

SH: 55 / 2020-21

September 07, 2020

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

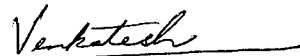
Sub: 93rd Annual General Meeting – Notice and Annual Report for 2019-20

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Notice of the 93rd Annual General Meeting of the Bank to be held on Wednesday, September 30, 2020 at 11.00 A.M, along with the Annual Report for the financial year 2019-20. The Notice and the Annual Report is also hosted on the website of the Bank www.dhanbank.com.

Please take the same on record.

Thanking you,

Yours faithfully,



Venkatesh. H
Company Secretary & Secretary to the Board

Dhanlaxmi Bank Limited

CIN: L65191KL1927PLC000307

Regd. Off: P.B No. 9, Dhanalakshmi Buildings, Naickanal, Thrissur, Kerala- 680001

Ph: 0487-6617142 / 149, Fax: 0487 -2335367

E-mail: investors@dhanbank.co.in, Website: www.dhanbank.com

NOTICE OF 93RD ANNUAL GENERAL MEETING

Notice is hereby given that the 93rd Annual General Meeting of the Members of Dhanlaxmi Bank Limited will be held on **Wednesday, September 30, 2020 at 11:00 A.M (IST)** through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Bank’s Audited Balance Sheet as at March 31, 2020 and the Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors thereon

2. To appoint Statutory Central Auditors and authorize the Board of Directors to fix their remuneration

To consider and, if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution:-

“**RESOLVED THAT** pursuant to the provisions of Sections 139, 141 and 142 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Section 30 of the Banking Regulation Act, 1949, guidelines issued by Reserve Bank of India and other applicable rules and regulations, including any statutory modification(s) or re-enactment(s) thereof, approval be and is hereby accorded to appoint M/s. P B Vijayaraghavan & Co., Chartered Accountants , Chennai, subject to the approval of Reserve Bank of India, as Statutory Central Auditors of the Bank for the period commencing from the conclusion of the 93rd Annual General Meeting to the conclusion of the 94th Annual General Meeting, at an annual remuneration / fees of Rs. 43 lakh (Rupees forty three lakh only) plus taxes as applicable from time to time, in addition to reimbursement of actual travelling and out-of-pocket expenses, for the purpose of audit of the Bank’s accounts, with the power to the Board/ Audit Committee to alter and vary the terms and conditions of appointment, revision including upward revision in the remuneration during the remaining tenure, etc., including by reason of necessity on account of conditions as may be stipulated by the RBI and / or any other authority, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.”

3. To re-appoint Sri. Gopinathan C.K as Director of the Bank

To consider and, if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution:-

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Banking Regulation Act, 1949 and the rules, circulars and guidelines issued by Reserve Bank of India, including any statutory modification(s)

or re-enactment (s) thereof, Sri. Gopinathan C.K (DIN-01236752), who was appointed as Director liable to retire by rotation and being eligible offers himself for re-appointment, and who has expressed his willingness to continue as Director, be and is hereby re-appointed as a non-independent Director of the Bank in the Minority Sector and that he shall be liable to retire by rotation.”

SPECIAL BUSINESS

4. To authorize the Board of Directors to arrange for the audit of the Bank’s branches and to appoint and fix the remuneration of branch auditors in consultation with the Statutory Central Auditors

To consider and, if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution:-

“**RESOLVED THAT** pursuant to the provisions of Sections 139 and 143(8) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, the applicable provisions of the Banking Regulation Act, 1949 and the rules, circulars and guidelines issued by Reserve Bank of India, including any statutory modification(s) or re-enactment(s) thereof, the Board of Directors be and is hereby authorized to arrange for the audit of the Bank’s branches for the financial year 2020-21 and to appoint and fix the remuneration of branch auditors in consultation with the Statutory Central Auditors.”

5. To Increase in the Authorised Share Capital and consequent alteration to the Memorandum of Association & Articles of Association of the Bank

To consider and, if thought fit, to pass, with or without modification, the following resolution as Special Resolution:-

“**RESOLVED THAT** pursuant to Section 61 and other applicable provisions, if any, of the Companies Act, 2013, Banking Regulation Act, 1949, the Authorized Capital of the Bank be and is hereby increased from 300,00,00,000 (Rupees Three Hundred Crore only) to 400,00,00,000 (Rupees Four Hundred Crore only) by creation of additional 10,00,00,000 (Ten Crore only) shares of 10/- each, ranking for dividend and in all other respects pari passu with the existing equity shares of the Bank when issued, and accordingly the existing Clause V of the Memorandum of Association of the Bank be and is hereby amended by substituting the words and figures “Rs.400,00,00,000 (Rupees Four Hundred Crore only) divided into 40,00,00,000 equity shares of 10/-(Rupees Ten Only) each” for the words and figures “300,00,00,000 (Rupees Three Hundred Crore only) divided into 30,00,00,000 shares of 10/-(Rupees Ten only) each”, appearing in Clause V thereof, and Article 2 of Articles of Association of the Bank be and is hereby amended by substituting the words and figures “Rs.400,00,00,000 (Rupees Four Hundred Crore only) divided into 40,00,00,000 (Forty Crore Only) equity shares of 10/- (Rupees Ten Only) each” for the words and figures “Rs.300,00,00,000 (Rupees Three Hundred Crore only) divided into 30,00,00,000 (Thirty Crore Only) equity shares of Rs.10/- (Rupees Ten Only) each”, subject to the approval of Reserve Bank of India.”

6. To appoint Sri. G. Subramonia Iyer as Independent Director of the Bank

To consider and, if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution:-

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of Banking

Regulation Act, 1949 and the rules, circulars and guidelines issued by Reserve Bank of India, including any statutory modification(s) or re-enactment (s) thereof, Sri. G. Subramonia Iyer (DIN-07186055), in respect of whom the Bank has received a notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Bank in the Majority Sector for a period of five years with effect from the date of this Annual General Meeting, i.e, September 30, 2020 and that he shall not be liable to retire by rotation.”

7. To appoint Dr. (Capt.) Suseela Menon R as Independent Director of the Bank

To consider and, if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution:-

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of Banking Regulation Act, 1949 and the rules, circulars and guidelines issued by Reserve Bank of India, including any statutory modification(s) or re-enactment (s) thereof, Dr. (Capt.) Suseela Menon R (DIN-08785027), in respect of whom the Bank has received a notice in writing from a Member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Bank in the Majority Sector for a period of five years with effect from the date of this Annual General Meeting, i.e, September 30, 2020 and that she shall not be liable to retire by rotation.”

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

To consider and, if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution:-

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of Banking Regulation Act, 1949 and the rules, circulars and guidelines issued by Reserve Bank of India, including any statutory modification(s) or re-enactment (s) thereof, Sri. G. Rajagopalan Nair (DIN-08845540), in respect of whom the Bank has received a notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Bank in the Majority Sector for a period starting from the date of this Annual General Meeting, i.e, September 30, 2020 and ending on January 16, 2022 and that he shall not be liable to retire by rotation.”

9. To appoint Sri. P.K Vijayakumar as Independent Director of the Bank

To consider and, if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution:-

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of Banking Regulation Act, 1949 and the rules, circulars and guidelines issued by Reserve Bank of India, including any statutory modification(s) or re-enactment (s) thereof, Sri. P.K Vijayakumar (DIN-07757158), in respect of whom the Bank has received a notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Bank in the Majority Sector for a period starting from

the date of this Annual General Meeting, i.e, September 30, 2020 and ending on September 13, 2021 and that he shall not be liable to retire by rotation.”

10. To approve the appointment of Sri. Sunil Gurbaxani as Managing Director & CEO of the Bank

To consider and, if thought fit, to pass, with or without modification, the following resolution as Ordinary Resolution:-

“**RESOLVED THAT** pursuant to the provisions of Sections 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Section 197 read with Schedule V of the Companies Act, 2013 , SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Section 35B and other applicable provisions of Banking Regulation Act, 1949 and the rules, circulars and guidelines issued by Reserve Bank of India, including any statutory modification(s) or re-enactment (s) thereof, and applicable provisions of the Articles of Association of the Bank, approval of the Board of Directors of the Bank and approval of RBI vide letter no.DOR.Appt.No.6684/08.37.001/2019-20 dated February 20, 2020, consent of the Shareholders be and is hereby accorded for ratifying the appointment of Sri. Sunil Gurbaxani (DIN-08569205), in respect of whom the Bank has received a notice in writing from a Member proposing his candidature for the office of Director, as Managing Director & CEO of the Bank for a period of three years with effect from February 27, 2020 at such remuneration and other terms and conditions as detailed in the Explanatory Statement under Section 102 of the Companies Act, 2013 annexed herewith, and that he shall not be liable to retire by rotation.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Bank be and is hereby authorized to make necessary applications with RBI for revision of remuneration and other terms and conditions of Shri. Sunil Gurbaxani, from time to time, and for payment thereof, subject to the remuneration being in compliance with the provisions of the Companies Act, 2013.”

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as “MCA Circulars”) and SEBI vide Circular dated May 12, 2020 permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM, without the physical presence of the Members. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars and SEBI Circular, the AGM of the Bank is being held through VC / OAVM.

2. In compliance with the above mentioned circulars, the Notice of the AGM along with Annual Report for the financial year 2019-20 is being sent in electronic mode to all the Members to their e-mail addresses registered with the Bank / Depository Participants / Registrar & Transfer Agents. The Notice of AGM and the Annual Report of the Bank for the financial year 2019-20 will also be available on the websites of the Bank (www.dhanbank.com), KFin (<https://evoting.karvy.com>), National stock Exchange of India Limited (www.nseindia.com) and BSE Limited (www.bseindia.com). In terms of the aforementioned circulars, the Bank will not be sending physical copies of the Notice of AGM and the Annual Report to the Members.

3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is also entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a

Member of the Bank. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. The Bank is offering e-voting facility to its Members in respect of the businesses to be transacted at the 93rd Annual General Meeting scheduled to be held on **Wednesday, September 30, 2020 at 11.00 A.M (IST)**. The Bank has engaged the services of KFin Technologies Private Limited (“KFin”) as the authorized agency to provide e-voting facilities. **The remote e-voting facility will be available from 09.00 A.M (IST) on Sunday, September 27, 2020 to 05.00 P.M (IST) on Tuesday, September 29, 2020.** The Members who have cast their vote by remote e-voting prior to the AGM (“remote e-voting”) may also attend/participate in the AGM through VC/ OAVM but shall not be entitled to cast their vote again. Other Members may cast their vote at the AGM through electronic means (“Instapoll”).

4. The Register of Members and Share Transfer Books of the Bank will remain closed from **Friday, September 25, 2020 to Wednesday, September 30, 2020 (both days inclusive)**. Transfers received during book closure will be considered only after re-opening of the Register of Members.

5. The cut-off date (i.e. the record date) for the purpose of voting is **Thursday, September 24, 2020** and the voting rights will be one vote per Equity Share registered in the name of the shareholders/ beneficial owners as on that date.

6. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting / instapoll. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to mvasufcs@gmail.com with a copy marked to einward.ris.@kfintech.com.

7. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by using the remote e-voting login credentials and selecting the EVEN for Bank’s AGM as further detailed in the Notice-Instructions for members for remote e-voting. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

8. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

9. All relevant documents referred to in this Notice requiring the approval of the Members at the meeting shall be available for inspection by the members at the Registered Office of the Bank, in physical form, on all working days between 10 A.M to 1 P.M and upto the conclusion of the Annual General Meeting. These documents are also available in electronic form till the conclusion of Annual General Meeting.

10. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the special business to be transacted at the meeting is annexed hereto. The relevant details, pursuant to Regulations 26(4), 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking re-appointment at the 93rd AGM is also annexed.

11. Members seeking any information with regard to the accounts or any matter to be placed at the AGM are requested to write to the Bank on or before September 18, 2020 through email to investors@dhanbank.co.in and the same will be replied by the Bank suitably.

12. In case of the need for any technical assistance or any grievances connected with e-voting, Members may contact Mr. Raj Kumar Kale, Senior Manager, KFin Technologies Private Limited, “Selenium Tower B”, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad-500032; Phone:1800 345 4001 (toll free). Members who have not received the e-mail of the aforesaid Notice / Annual Report or who have purchased the Equity Shares of the Bank after the cut-off date may also contact Mr. Raj Kumar Kale at the above mentioned address / phone number for the e-mail of the Notice / Annual Report.

13. The User ID and Password for remote e-voting / instapoll / registering attendance at the AGM is provided along with the e-mail delivering this Notice and the Annual Report of 2019-20.

14. Members who have not registered their e-mail address and, therefore, are not able to receive the Annual Report, Notice of e-AGM and e-Voting instructions, may temporarily get their email address and mobile number registered with M/s. KFin Technologies Private Limited, the Bank’s RTA, by accessing the link https://ris.kfintech.com/email_registration.

15. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

16. Members may please note that there is a facility for nomination, in the prescribed form, of any person to whom shares in the Bank held by such Member shall vest in the event of his / her death.

17. Shares of the Bank are traded in dematerialized form. Members may opt for availing the benefits of electronic holding/transfer of shares held by them.

18. Members should notify the changes in their address immediately to the Transfer Agents/Depository Participants as the case may be, giving full details in block letters with pin code and post office along with address proof and photo identity proof.

19. Members may please note that, a copy of the PAN card of the transferee must mandatorily be submitted along with the transfer deed for registering transfer of physical shares.

20. Members described as “Minor” in the address but who have attained majority of age may update their status in the Register of Members by producing proof of age.

21. Members holding physical shares in identical order of names in more than one folio are requested to write to the Share Transfer Agents to facilitate consolidation of their holdings in one folio.

22. In terms of Section 125 of the Companies Act, 2013 the dividends which are unclaimed for a period of seven years have to be transferred to “Investor Education and Protection Fund” maintained with Central Government and the shareholders/beneficial owners cannot make any claim for the dividends once the unclaimed dividends are transferred to such fund. 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.

23. 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, spilt, 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 authority may claim the shares or apply for refund by making an application to IEPF authority as per the procedure prescribed in the IEPF Rule. 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.

Intimations have also been sent to Members encouraging them to demat their physical holding since pursuant to amendments in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requests for effecting transfer of securities in physical form shall not be processed unless the securities are held in the dematerialized form with a depository with effect from April 01, 2019.

24. Mr. M. Vasudevan, Practising Company Secretary, Surya Gardens Apartments, Paliyam Road, Thrissur – 680001 (FCS 4177/ CP 2437) has been appointed as Scrutinizer for conducting the remote e-voting process and e-voting at the venue (“Instapoll”) in accordance with law. The Scrutinizer’s decision on the validity of voting shall be final.

25. The Scrutinizer shall, on the date of the Meeting, unblock the votes in the presence of at least two witnesses not in the employment of the Bank and make a report of the votes cast in favour or against, if any, and submit the same to the Chairman of the Meeting.

26. The results of voting will be announced by the Chairman of the Meeting at or after the Meeting and the resolutions will be deemed to have been passed on the date of the Meeting, subject to receipt of the requisite number of votes in favour of the resolutions.

27. The results of the voting along with the Scrutinizer’s Report will be submitted to the Stock Exchanges where the Equity Shares of the Bank are listed and will also be hosted on the Bank’s website (www.dhanbank.com) and on the website of KFin (<https://evoting.karvy.com>) within 48 hours of conclusion of the Meeting.

Place: Thrissur
Date: September 07, 2020

For and on behalf of the Board,
Sd/-

Venkatesh. H
Company Secretary &
Secretary to the Board

Statement of material facts as required under Section 102(1) of the Companies Act, 2013 annexed to and forming part of the Notice dated September 07, 2020

Item No. 2

The present Statutory Central Auditors M/s P B Vijayaraghavan & Co., Chartered Accountants, Chennai (Firm Regn. No. 004721S) vacate office at this Annual General Meeting and are seeking reappointment. The Bank will seek approval from Reserve Bank of India for re-appointment of M/s P B Vijayaraghavan & Co., Chartered Accountants as the Statutory Central Auditors of the Bank for the period commencing from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

a) Proposed fees payable to the statutory auditor(s) along with terms of appointment

Fee of Rs. 43,00,000 (Rupees Forty Three Lakh Only) plus applicable taxes for Quarterly Review, Audit, Certifications and Tax Audit and reimbursement of actual travelling and out-of- pocket expenses extra (on actual basis) for the FY 2020-21. There is no material change in the fee paid to the auditors in FY 2019-20.

(b) Basis of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) proposed to be appointed

M/s. P B Vijayaraghavan & Co., Chennai is a Chartered Accountancy Firm registered with the Institute of Chartered Accountants of India with Firm Registration No. 004721S. The firm has presence in 3 States. The firm provides a wide range of services which inter-alia includes Audit & Assurance Services, Taxation Services, Incorporation & New Business, Advisory/Support, Business Consultancy & Valuation Services. They have experience in the statutory central audit of various public and private sector banks and Life Insurance Corporation of India. They were the Statutory Central Auditors of the Bank during the period 2003-04 to 2008-09 and for FY 2019-20.

Accordingly, the Directors recommend Resolution No. 2 of the Notice for approval.

None of the Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested in the above resolution.

Item No. 3

Sri. Gopinathan C.K (DIN-01236752) was appointed as Director of the Bank pursuant to the provisions of the Companies Act, 2013 and the SEBI Regulations at the Annual General Meeting held on August 30, 2019 and is liable to retire by rotation.

The Bank has received a notice in writing from Sri. Gopinathan C.K expressing his willingness to continue as director of the Bank. The Nomination & Remuneration Committee has also conducted “due diligence” in accordance with the provisions of the Banking Regulation Act, 1949 and RBI guidelines and found that Sri. Gopinathan C.K is “fit & proper” to continue as director of the Bank. The Committee is also of the opinion that he fulfills the conditions specified in the Companies Act, 2013 and the SEBI Regulations, and the rules made thereunder, for holding the office of director and that he is not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

Accordingly, the Directors recommend Resolution No. 3 of the Notice for approval.

The additional information on Directors proposed to be appointed / re-appointed at the 93rd Annual General Meeting, as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 issued by the Institute of Company Secretaries of India, is furnished at the end of this Notice.

Save and except Sri. Gopinathan C.K, none of the Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested in the above resolution.

Item No. 4

Pursuant to the provisions of Sections 139 and 143(8) of the Companies Act 2013, the guidelines issued by the Reserve Bank of India and other regulatory requirements, the shareholders of the Bank may authorize its Board of Directors to appoint branch auditors in consultation with Bank's Statutory Central Auditors for those branches which are not proposed to be audited by the Statutory Central Auditors.

Accordingly, the Directors recommend Resolution No. 4 of the Notice for approval.

None of the Directors or Key Managerial Personnel or their relatives are concerned or interested in the above Resolution.

Item No. 5

The Bank is proposing to increase the Authorised Capital from Rs.300,00,00,000 to Rs.400,00,00,000 to meet the requirement of additional capital to prepare for Basel-II & Basel III compliance, subject to the approval of Reserve Bank of India.

The Bank may require additional capital in the future to maintain the capital adequacy ratio as prescribed by Reserve Bank of India. Keeping in view the same, it is now proposed to increase the Authorised Capital of the Bank from the present level of Rs. 300,00,00,000 to Rs.400,00,00,000, subject to the approval of the Reserve Bank of India. The proposal also involves alteration of Clause V (Capital Clause) of the Memorandum of Association and Article 2 of the Articles of Association of the Bank.

Accordingly, the Directors recommend Resolution No. 5 of the Notice for approval.

None of the Directors or Key Managerial Personnel or their relatives are concerned or interested in the above Resolution.

Item No. 6

Sri. G. Subramonia Iyer (DIN-07186055) was appointed as Additional Director by the Board of Directors of the Bank pursuant to the provisions of the Companies Act, 2013 and the SEBI Regulations with effect from July 06, 2020.

The Bank has received a notice in writing as per Section 160 of the Companies Act, 2013 from a Member proposing the candidature of Sri. G. Subramonia Iyer for the office of Director. The Nomination & Remuneration Committee has also conducted "due diligence" in accordance with the provisions of the Banking Regulation Act, 1949 and RBI guidelines and found that Sri. G. Subramonia Iyer is "fit & proper" to continue as director of the Bank. The Committee is also of the opinion that he fulfills the conditions and criteria specified in Section 149 of the Companies Act, 2013, Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable rules, regulations, guidelines and circulars for holding the office of independent director and that he is not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

Accordingly, the Directors recommend Resolution No. 6 of the Notice for approval.

The additional information on Directors proposed to be appointed / re-appointed at the 93rd Annual General Meeting, as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements)

The additional information on Directors proposed to be appointed / re-appointed at the 93rd Annual General Meeting, as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 issued by the Institute of Company Secretaries of India, is furnished at the end of this Notice.

Save and except Sri. G. Rajagopalan Nair, none of the Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested in the above resolution.

Item No. 9

Sri. P.K Vijayakumar (DIN-07757158) was appointed as Additional Director by the Board of Directors of the Bank pursuant to the provisions of the Companies Act, 2013 and the SEBI Regulations with effect from August 17, 2020.

The Bank has received a notice in writing as per Section 160 of the Companies Act, 2013 from a Member proposing the candidature of Sri. P.K Vijayakumar for the office of Director. The Nomination & Remuneration Committee has also conducted “due diligence” in accordance with the provisions of the Banking Regulation Act, 1949 and RBI guidelines and found that Sri. P.K Vijayakumar is “fit & proper” to continue as director of the Bank. The Committee is also of the opinion that he fulfills the conditions and criteria specified in Section 149 of the Companies Act, 2013, Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable rules, regulations, guidelines and circulars for holding the office of independent director and that he is not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

Accordingly, the Directors recommend Resolution No. 9 of the Notice for approval.

The additional information on Directors proposed to be appointed / re-appointed at the 93rd Annual General Meeting, as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 issued by the Institute of Company Secretaries of India, is furnished at the end of this Notice.

Save and except Sri. P.K Vijayakumar, none of the Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested in the above resolution.

Item No. 10

The Board of Directors and the Reserve Bank of India, vide letter no.DOR.Appt.No.6684/08.37.001/2019-20 dated February 20, 2020, had approved the appointment of Sri. Sunil Gurbaxani (DIN-08569205) as Managing Director & CEO of the Bank for a period of three years from the date of taking charge. Sri. Sunil Gurbaxani took charge as Managing Director & CEO of the Bank w.e.f February 27, 2020. The remuneration and terms and conditions of appointment of Sri. Sunil Gurbaxani is as given below:-

Fixed Pay	Rs.42 lakh per annum
Variable Pay	With prior approval of RBI
Perquisites	
Accommodation	Free furnished house at Thrissur with a ceiling of Rs. 8,00,000 book value for furnishing and Rs.40,000/ per month as rent
Free Telephone	For official purpose

Car	A new car with a value of Rs.30 lakh book value (maximum). Free use of Bank's car for official purposes. If used for private purposes, a sum of Rs.250/- per month shall be payable by the MD & CEO to the Bank. Such non-duty journeys shall not exceed 2250 km in a block of three months. For journeys in excess of 2250 km, an amount of Rs.2 for petrol vehicle and Rs.1.25 for diesel vehicle per km would be recovered.
Provident Fund / Gratuity	Included as part of Salary at 1.1
Medical Benefits	Full reimbursement for self and family subject to a ceiling of Rs.50,000/- p.a and medical insurance coverage of Rs.4,00,000 p.a (as per IBA policy)
Travelling & Halting Allowance	First class AC for rail travel, and business class for air travel
Leave fare concession	As applicable to the senior executives of the Bank as per the IBA scheme (presently 11000 km second AC train fare or Rs.5000/- one way per head if the journey is undertaken by air)
Leave (Casual / Privilege/ Sick)	As applicable to the senior executives of the Bank

The Bank has received a notice in writing as per Section 160 of the Companies Act, 2013 from a Member proposing the candidature of Sri. Sunil Gurbaxani for the office of Director. The Nomination & Remuneration Committee has also conducted "due diligence" in accordance with the provisions of the Banking Regulation Act, 1949 and RBI guidelines and had found that Sri. Sunil Gurbaxani is "fit & proper" to be appointed as Managing Director & CEO of the Bank. Sri. Sunil Gurbaxani fulfills the conditions specified in the Companies Act, 2013 and the SEBI Regulations, and the rules made thereunder, for holding the office of director and he is not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

Accordingly, the Directors recommend Resolution No. 10 of the Notice for approval.

The additional information on Directors proposed to be appointed / re-appointed at the 93rd Annual General Meeting, as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 issued by the Institute of Company Secretaries of India, is furnished at the end of this Notice.

Save and except Sri. Sunil Gurbaxani, none of the Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested in the above resolution.

Place: Thrissur
 Date: September 07, 2020

For and on behalf of the Board,
 Sd/-
Venkatesh. H
Company Secretary &
Secretary to the Board

Additional information on Directors proposed to be appointed / re-appointed at the 93rd Annual General Meeting (as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2 issued by The Institute of Company Secretaries of India)

1. SRI. GOPINATHAN C.K (DIN - 01236752)

Date of Birth and age	29.03.1954 ; 66 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. 6,40,000/- for attending Board / Committee Meetings during the financial year 2019-20.
Date of first appointment on Board	August 11, 2016
Sector	Minority
Shareholding in the Bank as on the date of this Notice	2,44,70,000 Equity Shares (including 55,00,000 equity shares held by relatives)
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2019-20	12
Chairman / Member of Committees of Board of Directors of the Bank as on the date of this Notice	Sri. Gopinathan C.K is Chairman of Customer Service Committee and a Member of the following Committees:- 1. Credit & Business Committee of Board 2. Large Value Fraud Monitoring Committee 3. Stakeholders' Relationship Committee 4. Corporate Social Responsibility Committee

	5. Nomination & Remuneration Committee
Directorship in other entities	Nil
Membership / Chairmanship of Committees of Boards of other listed companies as on the date of this Notice	Nil

2. SRI. G. SUBRAMONIA IYER (DIN - 07186055)

Date of Birth and age	10.04.1958; 62 years
Qualifications	M.Sc (Agriculture)
Brief Resume, Experience and Nature of expertise in specific functional areas	Shri. G. Subramonia Iyer has an experience of more than 36 years in banking at various levels and had retired as Executive Director of Uco Bank. He qualified as Agricultural graduate and started his career as agricultural officer. He has worked in rural & semi urban branches and was closely involved with cooperative movement, rural economy and MSME lending. As Executive Director of Uco Bank, he was in-charge of operational heads of Treasury, Finance, Planning & Development, Credit, Risk, IT, Planning & Development, International Operations, Recovery. He was involved in various levels of banking including branch banking, planning functions, IT operations, recovery.
Terms and conditions of appointment / re-appointment along with details of remuneration	Sri. G. Subramonia Iyer will be entitled to sitting fees for attending Board / Committee Meetings.
Details of Remuneration last drawn	Nil (Appointed to the Board on July 06, 2020)
Date of first appointment on Board	July 06, 2020
Sector	Majority – Agriculture & Rural Economy
Shareholding in the Bank as on the date of this Notice	Nil
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2019-20	Nil (Appointed as a Director w.e.f July 06, 2020)

Chairman / Member of Committees of Board of Directors of the Bank as on the date of this Notice	<p>Sri. G. Subramonia Iyer is Chairman of the following Committees:-</p> <ol style="list-style-type: none"> 1. Audit Committee 2. Credit & Business Committee of Board 3. Risk Management Committee <p>He is also a Member of the following Committees:-</p> <ol style="list-style-type: none"> 1. NPA Monitoring Committee 2. HRD Committee 3. Large Value Fraud Monitoring Committee 4. IT Strategy Committee 5. Nomination & Remuneration Committee 6. Redressal Committee on Willful Defaulters & Review Committee on Non-Cooperative Borrowers
Directorship in other entities	SCS Tech India Private Limited
Membership / Chairmanship of Committees of Boards of other listed companies as on the date of this Notice	Nil

3. DR. (CAPT.) SUSEELA MENON R (DIN - 08785027)

Date of Birth and age	28.05.1959; 61 years
Qualifications	M.Com, Ph.D
Brief Resume, Experience and Nature of expertise in specific functional areas	<p>Dr. (Capt.) Suseela Menon R retired as Professor of Commerce. She has more than 21 years of experience as faculty of Commerce, Management Accounting, Cost Accounting, Financial Management, Economics and other Management-related subjects. She has completed her doctorate in Economics with specialization in SSI sector. Presently, she is a Research Guide in 3 universities and also a guest faculty for various MBA programs. She is a recipient of several awards including the Rajiv Gandhi Sadhbhavana Gold Medal 2013 for “Excellence in her respective field and excellence in individual achievement in educational and social activities” awarded by global economic progress and research association. She has authored 6 books and has over 30 publications in various journals to her credit.</p>
Terms and conditions of appointment / re-appointment along with details of remuneration	Dr. (Capt.) Suseela Menon R will be entitled to sitting fees for attending Board / Committee Meetings.

Details of Remuneration last drawn	Nil (Appointed to the Board on July 06, 2020)
Date of first appointment on Board	July 06, 2020
Sector	Majority – Small Scale Industry
Shareholding in the Bank as on the date of this Notice	Nil
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2019-20	Nil (Appointed as a Director w.e.f July 06, 2020)
Chairman / Member of Committees of Board of Directors of the Bank as on the date of this Notice	<p>Dr. (Capt.) Suseela Menon R is Chairperson of the following Committees:-</p> <ol style="list-style-type: none"> 1. HRD Committee 2. Corporate Social Responsibility Committee <p>She is also a Member of the following Committees:-</p> <ol style="list-style-type: none"> 1. Audit Committee 2. Large Value Fraud Monitoring Committee 3. Stakeholders' Relationship Committee 4. Nomination & Remuneration Committee
Directorship in other entities	Nil
Membership / Chairmanship of Committees of Boards of other listed companies as on the date of this Notice	Nil

4. SRI. G. RAJAGOPALAN NAIR (DIN -08845540)

Date of Birth and age	17.01.1952; 68 years
Qualifications	M.Sc (Electronics & Communication)
Brief Resume, Experience and Nature of expertise in specific functional areas	Shri. G. Rajagopalan Nair has an experience of 21 years in banking and 23 years in banking related Information Technology and Fintech companies. He had retired from Federal Bank as General Manager – Information Technology. He was IT consultant of CSB Bank and Bahwan Cybertek.

