DhanlaxmiBank
established 1927

Happiness....
Now one step ahead



94 years of
Banking on Relationships

Annual Report 2020-21

VISION

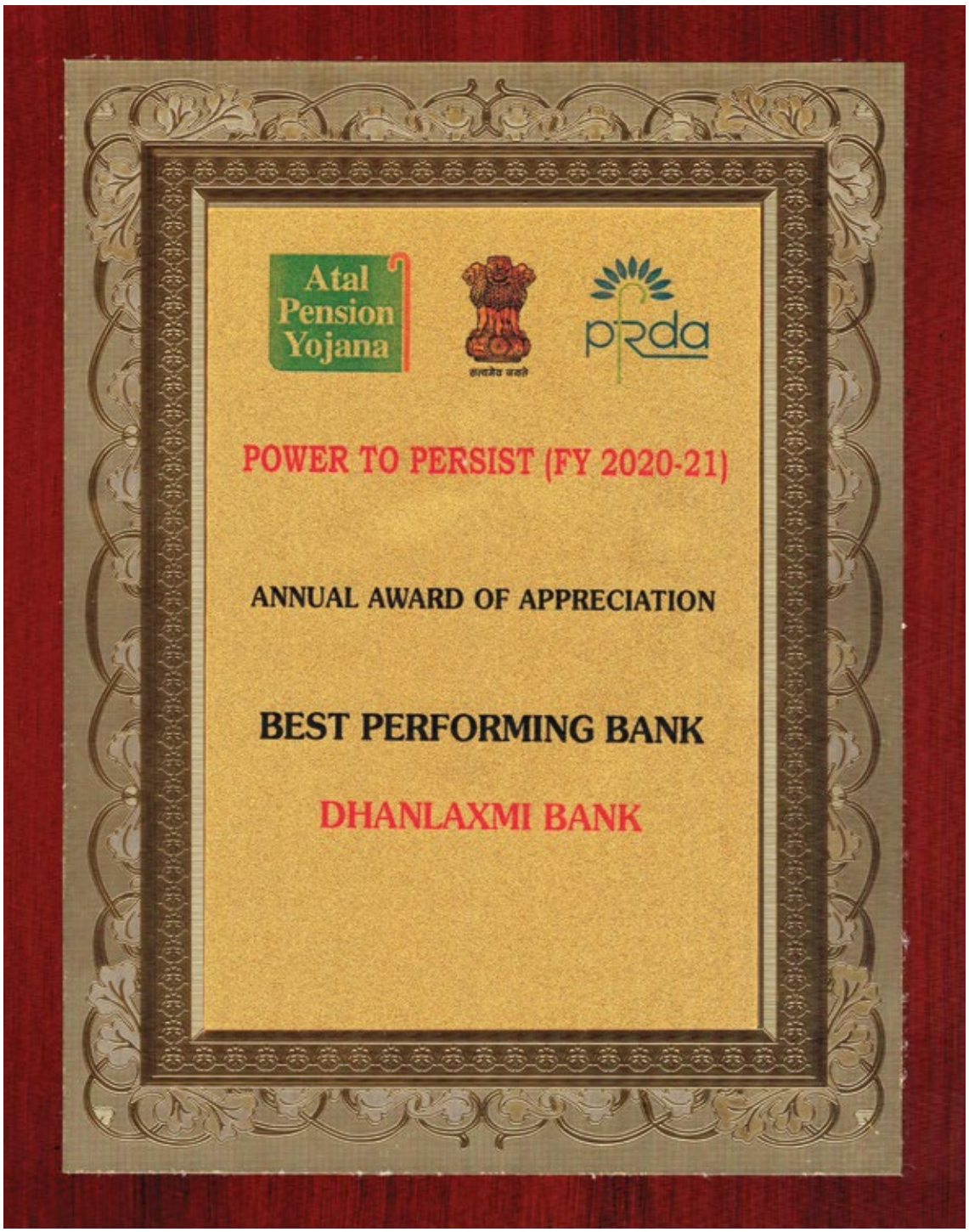
"Banking on Relationships forever".

MISSION

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



Dhanlaxmi Bank Corporate Office, Punkunnam, Thrissur


Atal
Pension
Yojana
सत्यमेव जयते
pfrda
POWER TO PERSIST (FY 2020-21)
ANNUAL AWARD OF APPRECIATION
BEST PERFORMING BANK
DHANLAXMI BANK

Board of Directors



G. Subramonia Iyer
Part time Chairman



Shivan J K
Managing Director & CEO



Gopinathan C K
Director



Dr. (Capt.) Suseela Menon R
Independent Director



G Rajagopalan Nair
Independent Director



P K Vijayakumar
Independent Director



Dr. G Jagan Mohan
Addl. Director (RBI)



D K Kashyap
Addl. Director (RBI)

DhanlaxmiBank
established 1927

CORPORATE INFORMATION

REGISTERED OFFICE
Dhanlaxmi Bank Limited,
P.B.No.9, Dhanalakshmi Buildings
Naickanal, Thrissur-680001

CORPORATE OFFICE
Dhanlaxmi Bank Limited, Punkunnam
Thrissur - 680002

Kindly refer to the website for other offices

CHIEF FINANCIAL OFFICER
Ramesh A.J.

COMPANY SECRETARY & SECRETARY TO THE BOARD
Venkatesh. H

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

SECRETARIAL AUDITORS
M/s. V. Suresh Associates,
Practising Company Secretaries, First Floor
No.28, Ganapathy Colony. IIIrd Street
Teynampet, Chennai – 600018

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

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

REGISTRAR & TRANSFER AGENTS
M/s. KFin Technologies Private Limited
(previously known as
M/s. Karvy Fintech Private Limited)
"Selenium Tower B", Plot No.31 & 32,
Financial District, Nanakramguda, Serilingampally
Hyderabad - 500 032



SENIOR MANAGEMENT

GENERAL MANAGER
Chandran L

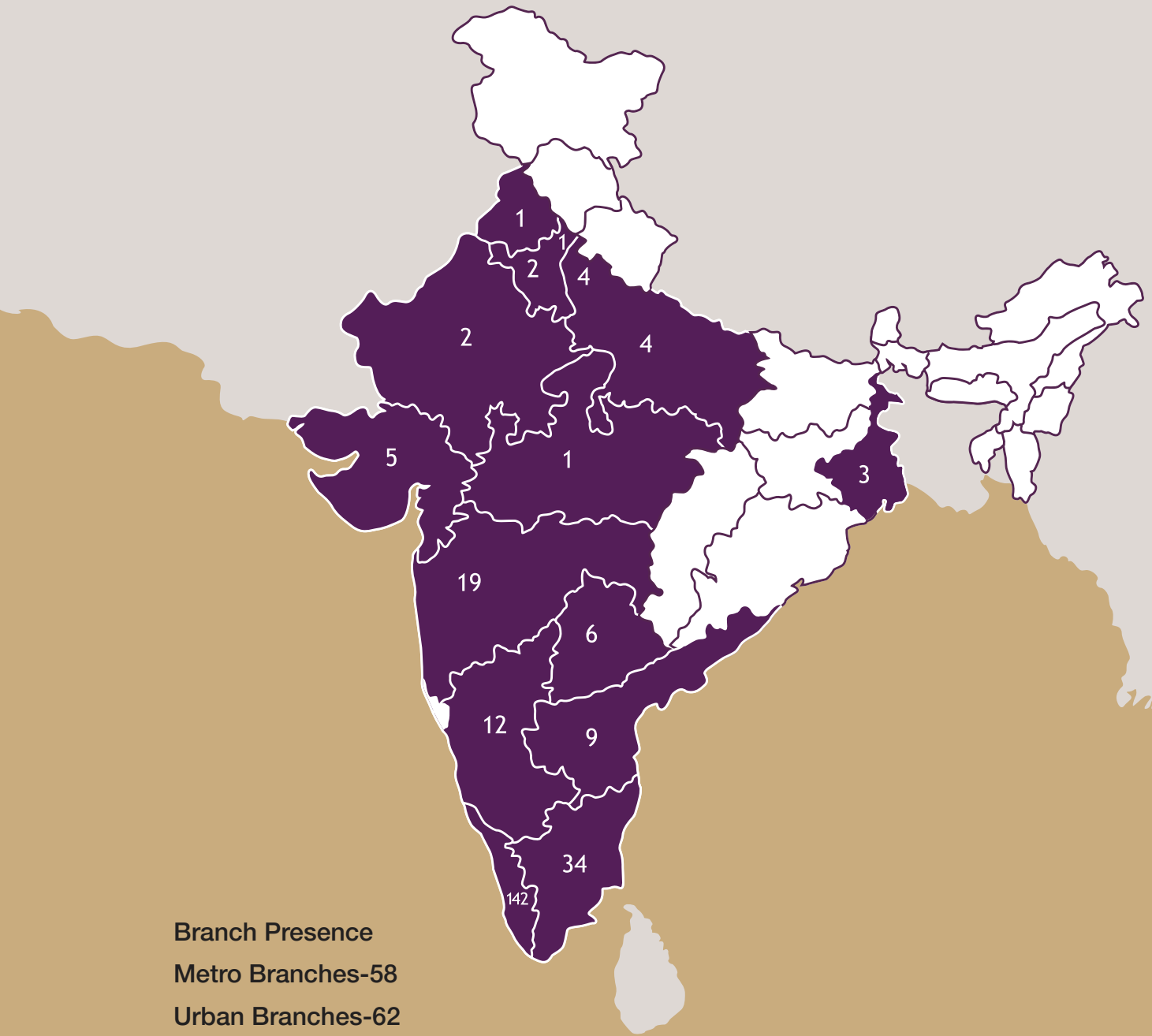
DEPUTY GENERAL MANAGERS

Ramesh A J	John Varughese
Manoj Kumar S	Santoy John
Rajan Sleeba	Surendran A V
Binoy B S	Satheesan V
Sreekumar M P	Sunny George

ASSISTANT GENERAL MANAGERS

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

Over 519 customer touch points including 245 branches, 257 ATMs and 17 BCs



Branch Presence

Metro Branches-58

Urban Branches-62

Semi-Urban Branches-106

Rural Branches-19

ATM/CDM Presence Onsite - 204 Offsite - 52 BCs-17

CHAIRMAN'S MESSAGE



Dear Shareholders,

FY 2021 has been indeed a challenging year and the pandemic has upset all plans and re-defined the way we work and live.

The Government of India and the regulator RBI, with their timely policies and guidelines, have been supportive and brought out innovative measures to address the economic disruptions created by the pandemic. The entire public and private banking system went through numerous changes to adapt and serve the changing needs of the people with contactless payments, encouraging online e-commerce and digitisation of sales and services during these testing times.

The Indian financial system and capital markets have displayed remarkable resilience. Kudos must go to the regulators who have consistently been responsive to the needs of the economy. The regulators took feedback from the ground level and have taken measured steps in a consensual manner. The support announced by RBI stood at RS.15.7 trillion, which is equivalent to 8% of GDP. Securities and Exchange Board of India (SEBI) has been working at a frenetic pace, with the single objective of ensuring normalcy of all market operations throughout the pandemic. As a result, Indian companies raised a record equity capital of Rs.1.9 trillion in FY21. The Government announced direct benefit transfers to vulnerable economic segments and credit guarantee schemes for micro, small and medium enterprises.

Your Bank gave utmost priority to employee safety and well-being and provided a safe and healthy work environment. The Bank acted rapidly to establish remote working solutions and putting in place measures to enable smooth functioning from any location. I thank the regulators for their continued support and guidance in the Board. I thank the shareholders for being proactive and agreeing to resolutions to increase our equity capital, confirmation of newly inducted independent directors and for giving an overwhelming positive vote for the MD&CEO.

Despite the challenging environment, our Bank's financial position remained strong and continued to make progress on strategic objectives. The Bank continued to strengthen the deposit and loan position during FY 2020-21. The employees demonstrated immense professionalism and dedication towards the successful navigation of these challenges. On behalf of the Board, I would like to thank all employees for their dedication and response during this difficult period and upholding the Bank's vision "Banking on relationships".

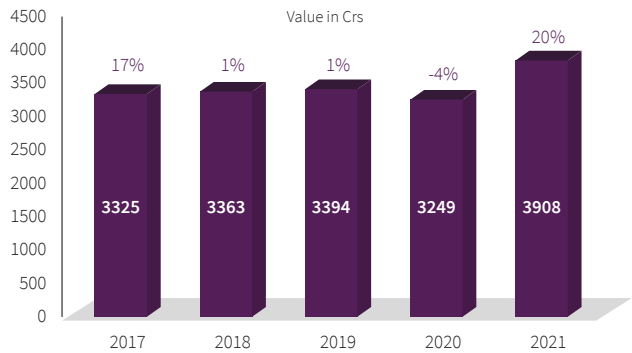
I take this opportunity to congratulate the Management and staff on moving to the new Corporate Office Building at Punkunnam, Thrissur during April 2021.

