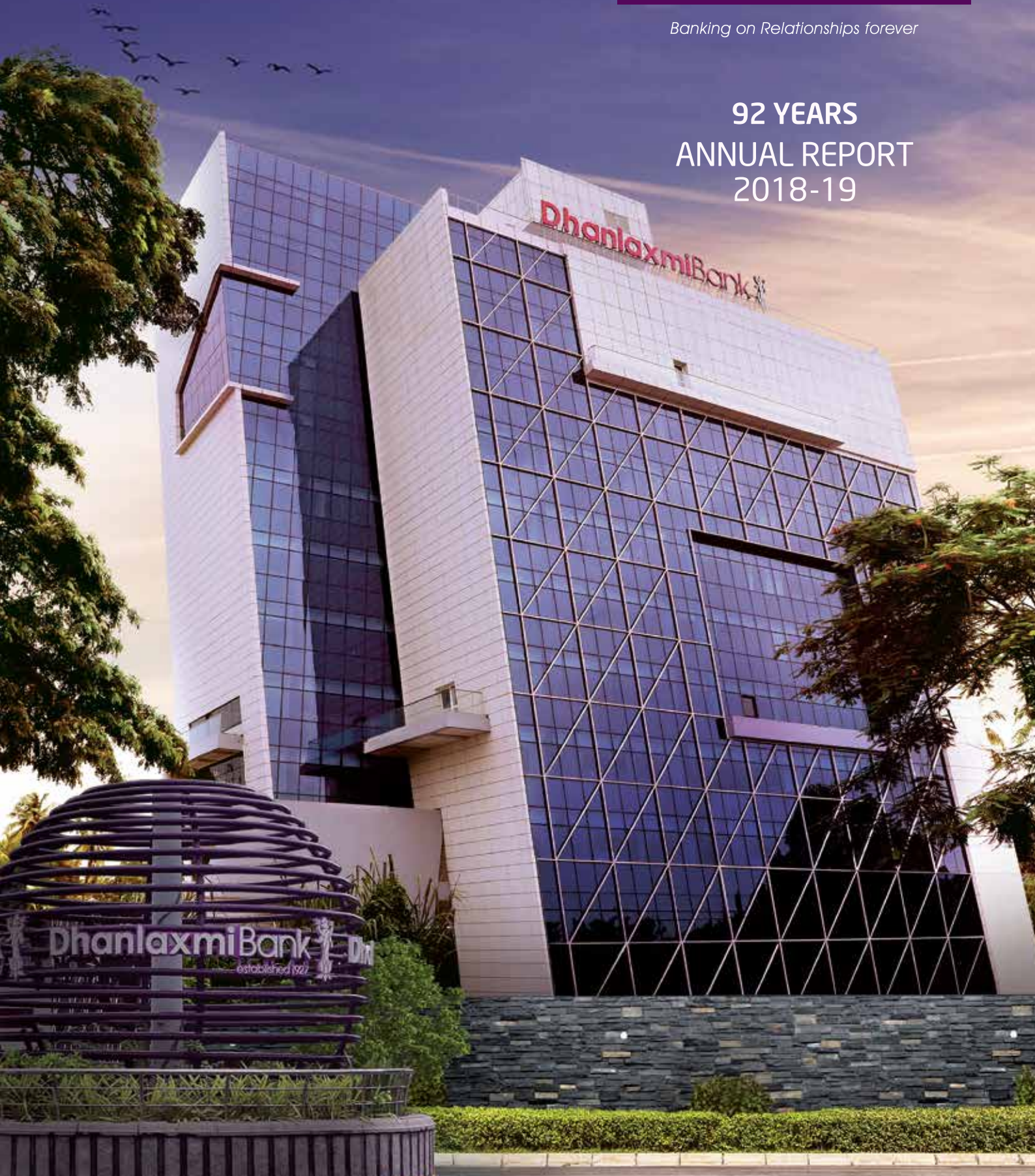
DhanlaxmiBank
established 1927

Banking on Relationships forever

92 YEARS
ANNUAL REPORT 2018-19



Board of Directors



Sajeev Krishnan
Chairman



T Latha
Managing Director & CEO



Chella K Srinivasan
Independent Director



Dr. Lakshmy Devi K R
Independent Director



P S Sreekumar
Independent Director



Gopinathan C K
Director



K N Murali
Independent Director



B Ravindran Pillai
Director



S T Kannan
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
Sridhar & Co, Chartered Accountants, Thiruvananthapuram

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
Karvy Fintech Private Limited,
Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli,
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 Maximise Customer Satisfaction as well as that of the Employees, Shareholders and the Society.



Chairman's Message

Dear Shareholders,

I am happy to share with you my thoughts and perceptions on the macro economic scenario prevailing in which your bank has progressed during the year 2018-19. It was indeed a year of profound changes. Despite this, your Bank was able to stay on course and deliver better results.

Before I get into the Global scenario, let me thank you all for the tremendous support and the faith you have shown in the Bank and its Management.

It has been noted that after a long period of stagnation, the world economy is strengthening, creating opportunities to reorient policy towards the longer-term pursuit of sustainable development. The intervening year has been punctuated by escalating global trade disputes and episodes of financial stress and volatility, amid an undercurrent of geopolitical tensions.

Digitalisation, which is generally assumed to be the new industrial revolution, is now also transforming the service sector — including the business model of Banks. While it is difficult to predict exactly where this will take us all, it is certain that the way we do Banking is going to change. The distribution of our products will be revolutionised and the development of relevant services will take a new form. In this context, banks have to be on their toes and cannot afford to miss a trick.

We cannot overlook climate change. Climate change is a fact, even if it is readily questioned by a few people. Climate change will bring in more risks for all and mainly for farmers. We have to be well prepared and we must be in the forefront to find and provide solutions for both the prevention and management of losses.

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. The economy of India is a developing mixed economy. It is the world's seventh-largest economy by nominal GDP and the third-largest by purchasing power parity.

We have a loyal and supportive shareholders base and in my view an exceptional management.

Your Bank has a great history of over 92 years, often perceiving challenges as opportunities; it has weathered many a storm during this long journey and consequently built a reputation for bouncing back from the difficulties on each occasion with drift and determination. The Bank is on track and stands on the threshold of a new era geared to battle challenges of the market place with renewed vigour and confidence powered by a resurgent workforce and state of the art technology. It has equipped itself to harness the exciting possibilities of the future in right time and in the right manner. While retail banking will be the mantra for future, the Bank would strive to continually provide a better value proposition to its constituents. The Board of the Bank is committed to ensure that these developmental endeavors are carried to their logical conclusion.

You have extended unstinted support to the Bank through tough and difficult times. I thank our Shareholders, Members of the Board and Reserve Bank of India for their valuable support and guidance, our customers for their continued support and our employees for their tireless efforts and hard work towards achieving our goals. I have no doubt that, with your continued backing and guidance, the Bank will reach greater heights during the coming years and look forward to our team scaling new heights of glory.

Thanking you and with Best Wishes,
Sajeev Krishnan



MD & CEO's Message

Dear Shareholders,

I have immense pleasure in presenting your Bank's Annual Report for 2018-19. It has been a turnaround year for the Bank and reinforced confidence in the strategies and belief in long term goals. I take this opportunity to thank each one of you for your continued support and loyalty which enabled the Bank to perform better.

Before I dwell into the opportunities for your Bank in FY 2019-20 amid changing scenario in Banking industry, let me share some significant developments that have unfolded during the year 2018-19.

Your Bank has taken several initiatives to enhance quality of customer service by introducing various customer friendly products and services. The customer service standards are reviewed periodically and efforts are taken to follow best practices.

Bank has made a turnaround by achieving a Net Profit of ₹11.67 Crore during Financial Year 2018-19 against a Net Loss of ₹24.87 Crore during FY 2017-18. The operating profit stood at ₹94.93 Crore for FY 2018-19.

Income levels are streamlined and Net Interest Margin (NIM) improved to 3.00% during Financial Year 2018-19.

Net NPA also improved to 2.41% during Financial Year 2018-19 as against 3.19% in the previous year.

Bank has come out of Prompt Corrective Action (PCA) of Reserve Bank of India and it is now time to fulfill the growth commitments envisaged for turnaround. Bank has also brought in various structural changes & strategies to improve the institutional efficiencies for a sustainable growth.

The Bank continues to engage in financial inclusion activities in FY 2019-20 and extended financial assistance to large number of Self Help Groups (SHG). The Bank was honored for the best performance in Self Help Groups Bank linkage programme by NABARD and awarded 2nd prize among Private Sector Commercial Banks in Kerala for the year 2018-19.

The Bank is committed to sound governance practices, proactive management and long term customer relationships. I feel a sense of optimism and excitement. Your Bank will look to go beyond peripheral issues and focus on significant areas like improvement in profitability, efficiencies in operations without compromising on ethical practices. Customer's & Investor's delight is the prime motto.

I take this opportunity to thank the Board Members for their valuable support and guidance, Share Holders for reposing their confidence and faith, esteemed Customers for their continued co-operation and last but not the least, staff members for their tireless efforts and hard work.

I see opportunities in challenges. Strategies are clear and Bank has mobilized all the resources to achieve the goals. I am confident that the Bank will grow from strength to strength in the years to come. Thank you all your support, guidance and encouragement.

Yours Sincerely
T. Latha

Directors' Report

Dear Shareholders,

It gives the Board, immense pleasure to place before you the highlights of your Bank's performance during the financial year 2018 - 19. Details of the achievements and initiatives taken by the Bank are provided in the 92nd Annual Report of the Bank along with the Audited Balance Sheet as at March 31, 2019 and the Profit and Loss Account for the year ended on that date. It has been a challenging year with the Bank focusing on working towards improving its performance in the medium term.

Performance Highlights

The salient features of the Bank's performance for the financial year ended March 31, 2019 are:

Major Developments in the Bank

- Bank has successfully came out from Prompt Corrective Action (PCA) of Reserve Bank of India.
- Bank has reported net profit of ₹11.67 Crore for the year ended 31.03.2019 compared to net Loss of ₹24.87 Crore during the same period of last financial year.
- Total expenses reduced by 4.34 % on Y-o-Y basis (₹969.60 Crore to ₹929.30 Crore).
- Employee cost reduced by 1.33% on Y-o-Y basis.
- Cost of funds reduced from 5.98% to 5.73% on Y-o-Y basis.
- Yield on investments improved from 6.50% to 6.77 % on Y-o-Y basis.
- Net Interest Margin improved from 2.90% to 3.00 % on Y-o-Y basis.
- Net NPA improved to 2.41% from 3.19% on Y-o-Y basis (₹194.65 Crore to ₹151.71 Crore).
- Business per employee improved from ₹9.19 Crore to ₹9.72 Crore on Y-o-Y basis.
- Provision Coverage Ratio improved from 80.02% to 84.72% on Y-o-Y basis.

In the current financial year, Bank is mainly focusing on the growth in retail loans, non interest income, current and savings bank deposit and reduction in nonperforming assets.

Bank's Geographical Spread

- Bank has 250 branches as on 31st March, 2019 spread across 14 States and 1 Union Territory (Chandigarh).
- Out of 250 branches, 20 branches are in rural population, 106 in Semi Urban, 66 in Urban and 58 in Metropolitan Category.
- Bank has 346 ATMs as on March 31, 2019.

Capital and Reserves

The Bank's Paid up capital and reserves was ₹761.13 Crore as on 31.03.2019. The capital adequacy ratio as per Basel-II and Basel-III was 14.07% and 13.75% respectively.

Total Business

The Total Business of the Bank as on 31.03.2019 stood at ₹17,239.51 Crore as against ₹17,306.39 Crore as on 31.03.2018.

Deposits

The Total Deposits of the Bank stood at ₹10,603.32 Crore as on 31.03.2019 as against ₹10,919.66 Crore as on 31.03.2018.

Gross Advances

The Bank's Gross Advance stood at ₹6,636.19 Crore as on 31.3.2019 as against ₹6,386.73 Crore as on 31.03.2018.

Profitability

The bank's operating profit during the year was ₹94.93 Crore as against ₹146.18 Crore during the previous year mainly due to loss in sale of investments. The bank declared a net Profit of ₹11.67 Crore during the year under report and for the previous year, the bank has declared a net loss of ₹24.87 Crore.

Dividend

The Board has not recommended any dividend in the financial year 2018 - 2019.

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.

Non-Performing Assets

Gross NPA and Net NPA percentage stood at 7.47% & 2.41% respectively in the current year against 7.35% and 3.19% in the previous year.

The provision coverage ratio (PCR) which was 80.02% as on 31.3.2018 stood at 84.72% in the current year.

Customer Service

The Bank attaches very high importance to the quality of customer service rendered across its branches / offices. 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 2018-19, the Bank received 12,109 complaints as against a total of 13,233 complaints received in the previous financial year.

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

- Dhanam GST Business Loan(Overdraft)
- Resurgent Kerala Loan Scheme (RKLS)
- Mobile Banking - DhanSmart Windows version with New Features
- Real Time Gross Settlement (RTGS) System – Implementation of Positive Confirmation
- Implementation of Aadhaar e-KYC & Authentication
- Online Closure of Term Deposit & Recurring Deposit
- RuPay EMV Chip Debit Cards to our customers
- Introduction of disabling and enabling of Debit Card functionality through Missed Call facility
- Online real time closure of Term Deposits and Recurring Deposits through Retail Internet Banking and Mobile Banking
- BHIM DLB UPI (Android version)
- Group Hospital Cash-Enrolment of M/s Bajaj General Insurance from branches on real time basis

Investor Education and Protection Fund

During the year, the Bank transferred ₹9,45,612/-, being the unclaimed / unpaid dividend for the financial year 2009-10, to the investor Education and Protection Fund (IEPF) in accordance with the provisions of Section 125 of the Companies Act, 2013.

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.

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 and for 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 - 01

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, 2019 the Board comprises 11 Directors including Managing Director & CEO, 8 non-executive Directors and 2 nominee Directors. All the Directors have rich experience and specialized knowledge in various sectors like banking, economics, co-operation and accountancy. The remuneration/ sitting fees paid to the Directors during the year is disclosed in Report on Corporate Governance.

There are 4 independent Directors on the Board of the Bank as on the date of this report. 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

Name of Director	Appointment	Cessation
Sri Sajeev Krishnan	Sri Sajeev Krishnan, Director of the Bank w.e.f. February 08, 2018, assumed charge as Part- time Chairman of the Bank for a period of three years w.e.f. May 23, 2018	
Ms T. Latha	Ms T. Latha assumed charge as Managing Director & CEO of the Bank for a period of three years w.e.f. July 02, 2018	
Sri G. Sreeram		Ceased to be Managing Director & Chief Executive Officer on July 01, 2018
Sri P. Mohanan		Ceased to be Director w.e.f. 20.04.2018
Sri Arun Rao M.G.	Appointed as non-independent director of the Bank at the Board meeting held on May 15, 2018	Ceased to be Director w.e.f. 20.09.2018
Sri G. Vijaya Raghavan		Ceased to be Director w.e.f. 15.05.2018
Sri Gopinathan C. K.	Re-appointed as Non-Independent Director at the AGM of the Bank held on 27.09.2018 and is liable to retire by rotation	
Sri K. N. Murali	Appointed as Additional Director by the Board w.e.f. June 07, 2018 Appointed as Independent Director at the AGM of the Bank held on September 27.09.2018 for the period of 2 years from September 27, 2018 to September 26, 2020	
Sri E. Madhavan		Ceased to be Director w.e.f. 19.10.2018
Sri Varadaraja Iyer M.	Appointed as Additional Director by the Board w.e.f. November 01, 2018	
Sri B. Ravindran Pillai	Appointed as Additional Director by the Board w.e.f. 28.03.2019	

Ms N. Sara Rajendra Kumar and Sri Varadaraja Iyer M. who were Directors on the Board of the Bank, ceased to be Directors w.e.f. May 11, 2019 and May 25, 2019 respectively.

Composition of Audit Committee

As on March 31, 2019, the Bank had a seven member Audit Committee. All the seven members of the Committee were non-executive Directors, with Sri Chella K. Srinivasan, who is a Chartered Accountant, as its Chairman and Sri Sajeev Krishnan, Sri P. S. Sreekumar, Sri K. N. Murali, Sri Varadaraja Iyer M., Sri S. T. Kannan and Ms N. Sara Rajendra Kumar 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' declaration as prescribed by the Reserve Bank of India.

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 to provide a fair and persistent basis for rewarding the employees appropriately.

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 2018-19 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)

Ms T. Latha was appointed as MD & CEO of the Bank w.e.f. July 2, 2018 by RBI in place of Sri G. Sreeram who has retired from the office on July 01, 2018 on completion of his tenure.

Sri Ramesh A. J. took charge as Chief Financial Officer of the Bank w.e.f. 01.09.2018 in place of Sri Bhasi K. V. who resigned and relieved on 31.07.2018.

Sri Venkatesh. H. took charge as Company Secretary w.e.f. 30.09.2018 in place of Sri Santosh Kumar Barik who resigned and relieved on 29.09.2018.

Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013, the Board had appointed Sri. M. Vasudevan, Practicing Company Secretary, Thrissur as the Secretarial Auditor to conduct the Secretarial Audit of the Bank for the financial year 2018-19. 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 2018-19 does not contain any qualification.

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 11 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, 2019 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 their Relatives that would potentially conflict with and / or adversely affect the interests of the Bank, except the rent advance to Company Secretary and 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 of the Bank, i.e, March 31, 2019 and the date of Directors' Report, i.e, July 17, 2019.

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:-

(a) in the preparation of the annual accounts for the year ended March 31, 2019, the applicable accounting standards had

been followed along with proper explanation relating to material departures;

(b) 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 2018-19 and of the profit and loss of the Bank for that period.;

(c) 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;

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

(e) 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

(f) 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.

Annexure to Directors' Report for the year ended March 31, 2019

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 Rule5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sl. No.	Requirements	Disclosure to be given in Annual Report of 2018-19	
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 – 6.19:1	
II	The percentage increase in remuneration of each director, CFO, CEO, CS in financial year	**MD & CEO**	
		Mr. G. Sreeram 01.04.18-01.07.18	Nil
		Ms. T. Latha	Nil
		Chief Financial Officer	
		Mr. Bhasi K. V. 01.04.18-31.07.18	Nil
		Mr. Ramesh A. J.	4.23%
		Company Secretary	
		Mr. Santosh Kumar Barik 01.04.18 to 29.09.18	Nil
		Mr. Venkatesh H.	4.11%
III	The percentage increase in the median remuneration of employees in the financial year	6.6%	
IV	The number of permanent employees on the rolls of the Bank	There were 1773 employees as on March 31, 2019.	
V	The explanation on the relationship between average increase in remuneration and Bank performance	Banks being part of Bipartite settlement entered into by IBA with workmen and officers, calculation of yearly increase in employee remuneration is done based on this and increase in dearness allowance is linked to consumer price index.	
VI	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Bank	Performances of the Key Managerial Personnel were very good.	
VII	Variations in the market capitalization of the Bank, price earnings ratio as at the closing date of the current FY and previous FY and percentage increase over decrease in the market quotations of the shares of the Bank in comparison to the rate at which the Bank came out with the last public offer.	The market capitalization of the Bank as on March 31, 2019 was ₹440.24 Crore vis-à-vis ₹541.44 Crore as on March 31, 2018. Market price per share as on March 31, 2019 is ₹17.35 in BSE and ₹17.40 in NSE.	

Sl. No.	Requirements	Disclosure to be given in Annual Report of 2018-19
VIII	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.
IX	Comparison of each remuneration of the Key Managerial Personnel against the performance of the Bank	Performances of the Key Managerial Personnel were very good.
X	The key parameters for any variable component of remuneration availed by the directors	Not Applicable as none of the directors have been paid any variable remuneration during the financial year 2018-19.
XI	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Not Applicable as there are no employees who received remuneration in excess of the highest paid director during the year
XII	Affirmation that the remuneration is as per the remuneration policy of the Bank	Yes, it is confirmed.

Notes:

1. The median salary of the staff members is arrived by taking gross salary for the month of March 2019.
2. Remuneration of MD and CEO is regulated by RBI guidelines.

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 Sridhar & 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/

(Sajeev Krishnan)

Chairman

Place : Thrissur

Date : 17.07.2019

Annexure to Director's Report for the year ended March 31, 2019
SECRETARIAL AUDIT REPORT
For the financial year ended 31st March, 2019
[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, 2019 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, 2019 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 thereunder 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.

In the matter of appeal before Cyber Appellate Tribunal, New Delhi, against the order under Section 46 of the Information Technology Act, 2008 seen in the Risk Assessment Report dated 27.09.2018, the matter was before The Telecom Disputes Settlement and Appellate Tribunal and vigilance case under this head was closed.

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 the company has made the following specific events/actions having a major bearing on the company's affairs in pursuance of the rules, regulations, guidelines, standards, etc. referred to above:

i. Members have provided approval to issue redeemable secured/unsecured Non-Convertible Debentures, subject to an aggregate limit of ₹150 Crores pursuant to Section 42 and 71 of the Companies Act, 2013 at the 91st Annual General Meeting held on September 27, 2018.