	<p>Shri. G. Rajagopalan Nair was responsible for implementation of core banking solutions and various sub-systems and establishment of call center. He was also involved in the development of payment systems, transaction fraud management systems, audit automation, work flow, score cards, RBI specified Early Warning Signals, IT Security, compliance of standards specified by RBI, BASEL compliances, COBIT-5, development and implementation of IFRS9 and IND AS 109 systems. Shri. G. Rajagopalan Nair had undertaken software implementation for Indian Bank, IDBI Bank, Bank of India, HDFC Bank and also banks based in USA and Middle East.</p>
Terms and conditions of appointment / re-appointment along with details of remuneration	Sri. G. Rajagopalan Nair will be entitled to sitting fees for attending Board / Committee Meetings.
Details of Remuneration last drawn	Nil (Appointed as a Director w.e.f August 17, 2020)
Date of first appointment on Board	August 17, 2020
Sector	Majority – Information Technology
Shareholding in the Bank as on the date of this Notice	Nil
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2019-20	Nil (Appointed to the Board on August 17, 2020)
Chairman / Member of Committees of Board of Directors of the Bank as on the date of this Notice	<p>Sri. G. Rajagopalan Nair is Chairman of the following Committees:-</p> <ol style="list-style-type: none"> 1. IT Strategy Committee <p>He is also a Member of the following Committees:-</p> <ol style="list-style-type: none"> 1. Risk Management Committee 2. Customer Service Committee
Directorship in other entities	Nil
Membership / Chairmanship of Committees of Boards of other listed companies as on the date of this Notice	Nil

5. SRI. P.K VIJAYAKUMAR (DIN - 07757158)

Date of Birth and age	14.09.1951; 69 years
Qualifications	M.Sc, B.Ed
Brief Resume, Experience and Nature of expertise in specific functional areas	Shri. P.K Vijayakumar had retired from Indian Revenue Service as Director General of Income Tax after working at various levels in the Income Tax Department. He also held the position of Insurance Ombudsman. He was appointed as Independent External Monitor of Public Sector Undertakings. Shri. P.K Vijayakumar was an Independent Director of M/s. Manappuram Insurance Brokers Limited.
Terms and conditions of appointment / re-appointment along with details of remuneration	Sri. P.K Vijayakumar will be entitled to sitting fees for attending Board / Committee Meetings.
Details of Remuneration last drawn	Nil (Appointed as a Director w.e.f August 17, 2020)
Date of first appointment on Board	August 17, 2020
Sector	Minority
Shareholding in the Bank as on the date of this Notice	1000 Equity Shares held by relatives
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2019-20	Nil (Appointed to the Board on August 17, 2020)
Chairman / Member of Committees of Board of Directors of the Bank as on the date of this Notice	Sri. P.K Vijayakumar is a Member of the following Committees:- 1. HRD Committee 2. Large Value Fraud Monitoring Committee 3. Nomination & Remuneration Committee 4. Redressal Committee on Willful Defaulters & Review Committee on Non-Cooperative Borrowers
Directorship in other entities	Nil
Membership / Chairmanship of Committees of Boards of other listed companies as on the date of this Notice	Nil

6. SRI. SUNIL GURBAXANI (DIN - 08569205)

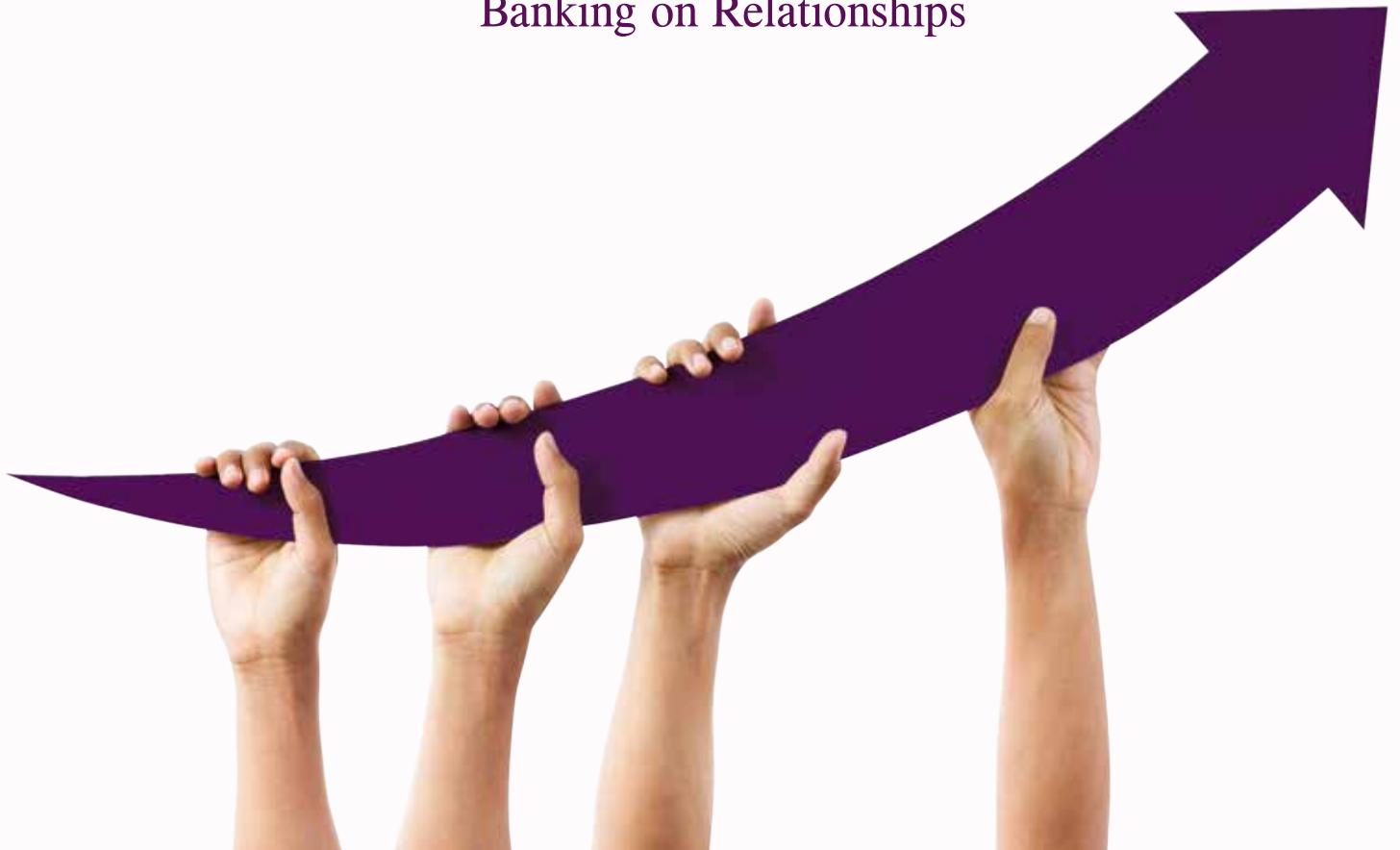
Date of Birth and age	04.05.1964; 56 years
Qualifications	B.Com. MA (Economics), MBA (Finance), CAIIB
Brief Resume, Experience and Nature of expertise in specific functional areas	<p>Shri Sunil Gurbaxani as MD and CEO, evolves, designs and executes strategic initiatives for the overall growth of the Bank while building a strong leadership team to ensure seamless execution of policies. His more than three decades of Banking experience with SBBJ (Now SBI) and Axis Bank, comes with strong track record of transformation, executing business turnaround, Nurturing Team, Customer focus and Employee centric initiatives.</p> <p>During his tenure, he has worked as Credit Officer, Branch Head, Zonal Head Business Banking, Deputy Distribution Head, Circle Head Nagpur and Mumbai, Regional Head for East and National Head for SME.</p> <p>He was responsible for building a dedicated team for Business Banking products on Pan India basis, Designing segment focused products, enabling technology, and profitability at Corporate Office. Later during his career, he was responsible for the strategy and execution of businesses, setting direction and enabling rapid business growth across geographies and business verticals including Retail Banking, SME and Digital Initiatives.</p>
Terms and conditions of appointment / re-appointment along with details of remuneration	Sri. Sunil Gurbaxani will be entitled to the remuneration approved by the Board and Reserve Bank of India (as detailed in the Explanatory Statement). He will not be entitled to any sitting fee for attending Board / Committee Meetings.
Details of Remuneration last drawn	Sri. Sunil Gurbaxani is entitled to the remuneration approved by the Board and Reserve Bank of India (as detailed in the Explanatory Statement)
Date of first appointment on Board	February 27, 2020
Sector	Majority – Banking
Shareholding in the Bank as on the date of this Notice	Nil
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2019-20	2

<p>Chairman / Member of Committees of Board of Directors of the Bank as on the date of this Notice</p>	<p>Sri. Sunil Gurbaxani is Chairman of the following Committees:-</p> <ol style="list-style-type: none"> 1. Large Value Fraud Monitoring Committee 2. Redressal Committee on Willful Defaulters & Review Committee on Non-Cooperative Borrowers <p>He is also a Member of the following Committees:-</p> <ol style="list-style-type: none"> 1. Credit & Business Committee of Board 2. NPA Monitoring Committee 3. Risk Management Committee 4. HRD Committee 5. Stakeholders' Relationship Committee 6. Corporate Social Responsibility Committee 7. Customer Service Committee 8. IT Strategy Committee
<p>Directorship in other entities</p>	<p>Nil</p>
<p>Membership / Chairmanship of Committees of Boards of other listed companies as on the date of this Notice</p>	<p>Nil</p>

DhanlaxmiBank
established 1927



93 years of
Banking on Relationships



Annual Report 2019-20

Board of Directors



Sunil Gurbaxani
Managing Director & CEO



Chella K Srinivasan



Gopinathan C K



G. Subramonia Iyer



Dr. (Capt.) Suseela Menon R



P K Vijayakumar



G Rajagopalan Nair



G Jagan Mohan
Addl. Director (RBI)



P Manikandan
Chief General Manager

Registered and Corporate Office

Dhanlaxmi Bank Limited, P. B. No. 9, Dhanalakshmi Buildings
Naickanal, Thrissur – 680 001

Kindly refer to the website for other offices

Chief Financial Officer

Ramesh A. J.

Company Secretary & Secretary to the Board

Venkatesh H.

Secretarial Auditor

M. Vasudevan, Practicing Company Secretary, Thrissur

Auditors

P. B. Vijayaraghavan & Co., Chartered Accountants, Chennai

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 Private Limited

(previously known as M/s. Karvy Fintech Private Limited)

“Selenium Tower B”, Plot No. 31 & 32, Financial District

Nanakramguda, Serilingampally

Hyderabad - 500 032

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Vision

"Banking on Relationships forever".

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.



MD & CEO's Message

Dear Shareholders,

I have immense pleasure in sharing my thoughts as a preface to the Annual report of the bank for the financial year 2019-20. It is a matter of great pride and privilege to share that the Bank could register profit of ₹65.78 crore, the highest in its 93 years' history. This is the testimony of consistent and proactive approach taken by the bank under guidance of its august Board as well as continuous patronage by all of you.

While the financial year 2018-19, with an annual profit of ₹11.67 crore can be termed as a year of stability, the financial year 2019-20 with an annual net profit of ₹65.78 crore can be termed as a year of progress. The bank could leave its tumultuous past to rest and take a fresh step towards growth. The sense of stability the Bank could bring in 2019-20 augurs well and paves way for a steady growth in coming years.

The propensity of growth is not without its share of concerns. The economy all over the world is in troubled waters. The ill effects of the pandemic, Covid 19 has played havoc in the lives of billions of people across the globe. With no vaccines or treatment for the disease, lockdowns turned out to be the only course of action available to combat the spread of the same. Banking sector was one of the economic wheels which also got impacted. With some sectors predominantly spread in our state of Kerala, the recovery could possible take longer. However, economic packages offered by the Government was an effort to assuage the nerves. According to Financial Stability Report published by International Monetary Fund in June 2020, the financial conditions have started showing overall easing and risk asset prices have started to rebound. Swift and bold actions taken by central bank aimed at addressing the severe market stress have boosted market sentiments.

Despite constraints of movability / lockdown, your bank continued to pursue its customer centric approach with penetration of digital capabilities and served their needs consistently.

Your Bank score high on many financial parameters which interalia include Best Capital Adequacy of 14.41%, Lowest Net NPA ever (1.55%), Lowest GNPA, best NIM so far (3.21%), PCR @ 89% to name a few. It is always the confidence of shareholders, employees and community which worked as bedrock of our stable growth

and we shall continue to push our limits to serve the society at large and create value for all its stakeholders.

Your bank is hopeful of consolidating further the track record created during the two previous years. Steady progress in business, de-risking credit book through efficient monitoring, migration of transactions to digital platform through IT transformation, deeper customer engagement, unflinching corporate governance coupled with increase in productivity is the new mantra for success.

We shall continue to pursue over relentless efforts towards building on relationships further towards excellence by adopting quickly the 'New Normal'.

Yours Sincerely
Sunil Gurbaxani

Directors' Report

Dear Shareholders,

It gives the Board pleasure to place before you the highlights of your Bank's performance during the financial year 2019 - 20. Details of the achievements and initiatives taken by the Bank are provided in the 93rd Annual Report of the Bank along with the Audited Balance Sheet as at March 31, 2020 and the Profit and Loss Account for the year ended on that date.

Performance Highlights

The salient features of the Bank's performance for the financial year ended March 31, 2020 are:

- Bank has recorded net profit of ₹65.78 Crore for the financial year ended 31.03.2020 compared to net profit of ₹11.67 Crore during the same period of last financial year. This is the highest Net profit, Bank recorded since its inception, in 1927.
- The bank recorded an annual operating profit of ₹161.97 Crore as on 31st March 2020 against ₹94.93 Crore as on 31st March 2019, registering a growth of 70.62%.
- Total business of the Bank registered a growth of 2.69%, ₹17,703 Crore as on 31st March 2020 from ₹17,239 Crore as on 31st March 2019.
- Bank achieved a Total Deposits growth of 2.84% and Advance growth of 2.45% during the FY 2019-20. Retail Deposits of the Bank grown by 6.65% during the FY 2019-20.
- Total Income of the bank registered a growth of 7.44% on Y-o-Y basis.
- Net interest Income increased from ₹346.77 Crore to ₹373.18 Crore, recorded a growth of 7.62% on Y-o-Y basis.
- Asset quality improved with gross NPA coming down to 5.90% from 7.47% and Net NPA coming down to 1.55% from 2.41% on Y-o-Y basis.
- Provision Coverage Ratio improved to 89.87% from 84.72% on Y-o-Y basis.
- Yield on Advance improved from 10.57% to 10.91% on Y-o-Y basis.
- Net Interest margin improved from 3.00% to 3.21% on Y-o-Y basis.
- CRAR improved to 14.41% in FY 2019-20 against 13.75% during the Previous Year 2018-19.
- Return on Assets improved from 0.10% to 0.55% on Y-o-Y basis.
- Earnings Per Share improved from 0.46% to 2.60% on Y-o-Y basis.
- Book Value of the Shares stands at ₹32.68 as on 31.03.2020.

Bank's Geographical Spread

- Bank has 247 branches as on 31st March, 2020 spread across 14 States and 1 Union Territory (Chandigarh).
- Out of 247 branches, 20 branches are in rural population, 105 in Semi Urban, 64 in Urban and 58 in Metropolitan Category.
- Bank has 254 ATMs and 17 Business Correspondents as on March 31, 2020.

Capital and Reserves

The Bank's Paid up capital and reserves was ₹826.91 Crore as on 31.03.2020. The capital adequacy ratio as per Basel III was 14.41% with Core CRAR of 10.69%.

Total Business

The Total Business of the Bank as on 31.03.2020 stood at ₹17,702.96 Crore as against ₹17,239.51 Crore as on 31.03.2019.

Deposits

The Total Deposits of the Bank stood at ₹10,904.07 Crore as on 31.03.2020 as against ₹10,603.32 Crore as on 31.03.2019.

Gross Advances

The Bank's Gross advance stood at ₹6,798.89 Crore as on 31.03.2020 as against ₹6,636.19 Crore as on 31.03.2019.

Profitability

The Bank's operating profit during the year was ₹161.97 Crore as against ₹94.93 Crore during the previous year. The Bank declared a net Profit of ₹65.78 Crore during the year under report and for the previous year, the Bank had declared a net profit of ₹11.67 Crore.

Dividend

The Board has not recommended any dividend in the financial year 2019 - 2020.

Non-Performing Assets

Gross NPA and Net NPA percentage stood at 5.90% & 1.55% respectively in the current year against 7.47% to and 2.41% in the previous year.

The provision coverage ratio (PCR) which was 84.72% as on 31.03.2019 improved to 89.87% in the current 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 has 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 is put in place in the Bank.

The Customer Service Committees comprising of Bank personnel as well as our constituents monitors the implementation of customer service measures periodically. Customer Service Committee of the Board have been formed at the apex level and at branches also 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 Thrissur to cater to customer needs across the country.

During the financial year 2019-20, the Bank received 12,821 complaints as against a total of 12,109 complaints received in the previous financial year.

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

- UPI based QR (Quick Response) code facility.
- Upgraded UPI (Unified Payment Interface) application from version 1.5 to 2.0.
- Green PIN Generation facility through ATMs.
- Introduction of OTP for online VISA verified transactions.
- Internet Banking with optional mode for two factor authentication.
- Introduction of Dhanam Student Scholarship Savings Account.
- Insurance Cover for Individual Depositors increased from ₹1 Lakh to ₹5 Lakhs.

In the last month FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Bank, the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption to services for all our customers globally.

Investor Education and Protection Fund

The Bank transferred the entire pending unclaimed dividend amount of ₹9,45,612 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 fund in the financial year 2019-20.

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 (e.g. 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 authority 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 2019-20.

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 is 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 composition of the Board of Directors of the Bank is in accordance with the Banking Regulation Act, 1949, the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the best practices of Corporate Governance. As on March 31, 2020, the Board comprised of 9 Directors including Managing Director & CEO, 7 non-executive Directors and 1 nominee Director. All the Directors have rich experience and specialized knowledge in various sectors like banking, accountancy, economics, agriculture & rural economy and information technology. The remuneration/sitting fees paid to the Directors during the year are disclosed in Report on Corporate Governance.

There were 4 independent Directors on the Board of the Bank as on March 31, 2020. 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 Sunil Gurbaxani assumed charge as Managing Director & Chief Executive Officer of the Bank for a period of three years w.e.f. February 27, 2020. Ms. T. Latha resigned as Managing Director & Chief Executive Officer of the Bank w.e.f. October 31, 2019, before the expiry of her tenure, citing personal reasons and there are no other material reasons other than those provided. In the interim period from November 01, 2019 to February 26, 2020, in compliance with the provisions of the Banking Regulation Act, 1949, a Committee of Directors was formed to exercise the powers vested with Managing Director & Chief Executive Officer with Sri. K.N Murali as Chairman and Sri.Sajeew Krishnan and Sri Chella K Srinivasan as Members. Sri. P Manikandan, Chief General Manager was permanent invitee to the Committee Meetings.
2. Sri Gopinathan C. K. was re-appointed as Non-Independent Non-Executive Director, liable to retire by rotation, at the Annual General Meeting of the Bank held on August 30, 2019.
3. Sri G. Jagan Mohan has been appointed as RBI Additional Director on the Board of the Bank for a period of 2 years w.e.f. February 27, 2020.
4. RBI Additional Directors Ms. N. Sara Rajendra Kumar and Sri S. T. Kannan ceased to be on the Board of the Bank w.e.f. May 11, 2019 and February 15, 2020 respectively on

completion of tenure of office.

5. Sri B. Ravindran Pillai was appointed as Non-Independent Non-Executive Director, liable to retire by rotation, at the Annual General Meeting of the Bank held on August 30, 2019.
6. Sri G. Venkatanarayanan was appointed as Additional Director by the Board w.e.f. October 31, 2019.
7. Sri Varadaraja Iyer M. resigned from the Board of the Bank w.e.f. May 25, 2019, before the expiry of his tenure, due to personal reasons and there are no other material reasons other than those provided.
8. Sri P. S. Sreekumar retired from the Board of the Bank w.e.f. September 30, 2019 on completion of tenure of office.
9. Sri V. Viswanathan was appointed as Additional Director by the Board w.e.f. December 09, 2019 and resigned from directorship citing personal reasons w.e.f. January 16, 2020.

Bank places on record the appreciation for all the retired Directors who added value to the functioning, governance and growth of the Bank.

Composition of Audit Committee

As on March 31, 2020, the Bank had a four member Audit Committee. All the four members of the Committee were non-executive Directors, with Sri Chella K. Srinivasan, who is a Chartered Accountant, as its Chairman and Sri Sajeew Krishnan, Sri K. N. Murali and Sri G. Jagan Mohan 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, 2020 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 2019-20 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 http://www.dhanbank.com/investor_relations/inv_stat_policy.aspx.

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)

Sri Sunil Gurbaxani was appointed as Managing Director & CEO of the Bank w.e.f. February 27, 2020 by RBI in place of Ms. T. Latha who resigned as Managing Director & CEO of the Bank w.e.f. October 31, 2019 citing personal reasons.

Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013, the Board has appointed Sri M. Vasudevan, Practicing Company Secretary, Thrissur as the Secretarial Auditor to conduct the Secretarial Audit of the Bank for the financial year 2019-20. The Bank has provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The report of the Secretarial Auditor is annexed to this report. The Secretarial Audit Report for the financial year 2019-20 does not contain any qualification or any non compliances.

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 Sri M. Vasudevan, Practicing Company Secretary certifying compliance with the conditions of Corporate Governance are annexed to this report.

Number of Board Meetings

A total of 13 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.

Extracts of Annual Return

Pursuant to Section 92 (3) of the Companies Act, 2013 read with Rule 12 (1) of the Companies (Management and Administration) Rules 2014, Extract of Annual Return as on the financial year ended March 31, 2020 in Form No. MGT - 9 is annexed to this report. The same is also hosted on the website of the Bank at https://www.dhanbank.com/investor_relations/inv_financials.aspx. The annual return in Form MGT-7 will be hosted on the Bank's website at https://www.dhanbank.com/investor_relations/inv_financials.aspx after the same is duly filed with Registrar of Companies in accordance with the provisions of the Companies Act, 2013 and the rules made there under.

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 www.dhanbank.com/investor_relations/inv_stat_policy.aspx.

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, 2020 and the date of Directors' Report, i.e., September 07, 2020.

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.

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:-

- (i) in the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) 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 2019-20 and of the profit and loss of the Bank for that period;
- (iii) 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;

(iv) the Directors had prepared the annual accounts on a going concern basis;

(v) 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.

Business Responsibility Report

In July 2011, the Ministry of Corporate Affairs, Government of India, came out with the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business'. These guidelines contain certain principles that are to be adopted by companies as part of their business practices and require disclosures regarding the steps taken to implement these principles through a structured reporting format, viz. Business Responsibility Report. Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, your Bank has prepared the Business Responsibility Report and forms part of this Annual Report.

Annexure to Directors' Report for the year ended March 31, 2020

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:

Sl. No.	Requirements	Disclosure to be given in Annual Report of 2019-20
I	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year	Ms. T Latha, Managing Director & CEO (till 31.10.2019) – 5.51 : 1, considering annual CTC as ₹42.00 Lakhs per annum Sri Sunil Gurbaxani, Managing Director & CEO (from 27.02.2020) – 5.51 : 1 considering annual CTC as ₹42.00 Lakhs per annum
II	The percentage increase in remuneration of each director, CFO, CEO, CS in financial year	MD & CEO
		Ms. Latha T. (01.04.19–31.10.2019) Nil
		Sri Sunil Gurbaxani Nil
		Chief Financial Officer
		Sri Ramesh A. J. 18.71%
		Company Secretary & Secretary to the Board
		Sri Venkatesh H. 28.39%
III	The percentage increase in the median remuneration of employees in the financial year	12.4%
IV	The number of permanent employees on the rolls of the Bank	There were 1714 employees as on March 31, 2020.
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	There was no increase in salaries of employees other than managerial personnel except for normal annual increments and increase in dearness allowance which is linked to consumer price index and paid across banks as per the industry level wage settlement.
VI	Affirmation that the remuneration is as per the remuneration policy of the Bank	Yes, it is confirmed.

Notes:

- The median salary of the staff members is arrived by taking gross salary for the month of March 2020.
- Remuneration of MD and CEO is approved by RBI and is in accordance with the applicable statutory requirements.

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 P. B. Vijayaraghavan & Co., 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.

By Order of the Board

Sd/

Sunil Gurbaxani

Managing Director & CEO

Sd/

Director

Place : Thrissur

Date : 07.09.2020

Annexure to Directors' Report for the year ended March 31, 2020

SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2020

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

To,
The Members,
Dhanlaxmi Bank Limited

I 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 "company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2020 according to the provisions of:

- 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;
- 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, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - 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;
 - g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- vi. The other laws applicable specifically to the company are as follows:
 - a) The Reserve Bank of India Act, 1934;
 - b) The Banking Regulation Act, 1949;
 - c) The Banking Companies Regulation (Companies Rules), 1949
 - d) The Banking Companies (Period of preservation of Records) Rules, 1985
 - e) Prevention of Money Laundering Act, 2002
 - f) Credit Information Companies (Regulation) Act, 2005

- g) The Deposit Insurance and Credit Guarantee Corporation Act, 1961
- h) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

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

- i. Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited;

During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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 and the views expressed by the Board members were also captured and recorded as part of the minutes.

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

I further report that during the audit period there were no specific events/actions having a major bearing on the company's affairs in pursuance of the rules, regulations, guidelines, standards, etc. referred to above.

Signature:

Place : Thrissur
Date : 07.09.2020
UDIN : F004177B000673076

Name of Company Secretary in practice: **M. Vasudevan**
FCS No.: 4177
C P No.: 2437

Annexure to Directors' Report for the year ended March 31, 2020

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31 March, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION DETAILS

CIN	L65191KL1927PLC000307
Registration Date	14.11.1927
Name of the Company	Dhanlaxmi Bank Limited
Category/subcategory of the company	Public Company
Address of the Registered office and contact details	Dhanlaxmi Bank Limited, Dhanalakshmi Buildings Naickanal, Thrissur – 680 001
Whether Listed Company	Yes
Name, Address and contact details of Registrar and Transfer Agents, if any	M/s. KFin Technologies Private Limited (previously known as 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 E-mail: einward.ris@kfintech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main Products/Services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Banking	64191	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
Not Applicable					

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK-UP AS PERCENTAGE OF TOTAL EQUITY)

(i) Category-wise Shareholding

CATEGORY CODE	CATEGORY OF SHARE HOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31.03.2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31.03.2020				% OF CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
(a)	Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions/Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1):	0	0	0	0.00	0	0	0	0.00	0.00
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2):	0	0	0	0.00	0	0	0	0.00	0.00
	Total A= A(1) +A(2)	0	0	0	0.00	0	0	0	0.00	0.00

CATEGORY CODE	CATEGORY OF SHARE HOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31.03.2019				NO. OF SHARES HELD AT THE END OF THE YEAR 31.03.2020				% OF CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds/UTI		0	0	0.00	0	0	0	0.00	0.00
(b)	Financial Institutions/Banks	642222	200	642422	0.25	2010593	200	2010793	0.79	0.54
(c)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	5188000	0	5188000	2.05	442277	0	442277	0.17	-1.88
(f)	Foreign Institutional Investors	28859268	0	28859268	11.41	28939432	0	28939432	11.44	0.03
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B (1):	34689490	200	34689690	13.71	31392302	200	313992502	12.41	-1.30
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	38281487	21588	38303075	15.14	30508278	21588	30529866	12.07	-3.07
(b)	Individuals									
(i)	Individuals holding nominal share capital upto ₹2 lakh	37557687	2110248	39667935	15.68	38690541	2015486	40706027	16.09	0.41
(ii)	Individuals holding nominal share capital in excess of ₹2 lakh	66404214	82600	66486814	26.28	76207973	82600	76290573	30.15	3.87
(c)	Others									
	CLEARING MEMBERS	455148	0	455148	0.18	507472	0	507472	0.20	0.02
	DIRECTORS	44271100	0	44271100	17.49	44275600	0	44275600	17.50	0.01
	HUF	4299138	0	4299138	1.70	42811575	0	42811575	1.69	-0.01
	IEPF	1376503	0	1376503	0.54	1376503	0	1376503	0	0.00
	NBFC	81917	0	81917	0.03	5600	0	5600	0	-0.03
	NON-RESIDENT INDIANS	22661353	40850	22702203	8.97	22954143	38750	22992893	9.09	0.12
	NRI NON-REPATRIATION	672261	0	672261	0.27	656098	0	656098	0.26	-0.01
	TRUSTS	6300	0	6300	0.00	6300	0	6300	0	0
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2):	216067108	2255286	218322394	86.29	219461158	2158424	221619582	87.59	1.30
	Total B= B(1) + B(2):	250756598	2255486	253012084	100.00	250853460	2158624	253012084	100.00	1.30
	Total (A+B):	250756598	2255486	253012084	100.00	250853460	2158624	253012084	100.00	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued	0	0	0	0	0	0	0	0	0
(1)	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	Grand Total (A+B+C):	250756598	2255486	253012084	100.00	250853460	2158624	253012084	100.00	0.00

(ii) Shareholding of Promoters/Promoter Group

Sl. No.	Shareholders Name	Shareholding at the beginning of the year	Shareholding at the end of the year	% of change in shareholding during the year
Not Applicable				

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year (as on 01.04.2019 on the basis of SHP of 31.03.2020)		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year				
2	Date-wise increase/decrease in promoters shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)				Not Applicable
3	At the end of the year				

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GD Rs and AD Rs) as on March 31, 2020

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Change in Shareholding (No. of Shares)		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	Increase	Decrease	No. of Shares	% of total shares of the company
1	Yusuff ali Musaliyam Veettil Abdul Kader	12649748	4.99	12649748	0	12649748	4.99
2	KapilkumarWadhawan	12649700	4.99	2157700	0	12649700	4.99
3	Vespera Fund Ltd	9787006	3.87	1387426	0	11174432	4.41
4	Niche Financial Services Pvt Ltd	12585000	4.97	0	3713259	8871741	3.50
5	Shital Raghu Kataria	6655780	2.63	0	0	6655780	2.63
6	PotluriRajmohan Rao	6167632	2.44	0	0	6167632	2.44
7	Marshal Global Capital Fund Ltd	5500000	2.17	0	0	5500000	2.17
8	Antara India Evergreen Fund Ltd	4910000	1.94	540000	0	5450000	2.15
9	Suashish Diamonds Limited	4324720	1.70	0	0	4324720	1.70
10	Mohanachandran Nair B	4046000	1.59	0	0	4046000	1.59

(v) Shareholding of Directors and Key Managerial Personnel as on March 31, 2020

Sl. No.	Name of Director and KMP	Shareholding at the beginning of the year		Change in shareholding (No. of Shareholding)		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Bank	Increase	Decrease	No. of Shares	% of total shares of the Bank
1	Sri Sajeew Krishnan	0	0.00	0	0	0	0.00
2	Sri Sunil Gurbaxani, MD & CEO	0	0.00	0	0	0	0.00
3	Sri Chella K. Srinivasan	200	0.00	0	0	200	0.00
4	Dr. Lakshmy Devi K. R.	200	0.00	0	0	200	0.00
5	Sri Gopinathan C. K.*	24775000	9.79	0	0	24775000	9.79
6	Sri K. N. Murali	0	0.00	0	0	0	0.00
7	Sri B. Ravindran Pillai	25300000	9.99	0	0	25300000	9.99
Key Managerial Personnel (other than MD & CEO)							
1	Sri Ramesh A. J., Chief Financial Officer	0	0.00	0	0	0	0.00
2	Sri Venkatesh H., Company Secretary & Secretary to the Board	0	0.00	0	0	0	0.00

*includes 58,05,000 equity shares held by relatives/associates of Sri Gopinathan C. K.

(VI) INDEBTEDNESS AS ON MARCH 31, 2020

Indebtedness of the Bank including interest outstanding /accrued but not due for payment:

(₹ in Crore)

Particulars	Secured Loan excluding deposit	Unsecured loans	Deposit	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	200.40	-	200.40
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	6.58	-	6.58
Total (i+ii+iii)	-	206.98	-	206.98
Change in Indebtedness during financial year				
Addition	-	-	-	-
Reduction	-	-	-	-
Net Charge				
Indebtedness at the end of the financial year				
i) Principal Amount	-	177.50	-	177.50
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	5.96	-	5.96
Total (i+ii+iii)	-	183.46	-	183.46

(VII) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total
		MD & CEO	WTD	Manager		
1	Gross Salary	Ms. T. Latha (till 31.10.2019)	Sri Sunil Gurbaxani (w.e.f. February 27, 2020)			
	(a) Salary as per provisions contained in Section 17(1) of Income-Tax Act, 1961	24,50,000	3,44,276	N.A	N.A	27,44,276
	(b) Value of perquisites u/s 17(2) of Income-Tax Act, 1961	Nil	Nil	N.A	N.A	
	(c) Profits in lieu of salary under Section 17(3) of Income-Tax Act, 1961	Nil	Nil	N.A	N.A	Nil
2	Stock Option					
	Granted during the year	Nil	Nil	N.A	N.A	Nil
	Exercised during the year	Nil	Nil	N.A	N.A	Nil
3	Sweat Equity					
4	Commission					
	- As % of profit	Nil	Nil	N.A	N.A	Nil
	- Others, specify	Nil	Nil	N.A	N.A	Nil
5	Others, Please specify	Nil	Nil	N.A	N.A	Nil
	Total (A) (Total Remuneration does not include the number of Stock Options)	24,50,000	3,44,276	N.A	N.A	27,44,276
	Ceilings as per the Act	The remuneration paid to MD & CEO is in accordance with the provisions of Companies Act, 2013 and subject to prior approval of Reserve Bank of India.				

