Total Advances to twenty largest borrowers (Rs. In crore)	1687.94	1181.93
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	19.99%	16.60%

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

### c) Concentration of Exposures

(₹. in Crore)

Particulars	March 31, 2022	March 31, 2021
Total Exposure to twenty largest borrowers/customers (Rs. In crore)	1778.11	1273.26
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the bank on borrowers /customers	19.33%	16.99%

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

### d) Concentration of NPAs

(₹. in Crore)

Particulars	March 31, 2022	March 31, 2021
Total Exposure to top twenty NPA accounts (Rs in Crore)	302.07	327.38
Percentage of exposures to the twenty largest NPA exposures to total Gross NPAs.	56.62%	49.81%

## 7 DERIVATIVES

### a) Forward Rate Agreement (FRA) / Interest Rate Swaps (IRS)

The Bank has not entered into Forward Rate Agreement (FRA) and Interest Rate Swap (IRS) during FY 2021-22. The bank had NIL outstanding FRA and IRS position at the end of March 2022.

### b) Exchange Traded Interest Rate Derivatives

(₹. in Crore)

Sl. No.	Particulars	March 31, 2022	March 31, 2021
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	Nil	Nil
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March (instrument-wise)	Nil	Nil
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil

### c) Disclosures on risk exposure in derivatives

#### (i) Qualitative Disclosure

Bank discusses its risk management policies pertaining to derivatives with particular reference to the extent to which derivatives are used, the associated risks and business purposes served. The discussion includes:

- the structure and organization for management of risk in derivatives trading ;
- thescopeandnatureofriskmeasurement,riskreportingandriskmonitoring systems;
- policiesforhedgingand/ormitigatingriskandstrategiesandprocessesfor monitoring thecontinuingeffectivenessofhedges/mitigates; and
- Accounting policy for recording hedge and non-hedge transactions; recognitionof income, premiumsand discounts; valuationof outstanding contracts; provisioning,collateral and credit risk mitigation.



**(ii) Quantitative Disclosures**

(₹. in Crore)

Sl. No	Particulars	March 31, 2022		March 31, 2021	
		Currency Derivatives	Interestrates derivatives	Currency Derivatives	Interestrates derivatives
	Derivatives (Notional Principal Amount)	Nil	Nil	Nil	Nil
(i)	a) For hedging	Nil	Nil	Nil	Nil
	b) For trading	Nil	Nil	Nil	Nil
	Marked to Market Positions [1]	Nil	Nil	Nil	Nil
(ii)	a) Asset (+)	Nil	Nil	Nil	Nil
	b) Liability (-)	Nil	Nil	Nil	Nil
(iii)	Credit Exposure [2]	Nil	Nil	Nil	Nil
	Likely impact of one percentage change in interest rate (100*PV01)	Nil	Nil	Nil	Nil
(iv)	a) on hedging derivatives	Nil	Nil	Nil	Nil
	b) on trading derivatives	Nil	Nil	Nil	Nil
	Maximum and Minimum of 100* PV 01 observed during the year	Nil	Nil	Nil	Nil
(v)	a) on hedging	Nil	Nil	Nil	Nil
	b) on trading	Nil	Nil	Nil	Nil

**d. Credit Default Swaps**

The bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year March 31, 2022 and March 31, 2021.

**e. OIS (Overnight Index Swap) position**

The Bank has not entered into OIS (Overnight Index Swap) during FY 2021-22. The bank had NIL outstanding OIS position at the end of March 2022 and March 2021.

**f. Un-hedged / uncovered foreign currency exposure of the Bank**

The Bank's foreign currency exposures as at March 31, 2022 that are not hedged/ covered by either derivative instruments or otherwise are within the Net Overnight Open Position limit (NOOP) and the Aggregate Gap limit, as approved by the Board. NOOP limit is Rs. 10.00 Crore and actual position as on March 31, 2022 is Rs. 6.76 Crore. AGL limit is USD 89 Mio and actual position as on March 31, 2022 is USD 19.67 Million.

**g. Currency Futures**

The Bank does not deal in exchange traded currency futures during the current and previous Financial Years.

**8 SECURITIZATION TRANSACTIONS**

The details of Securitized assets are as follows;

Sl. No.	Particulars	31.03.2022	31.03.2021
i	No of SPEs holding assets for securitization transactions originated by the originator (only the SPVs relating to outstanding securitization exposures to be reported here)	Nil	Nil

Sl. No.	Particulars	31.03.2022	31.03.2021
ii	Total amount of securitized assets as per books of the SPEs	Nil	Nil
iii	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet	Nil	Nil
iv	a) Off-balance sheet exposures <ul style="list-style-type: none"> <li>● First loss</li> <li>● Others</li> </ul> b) On-balance sheet exposures <ul style="list-style-type: none"> <li>● First loss</li> <li>● Others</li> </ul>	Nil	Nil
	Amount of exposures to securitisation transactions other than MRR	Nil	Nil
	a) Off-balance sheet exposures <ul style="list-style-type: none"> <li>i) Exposure to own securitisations               <ul style="list-style-type: none"> <li>● First loss</li> <li>● Others</li> </ul> </li> <li>ii) Exposure to third party securitisations               <ul style="list-style-type: none"> <li>● First loss</li> <li>● Others</li> </ul> </li> </ul>	Nil	Nil
	b) On-balance sheet exposures <ul style="list-style-type: none"> <li>i) to own securitisations               <ul style="list-style-type: none"> <li>● First loss</li> <li>● Others</li> </ul> </li> <li>ii) Exposure to third party securitisations               <ul style="list-style-type: none"> <li>● First loss</li> <li>● Others</li> </ul> </li> </ul>	Nil	Nil
v	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	Nil	Nil
vi	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	Nil	Nil
vii	Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided. <ul style="list-style-type: none"> <li>(a) Amount paid</li> <li>(b) Repayment received</li> <li>(c) Outstanding amount</li> </ul>	Nil	Nil
viii	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc		
ix	Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans, etc.	Nil	Nil
x	Investor complaints <ul style="list-style-type: none"> <li>(a) Directly/Indirectly received and;</li> <li>(b) Complaints outstanding</li> </ul>	Nil	Nil

**9 OFF-BALANCE SHEET SPVS SPONSORED** (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	
Domestic	Overseas
Nil	Nil

**10 TRANSFERS TO DEPOSITOR EDUCATION AND AWARENESS FUND (DEAF)**

In accordance with the guidelines issued by RBI, the Bank transfers the amount to the credit of any account which has not been operated upon for a period of 10 years or any deposit or any amount remaining unclaimed for more than 10 years to the DEAF. Details of amount transferred to DEAF are set out below: (Rs in Crore )

Particulars	March 31, 2022	March 31, 2021
Opening balance of amounts transferred to DEAF	47.21	40.32
Add : Amounts transferred to DEAF during the year	21.3	7.43
Less : Amounts reimbursed by DEAF towards claims	1.00	0.54
Closing balance of amounts transferred to DEAF	67.51	47.21

**11 DISCLOSURE OF COMPLAINTS**

**a) Summary information on complaints received by the bank from customers and from the office of Banking Ombudsman**

Sl. No.	Particulars	31.03.2022	31.03.2021
Complaints received by the bank from its customers			
1	Number of complaints pending at beginning of the year	61	87
2	Number of complaints received during the year	14005	15178
3	Number of complaints disposed during the year	13953	15204
3.1	Of which, number of complaints rejected by the bank	39	78
4	Number of complaints pending at the end of the year	113	61
Maintainable complaints received by the bank from Office of Ombudsman			
5	Number of maintainable complaints received by the bank from Office of Ombudsman	27	36
5.1	Of 5, number of complaints resolved in favour of the bank by Office of Ombudsman	27	34
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	Nil	2
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the bank	Nil	Nil
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil
Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Banking Ombudsman Scheme, 2006) and covered within the ambit of the Scheme.			

b) Top five grounds of complaints received by the bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
<b>Financial Year 2021-22</b>					
ATM/Debit Cards	40	7138	-5	76	0
Internet/Mobile/Electronic Banking	11	6206	-4	33	0
Account opening/difficulty in operation of accounts	4	420	-54	1	0
Credit Cards	-	130	42	2	0
Loans and Advances	-	46	-23	1	0
Others	6	65	-28	0	0
Total	61	14005	-	113	0
<b>Financial Year 2020-21</b>					
ATM/Debit Cards	59	7546	1	40	2
Internet/Mobile/Electronic Banking	13	6494	46	11	7
Account opening/difficulty in operation of accounts	3	925	24	4	2
Credit Cards	-	60	-	-	-
Loans and Advances	10	62	38	4	1
Others	2	91	17	2	1
Total	87	15178	-	61	13

**12 PENALTIES LEVIED BY THE RESERVE BANK OF INDIA**

- During the year 2021-22, Reserve Bank of India levied a penalty on the Bank as detailed below

Particulars	Banking Regulation Act 1949	Payment and Settlement Systems Act, 2007	Government Securities Act, 2006 (for bouncing of SGL)
Nature of the breach	<ol style="list-style-type: none"> <li>Contravention of section 26(A)(2) of the Banking Regulation Act, 1949 – Transfer to DEA Fund Account</li> <li>Penalty imposed for deficiency in soiled note remittance to RBI ( As per RBI Master Circular on Scheme of Penalties for bank Branches including Currency Chests for deficiency in rendering customer service to the members of public)</li> </ol>	Nil	Nil
Number of instances of default	<ol style="list-style-type: none"> <li>1.</li> <li>6.</li> </ol>	Nil	Nil
Quantum of Penalty imposed.	<ol style="list-style-type: none"> <li>Rs.27.50 Lakhs</li> <li>Rs 0.02 Lakhs</li> </ol>	Nil	Nil

**In the case of default in reverse repo Transactions;**

Number of instances of default	Nil
Quantum of Penalty paid to RBI	Nil

**13 DISCLOSURES ON REMUNERATION**

**a. Qualitative Disclosures**

<p><b>a</b> Information relating to the composition and mandate of the Nomination and Remuneration Committee.</p>	<p><b>Composition</b></p> <ol style="list-style-type: none"> <li>1. Dr. (Capt.) Suseela Menon R, Chairperson</li> <li>2. Shri. Gopinathan C.K</li> <li>3. Shri. G. Rajagopalan Nair</li> </ol>
	<p><b>Terms of Reference</b></p> <ol style="list-style-type: none"> <li>1. Recommending to the Board for its consideration and approval on the size and composition of the Board taking into account the available and needed diversity and balance in terms of experience, knowledge, skills and judgment of the Directors;</li> <li>2. Reviewing, from time to time, possible candidates for current and potential Board vacancies, including Directors who are to retire and are eligible for re- appointment or re-election and other persons who may be recommended by the Chairman or the MD&amp;CEO or other Directors, shareholders or others;</li> <li>3. Recommending to the Board, candidates for election (including reelection) or appointment (including reappointment) to the Board;</li> <li>4. Carrying out evaluation of every Director's performance;</li> <li>5. Deciding on the matter of whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;</li> <li>6. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal; formulation of the criteria for determining qualifications, positive attributes and Independence of a Director;</li> <li>7. Devising a policy on diversity of Board of Directors;</li> <li>8. Recommending to the Board a policy relating to the remuneration for the Directors, key managerial personnel and other employees;</li> </ol> <p>[The committee shall ensure the following while formulating the policy on the aforesaid matters:</p> <ol style="list-style-type: none"> <li>a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, key managerial personnel and senior management of the quality required to run the Bank successfully;</li> <li>b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;</li> </ol>

- c) Remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Bank and its goals.]

Formulating and determining the Bank's policies on remuneration packages payable to the Directors and key managerial personnel including performance /achievement bonus, perquisites, retirals, sitting fees.

10. Considering grant of Stock Options to employees.
11. Reviewing the composition of the existing Committees of the Board.
12. Formulation of criteria for performance evaluation of independent directors and the Board;
13. Validation of fit and proper status of all Directors on the Board of the Bank in terms of the guidelines issued by the RBI or other regulatory authorities;
14. Developing and recommending to the Board the Corporate Governance guidelines applicable to the Bank for incorporating best practices from time to time

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**Periodicity of Meetings**

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At least once in a year; however, the Committee should meet as and when new Directors are proposed to be appointed and when existing Directors are proposed to be re-appointed

<b>b</b> Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	<p>In compliance with standards of corporate governance as well as regulatory reforms put forth by Reserve Bank of India, Bank has in place 'Compensation Policy of Whole time Directors (WTD), Chief Executive Officers , Material Risk Takers (MRTs) and Control Function Staff'.</p> <p>For employees who do not fall under the purview of above, we also have a 'Compensation Policy' clearly defining the compensation design in line with banking industry benchmarks, under two streams of employment viz. IBA and CTC.</p>
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<b>c</b> 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.	<p>Based on the Financial Stability Board (FSB) principles for sound compensation practices which also formed a part of regulatory reforms circulated by RBI vide DOR. Appt. BC. No.23/29.67.001/2019-20 dated 04.11.2019, effective alignment of compensation with prudent risk taking while ensuring that compensation covers all types of risks including difficult to measure risks is already envisaged in 'Compensation Policy of Whole time Directors (WTD), Chief Executive Officers , Material Risk Takers (MRTs) and Control Function Staff'.</p> <p>The Policy also touches upon the sensitivity of payout schedule to the time horizon of risks.</p> <p>In order to analyze the long term consequences viz-a-viz risk appetite, our policy objective is to align regulatory guidelines with prevailing trends / practices in the industry to achieve a balanced scenario wherein</p> <ol style="list-style-type: none"> <li>1. compensation is adjusted for all types of risks</li> <li>2. compensation outcomes are symmetric with risk outcomes</li> <li>3. compensation payouts are sensitive to the time horizon of risks and</li> <li>4. mix of cash, equity and other forms of compensation are consistent with risk alignment.</li> </ol>
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	<p>Regarding the employees who are not covered under 'Compensation Policy of Whole time Directors (WTD), Chief Executive Officers , Material Risk Takers (MRTs) and Control Function Staff', the payout falls under either IBA or CTC pattern.</p> <p>The former is periodically revised by bi-partite settlements/ joint notes while the latter is linked to bank's performance and the individual's performance, complying with the statutory guidelines and the yardsticks approved by competent authorities.</p>
<p><b>d</b> Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.</p>	<p>Compensation structure for the personnel covered under 'Compensation Policy of Whole time Directors (WTD), Chief Executive Officers , Material Risk Takers (MRTs) and Control Function Staff' is a mix of fixed pay and variable pay with the latter proportionate to the responsibility/ seniority.</p> <p>Bank will device scoring model with specific parameters in tandem with the rules and authorities handled by the respective positions. The Board will review and finalize the score for each senior management position based on the audited figures of the previous financial year.</p> <p>For employees coming under IBA pattern, the compensation shall be revised once in five years as decided by the bi-partite settlements/ joint notes, subject to granting of bank's mandate.</p> <p>Under CTC pattern the increments shall be linked to bank's performance as well as the employees' performance based on year on year yardsticks fixed at the sole discretion of the competent authority.</p>
<p><b>e</b> A discussion of the bank's 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.</p>	<p>Norms for grant of share linked instruments shall be in conformity with the provisions of Securities &amp; Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. Share linked instruments shall be fair valued on the date of grant by the bank using Black-Scholes Model.</p> <p><b>Deferral of Variable Pay</b></p> <p>In adherence to FSB implementation standards, a minimum of 60% of total Variable Pay shall be under deferral arrangement with further guidelines on cash component as follows:</p> <ol style="list-style-type: none"> <li>1) If cash component is part of Variable Pay, at least 50% of the cash bonus shall be under deferral arrangement.</li> <li>2) If cash component of Variable Pay is under Rs.25 Lakhs, deferral payment for cash portion would not be necessary.</li> </ol> <p><b>Period of Deferral Arrangement</b></p> <p>Deferral Period shall be fixed as three years applicable to both cash and non-cash components of the Variable Pay.</p> <p>In order to ensure a proper assessment of risks before the application of ex-post adjustments, following guidelines shall be ensured for vesting.</p> <ol style="list-style-type: none"> <li>1) Deferred portion of Variable Pay shall be spread out on a pro-rata basis, ie. not more than 33.33% of the total deferred Variable Pay shall vest at the end of first year. Further, not more than 33.33% of total deferred Variable Pay shall vest at the end of second year.</li> <li>2) The first such vesting shall not be before one year from the commencement of the deferral period.</li> </ol>