With best wishes,

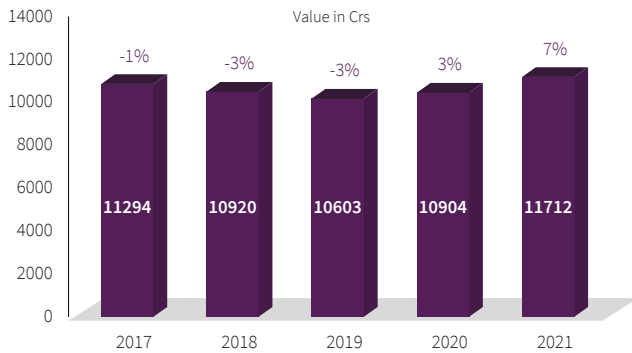
G. Subramonia Iyer

PERFORMANCE DASHBOARD

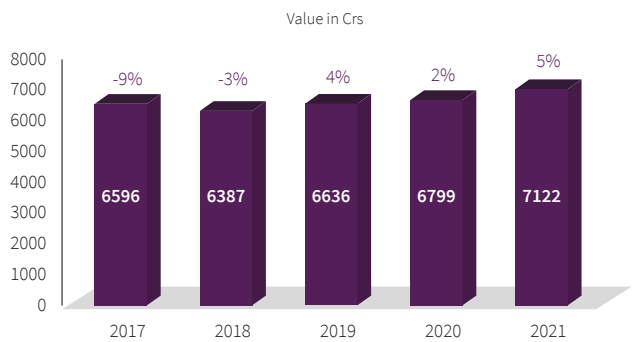
CASA GROWTH (YoY)



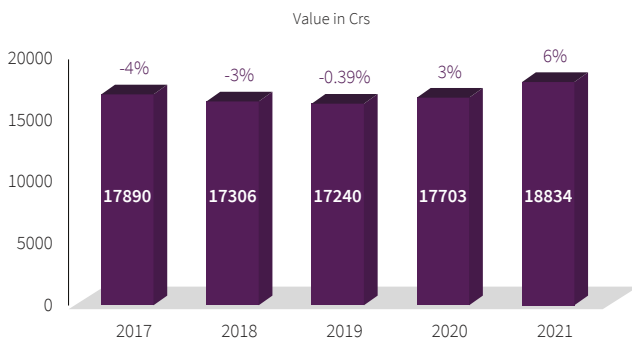
TOTAL DEPOSIT GROWTH (YoY)



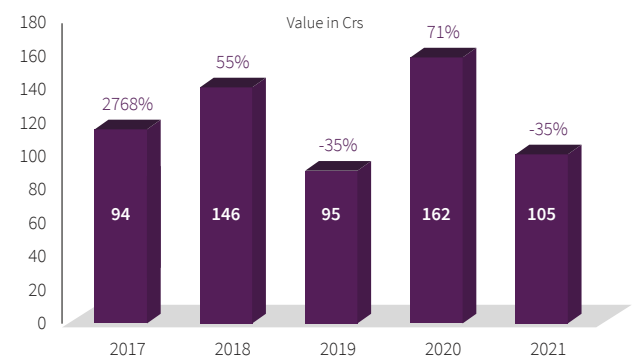
GROSS ADVANCE GROWTH (YoY)



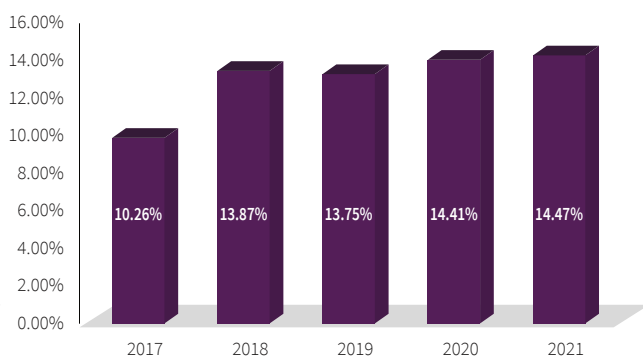
TOTAL BUSINESS GROWTH (YoY)



OPERATING PROFIT GROWTH (YoY)



CRAR% - BASEL III



MD & CEO'S MESSAGE

Dear Shareholders,

In this uncertain environment, Dhanlaxmi Bank has accorded the highest priority to the continuity of service to our customers and the safety of our employees, and ensuring that the Bank is resilient against potential risks and well poised to benefit from the recovery. Our employees have demonstrated immense professionalism and dedication. I thank all employees for their dedication and response during this difficult period, and for upholding our Bank's motto "Banking on relationships forever".

We were responsive to the evolving pandemic situation. We rolled out digital solutions, enabled remote working and ensured banking services were offered seamlessly during the lockdown period. We are committed to supporting our stakeholders through the challenging environment.

During the year Bank invested significantly in strengthening the technological capabilities including upgrading the Bank's Core Banking. This financial year witnessed the continuous 11th Quarter Profit. The Bank recorded a Total Business of Rs.18834 Crore, an increase of 6.39% compared to previous year. CASA to Total Deposits ratio improved to 33%, Gold Loan portfolio grew by 46.61%, Retail advance grew by 19.91% and CRAR improved to 14.47% as on 31st March 2021.

Even as we continue to witness the impact of second wave of COVID, I sincerely hope that the acceleration in vaccination drives and continued fiscal and monetary measures by government and the regulator would help the economy to recover from this pandemic by H2 of fiscal 2021-22. We are planning to use this disruption in business to further strengthen our technological initiatives and in building granular growth in overall business.

I take this opportunity to thank the regulatory authorities and agencies for their constant support and our external stakeholders for their continued willingness to partner with Dhanlaxmi Bank. I also thank the Chairman and Board of Directors for guiding and supporting the management team in its endeavors.

Yours Sincerely

Shivan J K





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Directors' Report

Dear Shareholders,

It gives the Board pleasure to place before you the highlights of your Bank's performance during the financial year 2020-21. Details of the achievements and initiatives taken by the Bank are provided in the 94th Annual Report of the Bank along with the Audited Balance Sheet as at March 31, 2021 and the Profit and Loss Account for the year ended on that date.

Performance Highlights

The salient features of the Bank's performance for the financial year ended March 31, 2021 are:

- Bank recorded a net profit of ₹37.19 crore for the financial year 2020-21.
- Total business of the Bank improved to ₹18,834 crore as on 31st March 2021, from ₹17,703 crore as on March 31, 2020, registering a growth of 6.39%.
- Bank's Total Deposits recorded a growth of 7.41% and touched ₹11,712 crore as on March 31, 2021 from ₹10,904 crore as on March 31, 2020. CASA portfolio of the Bank grew by 20.28% during the year and reached to ₹3,908 crore, which was at ₹3,249 crore as on 31st March, 2020. Bank's CASA to total deposits percentage improved to 33.37%.
- Bank could grow the Gross Advances to ₹7,122 crore against ₹6799 crore in the previous year, registering a growth of 4.75%. The growth in Bank's Retail advance was 19.91% and reached to ₹3,608 crore as on 31st March, 2021.
- Bank's Gold Loan portfolio stood at 26.14% of advances as on 31st March, 2021, registering a growth of 46.61% when compared to 31st March, 2020.
- Bank's Non-Interest income increased to ₹141.48 crore as on 31st March, 2021 from ₹112.85 crore as on 31st March, 2020, registering a growth of 25.37%.
- Bank's Cost of Deposits reduced from 5.60% to 5.17% and Cost of Funds reduced from 5.73% to 5.28% during the financial year.
- CRAR improved to 14.47% as on 31st March, 2021 against 14.41% as on 31st March, 2020.
- Book Value of the Shares was at ₹34.15 as on 31st March, 2021.

Bank's Geographical Spread

- Bank had 245 branches as on 31st March, 2021 spread across 14 States and 1 Union Territory (Chandigarh).
- Out of 245 branches, 19 branches were in rural population, 106 in Semi Urban, 62 in Urban and 58 in Metropolitan Category.
- Bank has 257 ATMs and 17 Business Correspondents as on March 31, 2021

Capital and Reserves

The Bank's Paid-up capital and reserves was ₹864.10 crore as on 31.03.2021. The capital adequacy ratio as per Basel III was 14.47% with Core CRAR of 11.31%.

Total Business

The Total Business of the Bank as on 31.03.2021 stood at ₹18,834 crore as against ₹17,703 crore as on 31.03.2020.

Deposits

The Total Deposits of the Bank stood at ₹11,712 crore as on 31.03.2021 against ₹10,904 crore as on 31.03.2020.

Gross Advances

The Bank's Gross advance stood at ₹7,122 crore as on 31.03.2021 against ₹6,799 crore as on 31.03.2020.

Profitability

Operating profit during the year was ₹105.09 crore as against ₹161.97 crore during the previous year. The Bank declared a net Profit of ₹37.19 crore during the year under report and for the previous year, the Bank had declared a net profit of ₹65.78 crore.

Dividend

The Board has not recommended any dividend in the financial year 2020 - 2021.

Non-Performing Assets

Gross NPA and Net NPA percentage stood at 9.23% and 4.76% respectively as on 31.03.2021 against 5.90% and 1.55% as on 31.03.2020.

The provision Coverage Ratio (PCR) as on 31.03.2021 was 74.20% which was 89.87% in the previous year.

With higher than normal NPA levels due to the Pandemic and the lifting of the moratorium, the recovery mechanism has to be spruced up. The ability to create credit demand in the current market scenario may be a challenge for the Bank to generate sustainable profits in FY 2021-22 and beyond.

Vision & Mission

Our Vision: "Banking on Relationships forever".

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

Customer Service

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

The Customer Service Committees comprising of Bank personnel as well as our constituents monitors the implementation of customer service measures periodically. Customer Service Committee of the Board has 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 24x7 Phone Banking Call Centre at Thrissur to cater to customer needs across the country.

During the financial year 2020-21, the Bank received 15,178 complaints as against a total of 12,821 complaints received in the previous financial year.

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

- Bank launched Cash Deposit Machine (CDM) Services at 15 locations.
- Doorstep Banking services are extended to Senior citizens (70 years and above), differently abled or infirm persons and Visually Impaired persons.
- To further augment customer safety in cheque payments, a mechanism of Positive Pay (for all cheques of value ₹50,000 and above) was introduced.
- To mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses of our esteemed customers, Bank has put in place a Board approved policy which included:
    1. Moratorium on Term Loans
    2. Deferment of Interest on Working Capital Facilities
    3. Easing of Working Capital Financing
    4. Credit card dues
- Dhanam SarvSuraksha Life insurance coverage to the female members of the Self Help Groups (sponsored by Mannam Social Service Society), who avails loan from our Bank. In case of unfortunate death of the borrower customer, due to an accident or natural reasons, this policy will provide financial protection of upto ₹1,00,000/-.

One of the significant achievements of Bank was the seamless upgradation of Bank's Core Banking System (CBS) to latest version of Flexcube, a product of M/s Oracle Financial Services Software Ltd. Flexcube migration was completed along with integration of numerous peripheral/critical applications to the new version of Core Banking. Bank has up-graded the infrastructure of Net/Mobile Banking platform to the next level which is highly secure and developed on latest technology to provide better service to customers with flexibility for Bank to offer more products on Net/Mobile Banking platform.

Investor Education and Protection Fund

The Bank transferred the entire pending unclaimed dividend amount to the Investor Education and Protection Fund (IEPF) during the financial year 2018-19. There was no amount of dividend pending to be transferred to fund in the financial year 2020-21.

In terms of Section 124 (6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, it may be noted that if the dividends have been unpaid or unclaimed for seven consecutive years or more the underlying shares shall be transferred to the IEPF Demat Account maintained with depositories. Upon transfer of such shares to IEPF account, all benefits (e.g. bonus, 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 2021-22.

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

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

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

Number of complaints filed during the financial year - Nil

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

Particulars of employees

The Bank has no employee whose particulars are required to be

given in terms of Section 197 of the Companies Act, 2013 read with Rule 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

Green Initiatives in Corporate Governance

As a responsible corporate citizen, the Bank supports and pursues the 'Green Initiative' of the Ministry of Corporate Affairs ("MCA"). In conformance with such initiatives and in terms of Rule 18 of the Companies (Management and Administration) Rules, 2014, the Bank may give notice through electronic mode including e-mail to those Members who have provided their e-mail address either to their Depository Participants (DPs) or to the Registrar/Company. Due to the outbreak of Covid-19 and in compliance with guidelines issued by MCA and the Securities and Exchange Board of India (SEBI), the Notice of 94th Annual General Meeting along with the requisite Explanatory Statement and the Annual Report of the Bank for the financial year 2020-21 including Audited Financial Statements, Directors' Report, Auditors' Report, etc., for the year ended March 31, 2021 will be sent only to the e-mail address registered with their Depository Participant(DP)/Registrar/Company and no physical copies will be sent via post. The e-mail addresses indicated in respective DP accounts which will be periodically downloaded from NSDL/ CDSL will be deemed to be their registered e-mail address for serving notices/ documents including those covered under Section 136 of the Companies Act, 2013. In case a Member, whose e-mail address has changed, fails to update the new e-mail address, the said documents will be sent to the existing e-mail address and the said documents will be deemed to have been delivered, in compliance with the relevant provisions of the Companies Act, 2013, the relevant Rules made there under and the Listing Regulations. Member who have not yet registered their e-mail address are requested to do so, at the earliest. In case of shares held in electronic form and in case of any change in the e-mail address, Members are requested to update the same with their DP and in case of shares held in Physical form, Members are requested to update the same with the RTA/Company.