B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount (₹)	
		Sri Sajeew Krishnan	Sri Chella K. Srinivasan	Dr. Lakshmy Devi K. R.	Sri K. N. Murali	Sri P. S. Sreekumar			
1	Independent Directors								
	- Fee for attending Board/ Committee Meetings	1380000	1300000	840000	1140000	130000	4790000		
	Commission	Nil	Nil	Nil	Nil	Nil	Nil		
	- Others, Please specify	Nil	Nil	Nil	Nil	Nil	Nil		
	Total (1)	1380000	1300000	840000	1140000	130000	4790000		
2	Other Non-Executive Directors	Sri Gopinathan C. K.	Sri B. Ravindran Pillai	Sri S.T. Kannan, RBI Additional Director#	Ms. N. Sara Rajendra Kumar, RBI Additional Director#	Sri G Jagan Mohan#	Sri Varadaraja Iyer M	Sri G Venkata-narayanan	
	- Fee for attending Board/ Committee Meetings	690000	180000	Nil	Nil	Nil	50000	340000	1260000
	Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	- Others, Please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total(2)	690000	180000	Nil	Nil	Nil	50000	340000	1260000
	Total(B)= (1+2)	6050000							
	Total Managerial Remuneration								
	Overall ceiling as per the Act	The remuneration paid to non-executive Directors is in accordance with the provisions of Companies Act, 2013.							

RBI Directors are not paid any sitting fees/remuneration by the Bank.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Sri Ramesh A. J. Chief Financial Officer	Sri Venkatesh H. Company Secretary & Secretary to the Board	Total Amount
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax, 1961	19,01,803	11,38,134	30,39,937
	(b) Value of perquisites u/s 17(2) of Income Tax, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax, 1961	-	-	-
2	Stock Option	-	-	-
	- Granted during the year	-	-	-
	- Exercised during the year	--	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- As % of profit	-	-	-
	- Others, specify	-	-	-
5	Others, please specify	-	-	-
	Total (A) (Total Remuneration does not include the number of Stock Options)	19,01,803	11,38,134	30,39,937

(VIII) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of penalty/ punishment/ compounding fee imposed	Authority (RD/ NCLT/COURT)	Appeal Made, if any (give details)
A. Company			Nil		
Penalty					
Punishment					
Compounding					
B. Directors			Nil		
Penalty					
Punishment					
Compounding					
C. Other Officers in default			Nil		
Penalty					
Punishment					
Compounding					

Management Discussion and Analysis Report

GLOBAL ECONOMY

The Global Economy was subdued in the Financial year 2019-20

The Signs of weakening of economy was visible in April 2019 itself due to Sino-American 'trade war'. The conflict had cast doubt on future of global economic connectivity which had led to lower investment and consumption all over the world.

Political developments also added to the uncertainty. In United States, 2020 is an election year and the World awaits the outcome, anxiously. With nationalism and populism on the rise, anti-establishment parties have gained ground in Europe also. The complications arising from 'Brexit' has raised concerns in United Kingdom. Germany's troubles owing to significant exposure to developments in China and Italy's sovereign debt moving to unsustainable levels, could provoke a fiscal crisis.

Amidst all the impending uncertainties, the disruptions due to 'COVID-19', unfolded. The infectious disease was first identified in China in December 2019 and spread to various countries during the last quarter of the financial year. To contain spread of the virus, countries resorted to lockdowns of various degrees. China, Italy, Spain, UK and US were the most affected countries in the early months of the spread of virus.

The forecast of global growth made by International Monetary Fund at the commencement of the year was 3.2 percent in 2019, picking upto 3.50 percent in 2020. The World Economic Outlook in April 2020 revised the same and has projected growth of -3% in 2020.

The risks to the forecast are mainly to the downside. The world economy has entered into a long corridor of uncertainty. On a positive note, the containment of COVID-19 has also become a reality with New Zealand, Vietnam, South Korea and Australia taking the lead. The world economy is sure to fare better in 2021.

INDIAN ECONOMY

India has emerged as the fastest growing major economy in the world and is expected to be one of the three major economic powers in the world over the next 10-15 years. India's gross domestic product (GDP) was estimated to be ₹145.65 Lakh Crore (USD 2.06 trillion) for 2019-20, growing 4.2 percent over the previous year. In the Q2 and Q3 of FY 2019-20, the economy expanded 4.5 percent and 4.7 percent respectively on year-on-year basis. The pace of growth in FY 2019-20 was the slowest since 2008-09, significantly lower than 6.8 percent expansion which was recorded in the corresponding period last year. The major reason for slower growth was slackness in manufacturing

which grew only by 2 percent against growth of 6.9 percent in the previous financial year. Trade tensions and global economic slowdown also affected Indian economy. The economic survey of India released in January 2020 stated that the Indian economy relied on the invisible hand of the market which reflected openness in economic transactions, supported by the hand of trust, which appealed to ethical and philosophical dimensions. The survey expressed the aspiration of the country to become a USD 5 trillion economy by 2024-25. However, Indian economy grew only by 3.1 percent year-on-year in the first quarter of 2020 (Q4 of FY 2019-20), the slowest growth since 2004, as the country imposed a nationwide lockdown from March 24, aiming to contain the spread of corona virus. The Government of India has announced a variety of measures to tackle the situation, from food security and extra funds for healthcare and for the states, to sector related incentives and tax deadline extensions. The Indian economy is showing signs of recovery at a faster rate than anticipated.

KERALA ECONOMY

Kerala has the tenth largest economy in India. It accounts for 2.80 percent of India's population only, but its economy contributes nearly 4% to the Indian economy. The economy of Kerala depends largely on remittances from Non-Resident Indians (NRIs) and tourism sector. The expenditure pattern of Kerala shows that the priority areas for the people of the State are, education and healthcare, and the low focus areas are development, housing, roads, bridges and irrigation, providing a rational explanation to its high performance on certain fronts and its lagged status on some others. The higher investments made in education and healthcare has enabled Kerala to perform relatively better in restricting spread of COVID-19 and reducing loss of lives due to the pandemic even in the backdrop of return of large number of expatriates. At the same time, the relatively high level of inflation has made the State, the priciest State to live in. The higher per capita income of Kerala has fuelled internal migration to Kerala for low-end jobs, even as Keralites have emigrated, mostly to gulf countries, in search of better paying jobs. Around 22 Lakh Keralites are working abroad, mainly in Gulf countries. Almost the same number of migrants are working in Kerala making it a unique economy and a classic example of true globalization.

Regulatory Measures and Monetary Policies

Banking regulation is a form of government regulation which subjects banks to certain requirements, restricts 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.

Monetary Policies

Monetary policy is a policy formulated by the central bank, i.e. RBI (Reserve Bank of India) and relates to the monetary matter of the country. The policy involves measures taken for regulating the money supply, availability and cost of credit in the economy. The policy also oversees distribution of credit among users as well as borrowing and lending rates of interest. In a developing country like India, it's significant in the promotion of economic growth.

The various Instruments of Monetary policy include variations in bank rates, other interest rates, selective credit controls, supply of currency, variations in reserve requirements and open market operations.

Financial Performance

The Bank declared a net profit of. ₹65.78 Crore for the year ended March 31, 2020 as against ₹11.67 Crore during the previous year. Operating profit increased by 70.62% from ₹94.93 Crore (as on 31.03.2019) to ₹161.97 Crore (as on 31.03.2020) Total business of the Bank as on 31.03.2020 stood at ₹ 17702.96 Crore as against ₹17239.51 Crore as on 31.03.2019. The total Deposits of the Bank stood at ₹10904.07 Crore and gross advance stood at ₹6798.89 Crore as on 31.03.2020. Gross NPA decreased to 5.90% as against 7.47% as on 31.03.2019 and Net NPA decreased to 1.55% on 31.03.2020 as against 2.41% as on 31.03.2019. The capital adequacy ratio (CRAR) as per Basel III and Core CRAR as on 31.03.2020 was 14.41% and 10.69% respectively. The book value per share was ₹32.68.

Credit Sanction

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

- Acquire quality of loan assets.
- Ensure reasonable return on the assets.
- Ensure an acceptable risk profile.
- Achieve proper sectoral/geographical distribution of assets.
- Compliance with regulatory norms in respect of exposure caps, pricing, IRAC guidelines, targeted credit etc.

Bank is adopting a careful assessment of risk-return tradeoff, which is critical to its success. Bank has also created dedicated and distinct teams to take care of various functions and sub functions. Branch centric model to generate leads has been introduced and branches are also given required delegated financial powers for sanctioning the Retail loans.

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). The end to end activity of credit card operations is managed by a well experienced 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 process 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.

Non-Performing Assets Management

The Bank has Board approved Recovery Policy in place, revised during the Financial Year to suit the changes in the economic scenario of our Country and certain regulatory changes in terms of NPA Management. Amid times of mounting bad loans in the country due to compressed economic scenario, Bank could prevent fresh slippage of accounts to NPA and also recover a substantial amount from existing Non-Performing Asset (NPA) accounts.

In order to give thrust to recover money from unsecured Educational Loans turned NPA, Bank has rolled out a special One Time Settlement (OTS) Scheme called "UNNATI" during the Financial Year. To facilitate quick decision-making, delegation has been given to Branches to sanction OTS by following the laid-down procedures in the scheme. There has been a good response to the scheme and Bank was able to bring a lot of defaulters to the negotiating table for settlement. Bank has plans to extend the validity of the scheme due to the positive outcome and proposes to launch such kind of schemes in future in other segments.

During the year, the Gross NPA of the Bank reduced from ₹495.84 Crore as on March 31, 2019 to ₹401.22 Crore as on March 31, 2020 and Net NPA decreased from ₹151.71 Crore as on March 31, 2019 to ₹100.94 Crore as on March 31, 2020. In

terms of percentages, the GNPA decreased from 7.47% as on March 31, 2019 to 5.90% as on March 31, 2020 and Net NPA decreased from 2.41% as on March 31, 2019 to 1.55% as on March 31, 2020.

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

Business Development and Planning

The department handles Business Development activities, introduction of New Products & Services on the basis of a broad assessment of market trends to satisfy growing needs of customers, Liability and NRI portfolio, Branch Operations Support, Public Relations and publicity measures, brand building initiatives and review of existing products and processes. The department also handles 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 a part of its community involvement, Bank participated in 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 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, Pampa and Erumeli during the 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), Atal Pension Yojana (APY) to its customers apart from participating in Govt. driven initiatives to meet the objectives of Financial Inclusion.

Forex Business

Forex Business is one of the most important focused areas of the Bank in deposit mobilization and exchange earnings. In foreign

exchange business, the Bank had earned an exchange income of ₹ 1.98 Crore during the financial year ended 31.03.2020.

Treasury Department

In domestic treasury operation, the yield of investment portfolio was 6.63%. Additionally, the Bank had booked profit of ₹24.72 Crore by sale of Investments.

The Bank has been reducing the investment portfolio for diverting funds to higher earning assets. Accordingly, the Investment Portfolio is reduced to ₹3,780.25 as on 31.03.2020 from ₹ 4,141.11 Crore as on 31.03.2019.

In the investment, SLR was ₹2,441.65 Crore and Non SLR was ₹1,338.60 Crore. Non SLR investment was mainly in Certificate of Deposit (₹863.40 Crore) and Bonds & Debentures ₹343.32 Crore.

During the year ended 31.03.2020, the aggregate book value of investments sold from Held to Maturity (HTM) category was 26.12% (Total ₹507.24 Cr) excluding sale under RBI's Open Market Operation (OMO) and one time shifting from HTM to Available for Sale (AFS) category.

Central Processing Centre

Dhanlaxmi Bank has a full-fledged Central Processing Centre (CPC) to support branch operations and customer service across the Country. CPC takes care of account opening, loan setup, payments, service requests, other routine and time bound activities thereby enabling branches with sufficient time to interact with the customers and focus on business development.

Infrastructure Management

Infrastructure Department takes care of Management of Premises, Fixed Assets, Equipments, Security Aspects 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 facelift as part of renovation. Bank shall soon be moving to its new corporate building by Q3 of FY20-21 which shall home all its departments under one roof for the efficient administration and governance.

Currency Chests

Bank is having two Currency Chests, one at Pushpagiri, Thrissur and the other one at Attukal, Thiruvananthapuram. Both the Chests are equipped with state of the art machines for currency counting, sorting and counterfeit detection. The functioning of the currency chests are in accordance with the RBI guidelines.

Alternate Channels

Bank has deployed 254 ATMs across the Country to cater to the requirements of the customers. ATM operations and Point of Sale (PoS) operations are handled by the Alternate Channel Team. During the year Bank has replaced all the existing ATMs with new ATM machines enabled with latest technology and security controls. With this, Bank is able to provide better customer

experience and tighten the Security aspects related to ATM transaction.

Information Technology Department

Technology has played a dominant role in the functioning of banking institutions and the services extended. It is now transforming the way how banks are delivering services to their customers. IT Department of our Bank plays a significant role in enabling best-in-class technology services to serve our Customers in an efficient and secured mode. Our systems showed good resilience against various vulnerabilities consequent to implementation of effective data security protection mechanisms, patch maintenance and pro-active end point protection.

Enhancing Digital platforms continue to be Bank's focus as well as priority. During the year, Bank upgraded UPI (Unified Payment Interface) application from version 1.5 to 2.0. The QR code payments speed up the e-commerce payment experience in more secure manner. Bank has implemented UPI Based QR (Quick Response) code which facilitates all the institutions and merchants to receive digital payments instantly. Internet Banking with optional mode for two factor authentication while transacting through these channels and ensure highest security standards was implemented during the Financial Year 2019-20.

To equip our Bank to accomplish future roadmap where technology will be the driving force, we have embarked on a mass technology transformation initiative by upgradation of various applications like Core Banking, Treasury, HRMS (Human Resource Management System), and/launch of new application like OFSAA (Oracle Financial Services Analytical Application). The steps also include refreshing desktops at our branches/offices and reinforcing other vital technology backbone infrastructures like servers, network devices and Information Security Solutions.

Inspection Department

During the Financial Year 2019-20, Inspection Department conducted RBIA of 204 branches/units against the corresponding number of 191, in FY 2018-19. The number of Medium & High Risk category branches has come down to 28 in FY 2019-20 as against 42 in FY 2018-19. Credit Audits (for Loan Limits ₹1 Crore and above) were conducted in 314 loan accounts in various branches in FY 2019-20 against the corresponding number of 205 in FY 2018-19.

Management audit of 21 Central Office Departments/Divisions and 7 Regional Offices was conducted in FY 2019-20 and the compliance related to the observations was placed to Audit Committee of the Board in February 2020.

Final Review/closure of RBIA reports of 207 branches was carried out during FY 2019-20 as against that of 144 branches in FY 2018-19. The review/closure reports were recorded by Audit Committee of the Board also.

In-house orientation program of two days was conducted for Inspectors in April 2019. Department arranged 2 days training program for the Inspectors, Internal Auditors, ARCOs & Department staff at SBI training College at Fort Kochi in which 25 members were trained on various aspects of Inspection & Audit.

Inspection Policy version 2.2 and Record Maintenance Policy 3.1 were revised in 2019 and the revised policy documents were approved by the Board in July 2019. Empanelment of 9 retired officials of the Bank for conduct of various audit functions such as RBIA, Concurrent Audit, Credit Audit, Revenue Audit etc. was done during FY 2019-20 for the smooth functioning of inspection/audit activities of the Bank.

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 function can be broadly classified into three categories, viz. (1) Preventive Vigilance, (2) Detective Vigilance and (3) Corrective/Punitive Vigilance. Preventive Vigilance is one of the major domains of the Department and it focuses on taking proactive measures through putting in place best practices and standards, strict implementation of KYC/AML norms, inculcating an ingrained habit of alertness among employees, adherence to extant guidelines and through customer awareness programmers.

Vigilance Department of the Bank 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 Bank's asset etc. The Department is responsible for conducting investigation, where ever 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.

Department also conducts surprise check at branches to verify the compliance level of process and security norms. 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 digitisation 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 digitalized to maintain open and flexible platforms to encourage partnerships and innovation. Hence Bank has established a robust information security framework for securing its IT infrastructure and systems. The Bank has an Information Security Group (ISG) functioning at Corporate Office. ISG is primarily responsible for identifying, assessing and proposing mitigation for every information-security-related risk. This responsibility is carried out by interacting with various committees and stakeholders and preparing plans, proposals, policies, procedures and guidelines. ISG is also responsible for the Education, Awareness and Promotion of Information Security initiatives across the Bank.

As per the RBI guideline on Cyber Security, Bank has formulated Cyber Security Policy and Cyber Crisis Management Plan which are reviewed on a periodic basis. Also Bank has established Security Operation Centre to detect and respond to Cyber incidents. The Bank has been implementing guidelines by RBI on Cyber Security Framework. The Bank also conducts and participates in cyber security drills to continuously fine tune its response mechanisms. The Bank also runs multiple awareness and internal simulation exercises to ensure high levels of employee awareness on information security. During the period, the Bank was certified with ISO 27001, certification 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.

Legal

The Bank has at 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 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 and initiating legal steps from time to time, to secure the interests of the Bank,
- To minimize the legal risks in the decision making process of the Bank in general and other Departments of the Bank in

particular, thus mitigating the legal and operating 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 also having a well-defined Manual on Documentation, updated from time to time, in tune with the statutory changes and judicial decisions.

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

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

During the FY 2019-20, Bank could close the Claims against the Bank amounting to ₹158.42 Crs. through continuous and effective monitoring and timely action.

KYC – "Know Your Customer" and AML – "Anti-Money Laundering"

The Bank has attached great importance to Know Your Customer and Anti-Money Laundering. All the transactions processed through the Core Banking Solution are monitored for identifying the transaction of suspicious nature, if any, using AML application, to discharge the obligation cast on the Bank under 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), Market Risk Management Committee (MRMC) and Operational Risk Management Committee (ORMC) for Risk Management.

Bank has framed comprehensive risk management policies to manage various types of risks like Integrated Risk Management Policy, Credit Risk Management Policy, Market Risk Management Policy, Asset Liability Management Policy, Operational Risk Management Policy and ICAAP (Internal Capital Adequacy Assessment Process) 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/Manuals such as Stressed Industry Risk Management Policy, Fund Transfer Pricing Policy, Credit Pricing Policy, Key Risk Indicator Framework, Risk Appetite Framework, Reputation Risk Management Policy, Key Person Risk Policy, Procedure

Manual for Operational Risk-Loss Data Collection Process and Document on Risk Control and Self Assessment. Process etc., for better monitoring of Risk management. Chief Risk Officer and Integrated Risk Management Department at Corporate Office level ensure the implementation and compliance of the above policies and applicable various directions of RBI and other regulatory agencies.

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, Organisational Structure and Operations/Systems.

Bank has a Board approved Credit Risk Management 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 consisting of the Bank's senior management including MD & CEO oversee the issues relating to Credit Risk, which includes developing suitable Rating standards and benchmarks, addressing issues in implementation of Rating, prudential limits on credit exposure etc. apart from ensuring adherence to Board approved policy on Credit Risk Management.

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 ₹2 lakhs and above will come under the purview of credit rating. The Bank has put in place 'Rating Migration Analysis' of all credit exposures of ₹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 are due for payment 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 facility to meet contingency situations are measured and analysed 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 Net Worth 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 MVE 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.

Asset Liability Management Committee (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 as decided by the Board with respect to the Capital Adequacy and Regulatory prescriptions. Bank has a Market Risk Management Committee consisting of the Bank's senior management including MD & CEO to oversee adherence 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 oversees the implementation of the Operational Risk policy/strategy approved by the Board.

Bank had rolled out the Risk Control and Self Assessment (RCSA) to pro-actively identify emerging risks at operational level and for devising mitigants at source itself since FY 2010-11. Bank 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 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 your 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 your Bank serves as a guidance material for branches/offices. It is comprehensively updated to stay contemporary. Your 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.

Your 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. During this financial year, the Compliance function has been further strengthened by addition of specialized external talent, 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, which was 1773 on 31st March, 2019 has come down to 1714 as on March 31, 2020. The number of Sales Executives including Business Development Executives also reduced to 65 as on 31st March, 2020 from 74 as on 31st March, 2019.

Bank has provided training to the employees on various areas in order to improve their efficiency and to accelerate the growth. Majority of the employees had attended at least one training programme during the year. During the year, 1348 employees were trained through in-house programmes and 135 employees through external training programmes. Giving thrust to credit related training; all Branch Managers were trained in credit to arm them with the necessary expertise. Special attention was also given to Information Security, Compliance and other programs related to regulatory guidelines. The training programs helped to develop a learning culture among the employees as well as keep abreast of the current banking scenario. Bank also, as a regular practice, conducts online exams to the employees as a part of continuing knowledge enhancement and upskilling. The online tests are based on internal circulars/policies and pave way for imbibing the content.

Corporate Social Responsibility

The Bank had participated in the event, "TCS Fit4life Corporate Challenge" to promote awareness on physical fitness amongst the work force and to contribute towards a social cause. More than 200 employees from the Bank participated in the 10 kms. run held on February 16th 2020 at Kochi. Bank had won the Trophy for the highest number of female participation by a Corporate.

Report on Corporate Governance

Report on Corporate Governance pursuant to Clause 49 of the Listing Agreement entered into with Stock Exchanges and forming part of the report of the Board of Directors.

(This Report forms part of the Directors' Report for the year ended March 31, 2020)

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.

1. BOARD OF DIRECTORS

The composition of the Board of Directors of the Bank is in accordance with the Banking Regulation Act, 1949, the Companies Act, 2013 and the relevant rules made there under, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the guidelines issued by Reserve Bank of India (RBI) in this regard, the Articles of Association of the Bank and the best practices of Corporate Governance.

Composition of Board

The composition of the Board of Directors, the category of each Director, the sector represented by them according to the Banking Regulation Act, 1949 and the equity shares held by each Director in the Bank as on March 31, 2020 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 Sajeev Krishnan*	Part-time Chairman	Banking
2	Sri Sunil Gurbaxani	Managing Director & CEO	Banking
3	Sri Chella K. Srinivasan	Non-Executive Independent Director	Accountancy
4	Dr. Lakshmy Devi K.R.#	Non-Executive Independent Director	Economics
5	Sri Gopinathan C.K.	Non-Executive Director	
6	Sri K.N. Murali*	Non-Executive Independent Director	Small scale industry & Agriculture and Rural economy
7	Sri B. Ravindran Pillai§	Non-Executive Director	
8	Sri G. Venkatanarayanan*	Non-Executive Director	Information Technology
9	Sri G. Jagan Mohan	RBI Additional Director	NA

Retired from directorship w.e.f. May 26, 2020 on completion of tenure of office

§ Retired from directorship w.e.f. May 24, 2020 on completion of tenure of office

* Resigned from directorship, citing personal reasons, w.e.f. June 29, 2020

As on the date of this report, Sri Gopinathan C.K. holds 2,44,70,000 Equity Shares, including 55,00,000 equity shares held by relatives (i.e., 9.67% of the total equity capital of the Bank). Sri Chella K. Srinivasan holds 200 equity shares of the Bank.

Further, the Board of Directors has appointed the following Additional Directors:-

1. Shri G. Subramonia Iyer was appointed with effect from July 06, 2020 and will represent "Majority Sector – Agriculture and Rural economy" on the Board of the Bank.
2. Dr. (Capt.) Suseela Menon R was appointed with effect from July 06, 2020 and will represent "Majority Sector – Small Scale Industry" on the Board of the Bank.
3. Sri G. Rajagopalan Nair was appointed with effect from August 17, 2020 and will represent "Majority Sector – Information Technology" on the Board of the Bank.
4. Sri P. K. Vijayakumar was appointed with effect from August 17, 2020 in "Minority Sector" on the Board of the Bank.

Detailed profiles of all the Board Members are available in the Bank's website at https://www.dhanbank.com/aboutus/board_of_directors.aspx.

Board Meetings

A total of 13 Board Meetings were held during the year and the dates are as under:

17.04.2019, 08.05.2019, 16.07.2019, 17.07.2019, 29.08.2019, 04.10.2019, 31.10.2019, 09.12.2019, 04.02.2020, 20.02.2020, 27.02.2020, 09.03.2020 and 31.03.2020

The details of attendance of each Director at the Board meetings and at the last Annual General Meeting (AGM) held on August 30, 2019 are as follows:

Sl. No.	Name of Director	No. of Board Meetings		Attendance at last AGM
		Held during the Tenure	Attended	
1	Sri Sajeev Krishnan	13	13	Present
2	Sri Sunil Gurbaxani	2	2	NA
3	Ms. T. Latha	7	7	Present
4	Sri Chella K Srinivasan	13	13	Present
5	Dr. Lakshmy Devi K.R.	13	13	Present
6	Sri P.S. Sreekumar	5	3	Present
7	Sri Gopinathan C.K.	13	12	Present
8	Sri S.T. Kannan	9	8	-
9	Ms. N. Sara Rajendra Kumar	2	2	-
10	Sri K.N. Murali	13	13	Present
11	Sri Varadaraja Iyer M.	2	2	NA
12	Sri B. Ravindran Pillai	13	6	-
13	Sri G. Venkatanarayanan	6	6	NA
14	Sri G. Jagan Mohan	2	2	NA

Change in Directors during the year 2019-20

1. Sri Sunil Gurbaxani assumed charge as Managing Director & Chief Executive Officer of the Bank for a period of three years w.e.f. February 27, 2020. Ms. T. Latha resigned as Managing Director & Chief Executive Officer of the Bank w.e.f. October 31, 2019, before the expiry of her tenure, due to personal reasons and there are no other material reasons other than those provided. In the interim period from November 01, 2019 to February 26, 2020, in compliance with the provisions of the Banking Regulation Act, 1949, a Committee of Directors was formed to exercise the powers vested with Managing Director & Chief Executive Officer with Sri. K.N Murali as Chairman and Sri. Sajeev Krishnan and Sri Chella K Srinivasan as Members. Sri. P Manikandan, Chief General Manager was permanent invitee to the Committee Meetings.
2. Sri Gopinathan C.K. was re-appointed as Non-Independent Non-Executive Director, liable to retire by rotation, at the Annual General Meeting of the Bank held on August 30, 2019.
3. Sri G. Jagan Mohan has been appointed as RBI Additional Director on the Board of the Bank for a period of 2 years w.e.f. February 27, 2020.
4. RBI Additional Directors Ms. N. Sara Rajendra Kumar and Sri S.T. Kannan ceased to be on the Board of the Bank w.e.f. May 11, 2019 and February 15, 2020 respectively on completion of tenure of office.
5. Sri B. Ravindran Pillai was appointed as Non-Independent Non-Executive Director, liable to retire by rotation, at the Annual General Meeting of the Bank held on August 30, 2019.
6. Sri G. Venkatanarayanan was appointed as Additional Director by the Board w.e.f. October 31, 2019.
7. Sri Varadaraja Iyer M. resigned from the Board of the Bank w.e.f. May 25, 2019, before the expiry of his tenure, due to personal reasons and there are no other material reasons other than those provided.
8. Sri P.S. Sreekumar retired from the Board of the Bank w.e.f. September 30, 2019 on completion of tenure of office.
9. Sri V. Viswanathan was appointed as Additional Director by the Board w.e.f. December 09, 2019 and resigned from directorship citing personal reasons w.e.f. January 16, 2020.

Committee position of Directors in the Bank as on March 31, 2020

S. No.	Name of Director	Chairman	Member
1	Sri Sajeev Krishnan	1. Credit & Business Committee of Board	1. Audit Committee 2. NPA Monitoring Committee 3. Risk Management Committee 4. HRD Committee 5. Nomination & Remuneration Committee
2	Sri Sunil Gurbaxani	1. Large Value Fraud Monitoring Committee 2. Redressal Committee on Willful Defaulters & Review Committee on Non-Cooperative Borrowers	1. Credit & Business Committee of Board 2. NPA Monitoring Committee 3. Risk Management Committee 4. HRD Committee 5. Stakeholders' Relationship Committee 6. Corporate Social Responsibility Committee 7. Customer Service Committee 8. IT Strategy Committee
3	Sri Chella K. Srinivasan	1. Audit Committee 2. Stakeholders' Relationship Committee 3. Nomination & Remuneration Committee	1. Large Value Fraud Monitoring Committee 2. Customer Service Committee 3. IT Strategy Committee 4. Redressal Committee on Willful Defaulters & Review Committee on Non-Cooperative Borrowers
4	Dr. Lakshmy Devi K.R.	1. HRD Committee 2. Corporate Social Responsibility Committee 3. Customer Service Committee	1. Risk Management Committee 2. Large Value Fraud Monitoring Committee 3. IT Strategy Committee
5	Sri Gopinathan C.K.	--	1. Credit & Business Committee of Board 2. Large Value Fraud Monitoring Committee 3. Stakeholders' Relationship Committee 4. Corporate Social Responsibility Committee 5. Customer Service Committee
6	Sri K.N. Murali	1. NPA Monitoring Committee	1. Audit Committee 2. Credit & Business Committee of Board 3. Risk Management Committee 4. Large Value Fraud Monitoring Committee 5. Redressal Committee on Willful Defaulters & Review Committee on Non-Cooperative Borrowers
7	Sri B. Ravindran Pillai	--	1. Corporate Social Responsibility Committee 2. Nomination & Remuneration Committee 3. Redressal Committee on Willful Defaulters & Review Committee on Non-Cooperative Borrowers
8	Sri G. Venkatanarayanan	1. Risk Management Committee 2. IT Strategy Committee	1. NPA Monitoring Committee 2. Stakeholders' Relationship Committee
9	Sri G. Jagan Mohan, RBI Additional Director	--	1. Audit Committee

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.

None of the Directors hold directorship in any other listed/public limited companies.

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 the following matters, namely; (i) accountancy, (ii) agriculture and rural economy, (iii) banking, (iv) co-operation, (v) economics, (vi) finance, (vii) law, (viii) small-scale industry, (ix) Information Technology (x) Payment & Settlement Systems, (xi) Human Resources, (xii) Risk Management (xiii) Business Management; (xiv) any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank, be useful to the banking company. Further, not less than two Directors shall be persons having special knowledge or practical experience in respect of agriculture and rural economy, co-operation or small-scale industry.

The Board of Directors of the Bank is guided by the above provisions and the business requirements as and when any new Directors are appointed on the Board.

The Bank has identified above 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 names of the Directors, as on March 31, 2020, possessing the required Skills/Expertise/Competencies are already detailed under the head "Composition of Board" at the beginning of this Report.

3. 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, 2020 and the number/dates of meetings of various Committees in the financial year 2019-20 along with the attendance of the Directors in such meetings are detailed below.

(A) Audit Committee

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

(i) Composition of the Committee as on March 31, 2020

- Sri Chella K. Srinivasan, Chairman of the Committee
- Sri Sajeev Krishnan, Member
- Sri K.N. Murali, Member
- Sri G. Jagan Mohan, Member

(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, debentureholders, 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 dishonoured cheques of ₹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 7 times during the year on 08.05.2019, 16.07.2019, 17.07.2019, 30.10.2019, 31.10.2019, 04.02.2020 and 27.02.2020.

(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 Chella K. Srinivasan, Chairman of the Committee	7	7
2	Sri Sajeev Krishnan	7	7
3	Sri P.S. Sreekumar (Ceased to be Director w.e.f. 30.09.2019)	3	1
4	Sri K.N. Murali	7	6
5	Sri Varadaraja Iyer M. (Ceased to be Director w.e.f. 25.05.2019)	1	1
6	Sri S.T. Kannan (Ceased to be Director w.e.f. 15.02.2020)	6	5
7	Ms. N. Sara Rajendra Kumar (Ceased to be Director w.e.f. 11.05.2019)	1	1

(B) Credit & Business Committee of Board

The Board of Directors, at its meeting held on 17.04.2019, approved the constitution of Credit & Business Committee of Board in place of Management Committee.

(i) Composition of the Committee as on March 31, 2020

- Sri Sajeev Krishnan, Chairman of the Committee
- Sri Sunil Gurbaxani, Member of the Committee
- Sri Gopinathan C.K., Member of the Committee
- Sri K.N. Murali, Member of the Committee.