Signature:

Place : Thrissur

Date : 17.07.2019

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, 2019
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31 March, 2019

[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	Karvy Fintech Private Limited Karvy Selenium Tower B, Plot No.31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032 Tel : +91-40-67161500 Fax : +91-40-23001153 E-mail: einward.ris@karvy.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/	% of Shares held	Applicable section
Not Applicable					

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

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2018				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2019				% 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 SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2018				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2019				% 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	0.00	0	0	0	0.00	0.00
(b)	Financial Institutions / Banks	378759	0	378759	0.15	642222	200	642422	0.25	0.10
(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	9454989	0	9454989	3.74	5188000	0	5188000	2.05	-1.69
(f)	Foreign Institutional Investors	31601600	0	31601600	12.49	28859268	0	28859268	11.41	-1.08
(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):	**41435348**	**0**	**41435348**	**16.38**	**34689490**	**200**	**34689690**	**13.71**	**-2.67**
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	22483933	21988	22505921	8.90	38281487	21588	38303075	15.14	6.24
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	35960340	2589245	38549585	15.24	37557687	2110248	39667935	15.68	0.44
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	64302219	82600	64384819	25.45	66404214	82600	66486814	26.28	0.83
(c)	Others									
	CLEARING MEMBERS	597202	0	597202	.24	455148	0	455148	0.18	-0.06
	DIRECTORS	18951200	0	18951200	7.49	18971100	0	18971100	7.50	0.01
	HUF	4503054	0	4503054	1.78	4299138	0	4299138	1.70	-0.08
	IEPF	897181	0	897181	0.35	1376503	0	1376503	0.54	0.19
	NBFC	12645617	0	12645617	5.00	81917	0	81917	0.03	-4.97
	NON RESIDENT INDIANS	47198629	48849	47247478	18.67	47961353	40850	48002203	18.97	0.30
	NRI NON-REPATRIATION	1288379	0	1288379	0.51	672261	0	672261	27	-0.24
	TRUSTS	**6300**	**0**	**6300**	**0.00**	**6300**	**0**	**6300**	**0.00**	**0.00**
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2):	**208834054**	**2742682**	**211576736**	**83.62**	**216067108**	**2255286**	**218322394**	**86.29**	**2.67**
	Total B= B(1) +B(2):	**250269402**	**2742682**	**253012084**	**100.00**	**250756598**	**2255486**	**253012084**	**100.00**	**0.00**
	Total (A+B):	**250269402**	**2742682**	**253012084**	**100.00**	**250756598**	**2255486**	**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):	**250269402**	**2742682**	**253012084**	**100.00**	**250756598**	**2255486**	**253012084**	**100.00**	**0.00**

(i) Category-wise Shareholding

(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
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 01.04.2018 on the basis of SHP of 31.03.2019)		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	Not Applicable			
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.)				
3	At the end of the year				

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on March 31, 2019

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year		Change in Share holding (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	Yusuffali Musaliam Veettil Abdul Kader	12649748	4.99	0	0	12649748	4.99
2	Kapilkumar Wadhawan	12649700	4.99	0	0	12649700	4.99
3	Niche Financial Services Pvt Ltd.	12585000	4.97	0	0	12585000	4.97
4	Vespera Fund Ltd.	1000000	0.40	8787006	0	9787006	3.87
5	Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd.	9012712	3.56	0	4266989	4745723	1.88
6	Elara India Opportunities Fund Limited	6664220	2.63	0	2649220	4015000	1.59
7	Shital Raghu Kataria	6655780	2.63	0	0	6655780	2.63
8	Potluri Rajmohan Rao	6167632	2.44	0	0	6167632	2.44
9	Marshal Global Capital Fund Ltd.	5500000	2.17	0	0	5500000	2.17
10	Antara India Evergreen Fund Ltd.	5450000	2.15	0	540000	4910000	1.94

(v) Shareholding of Directors and Key Managerial Personnel as on March 31, 2019

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 Sajeev Krishnan	0	0.00	0	0	0	0.00
2	Ms T. Latha	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. S. T. Kannan, RBI Additional Director	0	0.00	0	0	0	0.00
6	Sri. P. S. Sreekumar	200	0.00	0	0	200	0.00
7	Sri. Gopinathan C. K.*	25300000	9.99	0	525000	24775000	9.79
8	Ms. N. Sara Rajendra Kumar, RBI Additional Director	0	0.00	0	0	0	0.00
9	Sri K. N. Murali	0	0.00	0	0	0	0.00
10	Sri Varadaraja Iyer M.	0	0.00	500	0	500	0.00
11	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	0	0.00	0	0	0	0.00

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

I. INDEBTEDNESS AS ON MARCH 31, 2019

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

(₹ in Cr.)

Particulars	Secured Loan excluding deposit	Unsecured loans	Deposit	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	96.97	295.20	-	392.17
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	5.90	-	5.90
Total (i+ii+iii)	**96.97**	**301.10**	**-**	**398.07**
Change in Indebtedness during financial year				
Addition	4117.98	-	-	4117.98
Reduction	4214.95	94.80	-	4309.75
Net Charge				
Indebtedness at the end of the financial year				
i) Principal Amount	-	200.40	-	200.4
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due		6.58		6.58
Total (i+ii+iii)	**-**	**206.98**	**-**	**206.98**

(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				
		MD & CEO		WTD	Manager	Total
1	**Gross Salary**	**G. Sreeram (till 01.07.2018)**	**T. Latha**			
	(a) Salary as per provisions contained in Section 17(1) of Income-Tax Act, 1961	9,00,000	31,38,709.67	N.A.	N.A.	4038709.67
	(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)	**9,00,000**	**3138709.67**	**N.A.**	**N.A.**	**4038709.67**
	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 (₹)
1	**Independent Directors**	**Sri Chella K. Srinivasan**	**Dr. Lakshmy Devi K. R.**	**Sri P. S. Sreekumar**	**Sri K. N. Murali**	**Sri P. Mohanan**	**Sri G. Vijaya Raghavan**		
	- Fee for attending Board/Committee Meetings	560000	590000	460000	410000	30000	110000		2160000
	- Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	- Others, Please specify	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total(1)								2160000
2	**Other Non-Executive Directors**	**Sri Sajeev Krishnan**	**Sri Gopinathan C. K.**	**Sri S. T. Kannan, RBI Additional Director#**	**Ms. N. Sara Rajendra Kumar, RBI Additional Director#**	**Sri E.Madhavan, RBI Additional Director**	**Sri Varadaraja Iyer M.**	**Sri Arun Rao M. G.**	
	- Fee for attending Board/Committee Meetings	640000	600000	Nil	Nil	170000	190000	120000	1720000
	- Commission	Nil	Nil	Nil	Nil	Nil			Nil
	- Others, Please specify	Nil	Nil	Nil	Nil	Nil			Nil
	Total(2)			Nil	Nil				**1720000**
	Total(B)=(1+2)								**3880000**
	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.							

Except Shri. E. Madhavan, 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 Bhasi K.V. Chief Financial Officer (till 30.07.2018)	Sri Santosh Kumar Barik, Company Secretary (till 29.09.2018)	Sri Ramesh A. J, Chief Financial Officer	Sri Venkatesh H. Company Secretary	Total Amount
1	**Gross Salary**					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax, 1961	5,80,000	7,17,512	9,64,081	4,42,603	2704196
	(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)	5,80,000	717512	964081	442603	2704196

II. 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

It has been noted that after a long period of stagnation, the world economy was strengthening, creating opportunities to reorient policy towards the longer-term pursuit of sustainable development. The intervening year has been punctuated by escalating global trade disputes and episodes of financial stress and volatility, amid an undercurrent of geopolitical tensions.

INDIAN ECONOMY

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. The economy of India is a developing mixed economy. It is the world's seventh-largest economy by nominal GDP and the third-largest by purchasing power parity.

India is also focusing on renewable sources to generate energy. It is planning to achieve 40 per cent of its energy from non-fossil sources by 2030 which is currently 30 per cent and also have plans to increase its renewable energy capacity to 175 GW by 2022.

KERALA ECONOMY

In 2018, Kerala was affected by severe floods and landslides that it has experienced since 1924. The natural disaster of August 2018 resulted in the loss of lives, livelihoods, and caused damage to houses, roads, and other infrastructure. The productive sectors of the economy including agriculture, industries, and tourism, suffered substantial losses.

The theme is about building a new Kerala in the aftermath of the floods of August 2018. The Government has taken this crisis as a challenge and an opportunity to rebuild the State to ensure better standards of living to all sections of society.

REGULATORY MEASURES AND MONETORY 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 to fail without enormous consequences. 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.

Opportunities

Enhanced spending on infrastructure, speedy implementation of projects and continuation of reforms are expected to provide further impetus to growth. All these factors suggest that India's banking sector is also poised for robust growth as the rapidly growing business would turn to banks for their credit needs.

Also, the advancements in technology have brought the mobile and internet banking services to the fore. The banking sector is laying greater emphasis on providing improved services to their clients and also upgrading their technology infrastructure, in order to enhance the customer's overall experience as well as give banks a competitive edge.

Financial Performance

The Bank's operating profit during the year was ₹94.93 Crore as against ₹146.18 Crore during the previous year mainly due to loss in sale of investments. The total Business of the Bank as on 31.03.2019 stood at ₹17239.51 Crore as against ₹17306.39 Crore as on 31.03.2018. The total Deposits of the Bank stood at ₹10603.32 Crore and gross advance stood at ₹6636.19 Crore as on 31.03.2019. Net NPA decreased to 2.41% on 31.03.2019 as against 3.19% as on 31.03.2018 and Gross NPA increased to 7.47% as against 7.35% as on 31.03.2018. The capital adequacy ratio as per Basel-II and Basel-III was 14.07% and 13.75% respectively. The Bank declared a net profit of ₹11.67 Crore for the year ended March 31, 2019 as against net loss of

₹24.87 Crore during the previous year. The book value per share was ₹30.08.

CREDIT SANCTION & MONITORING

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

- Maintain 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 has been introduced and branches are given more delegated financial powers for sanctioning the 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 and Gold 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, 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. A 3-tier monitoring process is available in your bank commencing from the branch to the Region/Central office levels. All Management Information systems are in place and the data automation is done in most of the critical areas.

Business Development and Planning

This department serves as a research team, in introduction of new products/business lines designed on the basis of a broad assessment of market trends to satisfy growing needs of customers. It also acts as an effective co-ordinator between the Management, various regional administrative offices and the branches which are business generating units.

The department is also responsible for implementing the RBI guidelines on customer service and management of complaints.

Public Relations and Publicity

Bank continues its publicity and marketing efforts by way of 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. In LI Front, Bank has been tied up with Bajaj Allianz Life Insurance Co. Ltd., Canara HSBC OBC Life Insurance Co. Ltd. and DHFL Pramerica Life Insurance Co. Ltd.

In General Insurance front, Bank has been tied up with Bajaj Allianz General Insurance Co. Ltd. In Mutual Fund front, Bank has been empanelled with almost all the leading Fund Houses of India.

Sovereign Gold Bonds

Government of India has issued Sovereign Gold Bonds in various tranches to individuals residing in India, Trusts, Charitable Institutions and Universities in India. The Bonds issued in the form of Government of India Stock in physical and De-mat form. During the FY 2018-19, our Bank has sold 10,793 grams.

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 income of ₹1.89 Crore during the year.

Treasury Department

In domestic treasury operation, the yield of portfolio had improved by 27 basis points to 6.76% from 6.49%.The Bank has been reducing the investment portfolio for diverting funds to higher earning assets. Accordingly, the Investment Portfolio is reduced to ₹4141.11 Crore as on 31 March 2019 from ₹4479.59 Crore as on 31 March 2018. In the investment, SLR was ₹2857.15 Crore and Non SLR was ₹1283.96 Crore. Non SLR investment was mainly in Certificate of Deposit (₹838.14 Crore). The Bank had sold ₹211.06 Crore Govt. of India security from Held to Maturity category. The sale is less than 5% of the investment held under HTM at beginning of the Financial Year.

Central Processing Centre

Dhanlaxmi Bank has a full fledged Central Processing Centre (CPC) to support branch operations and customer service across the Country. CPC handles many routine and time bound

activities for the branch thereby enabling branches with sufficient time to interact with the customers.

Infrastructure Management

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.

Infrastructure Department takes care of Management of Premises, Fixed Assets, Equipments, Security Aspects etc. and getting infrastructure related works co-ordinated through various Regional Offices.

Currency Chests

Bank is having two Currency Chests, one attached to Pushagiri Branch, Thrissur and the other one attached to Attukal Branch, Thiruvananthapuram. Both the Chests are equipped with state of the art machines for currency counting, sorting and counterfeit detection.

Alternate Channels

Bank has deployed 346 ATMs across the Country to cater to the requirements of the customers. ATM operations and Point of Sales (POS) operations are handled by the Alternate Channel Team.

As part of the Financial Inclusion initiative the Bank has appointed Business Correspondents to deliver banking services to the vast sections of remote area and low income group through Business Correspondents in Kerala and Tamil Nadu. Based on the RBI guideline, the Business Correspondents completed the BC certification conducted by IIBF successfully.

Information Technology Department

Technology has continuously played a dominant role in the functioning of banking institutions and the services provided by them. It is now changing 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. Bank will be going in for an upgradation of systems in 2019-20.

Inspection Department

Department has introduced audit software (eTHIC) for Risk Based Internal Audit (RBIA) effective from September 2017 and concurrent audit module from August 2018. It is a web based application which enables risk-free auditing, effortless status tracking and comprehensive coverage of the entire audit life cycle. By implementing the audit software, adequacy and effectiveness of the internal audit has been improved.

Department has reviewed Inspection & Audit policy. Modified version covering the entire audit activities, objective and organizational setup and working of inspection department, was approved by the Board.

Vigilance Department

The 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 towards an organization with high standards of efficiency and professionalism. Vigilance function is responsible to ensure that Public money is not misused by delinquent elements.

The 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. Preventive Vigilance focuses on taking pro active measures through putting in place best practices and procedure, 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 regularly conducts training on Preventive Vigilance and during 2018-19, Department arranged training programmes to Branch Managers and Assistant Branch Managers.

Vigilance Dept. of the Bank having a well-defined and comprehensive Board approved Policy, being reviewed annually by the Board of the Bank. Bank is also 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. The Whistle Blower Policy' provides a mechanism for employees to report to 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. This 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 mechanism are suggested or taken up with concerned Department for implementation of remedial measures so as to avoid recurrence of the incident.

Information Security

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. Also Bank has established Security Operation Centre to detect and respond to Cyber incidents. Bank has provided awareness sessions to staff on various cyber threats and the mitigation steps. The Bank has been implementing guidelines by RBI on Cyber Security Framework.

Legal

The Bank has to its credit a well-defined Legal Policy which defines and takes care of the functions of the Legal Department.

Legal Department takes care of the updation 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.

Legal Department of the Bank has put in place all the necessary statutory checks and balances to protect and safeguard the interests of the Bank.

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

The Bank has attached great importance to Know Your Customer and Anti-Money Laundering. The transactions of all the branches of the Bank have been brought under the ambit of AML software. The alerts generated from the AML software are monitored on a daily basis and suspicious transactions are reported to FIU-India. Apart from that, all monthly reports like Cash Transaction Report (CTR), Non Profit Organization Transaction Report (NTR), Counterfeit Currency Report (CCR) and Cross Boarder Wired Transfer Report (CBWTR) are also submitting to FIU-IND through their online gateway.

Transactions processed through the Core Banking Solution is 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. Software is made use of for customer on-boarding, which takes care of the need for compliance of various regulations under PML Rules/ Banking Regulation Act, Income Tax rules etc.

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 appropriate policies to manage various types of risks are in place. The Bank has a Board level subcommittee for Risk Management and at the executive level, ALCO, Credit Risk Management Committee (CRMC) Operational Risk Management Committee (ORMC) and Market Risk Management Committee (MRMC).

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

Credit Risk

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

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 Lakh and above will come under the purview of rating.

The Bank has put in place 'Rating Migration Analysis' of all credit exposures of ₹1 Crore and above on a quarterly basis. Credit risks inherent in investments in non-SLR Bonds are being assessed independently by mid office treasury 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 which is the risk to a bank's earnings and capital arising from its inability to timely meet obligations when they come due without incurring unacceptable losses. The primary tool of monitoring liquidity is the mismatch/gap analysis, which is monitored over successive time bands on a static basis. Moreover, the funds readily available as a back stop to meet contingency situations are measured and analyzed on a continuous basis.

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

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

ALCO plays an important role in deciding the business strategy of the Bank in line with the Bank's budget, Corporate Goals and risk tolerance levels decided by the Board having regard to the Capital Adequacy and Regulatory prescriptions.

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 ORMC consisting of the Bank's senior management including MD & CEO is responsible for the implementation of the Operational risk policy/strategy approved by the Board.

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

Compliance

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 act as the focal point for receipt and dissemination of all regulatory and internal guidelines/instructions. Compliance Department ensure that appropriate instructions get promptly issued within the organization, the instructions are actually received at each office, and the instructions are implemented. Compliance Department play the central role in the area of identifying the level of compliance risk in each business line, products and processes and issue instructions to operational functionaries.

The Bank moved to Risk Based Supervision (RBS), the revised supervisory framework of RBI, from the Financial Year 2015-16.

Human Resources

The Bank's employee strength, which was 1884 on 31st March, 2018 has come down to 1773 as on March 31, 2019. The number of Sales Executives including Business Development Executives also reduced to 74 as on 31st March, 2019 from 82 as on 31st March, 2018.

Bank has provided training to the employees on various areas to improve their efficiency to accelerate the growth. More thrust was given to training and majority of the employees was given at least one training programme during the year. 1717 employees were trained through in -house programmes and 132 employees were trained through external training programmes during the year. Bank's online training program has been well accepted by the employees. The online training was assigned to Branch Managers/Assistant Branch Managers/Credit Officers in SME Banking and Branch banking module was assigned to front office staff including Clerks, Senior Officers and Assistant Managers. This has facilitated self paced learning and also helped to develop a learning culture among the employees. The feedbacks received from participants are really encouraging and build confidence to grow the credit portfolio. Bank also, as a regular practice, conducts online exams to the employees. This is done on the basis of internal circulars/policies to imbibe the content.

Corporate Social Responsibility

Bank continued the DLB-TMA scholarship programs for the deserving two MBA students seeking financial assistance to meet their educational requirements.

CRPF Soldiers 'Bharath ke veer fund' - Employees of Dhanlaxmi Bank Ltd. collected an amount of ₹4,31,444/- as their contribution towards 'Bharth Ke Veer Fund' –to help the family members of the CRPF soldiers martyred in the terrorist attack on February 14th, 2019 at Pulwama.

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 210 employees from the Bank participated in the 10 kms run held on February 17th, 2019 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, 2019)

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, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 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, 2019 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	Ms T. Latha	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 S. T. Kannan	RBI Additional Director	NA
6	Sri P. S. Sreekumar	Non-Executive Independent Director	Co-operation
7	Sri Gopinathan C. K.	Non-Executive Director	
8	Ms N. Sara Rajendra Kumar #	RBI Additional Director	NA
9	Sri K. N. Murali	Non-Executive Independent Director	Small scale industry & Agriculture and Rural economy
10	Sri Varadaraja Iyer M. #	Non-Executive Director	Information Technology
11	Sri B. Ravindran Pillai	Non-Executive Director	

#Ms N. Sara Rajendra Kumar and Sri Varadaraja Iyer M., who were Directors on the Board of the Bank, ceased to be Directors w.e.f. May 11, 2019 and May 25, 2019 respectively.

As on the date of this report, Shri. B. Ravindran Pillai holds 2,53,00,000 equity shares of the Bank (i.e., 9.99% of the total equity capital of the Bank). Shri. Gopinathan C. K. holds 2,47,75,000, including 58,05,000 equity shares held by relatives (i.e., 9.79%). Shri. Chella K. Srinivasan, Dr. Lakshmy Devi K. R. and Shri. P. S. Sreekumar hold 200 equity shares of the Bank each.

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 11 Board Meetings were held during the year and the dates are as under:-

06.04.2018, 15.05.2018, 23.05.2018, 29.06.2018, 06.08.2018, 27.09.2018, 01.11.2018, 26.11.2018, 28.12.2018, 17.01.2019 and 28.03.2019

The details of attendance of each Director at the Board meetings and at the last Annual General Meeting (AGM) held on September 27, 2018 are as follows:-

Sl. No.	Name of Director	No. of Board Meetings		Attendance at last AGM
		Held during the Tenure	Attended	
1	Shri Sajeev Krishnan	11	11	Present
2	Ms T. Latha	7	7	Present
3	Sri Chella K. Srinivasan	11	11	Present
4	Dr. Lakshmy Devi K. R.	11	10	Present
5	Sri P. S. Sreekumar	11	10	Present
6	Sri Gopinathan C. K.	11	11	Present
7	Sri S. T. Kannan	11	7	–
8	Ms N. Sara Rajendra Kumar	11	3	–
9	Sri K. N. Murali	8	8	Present
10	Sri Varadaraja Iyer M.	5	4	NA
11	Sri G. Sreeram	4	4	NA
12	Sri P. Mohanan	1	1	NA
13	Sri E. Madhavan	6	6	–
14	Sri G. Vijaya Raghavan	2	2	NA
15	Sri Arun Rao M. G.	3	3	NA

Change in Directors during the year 2018-19

1. Sri Sajeev Krishnan, Director of the Bank w.e.f. February 08, 2018, assumed charge as Part-time Chairman of the Bank for a period of three years w.e.f. May 23, 2018.
2. Ms T. Latha assumed charge as Managing Director & CEO of the Bank for a period of three years w.e.f. July 02, 2018.
3. Sri G. Sreeram ceased to be Managing Director & Chief Executive Officer on July 01, 2018.
4. Sri P. Mohanan ceased to be Director of the Bank w.e.f. 20.04.2018.
5. Sri Arun Rao M. G., appointed as non-independent director of the Bank at the Board meeting held on May 15, 2018, ceased to be Director w.e.f. 20.09.2018.
6. Sri G. Vijaya Raghavan ceased to be Director w.e.f. 15.05.2018.
7. Sri Gopinathan C. K. was re-appointed as Non-Independent Director at the AGM of the Bank held on 27.09.2018 and is liable to retire by rotation.
8. Sri K. N. Murali was appointed as Independent Director at the AGM of the Bank held on September 27.09.2018 for the period of 2 years from September 27, 2018 to September 26, 2020. Earlier, he was Additional Director on the Board w.e.f. June 07, 2018.
9. Sri E. Madhavan ceased to be Director of the Bank w.e.f. 19.10.2018.
10. Sri Varadaraja Iyer M. was appointed as Additional Director by the Board w.e.f. November 01, 2018.
11. Sri B. Ravindran Pillai was appointed as Additional Director by the Board w.e.f. 28.03.2019.

Committee position of Directors in the Bank as on March 31, 2019

Sl. No.	Name of Director	Chairman	Member
1	Sri Sajeev Krishnan	1. Management Committee 2. NPA Monitoring Committee	1. Audit Committee 2. Risk Management Committee 3. Nomination & Remuneration Committee
2	Ms T. Latha	1. Large Value Fraud Monitoring Committee 2. Redressal Committee on Willful Defaulters & Review Committee on Non-Cooperative Borrowers	1. Management Committee 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	1. NPA Monitoring Committee 2. HRD Committee 3. Large Value Fraud Monitoring Committee 4. Stakeholders' Relationship Committee 5. IT Strategy Committee 6. Redressal Committee on Willful Defaulters & Review Committee on Non-Cooperative Borrowers
4	Dr. Lakshmy Devi K. R.	1. Risk Management Committee 2. HRD Committee 3. Customer Service Committee	1. Large Value Fraud Monitoring Committee 2. Stakeholders' Relationship Committee 3. Corporate Social Responsibility Committee 4. IT Strategy Committee 5. Nomination & Remuneration Committee 6. Redressal Committee on Willful Defaulters & Review Committee on Non-Cooperative Borrowers
5	Sri P. S. Sreekumar	1. Stakeholders' Relationship Committee 2. Nomination & Remuneration Committee	1. Audit Committee 2. Customer Service Committee 3. Redressal Committee on Willful Defaulters & Review Committee on Non-Cooperative Borrowers
6	Sri Gopinathan C. K.	1. Corporate Social Responsibility Committee	1. Management Committee 2. HRD Committee 3. Large Value Fraud Monitoring Committee 4. Stakeholders' Relationship Committee 5. Customer Service Committee 6. Nomination & Remuneration Committee
7	Sri S. T. Kannan	–	1. Audit Committee
8	Ms N. Sara Rajendra Kumar	–	1. Audit Committee
9	Sri K. N. Murali	–	1. Audit Committee 2. Management Committee 3. NPA Monitoring Committee 4. Large Value Fraud Monitoring Committee 5. Redressal Committee on Willful Defaulters & Review Committee on Non-Cooperative Borrowers
10	Sri Varadaraja Iyer M.	1. IT Strategy Committee	1. Audit Committee 2. Management Committee 3. Risk Management Committee
11	B. Ravindran Pillai	–	–

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; (ix) 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.