Please note that the said documents will also be uploaded on the Bank's website https://www.dhanbank.com/investor_relations/inv_financials.aspx and copies thereof will be made available for inspection at the Registered Office of the Bank during 10.00 a.m. to 3.00 p.m. on all working days except Saturdays, Sundays, Bank Holidays and Public Holidays up to the date of ensuing Annual General Meeting.

Shareholders have been requested on several occasions to update their e-mail IDs in their folio/demat a/c to help accelerate the Bank's migration to paperless compliances. The Bank seeks your support to the said green initiatives, as it is designed to protect the fragile environment.

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, 2021, the Board comprised of 8 Directors including Managing Director & CEO, 5 non-executive Directors and 2 nominee Directors. All the Directors have rich experience and specialized knowledge in various sectors like banking, agriculture & rural economy, small scale industry and information technology. The remuneration/sitting fees paid to the Directors during the year are disclosed in the Report on Corporate Governance.

There were 4 independent Directors on the Board of the Bank as on March 31, 2021. Declarations have been taken from Independent Directors as required under the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and RBI guidelines.

Changes in the Board during the year

1. Sri G. Subramonia Iyer took charge as Part-Time Chairman of the Bank for a period of three years w.e.f., February 12, 2021, post approval from Reserve Bank of India (RBI).
2. Sri Shivan J. K. assumed charge as Managing Director & Chief Executive Officer of the Bank for a period of three years w.e.f., January 30, 2021. Earlier, RBI approved the appointment of Sri Shivan J. K. as Managing Director & Chief Executive Officer, post approval from the Shareholders through Postal Ballot.
3. Sri G. Subramonia Iyer and Dr. (Capt.) Suseela Menon R. were appointed as Additional Directors on July 06, 2020. Sri G. Rajagopalan Nair and Sri P. K. Vijayakumar were appointed as Additional Directors on August 17, 2020. The Shareholders approved the appointment of all the aforesaid Additional Directors as Independent Directors at the Annual General Meeting held on September 30, 2020.
4. Sri Gopinathan C. K. was re-appointed as Non-Independent Director liable to retire by rotation at Annual General Meeting held on September 30, 2020.
5. Sri D. K. Kashyap was appointed by RBI as Additional Director on the Board of the Bank for a period of two years w.e.f., September 28, 2020.
6. Sri Sajeev Krishnan, who was the Part-time Chairman, Sri K. N. Murali and Sri G. Venkatanarayanan resigned from the Board of the Bank w.e.f., June 29, 2020 due to personal reasons and there were no other material reasons other than those provided.

7. Sri B. Ravindran Pillai, Dr. Lakshmy Devi K. R. and Sri Chella K. Srinivasan retired from the Board of the Bank on May 25, 2020, May 26, 2020 and September 30, 2020 respectively on completion of tenure of office.
8. The resolution for appointment of Sri Sunil Gurbaxani was not approved by the Shareholders at the Annual General Meeting held on September 30, 2020. Sri Shivan J. K. took charge as Managing Director & CEO of the Bank w.e.f., January 30, 2021. In the interim period from October 01, 2020 to January 29, 2021, a Committee of Directors was formed to exercise the powers vested with the Managing Director & Chief Executive Officer, in compliance with the provisions of the Banking Regulation Act, 1949. Sri G. Subramonia Iyer was the Chairman of the Committee while Sri G. Rajagopalan Nair and Sri P. K. Vijayakumar were its Members.

Composition of Audit Committee

As on March 31, 2021, the Bank had a five member Audit Committee. All the five members of the Committee were non-executive Directors, with Sri P. K. Vijayakumar, as its Chairman, Sri G. Subramonia Iyer, Dr. G. Jagan Mohan, Dr. (Capt.) Suseela Menon R. and Sri D. K. Kashyap as other Members. The Committee was constituted in accordance with regulatory requirements. The terms of reference of the Committee are in accordance with the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and RBI guidelines.

Declaration by Independent Directors

The Bank has duly obtained necessary declarations from each independent Director under Section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence as laid down in the Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Bank has also obtained the 'Fit & Proper' declarations from all Directors as prescribed by the Reserve Bank of India. Pursuant to the notification of the Ministry of Corporate Affairs dated October 22, 2019, an online data bank for the independent directors ("Data Bank") has been rolled out by the Indian Institute of Corporate Affairs. All the Independent Directors of the Bank as on March 31, 2021 have registered themselves in the Data Bank.

Policy on appointment and remuneration of Directors

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

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

- Ensuring that the appointment/re-appointment/continuation is in conformity with the provisions of the Banking Regulation Act, 1949, RBI guidelines, Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Ensuring that the criteria for independence of Directors as stated in the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is complied with, in case of independent Directors;
- Ensuring that the person does not attract any disqualification as per the Banking Regulation Act, 1949, RBI guidelines, Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Special knowledge or practical experience in various fields as enumerated in Section 10A(2)(a) of the Banking Regulation Act, 1949 or any other field which may be useful to the Bank;
- Professional knowledge and experience;
- Experience in the field of banking/finance sectors;
- Interest in NBFCs and other entities;
- Relatives connected with the Bank;
- Fund and non-fund facilities availed from the Bank;
- Defaults, if any, by the Director or interested entities with respect to the credit facilities availed from any Bank;
- Professional achievements relevant to the office of Directorship;
- Prosecution, if any, pending or commenced or resulting in conviction in the past against the director and/or against any of the interested entities for violation of economic laws and regulations;
- Criminal prosecution, if any, pending or commenced or resulting in conviction in the past against the Director;
- Any other factors as the Nomination & Remuneration Committee may think fit for the purpose of considering the appointment/re-appointment/continuation as Director.

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

The objectives of the Compensation Policy of the Bank inter-alia includes, to provide a fair and persistent basis for motivating, inspiring and rewarding the employees appropriately, according to their jobs/role size, performance, accomplishments, contribution, skill, aptitude and competence to implement standards on sound compensation practices and incentives and to provide effective governance of compensation payable

to the employees, alignment of compensation with prudent risk taking and effective supervisory oversight. The disclosure requirement of the remuneration is separately provided in "Disclosure under Basel III norms."

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

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

The total remuneration paid to MD & CEO and non-executive Directors for the financial year 2020-21 is included in the Report on Corporate Governance forming part of this Report.

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

Board Level Performance Evaluation

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

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

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

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

Changes in Key Managerial Personnel (KMP)

Sri Shivan J. K. assumed charge as Managing Director & Chief Executive Officer of the Bank for a period of three years w.e.f., January 30, 2021 in place of Sri Sunil Gurbaxani, who ceased to hold the office on September 30, 2020.

Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013, the Board has appointed M/s V. Suresh Associates, Practicing Company Secretaries, Chennai as the Secretarial Auditor to conduct the Secretarial Audit of the Bank for the financial year 2020-21. 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 2020-21 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 V. Suresh, Practicing Company Secretary certifying compliance with the conditions of Corporate Governance are annexed to this report.

Number of Board Meetings

A total of 23 Board Meetings were held during the year. The Board meetings were held in accordance with the regulatory requirements. The details of the meetings held are provided in the Corporate Governance Report that forms part of this Annual Report.

Annual Return

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

Related Party Transactions

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

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

Material Changes and Commitments affecting Financial Position of the Bank

There are no material changes and commitments affecting the financial position of the Bank which has occurred between the end of the financial year, i.e., March 31, 2021 and the date of Directors' Report, i.e., 3rd September 2021.

Subsidiary Companies

The Bank does not have any subsidiary companies.

Strictures and Penalties

On August 23, 2021,The Reserve Bank of India (RBI) has imposed, a monetary penalty of ₹27.50 lakh (Rupees Twenty Seven Lakh and Fifty Thousand only) on Bank.

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.

Management Discussion and Analysis Report

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

Directors' Responsibility Statement

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

(i) In the preparation of the annual accounts for the year ended March 31, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year 2020-21 and of the profit and loss of the Bank for that period.;

(iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;

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

(v) The Directors had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and

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

Business Responsibility Report

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

Acknowledgements

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

By Order of the Board

Sd/

G. Subramonia Iyer
Chairman

Place : Thrissur
Date : 03.09.2021

Annexure to Directors' Report for the year ended March 31, 2021

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

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

Sl. No.	Requirements	Disclosure to be given in Annual Report of 2020-21	
I	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year	Sri Sunil Gurbaxani, Managing Director & CEO (till 30.09.2020) – 4.69 : 1, considering annual fixed pay as ₹42.00 Lakhs per annum Sri Shivan J. K., Managing Director & CEO (from 30.01.2021) – 5.36 : 1 considering annual fixed pay as ₹48.00 Lakhs per annum	
II	The percentage increase in remuneration of each director, CFO, CEO, CS in financial year	**MD & CEO**	
		Sri Sunil Gurbaxani (01.04.20 – 30.09.20)	Nil
		Sri Shivan J. K.	Nil
		Chief Financial Officer	
		Sri Ramesh A. J.	22.15%
		Company Secretary & Secretary to the Board	
		Sri Venkatesh H.	16.34%
III	The percentage increase in the median remuneration of employees in the financial year	17.59%	
IV	The number of permanent employees on the rolls of the Bank	There were 1,656 employees as on March 31, 2021.	
V	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Implementation of pay scale revision for IBA employees across all cadres as well as release of arrears w.e.f., 01.11.2017 was effected in the FY 2020-21 in accordance with the terms of 11th Bipartite Settlement/ Joint Note. Other than this, normal annual increments and increase in dearness allowance (linked to customer price index) was also paid to employees.	
VI	Affirmation that the remuneration is as per the remuneration policy of the Bank	Yes, it is confirmed.	

Notes:

1. The median salary of the staff members is arrived by taking gross salary for the month of March 2021.
2. Remuneration of MD and CEO is regulated by RBI guidelines.

Corporate Social Responsibility (CSR) Activities

1. **Brief outline on CSR Policy of the Company:**

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

2. **Composition of CSR Committee:**

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Dr. (Capt.) Suseela Menon R., Chairperson of the Committee (inducted to the Committee w.e.f. 17.07.2020)	Independent Director	2	2
2	Sri Shivan J. K. (took charge as MD & CEO of the Bank w.e.f. 30.01.2021)	Managing Director & CEO	2	2
3	Sri Gopinathan C. K.	Director	2	2
4	Sri P. K. Vijayakumar (inducted to the Committee w.e.f. 08.10.2020)	Independent Director	2	2
5	Dr. Lakshmy Devi K. R. (Ceased to be Director w.e.f. 27.05.2020)	Independent Director	Nil	Nil
6	Sri Sunil Gurbaxani (Ceased to be Managing Director & CEO w.e.f. 30.09.2020)	Managing Director & CEO	Nil	Nil
7	Sri B. Ravindran Pillai (Ceased to be Director w.e.f. 25.05.2020)	Director	Nil	Nil

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.
Composition of committee: https://www.dhanbank.com/pdf/bod_commitees.pdf
Policy: https://www.dhanbank.com/pdf/corp-social-responsibility-policy.pdf

4. Provide the details of Impact assessment of CSR projects carriedout in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Not applicable

5. Details of the amount available for set-off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any – **NIL**

Sl. No.	Financial Year	Amount available forset-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
		Not Applicable	
	Total		

6. Average net profit of the company as per Section 135(5) ₹10.96 Crores
7. (a) Two percent of average net profit of the company as per Section 135(5) ₹21.92 lakhs
   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **NIL**
   (c) Amount required to be set-off for the financial year, if any: **NIL**
   (d) Total CSR obligation for the financial year (7a+7b-7c): **₹21.92 lakhs**
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount ₹	Date of transfer	Name of the Fund	Amount ₹	Date of transfer
1,66,680	20,25,320	31.03.2021	NIL	NIL	NIL

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the Project		Project duration (in Months)	Amount allocated for the Project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Imple-mentation - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the Project		Project duration (in Months)	Amount allocated for the Project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	TMA Education Scholar-ships	Promoting Education	Yes	Kerala	Thrissur	48	4,00,000	1,00,000	3,00,000	Direct		NA
2	Punkun-nam-Jn. Central Median develop-ment and upkeep	Protection of Environ-mental sustainability	Yes	Kerala	Thrissur	48	17,92,000	66,680	17,25,320	Direct		NA
	Total						**21,92,000**	**1,66,680**	**20,25,320**			

(d) Amount spent in Administrative Overheads: **NIL**

(e) Amount spent on Impact Assessment, if applicable: **Not applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): **₹1.67 lakh**

(g) Excess amount for set-off, if any: **NIL**

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per Section 135(5)	Not applicable
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135(6) in ₹	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
Not applicable							

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
S. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration (in Months)	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year.(in ₹)	Status of the project – Completed/ Ongoing
Not applicable								

10. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per Section 135(5).