(ii) Terms of reference

1. Consider for approval financial sanctions in individual accounts and group entities beyond the sanctioning powers of Corporate Credit Committee-1 and upto ₹50 Crore;
2. Consider recording of sanctions of Corporate Credit Committee-1;
3. Approve/review strategies/plans for business growth;
4. Review performance of regions/branches on key business parameters;
5. Review details of top 20 depositors;
6. 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 7 times on 04.10.2019, 31.10.2019, 05.12.2019, 30.12.2019, 15.02.2020, 09.03.2020 and 25.03.2020 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	Sri Sajeev Krishnan, Chairman of the Committee	7	7
2	Ms. T. Latha (Ceased to be Managing Director & CEO w.e.f. October 31, 2019)	2	2
3	Sri Gopinathan C.K.	7	6
4	Sri K. N. Murali	7	6
5	Sri Sunil Gurbaxani (took charge as MD & CEO w.e.f. February 27, 2020)	2	2

(C) Nomination & Remuneration Committee

(i) Composition of the Committee as on March 31, 2020

- Sri Chella K. Srinivasan, Chairman of the Committee
- Sri Sajeev Krishnan, Member of the Committee
- Sri B. Ravindran Pillai, 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 reappointment 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 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, retiral, 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 7 times on 29.05.2019, 16.07.2019, 30.10.2019, 09.12.2019, 20.01.2020, 15.02.2020 and 31.03.2020 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	Sri Chella K. Srinivasan, Chairman of the Committee (inducted to the Committee w.e.f. July 16, 2019)	5	5
2	Sri P.S. Sreekumar (Ceased to be Director w.e.f. 30.09.2019)	2	1
3	Sri Sajeev Krishnan	7	7
4	Dr. Lakshmy Devi K.R. (Ceased to be Member of the Committee w.e.f. July 17, 2019)	2	2
5	Sri Gopinathan C.K. (Ceased to be Member of the Committee w.e.f. July 17, 2019)	2	2
6	Sri B. Ravindran Pillai (inducted to the Committee w.e.f. July 16, 2019)	5	1

(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 updations 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, 2020 have registered themselves in the Data Bank.

(D) Risk Management Committee

(i) Composition of the Committee as on March 31, 2020

- Sri G. Venkatanarayanan, Chairman of the Committee
- Sri Sajeev Krishnan, Member of the Committee
- Sri Sunil Gurbaxani, Member of the Committee
- Dr. Lakshmy Devi K.R., Member of the Committee
- Sri K.N. Murali, 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 4 times during the year on 29.05.2019, 09.08.2019, 28.11.2019 and 25.03.2020.

(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. Venkatanarayanan, Chairman of the Committee (inducted to the Committee w.e.f. December 09, 2019)	1	1
2	Sri Sunil Gurbaxani (took charge as MD & CEO of the Bank w.e.f. February 27, 2020)	1	1
3	Dr. Lakshmy Devi K.R.	3	3
4	Sri Sajeev Krishnan	4	3
5	Ms. T. Latha (Ceased to be Managing Director & CEO w.e.f. October 31, 2019)	2	2
6	Sri K.N. Murali (inducted to the Committee w.e.f. July 17, 2019)	3	2
7	Sri Varadaraja Iyer M. (Ceased to be Director w.e.f. 25.05.2019)	Nil	Nil

(E) NPA Monitoring Committee

(i) Composition of the Committee as on March 31, 2020

- Sri K.N. Murali, Chairman of the Committee
- Sri Sajeev Krishnan, Member of the Committee
- Sri Sunil Gurbaxani, Member of the Committee
- Sri G. Venkatanarayanan, 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 6 times during the year on 29.05.2019, 17.07.2019, 30.08.2019, 28.11.2019, 20.01.2020 and 25.03.2020.

(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 K. N. Murali, Chairman of the Committee	6	5
2	Sri Sajeev Krishnan	6	6
3	Ms. T. Latha (Ceased to be Managing Director & CEO w.e.f. October 31, 2019)	3	3
4	Sri Chella K. Srinivasan (Ceased to be Member of the Committee w.e.f. July 17, 2019)	1	1
5	Sri P.S. Sreekumar (Inducted to the committee w.e.f. July 17, 2019 and ceased to be Director w.e.f. September 30, 2019)	1	1
6	Sri G. Venkatanarayanan (Inducted to the committee w.e.f. December 09, 2019)	2	2
7	Sri Sunil Gurbaxani (took charge as MD & CEO of the Bank w.e.f. February 27, 2020)	1	1

(F) Large Value Fraud Monitoring Committee

(i) Composition of the Committee as on March 31, 2020

- Sri Sunil Gurbaxani, Chairman of the Committee
- Sri Chella K. Srinivasan, Member of the Committee
- Dr. Lakshmy Devi K.R., Member of the Committee
- Sri Gopinathan C.K., Member of the Committee
- Sri K.N. Murali, Member of the Committee

(ii) Terms of reference

Monitor and review all the frauds of ₹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 5 times during the year on 29.05.2019, 30.08.2019, 30.10.2019, 30.12.2019 and 25.03.2020.

(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 Sunil Gurbaxani, Chairman of the committee (took charge as MD & CEO w.e.f. February 27, 2020)	1	1
2	Ms. T. Latha, (Ceased to be MD & CEO w.e.f. October 31, 2019)	3	3
3	Sri Chella K. Srinivasan	5	5
4	Dr. Lakshmy Devi K. R.	5	5
5	Sri Gopinathan C.K.	5	5
6	Sri K. N. Murdli	5	3

(G) Stakeholders' Relationship Committee**(i) Composition of the Committee as on March 31, 2020**

- Sri Chella K. Srinivasan, Chairman of the Committee
- Sri Sunil Gurbaxani, Member of the Committee
- Sri Gopinathan C. K., Member of the Committee
- Sri G. Venkatanarayanan, 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 29.05.2019, 30.08.2019, 20.01.2020 and 25.03.2020.

(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 Chella K. Srinivasan, Chairman of the Committee	4	4
2	Sri Sunil Gurbaxani (took charge as MD & CEO w.e.f. February 27, 2020)	1	1
3	Sri P. S. Sreekumar (Ceased to be member of the Committee w.e.f. July 17, 2019)	1	1
4	Ms. T. Latha (Ceased to be MD & CEO w.e.f. October 31, 2019)	2	2
5	Sri Gopinathan C.K.	4	4
6	Dr. Lakshmy Devi K.R. (Ceased to be member of the Committee w.e.f. July 17, 2019)	1	1
7	Sri G. Venkatanarayanan (Inducted to the committee w.e.f. December 09, 2020)	2	2

(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 01.04.2019	No. of complaints received	No. of complaints resolved	No. of complaints pending as on 31.03.2020
1	Transfer related Complaints	0	0	0	0
2	Dividend related Complaints	0	0	0	0
3	Others	0	1	1	0
	Total	0	1	1	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, 2020

- Dr. Lakshmy Devi K.R., Chairperson of the Committee
- Sri Sunil Gurbaxani, Member of the Committee
- Sri Chella K. Srinivasan, Member of the Committee
- Sri Gopinathan C.K., 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 3 times during the year on 29.05.2019, 30.08.2019 and 20.01.2020.

(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. Lakshmy Devi K.R., Chairperson of the Committee	3	3
2	Ms. T. Latha (Ceased to be MD & CEO w.e.f. October 31, 2019)	2	2
3	Sri Gopinathan C.K.	3	3
4	Sri P.S. Sreekumar (Ceased to be Member of the Committee w.e.f. July 17, 2019)	1	1
5	Sri Chella K. Srinivasan (Inducted to the Committee w.e.f. July 17, 2019)	2	2

(I) Corporate Social Responsibility Committee

(i) Composition of the Committee as on March 31, 2020

- Dr. Lakshmy Devi K.R., Chairperson of the Committee
- Sri Sunil Gurbaxani, Member of the Committee
- Sri Gopinathan C.K., Member of the Committee
- Sri B. Ravindran Pillai, 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 met once during the year on 31.03.2020.

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

S. No.	Name of the Director	Number of Meetings	
		Held during the Tenure	Attended
1	Dr. Lakshmy Devi K.R., Chairperson of the Committee	1	1
2	Sri Gopinathan C.K.	1	1
3	Ms. T. Latha (Ceased to be MD & CEO w.e.f. October 31, 2019)	Nil	Nil
4	Sri Sunil Gurbaxani (took charge as MD & CEO w.e.f. February 27, 2020)	1	1
5	Sri B. Ravindran Pillai (Inducted to the Committee w.e.f. July 17, 2019)	1	Nil

(J) Redressal Committee on Willful Defaulters & Review Committee on Non-cooperative Borrowers

(i) Composition of the Committee as on March 31, 2020

- Sri Sunil Gurbaxani, Chairman of the Committee
- Sri Chella K. Srinivasan, Member of the Committee
- Sri K.N. Murali, Member of the Committee
- Sri B. Ravindran Pillai, 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 met once during the year on 31.03.2020.

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

S. No.	Name of the Director	Number of Meetings	
		Held during the Tenure	Attended
1	Sri Sunil Gurbaxani, Chairman of the Committee (took charge as MD & CEO w.e.f. February 27, 2020)	1	1
2	Sri Chella K. Srinivasan	1	1
3	Ms. T. Latha (Ceased to be MD & CEO w.e.f. October 31, 2019)	Nil	Nil
4	Dr. Lakshmy Devi K.R. (Ceased to be Member of Committee w.e.f. July 17, 2019)	Nil	Nil
5	Sri K.N. Murali	1	1
6	Sri B. Ravindran Pillai (Inducted to the Committee w.e.f. July 17, 2019)	1	Nil
7	Sri P. S. Sreekumar (Ceased to be Member of the Committee w.e.f. July 17, 2019)	Nil	Nil

(K) HRD Committee

(i) Composition of the Committee as on March 31, 2020

- Dr. Lakshmy Devi K.R., Chairperson of the Committee
- Sri Sajeev Krishnan, Member of the Committee
- Sri Sunil Gurbaxani, 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 4 times during the year on 30.10.2019, 28.11.2019, 20.01.2020 and 25.03.2020.

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

S. No.	Name of the Director	Number of Meetings	
		Held during the Tenure	Attended
1	Dr. Lakshmy Devi K.R., Chairperson of the Committee	4	4
2	Sri Sunil Gurbaxani (took charge as MD & CEO w.e.f. February 27, 2020)	1	1
3	Sri Sajeev Krishnan	4	4
4	Ms. T. Latha (Ceased to be MD & CEO w.e.f. October 31, 2019)	1	1
5	Sri Chella K. Srinivasan (Ceased to be Member of the Committee w.e.f. July 17, 2019)	Nil	Nil
6	Sri Gopinathan C.K. (Ceased to be Member of the Committee w.e.f. July 17, 2019)	Nil	Nil

(L) IT Strategy Committee

(i) Composition of the Committee as on March 31, 2020

- Sri G. Venkatanarayanan, Chairman of the Committee
- Sri Sunil Gurbaxani, Member of the Committee
- Sri Chella K. Srinivasan, Member of the Committee
- Dr. Lakshmy Devi K.R., 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 29.05.2019, 30.08.2019, 09.12.2019, 20.01.2020 and 02.03.2020.

(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. Venkatanarayanan (Inducted to the Committee w.e.f. December 09, 2020)	3	3
2	Sri Sunil Gurbaxani (took charge as MD & CEO w.e.f. February 27, 2020)	1	1
3	Dr. Lakshmy Devi K.R.	5	5
4	Sri Chella K. Srinivasan	5	5
5	Ms. T. Latha (Ceased to be MD & CEO w.e.f. October 31, 2019)	2	2
6	Sri Varadaraja Iyer M. (Ceased to be Director w.e.f. 25.05.2019)	Nil	Nil

(M) Committee of Directors (in place of MD & CEO for the period from November 01, 2019 to February 26, 2020)

The Board of Directors had, with the prior approval of RBI, formed a Committee of Directors after the resignation of Ms. T. Latha as Managing Director & CEO as an immediate alternate arrangement to exercise the powers vested with the Managing Director & CEO, till such time a new Managing Director & CEO took charge. This Committee took charge w.e.f. November 01, 2019 and was in place till February 26, 2020. Sri Sunil Gurbaxani took charge as Managing Director & CEO w.e.f. February 27, 2020.

Sri K. N. Murali was the Chairman of the Committee while Sri Sajeev Krishnan and Sri Chella K. Srinivasan were its Members. Sri. P Manikandan, Chief General Manager was permanent invitee to the Committee Meetings.

4. 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 December 30, 2019. 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.

Sri Chella K. Srinivasan, Independent Director, was Chairman of the Meeting. Sri Sajeev Krishnan, Dr. Lakshmy Devi K.R. and Sri K.N. Murali, Independent Directors, attended the meeting.

5. 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, 2020

1. Remuneration including perquisites paid to Managing Director & CEO during the year:

Ms. T. Latha (MD & CEO up to 31.10.2019)	₹ 24,50,000/-
Sri Sunil Gurbaxani (MD & CEO w.e.f. 27.02.2020)	₹ 3,86,207/-

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 Meeting and each Committee Meeting is ₹30,000/- and ₹20,000/- respectively. The total sitting fee paid by the Bank during the financial year 2019-20 is as under:

(Amount in ₹)

Sl. No.	Name of Director	Total amount of Sitting Fees paid during the year ended March 31, 2020
1	Sri Sajeew Krishnan	13,80,000
2	Sri Chella K. Srinivasan	13,00,000
3	Dr. Lakshmy Devi K.R.	8,40,000
4	Sri Gopinathan C.K.	6,90,000
5	Sri K.N. Murali	11,40,000
6	Sri B. Ravindran Pillai	1,80,000
7	Sri G. Venkatanarayanan	3,40,000
8	Sri P.S. Sreekumar	1,30,000
9	Sri Varadaraja Iyer M.	50,000
	Total	60,50,000

The Remuneration Policy of the Bank is hosted on the website of the Bank http://www.dhanbank.com/investor_relations/inv_stat_policy.aspx.

6. INFORMATION ON DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED AT THE 93rd ANNUAL GENERAL MEETING (REGULATION 36 (3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)

(i) SRI GOPINATHAN C.K. (DIN - 01236752)

Date of Birth and age	29.03.1954 ; 66 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 ₹ 6,40,000/- for attending Board/Committee Meetings during the financial year 2019-20.
Date of first appointment on Board	August 11, 2016
Sector	Minority
Shareholding in the Bank as on the date of this Notice	2,44,70,000 Equity Shares (including 55,00,000 equity shares held by relatives)
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2019-20	12
Chairman/Member of Committees of Board of Directors of the Bank as on the date of this Notice	Sri Gopinathan C.K. is Chairman of Customer Service Committee and a Member of the following Committees: 1. Credit & Business Committee of Board 2. Large Value Fraud Monitoring Committee 3. Stakeholders' Relationship Committee 4. Corporate Social Responsibility Committee 5. Nomination & Remuneration Committee
Directorship in other entities	Nil
Membership/Chairmanship of Committees of Boards of other listed companies as on the date of this Notice	Nil

(ii) SRI SUNIL GURBAXANI (DIN - 08569205)

Date of Birth and age	04.05.1964; 56 years
Qualifications	B.Com., MA (Economics), MBA (Finance), CAIIB
Brief Resume, Experience and Nature of expertise in specific functional areas	Sri Sunil Gurbaxani as MD and CEO, evolves, designs and executes strategic initiatives for the overall growth of the Bank while building a strong leadership team to ensure seamless execution of policies. His more than three decades of Banking experience with SBBJ (Now SBI) and Axis Bank, comes with strong track record of transformation, executing business turnaround, Nurturing Team, Customer focus and Employee centric initiatives. During his tenure, he has worked as Credit Officer, Branch Head, Zonal Head Business Banking, Deputy Distribution Head, Circle Head-Nagpur and Mumbai, Regional Head for East and National Head for SME. He was responsible for building a dedicated team for Business Banking products on Pan India basis, Designing segment focused products, enabling technology, and profitability at Corporate Office. Later during his career, he was responsible for the strategy and execution of businesses, setting direction and enabling rapid business growth across geographies and business verticals including Retail Banking, SME and Digital Initiatives.
Terms and conditions of appointment/re-appointment along with details of remuneration	Sri Sunil Gurbaxani will be entitled to the remuneration approved by the Board and Reserve Bank of India (as detailed in the Explanatory Statement). He will not be entitled to any sitting fee for attending Board/Committee Meetings.
Details of Remuneration last drawn	Sri Sunil Gurbaxani is entitled to the remuneration approved by the Board and Reserve Bank of India (as detailed in the Explanatory Statement).

Date of first appointment on Board	February 27, 2020
Sector	Majority – Banking
Shareholding in the Bank as on the date of this Notice	Nil
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2019-20	2
Chairman/Member of Committees of Board of Directors of the Bank as on the date of this Notice	Sri Sunil Gurbaxani is Chairman of the following Committees: 1. Large Value Fraud Monitoring Committee 2. Redressal Committee on Willful Defaulters & Review Committee on Non-Cooperative Borrowers He is also a Member of the following Committees: 1. Credit & Business Committee of Board 2. NPA Monitoring Committee 3. Risk Management Committee 4. HRD Committee 5. Stakeholders' Relationship Committee 6. Corporate Social Responsibility Committee 7. Customer Service Committee 8. IT Strategy Committee
Directorship in other entities	Nil
Membership/Chairmanship of Committees of Boards of other listed companies as on the date of this Notice	Nil

(iii) SRI G. SUBRAMONIA IYER (DIN - 07186055)

Date of Birth and age	10.04.1958; 62 years
Qualifications	M.Sc. (Agriculture)
Brief Resume, Experience and Nature of expertise in specific functional areas	Sri G. Subramonia Iyer has an experience of more than 36 years in banking at various levels and had retired as Executive Director of UCO Bank. He qualified as Agricultural graduate and started his career as agricultural officer. He has worked in rural & semi urban branches and was closely involved with cooperative movement, rural economy and MSME lending. As Executive Director of UCO Bank, he was in-charge of operational heads of Treasury, Finance, Planning & Development, Credit, Risk, IT, Planning & Development, International Operations, Recovery. He was involved in various levels of banking including branch banking, planning functions, IT operations, recovery.
Terms and conditions of appointment/re-appointment along with details of remuneration	Sri G. Subramonia Iyer will be entitled to sitting fees for attending Board/ Committee Meetings.
Details of Remuneration last drawn	Nil (Appointed to the Board on July 06, 2020)
Date of first appointment on Board	July 06, 2020
Sector	Majority – Agriculture & Rural Economy
Shareholding in the Bank as on the date of this Notice	Nil
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2019-20	Nil (Appointed as a Director w.e.f. July 06, 2020)
Chairman/Member of Committees of Board of Directors of the Bank as on the date of this Notice	Sri G. Subramonia Iyer is Chairman of the following Committees: 1. Audit Committee 2. Credit & Business Committee of Board 3. Risk Management Committee He is also a Member of the following Committees: 1. NPA Monitoring Committee 2. HRD Committee 3. Large Value Fraud Monitoring Committee 4. IT Strategy Committee 5. Nomination & Remuneration Committee 6. Redressal Committee on Willful Defaulters & Review Committee on Non-Cooperative Borrowers
Directorship in other entities	SCS Tech India Private Limited
Membership/Chairmanship of Committees of Boards of other listed companies as on the date of this Notice	Nil

(iv) DR. (CAPT.) SUSEELA MENON R. (DIN - 08785027)

Date of Birth and age	28.05.1959; 61 years
Qualifications	M.Com., Ph.D.
Brief Resume, Experience and Nature of expertise in specific functional areas	Dr. (Capt.) Suseela Menon R. retired as Professor of Commerce. She has more than 21 years of experience as faculty of Commerce, Management Accounting, Cost Accounting, Financial Management, Economics and other Management-related subjects. She has completed her doctorate in Economics with specialization in SSI sector. Presently, she is a Research Guide in 3 universities and also a guest faculty for various MBA programs. She is a recipient of several awards including the Rajiv Gandhi Sadhbhavana Gold Medal 2013 for "Excellence in her respective field and excellence in individual achievement in educational and social activities" awarded by global economic progress and research association. She has authored 6 books and has over 30 publications in various journals to her credit.
Terms and conditions of appointment/re-appointment along with details of remuneration	Dr. (Capt.) Suseela Menon R. will be entitled to sitting fees for attending Board/Committee Meetings.
Details of Remuneration last drawn	Nil (Appointed to the Board on July 06, 2020)
Date of first appointment on Board	July 06, 2020
Sector	Majority – Small Scale Industry
Shareholding in the Bank as on the date of this Notice	Nil
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2019-20	Nil (Appointed as a Director w.e.f. July 06, 2020)
Chairman/Member of Committees of Board of Directors of the Bank as on the date of this Notice	Dr. (Capt.) Suseela Menon R. is Chairperson of the following Committees: 1. HRD Committee 2. Corporate Social Responsibility Committee She is also a Member of the following Committees: 1. Audit Committee 2. Large Value Fraud Monitoring Committee 3. Stakeholders' Relationship Committee 4. Nomination & Remuneration Committee
Directorship in other entities	Nil
Membership/Chairmanship of Committees of Boards of other listed companies as on the date of this Notice	Nil

(v) SRI G. RAJAGOPALAN NAIR (DIN - 08845540)

Date of Birth and age	17.01.1952; 68 years
Qualifications	M.Sc. (Electronics & Communication)
Brief Resume, Experience and Nature of expertise in specific functional areas	Sri G. Rajagopalan Nair has an experience of 21 years in banking and 23 years in banking related Information Technology and Fintech companies. He had retired from Federal Bank as General Manager – Information Technology. He was IT consultant of CSB Bank and Bahwan Cybertek. Sri G. Rajagopalan Nair was responsible for implementation of core banking solutions and various sub-systems and establishment of call center. He was also involved in the development of payment systems, transaction fraud management systems, audit automation, work flow, score cards, RBI specified Early Warning Signals, IT Security, compliance of standards specified by RBI, BASEL compliances, COBIT-5, development and implementation of IFRS9 and IND AS 109 systems. Sri G. Rajagopalan Nair had undertaken software implementation for Indian Bank, IDBI Bank, Bank of India, HDFC Bank and also banks based in USA and Middle East.
Terms and conditions of appointment/re-appointment along with details of remuneration	Sri G. Rajagopalan Nair will be entitled to sitting fees for attending Board/Committee Meetings.
Details of Remuneration last drawn	Nil (Appointed as a Director w.e.f. August 17, 2020)
Date of first appointment on Board	August 17, 2020

Sector	Majority – Information Technology
Shareholding in the Bank as on the date of this Notice	Nil
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2019-20	Nil (Appointed to the Board on August 17, 2020)
Chairman/Member of Committees of Board of Directors of the Bank as on the date of this Notice	Sri G. Rajagopalan Nair is Chairman of the following Committees: 1. IT Strategy Committee He is also a Member of the following Committees: 1. Risk Management Committee 2. Customer Service Committee
Directorship in other entities	Nil
Membership/Chairmanship of Committees of Boards of other listed companies as on the date of this Notice	Nil

(vi) SRI P. K. VIJAYA KUMAR (DIN - 07757158)

Date of Birth and age	14.09.1951; 69 years
Qualifications	M.Sc, B.Ed.
Brief Resume, Experience and Nature of expertise in specific functional areas	Shri P. K. Vijayakumar had retired from Indian Revenue Service as Director General of Income Tax after working at various levels in the Income Tax Department. He also held the position of Insurance Ombudsman. He was appointed as Independent External Monitor of Public Sector Undertakings. Sri P.K. Vijayakumar was an Independent Director of M/s. Manappuram Insurance Brokers Limited.
Terms and conditions of appointment/re-appointment along with details of remuneration.	Sri P. K. Vijayakumar will be entitled to sitting fees for attending Board/Committee Meetings.
Details of Remuneration last drawn	Nil (Appointed as a Director w.e.f. August 17, 2020)
Date of first appointment on Board	August 17, 2020
Sector	Minority
Shareholding in the Bank as on the date of this Notice	1000 Equity Shares held by relatives
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2019-20	Nil (Appointed to the Board on August 17, 2020)
Chairman/Member of Committees of Board of Directors of the Bank as on the date of this Notice	Sri P. K. Vijayakumar is a Member of the following Committees: 1. HRD Committee 2. Large Value Fraud Monitoring Committee 3. Nomination & Remuneration Committee 4. Redressal Committee on Willful Defaulters & Review Committee on Non-Cooperative Borrowers
Directorship in other entities	Nil
Membership/Chairmanship of Committees of Boards of other listed companies as on the date of this Notice	Nil

7. DETAILS OF LAST THREE ANNUAL GENERAL MEETINGS

Name of Meeting	Day, Date & Time	Venue	Special Resolutions passed at the Meeting
92 nd 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
91 st Annual General Meeting	27.09.2018 10.00 a.m.	Lulu International Convention Center & Garden Hotels, Thrissur	1. To authorize the Board of Directors to issue redeemable secured/unsecured non-convertible debentures (NCDs)
90 th Annual General Meeting	30.09.2017 10.00 a.m.	Vadakke Samootha Madom, Thrissur	1. To re-appoint Sri P.S. Sreekumar as Independent Director of the Bank 2. To authorize the Board of Directors to issue redeemable secured/unsecured non-convertible debentures (NCDs)

8. POSTAL BALLOT

During the year, no matters were transacted through postal ballot. No Special Resolution requiring Postal Ballot is being proposed on or before the ensuing Annual General Meeting of the Bank.

9. 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 http://www.dhanbank.com/investor_relations/inv_stat_policy.aspx.

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, 2020, 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, 2019.

(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 www.dhanbank.com/investor_relations/inv_stat_policy.aspx.

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 www.dhanbank.com/investor_relations/inv_stat_policy.aspx.

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 www.dhanbank.com/investor_relations/inv_stat_policy.aspx. 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 details of familiarization programmes are displayed on the website of the Bank www.dhanbank.com/investor_relations/inv_stat_policy.aspx.

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 2019-20, 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 2019-20, 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 ₹ 43,00,000 (Rupees Forty Three Lakh only) plus applicable taxes was paid to Statutory Central Auditors ₹6,00,000 (Rupees Six lakh only) plus applicable taxes was paid to M/s. Sridhar & CO for first quarter of FY 2019-20 and ₹37,00,000 (Rupees Thirty Seven Lakh only) plus applicable taxes was paid to M/s. P. B. Vijayaraghavan & Co. for Audit, Certification, Quarterly Review and Tax Audit for the FY 2019-20. The travelling and out-of-pocket expenses related to the audit/review were additionally reimbursed on actual basis.

(I) Credit Ratings

During the FY 2019-20, the credit ratings on the outstanding debt instruments of the Bank were reaffirmed as under:

- CARE BB + (Outlook: Stable) for Upper Tier-II Bonds and for Lower Tier II Bonds from CARE Ratings Limited
- BWR BB+ (Outlook: Stable) 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 2019-20 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, 2020.

10. 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 www.dhanbank.com/investor_relations/inv_financials.aspx.

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) Regulations, 2015 and other applicable rules and regulations.

11. GENERAL SHAREHOLDER INFORMATION

93rd Annual General Meeting	Date	September 30, 2020
	Time	11.00 a. m.
	Venue	Through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM")
Name and other details regarding Compliance Officer	Sri Venkatesh H. Company Secretary & Secretary to the Board Dhanlaxmi Bank Ltd. Dhanalakshmi Buildings, Naickanal, Thrissur – 680 001 Phone: 0487-6617000 Fax: 0487-2335367 E-mail: investors@dhanbank.co.in	
Financial Year	2019-20	
Date of Book Closure	September 25, 2020 to September 30, 2020 (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 Private Limited (previously known as M/s. KarvyFintech 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 <u>Contact Person</u> 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	

12. 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 2020-21 have already been remitted.

(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 (₹)	Low (₹)	High (₹)	Low (₹)
April 2019	21.20	16.80	21.25	16.95
May 2019	21.20	17.10	21.25	17.20
June 2019	18.90	15.90	18.95	15.75
July 2019	19.50	13.80	19.40	13.45
August 2019	14.10	12.70	14.30	12.65
September 2019	17.00	13.25	17.00	13.25
October 2019	18.30	13.80	18.30	13.50
November 2019	16.50	14.25	16.50	14.35
December 2019	15.55	13.75	16.70	13.90
January 2020	15.60	14.15	15.60	14.17
February 2020	16.05	13.10	15.95	13.16
March 2020	14.00	7.15	14.00	7.42

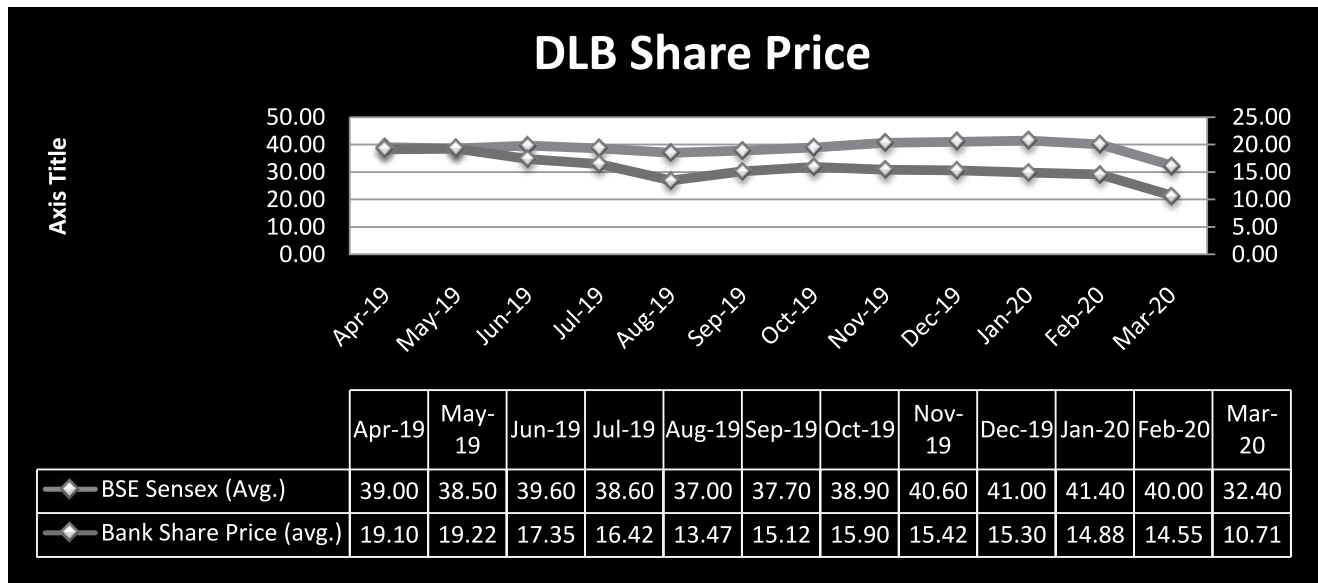
(C) Distribution of shareholding as on March 31, 2020

Category (No. of Shares)	Cases	% of Cases	Amount	% of Amount
1-5000	60152	76.03	96977130	3.83
5001-10000	8401	10.61	70545270	2.78
10001-20000	4816	6.08	75208250	2.97
20001-30000	1723	2.17	44671910	1.76
30001-40000	838	1.05	30510140	1.20
40001-50000	837	1.05	40070350	1.58
50001-100000	1129	1.42	86278090	3.41
100001 & above	1211	1.53	2085859700	82.44
Total	79107	100.00	2530120840	100.00

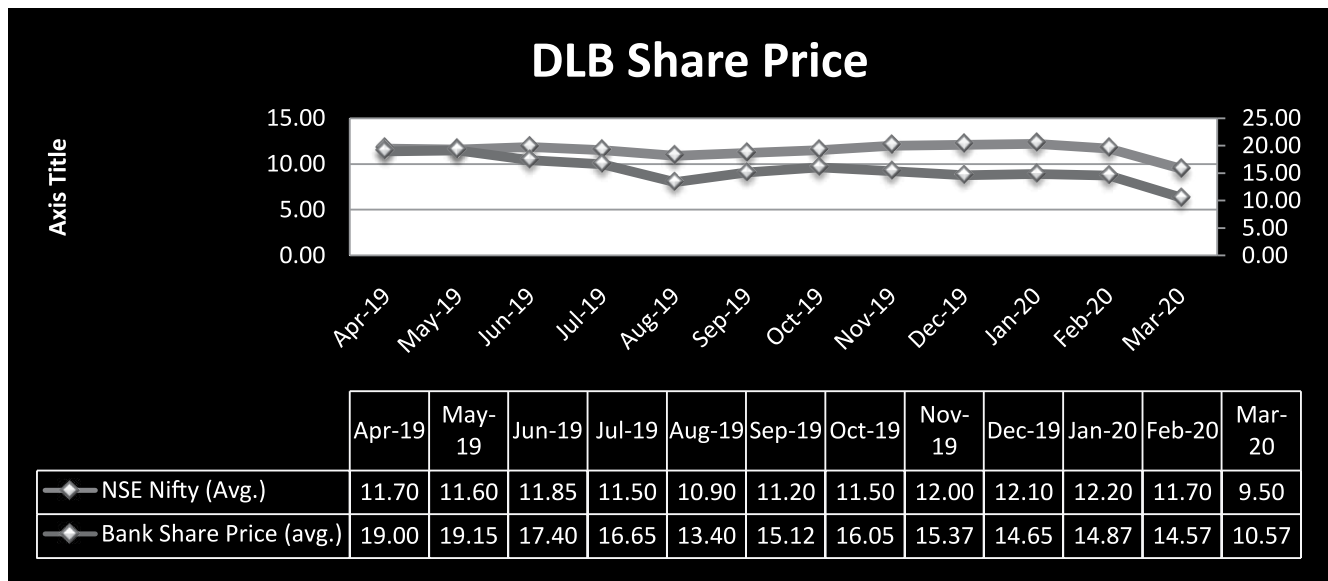
(D) Category-wise distribution of shareholding as on March 31, 2020

Sl. No.	Description	Cases	Shares	% Equity
1	Banks	3	2010793	0.79
2	Clearing Members	83	507472	0.20
3	Directors	6	44275600	17.50
4	Foreign Portfolio Investors	7	28939432	11.45
5	H U F	1396	4281575	1.69
6	Insurance Companies	2	442277	0.17
7	Bodies Corporates	506	30529866	12.06
8	NBFC	3	5600	0.00
9	Non-Resident Indians	827	22992893	9.09
10	NRI Non-Repatriation	343	656098	0.26
11	Resident Individuals	75928	116996600	46.25
12	Trusts	2	6300	0.00
13	IEPF	1	1367578	0.54
	Total	79107	253012084	100.00

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



(F) 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, 2020, 21,58,624 shares constituting 0.85% of the paid-up capital and 25,08,53,460 shares constituting 99.15% 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. 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. Karvy Fintech Private Limited was changed to M/s. KFin Technologies Private Limited with effect from December 05, 2019. All the share registry services, previously handled by M/s. Karvy Fintech Private Limited, are now handled in the name of KFin. The Stakeholders' Relationship Committee of the Board of the Bank, at its meeting held on January 20, 2020, had also discussed in detail

about the changes in the management and organizational set up of KFin Technologies Pvt. Ltd. (which was until then known as Karvy Fintech Pvt. Ltd.) and noted that there were no implications thereof on the RTA operations relating to the Bank.