2. COMMITTEES OF BOARD

The Board has constituted various Committees of Directors 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, 2019 and the number / dates of meetings of various Committees in the financial year 2018-19 along with the attendance of the Directors in such meetings are detailed below

(A) Audit Committee

(i) Composition

The Board of the Bank has constituted a seven member Audit Committee. All the Members of the Committee are non-executive Directors. Sri Chella K. Srinivasan, who is a Chartered Accountant, is the Chairman of the Committee. Sri Sajeev Krishnan, Sri P. S. Sreekumar, Sri K. N. Murali, Sri Varadaraja Iyer M., Sri S. T. Kannan, Ms N. Sara Rajendra Kumar are the other Members of the Committee.

(ii) Terms of reference

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board the appointment, reappointment, and if required, the replacement or removal of the statutory auditor and the fixation of audit fee;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing with management the annual financial statements before submission to the Board for approval with particular reference to:
    - Matters required to be included in the Directors Responsibility Statement to be included in the board's report in terms of Clause(C) of Sub-section 3 of Section 134 of the Companies Act, 2013;
    - Changes if any in accounting policies and practices and reasons for the same;
    - Major accounting entries involving estimates based on the exercise of judgment by management;
    - Significant adjustment made in the financial statement arising out of audit findings;
    - Compliance with listing and other legal requirements relating to the financial statements;
    - Disclosure of any related party transactions;
    - 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 auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing the performance of the statutory and internal auditors and adequacy of the internal control system with the management;
13. Reviewing the adequacy of internal audit function if any including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors regarding any significant findings and follow-up thereon;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before audit commences about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern and following up all the issues brought out in the Long Form Audit Report (LFAR) and interacting with the Statutory Auditors before finalization of the annual financial accounts and reports;
17. Following up on all the issues / concerns raised in the Annual Financial Inspection (AFI) reports of Reserve Bank of India;
18. To look into the reasons for substantial defaults in the payments to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors;
19. To review the function of whistle blower mechanism in case the same exists;
20. Monitoring the end use of funds raised through public offers and related matters;
21. Recommending / approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
22. Reviewing the Risk Based Internal Audit (RBIA) / audit function – the system, its quality and effectiveness in terms of follow up;
23. Reviewing the RBIA reports of all branches (First Review) and final review of branches having High, Medium and above Risk level with "Increasing" trend;
24. Review of Revenue leakage detected in RBIA / Revenue / Concurrent Audit;
25. Focusing on the follow-up of:
    - Reconciliation of inter-branch adjustment accounts;
    - Long outstanding entries in inter-bank accounts and nostro accounts;
    - Arrears in balancing of books at various branches;
    - Frauds;
    - 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 9 times during the year on 28.04.2018, 14.05.2018, 23.05.2018, 12.06.2018, 06.08.2018, 27.09.2018, 01.11.2018, 17.01.2019 and 28.03.2019.

(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	9	9
2	Sri Sajeev Krishnan	9	9
3	Sri P. S. Sreekumar	9	8
4	Sri K. N. Murali (inducted to the Committee w.e.f. June 29, 2018)	5	5
5	Sri Varadaraja Iyer M. (inducted to the Committee w.e.f. November 01, 2018)	2	2
6	Sri S. T. Kannan	9	5
7	Ms N. Sara Rajendra Kumar	9	3
8	Sri E. Madhavan (Ceased to be Director w.e.f. 19.10.2018)	6	5
9	Sri G. Vijaya Raghavan (Ceased to be Director w.e.f. 15.05.2018)	2	2

(B) Management Committee

(i) Composition

Sri Sajeev Krishnan is the Chairman of the Committee and Ms T. Latha, Sri Gopinathan C. K., Sri K. N. Murali and Sri Varadaraja Iyer M. are the other Members of the Committee.

(ii) Terms of reference

(i) Approves all financial sanctions / exposures between ₹6 Crore and ₹25 Crore;

(ii) Exercise sanction of one-time settlement & write-off and administrative powers

(iii) Number of Meetings during the year

Management Committee met 13 times on 06.04.2018, 14.05.2018, 23.05.2018, 16.07.2018, 07.08.2018, 30.08.2018, 09.10.2018, 01.11.2018, 26.11.2018, 28.12.2018, 17.01.2019, 28.02.2019 and 27.03.2019 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 (inducted to the Committee w.e.f. April 06, 2018)	12	12
2	Ms T. Latha (took charge as MD & CEO w.e.f. July 02, 2018)	10	10
3	Sri Gopinathan C. K.	13	13
4	Sri K. N. Murali (inducted to the Committee w.e.f. June 29, 2018)	10	10
5	Sri Varadaraja Iyer M. (inducted to the Committee w.e.f. November 01, 2018)	5	5
6	Dr. Lakshmy Devi K. R. (Ceased to be Member of the Committee w.e.f. June 29, 2018)	3	3
7	Sri P. Mohanan (Ceased to be Member of the Committee w.e.f. April 06, 2018)	1	1
8	Sri G. Sreeram (Ceased to be Director w.e.f. July 02, 2018)	3	3
9	Sri Arun Rao M. G. (inducted to the Committee w.e.f. June 29, 2018 & ceased to be Director w.e.f. September 20, 2018)	3	3

(C) Nomination and Remuneration Committee

(i) Composition

Sri P. S. Sreekumar is the Chairman of the Committee and the other Members are Sri Sajeev Krishnan, Dr. Lakshmy Devi K. R. and Sri Gopinathan C. K.

(ii) Terms of reference

1 Frame a policy describing the qualification, experience and other positive attributes for selection of executive/whole-time directors including their age of retirement;

2 Formulate criteria for performance evaluation of Board and its Members and various Committees of Board

3 Conduct performance evaluation of the Board and its Committees and Members on the basis of the above formulated criteria

4 Review the adequacy of the objectives / criteria for performance evaluation, the appropriateness of the process involved, effectiveness of the evaluation techniques, etc. and identify the areas where improvements are required including training, skill building, etc. and the nature of actions required along with the timelines / resources required for the same

5 Determine the continuance / extension of the term of independent Directors on the basis of the performance evaluation;

6 Formulate and put in place guiding principles to determine the qualities, qualifications, and the parameters to determine the 'fit and proper' criteria for appointment of independent Directors keeping in mind the diversity quotient the Bank's Board shall maintain from time to time and subject to the applicable regulatory requirements;

7 Conduct the process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as Director on the Board, based on the specific criteria prescribed by Reserve Bank of India;

8 Filling in a timely manner vacancies on the Board of the company including the position of executive/whole-time directors;

9 Selection of directors, key management personnel and persons to be appointed in senior management positions as defined by the Board and recommend to the Board for their appointment and removal thereof;

10 Formulate and recommend to the Board for its approval a policy relating to the remuneration for the directors, key managerial personnel and other employees from time-to-time to ensure that:-

   a. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors 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 company and its goals;

11 Review the performance of individual Directors of the Bank on a yearly basis at the end of each financial year or at such periodicity as the Committee deem fit and recommend to the Board on the basis of such review, whether a director to be recommended for re-appointment or not;

12 Ensure that at all times, the Board of the Bank has a fair combination of independent, non-executive and executive directors meeting the governance standards set by the Board and in compliance with regulatory requirements and listing agreements prevailing from time-to-time;

13 Ensure that the organization structure and flow of command meets the governance standard set for the internal management of the Bank;

14 Evaluate and put in place proper mechanism for refreshment trainings for Directors on relevant subject;

15 Evaluate and put in place a proper mechanism to ensure that the independence of independent directors are always maintained and to ensure that there are no situations which suggest the existence of circumstances resulting in the loss of independence of any directors of the Bank;

16 Put in place, subject to the provisions of applicable laws, policies and procedure for determining the retirement and re-appointment of independent and other Directors on the board of the Bank;

17 Ensure that at all times the sub committees of the Board is functioning and are constituted according to the regulatory requirement and governance policies of the Bank;

18 Oversee the overall governance standards and policies of the Bank and delegation of authorities to match with the best practices in relation to the size of the Bank and the level of its operations to protect the interest of all stake holders.

(iii) Number of Meetings during the year

The Nomination & Remuneration Committee met 6 times on 06.04.2018, 14.05.2018, 23.05.2018, 06.08.2018, 27.09.2018 and 27.03.2019 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 P. S. Sreekumar, Chairman of the Committee	6	5
2	Sri Sajeev Krishnan (inducted to the Committee w.e.f. May 15, 2018)	4	4
3	Dr. Lakshmy Devi K. R.	6	6
4	Sri Gopinathan C. K.	6	6
5	Sri G. Vijaya Raghavan (inducted to the Committee w.e.f. April 06, 2018 & ceased to be Director w.e.f. May 15, 2018)	1	1
6	Sri Arun Rao M. G. (inducted to the Committee w.e.f. June 29, 2018 & ceased to be Director w.e.f. September 20, 2018)	1	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 updation of skills/knowledge;
- Contributions towards the performance and strategies of the Bank;
- Ensuring independence from the Bank/Management/other Directors;
- Adherence to the code of conduct for independent Directors and the terms and conditions in the letter of appointment;
- Assisting the Bank in protecting the interest of the Bank and all its stakeholders;

The Board also hereby confirms that the Independent Directors of the Bank fulfill the conditions specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time-to-time, and are independent of the Management.

(D) Risk Management Committee

(i) Composition

Dr. Lakshmy Devi K. R. is the Chairperson of the Committee and Sri Sajeev Krishnan, Ms T. Latha and Sri Varadaraja Iyer M. are other Members of the Committee.

(ii) Terms of reference

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

1) Overseeing the development and implementation of the risk management strategy and practices by the Bank and assess the effectiveness thereof;
2) Overseeing the implementation of Risk Management guidelines prescribed by the Reserve Bank of India;
3) Ensure that the Bank has an appropriate and effective mechanism to identify, measure, control and monitor all applicable risks on a timely basis and as accurately as feasible;

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

(iii) Number of Meetings during the year

The Committee met 5 times during the year on 14.05.2018, 07.08.2018, 28.09.2018, 28.12.2018 and 27.03.2019.

(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	5	5
2	Sri Sajeev Krishnan	5	5
3	Ms T. Latha (took charge as MD & CEO w.e.f. July 02, 2018)	4	4
4	Sri Varadaraja Iyer M. (inducted to the Committee w.e.f. November 01, 2018)	2	2
5	Sri Chella K. Srinivasan (Ceased to be Member of the Committee w.e.f. June 29, 2018)	1	1
6	Sri Gopinathan C. K. (Ceased to be Member of the Committee w.e.f. June 29, 2018)	1	1
7	Sri G. Sreeram (Ceased to be Director w.e.f. July 02, 2018)	1	1
8	Sri Arun Rao M. G. (inducted to the Committee w.e.f. June 29, 2018 & ceased to be Director w.e.f. September 20, 2018)	1	1

(E) NPA Monitoring Committee

(i) Composition

Sri Sajeev Krishnan is the Chairman of the Committee and Ms T. Latha, Sri Chella K. Srinivasan and Sri K. N. Murali are other Members 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 10 times during the year on 14.05.2018, 23.05.2018, 16.07.2018, 07.08.2018, 30.08.2018, 09.10.2018, 01.11.2018, 26.11.2018, 28.02.2019 and 28.03.2019.

(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	10	10
2	Ms T. Latha (took charge as MD & CEO w.e.f. July 02, 2018)	8	8
3	Sri Chella K. Srinivasan	10	7
4	Sri K. N. Murali (inducted to the Committee w.e.f. June 29, 2018)	8	7
5	Sri P. S. Sreekumar (Ceased to be Member of the Committee w.e.f. June 29, 2018)	2	2
6	Sri G. Sreeram (Ceased to be Director w.e.f. July 02, 2018)	2	2

(F) Large Value Fraud Monitoring Committee

(i) Composition

Ms T. Latha is the Chairperson of the Committee. Sri Chella K. Srinivasan, Dr. Lakshmy Devi K. R., Sri Gopinathan C. K. and Sri K. N. Murali are the other Members of the Committee.

(ii) Terms of reference

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

- Identify the systemic lacunae if any that facilitated perpetration of the fraud and put in place measures to plug the same;
- Identify the reasons for delay in detection, if any, reporting to top management of the Bank and Reserve Bank of India;
- Monitor progress of CBI/Police investigation and recovery position;
- 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;
- Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls;
- 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 2 times during the year on 07.08.2018 and 27.03.2019.

(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	Ms T. Latha, Chairperson of the Committee (took charge as MD & CEO w.e.f. July 02, 2018)	2	2
2	Sri Chella K. Srinivasan (inducted to the Committee w.e.f. April 06, 2018)	2	1
3	Dr. Lakshmy Devi K. R. (inducted to the Committee w.e.f. April 06, 2018)	2	2
4	Sri Gopinathan C. K.	2	2
5	Sri K. N. Murali (inducted to the Committee w.e.f. June 29, 2018)	2	2
6	Sri P. S. Sreekumar (inducted to the Committee w.e.f. April 06, 2018 & ceased to be Member of the Committee w.e.f. June 29, 2018)	Nil	Nil
7	Sri G. Sreeram (Ceased to be Director w.e.f. July 02, 2018)	Nil	Nil
8	Sri P. Mohanan (Ceased to be Member of the Committee w.e.f. April 06, 2018)	Nil	Nil

(G) Stakeholders' Relationship Committee

(i) Composition

Sri P. S. Sreekumar is the Chairman of the Committee. Ms T. Latha, Sri Chella K. Srinivasan, Dr. Lakshmy Devi K. R. and Sri Gopinathan C. K. are the other Members of the Committee.

(ii) Terms of reference

i) Monitor investor complaints/grievances;

ii) 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;

iii) Consider and resolve grievances of security holders of the Bank

(iii) Number of Meetings during the year

The Committee met 4 times during the year on 14.05.2018, 28.09.2018, 01.11.2018 and 27.03.2019.

(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 P. S. Sreekumar, Chairman of the Committee	4	4
2	Ms. T. Latha (took charge as MD & CEO w.e.f. July 02, 2018)	3	3
3	Sri Chella K. Srinivasan (inducted to the Committee w.e.f. April 06, 2018)	4	4
4	Sri Gopinathan C. K. (inducted to the Committee w.e.f. June 29, 2018)	3	3
5	Dr. Lakshmy Devi K. R.	4	4
6	Sri G. Sreeram (Ceased to be Director w.e.f. July 02, 2018)	1	1

(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 01.04.2018	No. of Complaints received	No. of Complaints resolved	No. of Complaints pending as on 31.03.2019
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

The Committee is chaired by Dr. Lakshmy Devi K. R. The other Members of the Committee are Ms T. Latha, Sri P. S. Sreekumar and Sri Gopinathan C. K.

(ii) Terms of reference

- Formulation of a comprehensive deposit policy;
- Issues such as the treatment of death of a depositor for operations of his account;
- Product approval process with a view to suitability and appropriateness;
- Annual survey of depositor satisfaction;
- Tri-enniel audit of such services;
- Monitor the progress in bringing about improvements in the quality of service provided to customers of the Bank;
- Monitor periodically the customer service measures and new initiatives implemented by the Bank;
- 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;
- Examine any other issues having a bearing on the quality of customer service rendered

(iii) Number of Meetings during the year

The Committee met 4 times during the year on 14.05.2018, 28.09.2018, 28.12.2018 and 27.03.2019.

(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	4	4
2	Ms T. Latha (took charge as MD & CEO w.e.f. July 02, 2018)	3	3
3	Sri Gopinathan C. K. (inducted to the Committee w.e.f. April 06, 2018)	4	4
4	Sri P. S. Sreekumar	4	4
5	Sri G. Sreeram (Ceased to be Director w.e.f. July 02, 2018)	1	1

(I) Corporate Social Responsibility Committee

(i) Composition

Sri Gopinathan C. K. is the Chairman of the Committee. Ms T. Latha and Dr. Lakshmy Devi K. R. are the other Members.

(ii) Terms of reference

I. 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;
II. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
III. Monitor the implementation of the Corporate Social Responsibility Policy;
IV. 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 27.03.2019.

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

Sl. No.	Name of the Director	Number of Meetings	
		Held during the Tenure	Attended
1	Sri Gopinathan C. K., Chairman of the Committee	1	1
2	Ms T. Latha (took charge as MD & CEO w.e.f. July 02, 2018)	1	1
3	Dr. Lakshmy Devi K. R.	1	1
4	Sri Sajeev Krishnan (inducted to the Committee w.e.f. April 06, 2018 & ceased to be Member of the Committee w.e.f. June 29, 2018)	Nil	Nil
5	Sri G. Sreeram (Ceased to be Director w.e.f. July 02, 2018)	Nil	Nil
6	Sri G. Vijaya Raghavan (Ceased to be Director w.e.f. May 15, 2018)	Nil	Nil

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

(i) Composition

Ms T. Latha is the Chairperson of the Committee. Sri Chella K. Srinivasan, Dr. Lakshmy Devi K. R., Sri P. S. Sreekumar and Sri K. N. Murali are the other Members.

(ii) Terms of reference

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

(iii) Number of Meetings during the year

The Committee did not meet during the year.

(K) HRD Committee

(i) Composition

Dr. Lakshmy Devi K. R. is the Chairperson of the Committee. Ms T. Latha, Sri Chella K. Srinivasan and Sri Gopinathan C. K. are the other Members of the Committee.

(ii) Terms of reference

(i) Oversee the overall manpower planning of the Bank;
(ii) Approve budgets for HR planning and other HR related issues;
(iii) Recruitment for and promotions to Scale VI and above

(iii) Number of Meetings during the year

The Committee met 5 times during the year on 13.04.2018, 15.05.2018, 06.08.2018, 01.11.2018 and 27.03.2019.

(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 (inducted to the Committee w.e.f. April 06, 2018)	5	5
2	Ms T. Latha (took charge as MD & CEO w.e.f. July 02, 2018)	3	3
3	Sri Chella K. Srinivasan	5	5
4	Sri Gopinathan C. K.	5	5
5	Sri G. Vijaya Raghavan (Ceased to be Director w.e.f. 15.05.2018)	2	2
6	Sri G. Sreeram (Ceased to be Director w.e.f. July 02, 2018)	2	2
7	Sri Arun Rao. M. G. (inducted to the Committee w.e.f. June 29, 2018 & ceased to be Director w.e.f. September 20, 2018)	1	1

(L) IT Strategy committee

(i) Composition

Sri Varadaraja Iyer M. is the Chairman of the Committee. Ms T. Latha, Sri Chella K. Srinivasan and Dr. Lakshmy Devi K. R. are the other Members.

(ii) Terms of reference

- Review IT Strategy and recommend necessary action/changes, if any, to the Board;
- Review IT organizational structure, IT risks & controls, gap analysis of IT skills and resource augmentation and recommend necessary action to the Board;
- Review the cyber security and preparedness of the Bank
- Review IT related budgets and recommend the same to the Board for approval;
- Review the status of unmitigated, critical vulnerabilities, if any, for each department / division and review mitigation plans/ vulnerability reports;
- Recommend to the Board for purchase of any IT-related hardware / software;
- 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 13.04.2018, 14.05.2018, 27.09.2018, 12.12.2018 and 27.03.2019.

(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 Varadaraja Iyer M., Chairman of the Committee (inducted to the Committee w.e.f. November 01, 2018)	2	2
2	Ms T. Latha (took charge as MD & CEO w.e.f. July 02, 2018)	3	3
3	Sri Chella K. Srinivasan	5	5
4	Dr. Lakshmy Devi K. R. (inducted to the Committee w.e.f. June 29, 2018)	3	3
5	Sri P. S. Sreekumar (inducted to the Committee w.e.f. April 06, 2018 & ceased to be Member of the Committee w.e.f. June 29, 2018)	2	2
6	Sri Gopinathan C. K. (Ceased to be Member of the Committee w.e.f. April 06, 2018)	Nil	Nil
7	Sri G. Vijaya Raghavan (inducted to the Committee w.e.f. April 06, 2018 & ceased to be Director w.e.f. May 15, 2018)	2	2
8	Sri G. Sreeram (Ceased to be Director w.e.f. July 02, 2018)	2	2
9	Sri P. Mohanan (Ceased to be Member of the Committee w.e.f. April 06, 2018)	Nil	Nil

3. SEPARATE MEETING OF INDEPENDENT DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors of the Bank was held on November 01, 2018. 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. Dr. Lakshmy Devi K. R., Sri P. S. Sreekumar and Sri K. N. Murali, Independent Directors, attended the meeting.