Due to the COVID-19 Pandemic and regulatory restrictions imposed by the state authorities during the financial year, opportunities for on the spot assessment/evaluation of projects couldnot be undertaken. To the extent possible, projects were either implemented or identified as on-going projects for completion in the subsequent financial year.

Shivan J. K.
Managing Director & CEO

Dr. (Capt.) Suseela Menon R.
Chairman of the CSR Committee

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L65191KL1927PLC000307
2	Name of the Company	Dhanlaxmi Bank Limited
3	Registered address	P.B. No. 9, Dhanalakshmi Buildings, Naickanal Thrissur – 680 001
4	Website	www.dhanbank.com
5	E-mail id	investors@dhanbank.co.in
6	Financial Year reported	2020-21
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Banking Services, NIC Code 64191
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Dhanlaxmi Bank Ltd. is a publicly held banking company engaged in providing a wide range of banking and financial services including retail banking, corporate banking and treasury operations.
9	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	Nil
	(b) Number of National Locations	As on March 31, 2021, the Bank had a network of 245 branches, 258 ATMs, 17 Business correspondents across 14 states and 1 Union Territory
10	Markets served by the Company	Local/State/National/International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid-up Capital (INR)	₹253.01 crore
2	Total Turnover (INR)	₹1072.23 crore (Total turnover represents the sum of "Interest earned" (Schedule 13 of the accounts) and "Other Income" (Schedule 14 of the accounts)).
3	Total profit after taxes (INR)	₹37.19 crore
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	0.589%
5	List of activities in which expenditure in 4 above has been incurred	1. Promoting education, including special education and that for employment enhancing vocation skills, and livelihood enhancement projects. 2. Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water.

SECTION C: OTHER DETAILS

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

SECTION D: BR INFORMATION

1.	**Details of Director/Directors responsible for BR**	
1.	DIN Number (if applicable)	09008166
2.	Name	**Mr. Shivan J. K.**
3.	Designation	Managing Director & CEO
B	**Details of the BR head**	
1.	DIN Number (if applicable)	
2.	Name	**Mr. Shivan J. K.**
3.	Designation	Managing Director & CEO
4.	Telephone number	0487 2261124
5.	e-mail id	mdoffice@dhanbank.co.in

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

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

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

Principle-wise responses are mentioned below

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

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

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

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

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

3 Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year	Annually
b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Bank publishes the BR Report annually. The hyperlink for viewing the report is https://www.dhanbank.com/investor_relations/inv_financials.aspx

E. Principle-wise performance

Principle 1

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

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

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

   The number of complaints received from shareholders in 2020-2021 was NIL. As on March 31, 2021, there is no complaints have unresolved.

   The number of customer complaints received during the financial year was 15,178. Total Number of complaints resolved satisfactorily during the year was 15117 (99.60% of complaints).

Principle 2

1. List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities. Bank offers sustainable banking products and services to cater the needs of different segment of customers through various channels like Branch, ATM, mobile, internet and doorstep banking facility. Bank provides many customized Savings Bank products and advance products like, Home Loans, Education Loans, Mudra Loans, Agri Loans, MSME Loans etc. As part of save environment bank provides the account statements through Email and PIN generation through Green PIN option.
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):
   (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?
   - Email statements saves Paper and usage of Printers etc.,
   - Green Pin generation saves Paper and usage of Printers etc.

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

   Not applicable for banking products
3. Does the company have procedures in place for sustainable sourcing (including transportation)?

   Not applicable

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

   Not applicable
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

   Not applicable for banking products

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
   Not applicable
5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

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

Principle 3

As on March 31, 2021

1. Please indicate the Total number of employees. **1656**
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. **2**
3. Please indicate the Number of permanent women employees. **624**
4. Please indicate the Number of permanent employees with disabilities**: 8**
5. Do you have an employee association that is recognized by management? **Yes (Dhanalakshmi Bank Workers' Union, Dhanalakshmi Bank Employees' Union, Dhanalakshmi Bank Officers' Organisation, National Organisation of Dhanalakshmi Bank Officers')**
6. What percentage of your permanent employees is members of this recognized employee association: **85.7%**
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

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

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

Permanent Employees	75.06 % (1243/1656*100)
Permanent Women Employees	74.52 % (465/624*100)
Casual/Temporory/Contractual Employees	We have not conducted any specific training for this category of employees
Employees with disabilities	50% (4/8*100)

Principle 4

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

Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

   Bank has adopted the Code of Conduct for Employees, Directors which address the requirement of this principle. Bank follows the code issued by the Banking Codes and Standards Board of India and other regulatory guidelines from time to time to ensure protection of customer's rights. Bank timely addressed the grievances of employees/customers through respective defined mechanisms. The code of conduct and commitment is available on the weblink. https://www.dhanbank.com/investor_relations/inv_stat_policy.aspx
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   No complaint received from shareholders in FY 2020-21.

   The number of customer complaints outstanding at the beginning of the financial year 2020-21 was 87. Total customer complaints received during the financial year 2020-21 was 15178. Total customer complaints resolved during the financial year 2020-21 was 15204. Out of total customer complaints 99.60% have successfully resolved during the financial year 2020-21.

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.
   This policy extends only to the Bank.
2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.
   The Bank taking all steps to reduce the waste and reuse or recycle waste wherever possible to protect the environment. Bank implemented green pin for ATM cards and e statements for account holders to reduce the usage of paper.

3. Does the company identify and assess potential environmental risks? Y/N
   Yes.
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?
   The Bank is not a manufacturing concern and does not generate waste or products or bye products.
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.
   Not Applicable
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?
   Not Applicable
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

   Nil

Principle 7

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

Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.
   Bank committed to the various government sponsored schemes introduced by the Central and State Governments for the uplift of economic weaker sections and uplift of the industries and society. Further, Bank will support new startups and ventures which continue to the sustainable growth of the Nation. Bank has put in place policy on Corporate Social Responsibility to guide efforts on CSR initiatives that contribute to inclusive growth and equitable development.
2. Are the programs/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?
   The Bank undertakes CSR programs through in-house team.
3. Have you done any impact assessment of your initiative?
   The Bank will do the impact assessment on the initiatives on CSR programs.
4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

   No direct contribution to Community development projects.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   Not Applicable

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.
   Bank have Resolved 99.60% of the customer's complaints during the financial year 2020-21. Percentage of customer complaints pending as at the end of financial year was 0.40% only of the total complaints received during the financial year.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A./Remarks (additional information)
   Not Applicable
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words orso.
   No
4. Did your company carry out any consumer survey/ consumer satisfaction trends?
   The Bank is conducting customer satisfaction survey at periodic intervals to assess the perception and expectations of customers on various aspects of our products, services and branch. Further, as per the regulatory guidelines, Bank conducting standing committee on Customer Services at Branch level and Corporate Office level with the participation of customers. Customer Service committee of Board, monitoring the implementation of various suggestions derived in the Standing Committee on customer services. Apart from the above, Bank conducts customer meets at branch level on various occasions.

Form No. MR – 3
SECRETARIAL AUDIT REPORT
For the Financial Year 2020-21

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

To,
The Members,
DHANLAXMI BANK LIMITED

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

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

Based on our verification of **DHANLAXMI BANK LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic. We hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended 31st March 2021, complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s DHANLAXMI BANK LIMITED** ("the Bank") for the financial year ended on 31st March 2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(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; **(Not applicable to the Bank during the audit period)**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; **(Not applicable to the Bank during the audit period)**

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Bank during the audit period)**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Bank during the audit period)**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable)**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Bank during the audit period)**

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Bank during the audit period)**

Other Laws specifically applicable to this Bank is as follows:

(vi) The Reserve Bank of India Act, 1934

(vii) The Banking Regulation Act, 1949

(viii) The Banking Companies Regulation (Companies Rules), 1949

(ix) The Banking Companies (Period of preservation of Records) Rules, 1985

(x) Prevention of Money Laundering Act, 2002

(xi) Credit Information Companies (Regulation) Act, 2005

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

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

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

The Minutes of the Audit Committee held on 25th September 2020 were kept open beyond the period of 30 days, stipulated under Section 118 of the Companies Act, 2013 read with Rule 24 of The Companies (Management and Administration) Rules, 2014 and 7.5.1 of Secretarial Standards – 1 issued by The Institute of Company Secretaries of India.

(ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

There were only 2 Members in the Nomination & Remuneration Committee between 24th May 2020 to 29th June 2020 and 1 member only from 30th June 2020 to 6th July 2020. The Bank reconstituted the said committee to have 3 members, at the Board Meeting held on 6th July 2020. This has been disclosed by the company to the Stock Exchanges in the Corporate Governance report submitted for the quarter ended 30th June 2020.

We further report that the Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Women Director. 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 to at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

For **V. Suresh Associates**
Practising Company Secretaries

V. Suresh
Senior Partner
FCS No. 2969
C.P. No. 6032
Peer Review Cert. No. : 667/2020
UDIN: F002969C000517813

Place : Chennai
Date : 25.06.2021

ANNEXURE TO SECRETARIAL AUDIT REPORT

To,
The Members
Dhanlaxmi Bank Limited
Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.

4. Whereever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

For **V. Suresh Associates**
Practising Company Secretaries

V. Suresh
Senior Partner
FCS No. 2969
C.P. No. 6032
Peer Review Cert. No. : 667/2020
UDIN: F002969C000517813

Place : Chennai
Date : 25.06.2021

Management Discussion and Analysis Report

Global Economy

The global economy is going through an extra ordinarily turbulent period, as the pandemic hit business, lives and livelihoods. Companies/firms have undergone a paradigm shift in the way they work, sell and service customers. Going digital and maintaining social distance have become the new normal, world over.

The pandemic has brought greater synergy among countries across continents, and most countries are collaborating in order to fight the spread of the deadly disease.

Global growth of 2021 is expected at 5.60%. Despite this year's encouraging projections, the level of GDP in 2021 is likely to be 3.20% below the pre-pandemic projections.

According to World Bank report, the growth in United States is pegged at 6.80% this year, the fastest pace since 1984. China's economy is expected to grow at 8.50%. Excluding China, the other countries may grow only at a combined rate of 4.40%, due to the lasting legacies of the pandemic, affected by uneven vaccination, erosion of skills from lost work and schooling, drop in investments, higher debt burden, and declining support from governments.

Fragile and conflict affected low-income economies are the most affected as the pandemic has dragged them behind by a decade by reduction/loss of income. By the end of this year, around 10 Crore people have expected to have fallen back to extreme poverty and the impact is most severe in vulnerable population, especially children, women, unskilled labourers, etc.

A recovery in global trade after the recession in 2020-21 offers an opportunity for emerging markets and developing economies to bolster economic growth.

The expectation of growth in 2021-22 is higher for almost all regions, however many countries may have to grapple with the ill effects of COVID-19 and may take a longer time to come out of its long shadows.

The policies of governments should take a longer view, reinvigorating human capital, expanding access to digital connectivity, investing in green infrastructure, etc to ensure growth on a resilient, sustainable path.

The requirement of global coordination to end the pandemic through widespread vaccination and careful economic steps is essential to avoid crisis and to achieve growth. The World is looking towards a rosy future, though the level of anxiety remains high.

Indian economy

Indian economy shrank by 7.30% during the FY 2020-21, on account of the COVID pandemic which ravaged the whole world. The sharp drop in GDP was the largest in the country's history.

Even in the midst of the gloom, the reputation of the country got an upliftment on account of the exhibition of higher capability in manufacturing COVID vaccines and supplying it to various countries, helping them save millions of lives.

In the post-independence period, India's national income declined only in 4 years, 1958, 1966, 1973 and 1980. In 1980, the decline was 5.20% and the dip in FY 2020-21 was the sharpest. It is estimated that during the nation-wide lockdown period, between April and May 2020, the national income dropped by a whopping 40%.

The quarter-wise change in GDP, as issued by National Statistical Office, is given below:

Quarter	Q1 FY 2020-21	Q2 FY 2020-21	Q3 FY 2020-21	Q4 FY 2020-21	**FY 2020-21**
Growth Y-o-Y basis	-24.40	-7.30	0.40	1.60	**7.30**

India's gross domestic product (GDP) which was ₹145.695 lac Crore in FY 2019-20, contracted to ₹135.12 lac Crore in FY 2020-21.

The country witnessed increase in poverty, higher unemployment and decline in savings during the FY 2020-21.

Though the GDP contracted to a significant extent in the previous FY, the statistics shows that the growth is picking up gradually. Q4 was the second quarter in a row in which the GDP recorded growth.

According to NitiAyog, India may achieve double digit growth during the current fiscal. However, a few rating agencies have forecast growth of 9.50 percent.

Organisation for Economic Cooperation and Development (OECD) has raised India's growth forecast to 12.60% tagging it as the World's fastest growing economy during the fiscal 2021-22.