As required under Regulation 7(3) of the Listing Regulations, the Bank files, on half 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, half 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.

13. 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, P.O., Kochi – 682 021 .

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 there under.

14. COMPLIANCE OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Bank has complied with all mandatory recommendations prescribed in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. A certificate to this effect from Sri M. Vasudevan, 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 2019-20 contains unmodified opinion on the financial statements and the Bank wishes to continue with a regime of financial statements with unmodified audit opinion.

(B) Separate posts of Chairperson and Chief Executive Officer

The Bank already has separate posts for Chairperson and Managing Director & Chief Executive Officer.

15. AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT

I, Sunil Gurbaxani, 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

Place : Thrissur
Date : 07.09.2020

Sd/-
Sunil Gurbaxani
Managing Director & CEO

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of **Dhanlaxmi Bank Limited**

I have examined the compliance of conditions of Corporate Governance by **Dhanlaxmi Bank Limited** for the year ended on March 31, 2020, as stipulated in Regulations 17 to 27, Clauses (b) to (i) of sub-Regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations, 2015').

The compliance of conditions of Corporate Governance is the responsibility of the management. My 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 my opinion and to the best of my information and according to the explanations given to me, I certify that the Bank has complied with the requirements of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

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

Sd/-

M. Vasudevan, F.C.S.

FCS 4177/ CP 2437

Company Secretary

Soorya Gardens Apartments

Paliyam Road, Thrissur – 680 001

Place : Thrissur

Date : 07.09.2020

UDIN : F004177B000672988

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 Buildings

Naickanal, Thrissur – 680 001

I 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 Buildings, Naickanal, Thrissur – 680 001 (hereinafter referred to as 'the Company'), produced before me by the Company 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 my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company for the Financial Year ending on 31st March, 2020 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, Reserve Bank of India or any such other Statutory Authority.

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. 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 Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

M. Vasudevan, F.C.S.

FCS 4177/ CP 2437

Company Secretary

Soorya Gardens Apartments

Paliyam Road, Thrissur – 680 001

Place : Thrissur

Date : 07.09.2020

UDIN : F004177B000673032

CEO/CFO Certification

We, Sunil Gurbaxani, 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, 2020 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

Sunil Gurbaxani
Managing Director & CEO
(DIN : 08569205)

Ramesh A. J.
Chief Financial Officer

Place : Thrissur
Date : 07.09.2020

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L65191KL1927PLC000307
2	Name of the Company	Dhanlaxmi Bank Limited
3	Registered Address	P. B. No. 9, Dhanalakshmi Buildings, Naickanal, Thrissur – 680 001
4	Website	www.dhanbank.com
5	E-mail id	investors@dhanbank.co.in
6	Financial Year reported	2019-20
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Banking Services, NIC Code 64191
8	List three key products/services that the Company manufactures/provides (as in Balance Sheet)	Dhanlaxmi Bank Ltd is a publicly held banking company engaged in providing a wide range of banking and financial services including retail banking, corporate banking and treasury operations.
9	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	Nil
	(b) Number of National Locations	As on March 31, 2020, the Bank had a network of 247 branches, 254 ATMs, 17 Business correspondents across 14 states and 1 Union Territory
10	Markets served by the Company	Local/State/National/International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid-up Capital (INR)	₹253.01 Crore
2	Total Turnover (INR)	₹ 1100.44 Crore (Total turnover represents the sum of "Interest earned" (Schedule 13 of the accounts) and "Other Income" (Schedule 14 of the accounts)).
3	Total profit after taxes (INR)	₹65.78
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Not Applicable for FY 2019-20
5	List of activities in which expenditure in 4 above has been incurred	-

SECTION C: OTHER DETAILS

1	Does the Company have any Subsidiary Company/ Companies	No
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Not Applicable
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities	No

SECTION D: B R INFORMATION

1. Details of Director/Directors responsible for BR	
1. DIN Number (if applicable)	08569205
2. Name	Mr. Sunil Gurbaxani
3. Designation	Managing Director & CEO
B Details of the BR head	
1. DIN Number (if applicable)	08569205
2. Name	Mr. Sunil Gurbaxani
3. Designation	Managing Director & CEO
4. Telephone number	0487 6617220
5. e-mail id	mdoffice@dhanbank.co.in

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The NVGs on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates the nine principles (detailed below) as P1-P9 to be followed:

- P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3 Businesses should promote the wellbeing of all employees.
- P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5 Businesses should respect and promote human rights.
- P6 Business should respect, protect, and make efforts to restore the environment.
- P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 Businesses should support inclusive growth and equitable development.
- P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Principle-wise responses are mentioned below

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	https://www.dhanbank.com/investor_relations/inv_stat_policy.aspx								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

2a. If answer to Sl. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

Sr. No. 3 in line with the regulatory guidelines and sound ethical practices followed nationally, the Bank has adopted employee oriented policies covering areas such as employee benefits and ethical practices, sexual harassment at the workplace and sound corporate social responsibility and corporate governance practices.

Sr. No. 10. The functional heads are responsible for implementing the Business Responsibility initiatives stated in this Policy. The execution of Bank's environmental and social goals and targets are monitored by the Corporate Business Responsibility Committee headed by Chief General Manager. Policies are subject an annual review of the Board of Directors.

3 Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Business Responsibility applicable to the Bank from FY 2020 onwards

E. Principle-wise performance

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

The Bank is committed to developing governance structures, procedures and practices that ensure ethical conduct at all levels and promoting the adoption of this principle across its value chain. Commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors, senior management and all employees of the Bank. This policy deals with Dhanlaxmi Bank, its suppliers/vendors, contractors and not extended to Group/JVs/NGOs/Others.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? *If so, provide details thereof, in about 50 words or so.*

The number of complaints received from shareholders in FY 2019-20 was 1 (one) and the same is resolved. As on March 31, 2020, There is no complaints have unresolved.

The number of customer complaints received during the financial year was 12821. Total Number of complaints resolved satisfactorily during the year was 12734 (99.32% of complaints).

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Bank offers sustainable banking products and services to cater the needs of different segment of customers through various channels like Branch, ATM, mobile, internet and doorstep banking facility. Bank provides many customized Savings Bank products and advance products like, Home loans, education loans, Mudra Loans, Agri Loans, MSME loans etc. As part of save environment bank provides the account statements through E-mail and PIN generation through Green PIN option.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

- Email statements saves Paper and usage of Printers etc.,
- Green Pin generation saves Paper and usage of Printers etc.

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not applicable for banking products

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

Not applicable

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Not applicable

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

Not applicable for banking products

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Not applicable

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Not applicable. Being a Banking service company, the Bank is not generating products and waste associated with a manufacturing concern.

Principle 3

As on March 31, 2020

1. Total number of employees as on March 31, 2020: 1714
2. Total number of employees hired on temporary/contractual/casual basis: 3
3. Number of permanent women employees as on March 31, 2020: 641
4. Number of permanent employees as on March 31, 2020 with disabilities : 5
5. Do you have an employee association that is recognized by management? : Yes
6. What percentage of your permanent employees is members of this recognized employee association? : 85.8%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sl. No.	Category	Number of Complaints filed during the financial year	Number of complaints pending at the end of financial year
1	Child Labour/Forced Labour/Involuntary Labour	0	0
2	Sexual Harassment	0	0
3	Discrimanatory Employment	0	0

8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?
- | | |
|--|--|
| Permanent Employees | 48.89% (838/1714*100) |
| Permanent Women Employees | 44.92% (288/641*100) |
| Casual/Temporary/Contractual Employees | We have not conducted any specific training for this category of employees |
| Employees with disabilities | We have not conducted any specific training for this category of employees |

Principle 4

- Has the company mapped its internal and external stakeholders?
Yes
- Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.
As guided by the Regulators, Bank is committed to the priority sector lending, lending to small and marginal farmers, lending to weaker section etc., and government led initiatives to improve the access to financial services, insurance and pension cover for reaching out to disadvantaged, vulnerable and marginalized stakeholders.
- Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.
The Bank has undertaken various schemes for integrated and sustainable economic growth of the society. As per the directions of Reserve Bank of India on Financial Inclusion, lending to weaker section and priority sector lending etc. Further Bank has aggressively participating in various Central and state governments' initiatives for the sustainable economic development of the disadvantaged vulnerable and marginalized stakeholders. The Bank has a Corporate Social Responsibility policy which can be viewed on the weblink. https://www.dhanbank.com/investor_relations/inv_stat_policy.aspx

Principle 5

- Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?
Bank has adopted the Code of Conduct for Employees, Directors which address the requirement of this principle. Bank follows the code issued by the Banking Codes and Standards Board of India and other regulatory guidelines from time to time to ensure protection of customer's rights. Bank timely addressed the grievances of employees/customers through respective defined mechanisms. The code of conduct and commitment is available on the weblink. https://www.dhanbank.com/investor_relations/inv_stat_policy.aspx
- How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
One complaint received from shareholders in FY 2019-20 stands resolved as on March 31, 2020.
The number of customer complaints outstanding at the beginning of the FY 2019-20 was 45. Out of the 12821 complaints received during the financial year, 12734 complaints have been resolved. 99.32% of complaints were satisfactorily resolved.

Principle 6

- Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.
This policy extends only to the Bank.
- Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.
The Bank taking all steps to reduce the waste and reuse or recycle waste wherever possible to protect the environment. Bank's new corporate office building which is under construction was equipped with energy efficient systems and eco friendly green initiatives. At product level, Bank implemented green pin for ATM cards and e statements for account holders to reduce the usage of paper.
- Does the company identify and assess potential environmental risks? Y/N
Yes.
- Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
The Bank is not a manufacturing concern and does not generate waste or products or bye-products.
- Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.
Not Applicable

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?
Not Applicable
7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.
Nil

Principle 7

1. Is your company a member of any trade and chamber or association?
If Yes, Name only those major ones that your business deals with:
 - a. Indian Banks Association
 - b. Indian Institute of Banking and Finance
 - c. FEDAI
 - d. FIMMDA
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)
The Bank participates in key projects and initiatives undertaken by the Government and Regulators.

Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.
Bank committed to the various government sponsored schemes introduced by the Central and State Governments for the uplift of economic weaker sections and uplift of the industries and society. Further, Bank will support new startups and ventures which continue to the sustainable growth of the Nation. Bank has put in place policy on Corporate Social Responsibility to guide efforts on CSR initiatives that contribute to inclusive growth and equitable development.
2. Are the programmers/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?
The Bank undertakes CSR programs through in-house team.
3. Have you done any impact assessment of your initiative?
The Bank will do the impact assessment on the initiatives on CSR programs whenever undertakes.
4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?
No direct contribution to Community development projects.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.
Not Applicable

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.
Bank have Resolved 99.32% of the customer's complaints during the financial year 2019-20. Percentage of customer complaints pending as at the end of financial year was 0.68% only of the total complaints received during the financial year.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)
Not Applicable
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.
No
4. Did your company carry out any consumer survey/ consumer satisfaction trends?
The Bank is conducting Customer Satisfaction Survey at periodic intervals to assess the perception and expectations of customers on various aspects of our products, services and branch. Further, as per the regulatory guidelines, Bank conducting standing committee on customer Services at Branch level and Corporate Office level with the participation of customers. Customer Service committee of Board, monitoring the implementation of various suggestions derived in the standing Committee on customer services. Apart from the above, Bank conducts customer meets at branch level on various occasions.

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, 2020, 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. Incorporated in these financial statements are the returns of Twenty branches/offices and Treasury division audited by us, 238 branches/offices audited by statutory branch auditors.

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 the banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31st March, 2020, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit 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 Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules 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 opinion.

Emphasis of Matter

We draw attention to Note 4.3 of Schedule 18 to the financial Results, the bank having recognized provision on certain loans that were though overdue but standard as at 29th February 2020, for which moratorium benefit has been granted, based on the "Days past due" status as on the date in accordance with the Reserve Bank of India COVID-19 Regulatory Package.

Also to the extent to which the COVID-19 pandemic will have an on the impact on the Bank's Financial performance is dependent on future developments which are highly uncertain. Our opinion on the financial results is not modified in respect on the above 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.

Sr. No.	Key Audit Matters	Auditors' Response/Procedure
1	<p>Identification of Non-Performing Assets and provisioning of Advances</p> <p>The Identification of Non-Performing Asset are in accordance with the 'Prudential Norms on Income Recognition, Asset Classification and Provisioning' guidelines issued by the Reserve Bank Of India (RBI). (Refer Schedule 9 read with Note 4 – Schedule 17 to the financial statements). The Bank has net advances amounting to ₹6,496 Crores as at 31 March, 2020.</p> <p>Identification of and provisioning for non-performing assets (loans) in accordance with Relevant RBI guidelines is a key audit matter due to the management's identification of NPA based on</p>	<p>Our audit procedure included</p> <ul style="list-style-type: none"> Understanding and assessing the Systems of the Bank for Classification, Identification and provision on Non-Performing Assets. Testing the design, operating effectiveness of internal controls over the valuation of the securities for NPA and Special Mention Accounts (SMA) and substantive audit procedures in respect of income recognition, asset classification and provisioning pertaining to advances. In particular: Evaluating the Bank's internal control system in adhering to the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances. Analysing the key IT systems/applications used and tested the design and implementation as well as operational effectiveness of relevant controls, including involvement of manual process and manual controls.

Sr. No.	Key Audit Matters	Auditors' Response/Procedure
	the RBI guidelines, estimates and key judgement, valuation of the security and given the significance to the overall audit, we have ascertained identification and provisioning of NPA as a key audit matter.	<ul style="list-style-type: none"> • Test Check of advances to examine the validity of the recorded amounts, loan documentation, examination 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.
2	<p>Key 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. Due to the huge volume of transactions in the system and the complexity of the Information technology we have ascertained IT Systems and control as a Key Audit Matter.</p>	<p>Our key IT audit procedures included understanding testing and operating effectiveness of internal controls and:</p> <ul style="list-style-type: none"> • Testing and understanding of Bank's IT systems and integration of various software's. • 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. • Security review of the systems and related test regarding cyber security and security management of the key information, data and client information, monitoring and emergency management.

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 Directors Report including the annexures to Directors' Report, Secretarial Audit Report, Management Discussion & Analysis Report and Corporate Governance Report included in the Annual Report, but does not include the financial statements and our auditor's report thereon and the Pillar III Disclosures under the New Capital Adequacy Framework (Basel III disclosures). The 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 Basel III Disclosures and we will 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 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 Annual Report, if we conclude that there is a material misstatement therein, 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 provisions of Section 29 of the Banking Regulation Act, 1949 and accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, in so far as they apply to the Bank and the guidelines issued by the Reserve Bank of India 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 is 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 either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's responsibility 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 skepticism 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 control 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 the financial statement 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.
- Conclude on the appropriateness of management's 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 a 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.

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.

Report on Other Legal and Regulatory Requirements

1. 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 read with Section 133 of the Companies Act, 2013 and read with Rule 7 of the Companies (Accounts) Rules, 2014.
2. As required by 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) In our opinion, 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. The reports on the accounts of the branch offices audited by branch auditors of the Bank under Section 143(8) of the Act have been sent to us and have been properly dealt with by us in preparing this report;
3. Further, as required by Section 143(3) of the Act, we further 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;
- c) 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;
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as applicable to banks and not inconsistent with the accounting policies prescribed by RBI;
- e) On the basis of written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Bank's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements;
 - ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses on long term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Bank.
4. With respect to the matter to be included in the Auditors' Report under Section 197(16):
- In our opinion and to the best of our information and according to the explanations given to us, the entity being a banking company, Section 197 of the Act related to the managerial remuneration is not applicable by virtue of Section 35B (2A) of the Banking Regulation Act, 1949.

For **P. B. Vijayaraghavan & Co.**
Chartered Accountants
FRN: 004721S

P. B. Santhanakrishnan
Partner

Place : Thrissur
Date : 22.06.2020

M.No.: 020309
UDIN : 20020309AAAAE55897

Annexure 1 to The Independent Auditor's Report of even date on the Financial Statements of Dhanlaxmi Bank Limited

(Referred to in paragraph 3 (f) under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To The Members of Dhanlaxmi Bank Limited

We have audited the internal financial controls over financial reporting of Dhanlaxmi Bank Limited ("the Bank") as of 31st March, 2020 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 control over financial reporting criteria established by the

Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We have conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 internal financial controls system over financial reporting.

Concept of Internal Financial Controls Over Financial Reporting

A bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A bank's internal financial control over financial reporting includes those policies and procedures that

- A. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank;
- B. 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

- C. provide reasonable assurance regarding prevention or timely detection of unauthorized 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 Over Financial Reporting

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

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2020, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **P. B. Vijayaraghavan & Co.**
Chartered Accountants
FRN: 004721S

P. B. Santhanakrishnan
Partner

Place : Thrissur
Date : 22.06.2020

M.No.: 020309
UDIN : 20020309AAAAES5897

Balance Sheet

As at March 31, 2020

(₹ in '000)

	Schedule No.	As at March 31, 2020	As at March 31, 2019
CAPITAL AND LIABILITIES			
Capital	1	2,530,121	2,530,121
Reserves and Surplus	2	5,738,984	5,081,199
Deposits	3	109,040,692	106,033,206
Borrowings	4	1,775,000	2,004,000
Other Liabilities and Provisions	5	3,566,119	2,340,364
TOTAL		122,650,916	117,988,890
ASSETS			
Cash and Balances with Reserve Bank of India	6	5,485,228	5,574,409
Balances with Banks and Money at call and short notice	7	5,808,218	658,386
Investments	8	36,824,028	40,367,001
Advances	9	64,960,991	62,892,819
Fixed Assets	10	2,136,998	2,020,229
Other Assets	11	7,435,453	6,476,046
TOTAL		122,650,916	117,988,890
Contingent Liabilities	12	5,028,046	6,859,418
Bills for Collection		3,107,668	3,163,316
Significant Accounting Policies	17		
Notes to Financial Statements	18		

Ramesh A. J.
Chief Financial Officer

Venkatesh H.
Company Secretary

Manikandan P.
Chief General Manager

Sunil Gurbaxani
Managing Director & CEO

Sajeev Krishnan
Chairman

Chella K. Srinivasan
Director

K. N. Murali
Director

Gopinathan C. K.
Director

G. Venkatanarayanan
Director

G. Jagan Mohan
Director

As per our Report of even Date
For **P. B. Vijayaraghavan & Co.**
Chartered Accountants
Firm Registration No. 004721S

CA. P. B. Santhanakrishnan
Partner
Membership No. 020309

Place : Thrissur
Date : 22nd June 2020

Profit & Loss Account

for the year ended March 31, 2020

(₹ in '000)

	Schedule No.	Year ended March 31, 2020	Year ended March 31, 2019
INCOME			
Interest Earned	13	9,875,897	9,714,885
Other Income	14	1,128,499	527,330
Total		11,004,396	10,242,215
EXPENSE			
Interest Expended	15	6,144,088	6,247,152
Operating Expenses	16	3,240,594	3,045,805
Provisions and Contingencies		961,929	832,568
Total		10,346,611	10,125,525
Net Profit/(Loss) for the year		657,785	116,690
Profit /(Loss) brought forward		(8,626,319)	(8,654,821)
Total		(7,968,534)	(8,538,131)
Appropriations			
Transfer to Statutory Reserve		164,500	29,200
Transfer to Capital Reserve		77,872	178
Transfer to Investment Reserve Account		39,331	58,810
Transfer to Investment Fluctuation Reserve Account		117,251	-
Balance carried forward to Balance Sheet		(8,367,488)	(8,626,319)
Total		(7,968,534)	(8,538,131)
Earnings Per Share (in ₹)			
Basic EPS		2.60	0.46
Diluted EPS		2.60	0.46
Face value per Share		10.00	10.00
Significant Accounting Policies	17		
Notes to Financial Statements	18		

Ramesh A. J.
Chief Financial Officer

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Director

As per our Report of even Date
For **P. B. Vijayaraghavan & Co.**
Chartered Accountants
Firm Registration No. 004721S

CA. P. B. Santhanakrishnan
Partner
Membership No. 020309

Place : Thrissur
Date : 22nd June 2020

Cash Flow Statement

for the year ended March 31, 2020

(₹ in '000)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from operating activities		
Net profit before income tax	657,785	116,690
Adjustments for :		
Depreciation on fixed assets net of reversal of revaluation reserve	133,158	112,555
Depreciation on Investments	(65,639)	(105,812)
Amortisation of premia on investments	121,296	104,995
Loan Loss provisions including write off	585,399	746,907
Provision against standard assets	11,500	(19,500)
General provision for Advances under Covid 19 Regulatory Package	378,806	-
Provision for Deferred Tax Asset	(197,040)	-
Provision for Restructured Assets	(723)	243
Provision for fraud	(55)	(410)
(Profit)/Loss on sale of Fixed Assets	101	2,924
Provision for unhedged Forex Exposure	(42)	(8,287)
Adjustments for :		
(Increase)/Decrease in Investments	3,487,317	3,279,823
(Increase)/Decrease in Advances	(2,652,848)	(2,535,035)
Increase /(Decrease) in Borrowings	-	(969,741)
Increase/(Decrease) in Deposits	3,007,486	(3,163,390)
(Increase)/Decrease in Other Assets	(753,230)	1,074,515
Increase/(Decrease) in Other liabilities and provisions	835,545	116,932
Direct taxes paid (net of refunds)	(9,137)	(190,561)
Net Cash Flow from operating activities	5,539,679	(1,437,152)
Cash Flows from investing activities		
Purchase of fixed assets	(256,475)	(650,466)
Proceeds from sale of fixed assets	6,447	552,329
Net cash used in investing activities	(250,028)	(98,137)

(₹ in '000)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash flows from financing activities		
Proceeds / (Repayment) of Upper and Lower Tier II capital instruments net of repayment	(229,000)	(948,000)
Net cash generated from financing activities	(229,000)	(948,000)
Net increase in cash and cash equivalents		
Cash and cash equivalents as at April 1st	6,232,795	8,716,084
Cash and cash equivalents as at March 31st	11,293,446	6,232,795
-		
Note:		
Components of Cash and Cash Equivalents as at:	31.03.2020	31.03.2019
Cash and Balance with Reserve Bank of India (RBI)	5,485,228	5,574,409
Balances with Banks and Money at Call and Short Notice	5,808,218	658,386
Total	11,293,446	6,232,795

Ramesh A. J.
Chief Financial Officer

Venkatesh H.
Company Secretary

Manikandan P.
Chief General Manager

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Director

As per our Report of even Date
For **P. B. Vijayaraghavan & Co.**
Chartered Accountants
Firm Registration No. 004721S

CA. P. B. Santhanakrishnan
Partner
Membership No. 020309

Place : Thrissur
Date : 22nd June 2020

Schedules to the Financial Statements

As at March 31, 2020

(₹ in '000)

	As at March 31, 2020	As at March 31, 2019
SCHEDULE 1 - CAPITAL		
Authorised Capital		
30,00,00,000 Equity Shares of ₹10 each	3,000,000	3,000,000
Issued, Subscribed and Paid-up		
253012084 Equity Shares of ₹10 each	2,530,121	2,530,121
Total	2,530,121	2,530,121
SCHEDULE 2 - RESERVES AND SURPLUS		
I. STATUTORY RESERVES		
Opening Balance	832,814	803,614
Additions during the year	164,500	29,200
Total	997,314	832,814
II. SHARE PREMIUM ACCOUNT		
Opening Balance	10,054,482	10,054,482
Additions during the year	-	-
Total	10,054,482	10,054,482
III. CAPITAL RESERVES		
Opening Balance	408,649	408,471
Additions during the year	77,872	178
Total	486,521	408,649
IV. REVENUE AND OTHER RESERVES		
a) Revenue Reserve		
Opening Balance	896,075	890,665
Additions during the year	5,385	5,410
Sub-Total	901,460	896,075
b) Investment Fluctuation Reserve		
Opening Balance	-	-
Additions during the year	117,251	-
Sub-Total	117,251	-
c) Investment Reserve		
Opening Balance	58,810	-
Additions during the year	39,331	58,810
Sub-Total	98,141	58,810
d) Special Reserve U/s 36(1)(viii) of Income Tax Act, 1961		
Opening Balance	59,857	59,857
Additions during the year	-	-
Sub-Total	59,857	59,857
Total (a+b+c+d)	1,176,709	1,014,742

(₹ in '000)

	As at March 31, 2020	As at March 31, 2019
V. REVALUATION RESERVE		
Opening Balance	1,396,831	1,402,241
Deductions during the year	(5,385)	(5,410)
Total	1,391,446	1,396,831
VI. BALANCE IN PROFIT AND LOSS ACCOUNT	(8,367,488)	(8,626,319)
Grand Total	5,738,984	5,081,199

SCHEDULE 3 - DEPOSITS

A I. Demand Deposits		
(i) From Banks	20	161
(ii) From Others	5,768,342	6,579,427
	5,768,362	6,579,588
II. Savings Bank Deposits	26,726,302	27,356,823
III. Term Deposits		
(i) From Banks	-	-
(ii) From Others	76,546,028	72,096,795
	76,546,028	72,096,795
Total	109,040,692	106,033,206
B I. Deposits of Branches in India	109,040,692	106,033,206
II. Deposits of Branches outside India	-	-
Total	109,040,692	106,033,206

SCHEDULE 4 - BORROWINGS

I. Borrowings in India		
(i) Reserve Bank of India	-	-
(ii) Other Banks	-	-
(iii) Other Institutions and Agencies	-	-
(iv) Capital Instruments		
(a) Upper Tier II bonds	275,000	275,000
(b) Lower Tier II bonds	1,500,000	1,729,000
Total	1,775,000	2,004,000
II. Borrowings Outside India	-	-
	-	-
Total	1,775,000	2,004,000

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

I. Bills Payable	230,053	302,036
II. Interest accrued	304,135	286,067
III. Inter Office Adjustments (Net)	21,373	-
IV. Others (including Provisions)*	3,010,558	1,752,260
*Includes prudential provision for standard assets of ₹299,853 thousands (Previous Year ₹292,430 thousands)		
Total	3,566,119	2,340,364

(₹ in '000)

	As at March 31, 2020	As at March 31, 2019
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash on Hand (including foreign currency notes)	1,356,759	799,418
II. Balances with Reserve Bank of India		
(a) In current accounts	4,128,468	4,774,991
(b) In other accounts	-	-
	4,128,468	4,774,991
Total	5,485,228	5,574,409
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
(i) Balances with Banks :		
(a) In current accounts	78,808	117,331
(b) In other deposit accounts	950,000	250,000
	1,028,808	367,331
(ii) Money at Call and Short Notice		
(a) With banks	4,600,000	200,000
(b) With other institutions	-	-
	4,600,000	200,000
Total	5,628,808	567,331
II. Outside India		
(a) In current account	179,410	91,055
(b) In other deposit accounts	-	-
Total	179,410	91,055
Grand Total (I and II)	5,808,218	658,386
SCHEDULE 8 - INVESTMENTS		
A Investments in India in		
(i) Government Securities	24,408,807	28,524,457
(ii) Other		
(i) Other approved securities	-	-
(ii) Shares	16,738	25,795
(iii) Debentures and Bonds	3,204,864	2,823,042
(iv) Subsidiaries/Joint Ventures	-	-
(v) Others	9,193,619	8,993,707
Total	36,824,028	40,367,001
B Investments outside India	-	-
Grand Total (A + B)	36,824,028	40,367,001
C (i) Gross Value of Investments		
(a) In India	37,802,467	41,411,080
(b) Outside India	-	-
Total	37,802,467	41,411,080
(ii) Provision for Depreciation		
(a) In India	978,439	1,044,079
(b) Outside India	-	-
Total	978,439	1,044,079
(iii) Net Value of Investments		
(a) In India	36,824,028	40,367,001
(b) Outside India	-	-
Total	36,824,028	40,367,001

(₹ in '000)

		As at March 31, 2020	As at March 31, 2019
SCHEDULE 9 - ADVANCES			
A	(i) Bills Purchased and discounted	14,183	119,456
	(ii) Cash Credits, Overdrafts and Loans repayable on Demand	21,931,335	24,429,087
	(iii) Term Loans	43,015,473	38,344,276
	Total	64,960,991	62,892,819
B	(i) Secured by Tangible assets	61,243,716	60,986,706
	(ii) Covered by Bank/Govt. Guarantee	-	-
	(iii) Unsecured	3,717,275	1,906,113
	Total	64,960,991	62,892,819
C	I. ADVANCES IN INDIA		
	(i) Priority Sectors	25,080,604	25,197,235
	(ii) Public Sector	1,023,291	15,655
	(iii) Banks	-	33,210
	(iv) Others	38,857,096	37,646,719
	Total	64,960,991	62,892,819
	II. ADVANCES OUTSIDE INDIA	-	-
	Grand Total (C I and C II)	64,960,991	62,892,819

SCHEDULE 10 - FIXED ASSETS			
A	Premises		
	At cost as per last Balance Sheet	1,743,657	1,743,657
	Additions during the year due to revaluation of Premises	-	-
	Additions/Adjustments during the year	153	-
	Deductions during the year	-	-
	Depreciation to date	351,832	345,680
	Net Block	1,391,978	1,397,977
B	Other Fixed Assets (includes Furniture and Fixture and Computers)		
	At cost as per last Balance Sheet	2,043,182	2,012,108
	Additions/Adjustments during the year	234,339	83,769
	Deductions during the year	84,280	52,695
	Depreciation to date	1,796,487	1,747,212
	Net Block	396,754	295,970
C	Capital Work in progress	348,265	326,282
	Total (A+B+C)	2,136,998	2,020,229

SCHEDULE 11 - OTHER ASSETS			
	I. Interest Accrued	1,718,209	1,503,848
	II. Inter Office Adjustments (Net)	-	7,669
	III. Tax paid in advance and Tax Deducted at Source (net of provisions)	487,754	478,617
	IV. Deferred Tax Asset	567,631	370,591
	V. Stationery and stamps	4,898	4,455
	VI. Non-Banking Assets acquired in satisfaction of claims	36,965	36,965
	VII. Others*	4,619,996	4,073,901
	*Includes deposits placed with NABARD, SIDBI, NHB and Mudra amounting to ₹3,633,057 thousands (previous year ₹3,269,218 thousands)		
	Total	7,435,453	6,476,046

SCHEDULE 12 - CONTINGENT LIABILITIES			
	I. Claims against the bank not acknowledged as debts	334,679	1,917,186
	II. Liabilities on account of outstanding forward exchange contracts	1,692,350	1,990,287
	III. Guarantees given on behalf of constituents in India	2,365,840	2,381,802
	IV. Acceptance, endorsements and other obligations	90,234	45,116
	V. Other items for which Bank is contingently liable #	544,943	525,027
	#(Amount transferred to DEAF)	4,03,213	3,06,376
	#(Disputed Tax Liability)	1,41,730	2,18,651
	Total	5,028,046	6,859,418

Schedules to the Financial Statements

for the year ended March 31, 2020

(₹ in '000)

	Year ended March 31, 2020	Year ended March 31, 2019
SCHEDULE 13 - INTEREST EARNED		
I. Interest/Discount on Advances/bills	6,942,585	6,340,281
II. Income on Investments	2,692,449	3,088,331
III. Interest on balance with RBI/other inter-Bank funds	84,807	116,424
IV. Others	156,056	169,849
Total	9,875,897	9,714,885
SCHEDULE 14 - OTHER INCOME		
I. Commission, Exchange and Brokerage	62,186	52,725
II. Profit/(Loss) on sale of Investments (Net)	247,213	(341,194)
III. Profit/(Loss) on sale of land, building and other Assets (Net)	(101)	(2,924)
IV. Profit/(Loss) on exchange transactions (Net)	20,393	19,461
V. Income from Insurance	59,867	64,608
VI. Miscellaneous Income	738,941	734,654
Total	1,128,499	527,330
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on Deposits	5,894,770	5,948,155
II. Interest on RBI/Inter-Bank Borrowing	47,875	62,453
III. Others	201,443	236,544
Total	6,144,088	6,247,152
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and Provisions for Employees	1,846,228	1,614,307
II. Rent, Taxes and Lighting	425,219	459,434
III. Printing and Stationery	21,056	19,574
IV. Advertisement and Publicity	3,613	1,663
V. Depreciation to Banks property	133,158	112,555
VI. Directors Fee, Allowance and Expense	7,826	4,293
VII. Auditors Fee and Expense (including Branch Auditors)	11,784	10,645
VIII. Law charges	20,613	19,027
IX. Postage, Telegram, Telephone etc.	51,304	64,531
X. Repairs and Maintenance	22,528	18,784
XI. Insurance	138,455	138,066
XII. Other Expenditure	558,810	582,926
Total	3,240,594	3,045,805

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS, MARCH 31, 2020

SCHEDULE 17- SIGNIFICANT ACCOUNTING POLICIES

A. 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 is in Kerala.

B. 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') notified under Section 133 of the Companies Act, 2013 as amended by the Companies (Accounting Standards Amendment Rules, 2016, read with rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and current practices prevailing within the banking industry in India.