4. REMUNERATION POLICY

(A) Remuneration Policy for Employees of the Bank

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

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

(B) Remuneration Policy for Directors

Remuneration of Executive Directors

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

Remuneration of Non-Executive Directors (NEDs)

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

Remuneration paid to Directors during the year ended March 31, 2019

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

Sri G. Sreeram (MD & CEO upto 01.07.2019)	₹9,00,000/-
Ms. T. Latha (MD & CEO w.e.f. 02.07.2019)	₹31,38,709.67/-

2. The sitting fees payable to a non-executive Director for attendance at a Board / Committee Meeting attended by him 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 Board of Directors has approved the payment of ₹20,000/- as sitting fee for each Meeting of the Board and ₹10,000/- as sitting fee for each Meeting of the Committee attended. Accordingly, the Bank paid sitting fees during the financial year 2018-19 as under:

Sl. No.	Name of Director	Total amount of Sitting Fees paid during the year ended March 31, 2019
1	Sri Sajeev Krishnan	6,40,000/-
2	Sri Chella K. Srinivasan	5,60,000/-
3	Dr. Lakshmy Devi K. R.	5,90,000/-
4	Sri P. S. Sreekumar	4,60,000/-
5	Sri Gopinathan C. K.	6,00,000/-
6	Sri K. N. Murali	4,10,000/-
7	Sri Varadaraja Iyer M.	1,90,000/-
8	Sri E. Madhavan	1,70,000/-
9	Sri G. Vijaya Raghavan	1,10,000/-
10	Sri P. Mohanan	30,000/-
11	Sri Arun Rao M. G.	1,20,000/-

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

5. INFORMATION ON DIRECTORS PROPOSED TO BE APPOINTED / RE-APPOINTED AT THE 92nd ANNUAL GENERAL MEETING (REGULATION 36 (3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)

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

Date of Birth and age	29.03.1954 ; 65 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 banking/ finance sectors. 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 ₹6,00,000/- for attending Board/Committee Meetings during the financial year 2018-19.
Date of first appointment on Board	August 11, 2016
Sector	Minority
Shareholding in the Bank as on the date of this Report	2,47,75,000 Equity Shares (including 58,05,000 equity shares held by relatives)
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2018-19	11
Chairman/Member of Committees of Board of Directors of the Bank as on the date of this Report	Sri Gopinathan C. K. is a Chairman of Corporate Social Responsibility Committee and a Member of the following Committees:- 1. Management Committee 2. HRD Committee 3. Large Value Fraud Monitoring Committee 4. Stakeholders' Relationship Committee 5. Customer Service Committee 6. Nomination & Remuneration Committee
Directorship in other entities	Nil
Membership / Chairmanship of Committees of Boards of other listed companies as on the date of this Report	Nil

2. SRI B. RAVINDRAN PILLAI (DIN - 00944821)

Date of Birth and age	25.05.1950 ; 69 years
Qualifications	Business Administration
Brief Resume, Experience and Nature of expertise in specific functional areas	Sri B. Ravindran Pillai is an industrialist. He is the promoter Managing Director/ Director of several companies in India and the Middle East. A recipient of the 2008 Pravasi Bharatiya Samman, he was honored by the Government of India with Padma Shri. Sri B. Ravindran Pillai is also a major Shareholder of the Bank.
Terms and conditions of appointment / re-appointment along with details of remuneration	Sri B. Ravindran Pillai will be entitled to sitting fees for attending Board/ Committee Meetings.
Details of Remuneration last drawn	Not Applicable
Date of first appointment on Board	March 28, 2019
Sector	Minority

Shareholding in the Bank as on the date of this Report	2,53,00,000 Equity Shares
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2018-19	Not Applicable
Chairman / Member of Committees of Board of Directors of the Bank as on the date of this Report	Nil
Directorship in other entities	1. Upasana Hospitals Private Ltd 2. Anurav Power Private Limited 3. Malabar Castle Private Limited 4. OGM Technical Institute India Private Limited 5. Fort-Infra Developers Private Limited 6. Bright Mind Solutions Private Limited 7. Bright Minds Consulting Private Limited 8. Norka-Roots (Sec. 25 Company) 9. Favourite (Kerala) Ayurveda And Wellness Center Private Limited 10. Nasser S Al Hajri Corporation Private Limited 11. RP Holdings And Developers Private Limited 12. SP Life Care Private Limited None of the above is a listed Company.
Membership / Chairmanship of Committees of Boards of other listed companies as on the date of this Report	Nil

3. SRI SAJEEV KRISHNAN (DIN - 08066443)

Date of Birth and age	23.08.1956; 63 years
Qualifications	B.Com., CAIIB
Brief Resume, Experience and Nature of expertise in specific functional areas	Mr. Sajeev Krishnan has been with the State Bank group since 1977. He has handled large credits and projects and internal audit at State Bank of India (SBI) at the Republic of Maldives from 1998 to 1999. He was Vice President (NRI) at SBI Toronto, Canada from 2000 to 2003 and also stand-by dealer in forex transactions. He also headed the rupee treasury department of the bank which included trading, bidding for new issues, maintenance of SLR and CRR and also taking care of the liquidity needs of the bank. In 2004, he was promoted as a Deputy General Manager and deputed to State Bank of Indore and posted to head the integrated treasury and risk management departments. He has also held senior administrative and operational positions at State Bank of Saurashtra and the position of Head of Vigilance in a public sector bank. He was General Manager in charge of State Bank of Travancore's (SBT) operations and later Chief General Manager in-charge of the bank's retail banking business at Trivandrum. Mr. Sajeev Krishnan also held the position of Chief General Manager in State Bank of Mysore (SBM) and was in- charge of the retail operations of the bank. During his stints at SBT and SBM, being the second in command, he also often held the charge of Managing Director of the respective banks. He has also attended training for Directors at Stanford Graduate School of Business.
Terms and conditions of appointment/re-appointment along with details of remuneration	Sri Sajeev Krishnan will be entitled to sitting fees for attending Board/Committee Meetings.
Details of Remuneration last drawn	Sri Sajeev Krishnan was paid only sitting fees of ₹6,40,000/- for attending Board/ Committee Meetings during the financial year 2018-19.
Date of first appointment on Board	February 08, 2018
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 2018-19	11
Chairman / Member of Committees of Board of Directors of the Bank as on the date of this Notice	Sri Sajeev Krishnan is a Chairman of Management Committee and NPA Monitoring Committee and a Member of the following Committees:- 1. Audit Committee 2. Risk Management Committee 3. 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

6. DETAILS OF LAST THREE ANNUAL GENERAL MEETINGS

Name of Meeting	Day, Date & Time	Venue	Special Resolutions passed at the Meeting
91st 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)
90th Annual General Meeting	30.09.2017 10.00 A.M.	Vadakke Samooha 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)
89th Annual General Meeting	29.09.2016 10.00 A.M.	Vadakke Samooha Madom, Thrissur	1. To consider issue of redeemable secured / unsecured non-convertible debentures (NCDs) 2. To consider further issue of equity shares

7. 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.

8. DISCLOSURES

(A) MD & CEO / CFO Certification

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

(B) Related Party Transactions

The Bank has adopted the "Policy on materiality of related party transactions and dealing with related party transactions" in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy is hosted on the website of the Bank 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 outstanding vehicle loan advanced to the Chief Financial Officer, rent advance to Company Secretary and 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, 2019, 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, 2018.

(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.

The Regional Heads of Ernakulam and Thiruvananthapuram made presentations to the Board on the business position of the regions, with specific attention on recovery in their Regions.

The organization structure of the Bank was also presented to the Board.

The Business Plan is presented on an annual basis for the approval of the Board. The Board reviews the achievements w.r.t the business plan vis-à-vis the targets on a periodical basis.

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:

i) Review of annual operating plans of business, capital budgets, updates;
ii) Quarterly results of the Bank and its operating divisions or business segments;
iii) Minutes of meetings of Audit Committee and all other Committees;
iv) Any materially relevant default in financial obligations to and by the Bank;
v) Significant developments in human resources and industrial relations fronts;
vi) 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;
vii) 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) In terms of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, one complaint was filed during the FY 2018-19 and the same was disposed during the FY 2018-19. There is no complaint pending as on end of the FY 2018-19.

(F) Credit Ratings

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

a) CARE BB (Outlook: Stable) for Upper Tier-II Bonds and CARE BB+ (Outlook: Stable) for Lower Tier II Bonds from CARE Ratings Limited

b) BWR BB (Outlook: Stable) from Brickwork Ratings India Private Limited for Lower Tier-II Bonds

9. MEANS OF COMMUNICATION

The unaudited/audited quarterly/half yearly/annual financial results of the Bank are forwarded to the BSE Ltd. and National Stock Exchange of India Ltd. immediately after the Board meeting. The same were also published in leading national and vernacular newspapers such as Financial Express and Janmabhumi. The results, Annual Report and Notice of Annual General Meeting are displayed on the Bank's website at 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) and other applicable rules and regulations.

10. GENERAL SHAREHOLDER INFORMATION

92nd Annual General Meeting	**Date**	**August 30, 2019**
	Time	**10.00 A.M.**
	Venue	Lulu International Convention Center & Garden Hotels, Puzhakkal, Ayyanthole PO, Thrissur - 680 003
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		2018-19
Date of Book Closure		**August 24, 2019 to August 30, 2019 (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		Karvy Fintech Private Limited Karvy Selenium Tower B, Plot No. 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032 Tel : +91-40-67161500 Fax : +91-40-23001153 E-mail: einward.ris@karvy.com Contact Person : Mrs. Varalakshmi - Asst. General Manager
Registered Office and Address for Correspondence		Dhanlaxmi Bank Ltd. P.B.No.9, Dhanalakshmi Buildings, Naickanal, Thrissur - 680 001
Corporate Identity Number (CIN)		L65191KL1927PLC000307

11. LISTING OF THE BANK'S EQUITY SHARES

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

1. The National Stock Exchange of India Ltd. (Stock Code: DHANBANK)
   Exchange Plaza, Plot No. C/1, G Block,
   Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051
   Tel No.: (022) 26598100 - 8114, Fax No.: (022) 26598120
2. The BSE Ltd. (Stock Code: 532180)
   Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
   Tel No.: (022) 22721233/4, Fax: (022) 22721919
   The listing fees payable to the Stock Exchanges for the financial year 2019-20 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 2018	23.65	20.90	23.75	21.00
May 2018	22.60	18.10	22.40	18.00
June 2018	20.50	17.70	20.50	17.80
July 2018	18.50	15.30	19.90	15.30
August 2018	18.10	14.75	18.20	14.85
September 2018	15.80	11.00	16.00	11.00
October 2018	15.20	10.70	15.14	10.80
November 2018	18.70	15.00	19.30	15.00
December 2018	17.20	14.85	17.40	14.70
January 2019	19.15	15.40	19.20	15.50
February 2019	16.60	12.75	16.80	13.25
March 2019	19.50	15.75	19.30	15.70

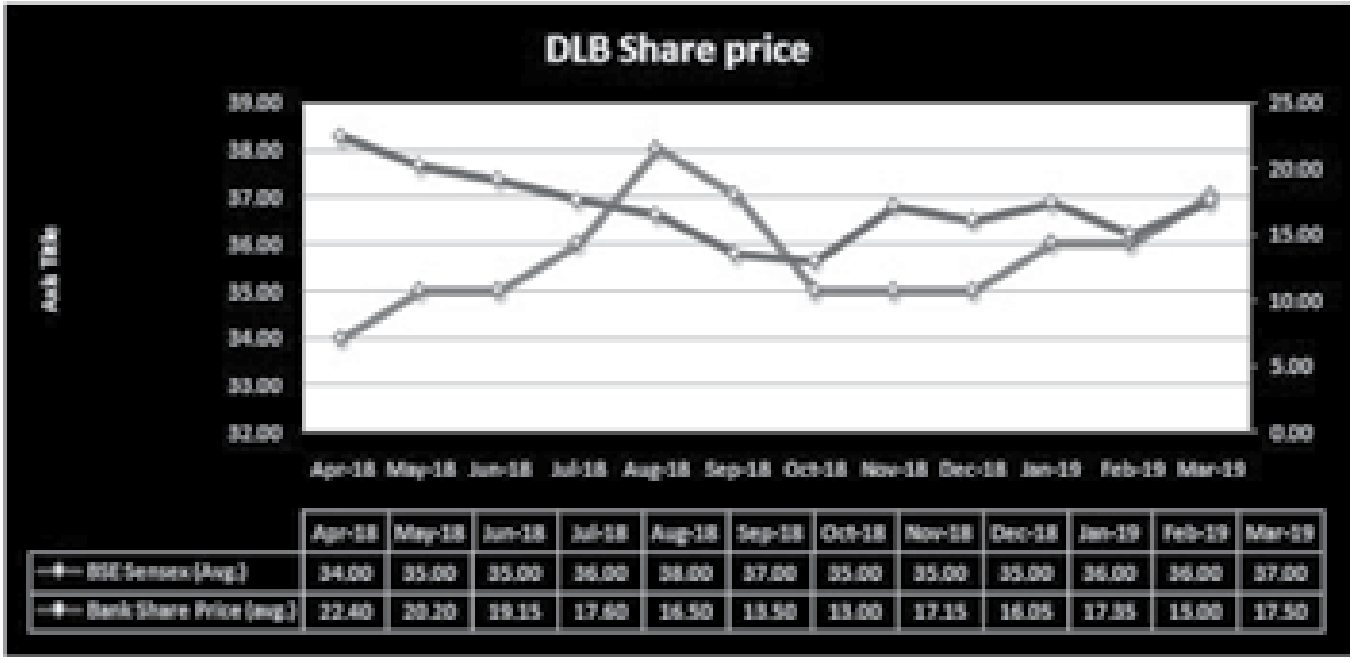
(C) Distribution of Shareholding as on March 31, 2019

Category (No. of Shares)	Cases	% of Cases	Amount	% of Amount
upto 1-5000	60693	76.57	98,846,160	3.90
5001-10000	8365	10.55	70,237,450	2.78
10001-20000	4702	5.93	73,420,140	2.90
20001-30000	1732	2.18	44,991,910	1.78
30001-40000	780	0.98	28,398,800	1.12
40001-50000	785	0.99	37,805,140	1.50
50001-100000	1101	1.40	83,316,120	3.29
100001 & above	1107	1.40	2,093,105,120	82.73
Total	**79265**	**100.00**	**2530120840**	**100.00**

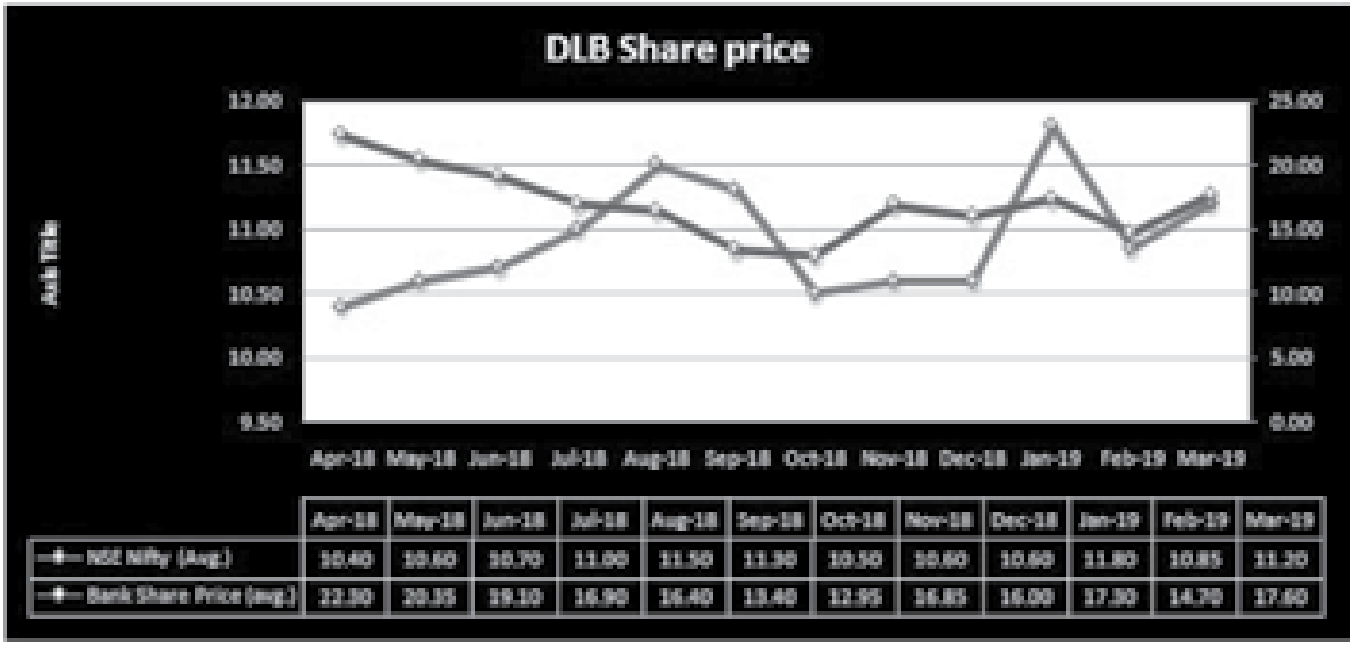
(D) Category-wise distribution of Shareholding as on March 31, 2019

Sl. No.	Description	Cases	Shares	% Equity
1	Banks	4	642422	0.25
2	Clearing Members	77	455148	0.18
3	Directors	6	44271100	17.49
4	Foreign Portfolio Investors	9	28859268	11.41
5	H U F	1409	4299138	1.70
6	Insurance Companies	3	5188000	2.05
7	Bodies Corporates	691	38303075	15.14
8	NBFC	10	81917	0.03
9	Non-Resident Indians	873	22702203	8.98
10	NRI Non-Repatriation	344	672261	0.27
11	Resident Individuals	75848	106154749	41.96
12	Trusts	2	6300	0.00
13	IEPF	1	1376503	0.54
	Total	**79277**	**253012084**	**100**

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



(F) Performance of the Bank's Equity Shares relative to NSE Nifty



	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
NSE Nifty (Avg.)	10.40	10.60	10.70	11.00	11.50	11.30	10.50	10.60	10.60	11.80	10.85	11.30
Bank Share Price (avg.)	22.30	20.35	19.10	16.90	16.40	13.40	12.95	16.85	16.00	17.30	14.70	17.60

(G) 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, 2019, 22,55,486 shares constituting 0.89% of the paid-up capital and 25,07,56,598 shares constituting 99.11% 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.

12. UNCLAIMED / UNPAID DIVIDEND

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

13. 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 2018-19 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.

14. AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT

I, T. Latha, 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 : 17.07.2019

Sd/-
T. Latha
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, 2019, 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.

Place : Thrissur
Date : 17.07.2019

Sd/-
M. Vasudevan, F.C.S.
FCS 4177/ CP 2437
Company Secretary
Soorya Gardens Apartments
Paliyam Road, Thrissur – 680 001

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/We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Dhanlaxmi Bank Limited having CIN L65191KL1927PLC000307 and having registered office at Dhanalakshmi Buildings, Naickanal, Thrissur - 680001 (hereinafter referred to as 'the Company'), produced before me/us 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 and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my/our opinion and to the best of my/our 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/us by the Company & its officers, I/We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 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 of 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.

Place : Thrissur
Date : 17.07.2019

Sd/-
M. Vasudevan, F.C.S.
FCS 4177/ CP 2437
Company Secretary
Soorya Gardens Apartments
Paliyam Road, Thrissur – 680 001

CEO / CFO Certification

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

a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2019 and that to the best of our knowledge and belief:

   i) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading:

   ii) 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.

b) 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 violative of the Bank's Code of Conduct.

c) 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.

d) 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

Latha T.
Managing Director & CEO
(DIN: 07491803)

Ramesh A. J.
Chief Financial Officer

Place : Thrissur
Date : 17.07.2019

Independent Auditor's Report

To

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

Opinion

We have audited the accompanying financial statements of Dhanlaxmi Bank Limited ("the Bank"), which comprise the Balance Sheet as at 31 March, 2019, 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 Nineteen branches/offices and Treasury division audited by us, 242 branches/offices audited by 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 31 March, 2019, 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.

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
1	Identification of and provisioning for non-performing assets (loans) in accordance with the RBI guidelines. (Refer Schedule 9 read with Note 4-Schedule 17 to the financial statements). The Bank has net advances amounting to ₹62,892,819 thousands as at 31 March, 2019. Identification of and provisioning for non-performing assets (loans) in accordance with relevant prudential norms issued by the Reserve Bank of India (RBI) in respect of income recognition, asset classification and provisioning pertaining to advances (herein after referred as "Relevant RBI guidelines") is a key audit matter due to the current processes at the Bank which requires manual interventions, management estimates and judgement and level of regulatory and other stakeholders focus. Accordingly, our audit	Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of income recognition, asset classification and provisioning pertaining to advances. In particular: • we have evaluated and understood the Bank's internal control system in adhering to the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances; • we have analysed and understood 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 in relation to income recognition, asset classification and provisioning pertaining to advances; • we test checked advances to examine the validity of the recorded amounts, loan documentation, examined the statement of accounts, indicators of impairment, impairment provision for non-performing assets, and compliance with income recognition, asset classification and provisioning pertaining to advances; and • evaluated the past trends of management judgement, governance process and review controls over impairment provision calculations and discussed

	was focused on income recognition, asset classification and provisioning pertaining to advances due to the materiality of the balances and associated impairment provisions.	the provisions made with senior management including the Managing Director & Chief Executive Officer, Chief Financial Officer, Chief Risk Officer and Chief Credit Officer.
2	Key Information Technology (IT) systems used in financial reporting process: The Bank's key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. Amongst, its multiple IT systems, seven systems are key for its overall financial reporting. In addition, large transaction volumes and the increasing challenges to protect the integrity of the Bank's systems and data, cyber security has become a more significant risk in recent periods. We have identified 'IT systems and controls' as key audit matter because of the high level automation, significant number of systems being used by the management and the complexity of the IT architecture.	Our key IT audit procedures included: We focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems. 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. We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventive controls designed to enforce segregation of duties. For a selected group of key controls over financial and reporting systems, we independently performed procedures to determine that these control remained unchanged during the year or were changed following the standard change management process. Other areas that were assessed included password policies, security configurations, system interface controls, controls over changes to applications and databases and that business users and controls to ensure that developers and production support did not have access to change applications, the operating system or databases in the production environment. Security configuration review and related tests on certain critical aspects of cyber security on network security management mechanism, operational security of key information infrastructure, data and client information management, monitoring and emergency management.