	<b>Retention Period</b>
	There shall be a Retention Period (Lock-in period) of one year for Share-linked instruments forming part of Variable Pay, during which they cannot be sold or accessed.
<b>f</b> Description of the different forms of variable remuneration (i.e., cash and types of share-linked instruments) that the bank utilizes and the rationale for using these different forms.	<p>Variable pay shall consist of cash/ non-cash compensation by way of share linked instruments assessed on the basis of adequately measured performance of individual/ business unit.</p> <p><b>Limits on Variable Pay:</b></p> <ol style="list-style-type: none"> <li>1) Total Variable Pay, inclusive of cash and non-cash components for all positions other than Whole Time Directors and MD &amp; CEO shall be 100% of the Fixed Pay (ie. 50% of total remuneration).</li> <li>2) For Whole Time Directors and MD &amp; CEO, total Variable Pay shall not be less than 100% (ie. 50% of total remuneration) and shall be limited to a maximum of 300% of the Fixed Pay.</li> <li>3) If Variable Pay is up to 200% of Fixed Pay, a minimum of 50% of such variable pay shall be in the form of non-cash instruments.</li> <li>4) If Variable Pay is over and above 200% of Fixed Pay, a minimum of 67% of such variable pay shall be in the form of non-cash instruments.</li> <li>5) If grant of share-linked instruments is barred by statute or regulation, Variable Pay would be capped at 150% of the Fixed Pay with a lower base of 50%.</li> </ol>

## b. Quantitative Disclosures

(₹. in Crore)

Quantitative Disclosures	FY 21-22	FY 20-21
Number of meetings held by the Nomination and Remuneration Committee during the financial year and remuneration paid to its members.	9 Sitting fee: Rs 0.057	11 Sitting fee: Rs 0.076
(i) Number of employees having received a variable remuneration award during the financial year.		
(ii) Number and total amount of sign-on/joining bonus made during the financial year.	Nil*	Nil
(iii) Details of severance pay, in addition to accrued benefits, if any.		
(i) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms.	Nil*	Nil
(ii) Total amount of deferred remuneration paid out in the financial year.		
Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	Nil*	Nil
(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.		
(ii) Total amount of reductions during the financial year due to ex post explicit adjustments.	Nil*	Nil
(iii) Total amount of reductions during the financial year due to ex post implicit adjustments.		

Quantitative Disclosures	FY 21-22	FY 20-21
Number of MRTs identified.	12 -1 General Manager & 11 Deputy General Managers (excluding Banking Ombudsman)	Nil
Number of cases where malus has been exercised.	Nil	Nil
(ii) Number of cases where clawback has been exercised.	Nil	Nil
(iii) Number of cases where both malus and clawback have been exercised.	Nil	Nil
The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	Rs 85,424.55 (Average gross pay as on 31/03/2022, excluding sub staff and sweepers)	Rs.77,336.93 (Average gross pay as on 31/03/2021, excluding sub staff and sweepers)

\*As per the terms of appointment approved by Board of Directors, the Managing Director & CEO is eligible for Variable Pay with cash and non-cash components aggregating to Rs. 60 Lakhs in a year upon satisfying specific parameters as per audited figures of the relevant financial year. The actual amount of variable pay can be quantified based on audited figures for FY 2021-22 only.

### c. Remuneration to Non-Executive Directors

The non-executive directors are paid remuneration by way of sitting fees for attending the meetings of the Board and Committee. Sitting Fees are paid at the rate of Rs. 25000 for Board Meeting and Rs. 15000 for meetings of the Board Committees.

Details of sitting fees paid are given below:

(₹. in Crore)

Particulars	March 31, 2022	March 31, 2021
Sitting Fees paid to Non-Executive Directors	0.44	0.64

## 14 OTHER DISCLOSURES

### a. Business Ratios

Sl. No.	Particulars	March 31, 2022	March 31, 2021
(i)	Interest Income as a percentage to Working Funds (%) *	6.64	7.04
(ii)	Non-interest income as a percentage to Working Funds (%) *	1.22	0.92
(iii)	Cost of Deposits (%)	4.54	5.17
(iv)	Net Interest margin (%)	3.00	2.82
(v)	Operating Profit as a percentage to Working Funds (%) *	0.97	0.65
(vi)	Return on Assets (%) *	0.27	0.29

Sl. No.	Particulars	March 31, 2022	March 31, 2021
(vii)	Business (Deposits plus net advances) per employee – Rs in Crore #	12.09	11.37
(viii)	Profit/(Loss) per employee - Rs in Crore #	0.02	0.02

\* Working funds represents the average of total assets as reported in Return Form X to RBI under Section 27 of the Banking Regulation Act, 1949 during the 12 months of the financial year.

# For the purpose of computation of business per employee (deposits plus advances), interbank deposits have been excluded.

#### b. Bancassurance Business

Details of income earned from bancassurance business:

(₹. in Crore)

Sl. No.	Nature of Income	March 31, 2022	March 31, 2021
1	For selling life insurance policies	10.45	6.99
2	For selling non-life insurance policies	0.65	0.57
	<b>Total</b>	<b>11.10</b>	<b>7.56</b>

#### c. Marketing and Distribution

Bank is not undertaking marketing and distribution function except bancassurance business.

#### d. Priority Sector Lending Certificate (PSLC)

The Bank purchases PSLC for meeting Priority Sector targets. The fee paid for purchase of PSLC is treated as expense.

- There was no sale of PSLC by bank during year ended March 31, 2022 and March 31, 2021
- There was purchase of PSLC of Rs.100 Cr. by bank during year ended March 31, 2022 and NIL for March 31, 2021

#### e. Provisions and Contingencies

The breakup of Provisions and Contingencies for the year ended March 31, 2022 and March 31, 2021 are given below:

(₹. in Crore)

Particulars	March 31, 2022	March 31, 2021
Provision for NPI	57.46	4.19
Provision for Standard Assets	(13.86)	11.51
General provision for Advances under Covid 19 Regulatory package	-	8.08
Provision against Fraud	(0.01)	0.04
Provision for NPA (including Bad Debts written off)	49.89	21.95
Provision for Restructured Advances	29.80	0.11
Provision for Unhedged Forex Exposure	0.11	0.03
Provision for Deferred Tax	1.19	5.44
Other Provisions (Net)*	(26.19)	(2.71)
<b>Total</b>	<b>98.39</b>	<b>67.90</b>

\*Other provision is shown net of current year provision made against other assets and reversal of provisions made during earlier years.

**f. Implementation of IFRS converged Indian Accounting Standards (Ind AS)**

As per the Road Map of Ministry of Corporate Affairs (MCA) in the Press Release Dated January 18, 2016, Banks shall comply with the IndAS for the financial statements for the accounting periods beginning from April 01, 2018 onwards with the comparatives for the period ending March 31, 2018. RBI had issued necessary instructions to Banks to take steps to assess the impact of transition to IndAS, adopt strategies for the effective implementation of IndAS including disclosure of the strategies adopted and the process made in the Annual Report.

Complying with the RBI direction to achieve the MCA Roadmap of IndAS implementation, Bank had constituted Steering Committee headed by Managing Director & CEO, comprising members from cross functional areas to oversee the progress of IndAS implementation. The Bank has also constituted sub-committee comprising members of junior/middle level management for IndAS implementation and adopted three phased approach for meeting the deadline.

Bank has furnished Proforma IndAS financial statements to the RBI half yearly with the corresponding comparative financial statements as per the current framework as advised by RBI.

RBI, vide circular DBR.BP.BC.No.29/21.07.001/2018-19 dated March 22, 2019, has deferred the implementation of IndAS until further notice considering the pending legislative amendments required for IndAS implementation as also the level of preparedness of many banks.

**g. Payment of DICGC Insurance premium**

(₹. in Crore)

Sl. No.	Particulars	31.03.2022	31.03.2021
i)	Payment of DICGC insurance Premium ( including GST)	16.74	15.85
ii)	Arrears in payment of DICGC Premium	0.00	0.00

**h. Disclosure of facilities granted to Directors and their relatives**

Following are the details of fund based and non-fund based facilities extended to directors, their relatives, companies or firms in which they are interested.

Party	Exposure
Nil	Nil

**i. Amortization of expenditure on account of enhancement in family pension of employees of banks**

Reserve Bank of India vide letter dated October 4, 2021 has permitted all member banks of Indian Banks' Association covered under the 11th Bipartite Settlement to amortize the additional liability on account of revision in family pension over a period not exceeding five years, beginning with the Financial Year ended March 31, 2022. The bank has recognized the entire additional liability estimated at Rs. 14.29 crores and opted to amortize the same over a period of five years beginning with the financial year ended March 31, 2022. Accordingly, an amount of Rs. 2.86 crores has been written off during the financial year ended March 31, 2022 in respect of the said estimated additional liability and the balance amounting to Rs.11.43 crores has been carried forward as unamortized expenditure. Consequently, if the entire additional liability above had been written off during the current financial year, the net profit for the year ended March 31, 2022 would have been lower by a sum of Rs.11.43 crores.

## 15. DISCLOSURE AS PER ACCOUNTING STANDARDS (AS)

### a. Accounting Standard 5: Net Profit or Loss for the period, prior period items and changes in Accounting Policies:

Prior period income / expenditure items are as below:

(₹. in Crore)

Particulars	31.03.2022	31.03.2021
Prior period Income	Nil	Nil
Prior period Expense	Nil	Nil

### b. Employee Benefits (AS 15)

The summarized position of various defined benefits recognized in the profit and loss account and balance sheet along with the funded status are as under:

#### i. Defined Benefit Pension Plan and Gratuity

##### a. Expenses recognized in Profit and Loss Account

(₹. in Crore)

Particulars	Pension		Gratuity	
	2021-22	2020-21	2021-22	2020-21
<b>Changes in the present value of the defined benefit obligations</b>				
Present value of obligation at the beginning of the year	156.88	147.18	69.83	62.11
Interest cost	8.76	7.99	5.17	4.58
Current Service Cost	9.29	8.51	4.59	4.59
Benefits paid	(1.69)	(5.99)	3.60	5.74
Net actuarial (gain)/loss on obligation	33.98	34.41	(10.12)	(7.20)
Past service cost	Nil	0	Nil	Nil
Settlements	(38.06)	(35.23)	Nil	Nil
Present value of the defined benefit obligation at the end of the year.	169.16	156.88	73.08	69.83
<b>Change in the fair value of plan assets:</b>				
Fair value of plan assets at the beginning of the year	124.02	114.73	60.15	62.29
Expected return on plan assets	11.19	8.21	4.38	3.95
Contributions by employer	47.14	32.45	9.67	0.18
Contributions by employee	4.84	8.89	Nil	Nil
Benefit paid	(1.69)	(5.99)	3.60	5.74
Settlements	(38.06)	(35.23)	Nil	Nil
Actuarial gain/(loss)	0.17	0.97	(20.88)	(12.02)
Fair value of plan assets at the end of the year	147.62	124.02	56.94	60.15
Total Actuarial Gain/(Loss) to be recognized immediately	(33.80)	(33.44)	(10.76)	(4.81)
<b>Expenses recognized in Profit and Loss Account</b>				
Current Service Cost	9.29	8.51	4.59	4.59
Interest cost on benefit obligation	8.76	7.99	5.17	4.58

Particulars	Pension		Gratuity	
	2021-22	2020-21	2021-22	2020-21
Expected return on plan assets	(11.19)	(8.21)	(4.38)	(3.95)
Net actuarial (gain)/loss recognized in the year	33.80	33.44	10.76	4.81
Past Service Cost PSL- amortization	Nil	0	Nil	Nil
Expenses recognized in the Profit and Loss account	40.67	41.74	16.14	10.03
<b>The amount recognized in the Balance Sheet</b>				
Present Value of obligation at the end of the year (i)	169.16	156.88	73.08	69.83
Fair value of plan assets at the end of the year (ii)	147.62	124.02	56.94	60.15
Difference (ii)-(i)	(21.53)	(32.85)	(16.14)	(9.67)
Unrecognized past service liability	Nil	Nil	Nil	Nil
Net asset/(liability) recognized in the Balance Sheet	(21.53)	(32.85)	(16.14)	(9.67)

**b. Details of the Plan Asset**

The details of the plan assets (at cost) are as follows:

(₹. in Crore)

Particulars	Pension		Gratuity	
	2021-22	2020-21	2021-22	2020-21
Central Government securities	16.81	16.76	-	-
State Government securities	10.00	10.00	5.00	5.00
Investment in Private Sector Undertakings	1.50	1.5	-	-
Others	136.83	93.88	51.35	42.96
<b>Total</b>	<b>165.14</b>	<b>122.14</b>	<b>56.35</b>	<b>47.96</b>

**c. Actuarial Assumptions**

Principal assumptions used for actuarial valuation are:

Method used	Pension including family pension (wherever applicable)		Gratuity	
	Project Unit Credit Method		Project Unit Credit Method	
	2021-22	2020-21	2021-22	2020-21
Discount rate	7.20	6.95%	7.20	6.95%
Expected rate of return on assets	7.75	7.75%	6.25	5.75%
Future salary increase	2.50	2.50%	5.00	5.00%
Increase in price inflation	3.50	3.50%		

ii. Leave encashment benefit

Expenses recognized in Profit and Loss Account

(₹. in Crore)