C. 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.

D. Significant Accounting Policies

1. 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.
- 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.

2. Expenses Recognition

A) Interest Expenses

All interest expenses relating to deposits accepted and borrowings are recognised 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) 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 10% 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.

d) 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 recognised 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 unrecognised 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.

e) 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 recognised in the accounts.

f) Other Employee Benefits

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

g) 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.

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.

3. Net Profit

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

- i) Depreciation on Investments;
- ii) Standard Assets, Restructured Advances and Non-Performing Advances and Investments;
- iii) Taxation in accordance with statutory requirements.

4. Advances

A) Valuation/Measurement

- 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.
- Amounts recovered against debts written off are recognized in the profit and loss account and included under "Other Income".
- 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. The bank also maintains provision on loans under scheme for sustainable structuring of stressed assets S4A and SDR scheme as per RBI guidelines.
- For entities with unhedged 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 unhedged position. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.
- 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 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 approved policy for making provision for standard assets at rates higher than the regulatory minimum based on evaluation of risk and stress in various sectors.
- Loss on sale of assets to Asset Reconstruction Companies the RBI issued guidelines on sale of non-performing advances on February 26, 2014. In accordance with these guidelines, if the sale of non-performing advances is at a price below the net book value, the shortfall is charged to the Profit and Loss Account spread over a period of two years. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

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.

5. 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 with prior permission of Reserve Bank of India.

6. 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".

7. Investments

A) Classification

- (a) In accordance with the RBI guidelines, investments are categorised 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".

B) 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) Securities sold under both Market Repo and RBI Repo (LAF) will be revalued as per the norms prescribed by the RBI.
- vi) 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 break-up 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 ₹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.

C) 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).

D) 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.

E) 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 recognised 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.

F) 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.

G) 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.

H) Disposal of Investments

- a. Held for Trading and Available for Sale – Profit or loss on sale/redemption is recognized in the Profit and Loss account.
- b. Held to Maturity – Profit or Loss on Sale/Redemption of Investments is recognised 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.

8. 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 "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'.

9. Non-Banking Assets

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

10. 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).

11. 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 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 end of each quarter.
5. Outstanding foreign exchange spot and forward contracts held for trading 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.

12. Derivative Transactions

The Bank recognises 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.

13. Segment Information

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

14. 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. A basic earnings per share is 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.

15. 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 recognised as an expense in the Profit and Loss Account as per the lease terms.

16. 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 recognised 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 recognised.

17. 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.

18. 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.

19. Share Issue Expenses

Share issue expenses are charged to the Share Premium Account.

20. Corporate Social Responsibility

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

SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

1. CAPITAL

1.1 Capital Infusion

During the year ended March 31, 2020 there was no infusion of capital.

Paid-up Capital

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Opening Balance	253.01	253.01
Addition during the year	-	-
Closing Balance	253.01	253.01

Share Premium

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Opening Balance	1,005.45	1,005.45
Addition during the year	-	-
Closing Balance	1,005.45	1,005.45

Tier - II Capital

During the year ended March 31, 2020 Bank redeemed Unsecured Redeemable Non-Convertible Basel III compliant Subordinated Tier II Bonds in the nature of Debentures ('Bonds') to the tune of ₹22.9 Crores. During the year ended March 31, 2019 Bank redeemed Unsecured Redeemable Non-Convertible Basel III compliant Subordinated Tier II Bonds in the nature of Debentures ('Bonds') to the tune of ₹94.8 Crores.

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Opening Balance	200.40	295.20
Addition	-	-
Redemption of Debentures	22.9	94.8
Closing Balance	177.5	200.40

1.2 Capital Adequacy

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])

	As on March 31,			
	2017	2018	2019	2020
Minimum Common Equity Tier-1 (CET-1)	5.5	5.5	5.5	5.5
Capital Conservation Buffer (CCB)	1.25	1.875	1.875	1.875
Minimum Common Equity Tier-1 (CET-1)+Capital Conservation Buffer (CCB)	6.75	7.375	7.375	7.375
Minimum Tier-1 Capital	7	7	7	7
Minimum Total Capital	9	9	9	9
Minimum Total Capital + Capital Conservation Buffer (CCB)	10.25	10.875	10.875	10.875

As on March 31, 2020, 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 1.875%. RBI vide Circular RBI/2019-20/188DBR.BP.BC.No.45/21.06.201/2019-20 had decided to defer the implementation of the last tranche of 0.625% of Capital Conservation Buffer (CCB) from March 31, 2020 to September 30, 2020.

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

(₹ in Crore)

Sl. No.	Items	March 31, 2020	March 31, 2019
		Basel-III	Basel-III
(i)	Tier-1 Capital (₹)	656.86	635.73
(ii)	Common Equity Tier-1 Capital (CET-1) (₹)	656.86	635.73
(iii)	Additional Tier-1 Capital (₹)	0	0
(iv)	Tier-2 Capital (₹)	229.08	191.18
(v)	Total Capital (₹)	885.94	826.91
(vi)	Total Risk Weighted Assets (₹)	6147.08	6013.61
(vii)	Common Equity Capital Adequacy Ratio (%)	10.69	10.57
(viii)	Tier-I Capital Adequacy Ratio (%)	10.69	10.57
(ix)	Tier-II Capital Adequacy Ratio (%)	3.72	3.18
(x)	Total Capital Adequacy Ratio (%)	14.41	13.75
(xi)	Percentage of the shareholding of the Government of India in public sector banks	NA	NA
(xii)	Amount of equity capital raised (including premium)	Nil	Nil
(xiii)	Amount of Additional Tier-1 capital raised; of which Perpetual Non-Cumulative Preference Shares (PNCPS); Perpetual Debt Instruments (PDI):	Nil	Nil
(xiv)	Amount of Tier-2 capital raised; of which Debt Capital Instrument: Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (PCPS)/Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares (RCPS)]	Nil	Nil

2. INVESTMENTS

2.1 Value of Investment & Movement of Depreciation

(₹ in Crore)

Items	March 31, 2020	March 31, 2019
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	3,780.25	4,141.11
(b) Outside India	Nil	Nil
(ii) Provisions for Depreciation on Investments		
(a) In India	97.84	104.41
(b) Outside India	Nil	Nil
(iii) Net Value of Investments		
(a) In India	3,682.41	4,036.70
(b) Outside India	Nil	Nil
(2) Movement of provisions held towards Depreciation on Investments		
(i) Opening balance	104.41	114.99
(ii) Add: Provisions made during the year	Nil	Nil
(iii) Less: (Write-off/write-back of excess provisions during the year)	6.57	10.58
(iv) Closing Balance	97.84	104.41

2.2 Repo Transactions (in Face Value Terms)

(₹ in Crore)

Particulars	Minimum outstanding during the year ended		Maximum outstanding during the year ended		Daily Average outstanding during the year ended		As on March 31, 2020	As on March 31, 2019
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019		
Securities sold under repos								
i) Government Securities	Nil	Nil	39.99	93.97	0.90	3.57	Nil	Nil
ii) Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Securities purchased under reverse repos								
i) Government Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Corporate Debt Securities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note: As per RBI/2009-2010/356 IDMD/4135/11.08.43/2009-10 dt. March 23, 2010 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.

- **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, 2020	March 31, 2019
Repo under Liquidity Adjustment Facility (LAF)/Marginal Standing Facility (MSF)	Nil	Nil
Reverse Repo under Liquidity Adjustment Facility (LAF)/Marginal Standing Facility (MSF)	360.00	Nil

2.3 a) Issuer-wise composition of Non-SLR investments as on March 31, 2020

(₹ 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	170.59	149.68	0.00	0.00	0.00
(ii)	Financial Institutions	267.59	267.59	0.00	0.00	0.00
(iii)	Banks	655.71	655.71	0.00	0.00	0.00
(iv)	Private Corporates	142.65	141.85	39.31	39.31	52.40
(v)	Subsidiaries/Joint Ventures	0.00	0.00	0.00	0.00	0.00
(vi)	Others (Security Receipts)	102.06	102.06	0.00	0.00	102.06
(vii)	Less: Provision held towards depreciation and NPI	97.07	93.10	39.31	39.31	93.61
	Total	1241.53	1223.79	0.00	0.00	60.85

• **Issuer-wise composition of Non-SLR investments as on March 31, 2019**

(₹ 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	122.13	89.68	0.00	0.00	0.00
(ii)	Financial Institutions	120.27	120.27	0.00	0.00	0.00
(iii)	Banks	773.41	772.87	0.00	0.00	0.00
(iv)	Private Corporates	162.94	161.80	39.31	39.31	52.35
(v)	Subsidiaries/Joint Ventures	0.00	0.00	0.00	0.00	0.00
(vi)	Others (Security Receipts)	105.20	105.20	0.00	0.00	105.20
(vii)	Less: Provision held towards depreciation and NPI	99.70	97.58	39.31	39.31	94.99
	Total	1,184.25	1,152.24	0.00	0.00	62.56

@ 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 these columns 2, 3, 4 and 5 above are not mutually exclusive.

* Excludes investments in equity shares, units of equity oriented mutual funds and deposits with NABARD, SIDBI, NHB, RIDF, RHDF and MSME deposits under the priority/weaker sector lending schemes in line with extant RBI guidelines.

** Excludes investments in equity shares, units of equity oriented mutual funds and deposits with NABARD, SIDBI, NHB, RIDF, RHDF and MSME deposits under the priority/weaker sector lending schemes in line with extant RBI guidelines

b) Non-Performing Non-SLR Investments

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance	32.19	32.19
Additions during the year	0	0
Reductions during the year	0.39	0
Closing balance	31.80	32.19
Total provisions held	31.80	32.19

2.4 Details of Investments Category-Wise

The details of investments held under the three categories viz. Held for Trading (HFT), Available for Sale (AFS) and Held to Maturity is as under:

(₹ in Crore)

Particulars	As at March 31, 2020				As at March 31, 2019			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Government Securities	0.00	422.87	2,018.78	2,441.65	0.00	915.28	1,941.87	2,857.15
Other Approved Securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares (Include pref. shares)	0.00	29.81	0.00	29.81	0.00	31.68	0.00	31.68
Debentures and Bonds	0.00	343.33	0.00	343.33	0.00	308.93	0.00	308.93
Subsidiaries/Joint Ventures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others (certificate of deposits, SR and PTC)	0.00	965.46	0.00	965.46	0.00	943.35	0.00	943.35
Total	0.00	1,761.47	2,018.78	3,780.25	0.00	2,199.24	1,941.87	4,141.11

2.5 Investments Kept as Margin (in Face Value Terms)

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Collateralized Borrowing and Lending Obligation (CBLO)	150.17	90.17
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)	156.00	160.00
Total	344.87	288.87

2.6 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, 2020	March 31, 2019
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

2.7 Sale and Transfers to/from HTM Category during FY 2019-20

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	334.30
3	Sale from HTM*	G SEC	457.16
4	Sale from HTM	SDL	50.08
	Total Sale in regular marketing attracting 5% cap (4+5)		507.24
Sale in terms of % to 31.03.2019 Position			26.12

*Sale of ₹59.08 Crore under RBI's Open Market Operation is not included.

During the year ended March 31, 2020, the aggregate book value of investments sold from Held to Maturity (HTM) category was 26.12% (Total ₹507.24 Cr.) which was 21.12% in excess of the 5% of the book value of investments held in Held to Maturity (HTM) category at the beginning of the year.

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; and
- Sale to the Reserve Bank of India (RBI) under pre-announced Open Market Operation Auctions.
- Repurchase of Government securities by Government of India from Banks.

• **Sale and Transfer to/from HTM Category during FY 2018-19**

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	100.77
3	Sale from HTM	G SEC	99.79
4	Sale from HTM	SDL	Nil
	Total Sale in regular marketing attracting 5% cap (4+5)		99.79
Sale in terms of % to 31.03.2018 Position			4.64

During the year ended March 31, 2019, the aggregate book value of investments sold from Held to Maturity (HTM) category was within the prescribed norm of the 5% of the book value of investments held in Held to Maturity (HTM) category at the beginning of the year. 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; and
- Sale to the Reserve Bank of India (RBI) under pre-announced Open Market Operation Auctions
- Repurchase of Government securities by Government of India from Banks.

2.8 Details of Book Value of Investments in Security Receipts

Particulars	March 31, 2020	March 31, 2019
I) Backed by NPA's sold by the bank as underlying	102.07	105.20
II) Backed by NPA's sold by the other banks/Financial Institutions/NBFC as underlying	Nil	Nil
Total	102.07	105.20

2.9 Capital Reserve

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 ₹7.79 Crores (previous year ₹1.78 Crore) was transferred to Capital Reserve.

2.10 Investment Reserve

The Bank has transferred ₹3.93 Crore (Previous year ₹5.88 Crore) to Investment Reserve Account (net of taxes and the amount required to be transferred to Statutory Reserves) against excess provisions for depreciation on investments credited to Profit and Loss Account amounting to ₹6.56 Crore (Previous Year ₹10.58 Crores).

2.11 Investment Fluctuation Reserve

The Bank has transferred ₹11.73 Crore (Previous year - Nil) to Investment Fluctuation Reserve Account with a view to building up of adequate reserves to protect against increase in yields in future.

3. DERIVATIVES

3.1 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 2019-20. The bank had NIL outstanding FRA and IRS position at the end of March 2020.

3.2 OIS (Overnight Index Swap) position

The Bank has not entered into OIS (Overnight Index Swap) during FY 2019-20. The bank had NIL outstanding OIS position at the end of March 2020.

3.3 Unhedged/uncovered foreign currency exposure of the Bank

The Bank's foreign currency exposures as at March 31, 2020 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 ₹14.00 Crore and actual position as on March 31, 2020 is ₹1.39 Crore. AGL limit is USD 89 Mio and actual position as on March 31, 2020 is USD 14.66 Mio.

3.4 Exchange Traded Interest Rate Derivatives

(₹ in Crore)

Sl. No.	Particulars	March 31, 2020	March 31, 2019
(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

3.5 Currency Futures

The Bank does not deal in exchange traded currency futures during the current and previous Financial Years.

3.6 Disclosures on risk exposure in derivatives

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;
- the scope and nature of risk measurement, risk reporting and risk monitoring systems;
- policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants; and
- accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.

Quantitative Disclosures

(₹ in Crore)

Sl. No.	Particulars	March 31, 2020		March 31, 2019	
		Currency Derivatives	Interest rate Derivatives	Currency Derivatives	Interest rate Derivatives
(i)	Derivatives (Notional Principal Amount)	Nil	Nil	Nil	Nil
	a) For hedging	Nil	Nil	Nil	Nil
	b) For trading	Nil	Nil	Nil	Nil
(ii)	Marked-to-Market Positions [1]	Nil	Nil	Nil	Nil
	a) Asset (+)	Nil	Nil	Nil	Nil
	b) Liability (-)	Nil	Nil	Nil	Nil
(iii)	Credit Exposure [2]	Nil	Nil	Nil	Nil
(iv)	Likely impact of one percentage change in interest rate (100*PV01)	Nil	Nil	Nil	Nil
	a) on hedging derivatives	Nil	Nil	Nil	Nil
	b) on trading derivatives	Nil	Nil	Nil	Nil
(v)	Maximum and Minimum of 100*PV01 observed during the year	Nil	Nil	Nil	Nil
	a) on hedging	Nil	Nil	Nil	Nil
	b) on trading	Nil	Nil	Nil	Nil

3.7 The bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year March 31, 2020 and March 31, 2019

4. ASSET QUALITY

4.1 Non-Performing Advances

Details of movement of gross NPAs, net NPAs and provisions during the year ended March 31, 2020 and March 31, 2019 are given below

(₹ in Crore)

Particulars		March 31, 2020	March 31, 2019
(i)	Net NPAs to Net Advances (%)	1.55	2.41
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	495.84	469.31
	(b) Additions during the year (fresh NPAs during the year)	167.59	142.69
	(c) Reductions during the year	262.21	116.16
	(d) Closing balance	401.22	495.84
(iii)	Movement of Net NPAs		
	(a) Opening balance	151.71	194.65
	(b) Additions during the year	137.22	119.67
	(c) Reductions during the year	187.99	162.61
	(d) Closing balance	100.94	151.71
(iv)	Movement of provisions for NPAs (excluding provisions on std. assets)		
	(a) Opening balance	343.43	272.08
	(b) Provisions made during the year	99.70	110.76
	(c) Write-off/write-back of excess provisions	144.51	39.41
	(d) Closing balance	298.62	343.43

4.2 Disclosure of Divergence in the Asset Classification and Provisioning

No Divergence was observed by the RBI for Financial year 2018-19 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.'

4.3 COVID-19 Regulatory Package – Asset Classification and Provisioning

The spread of COVID-19 across the globe has resulted in decline in economic activity and increase in volatility in financial markets. The extent to which the COVID-19 pandemic will impact the Bank's future results will depend on related developments, which remain highly uncertain. Major challenges for the Banks would arise from extended working capital cycle and dwindling cash flows. Despite these conditions, there is not likely to be any significant impact in the liquidity position of the Bank.

Bank as per the Board approval policy had offered moratorium on repayment of loan installment and /or deferment of interest due between March 01, 2020 to August 31, 2020 in accordance with the COVID-19 Regulatory Package announced by the RBI on March 27, 2020, April 17, 2020 & May 22, 2020. In accordance with the RBI guidelines, the Bank is required to make provision @ 10% of outstanding advances over two quarters beginning with the quarter ending March 31, 2020 in respect of such borrowers whose accounts, these benefits/relaxations are extended as per RBI guidelines. The Bank, as a prudent measure, has made the entire 10% provision amounting to ₹37.88 Crore in the quarter ending 31st March 2020 and it is grouped under 'Other Liabilities and Provisions' in the Balance Sheet of the Bank.

The details to be disclosed as per RBI Circular No.RBI/2019-20/220 DOR.No.BP.63/21.04.048/2019-20 dated April 17, 2020, relating to COVID-19 Regulatory Package – Asset Classification and Provisioning are furnished below:

(₹ in Crore)

1	Amount in SMA/overdue categories, where the moratorium /deferment was extended	378.80
2	Amount where asset classification benefits extended	71.35
3	Provisions made during the Q4 FY 2020	37.88
4	Provisions adjusted during the respective accounting period against slippages and the residual provisions	Nil

4.4 A. Details of Loan Assets subjected to Restructuring as on March 31, 2020

Sl. No.	Type of Restructuring	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total								
		SA	SSA	DA	LA	Total	SA	SSA	DA	LA	Total	SA	SSA	DA	LA	Total	SA	SSA	DA	LA	Total				
5	Downgradations of restructured accounts during the FY	No. of Borrowers	0	0	0	0	0	0	4	0	0	0	0	0	0	0	0	0	52	0	0	0	0	56	
		Amount Outstanding	0.00	0.00	0.00	0.00	0	0.00	5.72	0.00	0.00	0.00	5.72	0.00	4.89	0.00	0.00	0.00	4.89	0.00	0.00	0	0	10.61	
		Provision thereon	0.00	0.00	0.00	0.00	0	0.00	1.14	0.00	0.00	1.14	0.00	2.50	0.00	0.00	0.00	0.00	2.50	0.00	0.00	0	0	3.64	
6	Write-offs of restructured accounts during the FY/Sold to ARC	No. of Borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0	0	1
		Amount Outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36.48	0.00	36.48	0.00	36.48	0.00	36.48	0.00	36.48	
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36.48	0.00	36.48	0.00	36.48	0.00	36.48	0.00	36.48	
7	Movement in the account during the year	No. of Borrowers	0	0	0	0	0	1	4	2	0	0	7	12	(3)	(7)	73	16.00	16.00	(1)	(7)	80			
		Amount Outstanding	(10.36)	0.00	(0.06)	0.00	(10.42)	3.66	5.72	(6.47)	0.00	2.91	9.86	(1.97)	(5.40)	(0.25)	2.24	3.16	3.75	(11.93)	(0.25)	(5.27)			
		Provision thereon	(0.51)	0.00	(0.06)	0.00	(0.57)	0.82	1.14	(2.65)	0.00	(0.69)	1.05	(2.34)	(0.25)	(3.21)	2.19	(1.36)	(5.05)	(0.25)	(4.47)				
8	Restructured accounts as on March 31 of the FY (closing figures)	No. of Borrowers	1	0	2	0	3	8	4	0	0	12	54	5	17	351	284.00	58.00	7	17	366				
		Amount Outstanding	6.91	0.00	3.71	0.00	10.62	2.01	5.72	0.00	0.00	7.73	26.81	8.31	5.69	41.48	35.73	14.03	9.40	0.67	59.83				
		Provision thereon	1.80	0.00	3.71	0.00	5.51	0.20	1.14	0.00	0.00	1.34	1.77	2.45	0.67	7.19	4.30	2.91	6.16	0.67	14.04				

B. Details of Loan Assets subjected to Restructuring as on March 31, 2019

(₹ in Crore)

Sl. No.	Type of Restructuring	Under CDR Mechanism						Under SME Debt Restructuring Mechanism						Others						Total				
		SA	SSA	DA	LA	Total	SA	SSA	DA	LA	Total	SA	SSA	DA	LA	Total	SA	SSA	DA	LA	Total			
1	Restructured Accounts as on April 1 of the FY (opening figs.)	No. of Borrowers	1	0	2	0	3	3	1	1	0	5	49	7	2	10	68	53	8	5	10	76		
		Amount Outstanding	17.37	0	4.01	0	21.38	3.55	0.78	5.74	0	10.07	7.87	0.32	36.63	0.42	45.24	28.79	1.1	46.38	0.42	76.69		
		Provision thereon	2.32	0	4.01	0	6.33	0.25	0.16	1.59	0	2	0.46	0.08	16.46	0.42	17.42	3.03	0.24	22.05	0.42	25.74		
2	Fresh Restructuring during the year	No. of Borrowers	0	0	0	0	0	0	0	0	0	0	240	3	1	0	244	240	3	1	0	244		
		Amount Outstanding	0	0	0	0	0	0	0	0	0	20.78	0.1	6.85	0	27.73	20.78	0.1	6.85	0	6.85	0	27.73	
		Provision thereon	0	0	0	0	0	0	0	0	0	2.08	0.03	2.82	0	4.93	2.08	0.03	2.82	0	2.82	0	4.93	
3	Upgradations to restructured standard category during the FY	No. of Borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Amount Outstanding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Amount Outstanding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5	Downgradations of restructured accounts during the FY	No. of Borrowers	0	0	0	0	0	0	0	0	0	0	(5)	5	0	0	0	(5)	5	0	0	0	0	
		Amount Outstanding	0	0	0	0	0	0	0	0	0	0	(0.18)	0.18	0	0	0	(0.18)	0.18	0	0	0	0	
		Provision thereon	0	0	0	0	0	0	0	0	0	0	(0.02)	0.02	0	0	0	(0.02)	0.02	0	0	0	0	

B. Details of Loan Assets subjected to Restructuring as on March 31, 2019

Sl. No.	Type of Restructuring	Under SME Debt Restructuring Mechanism										Others										Total					
		Under CDR Mechanism					Under SDR Mechanism					Under CDR Mechanism					Under SDR Mechanism					Total					
		SA	SSA	DA	LA	Total	SA	SSA	DA	LA	Total	SA	SSA	DA	LA	Total	SA	SSA	DA	LA	Total	SA	SSA	DA	LA	Total	
6	Write-offs of restructured accounts during the FY/Sold to ARC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	No. of Borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Amount Outstanding	(0.1)	0	(0.24)	0	(0.34)	(3.55)	(0.78)	0	(3.6)	(1.85)	(0.27)	0.13	0.05	(1.94)	(5.5)	(1.05)	0.62	0.05	(5.88)	(0.19)	(0.19)	0.62	0.05	20.69	0.05	20.69
	Provision thereon	(0.01)	0	(0.24)	0	(0.25)	(0.25)	(0.16)	0	(0.65)	0.14	(0.03)	20.13	0.05	20.2	(0.12)	(0.12)	20.95	0.05	20.69	(0.12)	(0.19)	20.95	0.05	20.69	0.05	20.69
8	No. of Borrowers	1	0	2	0	3	0	0	0	2	278	9	4	12	303	279	9	8	12	308	279	9	8	12	308	279	9
	Amount Outstanding	17.27	0	3.77	0	21.04	0	6.47	0	6.47	26.62	0.33	43.61	0.47	71.03	43.89	0.33	53.85	0.47	98.54	43.89	0.33	53.85	0.47	98.54	43.89	0.33
	Provision thereon	2.31	0	3.77	0	6.08	0	2.65	0	2.65	2.66	0.1	39.41	0.47	42.64	4.97	0.1	45.83	0.47	51.37	4.97	0.1	45.83	0.47	51.37	4.97	0.1

4.5 Disclosure – Resolution of stressed Assets under Revised framework

- Bank is not having any impact on account of RBI circular dated June 7, 2019 – Resolution of Stressed Assets Revised Framework.
- Bank has not implemented any resolution plan under RBI circular dated June 7, 2019 – Resolution of Stressed Assets Revised Framework.
- There is no slippage during the quarter from restructured book on account of June 7, 2019 RBI Circular.
- There is no impact on the outstanding restructured book as on March 31, 2019 as there were no schemes of Restructuring under the process of implementation as per the RBI circular dated June 7, 2019.
- There is no exposures 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 > ₹ 2,000 Crores).

4.6 Micro, Small and Medium Enterprises (MSME) Sector - Restructuring of Advances

Details of MSME accounts restructured as per RBI Circular DBR.No.BPBC.18/21.04.048/2018-19 dated January 1, 2019 are as given below:

No. of accounts restructured	Amount (₹ in Crores)
12	7.73

4.7 Disclosure on earlier Restructuring schemes

Bank has not implemented any restructuring schemes under the Flexible Structuring of Existing loans (FD), Strategic debt restructuring scheme (SDR), Change in ownership outside strategic debt restructuring scheme and Scheme for Sustainable Structuring of Stressed Assets (S4A).

4.8 Disclosure on details of accounts where the resolution period was extended under Prudential Framework on Resolution of Stressed Assets as per the COVID-19 Regulatory Package

There are no accounts under resolution period under Prudential Framework on Resolution of Stressed Assets dated June 7, 2019 as per the COVID-19 Regulatory Package.

4.9 Details of financial assets sold to Securitization/Reconstruction Company

A. Details of Sales

(₹ in Crore)

Sl. No.	Item	March 31, 2020	March 31, 2019
(i)	No. of accounts	Nil	Nil
(ii)	Aggregate value (net of provisions) of accounts sold to SC/RC	Nil	Nil
(iii)	Aggregate consideration (Net Book Value of ₹)	Nil	Nil
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v)	Aggregate gain/loss over net book value	Nil	Nil

4.10 Details of non-performing financial assets purchased/sold (from/to banks):

(₹ in Crore)

Sl. No.	Particulars	March 31, 2020	March 31, 2019
A	Details of non-performing financial assets purchased (from other banks)	Nil	Nil
B	Details of non-performing financial assets sold to other Banks	Nil	Nil

4.11 Provisions on Standard Assets

(₹ in Crore)

Particulars	As on March 31, 2020	As on March 31, 2019
Provision towards Standard Assets	28.20	27.04
Provision towards Specific Standard Assets*	3.75	3.93

*Additional provision of ₹3.75 Crores (Previous year ₹3.93 Crores) was retained by the bank against its exposure to telecom sector in view of the RBI Circular No.DBR. No.BPBC. 64/21.04.048/ 2016-17 dated April 18, 2017.

4.12 Advances against Intangible Assets

(₹ in Crore)

Sl. No.	Particulars	March 31, 2020	March 31, 2019
	Total Unsecured advances of the Bank	393.23	206.84
i	Of which amount of advances outstanding against charge over intangible securities such as rights, Licenses, authority etc.	65.20	56.41
ii	The estimated value of such intangible security as in (i) above	Gross Value – 197.14 Cr	Gross Value – 104.62 Cr

5. BUSINESS RATIOS

Sl. No.	Particulars	March 31, 2020	March 31, 2019
(i)	Interest Income as a percentage to Working Funds (%)*	7.90	7.73
(ii)	Non-interest income as a percentage to Working Funds (%)*	0.90	0.42
(iii)	Operating Profit as a percentage to Working Funds (%)*	1.30	0.76
(iv)	Return on Assets (%)*	0.55	0.10
(v)	Business (Deposits plus net advances) per employee – ₹ in Crore #	10.33	9.72
(vi)	Profit/(Loss) per employee – ₹ in Crore #	0.04	0.01

* 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), inter-bank deposits have been excluded.

6. LIQUIDITY COVERAGE RATIOS

Below mentioned is a position of Liquidity Coverage Ratio computed based on Simple Average of daily observations over the previous year ended March 31, 2020

(₹ in Crore)

Particulars	Average of month end position during the year ended 31.03.2020		Average of month end position during the quarter ended 31.03.2019	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets				
1. Total High Quality Liquid Assets (HQLA)		2,396.06		1,984.43
Cash Outflows				
2. Retail deposits and deposits from small business customers, of which:	7,110.22	431.86	5,714.95	349.79
(i) Stable deposits	5,583.31	279.17	4,434.09	221.70
(ii) Less stable deposits	1,526.91	152.69	1,280.86	128.09
3. Unsecured wholesale funding, of which:	1,115.13	291.52	961.80	262.36
(i) Operational deposits (all counterparties)	-	-	-	-
(ii) Non-operational deposits (all counterparties)	1,115.13	291.52	961.80	262.36
(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				
6. Other contractual funding obligations	323.74	32.52	403.27	51.26
7. Other contingent funding obligations	242.58	7.28	198.41	5.95
8. Total Cash Outflows	8,791.67	763.18	7,278.43	669.36
Cash Inflows				
9. Secured lending (e.g. reverse repos)	64.96	64.96	26.85	26.85
10. Inflows from fully Performing exposures	-	-	-	-
11. Other cash inflows	-	-	-	-
12. Total Cash Inflows	64.96	64.96	26.85	26.85
		Total Adjusted Value		Total Adjusted Value
21. TOTAL HQLA		2,396.06		1,984.43
22. Total Net Cash Outflows		698.20		642.52
23. Liquidity Coverage Ratio (%)		343.18%		308.85%

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 by January 1, 2019. However, with a view to provide transition time, the guidelines mandate a minimum requirement of 60% w.e.f. January 01, 2015 and a step up of 10% every year to reach the minimum requirement of 100% by January 01, 2019. As per RBI/2019-2020/217 DOR.BP.BC.No.65/21.04.098/2019-20 dated 17.04.2020, in order to accommodate the burden on Banks' cash flows on account of the COVID-19 pandemic, Banks are permitted to maintain LCR as under: From date of circular to September 30, 2020 - 80%, Oct. 1, 2020 to March 31, 2021- 90% and April 1, 2021 onwards 100%. 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 year ended March 31, 2020 is 343.18% (March 31, 2019: 308.85%), which is comfortably above RBI prescribed minimum requirement of 80%..