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, 2019 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March, 2019 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 **Sridhar & Co.**
Chartered Accountants
Firm Registration Number: 003978S

I. Jayasindhu
Partner
Membership Number: 205660

Place: Thrissur
Date : 08 May, 2019

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 31 March,

2019 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of 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, 2019, 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 **Sridhar & Co.**
Chartered Accountants
Firm Registration Number: 003978S

I. Jayasindhu
Partner
Membership Number: 205660

Place : Thrissur
Date : 08 May, 2019

Balance Sheet
As at March 31, 2019

(₹ in '000)

	Schedule No.	As at March 31, 2019	As at March 31, 2018
CAPITAL AND LIABILITIES			
Capital	1	2,530,121	2,530,121
Reserves and Surplus	2	5,081,199	4,964,509
Deposits	3	106,033,206	109,196,596
Borrowings	4	2,004,000	3,921,741
Other Liabilities and Provisions	5	2,340,364	2,251,629
TOTAL		**117,988,890**	**122,864,596**
ASSETS			
Cash and Balances with Reserve Bank of India	6	5,574,409	6,028,466
Balances with Banks and Money at call and short notice	7	658,386	2,687,618
Investments	8	40,367,001	43,646,007
Advances	9	62,892,819	61,104,934
Fixed Assets	10	2,020,229	2,037,571
Other Assets	11	6,476,046	7,360,000
TOTAL		**117,988,890**	**122,864,596**
Contingent Liabilities	12	6,859,418	7,729,061
Bills for Collection		3,163,316	3,445,865
Significant Accounting Policies	17		
Notes to financial Statements	18		

Ramesh A. J.
Chief Financial Officer

Venkatesh H.
Company Secretary

Manikandan P.
Chief General Manager

T. Latha
Managing Director & CEO

Sajeev Krishnan
Chairman

Chella K. Srinivasan
Director

Dr. K. R. Lakshmy Devi
Director

S. T. Kannan
Director

P. S. Sreekumar
Director

Gopinathan C. K.
Director

N. Sara Rajendra Kumar
Director

K. N. Murali
Director

M. Varadaraja Iyer
Director

B. Ravindran Pillai
Director

As per our Report of even Date
For **Sridhar & Co.**
Chartered Accountants
Firm Registration No.: 003978S

CA. I. Jayasindhu
Partner
Membership No.: 205660

Place : Thrissur
Date : May 08, 2019

Profit & Loss Account
for the year ended March 31, 2019

(₹ in '000)

	Schedule No.	Year ended March 31, 2019	Year ended March 31, 2018
INCOME			
Interest Earned	13	9,714,885	10,133,158
Other Income	14	527,330	1,024,687
Total		**10,242,215**	**11,157,845**
EXPENSE			
Interest expended	15	6,247,152	6,675,170
Operating Expenses	16	3,045,805	3,020,877
Provisions and Contingencies		832,568	1,710,543
Total		**10,125,525**	**11,406,590**
Net Profit/(Loss) for the year		116,690	(248,745)
Profit/(Loss) brought forward		(8,654,821)	(8,365,257)
Total		**(8,538,131)**	**(8,614,002)**
Appropriations			
Transfer to Statutory Reserve		29,200	-
Transfer to Capital Reserve		178	40,819
Transfer to Special Reserve U/s 36(1)(viii) of Income Tax Act		-	-
Transfer to Investment Reserve Account		58,810	-
Transfer to Other Reserve		-	-
Proposed Dividend		-	
Dividend Tax		-	
Balance carried forward to Balance Sheet		(8,626,319)	(8,654,821)
Total		**(8,538,131)**	**(8,614,002)**
Earnings Per Share (in ₹)			
Basic EPS		**0.46**	**-0.98**
Diluted EPS		**0.46**	**-0.98**
Face value per Share		**10.00**	**10.00**
Significant Accounting Policies	17		
Notes to financial Statements	18		

Ramesh A. J.
Chief Financial Officer

Venkatesh H.
Company Secretary

Manikandan P.
Chief General Manager

T. Latha
Managing Director & CEO

Sajeev Krishnan
Chairman

Chella K. Srinivasan
Director

Dr. K. R. Lakshmy Devi
Director

S. T. Kannan
Director

P. S. Sreekumar
Director

Gopinathan C. K.
Director

N. Sara Rajendra Kumar
Director

K. N. Murali
Director

M. Varadaraja Iyer
Director

B. Ravindran Pillai
Director

As per our Report of even Date
For **Sridhar & Co.**
Chartered Accountants
Firm Registration No.: 003978S

CA. I. Jayasindhu
Partner
Membership No.: 205660

Place : Thrissur
Date : May 08, 2019

Cash Flow Statement
for the year ended March 31, 2019

(₹ in '000)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Cash flow from operating activities		
Net profit before income tax	116,690	(248,745)
Adjustments for :		
Depreciation on fixed assets net of reversal of revaluation reserve	112,555	134,621
Depreciation on Investments	(105,812)	357,109
Amortisation of premia on investments	104,995	105,262
Loan Loss provisions including write off	746,907	1,342,412
Provision against standard assets	(19,500)	(33,900)
Provision for wealth tax	-	-
Provision for Deferred Tax Asset	-	-
Provision for NPA (Investments)	-	(4,800)
Provision for restructured assets	243	(473)
Provision for fraud	(410)	4,691
Provision for OIS MTM Loss	-	-
(Profit) / (Loss) on sale of fixed assets	2,924	(1,601)
Provision for unhedged Forex Exposure	(8,287)	(6,513)
Adjustments for :		
(Increase) / Decrease in Investments	3,279,823	(2,162,088)
(Increase) / Decrease in Advances	(2,535,035)	2,016,623
Increase / (Decrease) in Borrowings	(969,741)	969,741
Increase / (Decrease) in Deposits	(3,163,390)	(3,740,183)
(Increase) / Decrease in Other Assets	1,074,515	(643,895)
Increase / (Decrease) in Other Liabilities and Provisions	116,932	(110,271)
Direct taxes paid (net of refunds)	(190,561)	(8,311)
Net cash flow from operating activities	**(1,437,152)**	**(2,030,321)**
Cash flows from investing activities		
Purchase of fixed assets	(650,466)	(29,798)
Proceeds from sale of fixed assets	552,329	1,858
Net cash used in investing activities	**(98,137)**	**(27,940)**

(₹ in '000)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Cash flows from financing activities		
Proceeds from issue of equity shares	-	431,655
Proceeds / (Repayment) of Upper and Lower Tier II capital instruments net of repayment	(948,000)	1,500,000.00
Proceeds from Share Premium (net of share issue expenses)	-	766,900
Dividend provided last year paid during the year including dividend tax	-	-
Net cash generated from financing activities	**(948,000)**	**2,698,555**
Net increase in cash and cash equivalents	**(2,483,289)**	**640,294**
Cash and cash equivalents as at April 1st	8,716,084	8,075,790
Cash and cash equivalents as at March 31st	6,232,795	8,716,084

Note:		
Components of Cash and Cash Equivalents as at:	**31.03.2019**	**31.03.2018**
Cash and Balance with Reserve Bank of India (RBI)	5,574,409	6,028,466
Balances with Banks and Money at Call and Short Notice	658,386	2,687,618
Total	**6,232,795**	**8,716,084**

Ramesh A. J. Chief Financial Officer	**Venkatesh H.** Company Secretary	**Manikandan P.** Chief General Manager	**T. Latha** Managing Director & CEO	**Sajeev Krishnan** Chairman
Chella K. Srinivasan Director	**Dr. K. R. Lakshmy Devi** Director	**S. T. Kannan** Director	**P. S. Sreekumar** Director	**Gopinathan C. K.** Director
N. Sara Rajendra Kumar Director	**K. N. Murali** Director	**M. Varadaraja Iyer** Director	**B. Ravindran Pillai** Director	

As per our Report of even Date
For **Sridhar & Co.**
Chartered Accountants
Firm Registration No.: 003978S

CA. I. Jayasindhu
Partner
Membership No.: 205660

Place : Thrissur
Date : May 08, 2019

Schedules to the Financial Statements
As at March 31, 2019

(₹ in '000)

		As at March 31, 2019	As at March 31, 2018
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	803,614	803,614
	Additions during the year	29,200	-
	Total	**832,814**	**803,614**
II.	**SHARE PREMIUM ACCOUNT**		
	Opening Balance	10,054,482	9,287,582
	Additions during the year	-	766,900
	Total	**10,054,482**	**10,054,482**
III.	**CAPITAL RESERVES**		
	Opening Balance	408,471	367,652
	Additions during the year	178	40,819
	Total	**408,649**	**408,471**
IV.	**REVENUE AND OTHER RESERVES**		
	a) Revenue Reserve		
	Opening Balance	890,665	885,179
	Additions during the year	5,410	5,486
	Sub-Total	**896,075**	**890,665**
	b) Investment Reserve		
	Opening Balance	-	-
	Additions during the year	58,810	-
	Sub-Total	**58,810**	**-**
	c) 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)	**1,014,742**	**950,522**
V.	**REVALUATION RESERVE**		
	Opening Balance	1,402,241	1,407,727
	Deductions during the year	(5,410)	(5,486)
	Total	**1,396,831**	**1,402,241**

(₹ in '000)

		As at March 31, 2019	As at March 31, 2018
	VI. BALANCE IN PROFIT AND LOSS ACCOUNT	**(8,626,319)**	**(8,654,821)**
	Grand Total	**5,081,199**	**4,964,509**
SCHEDULE 3 - DEPOSITS			
A I.	**Demand Deposits**		
	(i) From Banks	161	162
	(ii) From Others	6,579,427	6,848,408
		6,579,588	**6,848,570**
II.	**Savings Bank Deposits**	**27,356,823**	**26,786,378**
III.	**Term Deposits**		
	(i) From Banks	-	-
	(ii) From Others	72,096,795	75,561,648
		72,096,795	**75,561,648**
	Total	**106,033,206**	**109,196,596**
B I.	**Deposits of Branches in India**	106,033,206	109,196,596
II.	**Deposits of Branches outside India**	-	-
	Total	**106,033,206**	**109,196,596**
SCHEDULE 4 - BORROWINGS			
I.	**Borrowings in India**		
	(i) Reserve Bank of India	-	470,000
	(ii) Other Banks	**-**	-
	(iii) Other Institutions and Agencies	-	499,741
	(iv) Capital Instruments		
	(a) Upper Tier II bonds	275,000	275,000
	(b) Lower Tier II bonds	1,729,000	2,677,000
	Total	**2,004,000**	**3,921,741**
II.	**Borrowings Outside India**	-	-
		-	-
	Total	**2,004,000**	**3,921,741**
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I.	Bills Payable	302,036	338,485
II.	Interest accrued	286,067	330,798
III.	Inter Office Adjustments (Net)	-	**-**
IV.	Others (including Provisions)*	1,752,260	1,582,346
	*Includes prudential provision for standard assets of ₹292430 thousands (Previous Year ₹304382 thousands)		
	Total	**2,340,364**	**2,251,629**
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
I.	Cash on Hand (including foreign currency notes)	799,418	1,008,831
II.	Balances with Reserve Bank of India		
	(a) In current accounts	4,774,991	5,019,635
	(b) In other accounts	-	-
		4,774,991	**5,019,635**
	Total	**5,574,409**	**6,028,466**

(₹ in '000)

			As at March 31, 2019	As at March 31, 2018
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE				
I.	**In India**			
	(i)	Balances with Banks :		
		(a) In current accounts	117,331	47,334
		(b) In other deposit accounts	250,000	1,000,000
			367,331	**1,047,334**
	(ii)	Money at Call and Short Notice		
		(a) With banks	200,000	1,600,000
		(b) With other institutions	-	-
			200,000	**1,600,000**
	Total		**567,331**	**2,647,334**
II.	**Outside India**			
	(a)	In current account	91,055	40,284
	(b)	In other deposit accounts	-	-
	Total		**91,055**	**40,284**
	Grand Total (I and II)		**658,386**	**2,687,618**
SCHEDULE 8 - INVESTMENTS				
A	**Investments in India in**			
	(i)	Government Securities	28,524,457	30,378,226
	(ii)	Other approved securities	-	-
	(iii)	Shares	25,795	26,484
	(iv)	Debentures and Bonds	2,823,042	3,216,469
	(v)	Subsidiaries/Joint Ventures	-	-
	(vi)	Others	8,993,707	10,024,828
	Total		**40,367,001**	**43,646,007**
B	**Investments outside India**		**-**	**-**
	Grand Total (A + B)		**40,367,001**	**43,646,007**
C	**(i)**	**Gross Value of Investments**		
		(a) In India	41,411,080	44,795,898
		(b) Outside India	**-**	-
	Total		**41,411,080**	**44,795,898**
	(ii)	**Provision for Depreciation**		
		(a) In India	1,044,079	1,149,891
		(b) Outside India	-	-
	Total		**1,044,079**	**1,149,891**
	(iii)	**Net Value of Investments**		
		(a) In India	40,367,001	43,646,007
		(b) Outside India	-	-
	Total		**40,367,001**	**43,646,007**
SCHEDULE 9 - ADVANCES				
A	(i)	Bills Purchased and discounted	119,456	41,593
	(ii)	Cash Credits, Overdrafts and Loans repayable on Demand	24,429,087	22,537,488
	(iii)	Term Loans	38,344,276	38,525,853
	Total		**62,892,819**	**61,104,934**
B	(i)	Secured by Tangible assets	60,986,706	59,345,263
	(ii)	Covered by Bank/Govt. Guarantee	-	2,028
	(iii)	Unsecured	1,906,113	1,757,643
	Total		**62,892,819**	**61,104,934**

(₹ in '000)

			As at March 31, 2019	As at March 31, 2018
C	I.	ADVANCES IN INDIA		
		(i) Priority Sectors	25,197,235	27,062,396
		(ii) Public Sector	15,655	1,005,182
		(iii) Banks	33,210	148,266
		(iv) Others	37,646,719	32,889,090
	Total		**62,892,819**	**61,104,934**
	II.	ADVANCES OUTSIDE INDIA	-	-
	Grand Total (C I and C II)		**62,892,819**	**61,104,934**

SCHEDULE 10 - FIXED ASSETS			
A	Premises		
	At cost as per last Balance Sheet	1,743,657	1,743,512
	Additions during the year due to revaluation of Premises	-	-
	Additions/Adjustments during the year	-	146
	Deductions during the year	-	-
	Depreciation to date	345,680	339,365
	Net Block	**1,397,977**	**1,404,293**
B	Other Fixed Assets (includes Furniture and Fixture and Computers)		
	At cost as per last Balance Sheet	2,012,108	1,987,407
	Additions/Adjustments during the year	83,769	45,068
	Deductions during the year	52,695	20,367
	Depreciation to date	1,747,212	1,685,885
	Net Block	**295,970**	**326,223**
C	Capital Work in progress	**326,282**	**307,055**
	Total (A+B+C)	**2,020,229**	**2,037,571**

SCHEDULE 11 - OTHER ASSETS			
I.	Interest Accrued	1,503,848	1,778,193
II.	Inter Office Adjustments (Net)	7,669	5,490
III.	Tax paid in advance and Tax Deducted at Source (net of provisions)	478,617	288,056
IV.	Deferred Tax Asset	370,591	370,591
V.	Stationery and stamps	4,455	4,291
VI.	Non-Banking Assets acquired in satisfaction of claims	36,965	36,965
VII.	Others*	4,073,901	4,876,414
	*Includes deposits placed with NABARD, SIDBI, NHB and Mudra amounting to ₹3269218 thousands (previous year ₹3827320 thousands)		
	Total	**6,476,046**	**7,360,000**

SCHEDULE 12 - CONTINGENT LIABILITIES				
I.	Claims against the bank not acknowledged as debts		1,917,186	1,920,330
II.	Liabilities on account of outstanding forward exchange contracts		1,990,287	2,717,063
III.	Guarantees given on behalf of constituents in India		2,381,802	2,427,774
IV.	Acceptance, endorsements and other obligations		45,116	176,241
V.	Other items for which Bank is contingently liable #		525,027	487,653
	#(Amount transferred to DEAF)	306,376	252,187	
	#(Disputed Tax Liability)	218,651	235,466	
	Total		**6,859,418**	**7,729,061**

Schedules to the Financial Statements
for the year ended March 31, 2019

(₹ in '000)

	Year ended March 31, 2019	Year ended March 31, 2018
SCHEDULE 13 - INTEREST EARNED		
I. Interest/Discount on Advances/bills	6,340,281	6,922,219
II. Income on Investments	3,088,331	2,924,345
III. Interest on balance with RBI/other inter Bank funds	116,424	106,008
IV. Others	169,849	180,586
Total	**9,714,885**	**10,133,158**
SCHEDULE 14 - OTHER INCOME		
I. Commission, Exchange and Brokerage	52,725	50,826
II. Profit/(Loss) on sale of Investments (Net)	(341,194)	108,387
III. Profit/(Loss) on sale of land, building and other Assets (Net)	(2,924)	(1,601)
IV. Profit/(Loss) on exchange transactions (Net)	19,461	52,777
V. Income from Insurance	64,608	65,826
VI. Miscellaneous Income	734,654	748,472
Total	**527,330**	**1,024,687**
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on Deposits	5,948,155	6,407,842
II. Interest on RBI/Inter Bank Borrowing	62,453	87,825
III. Others	236,544	179,503
Total	**6,247,152**	**6,675,170**
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and Provisions for Employees	1,614,307	1,635,791
II. Rent, Taxes and Lighting	459,434	426,691
III. Printing and Stationery	19,574	22,769
IV. Advertisement and Publicity	1,663	2,809
V. Depreciation to Banks property	112,555	134,621
VI. Directors Fee, Allowance and Expense	4,293	2,935
VII. Auditors Fee and Expense (including Branch Auditors)	10,645	10,113
VIII. Law charges	19,027	17,401
IX. Postage, Telegram, Telephone etc.	64,531	57,513
X. Repairs and Maintenance	18,784	21,608
XI. Insurance	138,066	141,361
XII. Other Expenditure	582,926	547,265
Total	**3,045,805**	**3,020,877**

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS, MARCH 31, 2019
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, Locker Rent, Interest on Income Tax refund, Commission from Distribution of Mutual Fund products and Commission from Depository services are accounted on receipt basis.
- 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 Un-hedged Foreign Currency Exposure (UFCE) , provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of un-hedged position. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.
- 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 individuallys.

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 breakup value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹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

i) 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.

ii) Foreign Currency Monetary items are reported using the Foreign Exchange Dealers Association of India (FEDAI) closing (spot/forward) rates.

iii) Foreign Currency Non-Monetary items, which are carried at historical cost, are reported using the exchange rate on the date of the transaction.

iv) Contingent Liabilities denominated in foreign currency are revalued using the exchange rate notified by FEDAI at the end of each quarter.

v) 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.

vi) 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.

vii) 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.

viii) 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, 2019 there was no infusion of capital. During the year ended March 31, 2018, the Bank allotted 4,31,65,465 Equity shares at ₹27.80 per share (Face Value per share ₹10 per and share at premium of ₹17.80 per share on preferential allotment basis. Accordingly the share capital is increased by ₹43,16,54,650/- and Share Premium is increased by ₹76,83,45,277/-. Expenditure incurred on raising the capital amounting to ₹0.14 Crores has been met out of share premium account. Details of the movement in the Paid up equity capital of the Bank are given below:

Paid-up Capital (₹ in Crore)

Particulars	March 31, 2019	March 31, 2018
Opening Balance	253.01	209.85
Addition pursuant to Preferential Allotment	-	43.16
Closing Balance	253.01	253.01

Share Premium (₹ in Crore)

Particulars	March 31, 2019	March 31, 2018
Opening Balance	1005.45	928.76
Addition pursuant to Preferential Allotment (net of expenditure of ₹0.14 Crore)	-	76.69
Closing Balance	1005.45	1005.45

Tier - II Capital

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. During the year ended March 31, 2018, the Bank issued Unsecured Redeemable Non Convertible Basel-III compliant Subordinated Tier-II Bonds in the nature of Debentures ('Bonds') for ₹150 Crore for 7 years on private placement.

(₹ in Crore)

Particulars	March 31, 2019	March 31, 2018
Opening Balance	295.20	145.20
Addition pursuant to Private Placement	-	150.00
Redemption of Debentures	94.8	-
Closing Balance	200.40	295.20

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 as prescribed under Basel-III Capital Regulation on an on-going basis. Basel-III Capital Regulations will be fully implemented as on March 31, 2019. 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,			
	2016	2017	2018	2019
Minimum Common Equity Tier-1 (CET-1)	5.5	5.5	5.5	5.5
Capital Conservation Buffer (CCB)	0.625	1.25	1.875	1.875
Minimum Common Equity Tier-1 (CET-1)+Capital Conservation Buffer (CCB)	6.125	6.75	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)	9.625	10.25	10.875	10.875

As at March 31, 2019, 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) CRAR of 1.875%. RBI vide Circular RBI/2018-19/106 DBR.BP.BC.No.20/21.06.201/2018-19 had decided to defer the implementation of the last tranche of 0.625% of Capital Conservation Buffer (CCB) from March 31, 2019 to March 31, 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, 2019 Basel-III	March 31, 2018 Basel-III
(i)	Tier-1 Capital (₹)	635.73	631.86
(ii)	Common Equity Tier-1 Capital (CET-1) (₹)	635.73	631.86
(iii)	Additional Tier-1 Capital (₹)	0	0
(iv)	Tier-2 Capital (₹)	191.18	194.58
(v)	Total Capital (₹)	826.91	826.44
(vi)	Total Risk Weighted Assets (₹)	6013.61	5958.57
(vii)	Common Equity Capital Adequacy Ratio (%)	10.57	10.60
(viii)	Tier-I Capital Adequacy Ratio (%)	10.57	10.60
(ix)	Tier-II Capital Adequacy Ratio (%)	3.18	3.27
(x)	Total Capital Adequacy Ratio (%)	13.75	13.87
(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	120.00
(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	150.00 150.00 Nil

2. INVESTMENTS

2.1 Value of Investment & Movement of Depreciation

(₹ in Crore)

	March 31, 2019	March 31, 2018
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	4,141.11	4,479.59
(b) Outside India	Nil	Nil
(ii) Provisions for Depreciation on Investments		
(a) In India	104.41	114.99
(b) Outside India	Nil	Nil
(iii) Net Value of Investments		
(a) In India	4,036.70	4364.60
(b) Outside India	Nil	Nil
(2) Movement of provisions held towards Depreciation on Investments		
(i) Opening balance	114.99	80.31
(ii) Add: Provisions made during the year		34.68
(iii) Less: (Write-off/write-back of excess provisions during the year)	10.58	
(iv) Closing Balance	104.41	114.99

RBI Circular DBR. No.BP.BC.102/21.04.048/2017-18 dated April 02, 2018 grants banks an option to spread the provisioning for mark to market losses on investments held in AFS and HFT for the quarters ended December 31, 2017 and March 31, 2018. The circular states that the provisioning for each of these quarters may be spread equally over up to four quarters, commencing with the quarter in which the loss was incurred. The Bank has not availed this option and recognized the entire mark to market loss on investments of ₹19.81 Crores in the respective quarters.

2.2 Repo Transactions (in Face Value Terms)

(₹ in Crore)

Particulars	Minimum outstanding during the year ended March 31,		Maximum outstanding during the year ended March 31,		Daily Average outstanding during the year ended March 31,		As on March 31, 2019	As on March 31, 2018
Securities sold under repos								
i) Government Securities	Nil	Nil	93.97	198.35	3.57	15.95	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, 2019	March 31, 2018
Repo under Liquidity Adjustment Facility (LAF)/Marginal Standing Facility (MSF)	Nil	47.00
Reverse Repo under Liquidity Adjustment Facility (LAF)/Marginal Standing Facility (MSF)	Nil	160.00

2.3 a) 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 and PTC)	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	**1184.25**	**1152.24**	**0.00**	**0.00**	**62.56**

- **Issuer-wise composition of Non-SLR investments as on March 31, 2018**

(₹ 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	191.33	191.33	0.00	0.00	0.00
(iii)	Banks	786.57	786.03	0.00	0.00	0.00
(iv)	Private Corporates	203.14	201.77	39.31	39.31	52.35
(v)	Subsidiaries/Joint Ventures	0.00	0.00	0.00	0.00	0.00
(vi)	Others (Security Receipts and PTC)	109.63	109.63	0.00	0.00	109.63
(vii)	Less: Provision held towards depreciation and NPI	86.01	83.36	39.31	39.31	80.90
	Total	**1,326.79**	**1,295.08**	**0.00**	**0.00**	**81.08**

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

iii. Shares
iv. Debentures and Bonds
v. Subsidiaries/Joint Ventures
vi. 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, 2019	March 31, 2018
Opening balance	32.19	32.67
Additions during the year	0	0
Reductions during the year	0	0.48
Closing balance	32.19	32.19
Total provisions held	**32.19**	**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, 2019				As at March 31, 2018			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Government Securities	0.00	915.28	1941.87	2857.15	0.00	913.87	2,152.93	3,066.80
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	31.68	0.00	31.68	0.00	31.88	0.00	31.88
Debentures and Bonds	0.00	308.93	0.00	308.93	0.00	348.93	0.00	348.93
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	943.35	0.00	943.35	0.00	1,031.98	0.00	1,031.98
Total	**0.00**	**2199.24**	**1941.87**	**4141.11**	**0.00**	**2,326.66**	**2,152.93**	**4,479.59**

2.5 Investments Kept as Margin (in Face Value Terms)

(₹ in Crore)

Particulars	March 31, 2019	March 31, 2018
Collateralized Borrowing and Lending Obligation (CBLO)	90.17	128.09
Clearing of Securities	35.70	35.87
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)	160.00	160.00
Total	**288.87**	**326.96**

2.6 CBLO Transactions

Collateralized Borrowing and Lending Obligation (CBLO) is a discounted money market instrument, established by the Clearing Corporation of India Limited (CCIL) and approved by the Reserve Bank of India. Collateralized Borrowing and Lending Obligation (CBLO) refers to a fully collateralized and secured instrument, for borrowing/lending money.