Kerala economy

Kerala's growth rate in FY 2019-20, at 3.45%, was lower than the rate in FY 2018-19. The economy had grown by 6.49 percent in FY 2018-19.

Kerala's Gross State Domestic Product (GSDP) in 2019-20 was ₹5.68 lac Crore against ₹5.49 lac Crore in FY 2018-19.

In terms of Gross State Value Added (GSVA), the growth rate was 2.58 percent in 2019-20 compared to 6.20 percent in 2018-19.

Kerala's growth rates which were higher than national rates in earlier years saw a decline in FY 2019-20. The State was hit by cyclone Okhi in 2017, and by extreme rainfall events in 2018 and 2019 resulting in severe floods. The natural disasters ravaged the State economy affecting the lives and livelihoods of many and affected productive sectors of economy adversely.

Covid pandemic also affected Kerala's economy badly. It was estimated that in first quarter of FY 2020-21, the GSVA shrank by 26%.

The inflation increased during the period December 2019-February 2020 due to rising food prices. The inflation hovered around 6 to 7 percent in 2020.

The growth of valued added in agriculture and allied sectors in Kerala continued to remain negative for most period between 2011 and 2019. The decline in 2018-19 was 2.38 percent and that in 2019-20 was 6.62 percent.

The per capita income of Kerala continued to be one of the highest in the country at ₹1,49,563/- in FY 2019-20, much higher than the national average of ₹96,152/-.

The economy of Kerala is the 9th largest in India, with an annual Gross State Product (GSP) of ₹9.78 lac Crore in 2020-21. The per capita GSP of Kerala during the same period was ₹2,05,484/-, the sixth largest in the country.

Regulatory Measures and Monetary Policies

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

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

Monetary Policies

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

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

Financial Performance

The Bank declared a net profit of ₹37.19 Crore for the year ended March 31, 2021 as against ₹65.78 Crore during the previous year. Total business of the Bank as on 31.03.2021 stood at ₹18,834 Crore as against ₹17,703 Crore as on 31.03.2020. The total deposits of the Bank stood at ₹11,712 Crore and gross advance stood at ₹7,122 Crore as on 31.03.2021. Gross NPA and Net NPA percentage stood at 9.23% & 4.76% respectively in the current year against 5.90% to and 1.55% in the previous year. CRAR improved to 14.47% as on 31st March, 2021 against 14.41% as on 31st March, 2020. Book Value of the Shares stands at ₹34.15 as on 31st March, 2021.

Credit Sanction

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

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

Bank is adopting a careful assessment of risk-return trade-off, which is critical to its success. Bank has brought out new products and revamped existing products, retail loans processing structure as well, to ensure achievement of an enhanced assets portfolio.

Credit Cards

A robust system as per international standards is in place for credit card operations in the Bank. Bank is issuing globally valid Platinum credit cards in association with the Visa International Service Association (VISA). The end to end activity of credit card operations is managed by a well experienced staff.

Credit Monitoring

In order to ensure safety and quality of credit portfolio, Credit Monitoring Team plays a key role in the post sanction credit process such as, timely and orderly dispensation of credit, security creation, prevention account management, monitoring the conduct of the assets, quality of asset portfolio, safeguarding securities charged to the bank, reporting of irregularities and adherence to terms of sanction through continuous liaison with the branches. This team helps to strengthen the post sanction activities in the weak prone areas and plug the gaps. Remedial measures are taken proactively to prevent slippages. All Management Information systems are in place and the data automation is done in most of the critical areas.

Non-Performing Assets Management

Bank has an updated Board approved Recovery Policy in place revised during the FY to suit the changes in the economic scenario of our Country and certain regulatory changes in terms of NPA Management. Amid times of mounting bad loans in the country due to the outbreak of COVID-19 pandemic and the resultant fallout of economy, Bank had seen an exodus of accounts slipping into NPA. Bank, however, could recover a substantial amount from existing Non Performing Asset (NPA) accounts.

Bank had granted moratorium benefits to the borrowers twice during the FY 2020-21 following the directions of RBI, who could not fight against the damage caused by the pandemic. Bank had also extended the benefits of restructuring of loans to eligible borrowers to tide over the difficult situation imposed by COVID-19. There were certain accounts fallen into NPA following the Hon'ble Supreme Court judgment dated 23.03.2021, which had asked lenders to classify the accounts as NPA with retrospective effect, which otherwise not in order. Pursuant to the order, which came in the fag-end of the FY, Bank had witnessed advances to the tune of ₹289.16 Crore turning into NPA. However, with concerted efforts, Bank was able to recover ₹55.10 Crore before the end of the FY.

During the year, the Gross NPA of the Bank has increased from ₹401.22 Crore as on March 31, 2020 to ₹657.21 Crore as on March 31, 2021 and Net NPA increased from ₹100.94 Crore as on March 31, 2020 to ₹322.92 Crore as on March 31, 2021. In terms of percentages, the GNPA increased from 5.90% as on March 31, 2020 to 9.23% as on March 31, 2021 and Net NPA increased from 1.55% as on March 31, 2020 to 4.76% as on March 31, 2021.

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

Business Development and Planning

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

Public Relations and Publicity

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

Bank's Operations at Sabarimala

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

Third Party Products Distribution

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

Government Initiatives

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

Bank associated with Kerala State Welfare Corporation for Forward Communities for financing the poor and marginalized people among the forward communities of State of Kerala. It was one of the proud moment on 28th May 2021, when Kerala Governor, Sri. Arif Mohammad Khan mentioned Dhanlaxmi Bank for our services on women empowerment through SHG and JLG during his policy address at inaugural session of the 15th Kerala Legislative Assembly.

Forex Business

Forex Business is one of the most important focused areas of the Bank in deposit mobilization and exchange earnings. In foreign exchange business, the Bank had earned an exchange income of ₹1.96 Crore during the financial year ended 31.03.2021.

Treasury Department

The Bank's gross Investment portfolio as on 31 March 2021 was ₹4,560.26 Crore – consisting of ₹3,953.80 Crore SLR instruments and ₹606.46 Crore non SLR instruments. In the SLR instruments, Treasury Bill is ₹973.35 Crore. In domestic treasury operation, the yield of investment portfolio was 5.57%. Additionally, the Bank had booked profit of ₹74.33 Crore by sale of Investments. During the year ended 31.03.2021, the aggregate book value of investments sold from Held to Maturity (HTM) category was ₹758.49 Crore. The sale is 37.57% of the book value at beginning of the Financial Year. The above sale is excluding sale under RBI's Open Market Operation (₹140.82 Crore) and one time shifting from HTM to Available for Sale category (₹615.29 Crore).

Central Processing Centre

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

Infrastructure Management

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

Currency Chests

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

Alternate Channels

Bank has 257 ATMs/CRs across the country to cater to the requirements of the customers and in the FY 2020-21 Bank deployed 16 cash recyclers (CR) for the first time facilitating the customers to deposit cash into their Dhanlaxmi Bank without visiting any of our branches which was approbating in the time of pandemic. Bank is also in the process of revamping its ATMs and its sites and as on 31st March 2021, 219 ATM locations were revamped.

As per the RBI guidelines Bank has implemented enhanced security features in ATMs and in the debit cards issued by the Bank. Facility for the customers to enable/disable the card, payment channels like ATM, PoS and E-Commerce, manage the limits each payment channels etc. was introduced for mitigating the risk of loss in cases of any unauthorized transactions.

Bank's green initiative of Green PIN facility for Debit cards was extended to Bank's website and Retail Internet Banking. With this facility our customers can generate ATM/Debit Card PINs online at their convenience instantly on receipt of Debit Cards.

No. of Business Correspondents as on 31st March 2021 are 17. All the Business Correspondents have passed the BC certification Examination conducted by IIBF.

Information Technology Department

Technology has enormously played a dominant role in the functioning of banking institutions and the services extended. It is now transforming the way how banks are delivering services to their customers.

IT Department of our Bank plays a significant role in enabling best-in-class technology services to serve our Customers in an efficient and secured mode. Our systems showed good resilience against various vulnerabilities consequent to implementation of effective data security protection mechanisms, patch maintenance and pro-active end point protection.

The Financial Year 2020-2021 was a Technology Upscaling year for the Bank. The major IT Projects successfully initiated/up scaled by the IT Department are enumerated as under:

1. Core Banking Migration

One of the significant achievements of Bank was the seamless up-gradation of Bank's Core Banking System (CBS) to latest version of Flexcube, a product of M/s Oracle Financial Services Software Ltd. Flexcube migration was completed along with integration of numerous peripheral/critical applications to the new version of Core Banking.

Bank has up-graded the infrastructure of Net/Mobile Banking platform to the next level which is highly secure and developed on latest technology to provide better service to customers with flexibility for Bank to offer more products on Net/Mobile Banking platform.

A New E-learning platform was utilized for imparting training to employees. Training programs were also held on thrust areas like digital products etc., to enhance the employee skills.

In order to make our systems more resilient, dual network bandwidth is made available from Network Service Providers including Airtel, BSNL, RCom, Vodafone, Sify, JIO and TCL.

Our Bank has been awarded the ISO 27001: 2013 for its IT Operations in August 2019. We are ensuring continued compliance & successfully completed the Surveillance Audit for the continuation of ISO 27001:2013 Certification for the year 2020-21 as well.

The Bank implemented LGMS-Lead Generation and Monitoring System. The LGMS is enhanced to perform the end to end loan processing and to monitor the turnaround time. The Gold Loan

origination and disbursement system is upgraded to reduce Turn Around Time in Gold disbursement to 120 seconds.

2. Digital Products Enhancements

Enhancing Digital platforms continue to be Bank's focus and we have done the following changes:

- **Internet Banking & Mobile Banking -** Debit Card and Credit Card Management – This feature helps the customers to enable/disable Card for use at ATM/POS/Online payment with limits, activate/deactivate international usage and generation of green PIN.
- **UPI 2.0 -** The iOS version of our UPI platform is migrated to UPI 2.0 for more feature enhancements.
  1. **UPI Mandate**, with this feature our UPI user can pre-authorise (Mandate) a transaction, for debiting from the bank account later. Additionally our Bank customer can use their BHIM DLB UPI ID as payment option while subscribing for IPO on National Stock Exchange (NSE) & Bombay Stock Exchange (BSE).
  2. **Signed QR (Certificate based QR generation)**, This feature helps the customers to check the authenticity of merchants while scanning QR or quick response code. This provides an additional security to the QR based transaction.
- **Online eMandate Authentication -** The Bank has enabled e-Mandate payment service initiated by RBI and the National Payments Corporation of India (NPCI) for businesses to collect recurring payments. With e-Mandate, our customers can easily simplify the recurring payments like telephone bills, insurance premiums, utility bills, SIPs, school fees etc. by using their Netbanking or Debit card credentials.
- **Monitoring of Digital Transactions -** As per the RBI regulatory guidelines, Bank has to monitor various financial and non-financial transactions initiated from digital channels. As a part to enhance the security measures of the digital channels and to safeguard digital payments the mobile banking, net banking and UPI applications are interfaced online with Fraud Risk Management application (FRM).
- **RTGS 24x7 -** RBI has introduced 24x7 RTGS vide circular -RBI/2020-21/70 DPSS (CO) RTGS No.750/04.04.016/2020-21 dated 4th December, 2020 with effect from 00:30 hours on December 14, 2020. As per the RBI direction, our Bank has enabled the 24x7 RTGS on 14th December 2020.
- **Positive Pay in CTS -** Reserve Bank of India (RBI) vide Circular No.: DPSS. CO. RPPD. No.309/04.07.005/2020-21 dated September 25,2020 directed all the clearing member banks to implement the 'Positive Pay System (PPS)' in CTS Clearing so as to curb cheque related frauds. Our Bank has enabled the Positive Pay options in our Retail Internet Banking on 31st Dec. 2020. This facility is extended in Corporate Net banking also.
- **Online Dispute Payments in the Corporate Website (ODRS) for Digital Payments -** To facilitate the customer disputes related to the digital payments, our Bank has implemented Online Dispute Management Resolution System for Digital Payments in the Corporate Website.
- **Call Center IVRS -** The new features of the Interactive Voice Response System enable our customer to protect and manage their credit/debit card more effectively. The features include enabling/disable of Cards, modification of transaction limits and the restriction of cards for domestic/ international usages.
- **Customer Grievance Module -** The Bank has enabled a web-based application to address the grievance of customers regarding the loans sanctioned under RFCS.
- **Offline EKYC -** With an objective of delight customer satisfaction the Bank has enabled offline eKyc verification, by the way of collecting eKyc XML from the customers for verification.
- **Disaster Recovery -** The installed infrastructure is tested for its reliability and robustness by periodic audits. In addition, Periodic Disaster Recovery Tests are conducted to ensure the ability to move to the Disaster Recovery infrastructure in the event of downtime in the data centre capability. The Bank manages the state-of-the-art Data Centre, Near DR Site and Disaster Recovery Site.