Particulars	Leave		Sick Leave	
	2021-22	2020-21	2021-22	2020-21
<b>Changes in the present value of the defined benefit obligations</b>				
Present value of obligation at the beginning of the year	36.01	31.43	4.23	3.03
Interest cost	Nil	Nil	0.30	0.30
Current Service Cost	Nil	Nil	0.69	0.78
Benefits paid	(4.97)	(5.90)	Nil	Nil
Net actuarial (gain)/loss on obligation	7.96	10.47	(1.40)	0.09
Past service cost	Nil	Nil	Nil	Nil
Settlements	Nil	Nil	Nil	Nil
Present value of the defined benefit obligation at the end of the year.	39.00	36.01	3.83	4.23
<b>Change in the fair value of plan assets:</b>				
Fair value of plan assets at the beginning of the year	Nil	Nil	Nil	Nil
Expected return on plan assets	Nil	Nil	Nil	Nil
Contributions by employer	4.97	5.90	Nil	Nil
Benefit paid	(4.97)	(5.90)	Nil	Nil
Settlements	Nil	Nil	Nil	Nil
Actuarial gain/(loss)	Nil	Nil	Nil	Nil
Fair value of plan assets at the end of the year	Nil	Nil	Nil	Nil
Total Actuarial Gain/(Loss) to be recognized immediately	(7.96)	(10.47)	1.40	(0.09)
<b>Expenses recognized in Profit and Loss Account</b>				
Current Service Cost	Nil	Nil	0.69	0.78
Interest cost on benefit obligation	Nil	Nil	0.30	0.30
Expected return on plan assets	Nil	Nil	Nil	Nil
Net actuarial (gain)/loss recognized in the year	7.96	10.47	(1.40)	0.09
Past Service Cost PSL- amortization	Nil	Nil	Nil	Nil
Excess provision held in books*	Nil	Nil	Nil	Nil
Expenses recognized in the Profit and Loss account	7.96	10.47	(0.40)	1.19
<b>The amount recognized in the Balance Sheet</b>				
Present Value of obligation at the end of the year (i)	39.00	36.01	3.83	4.23
Fair value of plan assets at the end of the year (ii)	Nil	Nil	Nil	Nil
Difference (ii)-(i)	(39.00)	(36.01)	(3.83)	(4.23)
Unrecognized past service liability	Nil	Nil	Nil	Nil
Net asset/(liability) recognized in the Balance Sheet	(39.00)	(36.01)	(3.83)	(4.23)



**b) Details of the Plan Asset**

The details of the plan assets (at c re as follows)

Particulars	Leave		Sick Leave	
	2021-22	2020-21	2021-22	2020-21
Central Government securities	Nil	Nil	Nil	Nil
State Government securities	Nil	Nil	Nil	Nil
Investment in Public Sector Undertakings	Nil	Nil	Nil	Nil
Investment in Private Sector Undertakings	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

**c) Actuarial Assumptions**

Principal assumptions used for actuarial valuation are:

Particulars	Leave		Sick Leave	
	Project Unit Credit Method		Project Unit Credit Method	
	2021-22	2020-21	2021-22	2020-21
Discount rate	7.20%	6.95%	7.20%	6.65%
Expected rate of return on assets	NA	NA	NA	NA
Future salary increase	5.00%	5.00%	5.00%	5.00%

**c. Segment Reporting (AS 17)**

The Bank has recognized Business segments as primary reporting segment and Geographical segments as secondary segment in line with RBI guidelines on compliance with Accounting Standard 17.

I. Primary Segments: *Business segments.*

- (a) Treasury Operations
- (b) Corporate / Wholesale Banking
- (c) Retail banking
- (d) Other banking business operations

II. Secondary Segments: *Geographical segments.*

Since the Bank is having domestic operations only, no reporting does arise under this segment.

## SEGMENT RESULTS

(₹. in Crore)

Business Segments	Treasury		Retail Banking		Corporate/ Wholesale Banking		Other Banking Operations		Unallocated		Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Revenue	338.92	315.91	417.68	473.25	329.16	263.81	Nil	Nil	Nil	Nil	1085.76	1052.97
Results	163.93	91.19	5.68	11.01	(35.31)	(16.37)	Nil	Nil	Nil	Nil	134.30	85.83
Unallocated Expenses	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Operating Profit	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	134.30	85.83
Total provisions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	97.21	43.20
Tax Expenses	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1.19	5.44
Extra ordinary items	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Profit After Tax	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	35.90	37.19
Other Information	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Segment Assets	4291.36	5030.54	4989.73	4959.25	4414.22	3006.05	Nil	Nil	Nil	Nil	13695.31	12995.84
Unallocated Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	100.45	100.66	100.45	100.66
Total Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	13795.76	13096.50
Segment Liabilities	3930.58	4455.60	4756.91	4841.89	4208.25	2934.91	Nil	Nil	Nil	Nil	12895.75	12232.40
Unallocated Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	900.01	864.10
Total Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	13795.76	13096.50

**d. Related Party Disclosures (AS 18)**

Key Management Personnel	2021-22		2020-21	
	From	To	From	To
Sri. Sunil Gurbaxani, MD & CEO	-	-	01.04.2020	30.09.2020
Sri.Shivan J K, MD & CEO	01.04.2021	31.03.2022	30.01.2021	31.03.2021

Key Management Personnel	Nature of Transaction	2021-22	2020-21
Sri. Sunil Gurbaxani, MD & CEO	Remuneration includingperquisites	-	21,41,931.00
Sri.Shivan J K, MD & CEO*	Remuneration includingperquisites	55,03,226.00	8,25,806.00

\*a) Mr. Sivan J K, Managing Director & CEO of the Bank is eligible for Guaranteed Bonus in the form of 1, 00,000 (One Lakh Only) shares at face value as follows:

Date of grant:	30.01.2021
Exercise Price:	Face Value i.e. Rs 10/-per share
Vesting Period:	After one year from the date of grant
Exercise Period	within 2 years from the vesting period
Valuation Date:	30.01.2021
Value per Option	Rs 6.51 (Rupees Six and Paise Fifty Only)
Value of 1, 00,000 options	Rs 6, 51,000/-(Rupees Six Lakhs and Fifty-one Thousand Only)
Value per Share:	Rs 16.51 (Rupees Sixteen and Paise Fifty One only)

b) Mr Shivan J K, MD & CEO is eligible for Variable pay with cash and non cash components upto a maximum of Rs 60 Lakhs based on audited figures for Fy 2021-22. Suitable provision made for the same.

**e. Operating Leases (AS 19)**

Operating Leases primarily comprise office premises, staff residences, which are renewable at the option of the Bank. Lease Payments recognized in the Profit and Loss Account are given below:

(₹. in Crore)

Particulars	March 31, 2022	March 31, 2021
Operating Lease Payments	28.87	27.33

The Bank has certain non-cancellable outsourcing contracts for branches on rent.

The future minimum lease liabilities for such non-cancellable operating leases are given below:

(₹. in Crore)

Particulars	March 31, 2022	March 31, 2021
Not later than one year	6.22	5.85
Later than one year and not later than five years	10.80	5.28
Later than five years	11.33	16.84
<b>Total</b>	<b>28.35</b>	<b>27.97</b>

The above information is as certified by the Management and relied upon by the auditors.

**f. Earnings per Share (AS 20)**

Particulars	March 31,2022	March 31,2021
Net Profit/ (Loss) after tax (Rs in Crore)	35.90	37.19
Weight average number of equity shares for Basic EPS	253012084	253012084
Weight average number of equity shares for Diluted EPS	253042945*	253012084
Earnings per share (Basic) in Rs	1.42	1.47
Earnings per share (Diluted) in Rs	1.42	1.47

\*Guaranteed bonus of 100000 shares at face value to Managing Director &CEO( Option not exercised as on 31.03.2022) is considered for computing the Weight average number of equity shares for Diluted EPS

**g. Accounting for Taxes on Income (AS 22)**

Bank has recognized the provision for Income Tax by exercising the option permitted under Section 115BAA of the Income Tax Act, 1961.The existing Deferred Tax Asset (DTA) recognized on 31st March 2021 amounting to Rs.51.32 crore has been reviewed and re measured and the DTA has been recognized as on 31st March 2022 at Rs.50.13 crore.

The components of Deferred Tax Assets and Liabilities are shown below:

Particulars	31-Mar-22	31-Mar-21
(₹. in Crore)		
<b>Deferred Tax Asset</b>		
Provision for Loans/Investment/Others	26.42	22.86
Depreciation on Fixed Assets	7.36	7.26
Carry forward loss	20.73	22.71
<b>Total (A)</b>	<b>54.51</b>	<b>52.83</b>
<b>Deferred Tax Liability</b>		
Special Reserve u/s 36(1)(viii)	1.51	1.51
Enhancement of Family Pension	2.87	-
<b>Total (B)</b>	<b>4.38</b>	<b>1.51</b>
<b>Net Deferred Tax Asset (A-B)</b>	<b>50.13</b>	<b>51.32</b>

**h. Intangible Assets (AS 26)**

Intangible assets include computer software which are carried at cost of acquisition less accumulated amortization and amortized on a Straight-Line Method (SLM) basis over the estimated useful lives of 5 years on a pro rata basis

**i. Impairment of Assets (AS 28)**

In the opinion of the Bank's management, there is no indication of the impairment to the assets during the year to which the Accounting Standard 28 "Impairment of Assets" applies.

**16 ADDITIONAL DISCLOSURES**

**a) Details of single Borrower limit, Group Borrower Limit**

The bank had taken single borrower exposure and Group exposure within the prudential limit prescribed by RBI

**b) Disclosure of Letter of Comforts (LOCs) issued by the Bank**

During the year the Bank has not issued Letter of Comforts since .RBI vide Circular No.RBI/2017-18/139 A.P (DIR Series) Circular No.20 dated March 13, 2018 has discontinued issuance of Letters of Undertaking (LoUs) and Letters of Comforts (LoCs).

**c) ESOP Scheme**

**i) The details of the Employees Stock Option Plan-2009 currently in vogue in the Bank as at March 31, 2022 are as under:**

Sl. No.	Particulars	ESOP2009	ESOS 2013
1.	Details of Approval	Remuneration Committee resolution, dated August 6, 2009.	Remuneration Committee approval dated August 14,2014
2.	Implemented through	Directly by Bank	Directly by Bank
3.	Total number of shares	40,42,470	24,77,400
4.	Price per option	Rs. 118.35	Rs 40.73
5.	Granted	39,99,225	24,77,400
6.	Vested	39,99,225	24,77,400
7.	Exercised	20,719	Nil
8.	Cancelled options	39,78,506	24,77,400
9.	Vested and unexercised	0	0
10.	Total number of options in force	0	0
11.	Money realized	Rs. 24,52,094	Nil
12.	Exercise period	10 years from the date of grant or 5 years from the date of vesting whichever is later	3 years from the date of vesting within which the grantee should exercise the options vested to him/her.

The Bank accounts for 'Employee Share Based Payments' using the fair value method.

ESOP 2009 and ESOS 2013 are no longer in force with all the options having either forfeited/cancelled/exercised/expired in the previous financial year and duly reported.

**d) Description of Contingent Liabilities**

Sl. No	Particulars*	Brief Description
1	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows
2	Liability on account of forward exchange and derivative contracts	The Bank enters into foreign exchange contracts and currency swaps with interbank participants and customers.  Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate.  Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates.

Sl. No	Particulars*	Brief Description
		<p>Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows.</p> <p>The notional amounts of financial instruments of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. Hence the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.</p>
3	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities the Bank issued documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
4	Other items for which the Bank is contingently liable	<ul style="list-style-type: none"> <li>- Disputed Tax</li> <li>- Amount deposited with RBI under Depositor Education Awareness Fund</li> <li>- Estimated amount of contracts remaining to be executed on capital account and not provided for</li> <li>- The undrawn partial credit enhancement facilities</li> </ul>

\*Refer Schedule 12 for amounts relating to Contingent Liability

#### e. Capital commitments

(₹. in Crore)

March 31, 2022	March 31, 2021
9.36	9.67

#### f. Provision for Long Term Contracts

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

#### g. Dues to Micro, Small and Medium Enterprises

There have been no reported cases of delayed payments of the principal amount or interest due thereon to Micro, Small and Medium Enterprises.

**h. Provision for Tax**

Bank has made the provision for taxes for the financial year ended 31st March 2022 and 31st March 2021 as given below:

(₹. in Crore)

Particulars	March 31, 2022	March 31, 2021
Income Tax	Nil	Nil
Wealth Tax	Nil	Nil
Deferred Tax	1.19	5.44

**i. Investor Education and Protection Fund**

There was no pending amount to be transferred to the Investor Education and Protection Fund by the Bank in the FY 2021-22.

**j. Inter-Bank Participation Certificates with Risk Sharing**

There was no purchase or sale of Inter Bank Participation Certificate with risk sharing by bank during year ended March 31, 2022 and March 31, 2021.

**k. Software Capitalized under Fixed Assets**

The Bank has capitalized software under Fixed Asset amounting to Rs.7.01 Crore and Rs 13.29 Crore during the financial year ended March 31, 2022 and March 31, 2021 respectively, as given below:

(₹. in Crore)

Particulars	As at March 31, 2022	As at March 31, 2021
At cost at March 31st of the preceding year	92.47	79.36
Additions during the year	7.01	13.29
Deductions during the year	0.24	0.18
Depreciation to date	75.5	68.49
<b>Net Block</b>	<b>23.74</b>	<b>23.98</b>

**l. Corporate Social Responsibility (CSR)**

Bank has decided to take up the activity of Corporate Social Responsibility (CSR) for the FY 2021-2022 and has been approved for a budget of Rs.66.92 Lakh as CSR funds which is 2% of the average net profit achieved by the Bank during the last 3 financial years. Of the approved budget, Bank has spent Rs.40.41 Lakh during the FY 21-22 and an unspent amount of Rs.26.51 Lakh is transferred to 'Unspent Corporate Social Responsibility Account' as the same pertains to an ongoing project.

For the financial year 2020-21, an unspent amount of Rs.20.25 Lakh was transferred to 'Unspent Corporate Social Responsibility Account' as the same pertains to an ongoing project. From the "Unspent Corporate Social Responsibility Account 2020-21", Bank has spent Rs.1.67 lakh during the financial year 2021-22 and has carried forward Rs.18.58 lakh for the next financial year.

**m. Transfer of Old Nostro Credit Entries**

Bank has transferred an amount of Nil (Previous year Nil) to the Profit and loss account being the aggregate of individual unreconciled credit entries of value less than USD 2500 or equivalent in Nostro and mirror accounts originated between April 1, 1996 and March 31, 2002 and parked in the blocked account in terms of RBI guidelines. There is no impact on the profit and loss account (previous year – no impact).