(₹ in Crore)

Particulars	March 31, 2019	March 31, 2018
Outstanding CBLO Borrowing	Nil	49.97
Outstanding CBLO 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 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.

- **Sale and Transfer to/from HTM Category during FY 2017-18**

Sl. No.	Particulars	Classification	Book Value ₹ in Cr.
1	Shifting from AFS to HTM	G SEC & SDL	95.10
2	Shifting from HTM to AFS	G SEC & SDL	120.51
3	Sale to GOI Under Repurchase Program (not attracting 5% cap)	G SEC	60.02
4	Sale from HTM	G SEC	358.81
5	Sale from HTM	SDL	222.16
	Total Sale in regular marketing attracting 5% cap (4+5)		580.97
Sale in terms of % to 31.03.2017 Position			**37.36**

During the year ended March 31, 2018, the aggregate book value of investments sold from Held to Maturity (HTM) category was 37.36% (Total ₹580.97 Cr.) which was 32.36% in excess of the 5% of the book value of investments held in Held to Maturity (HTM) category at the beginning of the year. The Market Value of Investments held in the HTM category was ₹2100.33 Crore (Previous Year ₹1554.92 Crore) against the book value of ₹2152.93 Cr. (Previous Year ₹1554.86 Crores) as on 31.03.2017. The Bank has not kept provision for excess book value of ₹52.60 Crore over market value. 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, 2019	March 31, 2018
I) Backed by NPA's sold by the bank as underlying	105.20	109.63
II) Backed by NPA's sold by the other banks/Financial Institutions/NBFC as underlying	Nil	Nil
Total	**105.20**	**109.63**

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 2018-19. The bank had NIL outstanding FRA and IRS position at the end of March 2019.

3.2 OIS (Overnight Index Swap) position

The Bank has not entered into OIS (Overnight Index Swap) during FY 2018-19. The bank had NIL outstanding OIS position at the end of March 2019.

3.3 Unhedged/uncovered foreign currency exposure of the Bank

The Bank's foreign currency exposures as at March 31, 2019 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, 2019 is ₹0.95 Crore. AGL limit is USD 89 Mio and actual position as on March 31, 2019 is USD 28.23 Mio.

3.4 Exchange Traded Interest Rate Derivatives (₹ in Crore)

Sl. No.	Particulars	March 31, 2019	March 31, 2018
(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:

a) the structure and organization for management of risk in derivatives trading;

b) the scope and nature of risk measurement, risk reporting and risk monitoring systems;

c) policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants; and

d) 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, 2019		March 31, 2018	
		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, 2019 and March 31, 2018.

4. ASSET QUALITY

4.1 Non-Performing Advances

Details of movement of gross NPAs, net NPAs and provisions during the year ended March 31, 2019 and March 31, 2018 are given below:

(₹ in Crore)

	Particulars	March 31, 2019	March 31, 2018
(i)	Net NPAs to Net Advances (%)	2.41	3.19
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	469.31	315.60
	(b) Additions during the year (fresh NPAs during the year)	142.69	358.33
	(c) Reductions during the year	116.16	204.62
	(d) Closing balance	495.84	469.31
(iii)	Movement of Net NPAs		
	(a) Opening balance	194.65	166.48
	(b) Additions during the year	119.67	257.13
	(c) Reductions during the year	162.61	228.96
	(d) Closing balance	151.71	194.65
(iv)	Movement of provisions for NPAs (excluding provisions on std. assets)		
	(a) Opening balance	274.30	148.79
	(b) Provisions made during the year	110.76	178.00
	(c) Write-off/write-back of excess provisions	41.33	52.49
	(d) Closing balance	343.73	274.30

4.2 Disclosure of Divergence in the Asset Classification and Provisioning

The divergence observed by the RBI for Financial year 2017-18 in respect of bank's asset classification and provisioning under the Extant Prudential Norms on Income Recognition, Asset Classification and Provisioning does not exceed 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 A. 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				
	Asset Classification Details		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	0	20.78	0.1	6.85	0	27.73	20.78	0.1	6.85	0	27.73
		Provision thereon	0	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	4.93
3	Up-gradations 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
		Amount Outstanding	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
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
		Amount Outstanding	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

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

Sl. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification Details		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	0	0	0	0	-5	5	0	0	0	-5	5	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
		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
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	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
		Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Movement in the account during the year	No. of Borrowers	0	0	0	0	0	-3	-1	1	0	-3	-6	-6	1	2	-9	-9	-7	2	2	-12
		Amount Outstanding	-0.1	0	-0.24	0	-0.34	-3.55	-0.78	0.73	0	-3.6	-1.85	-0.27	0.13	0.05	-1.94	-5.5	-1.05	0.62	0.05	-5.88
		Provision thereon	-0.01	0	-0.24	0	-0.25	-0.25	-0.16	1.06	0	0.65	0.14	-0.03	20.13	0.05	20.2	-0.12	-0.19	20.95	0.05	20.69
8	Restructured accounts as on March 31 of the FY (closing figures)	No. of Borrowers	1	0	2	0	3	0	0	2	0	2	278	9	4	12	303	279	9	8	12	308
		Amount Outstanding	17.27	0	3.77	0	21.04	0	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
		Provision thereon	2.31	0	3.77	0	6.08	0	0	2.65	0	2.65	2.66	0.1	39.41	0.47	42.55	4.97	0.1	45.83	0.47	51.37

B. Details of Loan Assets subjected to Restructuring as on March 31, 2018

(₹ in Crore)

Sl. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification Details		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 fig.s)	No. of Borrowers	0	0	3	0	3	5	0	0	0	5	19	2	1	14	36	24	2	4	14	44
		Amount Outstanding	0	0	29.89	0	29.89	10.69	0	0	0	10.69	8.64	0.18	36.49	0.51	45.81	19.33	0.18	66.38	0.50	86.39
		Provision thereon	0	0	19.40	0	19.40	0.84	0	0	0	0.84	0.46	0.04	16.42	0.51	17.43	1.30	0.04	35.82	0.50	37.68
2	Fresh Restructuring during the year	No. of Borrowers	0	0	0	0	0	0	0	0	0	0	33	3	0	0	36	33	3	0	0	36
		Amount Outstanding	0	0	0	0	0	0	0	0	0	0	0.87	0.22	0	0	1.09	0.87	0.22	0	0	1.09
		Provision thereon	0	0	0	0	0	0	0	0	0	0	0.09	0.05	0	0	0.14	0.09	0.05	0	0	0.14
3	Up-gradations to restructured standard category during the FY	No. of Borrowers	1	0	(1)	0	0	0	0	0	0	0	3	0	0	(3)	0	4	0	(1)	(3)	0
		Amount Outstanding	25.88	0	(25.88)	0	0	0	0	0	0	0	0.08	(0.02)	0	(0.06)	0	25.96	(0.02)	(25.88)	(0.06)	0
		Provision thereon	17.04	0	(17.04)	0	0	0	0	0	0	0	0.06	0	0	(0.06)	0	17.10	0	(17.04)	(0.06)	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
		Amount Outstanding	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
5	Downgradations of restructured accounts during the FY	No. of Borrowers	0	0	0	0	0	(2)	1	1	0	0	(3)	3	0	0	0	(5)	4	1	0	0
		Amount Outstanding	0	0	0	0	0	(6.52)	0.76	5.76	0	0	(0.08)	0.08	0	0	0	(6.60)	0.84	5.76	0	0
		Provision thereon	0	0	0	0	0	(0.52)	0.08	0.44	0	0	(0.01)	0.01	0	0	0	(0.53)	0.09	0.44	0	0

B. Details of Loan Assets subjected to Restructuring as on March 31, 2018

Sl. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification Details		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	No. of Borrowers	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
		Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7	Movement in the account during the year	No. of Borrowers	0	0	0	0	0	0	0	0	0	0	(3)	(1)	1	(1)	(4)	(3)	(1)	1	(1)	(4)
		Amount Outstanding	(8.51)	0	0	0	(8.51)	(0.62)	0.02	(0.02)	0	(0.62)	(1.65)	(0.14)	0.14	(0.03)	(1.68)	(10.78)	(0.12)	0.12	(0.03)	(10.81)
		Provision thereon	(14.72)	0	1.65	0	(13.07)	(0.07)	0.08	1.15	0	1.16	(0.14)	(0.02)	0.04	(0.03)	(0.15)	(14.93)	0.06	2.84	(0.03)	(12.06)
8	Restructured accounts as on March 31 of the FY (closing figures)	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	1.10	46.38	0.42	76.69
		Provision thereon	2.32	0	4.01	0	6.33	0.25	0.16	1.59	0	2.00	0.46	0.08	16.46	0.42	17.42	3.03	0.24	22.05	0.42	25.74

4.4. Disclosure – Resolution of stressed Assets under Revised framework

- Bank is not having any impact on account of RBI circular dated Feb. 12, 2018 – Resolution of Stressed Assets Revised Framework.
- Bank has not implemented any resolution plan under RBI circular dated Feb. 12, 2018 – Resolution of Stressed Assets Revised Framework.
- There is no slippage during the quarter from restructured book on account of Feb. 12, 2018 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 on 12.02.2018.
- 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 Feb. 12, 2018 RBI notification (For Borrowers with aggregate debt of > ₹2,000 Crores).

4.5. Micro, Small and Medium Enterprises (MSME) Sector – Restructuring of Advances

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

No. of accounts restructured	Amount (₹ in Crores)
3	2.05

4.6 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).

4.7 Details of financial assets sold to Securitization/Reconstruction Company

A. Details of Sales

(₹ in Crore)

Sl. No.	Item	March 31, 2019	March 31, 2018
(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

4.8 Details of non-performing financial assets purchased/sold (from/to banks) (₹ in Crore)

Sl. No.	Particulars	March 31, 2019	March 31, 2018
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

4.9 Provisions on Standard Assets (₹ in Crore)

Particulars	As on March 31, 2019	As on March 31, 2018
Provision towards standard Assets	27.04	24.83
Provision towards Specific Standard Assets*	3.93	4.17

*Additional provision of ₹3.93 Crores (Previous year ₹4.17 Crores) was retained by the bank against its exposure to telecom sector in view of the RBI Circular No.DBR. No.BP.BC. 64/21.04.048/2016-17 dated April 18.2017.

4.10 Advances against Intangible Assets (₹ in Crore)

Sl. No.	Particulars	March 31, 2019	March 31, 2018
	Total Unsecured advances of the Bank	206.84	217.74
i	Of which amount of advances outstanding against charge over intangible securities such as rights, Licenses, authority etc.	56.41	77.21
ii	The estimated value of such intangible security as in (i) above	Gross Value – 104.62 Cr.	Gross Value – 93.69 Cr.

5. BUSINESS RATIOS

Sl. No.	Particulars	March 31, 2019	March 31, 2018
(i)	Interest Income as a percentage to Working Funds (%)*	7.73	8.05
(ii)	Non-interest income as a percentage to Working Funds (%)*	0.42	0.81
(iii)	Operating Profit as a percentage to Working Funds (%)*	0.76	1.16
(iv)	Return on Assets (%)*	0.10	(0.20)
(v)	Business (Deposits plus net advances) per employee – ₹ in Crore #	9.72	9.19
(vi)	Profit/(Loss) per employee – ₹ in Crore #	0.01	(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), interbank 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, 2019

(₹ in Crore)

Particulars			Average of month end position during the year ended 31.03.2019		Average of month end position during the quarter ended 31.03.2018	
			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)			1984.43		2072.84
Cash Outflows						
2.	Retail deposits and deposits from small business customers, of which:		5714.95	349.79	5582.48	364.00
	(i)	Stable deposits	4434.09	221.70	3921.69	196.08
	(ii)	Less stable deposits	1280.86	128.09	1679.19	167.92
3.	Unsecured wholesale funding, of which:		961.80	262.36	768.13	267.73
	(i)	Operational deposits (all counterparties)	-	-	-	-
	(ii)	Non-operational deposits (all counterparties)	961.80	262.36	768.13	267.73
	(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		403.27	51.26	517.77	59.22
7.	Other contingent funding obligations		198.41	5.95	225.08	6.75
8.	**Total Cash Outflows**					
Cash Inflows						
9.	Secured lending (e.g. reverse repos)		26.85	26.85	-	-
10.	Inflows from fully Performing exposures		-	-	-	-
11.	Other cash inflows		-	0	-	0
12.	**Total Cash Inflows**			0	-	0
				Total Adjusted Value		Total Adjusted Value
21.	**TOTAL HQLA**			1984.43		2072.84
22.	**Total Net Cash Outflows**			642.52		695.39
23.	**Liquidity Coverage Ratio (%)**			308.85%		298.08%

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. 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 (Top 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 upto 13.5% of NDTL (11% upto 30.09.2018 and 13% upto 18.10.2018) 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, 2019 is 308.85% (March 31, 2018: 298.08%), which is comfortably above RBI prescribed minimum requirement of 100%.

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, 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	1452.78	2691.37	4170.12	194.66	80.01	**10603.32**
Advances (Net)	197.53	34.28	64.69	496.15	190.25	663.82	907.55	1127.84	1124.04	405.44	1077.70	**6289.28**
Investments (Gross)	0.00	49.26	0.00	107.28	24.70	323.82	504.52	1198.85	352.66	307.07	1272.96	**4141.11**
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**

- **Maturity Pattern of certain assets and liabilities as at March 31, 2018:** (₹ 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	66.36	218.97	198.75	423.05	529.28	446.32	1356.18	3376.91	3957.09	239.63	107.11	**10919.66**
Advances (Net)	138.26	76.75	61.66	124.56	236.30	233.64	333.83	597.68	3276.37	468.03	563.42	**6110.50**
Investments (Gross)	0.00	0.00	47.10	5.00	24.56	264.93	512.97	604.49	1001.21	245.66	1773.68	**4479.59**
Borrowings	0.00	96.97	0.00	54.50	29.30	0.00	10.00	1.00	22.90	0.00	177.50	**392.17**
Foreign currency Assets	38.98	24.38	0.18	23.41	7.45	20.50	41.37	163.65	1.14	3.12	9.34	**333.53**
Foreign currency Liabilities	27.54	26.55	3.46	16.91	6.22	6.31	23.57	147.03	56.82	4.81	0.00	**319.22**

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, 2019	March 31, 2018
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)**	581.11	461.34
Of Which individual Housing loan eligible for inclusion in Priority Sector Advances	335.22	222.78
(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)**	282.19	280.86
(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)	213.84	204.51
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) **(D)**	222.45	65.94
Total Exposure to Real Estate Sector (A+B+C+D)	**1299.59**	**1012.65**

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, 2019	March 31, 2018
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	31.64	31.84
(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;	7.80	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

	Particulars	March 31, 2019	March 31, 2018
(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		**41.47**	**41.67**

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 March 31, 2019	Provision held as at March 31, 2019	Exposure (net) as at March 31, 2018	Provision held as at March 31, 2018
Insignificant	3.48	Nil	21.58	Nil
Low	6.64	Nil	1.51	Nil
Moderate	1.61	Nil	2.22	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
Restricted	Nil	Nil	Nil	Nil
Off-credit	Nil	Nil	Nil	Nil
Total	**11.73**	**Nil**	**25.31**	**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 2018-19, Reserve Bank of India levied a penalty of ₹81050/- (Rupees Eighty One Thousand 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	Prior period Income	Prior Period Expense
Sale Proceeds of Assets relating to the period prior to the year 2016	0.08	Nil
Net Prior period (Income)/Expense	0.08	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	
	2018-19	2017-18	2018-19	2017-18
Changes in the present value of the defined benefit obligations				
Present value of obligation at the beginning of the year	146.09	148.85	47.84	42.75
Interest cost	9.47	9.05	3.97	3.35
Current Service Cost	8.74	8.85	3.67	3.49
Benefits paid	(2.66)	(4.33)	(6.55)	(6.57)
Net actuarial (gain)/loss on obligation	3.66	5.41	3.87	(2.79)
Past service cost	0	0	0	7.61
Settlements	(21.82)	(21.74)	0	0
Present value of the defined benefit obligation at the end of the year	143.48	146.09	52.80	47.84

Particulars	Pension		Gratuity	
	2018-19	2017-18	2018-19	2017-18
Change in the fair value of plan assets				
Fair value of plan assets at the beginning of the year	163.88	160.84	44.48	43.74
Expected return on plan assets	12.12	12.12	3.62	3.45
Contributions by employer	0	15.11	4.86	4.69
Contributions by employee	3.35	3.56	Nil	Nil
Benefit paid	(2.66)	(4.33)	(6.55)	(6.57)
Settlements	(21.82)	(21.74)	Nil	Nil
Actuarial gain/(loss)	(10.14)	(1.68)	(0.38)	(0.82)
Fair value of plan assets at the end of the year	144.73	163.88	46.03	44.48
Total Actuarial Gain/(Loss) to be recognized immediately	(13.80)	(7.09)	(4.25)	1.96
Expenses recognized in Profit and Loss Account				
Current Service Cost	8.74	8.85	3.67	3.49
Interest cost on benefit obligation	9.47	9.05	3.97	3.35
Expected return on plan assets	(12.12)	(12.12)	(3.62)	(3.45)
Net actuarial (gain)/loss recognized in the year	13.80	7.09	4.25	(1.96)
Past Service Cost PSL – amortization	0	0	0	7.61
Expenses recognized in the Profit and Loss account	19.89	12.87	8.27	9.04
The amount recognized in the Balance Sheet				
Present Value of obligation at the end of the year (i)	143.48	146.09	52.80	47.84
Fair value of plan assets at the end of the year (ii)	144.73	163.88	46.03	44.48
Difference (ii)-(i)	1.26	17.79	(6.77)	(3.36)
Unrecognized past service liability	Nil	Nil	Nil	Nil
Net asset/(liability) recognized in the Balance Sheet	1.26	17.79	(6.77)	(3.36)

Details of the Plan Asset

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

Particulars	Pension		Gratuity	
	2018-19	2017-18	2018-19	2017-18
Central Government securities	16.68	19.63	Nil	Nil
State Government securities	24.33	27.33	5.01	5.01
Investment in Private Sector Undertakings	18.50	18.50	2.50	2.50
Others	83.57	97.32	38.25	36.72
Total	**143.08**	**162.78**	**45.76**	**44.23**

Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

Method used	Pension		Gratuity	
	Project Unit Credit Method		Project Unit Credit Method	
	2018-19	2017-18	2018-19	2017-18
Discount rate	7.60%	7.70%	7.60%	7.70%
Expected rate of return on assets	7.80%	7.80%	7.80%	7.80%
Future salary increase	2.50%	2.50%	5.00%	5.00%
Increase in price inflation	5.00%	5.00%		

Disclosure on option to spread additional liability on account of the Enhancement in gratuity limits

Ministry of Labour and Employment, Government, Government of India on March 29, 2018 has enhanced the gratuity ceiling to an employee under Payment of Gratuity Act, 1972 to ₹20 Lakh from earlier limit of ₹10 Lakh. This change has resulted in an incremental gratuity liability amounting to ₹761 Lakh. As per the RBI circular DBR. BP.BC.9730/21.04.018/2017-18 dated April 27, 2018, the Bank has an option to spread the impact of change in gratuity ceiling over four quarters beginning with the quarter ended March 31, 2018. The Bank has not availed this option and the full incremental liability of ₹761 lakh has been charged to the profit and loss account for the quarter and year ended March 31, 2018.

ii. Family Pension

As at	31.03.2019	31.03.2018
Present value of obligation at the beginning of the year	13.62	0
Current Service Cost	1.82	13.62
Interest Cost	1.06	
Settlements	(11.48)	
Present Value of the defined benefit obligation at the end of the year	5.02	13.62

Actuarial valuation of liability in respect of pensions payable to Family pensioners was separately valued in accordance with the requirements of AS-15 for the first time in the FY 2017-18. Till then it was valued as part of pension liability.

Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

Method used	Family Pension Project Unit Credit Method	
	2018-19	2017-18
Discount rate	7.60%	7.70%
Expected rate of return on assets	7.80%	7.80%
Future salary increase	NA	NA
DA increase on Basic Pension	5.00%	5.00%

iii. Leave encashment benefit (₹ in Crore)

Particulars	Leave		Sick Leave	
	2018-19	2017-18	2018-19	2017-18
Changes in the present value of the defined benefit obligations				
Present value of obligation at the beginning of the year	28.81	29.95	3.42	3.24
Interest cost	2.51	2.33	0.30	0.28
Current Service Cost	3.05	3.02	0.68	0.62
Benefits paid	(3.00)	(4.75)	Nil	Nil
Net actuarial (gain)/loss on obligation	0.08	(1.73)	(0.79)	(0.72)
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	31.45	28.81	3.61	3.42
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	3.00	4.75	Nil	Nil
Benefit paid	(3.00)	(4.75)	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	(0.08)	1.73	0.79	0.72
Expenses recognized in Profit and Loss Account				
Current Service Cost	3.05	3.02	0.68	0.62
Interest cost on benefit obligation	2.51	2.33	0.30	0.28
Expected return on plan assets	Nil	Nil	Nil	Nil
Net actuarial (gain)/loss recognized in the year	0.08	(1.73)	(0.79)	(0.72)
Past Service Cost PSL – amortization	Nil	Nil	Nil	Nil
Excess provision held in books*	0.75	Nil	0.57	Nil
Expenses recognized in the Profit and Loss account	6.39	3.61	0.18	0.18
The amount recognized in the Balance Sheet				
Present Value of obligation at the end of the year (i)	31.45	28.81	3.61	3.42
Fair value of plan assets at the end of the year (ii)	Nil	Nil	Nil	Nil
Difference (ii)-(i)	(31.45)	(28.81)	(3.61)	(3.42)
Unrecognized past service liability	Nil	Nil	Nil	Nil
Net asset/(liability) recognized in the Balance Sheet	(32.20)	(28.81)	(4.18)	(3.42)

*Excess provision of ₹0.75 Crores in respect of leave encashment benefits and ₹0.57 Crores in respect of Sick Leave benefits held in the books as on 31.03.2019 has not been written back as a matter of prudence.