Inspection Department

During the Financial Year 2020-21, Audit & Inspection Department conducted Risk based internal audit (RBIA) in 171 Branches and Business Units of the Bank. Risk Rating of 153 Branches were "Low". Branches categorized as Medium & High Risk category stands reduced to 18 from 28 in the previous year (FY 2019-20). Concurrent Audits were also conducted in 29 branches, 11 RPCs and 10 Business Units during the FY 2020-21. Credit Audits were conducted in 519 advance accounts in various branches during FY 2019-20 as against 314 advance accounts in FY 2019-20. Final Review/closure of RBIA reports of 248 branches were conducted during FY 2020-21 as against 207 branches in FY 2019-20.

Vigilance Department

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

Vigilance Department of the Bank is having a well-defined and comprehensive Board approved Policy, being reviewed annually by the Board of the Bank. Bank is having a Whistle Blower

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

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

Information Security

Rapid digitization of business, increasing transaction intensity and connectivity to networks and ecosystems has made cyber security increasingly important. The Bank needs to be prepared for cyber risk as we become more digital and maintain open and flexible platforms to encourage partnerships and innovation. Hence Bank has established a robust information security framework for securing its IT infrastructure and systems. The Bank has an Information Security Group (ISG) functioning at Corporate Office. ISG is primarily responsible for identifying, assessing and proposing mitigation for every information-security-related risk. This responsibility is carried out by interacting with various committees and stakeholders and preparing plans, proposals, policies, procedures and guidelines. ISG is also responsible for the Education, Awareness and Promotion of Information Security initiatives across the bank.

As per the RBI guideline on Cyber Security, Bank has formulated Cyber Security Policy, Information Security Policy and Cyber Crisis Management Plan which are reviewed on a periodic basis. Also Bank has established Security Operation Centre to detect and respond to Cyber incidents. The Bank has been implementing guidelines by RBI on Cyber Security Framework. The Bank also conducts and participates in cyber security drills to continuously fine tune its response mechanisms. The Bank also runs multiple awareness and internal simulation exercises to ensure high levels of employee awareness on information security. The Bank was certified with ISO/IEC 27001:2013 in the year 2019, for Information Security Management System. This certification is our assurance that we are in line with the cyber security standards for keeping the Information Systems secured. The certificate in revalidated yearly by the certifying authority and re-certification audit will be conducted post 3 years of certification.

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

Legal

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

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

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

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

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

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

The Bank has attached great importance to Know Your Customer and Anti-Money Laundering. All the transactions processed through the Core Banking Solution are monitored for identifying the transaction of suspicious nature, if any, using AML application, to discharge the obligation cast on the Bank under Prevention of Money Laundering Act.

Risk Management

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

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

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

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

The credit risk management aims at ensuring sustained growth of healthy credit portfolio. Exposure caps in terms of individual, group, industry/sector and segment level are defined to control risk concentrations and to ensure a fairly diversified spread of credit portfolio. Bank has developed comprehensive risk rating system that serves as a single point indicator of diverse risk factors of counterparty and for taking credit decisions in a consistent manner. All exposures of ₹2 lakhs and above will come under the purview of rating. The Bank has put in place 'Rating Migration Analysis' of all credit exposures of ₹25 lakhs and above. 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 is the risk to a bank's earnings and capital arising from its inability to timely meet obligations when they come due without incurring unacceptable losses. The primary tool of monitoring liquidity is the mismatch/ gap analysis, which is monitored over successive time bands on a static basis. Moreover, the funds readily available as a back stop to meet contingency situations are measured and analyzed on a continuous basis.

Interest Rate Risk is another major risk involved in market risk. It is the exposure of a Bank to financial loss through movements in interest rates. The immediate impact of changes in interest rates is on bank's earnings due to change in Net Interest Income (NII) and long term impact of changing interest rates is on bank's market value of equity (MVE) or Networth as the economic value of bank's assets, liabilities and off-balance sheet positions get affected due to variation in market interest rates. The Bank measures the impact on EVE on a monthly basis using Duration Gap Analysis. Bank uses VaR limits in the trading portfolios to determine the potential loss on a 10 day holding period basis with a 99% confidence level.

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

Operational Risk

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

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

Compliance

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

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

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

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

Bank's Compliance Department, consisting of experienced officers headed by Chief Compliance Officer, is setup at Corporate Office, Thrissur. The main function of Compliance Department is to ensure strict observance of all statutory provisions contained in various legislations such as Banking Regulation Act, Reserve Bank of India Act, Foreign Exchange Management Act, Prevention of Money Laundering Act, etc. as well as to ensure observance of other regulatory guidelines issued from time to time, standards and codes prescribed by IBA, FEDAI, FIMMDA, etc. and also Bank's internal policies and fair practices code. The activities of Compliance function is based on a well-defined Compliance Framework approved by the Board of Directors. Compliance function conducts compliance testing at various functional units and failures, if any, are brought to the notice of the Board of Directors. The Compliance Department acts as the focal point for receipt and dissemination of all regulatory and internal guidelines/instructions. Compliance Department ensures that appropriate instructions get promptly percolated within the organization, the instructions are actually received at each office, and the instructions are implemented. Compliance Department plays the pivotal role in the area of identifying the level of compliance risk in each business line, products and processes and issue instructions to operational functionaries.

Human Resources

The Bank's employee strength has come down to 1656 as on March 31, 2021 from 1714 as on 31st March, 2020. The number of Sales Executives including Business Development Executives also reduced to 61 as on 31st March, 2021 from 65 as on 31st March, 2020.

Bank has provided training to the employees on various areas in order to improve their efficiency and to accelerate the growth. Majority of the employees had attended at least one training programme during the year. During the year, 1243 employees were trained through 116 programs. All programs are conducted through online mode except 17 programs (classroom small gathering), during the year adhering to the COVID-19 protocols. Bank has imparted special thrust to Information Security & cyber Security, Compliance, preventive vigilance, fraud awareness, KYC/AML and other programs related to regulatory guidelines. There were 830 employees trained with soft skills through 19 programs. The training programs helped to develop a learning culture among the employees as well as keep abreast of the current banking scenario. Bank also, as a regular practice, conducts online exams to the employees as a part of continuing knowledge enhancement and up skilling. The online tests are based on internal circulars/policies and pave way for imbibing the content.

Corporate Social Responsibility

Dhanlaxmi Bank Limited is grateful to the society for the support and encouragement in the Bank's growth and development. The Bank believes that no organization can make sustainable development without the patronage from the society. The Bank is committed in the integration of social and environmental concerns in its business operations and also in the interactions with its stakeholders. The Bank shall continue to have among its objectives, the promotion and growth of the national economy and shall continue to be mindful of its social and moral responsibilities to customers, shareholders, employees and society. The Bank's CSR mission is to contribute to the social and economic development of the community. Due to the COVID-19 Pandemic and regulatory restrictions imposed by the state authorities during the financial year, opportunities for on the spot assessment/evaluation of projects could not be undertaken. To the extent possible, projects were either implemented or identified as on-going projects for completion in the subsequent financial year.

Report on Corporate Governance

(This Report is in terms of Regulation 34(3) read with Part C of Schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and forms part of the Directors' Report dated 03.09.2021)

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

1. BOARD OF DIRECTORS

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

Composition of Board

The composition of the Board of Directors, the category of each Director, the sector represented by them according to the Banking Regulation Act, 1949 and the equity shares held by each Director in the Bank as on March 31, 2021 are given below:-

S. No.	Name of Director	Category of Director	Sector represented by the Director according to the Banking Regulation Act, 1949
1	Sri G. Subramonia Iyer	Part-time Chairman and Non-Executive Independent Director	Agriculture & Rural Economy
2	Sri Shivan J. K.	Managing Director & CEO	Banking
3	Sri Gopinathan C. K.	Non-Executive Director	Minority
4	Dr. G. Jagan Mohan	RBI Additional Director	NA
5	Dr. (Capt.) Suseela Menon R.	Non-Executive Independent Director	Small Scale Industry
6	Sri G. Rajagopalan Nair	Non-Executive Independent Director	Information Technology
7	Sri P. K. Vijayakumar	Non-Executive Independent Director	Minority
8	Sri D. K. Kashyap	RBI Additional Director	NA

As on the date of this report, Sri Gopinathan C. K. holds 2,44,65,000 Equity Shares, including 54,95,000 equity shares held by relatives (i.e., 9.66% of the total equity capital of the Bank). Sri P. K. Vijayakumar holds 1766 equity shares, including 1266 equity shares held by relatives. No other Director holds any shares in the Bank. None of the Directors hold directorship in any other listed/public limited companies. Further, none of the Directors of the Bank are related inter-se, in terms of Section 2(77) of the Companies Act, 2013 and the rules made thereunder.

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

Board Meetings

A total of 23 Board Meetings were held during the year and the dates are as under:-

15.05.2020, 15.06.2020, 22.06.2020, 06.07.2020, 17.07.2020, 03.08.2020, 17.08.2020, 27.08.2020, 07.09.2020, 18.09.2020, 30.09.2020, 08.10.2020, 15.10.2020, 03.11.2020, 13.11.2020, 16.11.2020, 26.11.2020, 15.12.2020, 28.01.2021, 09.02.2021, 02.03.2021, 18.03.2021 and 28.03.2021

The details of attendance of each Director at the Board meetings and at the last Annual General Meeting (AGM) held on September 30, 2020 are as follows:

S. No.	Name of Director	No. of Board Meetings		Attendance at last AGM
		Held during the Tenure	Attended	
1	Sri G. Subramonia Iyer	19	19	Present
2	Sri Shivan J. K.	4	4	NA
3	Sri Gopinathan C. K.	23	22	Present
4	Dr. G. Jagan Mohan	23	22	NA
5	Dr. (Capt.) Suseela Menon R.	19	19	Present
6	Sri G. Rajagopalan Nair	16	16	Present
7	Sri P. K. Vijayakumar	16	16	Present
8	Sri D. K. Kashyap	12	12	NA
9	Sri Sajeev Krishnan	3	3	NA
10	Sri Sunil Gurbaxani	10	10	Present
11	Sri Chella K. Srinivasan	11	11	Present
12	Dr. Lakshmy Devi K. R.	1	1	NA
13	Sri K. N. Murali	3	3	NA
14	Dr. B. Ravindran Pillai	1	0	NA
15	Sri G. Venkatanarayanan	3	3	NA

Change in Directors during the year 2020-21

1. Sri G. Subramonia Iyer took charge as Part-Time Chairman of the Bank for a period of three years w.e.f. February 12, 2021, post approval from Reserve Bank of India (RBI).
2. Sri Shivan J. K. assumed charge as Managing Director & Chief Executive Officer of the Bank for a period of three years w.e.f. January 30, 2021. Earlier, RBI approved the appointment of Sri Shivan J.K. as Managing Director & Chief Executive Officer, post approval from the Shareholders through Postal Ballot.
3. Sri G. Subramonia Iyer and Dr. (Capt.) Suseela Menon R were appointed as Additional Directors on July 06, 2020. Sri G. Rajagopalan Nair and Sri P.K Vijayakumar were appointed as Additional Directors on August 17, 2020. The Shareholders approved the appointment of all the aforesaid Additional Directors as Independent Directors at the Annual General Meeting held on September 30, 2020.
4. Sri Gopinathan C.K. was re-appointed as Non-Independent Director liable to retire by rotation at Annual General Meeting held on September 30, 2020.
5. Sri D. K. Kashyap was appointed by RBI as Additional Director on the Board of the Bank for a period of two years w.e.f. September 28, 2020.
6. Sri Sajeev Krishnan, who was the Part-time Chairman, Sri K. N. Murali and Sri G. Venkatanarayanan resigned from the Board of the Bank w.e.f. June 29, 2020 due to personal reasons and there were no other material reasons other than those provided.
7. Sri B. Ravindran Pillai, Dr. Lakshmy Devi K. R. and Sri Chella K. Srinivasan retired from the Board of the Bank on May 25, 2020, May 26, 2020 and September 30, 2020 respectively on completion of tenure of office.
8. The resolution for appointment of Sri Sunil Gurbaxani was not approved by the Shareholders at the Annual General Meeting held on September 30, 2020. Sri Shivan J. K. took charge as Managing Director & CEO of the Bank w.e.f. January 30, 2021 . In the interim period from October 01, 2020 to January 29, 2021, a Committee of Directors was formed to exercise the powers vested with the Managing Director & Chief Executive Officer, in compliance with the provisions of the Banking Regulation Act, 1949. Sri G. Subramonia Iyer was the Chairman of the Committee while Sri G. Rajagopalan Nair and Sri P. K. Vijayakumar were its Members.