## 17. COMPARATIVE FIGURES

Previous year figures have been re-grouped/ re-classified wherever considered necessary to conform to current year's classification.

Signatories to Schedule 1 to 18

**Ramesh A J**  
Chief Financial Officer

**Venkatesh H**  
Company Secretary

**Chandran L**  
General Manager

**Shivan J K**  
Managing Director & CEO

**C K Gopinathan**  
Director

**G. Rajagopalan Nair**  
Director

**D K Kashyap**  
Director

Place : Thrissur.  
Date : 19th May 2022

As per our Report of even Date  
For **Krishnamoorthy & Krishnamoorthy**  
Chartered Accountants  
Firm Registration No. 001488S

**CA. R Venugopal**  
Partner  
Membership No. 202632

# Pillar III Disclosure Requirements

## PILLAR III DISCLOSURE REQUIREMENTS AS OF 31st MARCH 2022

### 1. Scope of Application and Capital Adequacy

#### TABLE DF 1 –SCOPE OF APPLICATION

Dhanlaxmi Bank is a Commercial Bank, which was incorporated on November 14, 1927 in Thrissur, Kerala. The Bank does not have any subsidiary/ Associate companies under its Management.

#### TABLE DF 2- CAPITAL ADEQUACY

##### Qualitative disclosures:

##### Basel- III guidelines issued by RBI

Reserve Bank of India had issued Guidelines based on the Basel III reforms on capital regulation in May 2012, to the extent applicable to Banks operating in India. The Basel III capital regulation has been implemented from April 1, 2013 in India. The transition to the Basel III Capital Regulations is in a phased manner and during the transitional period the Bank is subject to the compliance with the regulatory limits and minimum CRAR prescribed under Basel III Capital Regulation on an ongoing basis. The Basel III Capital Regulations have been consolidated in Master Circular RBI/2015-16/58 BR.No.BP.BC.1/21.06.201/2015-16 – Basel III Capital Regulations dated July 1, 2015.

Basel III Capital regulations continue to be based on 3 mutually reinforcing Pillars viz, Minimum Capital requirements (Pillar I), Supervisory Review and Evaluation Process (Pillar II) and Market Discipline (Pillar III). The circular also prescribes the risk weights, for the Balance Sheet assets, non funded items and other off Balance Sheet exposures and the minimum Capital Funds to be maintained as a ratio to the aggregate of the Risk Weighted Assets (RWA) and other exposures, as also, capital requirements in the Trading book, on an ongoing basis and Operational risk. The Basel-III norms mainly seek to:

- a) Raise the quality of capital to ensure that the Banks are capable to absorb losses on both as going concern and as gone concern basis,
- b) Increase the risk coverage of the capital framework
- c) Introduce Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Leverage Ratio to serve as a backstop to the risk based capital measure.
- d) Raise the standards for the Supervisory Review and Evaluation Process and Public Disclosures etc.

The macro prudential aspects of Basel III are largely enshrined in the capital buffers, viz., Capital Conservation Buffer and Counter Cyclical Capital Buffer. Both the buffers are intended to protect the Banking sector from stress situations and business cycles. The Capital Conservation Buffer requirements started from March 31, 2016 and are fully implemented by October 1, 2021. The Reserve Bank of India has released the final guidelines on implementation of Counter Cyclical Capital Buffer (CCCB) in India vide RBI/2014-15/452 DBR.No.BP.BC.71/21.06.201/2014-15 dated February 5, 2015. The CCCB shall increase gradually from 0 to 2.5 per cent of the RWA of the Bank but the rate of increase would be different based on the level/ position of Credit to GDP gap between 3 and 15 percentage points, when notified.

## Summary

### (i) Tier I Capital :Tier I capital of the Bank includes

- ▶ Equity Share Capital
- ▶ Reserves & Surpluses comprising of
  - ✓ Statutory Reserves,
  - ✓ Capital Reserves,
  - ✓ Share Premium and
  - ✓ Balance in P&L Account
  - ✓ Revaluation Reserves
  - ✓ Special Reserves

#### (a) Common Equity Tier I

The Bank has authorised share capital of Rs. 400 Cr, comprising 40 Cr equity shares of Rs.10/- each. As on March 31, 2022, the Bank has Issued, Subscribed and Paid-up capital of Rs.253,01,20,840/-, constituting 25,30,12,084 Equity shares of Rs. 10/- each. The Bank's shares are listed on the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE).

#### (b) Additional Tier I Capital

As on March 31, 2022 the Bank does not have Additional Tier I Capital.

### (ii) Tier 2 Capital includes Investment Fluctuation Reserves, Standard Asset Provisions, Investment Reserves, Provision for Restructured Standard Assets & Advances and Tier II Bonds.

#### Debt Capital Instruments:

The Bank has been raising capital funds by means of issuance of Upper Tier 2 Bonds and Subordinated Bonds. The details of eligible Upper Tier 2 and Subordinated Debt (Unsecured Redeemable Non-convertible Subordinated Bonds in the nature of Promissory Notes/ Debentures) issued by the Bank and outstanding as on March 31, 2022, are given below. The Bonds considered in computation of Tier 2 Capital is as per the criteria for inclusion of Debt Capital Instruments as Tier 2 Capital detailed in the Basel III Master Circular.

(₹. in Crore)

Series	Coupon (%)	Date of Allotment	Maturity Date	Amount of Issue *
Series XV	Payable half yearly @ 11.00%	29.03.2018	29.03.2025	150.00

\*Of this Rs.90.00 Cr is eligible for Tier 2 Capital under Basel III.

#### Quantitative Disclosures:

##### Risk exposure and assessment

Besides computing CRAR under the Pillar I requirement, the Bank also periodically undertakes Stress Testing in various risk areas to assess the impact of stressed scenario or plausible events on asset quality, liquidity, profitability and capital adequacy. The Bank conducts Internal Capital Adequacy Assessment Process (ICAAP) on annual basis to assess the sufficiency of its capital funds to cover the risks specified under Pillar II of Basel guidelines. The adequacy of Bank's capital funds to

meet the future business growth is also assessed in the ICAAP Document. Capital requirement for current business levels and framework for assessing capital requirement for future business levels has been made. Capital requirement and Capital optimisation are monitored periodically by the Committee of Senior Management (ALCO). The Senior Management deliberates on various options available for capital augmentation in tune with business growth. Based on these reports submitted by Senior Management, the Board of Directors evaluates the available capital sources, forecasts the capital requirements and capital adequacy of the Bank and ensures that the capital available for the Bank at all times is in line with the Risk Appetite of the Bank.

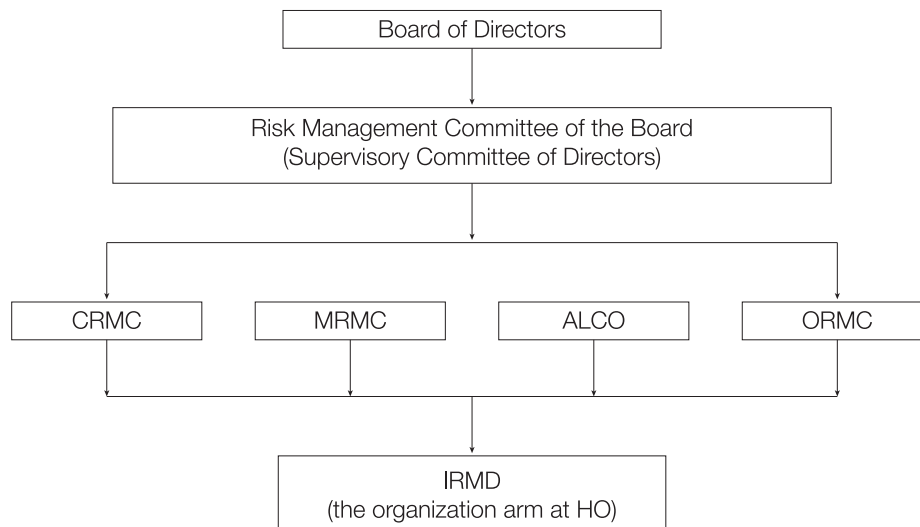
#### Composition of Capital as on 31.03.2022

Items	Rs. in Million
Paid-up Share Capital	2530.12
Reserves	13560.60
Common Equity Tier 1 Capital before deductions	16090.72
Less amounts deducted from Tier I capital (accumulated losses, DTA and Intangible Assets).	9110.90
<b>(a) Common Equity Tier 1 Capital</b>	<b>6979.82</b>
<b>(b) Additional Tier-I Capital</b>	<b>0.00</b>
<b>(c) Total Tier-I Capital (a)+(b)</b>	<b>6979.82</b>
Directly issued Tier II capital instruments subject to phase out	900.00
General Provisions/ Investment Reserves/ Investment Fluctuation Reserves	907.83
<b>(d) Total Tier 2 Capital</b>	<b>1807.83</b>
<b>Total Eligible Capital (c)+(d)</b>	<b>8787.65</b>

The Bank is following Standardised Approach, Standardised Duration Approach and Basic Indicator Approach for measurement of capital charge in respect of Credit Risk, Market Risk and Operational Risk respectively. The Capital requirements for Credit Risk, Market Risk and Operational Risk and the Common Equity Tier 1, Tier 2 and Total Capital Ratios are given below: -

Items	31.03.2022
<b>(a) Capital requirements for Credit risk</b>	
Portfolios subject to Standardised Approach (11.50%)	604.85
Securitization exposures	
<b>(b) Capital requirements for Market risk- Standardised Duration approach</b>	<b>49.12</b>
Interest rate risk	42.32
Foreign exchange risk (including gold)	0.90
Equity position risk	5.90
<b>(c) Capital requirements for Operational risk</b>	<b>71.73</b>
Basic Indicator Approach	71.73
<b>Total Capital Funds Required @ 11.50% [(a)+(b)+(c)]</b>	<b>725.69</b>
<b>Total Capital Funds Available</b>	<b>878.77</b>
<b>Total Risk Weighted Assets</b>	<b>6770.12</b>
<b>(d) Common Equity Tier 1, Tier 2 and Total Capital Ratios</b>	
Common Equity Tier 1 CRAR (%)	10.31%
Tier 2 CRAR (%)	2.67%
<b>Total CRAR % for the Bank</b>	<b>12.98%</b>

### Structure and Organisation of the Risk Management function in the Bank



### Scope and Nature of Risk Reporting and/or Measurement Systems

The Bank has adopted an integrated approach for the management of risk. The Bank's Integrated Risk Management Department (IRMD) is the organizational arm for risk management functions. The Bank has developed a comprehensive risk rating system that serves as a single point indicator of diverse risk factors of counterparty and for taking credit decisions in a consistent manner. Major initiatives of IRMD are –

- ✓ Risk rating system is drawn up in a structured manner incorporating the parameters from the 5 main risk areas 1) Financial Risk, 2) Industry/ Market Risk, 3) Business Risk, 4) Management Risk, and 5) Facility risk
- ✓ Risk rating system is made applicable for loan accounts with total limits of Rs.2 lakhs and above.
- ✓ Different Rating Models are used for different types of exposures, for e.g. Traders, SME, NBFC, Corporate, Small Loans, Retail Loans etc.
- ✓ IRMD validates the ratings of all exposures of Rs.100 lakhs and above.
- ✓ An independent analysis is carried out of the various risks attached to the credit proposals including industry analysis.
- ✓ Rating Migration analysis covering all exposures of Rs.5 Cr and above is conducted on quarterly basis and migration analysis of exposures of Rs.1 Cr & above is conducted on a half yearly basis. Rating Migration analysis covering all exposures of Rs.25 lakhs and above is conducted on annual basis; Evaluates the asset quality by tracking the delinquencies and migration of borrower from one rating scale to another.

Credit facilities are sanctioned at various levels in accordance with the delegation approved by the Board. The Bank has in place the following hierarchical functionaries with delegated powers for credit sanction and administration:

- ▶ Branch Head with Branch Operational Manager, jointly,
- ▶ Retail Assets Credit Committee for Retail Loans (RACC)
- ▶ Retail Assets Credit Committee 1 for Retail Loans (RACC 1)
- ▶ Regional Credit Committee (RCC)
- ▶ Corporate Credit Committee (CCC)
- ▶ Corporate Credit Committee (CCC1)
- ▶ Credit and Business Committee of the Board(CBCB)
- ▶ Board of Directors

### Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants

The Bank has put in place a Board approved Policy on Credit Risk Mitigation Techniques and Collateral Management, covering

the Credit Risk mitigation techniques used by the Bank for both risk management and capital computation purposes. Apart from the Basel defined collateral, the Bank ensures securities by way of inventories, Book Debts, Plant & Machineries, Land & Buildings and other moveable/ immovable assets/ properties. The Bank also accepts Personal/ Corporate guarantee as an additional comfort for Credit Risk mitigation. The securities are subjected to proper valuation as prescribed in the Credit Policy of the Bank.

Bank has laid down detailed guidelines on documentation to ensure legal certainty of Bank's charge on collaterals. In order to ensure that documents are properly executed, the function has been brought under the purview of Credit Officers. The Credit Officers at branches ensure documentation, ground level follow up, collection of feedback, closer monitoring of accounts, quality of asset portfolios, statistical analyses, reporting of irregularities, providing guidelines, compliance with policy prescriptions and adherence to terms of sanction.

The Bank has an exclusive set up for Credit Monitoring functions in order to have greater thrust on post sanction monitoring of loans and strengthen administering the various tools available under the Bank's policies on loan review mechanism. For effective loan review, the Bank has the following in place: -

- ▶ On site monitoring tools like Inspection of Assets/ Books/ Stock of the borrower, Stock audit, Operations in the account, Payment of statutory dues etc.
- ▶ Recording of loan sanctioned by each sanctioning authority by the next higher authority.
- ▶ Offsite monitoring tools like Financial Follow-up Reports, verification of various statutory returns, Audit Reports etc.

### **TABLE DF 3 –CREDIT RISK: GENERAL DISCLOSURES**

#### **Qualitative disclosures:**

##### **(a) General: -**

Definitions of Past Due and Impaired (for accounting purposes)

The Bank has adopted the definition of the Past Due and Impaired (for accounting purposes) as defined by the Regulator for income recognition and these asset classification norms are furnished below:-

#### **1. Non Performing Assets**

An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank.

A non-performing asset (NPA) is a loan or an advance where;

- a) interest and/ or installment of principal remains overdue for a period of more than 90 days in respect of a term loan,
- b) the account remains 'out of order' as indicated at paragraph 2 below, in respect of an Overdraft/ Cash Credit (OD/ CC),
- c) the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
- d) the installment of principal or interest thereon remains overdue for two crop seasons for short duration crops,
- e) the installment of principal or interest thereon remains overdue for one crop season for long duration crops,
- f) the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of the Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021.
- g) in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

In addition, an account may also be classified as NPA in terms of any temporary deficiencies as defined by the Regulator.