7. ASSET LIABILITY MANAGEMENT

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.

• Maturity Pattern of certain assets and liabilities as at March 31, 2020: (₹ in Crore)

Particulars	Day 1	2 to 7 Days	8 to 14 Days	15 to 30 Days	31 days upto 2 months	Over 2 Months upto 3 months	Over 3 months and upto 6 Months	Over 6 Months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	50.37	234.59	232.04	456.64	609.28	480.12	1,825.50	3,147.39	3,638.31	156.49	73.35	10,904.07
Advances (Net)	377.89	20.42	101.59	470.80	380.77	406.18	1,266.38	1,915.78	685.39	268.48	602.41	6,496.10
Investments (Gross)	-	-	270.62	28.85	96.84	362.84	425.62	233.04	291.10	810.89	1,260.43	3,780.25
Borrowings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150.00	27.50	177.50
Foreign Currency Assets	53.56	15.10	0.21	17.30	9.83	9.65	23.50	68.86	0.06	-	-	198.06
Foreign Currency Liabilities	28.90	7.78	0.52	26.90	3.05	29.83	12.94	55.15	7.05	7.30	-	179.42

• Maturity Pattern of certain assets and liabilities as at March 31, 2019: (₹ in Crore)

Particulars	Day 1	2 to 7 Days	8 to 14 Days	15 to 30 Days	31 days upto 2 months	Over 2 Months upto 3 months	Over 3 months and upto 6 Months	Over 6 Months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	55.30	214.34	214.36	439.85	619.03	471.50	1,452.78	2,691.37	4,170.12	194.66	80.01	10,603.32
Advances (Net)	197.53	34.28	64.69	496.15	190.25	663.82	907.55	1,127.84	1,124.04	405.44	1,077.70	6,289.28
Investments (Gross)	0.00	49.26	0.00	107.28	24.70	323.82	504.52	1,198.85	352.66	307.07	1,272.96	4,141.11
Borrowings	0.00	0.00	0.00	0.00	0.00	14.20	3.70	5.00	0.00	0.00	177.50	200.40
Foreign currency Assets	63.44	0.73	4.80	1.92	32.07	17.79	18.13	35.45	81.20	0.47	0.08	256.08
Foreign currency Liabilities	21.09	0.37	15.39	0.61	23.99	17.64	5.10	40.67	75.70	31.71	6.65	238.92

8. LENDING TO SENSITIVE SECTOR

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, 2020	March 31, 2019
a) Direct Exposure		
(i) Residential Mortgages –		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (A)	554.75	581.11
Of Which individual Housing loan eligible for inclusion in Priority Sector Advances	343.05	335.22
(ii) Commercial Real Estate –		
Lending 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)	164.94	282.19
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
(iv) Other Direct Exposure (C)	191.99	213.84
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) (D)	307.07	222.45
Total Exposure to Real Estate Sector (A+B+C+D)	1,218.75	1,299.59

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, 2020	March 31, 2019
(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;	29.80	31.64
(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
(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	7.80
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	2.03	2.03
(vi) loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	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
Total Exposure to Capital Market	31.80	41.47

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).

9. 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, 2020	March 31, 2020	March 31, 2019	March 31, 2019
Insignificant	0.56	Nil	3.48	Nil
Low	0.58	Nil	6.64	Nil
Moderate	Nil	Nil	1.61	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
Restricted	Nil	Nil	Nil	Nil
Off-credit	Nil	Nil	Nil	Nil
Total	1.14	Nil	11.73	Nil

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.

10.1 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.

10.2 PENALTIES LEVIED BY THE RESERVE BANK OF INDIA

- During the year 2019-20, Reserve Bank of India levied a penalty of ₹20,250/- (Rupees Twenty thousand two hundred and fifty only) on the Bank for the deficiencies in the remittance of the soiled /mutilated currency notes.
- No Penalty has been levied on the Bank for bouncing of SGL forms.

11. DISCLOSURE AS PER ACCOUNTING STANDARDS (AS)

11.1 Accounting Standard 5: Net Profit or Loss for the period, prior period items and changes in Accounting Policies:

Prior period income/expenditure items is as below:

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Prior period Income	Nil	0.08
Prior period Expense	Nil	Nil

11.2 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

Expenses recognized in Profit and Loss Account

(₹ in Crore)

Particulars	Pension		Gratuity	
	2019-20	2018-19	2019-20	2018-19
Changes in the present value of the defined benefit obligations				
Present value of obligation at the beginning of the year	143.47	146.09	52.80	47.84
Interest cost	8.43	9.47	4.33	3.97
Current Service Cost	8.11	8.74	4.27	3.67
Benefits paid	(3.33)	(2.66)	5.68	(6.55)
Net actuarial (gain)/loss on obligation	32.83	3.66	(4.98)	3.87
Past service cost	0	0	Nil	0
Settlements	(42.33)	(21.82)	Nil	0
Present value of the defined benefit obligation at the end of the year	147.18	143.48	62.11	52.80
Change in the fair value of plan assets				
Fair value of plan assets at the beginning of the year	144.73	163.88	46.03	44.48
Expected return on plan assets	9.41	12.12	3.89	3.62
Contributions by employer	3.76	0	6.76	4.86
Contributions by employee	3.22	3.35	Nil	Nil
Benefit paid	(3.33)	(2.66)	5.68	(6.55)
Settlements	(42.33)	(21.82)	Nil	Nil

Particulars	Pension		Gratuity	
	2019-20	2018-19	2019-20	2018-19
Actuarial gain/(loss)	(0.73)	(10.14)	(0.93)	(0.38)
Fair value of plan assets at the end of the year	114.73	144.73	61.77	46.03
Total Actuarial Gain/(Loss) to be recognized immediately	(33.56)	(13.80)	4.89	(4.25)
Expenses recognized in Profit and Loss Account				
Current Service Cost	8.11	8.74	4.27	3.67
Interest cost on benefit obligation	8.43	9.47	4.33	3.97
Expected return on plan assets	(9.41)	(12.12)	(3.89)	(3.62)
Net actuarial (gain)/loss recognized in the year	33.56	13.80	(4.89)	4.25
Past Service Cost PSL – amortization	0	0	Nil	0
Expenses recognized in the Profit and Loss account	40.70	19.89	0.18	8.27
The amount recognized in the Balance Sheet				
Present Value of obligation at the end of the year (i)	147.18	143.48	62.11	52.80
Fair value of plan assets at the end of the year (ii)	114.73	144.73	62.29	46.03
Difference (ii)-(i)	(32.45)	1.26	(0.18)	(6.77)
Unrecognized past service liability	Nil	Nil	Nil	Nil
Net asset/(liability) recognized in the Balance Sheet	(32.45)	1.26	(0.18)	(6.77)

Details of the Plan Asset

The details of the plan assets (at cost) are as follows:

(₹ in Crore)

Particulars	Pension		Gratuity	
	2019-20	2018-19	2019-20	2018-19
Central Government securities	16.72	16.68	Nil	Nil
State Government securities	23.33	24.33	5.02	5.01
Investment in Private Sector Undertakings	7.5	18.50	1.00	2.50
Others	66.37	83.57	44.08	38.25
Total	113.93	143.08	50.1	45.76

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	
	2019-20	2018-19	2019-20	2018-19
Discount rate	6.87%	7.60%	6.87%	7.60%
Expected rate of return on assets	6.75%	7.80%	7.00%	7.80%
Future salary increase	2.50%	2.50%	5.00%	5.00%
Increase in price inflation	5.00%	5.00%		

ii. Leave encashment benefit (₹ in Crore)

Particulars	Leave		Sick Leave	
	2019-20	2018-19	2019-20	2018-19
Changes in the present value of the defined benefit obligations				
Present value of obligation at the beginning of the year	31.44	28.81	3.61	3.42
Interest cost	2.24	2.51	0.22	0.30
Current Service Cost	2.56	3.05	0.56	0.68
Benefits paid	(7.97)	(3.00)	Nil	Nil
Net actuarial (gain)/loss on obligation	3.14	0.08	(1.36)	(0.79)

Particulars	Leave		Sick Leave	
	2019-20	2018-19	2019-20	2018-19
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	31.43	31.45	3.03	3.61
Change in the fair value of plan assets				
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	7.97	3.00	Nil	Nil
Benefit paid	(7.97)	(3.00)	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	(3.14)	(0.08)	1.36	0.79
Expenses recognized in Profit and Loss Account				
Current Service Cost	2.56	3.05	0.56	0.68
Interest cost on benefit obligation	2.24	2.51	0.22	0.30
Expected return on plan assets	Nil	Nil	Nil	Nil
Net actuarial (gain)/loss recognized in the year	3.14	0.08	(1.36)	(0.79)
Past Service Cost PSL – amortization	Nil	Nil	Nil	Nil
Excess provision held in books*	Nil	0.75	Nil	0.57
Expenses recognized in the Profit and Loss account	7.96	6.39	(0.57)	0.18
The amount recognized in the Balance Sheet				
Present Value of obligation at the end of the year (i)	31.43	31.45	3.03	3.61
Fair value of plan assets at the end of the year (ii)	Nil	Nil	Nil	Nil
Difference (ii)-(i)	(31.43)	(31.45)	(3.03)	(3.61)
Unrecognized past service liability	Nil	Nil	Nil	Nil
Net asset/(liability) recognized in the Balance Sheet	(31.43)	(32.20)	(3.03)	(4.18)

Details of the Plan Asset

The details of the plan assets (at cost) are as follows:

Particulars	Leave		Sick Leave	
	2019-20	2018-19	2019-20	2018-19
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
Total	Nil	Nil	Nil	Nil

Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

Method used	Leave		Sick Leave	
	Project Unit Credit Method 2019-20	Project Unit Credit Method 2018-19	Project Unit Credit Method 2019-20	Project Unit Credit Method 2018-19
Discount rate	6.87%	7.60%	6.87%	7.60%
Expected rate of return on assets	Nil	Nil	Nil	Nil
Future salary increase	5.00%	5.00%	5.00%	5.00%

11.3 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

- Treasury Operations
- Corporate/Wholesale Banking
- Retail Banking
- Other banking business operations

II. Secondary Segments: Geographical segments

Since the Bank is having domestic operations only, no reporting does arise under this segment.

(₹ in Crore)

SEGMENT RESULTS – March 31, 2020

Business Segments	Treasury		Retail Banking		Corporate / Wholesale Banking		Other Banking Operations		Unallocated		Total	
	March	March	March	March	March	March	March	March	March	March	March	March
	31, 2020	31, 2019	31, 2020	31, 2019	31, 2020	31, 2019	31, 2020	31, 2019	31, 2020	31, 2019	31, 2020	31, 2019
Revenue	304.64	288.42	457.57	390.41	338.23	345.39	Nil	Nil	Nil	Nil	1,100.44	1,024.22
Results	92.26	58.54	71.65	41.12	-1.94	-4.73	Nil	Nil	Nil	Nil	161.97	94.93
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	161.97	94.93
Total provisions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	115.89	83.26
Tax Expenses	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	(19.70)	Nil
Extraordinary 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	65.78	11.67
Other Information	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Segment Assets	4,496.27	4,314.89	4,073.03	3,695.10	3,590.25	3,703.98	Nil	Nil	Nil	Nil	12,159.55	11,713.97
Unallocated Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	105.54	84.92	105.54	84.92
Total Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	12,265.09	11,798.89
Segment Liabilities	3,826.24	4,014.33	4,045.50	3,507.50	3,566.44	3,515.93	Nil	Nil	Nil	Nil	11,438.18	11,037.76
Unallocated Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	826.91	761.13	826.91	761.13
Total Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	12,265.09	11,798.89

11.4 Related Party Disclosures (As 18)

Key Management Personnel	2019-20		2018-19	
	From	To	From	To
G Sreeram, MD & CEO			01.04.2018	01.07.2018
Smt Latha T., MD & CEO	01.04.2019	31.10.2019	02.07.2018	31.03.2019
Sri Sunil Gurbaxani, MD & CEO	27.02.2020	31.03.2020		
Sri Bhasi K. V., CFO			01.04.2018	31.07.2018
Sri Ramesh A. J., CFO	01.04.2019	31.03.2020	01.09.2018	31.03.2019
Sri Santhosh Kumar Barik, CS			01.04.2018	29.09.2018
Sri Venkatesh H. CS	01.04.2019	31.03.2020	28.09.2018	31.03.2019

Key Management Personnel	Nature of Transaction	2019-20	2018-19
Sri G. Sreeram, MD & CEO	Remuneration including perquisites	-	9,00,000.00
Smt Latha T., MD & CEO	Remuneration including perquisites	24,50,000.00	31,38,709.67
Sri Sunil Gurbaxani, MD & CEO	Remuneration including perquisites	3,44,276.00	
Sri K.V. Bhasi, CFO	Remuneration including perquisites	-	5,80,000.00
	Vehicle Loan Given		Nil
	Vehicle Loan Outstanding	-	Nil
Sri Ramesh A. J., CFO	Remuneration including perquisites	19,01,803.00	9,64,081.00
	Vehicle Loan Given	Nil	5,00,000.00
	Vehicle Loan Outstanding	Nil	4,44,282.00
Sri Santosh Kumar Barik CS	Remuneration including perquisites	-	7,17,512.00
	Rent Advance	-	48,000.00
Sri Venkatesh H. CS	Remuneration including perquisites	11,38,134.00	4,42,603.00

11.5 Operating Leases

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, 2020	March 31, 2019
Operating Lease Payments	26.12	28.42

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, 2020	March 31, 2019
Not later than one year	10.34	20.89
Later than one year and not later than five years	8.76	5.29
Later than five years	7.24	9.30
Total	26.34	35.48

The above information is as certified by the Management and relied upon by the auditors.

11.6 Earnings per Share (AS 20)

Particulars	March 31, 2020	March 31, 2019
Net Profit/(Loss) after tax (₹ in Crore)	65.78	11.67
Weight average number of equity shares for Basic EPS	25,30,12,084	25,30,12,084
Weight average number of equity shares for Diluted EPS	25,30,12,084	25,30,12,084
Earnings per share (Basic) in ₹	2.60	0.46
Earnings per share (Diluted) in ₹	2.60	0.46

11.7 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 2014 amounting to ₹37.06 crore has been reviewed and remeasured. The effect of change in the tax rate prescribed under the above Section and other aspects have been considered and the DTA has been recognized as on 31st March 2020 at ₹56.76 Crore.

The components of Deferred Tax Assets and Liabilities are shown below:

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Deferred Tax Asset		
Provision for Loans/Investment/Others	37.81	3.85
Depreciation on Fixed Assets	7.33	-
Carry forward loss	13.13	36.11
Total (A)	58.27	39.96
Deferred Tax Liability		
Provision for Loans/Investment/Others	-	0.04
Depreciation on Fixed Assets	-	0.82
Special Reserve u/s 36(1)(viii)	1.51	2.04
Total (B)	1.51	2.90
Net Deferred Tax Asset (A-B)	56.76	37.06

11.8 Impairment of Assets

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.

OTHER/ADDITIONAL DISCLOSURES

12. Provisions and Contingencies

The breakup of Provisions and Contingencies for the year ended March 31, 2020 and March 31, 2019 are given below:

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Provision for depreciation on Investments	(6.56)	(10.58)
Provision for Standard Assets	1.15	(1.95)
General provision for Advances under COVID-19 Regulatory package	37.88	0.00
Provision against Fraud	(0.01)	(0.04)
Provision for NPA (including Bad Debts written off)	58.54	74.69
Provision for Restructured Advances	(0.07)	0.02
Provision for Unhedged Forex Exposure	0.00	(0.83)
Provision for Deferred Tax	(19.70)	0.00
Adhoc provision for salary settlement	15.97	15.56
Other Provisions (Net)*	8.99	6.38
Total	96.19	83.25

*Other provision is shown net of current year provision made against other assets and reversal of provisions made during earlier years.

13. Reserves and Surplus (From Reserves Draw Down)

During the financial year ended March 31, 2020 the Bank has drawn down ₹0.54 Crore from reserve (Previous Year – ₹0.54 Cr).

14. Floating Provisions

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
(a) Opening balance	0.67	0.67
(b) Additional Provisions made during the year	Nil	Nil
(c) Amount of draw down made during the year	Nil	Nil
(d) Closing balance	0.67	0.67

15. Disclosure for Customer Complaints/Unimplemented Awards of Banking Ombudsman (as certified by the Management and relied upon by the auditors)

Particulars	2019-20	2018-19
Customer complaints		
(a) No. of complaints pending at the beginning of the year	45	16
(b) No. of complaints received during the year	12,821	12,109
(c) No. of complaints redressed during the year	12,779	12,080
(d) No. of complaints pending at the end of the year	87	45
Unimplemented awards of Banking Ombudsmen		
(a) No. of unimplemented awards at the beginning of the year	Nil	Nil
(b) No. of Awards passed by the Banking Ombudsmen during the year	Nil	Nil
(c) No. of Awards implemented during the year	Nil	Nil
(d) No. of unimplemented Awards at the end of the year	Nil	Nil

16. 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).

17. Provision Coverage Ratio (PCR)

Particulars	March 31, 2020	March 31, 2019
Provision Coverage Ratio	89.87%	84.72%

18. Bancassurance Business

Details of income earned from bancassurance business:

(₹ in Crore)

Sl. No.	Nature of Income	March 31, 2020	March 31, 2019
1	For selling Life Insurance policies	5.51	5.85
2	For selling non-Life Insurance policies	0.47	0.61
	Total	5.98	6.46

19. 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

Particulars	March 31, 2020	March 31, 2019
Total Deposits of twenty largest depositors (₹ in Crore)	2,251.29	2,100.99
Percentage of Deposits of twenty largest depositors to total Deposits of the Bank	20.65%	19.83%

b) Concentration of Advances

Particulars	March 31, 2020	March 31, 2019
Total Advances to twenty largest borrowers (₹ in Crore)	1,249.19	1,052.67
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	18.37%	15.86%

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

Particulars	March 31, 2020	March 31, 2019
Total Exposure to twenty largest borrowers/customers (₹ in Crore)	1,313.49	1,259.24
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on borrowers/customers	18.13%	17.41%

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

Particulars	March 31, 2020	March 31, 2019
Total Exposure to top four NPA accounts (₹ in Crore)	102.80	141.40

20. Sector-wise advances

(₹ in Crore)

Sl. No.	Sector	March 31, 2020			March 31, 2019		
		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
A	Priority Sector						
1	Agriculture and allied activities	1,277.21	18.57	1.45	1,188.34	13.25	1.12
2	Advances to industries sector eligible as priority sector lending	341.89	97.75	28.59	389.00	83.15	21.38
3	Services	670.86	62.51	9.32	777.28	77.65	9.99
4	Personal loans (Other than above)	461.57	26.04	5.64	386.82	18.40	4.76
	Sub-total (A)	2,751.53	204.86	7.45	2,741.44	192.45	7.02
B	Non-Priority Sector						
1	Agriculture and allied activities	Nil	Nil	Nil	Nil	Nil	Nil
2	Industry	817.04	91.72	11.23	525.95	133.96	25.47
3	Services	1,866.74	76.17	4.08	2,248.98	144.04	6.40
4	Personal loans (Other than above)	1,363.58	28.47	2.09	1,119.82	25.39	2.27
	Sub-total (B)	4,047.36	196.36	4.85	3,894.75	303.39	7.79
	Total (A+B)	6,798.89	401.22	5.90	6,636.19	495.84	7.47

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.

21. NPA

21.1 Movement of NPAs

Particulars	March 31, 2020	March 31, 2019
Net NPA to Net Advances	1.55%	2.41%
Gross NPA to Gross Advances	5.90%	7.47%
Gross NPA as at the beginning of the year	495.84	469.31
Additions (Fresh NPAs) during the year	167.59	142.69
Sub-total (A)	663.43	612.00
Less:		
(i) Upgradations	104.91	43.53
(ii) Recoveries (excluding recoveries made from upgraded accounts)	54.04	69.41
(iii) Write-offs	1.22	3.22
(iv) Technical Write-offs	102.03	0.00
Sub-total (B)	262.21	116.16
Gross NPA as at the end of the year (A – B)	401.22	495.84

a. Stock of technical write-offs and the recoveries made thereon:

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance of Technical/Prudential written-off accounts as at April 1	496.78	505.08
Add : Technical/Prudential write-offs during the year	102.03	0
Sub-total (A)	598.81	505.08
Less : Recoveries made from previously technical/prudential written-off accounts during the year (B)	3.91	8.30
Less : Other charges receivable excluded from Gross balance	0.00	Nil
Closing balance as at March 31 (A – B)	594.90	496.78

b. Overseas Assets, NPA and Revenue

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Total Assets	Nil	Nil
Total NPAs	Nil	Nil
Total Revenue	Nil	Nil

22. Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	
Domestic	Overseas
Nil	Nil

23. Disclosures on Remuneration

Qualitative Disclosures

a. Information relating to the composition and mandate of the nomination & remuneration committee.

Composition

The Nomination & Remuneration committee of the Board consists of three members of which one member from the Risk Management Committee of the Board facilitates effective governance of compensation.

The terms of reference of the Nomination & Remuneration 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 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;

[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, 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.

(₹ in Crore)

Quantitative Disclosures		2019-20	2018-19
(a)	<ul style="list-style-type: none"> • Number of meetings held by the Nomination & Remuneration Committee during the financial year • Remuneration paid to its members 	7 0.029	6 0.023
(b)	<ul style="list-style-type: none"> (i) Number of employees having received a variable remuneration award during the financial year (ii) Number and total amount of sign-on awards made during the financial year (iii) Details of guaranteed bonus, if any, paid as joining/sign on bonus (iv) Details of severance pay, in addition to accrued benefits, if any 	Nil Nil Nil Nil	Nil Nil Nil Nil
(c)	<ul style="list-style-type: none"> (i) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms (ii) Total amount of deferred remuneration paid out in the financial year 	Nil Nil	Nil Nil

(₹ in Crore)

Quantitative Disclosures		2019-20	2018-19
(d)	Breakdown of amount awards for the financial year to show fixed and variable deferred and non-deferred <ul style="list-style-type: none"> • Fixed • Variable • Deferred • Non-Deferred 	Nil	Nil
(e)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments	Nil	Nil
	(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	Nil	Nil

24. 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 ₹20,000 for Board Meeting and ₹10,000 for meetings of the Board Committees. The sitting fee was increased to ₹30,000 for Board meeting and ₹20,000 for Committee meetings w.e.f. 16.07.2019.

Details of sitting fees paid are given below:

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Sitting Fees paid to Non-Executive Directors	0.65	0.39

25. ESOP Scheme

a) The details of the Employees Stock Option Plan-2009 currently in vogue in the Bank as at March 31, 2020 are as under:

Sl. No.	Particulars	ESOP 2009	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	₹118.35	₹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	15,71,440
9.	Vested and unexercised	0	9,05,960
10.	Total number of options in force	0	9,05,960
11.	Money realized	₹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

b) The Bank accounts for 'Employee Share Based Payments' using the fair value method.

c) The movement of stock options during the year ended March 31, 2020 is summarized below:

Particulars	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Scheme Name	ESOP 2009		ESOS 2013	
Options outstanding at the beginning of the year	2,69,902	3,24,182	16,02,720	22,23,400
Options granted during the year	Nil	Nil	Nil	Nil
Options forfeited/cancelled during the year	0	54,280	17,460	6,20,680
Options exercised during the year	0	0	0	0
Options expired during the year	2,69,902	Nil	6,79,300	Nil
Options outstanding at the end of the year	0	2,69,902	9,05,960	16,02,720
Options exercisable at the end of the year	0	2,69,902	0	16,02,720

26. Securitization Transactions

The Bank has not done any securitization transaction during the year ended March 31, 2020 and March 31, 2019.

27. Intra-Group Exposures

Bank does not have any group entities.

28. 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:

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Opening balance of amounts transferred to DEAF	30.64	25.22
Add : Amounts transferred to DEAF during the year	9.93	5.78
Less : Amounts reimbursed by DEAF towards claims	0.25	0.36
Closing balance of amounts transferred to DEAF	40.32	30.64

29. Unhedged Foreign Currency Exposure of Bank's Customers

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 ₹0.02 Crore (previous year – ₹0.02 Crore) and no additional capital (previous year – Nil) on account of unhedged foreign currency exposure of its borrowers as at March 31, 2020.

30. 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.

Sl. No.	Particulars*	Brief Description
2	Liability on account of forward exchange and derivative contracts	The Bank enters into foreign exchange contracts, currency options, forward rate agreements, currency swaps and interest rate 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. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. 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.
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"> - Value dated purchase of securities - Disputed Tax - Amount deposited with RBI under Depositor Education Awareness Fund - Foreign Exchange Contracts (Tom, Spot and Forward)

*Refer Schedule 12 for amounts relating to Contingent Liability.

31. Capital Commitments

(₹ in Crore)

March 31, 2020	March 31, 2019
18.26	13.88

32. 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.

33. Dues to Micro, Small and Medium Enterprises

There has been no reported cases of delayed payments of the principal amount or interest due thereon to Micro, Small and Medium Enterprises.

34. Provision for Tax

Bank has made the provision for taxes for the financial year ended 31st March 2020 and 31st March 2019 as given below:

(₹ in Crore)

Particulars	March 31, 2020	March 31, 2019
Income Tax	Nil	Nil
Wealth Tax	Nil	Nil
Deferred Tax	(19.70)	Nil

35. Provisioning Pertaining to Fraud in Advances

The Bank has reported 34 cases of frauds that has a possible impact on the bank in the Financial year ended March 31, 2020, amounting to ₹137.32 Cr. Of which 4 frauds with the total involved amount of ₹92.73 Cr were technically written off in the previous years but fraud was detected/reported during the year. The Bank has expensed off/provided for the expected loss arising from the remaining frauds and does not have any unamortized provision.

Apart from the above, 8 frauds with aggregate involved amount of ₹1.61 Cr were reported during April 2020, but the Bank has provided for the entire amount as on 31.03.2020.

36. 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 2019-20.

37. 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, 2020 and March 31, 2019
- There was no purchase of PSLC by bank during year ended March 31, 2020 and March 31, 2019.

38. Inter-Bank Participation with Risk Sharing

There was no purchase or sale of Inter Bank Participation Certificate with risk sharing by bank during year ended March 31, 2020 and March 31, 2019.

39. Software Capitalized under Fixed Assets

The Bank has capitalized software under Fixed Asset amounting to ₹12.89 Crore and ₹4.09 Crore during the financial year ended March 31, 2020 and March 31, 2019 respectively, as given below:

(₹ in Crore)

Particulars	As at March 31, 2020	As at March 31, 2019
At cost at March 31st of the preceding year	66.47	62.38
Additions during the year	12.89	4.09
Deductions during the year	0	0
Depreciation to date	64.14	60.83
Net Block	15.22	5.64

40. Corporate Social Responsibility (CSR)

The Bank understands its responsibilities towards the society and environment in which it operates. The Bank has constituted Corporate Social Responsibility Committee at the Board level to monitor the CSR activities. Since the Bank has net loss in computing the average three years net profit for CSR expenditure, no amount was spent on CSR during the current year or in the previous year.

41. Implementation of Indian Accounting Standard (Ind AS)

As per the Roadmap of Ministry of Corporate Affairs (MCA) in the Press Release Dated January 18, 2016, Banks shall comply with the Ind AS 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 Ind AS, adopt strategies for the effective implementation of Ind AS 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 and report the progress to Audit Committee of Board and Board of Directors. The Bank has also constituted sub-committee comprising members of junior/middle level management for Ind AS implementation and adopted three phased approach for meeting the deadline.

Bank has furnished Proforma Ind AS financial statements to the RBI every quarter with the corresponding comparative financial statements as per the current framework as advised by RBI.

RBI, vide circular DBR.BPBC.No.29/21.07.001/2018-19 dated March 22, 2019, has deferred the implementation of Ind AS until further notice considering the pending legislative amendments required for Ind AS implementation as also the level of preparedness of many banks.

42. 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

Manikandan P.
Chief General Manager

Sunil Gurbaxani
Managing Director & CEO

Sajeev Krishnan
Chairman

Chella K. Srinivasan
Director

K. N. Murali
Director

Gopinathan C. K.
Director

G. Venkatanarayanan
Director

G. Jagan Mohan
Director

As per our Report of even Date
For **P. B. Vijayaraghavan & Co.**
Chartered Accountants
Firm Registration No. 004721S

CA. P. B. Santhanakrishnan
Partner
M.No.: 020309

Place : Thrissur
Date : 22.06.2020

PILLAR III DISCLOSURE REQUIREMENTS

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 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 three-mutually reinforcing pillars viz, minimum capital requirements, supervisory review of capital adequacy and market discipline of the Basel II capital adequacy framework. 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 leverage ratio to serve as a backstop to the risk-based capital measure
- d) Raise the standards for the supervisory review 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 to be fully implemented by September 30, 2020. 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 authorized share capital of ₹300 Crore, comprising 30 Crore. equity share of ₹10/- each. As on March 31 2020, the Bank has issued, subscribed and paid-up capital of ₹253,01,20,840/-, constituting 25,30,12,084. Equity Shares of ₹ 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, 2020 the Bank does not have Additional Tier I Capital.

(ii) Tier 2 Capital includes Standard Asset Provisions, Investment Reserves 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, 2020, 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 *
Upper Tier II Series I	Payable annually @ 10% for the first 10 years	28.07.2010	30.07.2025	27.50
Series XV	Payable half yearly @11.00%	29.03.2018	29.03.2025	150.00

*Of this ₹155.55 Crore 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 need and capital optimization are monitored periodically by the Committee of Top Executives. The Top Executives deliberate on various options available for capital augmentation in tune with business growth. Based on these reports submitted by Top Executives, 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 31.03.2020

Items	₹ in million
Paid-up share capital	2530.12
Reserves	13125.78
Common Equity Tier I Capital before deductions	15655.91
Less amounts deducted from Tier I capital (accumulated losses, DTA and Intangible Assets)	9087.28
(a) Common Equity Tier I Capital	6568.63
(b) Additional Tier-I Capital	0.00
(c) Total Tier-I Capital (a+b)	6568.63
Directly issued Tier II capital instruments subject to phase out	1555.00
General Provisions /Investment Reserves (After applying a cap of 1.25% on Credit Risk weighted assets of ₹4948.12 Cr) #	735.77
(d) Total Tier-2 Capital	2290.77
Total Eligible capital (c+d)	8859.40

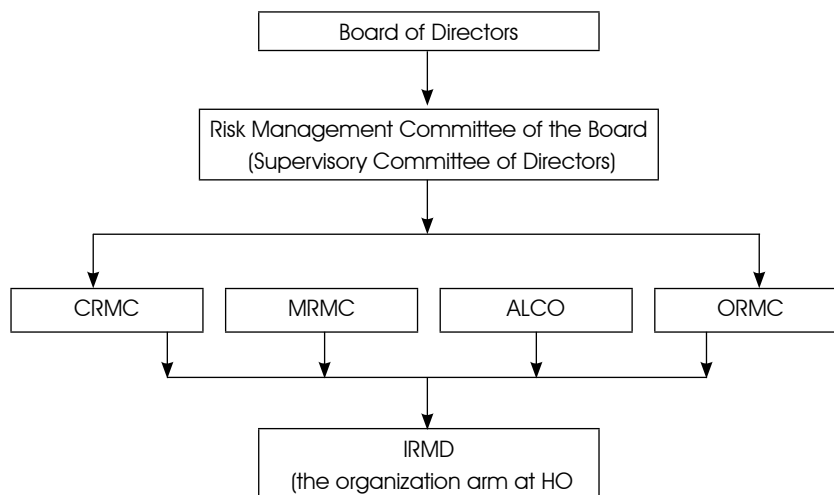
(# Before applying cap of 1.25% on Credit Risk Weighted assets, General Provisions & Investment Reserves is ₹894.05 Millions)

The Bank is following Standardized Approach, Standardized 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:

₹ in Crore

Items	31.03.2020
(a) Capital requirements for credit risk	
Portfolios subject to standardized approach (10.875%)	538.11
Securitization exposures	
(b) Capital requirements for market risk- Standardized duration approach	
Interest rate risk	21.38
Foreign exchange risk (including gold)	0.90
Equity position risk	7.89
(c) Capital requirements for operational risk	
Basic Indicator Approach	65.74
Total Capital Funds Required @ 10.875%	634.02
Total Capital Funds Available	885.94
Total Risk Weighted Assets	6147.08
(d) Common Equity Tier 1, Tier 2 and Total Capital Ratios	
Common Equity Tier 1 CRAR (%)	10.69%
Tier 2 CRAR (%)	3.73%
Total CRAR % for the Bank	14.41%

Structure and Organization 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 five 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 ₹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 ₹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 ₹5 Crore and above is conducted on quarterly basis and migration analysis of exposures of ₹1 Crore & above is conducted on a half yearly basis. Rating Migration analysis covering all exposures of ₹25 lakhs and above is conducted on yearly 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 powers delegated for credit sanction and administration:

- Branch Head with Branch Operational Manager jointly,
- Regional Credit Committee
- Retail Assets Credit Committee for Retail Loans (RACC)
- Corporate Credit Committee (CCC)
- Retail Assets Credit Committee 1 for Retail Loans (RACC 1)
- 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.
- Off site 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 asset classification norms which is 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 remain 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 securitization transaction undertaken in terms of guidelines on securitization dated Feb 1, 2006,
- 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.