Details of the Plan Asset

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

Particulars	Leave		Sick Leave	
	2018-19	2017-18	2018-19	2017-18
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 Project Unit Credit Method		Sick Leave Project Unit Credit Method	
	2018-19	2017-18	2018-19	2017-18
Discount rate	7.60%	7.70%	7.60%	7.70%
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
   (a) Treasury Operations
   (b) Corporate/Wholesale Banking
   (c) Retail Banking
   (d) Other banking business operations

II. Secondary Segments: Geographical segments

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

11.4 Related Party Disclosures (As 18)

Key Management Personnel	2018-19		2017-18	
	From	To	From	To
G. Sreeram, MD & CEO	01.04.2018	01.07.2018	01.04.2017	31.03.2018
Smt. Latha T., MD & CEO	02.07.2018	31.03.2019	-	-
Sri Bhasi K. V., CFO	01.04.2018	31.07.2018	01.04.2017	31.03.2018
Sri Ramesh A. J., CFO	01.09.2018	31.03.2019	-	-
Sri Santhosh Kumar Barik, CS	01.04.2018	29.09.2018	01.04.2017	31.03.2018
Sri Venkatesh H. CS	28.09.2018	31.03.2019	-	-

Key Management Personnel	Nature of Transaction	2018-19	2017-18
Sri G. Sreeram, MD & CEO	Remuneration including perquisites	9,00,000.00	39,00,000.00
Smt. Latha T., MD & CEO	Remuneration including perquisites	31,38,709.67	-
Sri K. V. Bhasi, CFO	Remuneration including perquisites	5,80,000.00	15,62,661
	Vehicle Loan Given	Nil	Nil
	Vehicle Loan Outstanding	Nil	Nil
Sri Ramesh A. J., CFO	Remuneration including perquisites	9,64,081.00	-
	Vehicle Loan Given	5,00,000.00	-
	Vehicle Loan Outstanding	4,44,282.00	-
Sri Santosh Kumar Barik CS	Remuneration including perquisites	7,17,512.00	13,50,994.00
	Rent Advance	48,000.00	48,000.00
Sri Venkatesh H. CS	Remuneration including perquisites	4,42,603.00	-

SEGMENT RESULTS – March 31, 2019

(₹ in Crore)

Business Segments	Treasury		Retail Banking		Corporate / Wholesale Banking		Other Banking Operations		Unallocated		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Revenue	288.42	319.16	390.41	364.26	345.39	432.37	Nil	Nil	Nil	Nil	1024.22	1115.79
Results	58.54	49.49	41.12	67.42	-4.73	29.27	Nil	Nil	Nil	Nil	94.93	146.18
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	94.93	146.18
Total Provisions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	83.26	171.05
Tax Expenses	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Extra ordinary items	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Profit After Tax							-	-			11.67	(24.87)
Other Information	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Segment Assets	4314.89	4925.98	3695.10	3093.65	3703.98	4200.98	Nil	Nil	Nil	Nil	11713.97	12220.61
Unallocated Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	84.92	65.86	84.92	65.86
Total Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	11798.89	12286.47
Segment Liabilities	4014.33	4599.72	3507.50	2942.10	3515.93	3995.18	Nil	Nil	Nil	Nil	11037.76	11537.00
Unallocated Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	761.13	749.47	761.13	749.47
Total Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	11798.89	12286.47

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, 2019	March 31, 2018
Operating Lease Payments	28.42	30.05

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, 2019	March 31, 2018
Not later than one year	20.89	4.51
Later than one year and not later than five years	5.29	27.72
Later than five years	9.30	16.85
Total	**35.48**	**49.08**

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, 2019	March 31, 2018
Net Profit/(Loss) after tax (₹ in Crore)	11.67	(24.87)
Weight average number of equity shares for Basic EPS	253012084	253012084
Weight average number of equity shares for Diluted EPS	253012084	253012084
Earnings per share (Basic) in ₹	0.46	(0.98)
Earnings per share (Diluted) in ₹	0.46	(0.98)

11.7 Accounting for Taxes on Income (AS 22)

Based on prudence, the Bank has not recognized any additional Deferred Tax Asset during the year ended March 31, 2019. The existing Deferred Tax Asset recognized in March 31, 2014 amounting to ₹37.06 Crore is reviewed in the light of fluctuating trend in performance and a considered conservative view has been taken to retain the same as such. Accordingly the components of Deferred Tax Assets and Liabilities shown below represents the component of Deferred Tax Assets and Liabilities recognized at the time of recognition of the Net Deferred Tax Asset ₹37.06 crore as on March 31, 2014.

(₹ in Crore)

Particulars	March 31, 2019	March 31, 2018
Deferred Tax Asset		
Leave Encashment	0.47	0.47
Provision for Standard Assets	0.17	0.17
Amortization of HTM Securities	3.21	3.21
Carry forward loss	36.11	36.11
Total (A)	**39.96**	**39.96**
Deferred Tax Liability		
Depreciation on Fixed Assets	0.82	0.82
Special Reserve u/s 36(1)(viii)	2.04	2.04
Others	0.04	0.04
Total (B)	**2.90**	**2.90**
Net Deferred Tax Asset (A – B)	37.06	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, 2019 and March 31, 2018 are given below:

(₹ in Crore)

Particulars	March 31, 2019	March 31, 2018
Provision for depreciation on Investments	(10.58)	35.71
Provision for Non-Performing Investments	Nil	(0.48)
Provision for Standard Assets	(1.95)	(3.39)
Provision against Fraud	(0.04)	0.47
Provision for NPA (including Bad Debts written off)	74.69	134.24
Provision for Restructured Advances	0.02	(0.05)
Provision for Unhedged Forex Exposure	(0.83)	(0.65)
Adhoc provision for salary settlement	15.56	5.00
Other Provisions (Net)*	6.38	0.20
Total	**83.25**	**171.05**

*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, 2019 the Bank has drawn down ₹0.14 crore from reserve (Previous Year – ₹0.05 Cr.).

14. Floating Provisions

(₹ in Crore)

Particulars	March 31, 2019	March 31, 2018
(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	2018-19	2017-18
Customer complaints		
(a) No. of complaints pending at the beginning of the year	16	41
(b) No. of complaints received during the year	12109	13233
(c) No. of complaints redressed during the year	12081	13258
(d) No. of complaints pending at the end of the year	44	16
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, 2019	March 31, 2018
Provision Coverage Ratio	84.72%	80.02%

18. Bancassurance Business

Details of income earned from bancassurance business: (₹ in Crore)

Sl. No.	Nature of Income	March 31, 2019	March 31, 2018
1	For selling life insurance policies	5.85	6.05
2	For selling non-life insurance policies	0.61	0.53
	Total	**6.46**	**6.58**

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, 2019	March 31, 2018
Total Deposits of twenty largest depositors (₹ in Crore)	2100.99	2534.01
Percentage of Deposits of twenty largest depositors to total Deposits of the Bank	19.83%	23.23%

b) Concentration of Advances

Particulars	March 31, 2019	March 31, 2018
Total Advances to twenty largest borrowers (₹ in Crore)	1052.67	1127.87
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	15.86%	17.66%

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, 2019	March 31, 2018
Total Exposure to twenty largest borrowers/customers (₹ in Crore)	1259.24	1284.77
Percentage of Exposures to twenty largest borrowers/ customers to total Exposure of the Bank on borrowers/customers	17.41%	17.92%

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, 2019	March 31, 2018
Total Exposure to top four NPA accounts (₹ in Crore)	141.40	128.02

20. Disclosure in respect of ILFS and ILFS entities

Bank's Exposure to Infrastructure Leasing & Financial Services Limited (ILFS) and its group entities is given below:

Position as on 31.03.2019 (₹ in Crore)

Amount Outstanding (1)	Of (1), total amount of exposures which are NPAs as per IRAC norms and not classified as NPA (2)	Provisions required to be made as per IRAC norms (3)	Provisions actually held (4)
44.97	Nil	Nil	Nil

21. Sector-wise advances (₹ in Crore)

Sl. No.	Sector	March 31, 2019			March 31, 2018		
		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	1188.34	13.25	1.12	1174.95	12.00	1.02
2	Advances to industries sector eligible as priority sector lending	389.00	83.15	21.38	428.18	100.10	23.38
3	Services	777.28	77.65	9.99	830.98	64.39	7.75
4	Personal loans (Other than above)	386.82	18.40	4.76	418.99	18.05	4.31
	Sub-total (A)	2741.44	192.45	7.02	2853.10	194.54	6.82
B	**Non Priority Sector**						
1	Agriculture and allied activities	NIL	Nil	Nil	Nil	Nil	Nil
2	Industry	525.95	133.96	25.47	785.48	92.52	11.78
3	Services	2248.98	144.04	6.40	1475.47	155.06	10.51
4	Personal loans (Other than above)	1119.82	25.39	2.27	1272.68	27.19	2.14
	Sub-total (B)	3894.75	303.39	7.79	3533.63	274.77	7.78
	Total (A+B)	**6636.19**	**495.84**	**7.47**	**6386.73**	**469.31**	**7.35**

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.

22. NPA

22.1 Movement of NPAs

Particulars	March 31, 2019	March 31, 2018
Net NPA to Net Advances	2.41%	3.19%
Gross NPA to Gross Advances	7.47%	7.35%
Gross NPA as at the beginning of the year	469.31	315.60
Additions (Fresh NPAs) during the year	142.69	358.33
Sub-total (A)	**612.00**	**673.93**
Less:		
(i) Upgradations	43.53	143.31
(ii) Recoveries (excluding recoveries made from upgraded accounts)	69.41	59.09
(iii) Write-offs	3.22	2.22
Sub-total (B)	**116.16**	**204.62**
Gross NPA as at the end of the year (A-B)	**495.84**	**469.31**

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

(₹ in Crore)

Particulars	March 31, 2019	March 31, 2018
Opening balance of Technical / Prudential written-off accounts as at April 1	505.08	516.41
Add : Technical / Prudential write-offs during the year	0	0.00
Sub-total (A)	**505.08**	**516.41**
Less : Recoveries made from previously technical / prudential written-off accounts during the year **(B)**	**8.30**	**11.33**
Less : Other charges receivable excluded from Gross balance	Nil	Nil
Closing balance as at March 31 (A – B)	**496.78**	**505.08**

22.3 Overseas Assets, NPA and Revenue

(₹ in Crore)

Particulars	March 31, 2019	March 31, 2018
Total Assets	Nil	Nil
Total NPAs	Nil	Nil
Total Revenue	Nil	Nil

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

Name of the SPV sponsored	
Domestic	**Overseas**
Nil	Nil

24. 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 four 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. Frame a policy describing the qualification, experience and other positive attributes for selection of executive/whole time directors including their age of retirement;
2. Formulate criteria for performance evaluation of Board and its Members and various Committees of Board;
3. Conduct performance evaluation of the Board and its Committees and Members on the basis of the above formulated criteria;
4. Review the adequacy of the objectives/criteria for performance evaluation, the appropriateness of the process involved, effectiveness of the evaluation techniques, etc. and identify the areas where improvements are required including training, skill building, etc. and the nature of actions required along with the timelines/resources required for the same;
5. Determine the continuance/extension of the term of independent Directors on the basis of the performance evaluation;
6. Formulate and put in place guiding principles to determine the qualities, qualifications, and the parameters to determine the 'fit and proper' criteria for appointment of independent Directors keeping in mind the diversity quotient the Bank's Board shall maintain from time to time and subject to the applicable regulatory requirements;
7. Conduct the process of due diligence to determine the suitability of the person for appointment/continuing to hold appointment as Director on the Board, based on the specific criteria prescribed by Reserve Bank of India;
8. Filling in a timely manner vacancies on the Board of the company including the position of executive/whole time directors;

9. Selection of directors, key management personnel and persons to be appointed in senior management positions as defined by the Board and recommend to the Board for their appointment and removal thereof;

10. Formulate and recommend to the Board for its approval a policy relating to the remuneration for the directors, key managerial personnel and other employees from time to time to ensure that:-
    a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors 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 company and its goals;

11. Review the performance of individual Directors of the Bank on a yearly basis at the end of each financial year or at such periodicity as the Committee deem fit and recommend to the Board on the basis of such review, whether a director to be recommended for re-appointment or not;

12. Ensure that at all times, the Board of the Bank has a fair combination of independent, non-executive and executive directors meeting the governance standards set by the Board and in compliance with regulatory requirements and listing agreements prevailing from time to time;

13. Ensure that the organization structure and flow of command meets the governance standard set for the internal management of the Bank;

14. Evaluate and put in place proper mechanism for refreshment trainings for Directors on relevant subject;

15. Evaluate and put in place a proper mechanism to ensure that the independence of independent directors are always maintained and to ensure that there are no situations which suggest the existence of circumstances resulting in the loss of independence of any directors of the Bank;

16. Put in place, subject to the provisions of applicable laws, policies and procedure for determining the retirement and re-appointment of independent and other Directors on the board of the Bank;

17. Ensure that at all times the sub committees of the Board is functioning and are constituted according to the regulatory requirement and governance policies of the Bank;

18. Oversee the overall governance standards and policies of the Bank and delegation of authorities to match with the best practices in relation to the size of the Bank and the level of its operations to protect the interest of all stakeholders.

(₹ in Crore)

	Quantitative Disclosures	2018-19	2017-18
(a)	• Number of meetings held by the Nomination & Remuneration Committee during the financial year	6	5
	• Remuneration paid to its members	0.023	0.017
(b)	(i) Number of employees having received a variable remuneration award during the financial year	Nil	Nil
	(ii) Number and total amount of sign-on awards made during the financial year	Nil	Nil
	(iii) Details of guaranteed bonus, if any, paid as joining/sign on bonus	Nil	Nil
	(iv) Details of severance pay, in addition to accrued benefits, if any	Nil	Nil
(c)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms	Nil	Nil
	(ii) Total amount of deferred remuneration paid out in the financial year	Nil	Nil
(d)	Breakdown of amount awards for the financial year to show fixed and variable deferred and non-deferred • Fixed • Variable • Deferred • Non-Deferred	Nil	Nil

Quantitative Disclosures		2018-19	2017-18
(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

25. 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 ₹20000 for Board Meeting and ₹10000 for meetings of the Board Committees. Details of sitting fees paid are given below:

(₹ in Crore)

Particulars	March 31, 2019	March 31, 2018
Sitting Fees paid to Non-Executive Directors	0.39	0.27

26. ESOP Scheme

a) The details of the Employees Stock Option Plan-2009 currently in vogue in the Bank as at March 31, 2019 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	37,08,604	8,74,680
9.	Vested and unexercised	2,69,902	16,02,720
10.	Total number of options in force	2,69,902	16,02,720
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, 2019 is summarized below:

Particulars	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Scheme Name	ESOP 2009		ESOS 2013	
Options outstanding at the beginning of the year	3,24,182	3,93,987	22,23,400	24,13,870
Options granted during the year	Nil	Nil	Nil	Nil
Options forfeited/cancelled during the year	54,280	69,805	6,20,680	77,010
Options exercised during the year	0	0	0	Nil
Options expired during the year	Nil	Nil	Nil	1,13,460
Options outstanding at the end of the year	2,69,902	3,24,182	16,02,720	22,23,400
Options exercisable at the end of the year	2,69,902	3,24,182	16,02,720	22,23,400

27. Securitization Transactions

The Bank has not done any securitization transaction during the year ended March 31, 2019 and March 31, 2018.

28. Intra-Group Exposures

Bank does not have any group entities.

29. 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, 2019	March 31, 2018
Opening balance of amounts transferred to DEAF	25.22	20.22
Add : Amounts transferred to DEAF during the year	5.78	5.23
Less : Amounts reimbursed by DEAF towards claims	0.36	0.23
Closing balance of amounts transferred to DEAF	30.64	25.22

30. 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 – 0.85 Crore) and no additional capital (previous year – 1.55 Crore) on account of unhedged foreign currency exposure of its borrowers as at March 31, 2019.

31. Description of Contingent Liabilities

Sl. No.	Particulars*	Brief Description
1	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
2	Liability on account of forward exchange and derivative contracts	The Bank enters into foreign exchange contracts, 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.

Sl. No.	Particulars*	Brief Description
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	– 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

32. Capital Commitments

(₹ in Crore)

March 31, 2019	March 31, 2018
13.88	25.00

33. 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.

34. 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.

35. Provision For Tax

(₹ in Crore)

Particulars	March 31, 2019	March 31, 2018
Income Tax	Nil	Nil
Wealth Tax	Nil	Nil
Deferred Tax	Nil	Nil

36. Provisioning Pertaining to Fraud in Advances

The Bank has reported 26 cases of frauds that has a possible impact on the bank in the Financial year ended March 31, 2019 amounting to ₹111.06 Crore. Of which 3 frauds with the total involved amount of ₹96.22 Crore was fully provided/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.

37. Investor Education and Protection Fund

There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Bank.

38. 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, 2019 and March 31, 2018
- Details of PSLCs purchased with Net Nominal Value

(₹ in Crore)

Sl. No.	PSLC Type	March 31, 2019	March 31, 2018
1	PSLC - Agriculture	Nil	Nil
2	PSLC - Small Farmers/Marginal Farmers	Nil	Nil
3	PSLC - Micro Enterprises	Nil	150
4	PSLC - General	Nil	Nil
	Total	**Nil**	**150**

39. 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, 2019 and March 31, 2018.

40. Software Capitalized under Fixed Assets

The Bank has capitalized software under Fixed Asset amounting to ₹4.09 Crore and ₹1.33 Crore during the financial year ended March 31, 2019 and March 31, 2018 respectively, as given below:

(₹ in Crore)

Particulars	As at March 31, 2019	As at March 31, 2018
At cost at March 31st of the preceding year	62.38	61.06
Additions during the year	4.09	1.33
Deductions during the year	0	0.01
Depreciation to date	60.83	58.96
Net Block	**5.64**	**3.42**

41. Capital Reserve & Investment 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 applicable taxes). During the year ₹1.78 Crores (previous year: Nil) was transferred to Capital Reserve. The Bank has transferred ₹5.88 Crores to Investment Reserve Account against excess provisions for depreciation on investments credited to Profit and Loss Account amounting to ₹10.58 Crores.

42. 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.

43. Implementation of Indian Accounting Standard (Ind AS)

As per the Road Map of Ministry of Corporate Affairs (MCA) in the Press Release Dated January 18, 2016, Banks shall comply with the 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 Ind AS implementation, Bank had constituted Steering Committee headed by Managing Director & CEO, comprising members from cross functional areas to oversee the progress of Ind AS 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.BP.BC.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.

44. 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	**T. Latha** Managing Director & CEO	**Sajeev Krishnan** Chairman
Chella K. Srinivasan Director	**Dr. K. R. Lakshmy Devi** Director	**S. T. Kannan** Addl. Director (RBI)	**P. S. Sreekumar** Director	**C. K. Gopinathan** Director
N. Sara Rajendra Kumar Director	**K. N. Murali** Director	**M. Varadaraja Iyer** Director	**B. Ravindran Pillai** Director	

As per our Report of even Date
For **Sridhar & Co.**
Chartered Accountants
Firm Registration No.: 003978S

CA. I. Jayasindhu
Partner
Membership No.: 205660

Place : Thrissur
Date : May 08, 2019

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 in phases and it will be fully implemented as on March 31, 2019. The Basel-III Capital Regulations have been consolidated in Master Circular – Basel-III Capital Regulations.

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 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 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 March 31, 2019. 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.

a) Summary

(i) Tier I Capital: ***Tier 1 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 1

The Bank has authorized share capital of ₹300 Cr. comprising 30 Cr. equity share of ₹10/- each. As on March 31, 2019, 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) and Cochin Stock Exchange Limited (CSE).

(b) Additional Tier 1 Capital

As on March 31, 2019 the Bank does not have Additional Tier 1 Capital.

(ii) Tier 2 Capital includes Standard Asset Provisions and Tier 2 Bonds.

Debt Capital Instruments:

The Bank has been raising capital funds by means of issuance of Upper Tier 2 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, 2019, 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 2 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 ₹158.25 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.

Composition of Capital as on 31.03.2019

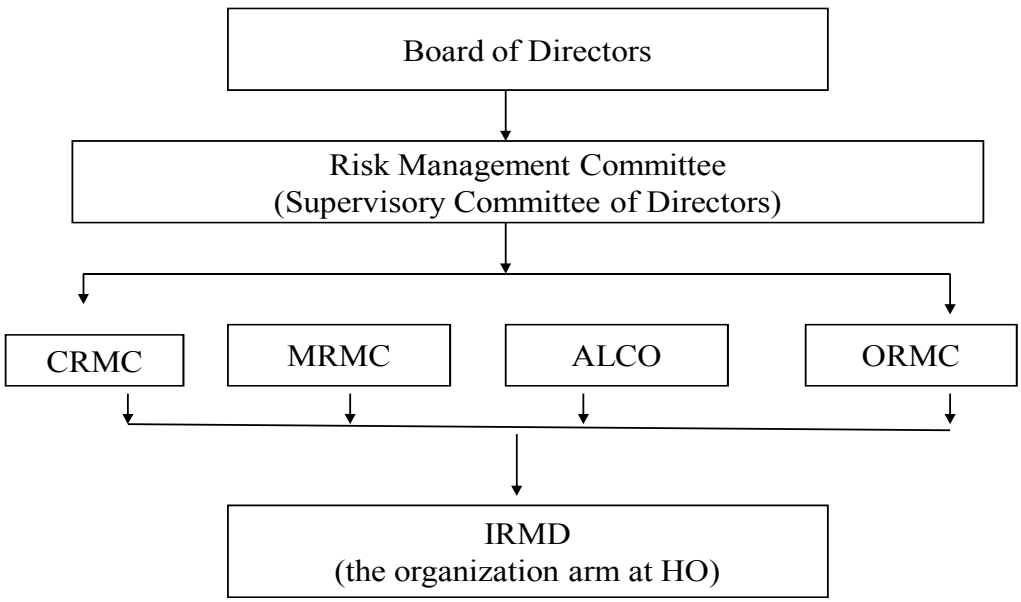
Items	₹ in Million
Paid-up share capital	2530.12
Reserves	12880.45
Common Equity Tier 1 Capital before deductions	15410.57
Less amounts deducted from Tier I capital (accumulated losses, DTA and Intangible Assets).	9053.26
(a) Common Equity Tier 1 Capital	6357.31
(b) Additional Tier 1 Capital	0.00
(c) Total Tier 1 Capital (a+b)	6357.31
Directly issued Tier 2 capital instruments subject to phase out	1582.50
General Provisions/Revaluation Reserves	329.30
(d) Total Tier 2 Capital	1911.80
Total Eligible Capital (c+d)	8269.11

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; Capital requirements for Market Risk; Capital requirements for Operational Risk and the Common Equity Tier 1, Tier 2 and Total Capital Ratios are given below:

(₹ in Crore)

	Items	31.03.2019
(a)	Capital requirements for credit risk	
	Portfolios subject to standardized approach (10.875%)	520.75
	Securitization exposures	
(b)	Capital requirements for market risk-Standardized duration approach	34.90
	Interest rate risk	24.85
	Foreign exchange risk (including gold)	1.26
	Equity position risk	8.79
(c)	Capital requirements for operational risk	63.10
	Basic Indicator Approach	63.10
Total Capital Funds Required		618.76
Total Capital Funds Available		826.91
Total Risk Weighted Assets		6013.61
(d)	Common Equity Tier 1, Tier 2 and Total Capital Ratios	
	Common Equity Tier 1 CRAR (%)	10.57%
	Tier 2 CRAR (%)	3.18%
Total CRAR % for the Bank		13.75%

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.
- ✓ Carries out rating migration analysis of the credit exposures of ₹1 Crore & above on a quarterly basis. Rating Migration analysis covering all exposures of ₹25 lakhs and above is conducted on half 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
- ➢ Corporate Credit Committee at Corporate Office level
- ➢ Management Committee
- ➢ 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 functional 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 has implemented a software solution to get system support for calculation of Risk Weighted Assets for CRAR computation.