**2. 'Out of Order' status:** An account is treated as 'Out of Order' if the outstanding balance in the CC/OD account remains continuously in excess of the sanctioned limit/drawing power for 90 days, or the outstanding balance in the CC/ OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days, or the outstanding balance in the CC/ OD account is less than the sanctioned limit/ drawing power but credits are not enough to cover the interest debited during the previous 90 days period.

#### **3. 'Overdue':**

Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

The borrower accounts shall be flagged as overdue by the banks as part of their day-end processes for the due date, irrespective of the time of running such processes.

### **Strategies and Processes for Credit Risk Management**

Credit Risk Management Committee (CRMC) headed by MD & CEO is the highest level executive committee for Credit Risk management. The committee considers and takes decisions necessary to manage and control Credit Risk within overall quantitative prudential limit set up by Board. The committee is entrusted with the job of recommending to the Board for its approval, clear policies on standards for presentation of credit proposals, fine-tuning required in various rating models based on feedbacks or change in market scenario, approval of any other action necessary to comply with requirements set forth in Credit Risk Management Policy/ RBI guidelines or otherwise required for managing credit risk.

The Bank's strategies to manage the credit risks in its lending operations are as under:

- a) The Bank has a Comprehensive Board Approved Credit Risk Management Policy which is reviewed and revised annually. In addition to the above, various strategies with regard to Credit Risk management are covered under Bank's Credit Policy, Credit Monitoring Policy and Recovery Policy which are periodically reviewed by the Board.
- b) Defined segment exposures are delineated into Retail, SME and Corporates
- c) Industry wise exposure caps on aggregate lending by Bank
- d) Individual borrower wise caps on lending as well as borrower group wise lending caps linked as a percentage to the Bank's capital funds in line with RBI guidelines.
- e) Credit rating of borrowers and allowing credit exposures only to defined thresholds of risk levels
- f) A well defined approach to sourcing and preliminary due diligence while sourcing fresh credit accounts
- g) A clear and well defined delegation of authority within the Bank with regard to decision making, linking exposure, rating and transaction risks.
- h) Regular review of all credit structures and caps, continuously strengthening credit processes, and monitoring oversight which are regularly reviewed and duly approved by the Board of the Bank.
- i) Credit Risk Management Cell is validating the rating assigned to all individual credit exposures of Rs100 Lakh and above.
- j) Bank has an ever improving procedures and structures with respect to Credit Approval Process, Credit Rating, Prudential Limits, Documentation, Credit Monitoring and Review Mechanism.
- k) Credit Audit System by Internal/ External Auditors has been put in place for all Rs.1Cr and above advances. For all loans/ advances of aggregate sanctioned amount of Rs.1 Cr and above, Credit Audit is conducted within 30 days from the date of disbursement. For Takeover accounts of Rs.1 Cr and above, Credit Audit is conducted within 15 days from the date of disbursement and one more Credit Audit is conducted in the immediate succeeding year. In respect of standard accounts with fund based working capital limit of Rs.3 Cr and above and in respect of stand alone Term loans of Rs.5 Cr and above, Credit audit is conducted every year.
- l) Legal Audit is conducted for all eligible loan accounts having an exposure of Rs.1 Cr and above mandatorily. In respect of advances of Rs.1 Cr and below Rs.5 Cr, Legal Audit is conducted as a one time measure and in respect of advances of Rs.5 Cr and above, Legal Audit is conducted every year.
- m) The review of accounts is usually done once in a year. But in case of deterioration of the quality of advance the frequency of review is shortened to half yearly or quarterly as per the case.
- n) The Credit Officers at branch level take care of the security creation and account management
- o) Credit Monitoring Department monitors the performance of loan assets of the Bank.
- p) Bank also carries out industry study which would provide necessary information to Business line to increase/ hold/ decrease exposure under various industries.

### **Quantitative disclosures:**

- (a) Total Gross Credit exposures as on 31st March 2022: (After accounting offsets in accordance with applicable accounting regime and without taking into account the effects of credit risk mitigation techniques e.g. Collateral and netting)

Overall credit exposure		Amount	Total (In Cr)
Fund Based	Loans & advances	8443.58	9830.75
	Cash, RBI and Banks	735.84	
	Others (Fixed Assets & other Assets)	651.33	
Non Fund Based	LC, BG etc	266.98	942.42
	Forward Contracts/ Interest rate SWAPS	130.01	
	Others	545.43	
Investments (Banking Book only)	-	2864.81	2864.81
<b>Total of Credit Risk exposure</b>		<b>13637.98</b>	<b>13637.98</b>

(b) Geographic distribution of exposures:

Exposures	31.03.2022 (Rs. in Cr)		
	Fund based	Non Fund Based	TOTAL
Domestic operations	12695.56	942.42	13637.98
Overseas operations	Bank has no overseas operations		

(c) Industry type distribution of exposures as on 31.03.2022:

Particulars	Funded Exposures
	Gross advance (Rs in Cr)
A. Mining and Quarrying	2.64
B. Food Processing	101.65
C. Beverages (excluding Tea & Coffee) and Tobacco	19.28
D. Textiles	102.19
E. Leather and Leather products	10.69
F. Wood and Wood Products	4.47
G. Paper and Paper Products	10.28
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear fuels	0
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	13.52
J. Rubber, Plastic and their Products	3.95
K. Glass & Glassware	7.74
L. Cement and Cement Products	5.42
M. Basic Metal and Metal Products	14.95
N. All Engineering	30.35
O. Vehicles, Vehicle Parts and Transport Equipments	15.52
P. Gems and Jewellery	148.82
Q. Construction	130.41
R. Infrastructure	351.65
S. Other Industries	32.65
<b>All Industries (A to S)</b>	<b>1006.18</b>
<b>Residuary other advances</b>	<b>7437.39</b>
<b>Gross Advances</b>	<b>8443.58</b>

Exposures to Infrastructure (Transport, Energy, Water sanitation, Communication etc.) and Gems and Jewellery accounted for 4.16% and 1.76% of Gross Advances outstanding, respectively. The coverage of advances to the above 2 industries occupy the top 2 positions among the total industry sectors.



(₹. in Crore)

Sl. No.	Industry	Gross Advance	Gross NPA	Provision
1.	Infrastructure	351.65	9.86	6.50
2.	Gems and Jewellery	148.82	0.89	0.25
3.	Construction	130.41	10.45	5.20
4.	Textiles	102.19	6.95	5.77
5.	Food Processing	101.65	10.45	8.70
<b>Total</b>		<b>834.72</b>	<b>38.60</b>	<b>26.42</b>

(d) Residual maturity breakdown of assets as on 31.03.2022:

(₹. in Crore)

Maturity Pattern Assets	Advances (Net)	Investments (Gross)	Foreign Currency Assets
Next Day	388.29	-	64.24
2 - 7 Days	21.83	-	29.30
8 - 14 Days	35.03	-	0.19
15 - 30 Days	293.91	-	23.21
31 D - 2 M	298.27	-	5.95
2 - 3 Months	534.36	-	-
3 - 6 Months	1229.83	24.17	10.93
6 Months - 1 Year	1472.33	250.26	29.16
1 Year - 3 Years	1594.30	422.20	-
3 - 5 Years	1005.63	1938.79	-
Over 5 Years	1268.22	1520.05	-
<b>Total</b>	<b>8141.98</b>	<b>4155.46</b>	<b>162.98</b>

(e) Non Performing Assets:

Sl No	Items	Amount in Rs. In Million 31.03.2022
1	<b>Gross NPAs</b>	<b>5335.36</b>
1.1	Substandard	475.09
1.2	Doubtful 1	2337.00
1.3	Doubtful 2	712.48
1.4	Doubtful 3	1084.36
1.5	Loss	726.42
2	<b>Net NPAs</b>	<b>2321.63</b>
3	<b>NPA Ratios</b>	
3.1	Gross NPAs to Gross Advances (%)	6.32%
3.2	Net NPAs to Net Advances (%)	2.85%
4	<b>Movement of NPAs (Gross)</b>	
4.1	Opening balance	6572.07
4.2	Additions	3656.23
4.3	Reductions	4892.94
4.4	Closing balance	5335.36
5	<b>Movement of provisions for NPAs</b>	
5.1	Opening balance	3 229.22
5.2	Provisions made during the FY	2 976.81

Sl No	Items	Amount in Rs. In Million
		31.03.2022
5.3	Reductions	3 884.41
5.4	Closing balance	2321.62
6	<b>Amount of Non Performing Investments (NPI)</b>	934.57
7	<b>Amount of provisions held for NPI</b>	934.57
8	<b>Movement of Provisions held for NPIs</b>	
8.1	Opening balance	359.92
8.2	Provisions made during the period	574.65
8.3	Write-off/ Write back of excess provisions	-
8.4	Closing balance	934.57

#### TABLE DF 4 DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH

##### Qualitative disclosures:

##### (a) For Portfolios under the Standardised Approach

1	Names of credit rating agencies used	Bank has approved all the External Credit Rating agencies accredited by RBI for the purpose of credit risk rating of domestic borrowal accounts, i.e. CRIS-IL, CARE Edge, India Ratings & Research Pvt. Ltd., ICRA, Brick Work Ratings, ACUITE, Infomeric and International Credit Rating agencies, i.e, Standard and Poor, Moody's and FITCH.
2	Changes if any, since prior period disclosure in the identified rating agencies and reasons for the same.	No change
3	No change	<p>The External Credit Rating assigned by an agency is considered only if it fully takes into account the credit exposure of the Bank.</p> <p>Bank is entitled to use the ratings of all the above identified Rating Agency rating for various types of exposures as follows :</p> <p>(i) For Exposure with a contractual maturity of less than or equal to one year (except Cash Credit , Overdraft and other Revolving Credits) , Short -Term Rating given by ECRA will be applicable</p> <p>(ii) For Domestic Cash Credit, Overdrafts and other Revolving Credits (irrespective of the period) and/ or Term Loan exposures of over one year, Long Term Rating will be applicable.</p> <p>(iii) For Overseas exposures, irrespective of the contractual maturity, Long Term Rating given by IRAs will be applicable.</p> <p>(iv) Rating by the agencies is used for both fund based and non-fund based exposures.</p> <p>(iv) Rating assigned to one particular entity within a corporate group cannot be used to risk weight other entities within the same group.</p>
4	Description of the process used to transfer public issue rating on to comparable assets in the Banking book.	Long –term Issue Specific (our own exposures or other issuance of debt by the same borrower-constituent/ counter-party) Ratings or Issuer (borrower-constituent/ counter-party) Ratings can be applied to other unrated exposures of the same borrower-constituent/ counterparty in the following cases :

- 
- (i) If the Issue Specific Rating or Issuer Rating maps to Risk Weight equal to or higher than the unrated exposures, any other unrated exposure on the same counter-party will be assigned the same Risk Weight, if the exposure ranks paripassu or junior to the rated exposure in all aspects
- 
- (ii) In cases where the borrower-constituent/ counter-party has issued a debt (which is not a borrowing from our Bank), the rating given to that debt may be applied to Bank's unrated exposures if the Bank's exposure ranks paripassu or senior to the specific rated debt in all respects and the maturity of unrated Bank's exposure is not later than Maturity of rated debt.
- 

### Quantitative disclosures

Amount of Bank's outstanding in major risk buckets- under standardised approach after factoring risk mitigants (i.e., collaterals) (includes Banking Book exposure of Investments):

(₹. in Crore)

Particulars	Total
Below 100% risk weight	7821.61
100% risk weight	1733.12
More than 100% risk weight	1011.92
<b>Total Net Exposure</b>	<b>10566.65</b>

### TABLE DF 5 –CREDIT RISK MITIGATION- STANDARDISED APPROACH

#### Qualitative Disclosure:

#### (a) General

#### Policies and processes for collateral valuation and management:

The Bank has put in place a Board approved policy on Credit Risk Mitigation Techniques and Collateral Management, covering the Credit Risk mitigation techniques used by the Bank for both risk management and capital computation purposes.

#### A description of the main types of collateral taken by the Bank

Collateral used by the Bank as risk mitigants for capital computation under Standardised Approach comprise eligible financial collaterals namely: -

- ▶ Cash and fixed deposits of the counterparty with the Bank.
- ▶ Gold: value arrived at after notionally converting these to 99.99% purity.
- ▶ Securities issued by Central and State Governments.
- ▶ KisanVikas Patra and National Savings Certificates.
- ▶ Life Insurance Policies restricted to their surrender value.
- ▶ Debt securities rated by an approved Rating Agency.
- ▶ Unrated Debt securities issued by Banks, listed in Stock Exchange.
- ▶ Units of Mutual Funds.

#### Bank has no practice of 'On Balance Sheet' netting for Credit Risk Mitigation.

#### The main types of Guarantor Counterparty and their creditworthiness

Bank accepts guarantees of Individuals or Corporates with adequate Net Worth, as an additional comfort for mitigation of credit risk which can be translated into a direct claim on the guarantor and are unconditional and irrevocable. Main types of guarantor counterparty as per RBI guidelines are: -

- ▶ Sovereigns (Central/ State Governments)
- ▶ Sovereign entities like ECGC, CGTMSE, CRGFTLIH, NCGTC.
- ▶ Bank and Primary Dealers with a lower risk weight than the counterparty

- ▶ Other entities rated AA (-) and above. The Guarantees has to be issued by entities with a lower risk weight than the counterparty.

**Information about risk concentrations of collaterals within the mitigation taken as on 31.03.2022:**

Financial Risk Mitigants	Outstanding Covered by Risk Mitigants (In Cr)	Risk Concentration %
Gold	1834.29	84.21%
Cash & Deposits	340.62	15.64%
KVP/ IVP/ NSC	1.48	0.07%
LIC Policy	1.71	0.08%
<b>Total</b>	<b>2178.11</b>	<b>100.00%</b>

Majority of the financial collaterals held by the Bank are by way of Gold, own Deposits, Life Insurance Policies and other approved securities. Bank does not envisage market liquidity risk in respect of financial collaterals.

Concentration on account of collateral is also relevant in the case of Land & Building. However, as Land & Building is not recognized as eligible collateral under Basel II Standardized Approach, its value is not reduced from the amount of exposure in the process of computation of capital charge. It is used only in the case of Housing Loan to individuals and Non-Performing Assets to determine the appropriate risk weight. As such, there is no concentration risk on account of nature of collaterals.