Committee position of Directors in the Bank as on March 31, 2021

S. No.	Name of Director	Chairman	Member
1	Sri G. Subramonia Iyer	1. Credit & Business Committee of Board 2. NPA Monitoring Committee	1. Audit Committee 2. HRD Committee 3. Risk Management Committee 4. Large Value Fraud Monitoring Committee 5. IT Strategy Committee 6. Nomination & Remuneration Committee 7. Redressal Committee on Willful Defaulters& Review Committee on Non-Cooperative Borrowers
2	Sri Shivan J. K.	–	1. Credit & Business Committee of Board 2. NPA Monitoring Committee 3. Risk Management Committee 4. HRD Committee 5. Large Value Fraud Monitoring Committee 6. Stakeholders' Relationship Committee 7. Corporate Social Responsibility Committee 8. Customer Service Committee 9. IT Strategy Committee 10. Redressal Committee on Willful Defaulters& Review Committee on Non-Cooperative Borrowers
3	Sri Gopinathan C. K.	1. Customer Service Committee	1. Credit & Business Committee of Board 2. HRD Committee 3. Large Value Fraud Monitoring Committee 4. Stakeholders' Relationship Committee 5. Corporate Social Responsibility Committee 6. Nomination & Remuneration Committee
4	Dr. G. Jagan Mohan	–	1. Audit Committee
5	Dr. (Capt.) Suseela Menon R.	1. HRD Committee 2. Corporate Social Responsibility Committee	1. Audit Committee 2. Risk Management Committee 3. Large Value Fraud Monitoring Committee 4. Stakeholders' Relationship Committee 5. Customer Service Committee 6. IT Strategy Committee 7. Nomination & Remuneration Committee
6	Sri G. Rajagopalan Nair	1. Risk Management Committee 2. IT Strategy Committee	1. Credit & Business Committee of Board 2. NPA Monitoring Committee 3. Large Value Fraud Monitoring Committee 4. Customer Service Committee 5. Nomination & Remuneration Committee 6. Redressal Committee on Willful Defaulters& Review Committee on Non-Cooperative Borrowers
7	Sri P.K Vijayakumar	1. Audit Committee 2. Large Value Fraud Monitoring Committee 3. Stakeholders' Relationship Committee 4. Nomination & Remuneration Committee 5. Redressal Committee on Willful Defaulters& Review Committee on Non-Cooperative Borrowers	1. NPA Monitoring Committee 2. Risk Management Committee 3. HRD Committee 4. Corporate Social Responsibility Committee 5. Customer Service Committee 6. IT Strategy Committee
8	Sri D.K Kashyap	–	1. Audit Committee

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

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

Skills/Expertise/Competence of Board of Directors

The Bank is regulated by the provisions of the Banking Regulation Act, 1949 besides the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013. In terms of Section 10A(2)(a) of the Banking Regulation Act, 1949, not less than fifty-one per cent, of the total number of members of the Board of Directors shall consist of persons who shall have special knowledge or practical experience in respect of one or more of 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.

The Bank has identified above Skills/Expertise/Competencies as required to be possessed by its Board, in the context of its businesses and the sectors, for it to function effectively. The details of the above Skills/Expertise/Competencies possessed by the Directors, as on March 31, 2021, are as follows:

S. No.	Name of Director	Skills/Expertise/Competencies
1	Sri G. Subramonia Iyer	Agriculture & Rural Economy
2	Sri Shivan J. K.	Banking
3	Dr. (Capt.) Suseela Menon R.	Small Scale Industry
4	Sri G. Rajagopalan Nair	Information Technology

2. COMMITTEES OF BOARD

The Board has constituted various Committees of the Board in accordance with the provisions of Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Banking Regulation Act, 1949, RBI guidelines and other applicable regulations to take informed decisions in the best interests of the Bank. These Committees monitor the activities falling within their terms of reference. The terms of reference of these Committees and composition of the Committees as on March 31, 2021 and the number/dates of meetings of various Committees in the financial year 2020-21 along with the attendance of the Directors in such meetings are detailed below.

(A) Audit Committee

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

(i) Composition of the Committee as on March 31, 2021

- Sri P. K. Vijayakumar, Chairman of the Committee
- Sri G. Subramonia Iyer, Member of the Committee
- Dr. G. Jagan Mohan, Member of the Committee
- Dr. (Capt.) Suseela Menon R., Member of the Committee
- Sri D.K Kashyap, Member of the Committee

(ii) Terms of reference

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

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

25. Focusing on the follow-up of:
    a) Reconciliation of inter-branch adjustment accounts;
    b) Long outstanding entries in inter-bank accounts and nostro accounts;
    c) Arrears in balancing of books at various branches;
    d) Frauds;
    e) Other key areas of housekeeping
26. Reviewing half yearly reports from the Compliance Officers of the Bank;
27. Review of Concurrent Audit of Depository Department;
28. Review of dishonouredcheques 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 10 times during the year on 15.06.2020, 22.06.2020, 17.07.2020, 03.08.2020, 01.09.2020, 11.09.2020, 25.09.2020, 03.11.2020, 09.02.2021 and 27.03.2021.

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

S. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Sri P. K. Vijayakumar, Chairman of the Committee (inducted to the Committee w.e.f. 08.10.2020)	3	3
2	Sri G. Subramonia Iyer (inducted to the Committee w.e.f. 17.07.2020)	8	8
3	Dr. G. Jagan Mohan	10	9
4	Dr. (Capt.) Suseela Menon R. (inducted to the Committee w.e.f. 17.07.2020)	8	8
5	Sri D. K. Kashyap (inducted to the Committee w.e.f. 28.09.2020)	3	3
6	Sri Chella K. Srinivasan (ceased to be Director w.e.f. 01.10.2020)	7	7
7	Sri Sajeev Krishnan (ceased to be Director w.e.f. 29.06.2020)	2	2
8	Sri K.N Murali (ceased to be Director w.e.f. 29.06.2020)	2	2

(B) Credit & Business Committee of Board

(i) Composition of the Committee as on March 31, 2021

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

(ii) Terms of reference

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

(iii) Number of Meetings during the year

The Committee met 10 times on 29.05.2020, 29.06.2020, 20.08.2020, 01.09.2020, 15.10.2020, 25.11.2020, 10.12.2020, 29.01.2021, 23.02.2021 and 25.03.2021 during the year.

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

S. No.	Name of the Director	Number of Meetings	
		Held during the Tenure	Attended
1	Sri G. Subramonia Iyer, Chairman of the Committee (inducted to the Committee w.e.f. 17.07.2020)	8	8
2	Sri Shivan J. K. (took charge as MD & CEO w.e.f. 30.01.2021)	2	2
3	Sri Gopinathan C. K.	10	10
4	Sri G. Rajagopalan Nair (inducted to the Committee w.e.f. 08.10.2020)	6	6
5	Sri K. N. Murali (ceased to be Director w.e.f. 29.06.2020)	2	2
6	Sri Sunil Gurbaxani (ceased to be Managing Director & CEO w.e.f. 30.09.2020)	4	4
7	Sri Chella K. Srinivasan (ceased to be Director w.e.f. 01.10.2020)	2	2
8	Sri Sajeev Krishnan (ceased to be Director w.e.f. 29.06.2020)	2	1

(C) Nomination & Remuneration Committee

(i) Composition of the Committee as on March 31, 2021

- Sri P.K Vijayakumar, Chairman of the Committee
- Sri G. Subramonia Iyer, Member of the Committee
- Sri Gopinathan C.K, Member of the Committee
- Dr. (Capt.) Suseela Menon R, Member of the Committee
- Sri G. Rajagopalan Nair, Member of the Committee

(ii) Terms of reference

1. Recommending to the Board for its consideration and approval on the size and composition of the Board taking into account the available and needed diversity and balance in terms of experience, knowledge, skills and judgment of the Directors;
2. Reviewing, from time to time, possible candidates for current and potential Board vacancies, including Directors who are to retire and are eligible for re-appointment or re-election and other persons who may be recommended by the Chairman or the MD&CEO or other Directors, shareholders or others;
3. Recommending to the Board, candidates for election (including reelection) or appointment (including reappointment) to the Board;
4. Carrying out evaluation of every Director's performance;
5. Deciding on the matter of whether to extent or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
6. Identifying persons who are qualified to became directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal; formulation of the criteria for determining qualifications, positive attributes and Independence of a Director;
7. Devising a policy on diversity of Board of Directors;
8. Recommending to the Board a policy relating to the remuneration for the Directors, key managerial personnel and other employees;
9. Formulating and determining the Bank's policies on remuneration packages payable to the Directors and key managerial personnel including performance/achievement bonus perquisites, retirals, sitting fees;
10. Considering grant of Stock Options to employees;
11. Reviewing the composition of the existing Committees of the Board;
12. Formulation of criteria for performance evaluation of independent directors and the Board;
13. Validation of "fit and proper" status of all Directors on the Board of the Bank in terms of the guidelines issued by the RBI or other regulatory authorities;
14. Developing and recommending to the Board the Corporate Governance guidelines applicable to the Bank for incorporating best practices from time to time

(iii) Number of Meetings during the year

The Committee met 11 times on 15.05.2020, 12.06.2020, 05.08.2020, 20.08.2020, 07.09.2020, 12.11.2020, 16.11.2020, 26.11.2020, 28.12.2020, 24.02.2021 and 16.03.2021 during the year.

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

S. No.	Name of the Director	Number of Meetings	
		Held During The Tenure	Attended
1	Sri P. K. Vijayakumar, Chairman of the Committee (inducted to the Committee w.e.f. 17.08.2020)	8	8
2	Sri G. Subramonia Iyer (inducted to the Committee w.e.f. 17.07.2020)	9	9
3	Sri Gopinathan C. K. (inducted to the Committee w.e.f. 17.07.2020)	9	9
4	Dr. (Capt.) Suseela Menon R. (inducted to the Committee w.e.f. 17.07.2020)	9	9
5	Sri G. Rajagopalan Nair (inducted to the committee w.e.f. 08.10.2020)	6	6
6	Sri Chella K. Srinivasan (ceased to be Director w.e.f. 01.10.2020)	5	5
7	Sri Sajeev Krishnan (ceased to be Director w.e.f. 29.06.2020)	2	2
8	Sri B. Ravindran Pillai (ceased to be Director w.e.f. 25.05.2020)	1	0

(v) Performance Evaluation of Independent Directors

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

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

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

The Board also hereby confirms that the Independent Directors of the Bank fulfill the conditions specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and are independent of the Management. Pursuant to the notification of the Ministry of Corporate Affairs dated October 22, 2019, an online data bank for the independent directors ("Data Bank") has been rolled out by the Indian Institute of Corporate Affairs. All the Independent Directors of the Bank as on March 31, 2021 have registered themselves in the Data Bank.

(D) Risk Management Committee

(i) Composition of the Committee as on March 31, 2021

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

(ii) Terms of reference

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

1. Overseeing the development and implementation of the risk management strategy and practices by the Bank and assess the effectiveness thereof;

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

(iii) Number of Meetings during the year

The Committee met 7 times during the year 22.05.2020, 16.06.2020, 14.08.2020, 23.10.2020, 12.12.2020, 20.02.2021 and 16.03.2021.

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

S. No.	Name of the Director	Number of Meetings	
		Held During The Tenure	Attended
1	Sri G. Rajagopalan Nair, Chairman of the Committee (inducted to the Committee w.e.f. 17.08.2020)	4	4
2	Sri G. Subramonia Iyer (inducted to the Committee w.e.f. 17.07.2020)	5	5
3	Sri Shivan J. K. (took charge as MD & CEO of the Bank w.e.f. 30.01.2021)	2	2
4	Dr. (Capt.) Suseela Menon R. (inducted to the Committee w.e.f. 08.10.2020)	4	4
5	Sri P. K. Vijayakumar (inducted to the Committee w.e.f. 08.10.2020)	4	4
6	Sri G. Venkatanarayanan (ceased to be Director w.e.f. 29.06.2020)	2	2
7	Sri Sajeev Krishnan (ceased to be Director w.e.f. 29.06.2020)	2	1
8	Sri Sunil Gurbaxani (ceased to be Managing Director & CEO w.e.f. 30.09.2020)	3	3
9	Sri K. N. Murali (ceased to be Director w.e.f. 29.06.2020)	2	2
10	Sri Chella K. Srinivasan (ceased to be Director w.e.f. 01.10.2020)	1	1
11	Dr. Lakshmy Devi K. R. (ceased to be Director w.e.f. 27.05.2020)	1	1

(E) NPA Monitoring Committee

(i) Composition of the Committee as on March 31, 2021

- Sri G. Subramonia Iyer, Chairman of the Committee
- Sri Shivan J.K., Member of the Committee
- Sri G. Rajagopalan Nair, Member of the Committee
- Sri P. K. Vijayakumar, Member of the Committee

(ii) Terms of reference

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

(iii) Number of Meetings during the year

The Committee met 2 times during the year on 11.06.2020 and 05.12.2020.