An account is classified as NPA only if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

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 remains continuously in excess of the sanctioned limit/drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit/drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not enough to cover the interest debited during the same period, these accounts are treated as **'out of order'**.
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.

Strategies and Processes for Credit Risk Management

Credit Risk Management Committee (CRMC) headed by MD & CEO is the top level executive committee for Credit Risk. 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 proposal, 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 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 in 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 ₹100 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.
 - a) Credit Audit System by Internal/External Auditors has been put in place for all ₹1 Crore and above advances. For all loans/ advances of aggregate sanctioned amount of ₹1 Crore and above, credit audit is conducted within 30 days from the date

of disbursement. For Take over accounts of ₹1 Crore and above, credit audit is conducted within 15 days from the date of disbursement and one more credit audit is to be conducted in the immediate succeeding year. In respect of standard accounts with fund based working capital limit of ₹3 Crore and above and in respect of stand alone Term loans of ₹5 Crore and above, Credit audit is to be conducted every year

- b) Legal Audit is conducted for all eligible loan accounts having an exposure of ₹1 Crore and above mandatorily. In respect of advances of ₹1 Crore and below ₹5 Crore, legal audit to be conducted as a one time measure and in respect of advances of ₹5 Crore and above, legal audit to be conducted every year.
- c) The review of accounts is usually done once 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.
- d) The Credit Officers at branch level take care of the security creation and account management.
- e) Credit Monitoring Department monitors the performance of loan assets of the Bank.
- f) 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: (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)

(₹ in Crore)

Overall credit exposure		Amount	Total
Fund based	Loans & advances	6798.89	
	Cash, RBI and Banks	1129.34	8522.18
	Others (Fixed Assets & other Assets)	593.94	
Non-Fund based	LC, BG etc.	245.61	
	Forward Contracts/Interest rate SWAPS	179.23	834.98
	Others	410.14	
Investments (Banking Book only)	–	2382.08	2382.08
Total of Credit Risk exposure	–	11739.23	11739.23

(b) Geographic distribution of exposures:

(₹ in Crore)

Exposures	31.03.2020		TOTAL
	Fund based	Non-Fund Based	
Domestic operations	10904.26	834.98	11739.23
Overseas operations	Bank has no overseas operations		

(c) Industry type distribution of exposures as on 31.03.2020:

Particulars	Funded (Amount in Crore)	
	Gross advance	
A. Mining and Quarrying	2.56	
B. Food Processing	93.22	
C. Beverages (excluding Tea & Coffee) and Tobacco	2.91	
D. Textiles	86.92	
E. Leather and Leather products	10.85	
F. Wood and Wood Products	6.70	
G. Paper and Paper Products	11.17	
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear fuels	0.00	
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	24.85	
J. Rubber, Plastic and their Products	2.16	

Particulars	Funded (Amount in Crore)
	Gross advance
K. Glass & Glassware	8.26
L. Cement and Cement Products	5.02
M. Basic Metal and Metal Products	54.30
N. All Engineering	32.67
O. Vehicles, Vehicle Parts and Transport Equipments	22.42
P. Gems and Jewellery	215.49
Q. Construction	140.28
R. Infrastructure	332.78
S. Other Industries	4.19
All Industries (A to S)	1056.75
Residuary other advances	5742.14
Gross Advances	6798.89

Exposures to Infrastructure (transport, energy, water sanitation, communication etc.) and Gems and Jewellery accounted for 4.89% and 3.17% of Gross Advances outstanding, respectively. The coverage of advances to the above two industries occupy the top two positions among the total industry sectors.

(₹ in Crore)

Sl. No.	Industry	Gross Advance	Gross NPA	Provision
1	Infrastructure	332.78	11.48	5.30
2	Gems and Jewellery	215.49	49.98	49.98
3	Construction	140.28	4.76	2.37
4	Food Processing	93.22	8.51	1.49
5	Textiles	86.92	21.66	10.42
	Total	868.69	96.39	69.56

(d) Residual maturity breakdown of assets as on 31.03.2020:

(₹ in Crore)

Maturity Pattern	Advances (Net)	Investments (Gross)	Foreign Currency Assets
Assets			
Next Day	377.89	-	53.56
2 - 7 Days	20.42	-	15.10
8 - 14 Days	101.59	270.62	0.21
15 - 30 Days	470.80	28.85	17.30
31 D - 2 M	380.77	96.84	9.83
2 - 3 Months	406.18	362.84	9.65
3 - 6 Months	1266.38	425.62	23.50
6 Months - 1 Year	1915.78	233.04	68.86
1 Year - 3 Years	685.39	291.10	0.06
3 - 5 Years	268.48	810.89	-
Over 5 Years	602.41	1260.43	-
Total	6496.10	3780.25	198.06

(e) Non-performing assets:

No.	Items	Amount in ₹ In Million
		31.03.2020
1	Gross NPAs	4012.22
1.1	Substandard	705.28
1.2	Doubtful 1	426.41
1.3	Doubtful 2	1060.76
1.4	Doubtful 3	863.02
1.5	Loss	956.76
2	Net NPAs	1009.43
3	NPA Ratios	
3.1	Gross NPAs to Gross Advances (%)	5.90%
3.2	Net NPAs to Net Advances (%)	1.55%
4	Movement of NPAs (gross)	
4.1	Opening balance	4958.41
4.2	Additions	1675.87
4.3	Reductions	2622.06
4.4	Closing balance	4012.22
5	Movement of provisions for NPAs	
5.1	Opening balance	3437.33
5.2	Provisions made during the FY	1004.05
5.3	Write-off	1032.46
5.4	Write back of excess provisions	413.60
5.5	Closing balance	2995.31
6	Amount of Non Performing Investments (NPI)	318.02
7	Amount of provisions held for NPI	318.02
8	Movement of Provisions held for NPIs	
8.1	Opening balance	321.90
8.2	Provisions made during the period	-
8.3	Write-off/Write back of excess provisions	3.88
8.4	Closing balance	318.02

Table DF 4 – Disclosures for portfolios subject to the standardized approach**Qualitative disclosures:****(a) For Portfolios under the standardized 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. CRISIL, CARE, India Ratings & Research Pvt. Ltd., ICRA, Brick Work Ratings, ACUITE, Infomerics 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	Types of exposure for which each agency is used	The external rating assigned by an agency is considered only if it fully takes into account the credit exposure of the Bank. Bank is entitled to use the ratings of all the above identified Rating Agency rating for various types of exposures as follows :

	(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 ECA will be applicable
	(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.
	(iii) For Overseas exposures, irrespective of the contractual maturity, Long Term Rating given by IRAs will be applicable.
	(iv) Rating by the agencies is used for both fund based and non-fund based exposures.
	(v) Rating assigned to one particular entity within a corporate group cannot be used to risk weight other entities within the same group.
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 standardized approach after factoring risk mitigants (i.e., collaterals) (includes Banking Book exposure of Investments):

(₹ in Crore)

Particulars	Total
Below 100% risk weight	6727.68
100% risk weight	1636.42
More than 100% risk weight	875.79
Total Exposure	9239.88

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 Standardized 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.
- ✓ Kisan Vikas 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 network, 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, CRGFILH
- ✓ 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 31.03.2020:

Financial Risk Mitigants	Outstanding Covered by Risk Mitigants (In Crore)	Risk Concentration %
Gold	1268.05	74.07%
Cash & Deposits	441.90	25.81%
KVP/IVP/NSC	1.32	0.08%
LIC Policy	0.74	0.04%
Total	1712.01	100.00%

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 : ₹ 1712.01 Crore
- (ii) Other eligible Collateral (after Hair Cuts) : ₹ Nil

TABLE DF 6 – SECURITISATION – STANDARDISED APPROACH:

Qualitative Disclosures:

- ❖ Bank has not securitized any of its standard assets till date.

TABLE DF 7 – MARKET RISK IN TRADING BOOK – STANDARDISED MODIFIED DURATION APPROACH:

Qualitative Disclosures:

(a) General :

Strategies and processes

The overall objective of market risk management is to maximize 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 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. Bank is computing LCR (Liquidity Coverage Ratio) on a daily basis. 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 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 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 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 Statement of Structural Liquidity Statement which is prepared on a daily basis. The Bank also reviews various liquidity ratios on a fortnight basis in order to control the liquidity position. Interest Rate Risk is analyzed from earnings perspective using Traditional Gap Analysis on a fortnightly basis and economic value perspective using Duration Gap Analysis on a monthly basis. 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 Standardized 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 31.03.2020 (₹ in Crore)
Interest rate risk	21.38
Equity position risk	7.89
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 the Operational risks which are inherent in Process, People and System and 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. All new products, processes and systems which are cleared by the Product & Process Approval Committee (PPAC) are risk vetted by the Operational Risk Management (ORM) cell, before implementation. The ORM cell has completed Risk & Control Self Assessment (RCSA) at 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), in place.

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, Know Your Customer & Anti Money Laundering, Fraud Risk Management, Business Continuity and Disaster Recovery Management.

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, 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, Internal Inspection & Audit 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-II 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 operationalized mitigating/hedging measures prescribed by Integrated Treasury Policy, ALM 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 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 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 MD of each item/category of RSA/RSL as weighted average MD of each time band for that item.
- vii) Calculate the weighted average MD of all RSA (MDA) and RSL (MDL) to arrive at Modified Duration Gap (MDG).

(b) Quantitative Disclosures:

The impact on earnings and economic value of equity for notional interest rate shocks as on 31.03.2020.

Earnings at Risk

Change in interest rate	Change in NII (₹ in Crore)
± 25 bps	4.62
± 50 bps	9.23
± 75 bps	13.85
± 100 bps	18.46

The Bank is computing market value of equity based on Duration Gap Analysis.

For a 200 bps rate shock, the drop in equity value as on 31.03.2020	(3.73%)
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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 before the final settlement of the transaction's cash flows. Bank has put in place 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 Standardized Approach.

Quantitative disclosures

The Bank does not recognize 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, 2020 is given below:

(₹ in Million)

Particulars	Notional Amounts	Credit Equivalent
Forward Exchange Contracts	1692.35	37.54

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.
Common Equity Tier 1 capital: instruments and reserves (₹ in million)		
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)	3071.30	
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	
6 Common Equity Tier 1 capital before regulatory adjustments	15655.91	

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- ₹8367.49 mio, and other intangible assets - ₹152.16 mio)	8519.64
10	Deferred tax assets	567.63
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	<i>of which:</i> significant investments in the common stock of financial entities	NA
24	<i>of which:</i> mortgage servicing rights	NA
25	<i>of which:</i> deferred tax assets arising from temporary differences	NA
26	National specific regulatory adjustments (26a+26b+26c+26d)	0.00
26a	<i>of which:</i> Investments in the equity capital of the unconsolidated insurance subsidiaries	-
26b	<i>of which:</i> Investments in the equity capital of unconsolidated non-financial subsidiaries	-
26c	<i>of which:</i> Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-
26d	<i>of which:</i> Unamortised pension funds expenditures	0.00
	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-basel treatment	-
	<i>of which:</i> [INSERT TYPE OF ADJUSTMENT] For example: filtering out of un realised losses on AFS debt securities (not relevant in Indian context)	-
	<i>of which:</i> [INSERT TYPE OF ADJUSTMENT]	-
	<i>of which:</i> [INSERT TYPE OF ADJUSTMENT]	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
28	Total regulatory adjustments to Common equity Tier 1	9087.28
29	Common Equity Tier 1 capital (CET1)	6568.63
Additional Tier 1 capital: instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-
31	<i>of which:</i> classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-
32	<i>of which:</i> 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	<i>of which:</i> 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	-
	<i>of which:</i> Deferred Tax Assets (not associated with accumulated losses) net of Deferred Tax Liabilities	-
	<i>of which:</i> [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]	-
	<i>of which:</i> [INSERT TYPE OF ADJUSTMENT]	-
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	Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)	6568.63
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	1555.00
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	<i>of which:</i> instruments issued by subsidiaries subject to phase out	-
50	Provisions	894.05
51	Tier 2 capital before regulatory adjustments	2449.05
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	<i>of which:</i> Investments in the Tier 2 capital of unconsolidated subsidiaries	-
56b	<i>of which:</i> 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	-
	<i>of which:</i> [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	-
	<i>of which:</i> [INSERT TYPE OF ADJUSTMENT	-
57	Total regulatory adjustments to Tier 2 capital	-
58	Tier 2 capital (T2)	2449.05
58a	Tier 2 capital reckoned for capital adequacy	2290.77
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	0
58c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	2290.77
59	Total capital (TC = T1 + T2) (45 + 58c)	8859.40
	Risk Weighted Assets in respect of amounts subject to Pre-Basel III Treatment	-
	<i>of which:</i>	-
	<i>of which:</i> ...	-
60	Total risk weighted assets (60a + 60b + 60c)	61470.78
60a	<i>of which: total credit risk weighted assets</i>	49481.22
60b	<i>of which: total market risk weighted assets</i>	3771.46
60c	<i>of which: total operational risk weighted assets</i>	8218.09
Capital ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	10.69%
62	Tier 1 (as a percentage of risk weighted assets)	10.69%
63	Total capital (as a percentage of risk weighted assets)	14.41%
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	<i>of which:</i> capital conservation buffer requirement	NA
66	<i>of which:</i> bank specific countercyclical buffer requirement	NA
67	<i>of which:</i> 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 1.875%	8.875%
71	National total capital minimum ratio (if different from Basel III minimum) - including CCB of 1.875%	10.875%
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	-
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 mio)
10	Deferred tax assets associated with accumulated losses	131.28
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred Tax Liability	436.35
	Total as indicated in row 10	567.63
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	-
	<i>of which:</i> Increase in Common Equity Tier 1 capital	-
	<i>of which:</i> Increase in Additional Tier 1 capital	-
	<i>of which:</i> 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)	-
	<i>of which:</i> Excess Additional Tier 1 capital which is considered as Tier 2 Capital under row 58b	-
50	Eligible Provisions included in Tier 2 capital	618.52
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	618.52
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)	158.28

DF-12 : Composition of Capital - Reconciliation Requirements

Step 1		Balance Sheet as in financial statements	Balance Sheet under regulatory scope of consolidation*
		As on reporting date (₹ in million)	As on reporting date
A	Capital & Liabilities		
i.	Paid-up Capital	2,530.12	
	Reserves & Surplus	5738.98	
	Minority Interest	-	
	Total Capital	8269.10	
ii.	Deposits	109040.69	
	<i>of which:</i> Deposits from banks	0.02	
	<i>of which:</i> Customer deposits	109040.67	
	<i>of which:</i> Other deposits (pl. specify)		

iii.	Borrowings	1775.00
	<i>of which:</i> From RBI	-
	<i>of which:</i> From banks	-
	<i>of which:</i> From other institutions & agencies	
	<i>of which:</i> Others - book credit balances in foreign currency minor accounts	-
	<i>Of which:</i> Tier 2 Capital instruments	1775.00
iv.	Other liabilities & provisions	3566.12
	Total	122650.92
B	Assets	
i.	Cash and balances with Reserve Bank of India	5485.23
	Balance with banks and money at call and short	5808.22
ii.	Investments:	36824.03
	<i>of which:</i> Government securities	24408.81
	<i>of which:</i> Other approved securities	-
	<i>of which:</i> Shares	16.74
	<i>of which:</i> Debentures & Bonds	3204.86
	<i>of which:</i> Subsidiaries/Joint Ventures/Associates	-
	<i>of which:</i> Others (Certificate of Deposit: ₹8634.056 Mio and Security Receipt: ₹559.56 Mio)	9193.62
iii.	Loans and advances	64960.99
	<i>of which:</i> Loans and advances to banks	-
	<i>of which:</i> Loans and advances to customers	64960.99
iv.	Fixed assets	2137.00
v.	Other assets	7435.45
	<i>of which:</i> Goodwill and intangible assets	-
	<i>of which:</i> Deferred tax assets	567.63
vi.	Goodwill on consolidation	-
vii.	Debit balance in Profit & Loss account	
	Total Assets	122650.92

*Bank has no subsidiaries

Step 2	Balance Sheet under regulatory scope of consolidation		Ref No.
	As on reporting date 31 March 2020		
A	Capital & Liabilities		
i.	Paid-up Capital	2530.12	(a)
	<i>of which</i> : Amount eligible for CET1	2530.12	(a) (i)
	<i>of which</i> : Amount eligible for AT1	-	
	Reserves & Surplus	5738.98	(b)
	<i>of which</i> : Amount eligible for CET1	4758.30	(b) (i)
	Statutory Reserve	997.31	(b) (ii)
	Share Premium	10054.48	(b) (iii)
	General Reserve	901.46	(b) (iv)
	Capital Reserve (excluding Revaluation Reserves)	486.52	(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	(8367.49)	(b) (vii)
	Current Financial Year Profit (Not eligible)		(b) (viii)
	Revaluation Reserve (part of Tier 2 capital at a discount of 55 percentage)	626.15	(b) (ix)
	Minority Interest	-	
	Total Capital	8269.10	(a)+ (b)
ii.	Deposits	109040.69	(c)
	<i>of which:</i> Deposits from banks	0.02	(c) (i)
	<i>of which:</i> Customer deposits	109040.67	(c) (ii)
	<i>of which:</i> Other deposits (pl. specify)	-	
iii.	Borrowings	1775.00	(d)
	<i>of which:</i> From RBI	-	(d) (i)
	<i>of which:</i> From banks	-	(d) (ii)
	<i>of which:</i> From other institutions &	-	(d) (iii)
	<i>of which:</i> Others (Book Credit balances in foreign currency accounts)	-	(d) (iv)
	<i>of which:</i> Capital instruments -Tier 2	1775.00	(d) (v)
iv.	Other liabilities & provisions	3566.12	(e)
	<i>of which:</i> Standard Asset provision included under Tier 2 Capital	281.99	(e) (i)
	<i>of which :</i> DTLs related to goodwill	-	
	<i>of which :</i> Details related to intangible	-	
	Total assets	122650.92	(a)+ (b)+ (c) + (d)+ (e)
B	Assets		
i	Cash and balances with Reserve Bank of India	5485.23	(f)
	Balance in India with banks and money at call	5808.22	(g)
ii	Investments:	36824.03	(h)
	<i>of which:</i> Government securities	24408.81	(h) (i)
	<i>of which:</i> Other approved securities	-	-
	<i>of which:</i> Shares	16.74	(h) (ii)
	<i>of which:</i> Debentures & Bonds	3204.86	(h) (iii)
	<i>of which:</i> Subsidiaries/Joint Ventures	-	-
	<i>of which:</i> Others (Certificate of Deposit: ₹8634.056 Mio and Security Reciept: ₹559.56 Mio)	9193.62	(h) (iv)
iii	Loans and advances	64960.99	(i)
	<i>of which:</i> Loans and advances to banks	-	(i) (i)
	<i>of which:</i> Loans and advances to Customers	64960.99	(i) (ii)
iv	Fixed assets	2137.00	(j)
v	Other assets	7435.45	(k)
	<i>of which:</i> Goodwill and intangible assets	-	-
	Out of which :		
	Goodwill	-	-
	Other Intangibles (excluding MS Rs)	-	-
	Deferred tax assets	567.63	(k) (i)
vi	Good will on consolidation	-	-
vii	Debit balance in Profit & Loss account	-	-
	Total Assets	122650.92	(f)+ (g)+ (h)+ (i)+ (j)+ (k)

Step 3: Extract of Basel III common disclosure template (with added column) - Table DF-11 (Part II)

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	1898.77	b (viii)
3 Accumulated other comprehensive income (and other reserves)	486.52	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	14969.90	(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	Upper Tier II		Lower Tier II
			Series I	Series XV	
1	Issuer	Dhanlaxmi Bank Ltd	Dhanlaxmi Bank Ltd	Dhanlaxmi Bank Ltd	Dhanlaxmi Bank Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	680A01011	INE680A09022		INE680A08081
3	Governing law (s) of the instrument	Applicable Indian Statutory and Regulatory Requirements	Applicable Indian Statutory and Regulatory Requirements		Applicable Indian Statutory and Regulatory Requirements
	Regulatory treatment				
4	Transitional Basel III rules	Common Equity Tier 1	Tier 2		Tier 2
5	Post-transitional Basel III rules	Common Equity Tier 1	Ineligible		Eligible
6	Eligible at solo/group/group & solo	Solo	Solo		Solo
7	Instrument type	Common Shares	Upper Tier 2 Capital Instruments		Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	2530.12	82.50		1500.00
9	Par value of instrument	Shares of ₹10/ each	₹1 million		₹ 1 million
10	Accounting classification	Shareholder's Equity	Liability		Liability
11	Original date of issuance	Various	28.07.2010		29.03.2018
12	Perpetual or dated	Perpetual	Dated		Dated
13	Original maturity date (dd/mm/yyyy)/No maturity	No maturity	30.07.2025		28.03.2025
14	Issuer call subject to prior supervisory approval	No	Yes, Exercise of Call Option is subject to prior approval of RBI (Dept. of Banking Operations & Development)		Yes, Exercise of Call Option is subject to prior approval of RBI

Item	Particular	Equity Shares	Upper Tier II		Lower Tier II
			Series I	Series XV	
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 10th Year from the Deemed Date of Allotment, subject to prior approval from RBI. Optional Call Date is 30.07.2020 and redemption amount is in full.	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	NA
17	Fixed or floating dividend/coupon	NA		Fixed	Fixed
18	Coupon rate and any related index	NA		10%	11.00%
19	Existence of a dividend stopper	No		No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary		Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No		Yes	No
22	Non-cumulative or cumulative	Non-cumulative		Cumulative	Non-Cumulative
23	Convertible or non-convertible	Non-convertible		Non-Convertible	Non-Convertible
24	If convertible, conversion trigger (s)	NA		NA	NA
25	If convertible, fully or partially	NA		NA	NA
26	If convertible, conversion rate	NA		NA	NA
27	If convertible, mandatory or optional conversion	NA		NA	NA
28	If convertible, specify instrument type convertible into	NA		NA	NA
29	If convertible, specify issuer of instrument it converts into	NA		NA	NA
30	Write-down feature	No		No	No
31	If write-down, write-down trigger (s)	NA		NA	NA
32	If write-down, full or partial	NA		NA	NA
33	If write-down, permanent or temporary	NA		NA	NA
34	If temporary write-down, description of write-up mechanism	NA		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	All Depositors and other Creditors of the Bank
36	Non-compliant transitioned features	No		Yes	No
37	If yes, specify non-compliant features	NA		Does not have Point of Non-Viability Trigger	NA

Table DF-14**Full Terms and Conditions of Regulatory Capital Instruments (Eligible Instruments)**

	Upper Tier II - Series I	Series XV
Nature of Instrument	#	##
Amount Subscribed	₹275 million	₹1500 million
Face value of the Bond	₹1 million	₹1 million
Date of Allotment	28.07.2010	29.03.2018
Date of Redemption	30.07.2025	29.03.2025
Put and Call option (if yes, give details)	###	####
Coupon rate and Frequency	10%, annual	11.00%
Listing	NSE	NSE

Unsecured, Redeemable, Non-convertible, Subordinated Upper Tier-II Bonds in the nature of Debentures

Unsecured, Redeemable, Non-convertible, Subordinated Lower Tier-II Bonds in the nature of Debentures

Only Call Option. Call option may be exercised by the Bank only if the instrument has run for at least ten years. Call Option shall be exercised by the Bank only with the prior approval of DBOD, RBI. In effect, the Bank reserves Call Option to redeem the Bonds at par at the end of 10th year from the Deemed Date of Allotment (subject to prior approval from RBI).

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.

Table DF-15: Disclosure Requirements for Remuneration**Qualitative disclosures****a. Information relating to the composition and mandate of the 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 by the Board at its meeting held on 26.10.2015. The Nomination & Remuneration Committee comprises of Sri Chella K. Srinivasan as Chairman and Sri Sajeev Krishnan and Sri B. Ravindran Pillai as members of committee as on 31.03.2020.

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 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 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 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;

[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, retiral, 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 Compensation & Remuneration Committee (CRC) 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 company'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 re-imbursment 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. The fixed remuneration and other allowances including retirement benefits of all subordinate, clerical and officers is governed by the industry level wage settlement under Indian Banks Association (IBA) pattern. In respect of officers covered under Cost to the Company payment scheme, the overall salary will be pegged at 115% of IBA salary of corresponding grade. Officers appointed on contract basis are offered a fixed consolidated pay as determined by Board/Committee/ MD & CEO on a case to case basis.

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 Remuneration Committee 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, Bank is not offering variable pay and hence no such deferrals of variable except for MD & CEO.
- ✓ 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 utilizes 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.

Board of the Bank at its meeting held on 14.09.2014 has approved the Employees Stock Options Scheme (ESOS 2013). The salient features of the ESOS 2013 are as under:

- ✓ Confirmed employees who are in the service of the Bank as on 01.05.2014 having more than 2 years of service in the Bank are eligible.
- ✓ Present Grade and completed years of service as on 01/05/2014 are the yard sticks considered for grant of options to employees.
- ✓ Granted shares shall vest as per the following vesting schedule:
 - 30% shall vest on completion of 12 months from the date of grant (14.08.2014) which is on 14.08.2015.
 - 30% shall vest on completion of 24 months from the date of grant which is on 14.08.2016.
 - Remaining 40% shall vest on completion of 36 months from the date of grant which is on 14.08.2017.
- ✓ Exercise period for the options granted shall be 3 years from the date of vesting.
- ✓ The options are being granted at ₹40.73 per option.
- ✓ The grade wise/experience wise eligibility grid is as under:

Grade	Completed year of service as on 01.05.2014								
	> 2 years but ≤ 3 years	> 3 years but ≤ to 5 years	> 5 years but ≤ to 10 years	> 10 years but ≤ to 15 years	> 15 years but ≤ 1 to 20 years	> 20 years but ≤ to 25 years	> 25 years but ≤ to 30 years	> 30 years but ≤ to 35 years	> 35 years but ≤ to 40 years
Grade 7	2500	5000	7500	10000	12500	15000	17500	20000	22500
Grade 6	1500	3000	4500	6000	7500	9000	10500	12000	13500
Grade 5	1000	2000	3000	4000	5000	6000	7000	8000	9000
Grade 4	600	1200	1800	2400	3000	3600	4200	4800	5400
Grade 3	500	1000	1500	2000	2500	3000	3500	4000	4500
Grade 2	400	800	1200	1600	2000	2400	2800	3200	3600
Grade 1	300	600	900	1200	1500	1800	2100	2400	2700
Grade E2	200	400	600	800	1000	1200	1400	1600	1800
Clerk	200	400	600	800	1000	1200	1400	1600	1800
Sub Staff	100	200	300	400	500	600	700	800	900

Quantitative disclosures

Number of meetings held by the Nomination & Remuneration Committee during the FY 2019-20 ended on March 31, 2020	7
Remuneration paid to the members of Nomination & Remuneration Committee (Sitting fees) during the quarter ended March 31, 2020	₹290000/-
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 year ended 31.03.2020	
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.

DF 17 – 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	122650.92
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	45.94
3 Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	(719.79)
4 Adjustments for derivative financial instruments	37.54
5 Adjustment for securities financing transactions (i.e. repos and similar secured lending)	113.70
6 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	2901.58
7 Other adjustments	23.84
8 Leverage ratio exposure	125053.73

Table DF 18 – Leverage ratio common disclosure template

Item	Leverage ratio framework (₹ in million)
On-balance Sheet Exposures	
1 On-balance sheet items (excluding derivatives and SFTs, but including collateral)	122720.69
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	719.79
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	122000.90

Item	Leverage ratio framework (₹ in million)
Derivative exposures	
4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	3.69
5 Add-on amounts for PFE associated with all derivatives transactions	33.85
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)	37.54
Securities financing transaction exposures	
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	113.70
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14 CCR exposure for SFT assets	0
15 Agent transaction exposures	0
16 Total securities financing transaction exposures (sum of lines 12 to 15)	113.70
Other off-balance sheet exposures	
17 Off-balance sheet exposure at gross notional amount	2901.58
18 (Adjustments for conversion to credit equivalent amounts)	0
19 Off-balance sheet items (sum of lines 17 and 18)	2901.58
Capital and total exposures	
20 Tier 1 capital	6568.63
21 Total exposures (sum of lines 3, 11, 16 and 19)	125053.72
Leverage ratio	
22 Basel III leverage ratio	5.25%

Liquidity Coverage Ratios (LCR)

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. As per RBI guidelines on "Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio, Liquidity Risk Monitoring Tools and LCR Disclosure Standards" dated June 9, 2014, LCR is introduced in a phased manner starting with a minimum requirement of 60% from January 1, 2015. Vide RBI/2019-20/217 DOR.BPBC.No.65/21.04.098/2019-20 dated April 17, 2020, Banks are required to maintain LCR of 100 per cent with effect from January 1, 2019. As per RBI/2019-2020/217 DOR.BPBC.No.65/21.04.098/2019-20 dated 17.04.2020, in order to accommodate the burden on Banks' cash flows on account of the Covid19 pandemic, Banks are permitted to maintain LCR as under

From date of circular to September 30, 2020	80 per cent
Oct 1, 2020 to March 31, 2021	90 per cent
April 1, 2021 onwards	100 per cent

Definition of LCR

Stock of high quality liquid assets (HQLAs) > 100%

Total net cash outflows over the next 30 calendar days

Below mentioned is a position of Liquidity Coverage Ratio computed based on daily simple average for the Quarter ended March 31, 2020

(₹ in Crore)

Particulars	Daily average for the Quarter ended 31.03.2020	
	Total Un-weighted Value (average)	Total Weighted Value (average)
1 High Quality Liquid Assets		2572.27
Cash Outflows		
2 Retail deposits and deposits from small business customers, of which:	7245.91	437.69
(i) Stable deposits	5738.01	286.90
(ii) Less stable deposits	1507.90	150.79
3. Unsecured wholesale funding, of which:	1037.98	255.44
(i) Operational deposits (all counterparties)		
(ii) Non-operational deposits (all counterparties)	1037.98	255.44
(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		
6. Other contractual funding Obligations	401.64	33.27
7. Other contingent funding obligations	244.01	7.32
8. Total Cash Outflows		733.72
Cash Inflows		
9. Secured lending (e.g. reverse repos)	146.47	146.47
10. Inflows from fully Performing exposures	-	-
11. Other Cash Inflows	0	0
12. Total Cash Inflows	146.47	146.47
		Total Adjusted Value
21. TOTAL HQLA		2572.27
22. Total Net Cash Outflows		587.25
23. Liquidity Coverage Ratio (%)		438.02%



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