**Quantitative Disclosures:**

For the disclosed Credit Risk portfolio under the Standardised Approach, the total Exposure that is covered by:

- (i) Eligible Financial Collateral : Rs. 2178.11 Cr
- (ii) Other eligible Collateral (after Hair Cuts) : Rs. Nil

**TABLE DF 6- SECURITISATION – STANDARDISED APPROACH:**

**Qualitative Disclosures:**

- ▶ Bank has not securitised any of its standard assets till date.

**TABLE DF7 - MARKET RISK IN TRADING BOOK- STANDARDISED DURATION APPROACH:**

**Qualitative Disclosures:**

**(a) General : -**

**Strategies and processes**

The overall objective of Market Risk management is to maximise shareholder value by improving the Bank's competitive advantage and reducing loss from all types of market risk loss events. For effective management of Market Risk, Bank has put in place a well established framework with the Integrated Treasury Management Policy, Market Risk Management Policy and Asset Liability Management Policy. The Asset Liability Management Committee is responsible for establishing Market Risk management and Asset Liability management in the Bank. ALCO is a decision making unit responsible for Balance Sheet planning from risk return perspective including the strategic management of Interest Rate and Liquidity Risks. ALCO ensures adherence to the limits set by RBI as well as the Board.

**Scope and nature of risk reporting/ measurement systems**

The Bank has put in place regulatory/ internal limits for various products and business activities relating to Trading book. Various exposure limits for Market Risk management such as Overnight limit, VaR limit, Daylight limit, Aggregate/ Individual Gap limit, Investment limits etc. are in place. The reporting system ensures time lines, reasonable accuracy with automation, highlight Portfolio risk concentrations and include written analysis. The reporting formats and frequency of reporting are periodically reviewed to ensure that they suffice for risk monitoring, measuring and mitigation requirements of the Bank. Bank also subjects Non SLR investments to credit rating.

**Policies for hedging/ mitigating risk and strategies and processes for monitoring the continuing effectiveness of Hedges/ Mitigants:**

Board approved policies viz., Integrated Treasury Management Policy and Asset Liability Management Policy provides the framework for risk assessment, identification, measurement and mitigation, risk limits & triggers, risk monitoring and reporting.

Liquidity risk of the Bank is assessed through Structural Liquidity Statement which is prepared on a daily basis. The Bank also reviews various Liquidity Ratios on a monthly basis in order to control the liquidity position. On monthly basis, Interest Rate Risk is analysed from earnings perspective using Traditional Gap Analysis and economic value perspective using Duration Gap Analysis. Stress Tests are conducted at quarterly intervals to assess the impact of various contingencies on the Bank's earnings and the capital position.

The Bank uses Standardised Duration Approach for computation of Market Risk Capital charge on the Investment Portfolio held under HFT and AFS, Gold and Forex Open positions. The Market Risk Capital charge is calculated on a daily basis and reported to ALCO.

**Quantitative Disclosures:**

Particulars	Capital requirement for market risk- Standardised Duration approach	
	31.03.2022 (Rs. in Cr)	
Interest rate risk	42.32	
Equity position risk	5.90	
Foreign exchange risk	0.90	

**TABLE DF 08- OPERATIONAL RISK**

**Qualitative disclosures:**

**(a) General**

Strategies and processes: The Bank's strategy is to ensure that (1) the Operational risks which are inherent in Process, People and System and (2) the residual risks, are well managed by the implementation of effective Risk management techniques. Keeping this in view, the Bank has been following risk management measures which address the risks before and after implementation of a Process, Product and System. Before all new Products, Processes and Systems are cleared by the Product & Process Approval Committee (PPAC), they are risk vetted by the Operational Risk Management (ORM) cell. The ORM cell has completed Risk & Control Self Assessment (RCSA) of thrust branches and other core functions highlighting the potential risks that can happen during the course of operations and to assess whether the controls are adequate to manage/mitigate these risks. Risk Based Internal Audit is in place in all the Branches. The Bank has a RCSA Document approved by the Risk Management Committee of the Board (RMCB) and Board.

The framework for Operational Risk Management is well defined in the Operational Risk Management (ORM) Policy which is reviewed and revised annually. The ORM Committee at the executive level, which meets at regular intervals oversees Bank wide implementation of Board approved policies and process in this regard. The Bank has put in place important policies like Information System Security Policy, Policy on Know Your Customer & Anti Money Laundering, Fraud Risk Management Policy, Business Continuity and Disaster Recovery Management Plan.

**Scope and nature of risk reporting/ measurement systems: -**

The Bank has adopted Operational Loss Data Reporting Format from the Loss Data Methodology Document for collection of Loss Data, which will enable the Bank to eventually ease the transition to Advanced Measurement Approach for Capital Calculation. The ORM cell has a well built internal Loss Data collection system in place. The risk reporting consists of operational risk loss incidents/ events occurred in branches/ offices relating to people, process, technology and external events.

**Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:**

Internal control mechanism is in place to control and minimise the operational risks. If any controls are found to be ineffective during the course of Risk & Control Self Assessment (RCSA), corrective measures are adopted in due course. A monitoring system is also in place for tracking the corrective actions plan periodically. Bank is using insurance for mitigating operational risk. The various Board approved policies viz., Operational Risk Management Policy, Outsourcing Policy, Compliance Policy, Audit & Inspection Policy, Internet Banking Security Policy; Policy on KYC & AML; Information Systems Security Policy and Business Continuity Plans addresses issues pertaining to Operational Risk Management.

**Operational Risk Capital assessment:**

The Bank has adopted Basic Indicator Approach for calculating capital charge for Operational Risk, as stipulated by the

Reserve Bank of India. The ORM Cell is focusing on the qualitative and quantitative requirements (RCSA, KRI identification, Business Line mapping etc) prescribed by the regulator and these are being adopted by the Bank to move on to the Advanced Approaches in due course.

#### **TABLE DF 09- INTEREST RATE RISK IN THE BANKING BOOK (IRRBB):**

##### **(a) Qualitative Disclosures:**

##### **Strategies and processes**

The Bank has put in place a comprehensive Market Risk management framework to address market risks. The Asset Liability Management Policy prescribes the measurement of the Interest Rate Risk under two perspectives – Earnings Perspective and Economic Value Perspective.

Under Earnings perspective, Bank uses the Traditional Gap Analysis method to calculate the Earnings at Risk (EaR), which is the quantity by which net income might change in the event of an adverse change in interest rate. EaR is calculated on a fortnightly basis.

Under Economic Value Perspective, Bank uses Duration Gap Analysis to assess the impact of interest rate risk. The Duration Gap Analysis monitors the impact of changes in the interest rates on the Market Value of Equity (MVE). It is calculated on a monthly basis.

The framework for managing Interest Rate Risk on the Economic Value of Equity (EVE) under Pillar II of Basel III is put in place through ICAAP Policy Document.

##### **Scope and nature of risk reporting/ measurement systems**

Interest Rate Risk under Duration Gap Analysis is evaluated on a monthly basis. The likely drop in Market Value of Equity for a 200 bps change in interest rates is computed. Earnings at Risk based on Traditional Gap Analysis are calculated on a fortnightly basis and adherence to tolerance limits set in this regard is monitored and reported to ALCO. Stress Tests are conducted to assess the impact of Interest Rate Risk under different stress scenarios on earnings of the Bank.

##### **Policies for hedging/ mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants**

Bank has operationalised mitigating/ hedging measures prescribed by Treasury Management Policy, Asset Liability Management Policy and Stress Testing Policy. The strategy adopted by ALCO for mitigating the risk is by clearly articulating the acceptable levels of exposure to specific risk types (Interest Rate, Liquidity etc). The process for mitigating the risk is initiated by altering the mix of Asset and Liability composition and with the proper pricing of Advances and Deposits.

##### **Brief description of the approach used for computation of Interest Rate risk**

The traditional gap report is generated by grouping rate sensitive liabilities, assets and off-balance sheet positions into time buckets according to residual maturity or next repricing period, whichever is earlier and finding the gaps in each bucket. The gap is the difference between Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) for each time bucket. Earning at risk (EaR) is measured as the quantity by which net income might change in the event of an adverse change in interest rates.

##### **The Interest Rate Risk (EVE) is computed through Duration Gap Analysis. The step-by-step approach for computing Modified Duration Gap is as follows:**

- i) Identify variables such as principal amount, maturity date/ re pricing date, coupon rate, yield, frequency and basis of interest calculation for each item/ category of Rate Sensitive Asset/ Rate Sensitive Liability (RSA/ RSL).
- ii) Plot each item/ category of RSA/ RSL under the various time buckets. For this purpose, the absolute notional amount of rate sensitive off Balance Sheet items in each time bucket are included in RSA if positive or included in RSL if negative.
- iii) The mid-point of each time bucket is taken as a proxy for the maturity of all assets and liabilities in that time bucket.
- iv) Determine the coupon and the yield curve for arriving at the yields based on current market yields or current replacement cost for computation of Modified Duration (MD) of RSAs and RSLs.
- v) Calculate the Modified Duration (MD) in each time band of each item/ category of RSA/ RSL using the maturity date, yield, coupon rate, frequency, yield and basis for interest calculation.
- vi) Calculate the Modified Duration (MD) of each item/ category of RSA/ RSL as weighted average Modified Duration (MD) of each time band for that item.

vii) Calculate the weighted average Modified Duration (MD) of all RSA (MDA) and RSL (MDL) to arrive at Modified Duration Gap (MDG).

**(b) Quantitative Disclosures**

The impact on Earnings at Risk and Economic Value of Equity for notional interest rate shocks as on 31.03.2022.

**Earnings at Risk**

Change in interest rate	Change in NII (Rs. in Cr)
+ 25 bps	4.84
+ 50 bps	9.68
+ 75 bps	14.52
+ 100 bps	19.35

The Bank is computing Market Value of Equity based on Duration Gap Analysis.

<b>For a 200 bps rate shock, the drop in equity value as on 31.03.2022</b>	<b>-7.99%</b>
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**TABLE DF -10: GENERAL DISCLOSURE FOR EXPOSURE RELATED TO COUNTERPARTY CREDIT RISK**

**Qualitative disclosures**

Counterparty Credit Risk is the risk that the counterparty to a transaction could default Counterparty Credit Risk limits for banks as counterparty, based on a number of financial parameters like Net worth, capital adequacy ratio, rating etc of the counterparty bank and with the approval of the Board. Counterparty exposures for other entities are subject to comprehensive exposure ceilings fixed by the Board. Capital for Counterparty Credit Risk is assessed based on the Standardised Approach

**Quantitative disclosures**

The Bank does not recognise bilateral netting. The credit equivalent amounts of derivatives that are subjected to risk weighting are calculated as per the Current Exposure Method. The derivative exposure is calculated using Current Exposure Method and the balance outstanding as on March 31, 2022 is given below.

(₹. in Million)

Particulars	Notional Amounts	Credit Equivalent
Forward Exchange Contracts	1200.07	25.35

**TABLE DF-11: COMPOSITION OF CAPITAL**

(₹. in Million)

Table DF-11 : Composition of Capital			
Part II : Template to be used during the transition period of Basel III regulatory requirements			
	Basel III common disclosure template	Amounts subject to Pre-Basel III Treatment	Ref No.
<b>Common Equity Tier 1 capital: instruments and reserves (Rs.in Million)</b>			
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	12,584.60	
2	Retained earnings	-	
3	Accumulated other comprehensive income (and other reserves)	3506.12	
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock CET1 (only applicable to non-joint stock companies)	0	
	Public sector capital injections grandfathered until January 1, 2018	0	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0	
<b>6</b>	<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>16090.72</b>	



Table DF-11 : Composition of Capital		
Part II : Template to be used during the transition period of Basel III regulatory requirements		
Common Equity Tier 1 capital: regulatory adjustments		
7	Prudential valuation adjustments	-
8	Goodwill (net of related tax liability)	-
9	Intangibles other than mortgage-servicing rights (net of related tax liability) - (accumulated loss-Rs.8257.84 mio, and other intangible assets-Rs.351.72 mio)	8609.57
10	Deferred Tax assets	501.33
11	Cash-flow hedge reserve	-
12	Shortfall of provisions to expected losses	-
13	Securitisation gain on sale	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-
15	Defined-benefit pension fund net assets	-
16	Investments in own shares (if not already netted off paid- in capital on reported balance sheet)	-
17	Reciprocal cross-holdings in common equity	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-
20	Mortgage servicing rights (amount above 10% threshold)	NA
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	NA
22	Amount exceeding the 15% threshold	NA
23	of which: significant investments in the common stock of financial entities	NA
24	of which: mortgage servicing rights	NA
25	of which: deferred tax assets arising from temporary differences	NA
26	National specific regulatory adjustments (26a+26b+26c+26d)	0.00
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	-
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	-
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-
26d	of which: Unamortised pension funds expenditures	0.00
	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-basel treatment	-
	of which: [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)	-
	of which: [INSERT TYPE OF ADJUSTMENT]	-
	of which: [INSERT TYPE OF ADJUSTMENT]	-

Table DF-11 : Composition of Capital		(₹. in Million)
Part II : Template to be used during the transition period of Basel III regulatory requirements		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	
28	<b>Total regulatory adjustments to Common equity Tier 1</b>	9110.90
29	<b>Common Equity Tier 1 capital (CET1)</b>	<b>6979.82</b>
Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-
35	of which: instruments issued by subsidiaries subject to phase out	-
36	Additional Tier 1 capital before regulatory adjustments	-
Additional Tier 1 capital: regulatory instruments		
37	Investments in own Additional Tier 1 Instruments	-
38	Reciprocal cross-holdings in Additional Tier 1 Instruments	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
41	National specific regulatory adjustments (41a+41b)	-
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-
	of which: Deferred Tax Assets (not associated with accumulated losses) net of Deferred Tax Liabilities	-
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]	-
	of which: [INSERT TYPE OF ADJUSTMENT]	-

Table DF-11 : Composition of Capital		
Part II : Template to be used during the transition period of Basel III regulatory requirements		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-
43	Total regulatory adjustments to Additional Tier 1 capital	-
44	Additional Tier 1 capital (AT1)	-
44a	Additional Tier 1 capital reckoned for capital adequacy	
45	<b>Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)</b>	<b>6979.82</b>
Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-
47	Directly issued capital instruments subject to phase out from Tier 2	900.00
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-
49	of which: instruments issued by subsidiaries subject to phase out	-
50	Provisions	907.83
51	Tier 2 capital before regulatory adjustments	1807.83
Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	-
53	Reciprocal cross-holdings in Tier 2 instruments	-
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
56	National specific regulatory adjustments (56a+56b)	-
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	-
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	-
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	-
	of which: [INSERT TYPE OF ADJUSTMENT]	-
57	Total regulatory adjustments to Tier 2 capital	102.31
58	<b>Tier 2 capital (T2)</b>	<b>1807.83</b>
58a	<b>Tier 2 capital reckoned for capital adequacy</b>	<b>1807.83</b>
58b	<b>Excess Additional Tier 1 capital reckoned as Tier 2 capital</b>	<b>0</b>
58c	<b>Total Tier 2 capital admissible for capital adequacy (58a + 58b)</b>	<b>1807.83</b>
59	<b>Total capital (TC = T1 + T2) (45 + 58c)</b>	<b>8787.65</b>
	Risk Weighted Assets in respect of Amounts subject to Pre-Basel III Treatment	-
	of which:	-