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 Inspection Department has been put in place for all ₹3 Crore and above advances. All new sanctions/ enhancements, excluding renewals, made in the quarter will be subjected to credit audit during the first month of succeeding quarter. All loans/advances of ₹1 Crore to ₹3 Crores shall be subjected to Credit audit by concerned Regional office, through another Branch Head/Credit Officer/ARCO in the region.

b) Legal Audit for all the advances ₹1 Crore and above, backed by mortgage of properties is conducted at varying frequencies.

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 (In Crore)
Fund Based	Loans & advances	6692.22	
	Cash, RBI and Banks	623.28	
	Others (Fixed Assets & other Assets)	466.67	7782.18
Non-Fund Based	LC, BG etc.	242.69	
	Forward Contracts/Interest rate SWAPS	213.03	
	Others	636.90	1092.62
Investments (Banking Book only)	–	2268.79	2268.79
Total of Credit Risk exposure	–	11143.59	11143.59

(b) **Geographic distribution of exposures:** (₹ in Crore)

Exposures	31.03.2019		
	Fund based	Non-Fund Based	Total
Domestic operations	10050.97	1092.62	11143.59
Overseas operations	Bank has no overseas operations		

(c) **Industry type distribution of exposures as on 31.03.2019:**

Particulars	Funded (Amt. in Crs.) Gross Advance
A. Mining and Quarrying	1.68
B. Food Processing	72.16
C. Beverages (excluding Tea & Coffee) and Tobacco	2.52

Particulars	Funded (Amt. in Crs.) Gross Advance
D. Textiles	90.54
E. Leather and Leather products	10.67
F. Wood and Wood Products	7.09
G. Paper and Paper Products	9.96
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear fuels	0.00
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	22.86
J. Rubber, Plastic and their Products	4.89
K. Glass & Glassware	9.16
L. Cement and Cement Products	3.91
M. Basic Metal and Metal Products	59.16
N. All Engineering	33.01
O. Vehicles, Vehicle Parts and Transport Equipments	4.41
P. Gems and Jewellery	207.14
Q. Construction	79.09
R. Infrastructure	310.39
S. Other Industries	6.28
All Industries (A to S)	934.94
Residuary other advances	5701.26
Gross Advances	**6636.19**

Exposures to Infrastructure (transport, energy, water sanitation, communication etc.) and Gems and Jewellery accounted for 4.68% and 3.12% 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	310.39	44.65	29.86
2	Gems and Jewellery	207.14	50.03	50.03
3	Textiles	90.54	5.66	2.46
4	Construction	79.09	7.63	3.00
5	Food Processing	72.16	35.27	12.93
	Total	**759.32**	**143.24**	**98.28**

(d) Residual maturity breakdown of assets as on 31.03.2019:

(₹ in Crore)

Maturity Pattern Assets	Advances (Net)	Investments (Gross)	Foreign Currency Assets
Next Day	197.53	-	63.44
2 - 7 Days	34.28	49.26	0.73
8 - 14 Days	64.69	-	4.80
15 - 30 Days	496.15	107.28	1.92
31 D - 2 M	190.25	24.70	32.07
2 - 3 Months	663.82	323.82	17.79
3 - 6 Months	907.55	504.52	18.13
6 Months - 1 Year	1,127.84	1,198.85	35.45
1 Year - 3 Years	1,124.04	352.66	81.20
3 - 5 Years	405.44	307.07	0.47
Over 5 Years	1,077.70	1,272.96	0.08
Total	**6,289.28**	**4,141.11**	**256.08**

e) Non-performing assets:

No.	Items	Amount in ₹ in Million
		31.03.2019
1	**Gross NPAs**	4958.41
1.1	Substandard	1023.78
1.2	Doubtful 1	437.17
1.3	Doubtful 2	1299.38
1.4	Doubtful 3	1284.17
1.5	Loss	913.91
2	**Net NPAs**	1517.12
3	**NPA Ratios**	
3.1	Gross NPAs to Gross Advances (%)	7.47%
3.2	Net NPAs to Net Advances (%)	2.41%
4	**Movement of NPAs (gross)**	
4.1	Opening balance	4693.05
4.2	Additions	1426.93
4.3	Reductions	1161.57
4.4	Closing balance	4958.41
5	**Movement of provisions for NPAs**	
5.1	Opening balance	2,742.98
5.2	Provisions made during the FY	1,107.60
5.3	Write-off	0.00
5.4	Write back of excess provisions	413.23
5.5	Closing balance	3,437.35
6	**Amount of Non-Performing Investments (NPI)**	321.90
7	**Amount of provisions held for NPI**	321.90
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	-
8.4	Closing balance	321.90

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, SMERA 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.
		(iv) 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 pari-passu 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) (include Banking Book exposure of Investments):

(₹ in Crore)

Particulars	Total
Below 100% risk weight	6302.06
100% risk weight	1567.23
More than 100% risk weight	853.63
Total Exposure	8722.92

TABLE DF 5 – CREDIT RISK MITIGATION - STANDARDIZED 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 networth, as an additional comfort for mitigation of credit risk which can be translated into a direct claim on the guarantor and are unconditional and irrevocable. Main types of guarantor counterparty as per RBI guidelines are:

- ✓ Sovereigns (Central/ State Governments)
- ✓ Sovereign entities like ECGC, CGTMSE, CRGFTLIH
- ✓ 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 31.03.2019:

Financial Risk Mitigants	Outstanding Covered by Risk Mitigants (In Crore)	Risk Concentration %
Gold	1059.22	66.41%
Cash & Deposits	534.18	33.49%
KVP/IVP/NSC	1.00	0.06%
LIC Policy	0.46	0.03%
Total	**1594.85**	**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 : ₹ **1594.85** Crores
(ii) Other eligible Collateral (after Hair Cuts) : ₹ Nil

DF TABLE 6 – SECURITISATION-STANDARDIZED APPROACH

Qualitative Disclosures:

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

DF TABLE 7 – MARKET RISK IN TRADING BOOK - STANDARDIZED 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 monthly 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	Amount of capital requirement 31.03.2019 (₹ in crores)
Interest rate risk	**24.85**
Equity position risk	**8.79**
Foreign exchange risk	**1.26**

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 minimize 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 (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 operationalised 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 31.03.2019.

Earnings at Risk:

Change in interest rate	Change in NII (₹ in Crores)
± 25 bps	4.40
± 50 bps	8.79
± 75 bps	13.19
± 100 bps	17.59

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 31.03.2019	**(0.98%)**

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, 2019 is given below.

(₹ in Million)

Particulars	Notional Amounts	Credit Equivalent
Forward Exchange Contracts	1990.29	52.19

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	116.69		
3	Accumulated other comprehensive income (and other reserves)	2825.97		
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**	**15527.26**		
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-₹8743.01 mio., and other intangible assets-₹56.35 mio.)	8799.36		
10	Deferred tax assets	370.59		
11	Cash-flow hedge reserve	-		
12	Shortfall of provisions to expected losses	-		
13	Securitisation gain on sale	-		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-		
15	Defined-benefit pension fund net assets	-		
16	Investments in own shares (if not already netted off paid- in capital on reported balance sheet)	-		
17	Reciprocal cross-holdings in common equity	-		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-		
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-		
20	Mortgage servicing rights (amount above 10% threshold)	NA		

21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	NA	
22	Amount exceeding the 15% threshold	NA	
23	of which: significant investments in the common stock of financial entities	NA	
24	of which: mortgage servicing rights	NA	
25	of which: deferred tax assets arising from temporary differences	NA	
26	National specific regulatory adjustments (26a+26b+26c+26d)	0.00	
26a	of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	-	
26b	of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	-	
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-	
26d	of which: Unamortised pension funds expenditures	0.00	
	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-basel treatment	-	
	of which: [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)	-	
	of which: [INSERT TYPE OF ADJUSTMENT]	-	
	of which: [INSERT TYPE OF ADJUSTMENT]	-	
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	9169.95	
29	Common Equity Tier 1 capital (CET1)	6357.31	
Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	-	
31	of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-	
32	of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	
36	Additional Tier 1 capital before regulatory adjustments	-	
Additional Tier 1 capital: regulatory instruments			
37	Investments in own Additional Tier 1 instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-	

39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
41	National specific regulatory adjustments (41a+41b)	-	
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-	
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-	
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-	
	of which: Deferred Tax Assets (not associated with accumulated losses) net of Deferred Tax Liabilities	-	
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]	-	
	of which: [INSERT TYPE OF ADJUSTMENT]	-	
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)**	**6357.31**	
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	1582.50	
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
49	of which: instruments issued by subsidiaries subject to phase out	-	
50	Provisions	329.30	
51	Tier 2 capital before regulatory adjustments	1911.80	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments	-	
53	Reciprocal cross-holdings in Tier 2 instruments	-	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	

56	National specific regulatory adjustments (56a+56b)	-	
56a	of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	-	
56b	of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-	
	Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel-III Treatment	-	
	of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	-	
	of which: [INSERT TYPE OF ADJUSTMENT	-	
57	Total regulatory adjustments to Tier 2 capital	-	
58	Tier 2 capital (T2)	1911.80	
58a	Tier 2 capital reckoned for capital adequacy	1911.80	
58b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	0	
58c	Total Tier 2 capital admissible for capital adequacy (58a + 58b)	1911.80	
59	Total capital (TC = T1 + T2) (45 + 58c)	8269.11	
	Risk Weighted Assets in respect of Amounts subject to Pre-Basel-III Treatment	-	
	of which:	-	
	of which:	-	
60	Total risk weighted assets (60a + 60b + 60c)	60136.10	
60a	of which: total credit risk weighted assets	47885.50	
60b	of which: total market risk weighted assets	4362.52	
60c	of which: total operational risk weighted assets	7888.08	
Capital ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	10.57%	
62	Tier 1 (as a percentage of risk weighted assets)	10.57%	
63	Total capital (as a percentage of risk weighted assets)	13.75%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	NA	
65	of which: capital conservation buffer requirement	NA	
66	of which: bank specific countercyclical buffer requirement	NA	
67	of which: G-SIB buffer requirement	NA	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) National minima (if different from Basel-III)	-	
69	National Common Equity Tier 1 minimum ratio (if different from Basel-III minimum)	5.50%	
70	National Tier 1 minimum ratio (if different from Basel-III minimum) - including CCB of 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 (₹ in Million)

Row No. of the template	Particulars	
10	Deferred tax assets associated with accumulated losses	361.09
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred Tax Liability	9.5
	Total as indicated in row 10	370.59
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	-
	of which: Increase in Common Equity Tier 1 capital	-
	of which: Increase in Additional Tier 1 capital	-
	of which: Increase in Tier 2 capital	-
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	-
	(i) Increase in Common Equity Tier 1 capital	-
	(ii) Increase in risk weighted assets	-
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	-
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 Capital under row 58b	-
50	Eligible Provisions included in Tier 2 capital	329.30
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	329.30
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)	-

DF-12: COMPOSITION OF CAPITAL - RECONCILIATION REQUIREMENTS

Step 1		Balance sheet as in financial statements As on reporting date (₹ in million)	Balance sheet under regulatory scope of consolidation * As on reporting date
A	**Capital & Liabilities**		
i	Paid-up Capital	2,530.12	
	Reserves & Surplus	5081.20	
	Minority Interest	-	
	Total Capital	7611.32	
ii	Deposits	106033.21	
	of which: Deposits from banks	0.16	
	of which: Customer deposits	106033.05	
	of which: Other deposits (pl. specify)		
iii	Borrowings	2004.00	
	of which: From RBI	-	
	of which: From banks	-	
	of which: From other institutions & agencies		
	of which: Others - book credit balances in foreign currency minor accounts	-	
	Of which: Tier 2 Capital instruments	2004.00	
iv.	Other liabilities & provisions	2340.36	
	Total	117988.89	
B	**Assets**		
i	Cash and balances with Reserve Bank of India	5574.41	
	Balance with banks and money at call and short	658.39	
ii	Investments:	40367.00	
	of which: Government securities	28524.46	
	of which: Other approved securities	-	
	of which: Shares	25.80	
	of which: Debentures & Bonds	2823.04	
	of which: Subsidiaries/Joint Ventures/Associates	-	
	of which: Others	8993.71	
iii	Loans and advances	62892.82	
	of which: Loans and advances to banks	119.46	
	of which: Loans and advances to customers	62773.36	

iv	Fixed assets	2020.23	
v	Other assets	6476.05	
	of which: Goodwill and intangible assets	-	
	of which: Deferred tax assets	370.59	
vi	Good will on consolidation	-	
vii	Debit balance in Profit & Loss account		
	Total Assets	**117988.89**	

*Bank has no subsidiaries

Step 2		**Balance sheet under regulatory scope of consolidation As on reporting date**	**Ref. No.**
A	**Capital & Liabilities**		
i	**Paid-up Capital**	2530.12	(a)
	of which: Amount eligible for CET1	2530.12	(a)(i)
	of which: Amount eligible for AT1	-	
	Reserves & Surplus	5081.20	(b)
	of which: Amount eligible for CET1	4254.13	(b)(i)
	Statutory Reserve	832.81	(b)(ii)
	Share Premium	10054.48	(b)(iii)
	General Reserve	896.08	(b)(iv)
	Capital Reserve (excluding Revaluation Reserves)	408.65	(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	(8743.01)	(b)(vii)
	Current Financial Year Profit (Not eligible)	116.69	(b)(viii)
	Revaluation Reserve (part of Tier 2 capital at a discount of 55 percentage)	628.57	(b)(ix)
	Minority Interest	-	
	Total Capital	**7611.32**	**(a)+(b)**
ii	Deposits	106033.21	(c)
	of which: Deposits from banks	0.16	(c)(i)
	of which: Customer deposits	106033.05	(c)(ii)
	of which: Other deposits (pl. specify)	-	
iii	Borrowings	2004.00	(d)
	of which: From RBI	-	(d)(i)
	of which: From banks	-	(d)(ii)
	of which: From other institutions &	-	(d)(iii)
	of which: Others (Book Credit balances in foreign currency accounts)	-	(d)(iv)
	of which: Capital instruments -Tier 2	2004.00	(d)(v)

iv.	Other liabilities & provisions	2340.36	(e)
	of which: Standard Asset provision included under Tier-2 Capital	329.30	(e)(i)
	of which: DTLs related to goodwill	-	
	of which: Details related to intangible	-	
	Total assets	**117988.89**	**(a)+(b)+(c)+(d)+(e)**
B	**Assets**		
i	Cash and balances with Reserve Bank of	5574.41	(f)
	Balance in India with banks and money at call	658.39	(g)
ii	Investments	40367.00	(h)
	of which: Government securities	28524.46	(h)(i)
	of which: Other approved securities	-	-
	of which: Shares	25.80	(h)(ii)
	of which: Debentures & Bonds	2823.04	(h)(iii)
	of which: Subsidiaries/Joint Ventures	-	-
	of which: Others	8993.71	(h)(iv)
iii	Loans and advances	62892.82	(i)
	of which: Loans and advances to banks	119.46	(i)(i)
	of which: Loans and advances to Customers	62773.36	(i)(ii)
iv	Fixed assets	2020.23	(j)
v	Other assets	6476.05	(k)
	of which: Goodwill and intangible assets	-	-
	Out of which:		
	Goodwill	-	-
	Other Intangibles (excluding MSRs)	-	-
	Deferred tax assets	370.59	(k)(i)
vi	Goodwill on consolidation	-	
vii	Debit balance in Profit & Loss account		
	Total Assets	**117988.89**	**(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	116.69	b(viii)
3	Accumulated other comprehensive income (and other reserves)	2825.97	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	15527.26	(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 Series I	Lower Tier II Series XV
1	Issuer	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
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 1	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)	###	Not Applicable
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).

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 P. S. Sreekumar as Chairman, Sri Sajeev Krishnan, Dr. Lakshmi Devi K. R. and Sri Gopinathan C. K. as members as on March 31, 2019.

The terms of reference of the Committee are as follows:

1. Frame a policy describing the qualification, experience and other positive attributes for selection of executive/whole time directors including their age of retirement;
2. Formulate criteria for performance evaluation of Board and its Members and various Committees of Board;
3. Conduct performance evaluation of the Board and its Committees and Members on the basis of the above formulated criteria;
4. Review the adequacy of the objectives/criteria for performance evaluation, the appropriateness of the process involved, effectiveness of the evaluation techniques, etc. and identify the areas where improvements are required including training, skill building, etc. and the nature of actions required along with the timelines/resources required for the same;
5. Determine the continuance extension of the term of independent Directors on the basis of the performance evaluation;
6. Formulate and put in place guiding principles to determine the qualities, qualifications, and the parameters to determine the 'fit and proper' criteria for appointment of independent Directors keeping in mind the diversity quotient the Bank's Board shall maintain from time to time and subject to the applicable regulatory requirements;
7. Conduct the process of due diligence to determine the suitability of the person for appointment/continuing to hold appointment as Director on the Board, based on the specific criteria prescribed by Reserve Bank of India;
8. Filling in a timely manner vacancies on the Board of the company including the position of executive/whole time directors;
9. Selection of directors, key management personnel and persons to be appointed in senior management positions as defined by the Board and recommend to the Board for their appointment and removal thereof;
10. Formulate and recommend to the Board for its approval a policy relating to the remuneration for the directors, key managerial personnel and other employees from time to time to ensure that:
    a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors 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 company and its goals;
11. Review the performance of individual Directors of the Bank on a yearly basis at the end of each financial year or at such periodicity as the Committee deem fit and recommend to the Board on the basis of such review, whether a director to be recommended for re-appointment or not;
12. Ensure that at all times, the Board of the Bank has a fair combination of independent, non-executive and executive directors meeting the governance standards set by the Board and in compliance with regulatory requirements and listing agreements prevailing from time to time;
13. Ensure that the organization structure and flow of command meets the governance standard set for the internal management of the Bank;
14. Evaluate and put in place proper mechanism for refreshment trainings for Directors on relevant subject;
15. Evaluate and put in place a proper mechanism to ensure that the independence of independent directors are always maintained and to ensure that there are no situations which suggest the existence of circumstances resulting in the loss of independence of any directors of the Bank;
16. Put in place, subject to the provisions of applicable laws, policies and procedure for determining the retirement and re-appointment of independent and other Directors on the board of the Bank;
17. Ensure that at all times the sub committees of the Board is functioning and are constituted according to the regulatory requirement and governance policies of the Bank;
18. Oversee the overall governance standards and policies of the Bank and delegation of authorities to match with the best practices in relation to the size of the Bank and the level of its operations to protect the interest of all stakeholders.

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-imbursement 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.
- ✓ 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.

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	Competed 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 ≤ I 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 2018-19 ended on March 31, 2019	6
Remuneration paid to the members of Nomination & Remuneration Committee (Sitting fees) in the financial year 2018-19	230000
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 half year ended 31.12.2017	
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.

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. Presently the indicative benchmark Leverage Ratio prescribed is 4.50% (minimum).

$$\text{Leverage Ratio} = \frac{\text{Capital Measure (Tier I Capital)}}{\text{Exposure Measure}}$$

TABLE DF -17: SUMMARY COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO EXPOSURE MEASURE

	Item	(₹ in Million)
1.	Total consolidated assets as per published financial statements	117988.89
2.	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	0.00
3.	Adjustment for fiduciary assets recognized on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	(426.94)
4.	Adjustments for derivative financial instruments	52.19
5.	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	0.00
6.	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	3448.04
7.	Other adjustments	1425.43
8.	Leverage ratio exposure	122487.61

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)	119414.32
2	(Asset amounts deducted in determining Basel-III Tier 1 capital)	426.94
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	118987.38
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	39.81
5	Add-on amounts for PFE associated with all derivatives transactions	12.39
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)	52.19

	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14	CCR exposure for SFT assets	
15	Agent transaction exposures	0
16	Total securities financing transaction exposures (sum of lines 12 to 15)	
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	3448.04
18	(Adjustments for conversion to credit equivalent amounts)	0
19	Off-balance sheet items (sum of lines 17 and 18)	3448.04
	Capital and total exposures	
20	Tier 1 capital	6357.30
21	Total exposures (sum of lines 3, 11, 16 and 19)	122487.61
	Leverage ratio	
22	Basel-III leverage ratio	5.19%

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 and reaching minimum 100% on January 1, 2019.

Definition of LCR

$$\frac{\text{Stock of high quality liquid assets (HQLAs)}}{\text{Total net cash outflows over the next 30 calendar days}} \geq 100\%$$

Below mentioned is a position of Liquidity Coverage Ratio computed based on daily simple average for the year ended March 31, 2019.

(₹ in Crore)

	Particulars	Daily average for the year ended 31.03.2019	
		Total Unweighted Value (average)	Total Weighted Value (average)
1.	High Quality Liquid Assets		1984.83
	Cash Outflows		
2.	Retail deposits and deposits from small business customers, of which:	5714.95	349.79
	(i) Stable deposits	4434.09	221.70
	(ii) Less stable deposits	1280.86	128.09
3.	Unsecured wholesale funding, of which:	961.80	262.36
	(i) Operational deposits (all counterparties)	-	-
	(ii) Non-operational deposits (all counterparties)	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	403.27	51.26
7.	Other contingent funding obligations	198.41	5.95
8.	**Total Cash Outflows**		669.36
	Cash Inflows		
9.	Secured lending (e.g. reverse repos)	26.85	26.85
10.	Inflows from fully Performing exposures	-	-
11.	Other cash inflows	0	0
12.	**Total Cash Inflows**	0	0
			Total Adjusted Value
13.	**TOTAL HQLA**		**1984.43**
14.	**Total Net Cash Outflows**		**642.52**
15.	**Liquidity Coverage Ratio (%)**		**308.85%**

DLB-TMA Student Scholarships



MD&CEO T Latha distributed DLB-TMA (Thrissur Management Association) scholarships of Rs.50,000 each for the year 2018-19 to two outstanding Management Students from Thrissur during the 28th Annual convention of TMA, on 10.04.2019. Dhanlaxmi Bank is a member of TMA and has been awarding scholarships every year since 2010.

'Bharath Ke Veer Fund'- DLBians' Contribution



Employees of Dhanlaxmi Bank contributed Rs.4,31,444/- to 'Bharth Ke Veer Fund' for helping the family members of the CRPF soldiers who lost their lives in the terrorist attack at Pulwama on 14.02.2019.

TCS Fit for Life Corporate Challenge – DLBians' Participation



During the 7th edition of TCS Fit4life Corporate Challenge Kochi which had taken place on 17.02.2019, many of the Dhanlaxmi Bank Staff participated in the event for a noble cause, and the female employees made the Bank proud by winning the trophy for the **"Highest Number of Female Participation"** by a Corporate in the event.

DhanlaxmiBank
established 1927

Registered & Head Office:

Dhanlaxmi Bank Ltd.
Dhanalakshmi Buildings, Naickanal
Thrissur - 680 001, Kerala
Phone : 91-487-6617000

www.dhanbank.com