Table DF-11 : Composition of Capital		
Part II : Template to be used during the transition period of Basel III regulatory requirements		
	of which: ...	-
60	<b>Total risk weighted assets (60a + 60b + 60c)</b>	<b>67701.24</b>
60a	of which: total credit risk weighted assets	52595.57
60b	of which: total market risk weighted assets	6139.85
60c	of which: total operational risk weighted assets	8965.81
Capital ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	10.31%
62	Tier 1 (as a percentage of risk weighted assets)	10.31%
63	<b>Total capital (as a percentage of risk weighted assets)</b>	<b>12.98%</b>
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	NA
65	of which: capital conservation buffer requirement	NA
66	of which: bank specific countercyclical buffer requirement	NA
67	of which: G-SIB buffer requirement	NA
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) National minima (if different from Basel III)	-
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%
70	National Tier 1 minimum ratio (if different from Basel III minimum) - including CCB of 2.5%	9.50%
71	National total capital minimum ratio (if different from Basel III minimum) - including CCB of 2.5%	11.50%
Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financial entities	-
73	Significant investments in the common stock of financial entities	-
74	Mortgage servicing rights (net of related tax liability)	-
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-
Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	-
77	Cap on inclusion of provisions in Tier 2 under standardised approach	-
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings- based approach (prior to application of cap)	-
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-
Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-
82	Current cap on AT1 instruments subject to phase out arrangements	-

Table DF-11 : Composition of Capital		
Part II : Template to be used during the transition period of Basel III regulatory requirements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-
84	Current cap on T2 instruments subject to phase out arrangements	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-

**Notes to Template**

Row No. of the template	Particulars	(₹ in Million)
10	Deferred tax assets associated with accumulated losses	207.3
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred Tax Liability	294.0
	Total as indicated in row 10	501.3
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	-
	of which: Increase in Common Equity Tier 1 capital	-
	of which: Increase in Additional Tier 1 capital	-
	of which: Increase in Tier 2 capital	-
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	-
	(i) Increase in Common Equity Tier 1 capital	-
	(ii) Increase in risk weighted assets	-
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	-
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 Capital under row 58b	-
50	Eligible Provisions included in Tier 2 capital	657.45
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	657.45
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	102.31

Table DF-12 : COMPOSITION OF CAPITAL - RECONCILIATION REQUIREMENT		
		Balance Sheet as in financial statements
Step 1		As on reporting date, 31st March 2022 (₹ in Million)
<b>A</b>	<b>Capital &amp; Liabilities</b>	
i	Paid-up Capital	2,530.12
	Reserves & Surplus	6469.91
	Minority Interest	-
	Total Capital	9000.03
ii	Deposits	124028.90

	of which: Deposits from banks	0.01
	of which: Customer deposits	124028.89
	of which: Other deposits (pl. specify)	-
<b>iii</b>	Borrowings	1500.00
	of which: From RBI	-
	of which: From banks	-
	of which: From other institutions & agencies	-
	of which: Others - book credit balances in foreign currency minor accounts	-
	Of which: Tier 2 Capital instruments	1500.00
<b>iv</b>	Other liabilities & provisions	3428.71
	<b>Total</b>	<b>137957.64</b>

<b>B</b>	<b>Assets</b>	
<b>i</b>	Cash and balances with Reserve Bank of India	6784.03
	Balance with banks and money at call and short	574.38
<b>ii</b>	Investments:	40440.58
	of which: Government securities	33762.82
	of which: Other approved securities	-
	of which: Shares	134.72
	of which: Debentures & Bonds	5825.90
	of which: Subsidiaries / Joint Ventures / Associates	-
	of which: Others ( Certificate of Deposit: Rs. 481.91 Mio and Security Receipt: Rs.235.22 Mio)	717.14
<b>iii</b>	Loans and advances	81419.84
	of which: Loans and advances to banks	-
	of which: Loans and advances to customers	81419.84
<b>iv</b>	Fixed assets	2210.00
<b>v</b>	Other assets	6528.81
	of which: Goodwill and intangible assets	-
	of which: Deferred tax assets	501.33
<b>vi</b>	Good will on consolidation	-
<b>vii</b>	Debit balance in Profit & Loss account	
	<b>Total Assets</b>	<b>137957.64</b>

\*Bank has no subsidiaries

Step 2	Balance sheet under regulatory scope of consolidation		Ref No.
	As on reporting date, 31st March 2022 (₹ in million)		
<b>A</b>	<b>Capital &amp; Liabilities</b>		
<b>i</b>	Paid-up Capital	2530.12	(a)
	of which : Amount eligible for CET1	2530.12	(a) (i)
	of which : Amount eligible for AT1	-	
	<b>Reserves &amp; Surplus</b>	<b>6469.91</b>	<b>(b)</b>
	of which : Amount eligible for CET1	5302.76	(b) (i)
	Statutory Reserve	1180.06	(b)(ii)
	Share Premium	10054.48	(b) (iii)

Step 2	Balance sheet under regulatory scope of consolidation	Ref No.
As on reporting date, 31st March 2022 (₹ in million)		
	General Reserve	912.23 (b)(iv)
	Capital Reserve (excluding Revaluation Reserves)	732.66 (b)(v)
	Special Reserve under Section 36(i) (viii)	59.86 (b)(vi)
	Balance in P/L a/c at the end of the previous FY	(8257.84) (b)(vii)
	Current Financial Year Profit (Not eligible)	(b)(viii)
	Revaluation Reserve (part of Tier 2 capital at a discount of 55 percentage)	621.30 (b)(ix)
	Minority Interest	-
	<b>Total Capital</b>	<b>9000.03 (a)+(b)</b>
<b>ii</b>	<b>Deposits</b>	<b>124028.90 (c )</b>
	of which: Deposits from banks	0.01 (c )(i)
	of which: Customer deposits	124028.89 (c )(ii)
	of which: Other deposits (pl. specify)	-
<b>iii</b>	<b>Borrowings</b>	<b>1500.00 (d)</b>
	of which: From RBI	- (d)(i)
	of which: From banks	- (d)(ii)
	of which: From other institutions &	- (d)(iii)
	of which: Others (Book Credit balances in foreign currency accounts)	- (d)(iv)
	of which: Capital instruments -Tier 2	1500.00 (d)(v)
<b>iv</b>	<b>Other liabilities &amp; provisions</b>	<b>3428.71 (e)</b>
	of which: Standard Asset provision included under Tier 2 Capital	258.49 (e)(i)
	of which : DTLs related to goodwill	-
	of which : Details related to intangible	-
	<b>Total Assets</b>	<b>137957.64 (a)+(b)+(c) +(d)+(e)</b>
<b>B</b>	<b>Assets</b>	
<b>i</b>	<b>Cash and balances with Reserve Bank of India</b>	<b>6784.03 (f)</b>
	Balance in India with banks and money at call	574.38 (g)
<b>ii</b>	<b>Investments:</b>	<b>40440.58 (h)</b>
	of which: Government securities	33762.82 (h)(i)
	of which: Other approved securities	134.72 (h)(ii)
	of which: Shares	
	of which: Debentures & Bonds	5825.90 (h)(iii)
	of which: Subsidiaries / Joint Ventures /	-
	of which: Others (Certificate of Deposit Rs.481.91 Mio and Security Receipt: Rs.235.22 Mio)	717.14 (h)(iv)
<b>iii</b>	<b>Loans and advances</b>	<b>81419.84 (i)</b>
	of which: Loans and advances to banks	- (i)(i)
	of which: Loans and advances to Customers	81419.84 (i)(ii)
<b>iv</b>	<b>Fixed assets</b>	<b>2210.00 (j)</b>
<b>v</b>	<b>Other assets</b>	<b>6528.81 (k)</b>
	of which: Goodwill and intangible assets	-



Step 2	Balance sheet under regulatory scope of consolidation	Ref No.
	As on reporting date, 31st March 2022 (₹ in million)	
	Out of which :	
	Goodwill	-
	Other Intangibles (excluding MSRs)	-
	Deferred tax assets	501.33 (k)(i)
vi	<b>Good will on consolidation</b>	-
vii	<b>Debit balance in Profit &amp; Loss account</b>	
	<b>Total Assets</b>	<b>137957.64 (f)+(g)+(h)+(i)+(j)+(k)</b>

**STEP 3: TABLE DF-12 (PART II) EXTRACT OF BASEL III COMMON DISCLOSURE TEMPLATE (WITH ADDED COLUMN)-**

Common Equity Tier 1 Capital : Instruments and reserves			
		Component of regulatory capital reported by bank	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation from Step 2
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	12,584.60	(a)+ (b) (iii)
2	Retained earnings	2092.29	b (viii)
3	Accumulated other comprehensive income (and other reserves)	732.66	b(ii)+b(iv)+b(v)+b(vi)+b(ix)
4	Directly issued capital subject to phase out from CET-1 (only applicable to non-joint stock companies)	-	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CER 1)	-	-
6	Common Equity Tier 1 capital before regulatory adjustments	15409.56	(a)+ (b)(ii)+ (b)(iii)+ (b)(iv) + (b)(v)+b(vi)+b(viii)+b(ix)
7	Prudential valuation adjustments	-	-
8	Goodwill (net of related tax liability)	-	-

**TABLE DF -13: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS- ELIGIBLE INSTRUMENTS**

Item	Particular	Equity Shares	Lower Tier II Series XV
1	Issuer	Dhanlaxmi Bank Ltd	Dhanlaxmi Bank Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	680A01011	INE680A08081
3	Governing law(s) of the instrument. (Regulatory treatment)	Applicable Indian Statutory and Regulatory Requirements	Applicable Indian Statutory and Regulatory Requirements
4	Transitional Basel III rules	Common Equity Tier 1	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier 1	Eligible
6	Eligible at solo/group/ group & solo	Solo	Solo
7	Instrument type	Common Shares	Tier 2 Debt Instruments

Item	Particular	Equity Shares	Lower Tier II Series XV
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	2530.12	1500.00
9	Par value of instrument	Shares of Rs.10/ each	Rs. 1 Million
10	Accounting classification	Shareholder's Equity	Liability
11	Original date of issuance	Various	29.03.2018
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date (dd/mm/yyyy) / No maturity	No maturity	28.03.2025
14	Issuer call subject to prior supervisory approval	No	Yes, Exercise of Call Option is subject to prior approval of RBI
15	Optional call date, contingent call dates and redemption amount	NA	Bank can exercise Call Option to redeem the Bonds at par at the end of 5th Year from the Deemed Date of Allotment. Optional Call Date is 29.03.2023 and redemption amount is in full.
16	Subsequent call dates, if applicable Coupons / dividends	NA	NA
17	Fixed or floating dividend/coupon	NA	Fixed
18	Coupon rate and any related index	NA	11.00%
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Non Cumulative	Non Cumulative
23	Convertible or non-convertible	Non Convertible	Non Convertible
24	If convertible, conversion trigger(s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	NA	NA
32	If write-down, full or partial	NA	NA
33	If write-down, permanent or temporary	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated claim in case of liquidation	All Depositors and other Creditors of the Bank
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	NA	NA

**TABLE DF-14 FULL TERMS AND CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS (ELIGIBLE INSTRUMENTS)**

	Series XV
Nature of Instrument	##
Amount Subscribed	Rs 1500 million
Face value of the Bond	Rs.1 million
Date of Allotment	29.03.2018
Date of Redemption	29.03.2025
Put and Call option (if yes, give details)	####
Coupon rate and Frequency	11.00%
Listing	NSE

## Unsecured, Redeemable, Non-convertible, Subordinated Lower Tier-II Bonds in the nature of Debentures

#### The Bank reserves Call Option to redeem the bonds only after a minimum period of five years post allotment of Bonds, subject to prior approval from RBI.

**TABLE DF 15: DISCLOSURE REQUIREMENTS FOR REMUNERATION**

**Qualitative disclosures**

**a. Information relating to the composition and mandate of the Nomination & Remuneration Committee.**

**► Composition**

The Board constituted a Remuneration Committee on 29.02.2008, which was reconstituted on 27.09.2008, 06.10.2009 and 28.02.2013. The Committee was renamed/ reconstituted as Nomination & Remuneration Committee of the Board at its meeting held on 26.10.2015. The Nomination & Remuneration Committee comprises of Dr (Capt.) Suseela Menon R as Chairperson, Shri Gopinathan C K and Shri G Rajagopalan Nair as members of the Committee as on 31.03.2022.

**► The terms of reference of the Committee are as follows:-**

1. Recommending to the Board for its consideration and approval on the size and composition of the Board taking into account the available and needed diversity and balance in terms of experience, knowledge, skills and judgment of the Directors;
2. Reviewing, from time to time, possible candidates for current and potential Board vacancies, including Directors who are to retire and are eligible for re- appointment or reelection and other persons who may be recommended by the Chairman or the MD&CEO or other Directors, shareholders or others;
3. Recommending to the Board, candidates for election (including reelection) or appointment (including reappointment) to the Board;
4. Carrying out evaluation of every Director's performance;
5. Deciding on the matter of whether to extent or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
6. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal; formulation of the criteria for determining qualifications, positive attributes and Independence of a Director;
7. Devising a policy on diversity of Board of Directors;
8. Recommending to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees;

[The committee shall ensure the following while formulating the policy on the aforesaid matters:

- a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnel and Senior Management of the quality required to run the Bank successfully;
- b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- c) Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Bank and its goals.]

9. Formulating and determining the Bank's policies on remuneration packages payable to the Directors and Key Managerial Personnel including Performance/ Achievement Bonus, Perquisites, Retirals, Sitting fees.
10. Considering grant of Stock Options to employees.
11. Reviewing the composition of the existing Committees of the Board.
12. Formulation of criteria for performance evaluation of independent Directors and the Board;
13. Validation of 'Fit and Proper' status of all Directors on the Board of the Bank in terms of the guidelines issued by the RBI or other regulatory authorities;
14. Developing and recommending to the Board the Corporate Governance guidelines applicable to the Bank for incorporating best practices from time to time

**The roles and responsibilities of the Nomination & Remuneration Committee (NRC) are as follows:**

- ▶ To oversee the framing, review and implementation of Compensation Policy of the Bank on behalf of the Board.
- ▶ To ensure the Cost/ Income Ratio of the Bank supports the remuneration package consistent with maintenance of sound Capital Adequacy Ratio.
- ▶ To determine on their behalf and on behalf of the shareholders with agreed terms of reference, the Bank's policy on specific remuneration packages for Executive Directors including Pension rights and any compensation payment.
- ▶ For determining the modalities of providing appropriate incentives to employees, including stock options (i) to foster employee commitment and a feeling of ownership (ii) to retain employees or skill groups among them (iii) attract talented professionals (iv) to instill a sense of belonging to the Bank, among employees.

**b. Information relating to the design and structure of remuneration processes and the key features and objectives of Remuneration Policy.**

Remuneration and other perquisites paid to the Chairman and Managing Director & CEO are as approved by the Reserve Bank of India. Non-executive Directors are being paid sitting fees for each meeting attended by them. During the year, no remuneration, excepting sitting fees and reimbursement of actual travel and out-of-pocket expenses was paid.

The Bank has formed the Compensation Policy based on the Reserve Bank of India guidelines vide its circular no. DBOD. No.BC.72/29.67.001/2011-12 dtd. 13/01/2012 and was last reviewed on 29.08.2019. For employees coming under IBA pattern the compensation will be as per Bi-partite settlement and Joint Note signed between Indian Bank Association (based on mandate given by Bank) and Employees/ Officers' representatives, which will be revised once in five years. Cost To Company (CTC) compensation is individual based in character and fixed at the time of recruitment based on the Bank's assessment of the individual's potential and experience. CTC Employees will be compensated to a maximum of 120% of their IBA equivalent salary. Annual increments will be linked to Bank's performance and their individual performance, as decided by the Managing Director & CEO.

**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.**

The Board of Directors through the Nomination & Remuneration Committee of the Board shall exercise oversight and effective governance over the framing and implementation of the Compensation policy. Human Resource Management under the guidance of MD & CEO shall administer the Compensation and Benefit structure in line with the best suited practices and statutory requirements as applicable.

**d. Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.**

The factors taken in to account for the annual performance review are:

- ▶ The performance of the Bank
- ▶ The performance of the business unit
- ▶ Individual performance of the employee,
- ▶ Other risk perceptions and economic considerations

**e. A discussion of the Bank's 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.**

- ▶ As of now except for MD & CEO, Bank is not offering variable pay and hence except for MD&CEO no such deferral of variable pay is being offered.
- ▶ Employee Stock Option Scheme/ Employee Stock Option Plan as may be framed by the Board from time to time in conformity with relevant statutory provisions and SEBI guidelines as applicable will be excluded from the components of variable pay.

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

Variable pay means the compensation as fixed by the Board on recommendation of the Committee, which is based on the performance appraisal of an employee in that role, that is, how well they accomplish their goals. It may be paid as:

- ▶ Performance Linked Incentives to those employees who are eligible for incentives
- ▶ Ex-gratia for other employees who are not eligible for Performance linked Incentives.
- ▶ Bonus for those staff members who are eligible for bonus under the Payment of Bonus Act, 1965.

As of now, Bank is not having a variable pay structure except for MD & CEO.

**Quantitative disclosures**

Number of meetings held by the Nomination & Remuneration Committee during the quarter ended on March 31, 2022	1
Remuneration paid to the members of Nomination & Remuneration Committee (Sitting fees) during the Quarter ended March 31, 2022	Rs.45000
Number of employees having received a variable remuneration award during the financial year.	NIL
Number of sign-on awards made during the financial year.	NIL
Total amount of sign-on awards made during the financial year.	NIL
Details of guaranteed bonus, if any, paid as joining / sign on bonus.	NIL
Details of severance pay, in addition to accrued benefits, if any.	NIL
Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	NIL
Total amount of deferred remuneration paid out in the financial year.	NIL
Breakdown of amount of remuneration awards for the quarter ended March 31, 2022	
Fixed	NIL
Variable	NIL

**TABLE DF-16: EQUITIES – DISCLOSURE FOR BANKING BOOK POSITIONS:**

The Bank does not have Equities in Banking Book and hence not applicable.

**TABLE DF17- DISCLOSURE OF COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO**

**Leverage Ratio**

Leverage ratio is a non-risk based measure of all exposures for the Tier-I capital. The Leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The Basel III Leverage ratio is defined as the Capital measure (the numerator) divided by the Exposure measure (the denominator), with this ratio expressed as a percentage. Effective from the quarter commencing October 1, 2019, the minimum leverage ratio shall be 3.50%.

$$\text{Leverage Ratio} = \frac{\text{Capital Measure (Tier I Capital)}}{\text{Exposure Measure}}$$

Table DF 17- Summary comparison of accounting assets vs. Leverage Ratio		
Item	(₹ in Million)	
1	Total consolidated assets as per published financial statements	137957.64
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	3480.08
3	Adjustment for fiduciary assets recognized on the Balance Sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	(853.06)
4	Adjustments for derivative financial instruments	25.35
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	0.00
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	3191.04
7	Other adjustments	-3041.58
8	Leverage ratio exposure	140759.46

Table DF-18: Leverage Ratio common disclosure template		
Item	Leverage ratio framework (₹ in Million)	
<b>On-Balance Sheet exposures</b>		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	138396.13
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	853.06
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	137543.07
<b>Derivative exposures</b>		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	1.35
5	Add-on amounts for PFE associated with all derivatives transactions	24.00
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
8	(Exempted CCP leg of client-cleared trade exposures)	0
9	Adjusted effective notional amount of written credit derivatives	0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
11	Total derivative exposures (sum of lines 4 to 10)	25.35
<b>Securities financing transaction exposures</b>		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	0
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14	CCR exposure for SFT assets	
15	Agent transaction exposures	0
16	Total securities financing transaction exposures (sum of lines 12 to 15)	0
<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposure at gross notional amount	3191.04
18	(Adjustments for conversion to credit equivalent amounts)	0
19	Off-balance sheet items (sum of lines 17 and 18)	3191.04
<b>Capital and Total exposures</b>		
20	Tier 1 capital	6979.82
21	Total exposures (sum of lines 3, 11, 16 and 19)	140759.46
<b>Leverage ratio</b>		
22	Basel III leverage ratio	4.96%

### Liquidity Coverage Ratio Disclosure as on March 31, 2022

In the backdrop of the global financial crisis that started in 2007, the Basel Committee on Banking Supervision (BCBS) proposed certain reforms to strengthen global capital and liquidity regulations with the objective of promoting a more resilient banking sector. In this regard, the Basel III rules text on liquidity – “Basel III: International framework for liquidity risk measurement, standards and monitoring” was issued in December 2010 which presented the details of global regulatory standards on liquidity. Two minimum standards viz. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) for funding liquidity were prescribed by the Basel Committee for achieving two separate but complementary objectives.

The LCR promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

### LCR Compliance as on March 31, 2022

LCR Calculation Methodology	RBI prescribed minimum LCR	Bank's Daily Average LCR during the Quarter ended March 31, 2022
LCR = Stock of High Quality Liquid Assets Total net cash outflows over the next 30 calendar days	100%	476.49%

Below mentioned is a position of Liquidity Coverage Ratio computed based on daily simple average for the Quarter ended March 31, 2022

(₹. in Crore)

Particulars	Daily Average during the Quarter ended 31.03.2022 (Rs in Cr)	
	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>		
1 Total High Quality Liquid Assets (HQLA)		3703.19
<b>Cash Outflows</b>		
2 Retail deposits and deposits from small business customers, of which:	7796.16	445.28
(i) Stable deposits	6686.75	334.34
(ii) Less stable deposits	1109.41	110.94
3 Unsecured wholesale funding, of which:	1391.71	355.00
(i) Operational deposits (all counterparties)	-	-
(ii) Non-operational deposits (all counterparties)	1391.71	355.00
(iii) Unsecured debt		
4 Secured wholesale funding		25.36
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) Credit and liquidity facilities	-	-
6 Other contractual funding Obligations	390.60	56.93
7 Other contingent funding obligations	243.82	7.31
8 <b>Total Cash Outflows</b>		889.88
<b>Cash Inflows</b>		
9 Secured lending (e.g. reverse repos)	112.70	112.70
10 Inflows from fully Performing exposures	-	-
11 Other cash inflows	0	0
12 <b>Total Cash Inflows</b>	0	0
		Total Adjusted Value



Particulars	Daily Average during the Quarter ended 31.03.2022 (Rs in Cr)	
	Total Unweighted	Total Weighted
	Value (average)	Value (average)
21 <b>TOTAL HQLA</b>		<b>3703.19</b>
22 <b>Total Net Cash Outflows</b>		<b>777.19</b>
23 <b>Liquidity Coverage Ratio (%)</b>		<b>476.49%</b>

Bank has complied with the regulatory requirements w.r.to LCR

#### Net Stable Funding Ratio Disclosure as on March 31, 2022

The Net Stable Funding Ratio (NSFR) is one of the Basel Committee's key reforms to promote a more resilient banking sector. The NSFR will require banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on- and off-balance sheet items, and promotes funding stability.

The Bank is required to maintain the NSFR on an ongoing basis on a standalone Bank level and on a Group level. The minimum NSFR requirement set out in the RBI guideline for the standalone Bank and for Group effective October 1, 2021 is 100%. The Bank does not have any subsidiary as on date.

NSFR Calculation Methodology	RBI prescribed minimum NSFR	Bank's NSFR for the Quarter ended March 31, 2022
NSFR = Available amount of Stable funding		
Required amount of Stable funding	100%	158.10%

The following table sets out the unweighted and weighted value of the NSFR components of the Dhanlaxmi Bank at March 31, 2022 (i.e. quarter-end observation).

Net Stable Funding Ratio March 31, 2022					
(₹ in Cr)	Unweighted value by residual maturity				Weighted Value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
<b>ASF Items</b>					
1 Capital: (2+3)	783.29	0	0	150	933.29
2 Regulatory Capital	783.29			90	873.29
3 Other capital instruments				60	60.00
4 Retail deposits and deposits from small business customers: (5+6)	4017.19	2200.71	1948.25	1710.70	9384.20
5 Stable deposits	2565.87	2083.70	1829.72	1575.10	7730.43
6 Less stable deposits	1451.32	117.01	118.53	135.60	1653.77
7 Wholesale funding: (8+9)	233.35	1059.62	1100.62	121.12	671.43
8 Operational deposits					
9 Other wholesale funding	233.35	1059.62	1100.62	121.12	671.43
10 Other liabilities: (11+12)	470.91	0	0	0	0
11 NSFR derivative liabilities					
12 All other liabilities and equity not included in the above categories	470.91			0	0
13 <b>Total ASF (1+4+7+10)</b>	<b>5504.74</b>	<b>3260.33</b>	<b>3048.87</b>	<b>1981.82</b>	<b>10988.92</b>

Net Stable Funding Ratio March 31, 2022					
(₹ in Cr)	Unweighted value by residual maturity				Weighted Value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
<b>RSF Items</b>					
14	Total NSFR high-quality liquid assets (HQLA)				199.64
15	Deposits held at other financial institutions for operational purposes				8.98
16	Performing loans and securities: (17+18+19+21+23)				5665.35
17	Performing loans to financial institutions secured by Level 1 HQLA				
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions				198.46
19	Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:				4556.05
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk				154.18
21	Performing residential mortgages, of which:				395.64
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk				323.99
23	Securities that are not in default and do not qualify as HQLA, including exchange traded equities				515.19
24	Other assets: (sum of rows 25 to 29)				1043.46
25	Physical traded commodities, including gold				
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				
27	NSFR derivative assets				
28	NSFR derivative liabilities before deduction of variation margin posted				
29	All other assets not included in the above categories				1043.46
30	Off-balance sheet items				33.36
31	<b>Total RSF (14+15+16+24+30)</b>				6950.78
32	<b>Net Stable Funding Ratio (%)</b>				158.10%

Bank has complied with the regulatory requirements w.r.to NSFR.

## Branch Openings



Mananthavady Branch inauguration by Shri. O R Kolu, Hon. Member of Legislative Assembly, Mananthavady



Thanjavur Branch inauguration by Thiru. T.K.G. Neelamegam, Hon. Member of Legislative Assembly, Thanjavur



Thrissur Main Branch shifted to our Naickanal Office inaugurated by Shri. M K Varghese, Hon. Mayor, Thrissur Corporation



Peruvamba Branch in new premises inaugurated by Shri. S Hamsath, President - Peruvamba Grama Panchayath



Kodungallur (Erstwhile Thiruvanchikulam) Branch in new premises inaugurated by Smt. Shinija M U, Municipal Chairperson, Kodungallur Municipality



Kozhikode Main Branch in new premises inaugurated by Dr. Beena Philip, Hon. Mayor, Kozhikode Corporation



Ayarkunnam Branch in new premises inaugurated by Shri. Thiruvanchoor Radhakrishnan, Hon. Member of Legislative Assembly, Kerala



Inauguration of Treasury Department at New premises by Guruvayoor Temple Thanthri Shri. Chennas Dinesan Nambuthiripad



## Corporate Social Responsibility Initiatives



Launching of Project "Sparsham"- A CSR Project for Differently Abled Children from Wayanad District, with the support of Shreyas Wayanad



Project under Thrissur Municipal Corporation - Document Handing Over to Shri. Vinu C Kunjappan, Secretary, Thrissur Corporation by Shri. Sunil Kumar A, AGM, Dhanlaxmi Bank



Medical Aids and equipment for the usage at HOSPICE UNIT – ABHAYAM, unit of Chennai Pain and Palliative Care



CSR Support to Community Health Centre, Nemmara – Provided Autoclave, fogger and waste management system



Project with IMA Thiruvananthapuram - Public Health Brigade, TOT programme



CSR Project with Vijayawada Police - CCTV Cameras & Traffic Barricades in Vijayawada



Thrissur District Cricket Association - Sports Kit to Women Cricket Players



Inauguration of Smart Class Room facility provided by the Bank to Government High School, Mupliyam by Shri. K.K. Ramachandran MLA

## Awards...



MD & CEO receiving the award for Best Performing Bank for contribution in Atal Pension Yojna (APY) in FY 2020-21



APY Certificate for Best Performing Regional Head - Mr. Arun Somanathan Nair



Mr. John Varughese, IT Head of the Bank, receiving CIO 100 Award from M/s Foundry India



Mr. John Varughese, IT Head of the Bank, receiving CTO of the year (Banking) award from M/s Qumatic India



Edappally branch receiving the "Third Best Performed Bank Branch in Kerala" award under the Private Sector Banks Category by the State Forum of Bankers' Club (Kerala)



**DhanlaxmiBank**   
established 1927

*Banking on Relationships forever*

Corporate Office

**Dhanlaxmi Bank Ltd.**  
Corporate Office, Punkunnam,  
Thrissur, Kerala 680 002

Registered Office

**Dhanlaxmi Bank Ltd.**  
Dhanalakshmi Buildings, Naickanal  
Thrissur, Kerala 680 001.