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

S. No.	Name of the Director	Number of Meetings	
		Held During The Tenure	Attended
1	Sri G. Subramonia Iyer, Chairman of the Committee (inducted to the Committee w.e.f. 17.07.2020)	1	1
2	Sri Shivan J. K. (took charge as MD & CEO of the Bank w.e.f. 30.01.2021)	Nil	Nil
3	Sri G. Rajagopalan Nair (inducted to the Committee w.e.f. 08.10.2020)	1	1
4	Sri P. K. Vijayakumar (inducted to the Committee w.e.f. 08.10.2020)	1	1
5	Sri K. N. Murali (ceased to be Director w.e.f. 29.06.2020)	1	1
6	Sri Sajeev Krishnan (ceased to be Director w.e.f. 29.06.2020)	1	1
7	Sri Sunil Gurbaxani (ceased to be Managing Director & CEO w.e.f. 30.09.2020)	1	1
8	Sri G. Venkatanarayanan (ceased to be Director w.e.f. 29.06.2020)	1	1

(F) Large Value Fraud Monitoring Committee

(i) Composition of the Committee as on March 31, 2021

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

(ii) Terms of reference

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

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

(iii) Number of Meetings during the year

The Committee met 3 times during the year on 11.06.2020, 23.10.2020 and 25.03.2021.

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

S. No.	Name of the Director	Number of Meetings	
		Held During The Tenure	Attended
1	Sri P. K. Vijayakumar, Chairman of the Committee (inducted to the Committee w.e.f. 17.08.2020)	2	2
2	Sri G. Subramonia Iyer (inducted to the Committee w.e.f. 17.07.2020)	2	2
3	Sri Shivan J. K. (took charge as MD & CEO of the Bank w.e.f. 30.01.2021)	1	1
4	Sri Gopinathan C.K.	3	3
5	Dr. (Capt.) Suseela Menon (inducted to the Committee w.e.f. 17.07.2020)	2	2
6	Sri G. Rajagopalan Nair (inducted to the Committee w.e.f. 08.10.2020)	2	2
7	Sri Sunil Gurbaxani (ceased to be Managing Director & CEO w.e.f. 30.09.2020)	1	1
8	Sri Chella K. Srinivasan (ceased to be Director w.e.f. 01.10.2020)	1	1
9	Sri K. N. Murali (ceased to be Director w.e.f. 29.06.2020)	1	1
10	Dr. Lakshmy Devi K. R. (ceased to be Director w.e.f. 27.05.2020)	Nil	Nil

(G) Stakeholders' Relationship Committee

(i) Composition of the Committee as on March 31, 2021

- Sri P. K. Vijayakumar, Chairman of the Committee
- Sri G. Subramonia Iyer, Member of the Committee
- Sri Gopinathan C. K., Member of the Committee
- Dr. (Capt.) Suseela Menon R., Member of the Committee

(ii) Terms of reference

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

(iii) Number of Meetings during the year

The Committee met 4 times during the year on 11.06.2020, 17.08.2020, 12.12.2020 and 16.03.2021.

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

S. No.	Name of the Director	Number of Meetings	
		Held During The Tenure	Attended
1	Sri P. K. Vijayakumar, Chairman of the Committee (inducted to the Committee w.e.f. 08.10.2020)	2	2
2	Sri Shivan J.K (took charge as MD & CEO of the Bank w.e.f. 30.01.2021)	1	1
3	Sri Gopinathan C. K.	4	4
4	Dr. (Capt.) Suseela Menon R. (inducted to the Committee w.e.f. 17.08.2020)	2	2
5	Sri Chella K. Srinivasan (ceased to be Director w.e.f. 01.10.2020)	2	2
6	Sri Sunil Gurbaxani(ceased to be Managing Director & CEO w.e.f. 30.09.2020)	2	2
7	Sri G. Venkatanarayanan(ceased to be Director w.e.f. 29.06.2020)	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 01.04.2020	No. of complaints received	No. of complaints resolved	No. of complaints pending as on 31.03.2021
1	Transfer related Complaints	0	0	0	0
2	Dividend related Complaints	0	0	0	0
3	Others	0	0	0	0
	Total	**0**	**0**	**0**	**0**

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

(H) Customer Service Committee

(i) Composition of the Committee as on March 31, 2021

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

(ii) Terms of reference

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

(iii) Number of Meetings during the year

The Committee met twice during the year on 17.08.2020 and 24.02.2021.

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

S. No.	Name of the Director	Number of Meetings	
		Held During The Tenure	Attended
1	Sri C. K. Gopinathan, Chairman of the Committee	2	2
2	Sri Shivan J. K. (took charge as MD & CEO of the Bank w.e.f. 30.01.2021)	1	1
3	Dr. (Capt.) Suseela Menon R. (inducted to the Committee w.e.f. 08.10.2020)	1	1
4	Sri G. Rajagopalan Nair (inducted to the Committee w.e.f. 17.08.2020)	1	1
5	Sri P. K. Vijayakumar (inducted to the Committee w.e.f. 08.10.2020)	1	1
6	Sri Sunil Gurbaxani (ceased to be Managing Director & CEO w.e.f. 30.09.2020)	1	1
7	Sri Chella K. Srinivasan (ceased to be Director w.e.f. 01.10.2020)	1	1
8	Dr. Lakshmy Devi K. R. (ceased to be Director w.e.f. 27.05.2020)	Nil	Nil

(I) Corporate Social Responsibility Committee

(i) Composition of the Committee as on March 31, 2021

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

(ii) Terms of reference

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

(iii) Number of Meetings during the year

The Committee met twice during the year on 24.02.2021 and 16.03.2021.

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

S. No.	Name of the Director	Number of Meetings	
		Held During The Tenure	Attended
1	Dr.(Capt.) Suseela Menon R., Chairperson of the Committee (inducted to the Committee w.e.f. 17.07.2020)	2	2
2	Sri Shivan J. K. (took charge as MD & CEO of the Bank w.e.f. 30.01.2021)	2	2
3	Sri Gopinathan C. K.	2	2
4	Sri P.K Vijayakumar (inducted to the Committee w.e.f. 08.10.2020)	2	2
5	Sri B. Ravindran Pillai (ceased to be Director w.e.f. 25.05.2020)	Nil	Nil
6	Dr. Lakshmy Devi K. R. (ceased to be Director w.e.f. 27.05.2020)	Nil	Nil
7	Sri Sunil Gurbaxani (ceased to be MD & CEO w.e.f. 30.09.2020)	Nil	Nil

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

(i) Composition of the Committee as on March 31, 2021

- Sri P. K. Vijayakumar, Chairman of the Committee
- Sri G. Subramonia Iyer, Member of the Committee
- Sri Shivan J. K., Member of the Committee
- Sri G. Rajagopalan Nair, Member of the Committee

(ii) Terms of reference

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

(iii) Number of Meetings during the year

The Committee did not meet during the year.

(K) HRD Committee

(i) Composition of the Committee as on March 31, 2021

- Dr. (Capt.) Suseela Menon R., Chairperson of the Committee
- Sri G. Subramonia Iyer, Member of the Committee

- Sri Shivan J. K., Member of the Committee
- Sri Gopinathan C.K., Member of the Committee
- Sri P. K. Vijayakumar, Member of the Committee

(ii) Terms of reference

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

(iii) Number of Meetings during the year

The Committee met 4 times during the year on 15.05.2020, 12.06.2020, 05.08.2020 and 23.02.2021.

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

S. No.	Name of the Director	Number of Meetings	
		Held During The Tenure	Attended
1	Dr. (Capt.) Suseela Menon R., Chairperson of the Committee (inducted to the Committee w.e.f. 17.07.2020)	2	2
2	Sri G. Subramonia Iyer (inducted to the Committee w.e.f. 17.07.2020)	2	2
3	Sri Shivan J. K. (took charge as MD & CEO of the Bank w.e.f. 30.01.2021)	1	1
4	Sri Gopinathan C.K. (inducted to the Committee w.e.f. 08.10.2020)	1	1
5	Sri P.K Vijayakumar (inducted to the Committee w.e.f. 08.10.2020)	1	1
6	Sri Sunil Gurbaxani (ceased to be Managing Director & CEO w.e.f. 30.09.2020)	3	3
7	Sri Sajeev Krishnan (ceased to be Director w.e.f. 29.06.2020)	2	2
8	Dr. Lakshmy Devi K. R. (ceased to be Director w.e.f. 27.05.2020)	1	1

(L) IT Strategy Committee

(i) Composition of the Committee as on March 31, 2021

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

(ii) Terms of reference

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

(iii) Number of Meetings during the year

The Committee met 4 times during the year on 12.06.2020, 20.08.2020, 25.09.2020 and 20.02.2021.

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

S. No.	Name of the Director	Number of Meetings	
		Held During The Tenure	Attended
1	Sri G. Rajagopalan Nair, Chairman of the Committee (inducted to the Committee w.e.f. 17.08.2020)	3	3
2	Sri G. Subramonia Iyer (inducted to the Committee w.e.f. 17.07.2020)	3	3
3	Sri Shivan J. K. (took charge as MD & CEO of the Bank w.e.f. 30.01.2021)	1	1
4	Dr. (Capt.) Suseela Menon R. (inducted to the Committee w.e.f. 08.10.2020)	1	1
5	Sri P. K. Vijayakumar (inducted to the Committee w.e.f. 08.10.2020)	1	1
6	Sri G. Venkatanarayanan (ceased to be Director w.e.f. 29.06.2020)	1	1
7	Sri Sunil Gurbaxani (ceased to be Managing Director & CEO w.e.f. 30.09.2020)	3	3
8	Sri Chella K. Srinivasan (ceased to be Director w.e.f. 01.10.2020)	3	3
9	Dr. Lakshmy Devi K. R. (ceased to be Director w.e.f. 27.05.2020)	Nil	Nil

(M) Committee of Directors (in place of MD & CEO for the period from October 01, 2020 to January 29, 2021)

Sri Shivan J.K took charge as Managing Director & CEO of the Bank w.e.f. January 30, 2021, after the resolution for appointment of Sri Sunil Gurbaxani was not approved by the Shareholders at the Annual General Meeting held on September 30, 2020. In the interim period from October 01, 2020 to January 29, 2021, a Committee of Directors was formed to exercise the powers vested with the Managing Director & Chief Executive Officer, in compliance with the provisions of the Banking Regulation Act, 1949. Sri G. Subramonia Iyer was the Chairman of the Committee while Shri. G. Rajagopalan Nair and Sri P.K Vijayakumar were its Members. The Committee met 7 times during the period it was in place.

3. SEPARATE MEETING OF INDEPENDENT DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors of the Bank was held on March 16, 2021. 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

Dr. (Capt.) Suseela Menon R., Independent Director, was the Chairperson of the Meeting. Sri G. Rajagopalan Nair and Sri P. K. Vijayakumar, 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, 2021

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

Sri Sunil Gurbaxani (MD & CEO up to 30.09.2020)	₹21,41,931.00
Sri Shivan J.K. (MD& CEO w.e.f. 30.01.2021)	₹8,25,806.00

2. The sitting fees payable to a non-executive Director for attendance at a Board/Committee Meeting attended by him/her shall be such amount as may be fixed by the Board of Directors in accordance with the provisions of the Companies Act, 2013, the Banking Regulation Act, 1949, RBI guidelines and other applicable rules and regulations. The sitting fees was at the rate of ₹30000 for Meetings of the Board and ₹20000 for Meetings of the Board Committees upto August 2020. Thereafter, taking into account the impact of COVID-19 pandemic and the resultant moratorium on the Bank's business, the Board of Directors decided to reduce the sitting fees to ₹25000 and ₹15000 respectively for attending each Board Meeting and each Board Committee Meeting. The total sitting fee paid by the Bank during the financial year 2020-21 is as under:-

S. No.	Name of Director	Total Amount of Sitting Fees paid during the year ended March 31, 2021 (₹)
1	Sri G. Subramonia Iyer	11,55,000
2	Sri Gopinathan C. K.	10,25,000
3	Dr. (Capt.) Suseela Menon R.	9,70,000
4	Sri Rajagopalan Nair	8,80,000
5	Sri P. K. Vijayakumar	8,95,000
6	Dr. Lakshmy Devi K. R.	70,000
7	Sri Sajeev Krishnan	2,70,000
8	Sri K. N. Murali	2,50,000
9	Sri G. Venkatanarayanan	1,90,000
10	Chella K. Srinivasan	6,60,000
	Total	**63,65,000**

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 DIRECTOR PROPOSED TO BE RE-APPOINTED AT THE 94th ANNUAL GENERAL MEETING (REGULATION 36 (3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)

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

Date of Birth and age	29.03.1954 ; 67 years
Qualifications	B.Com.
Brief Resume, Experience and Nature of expertise in specific functional areas	Sri Gopinathan C.K. has more than 25 years of experience in the financial sector. He was a Director in the Catholic Syrian Bank Limited for almost 8 years from September 26, 2008 to July 20, 2016. He was also Director of C.K.G. Supermarket Limited and Managing Director of C.K.G. Securities and Investments Limited. Sri Gopinathan C.K. is a major shareholder in the Bank and also has major investments in various leading companies across the State.
Terms and conditions of appointment/re-appointment along with details of remuneration	Sri Gopinathan C.K. will be entitled to sitting fees for attending Board/Committee Meetings.
Details of Remuneration last drawn	Sri Gopinathan C.K. was paid only sitting fees of ₹ 10,25,000/- for attending Board/Committee Meetings during the financial year 2020-21.
Date of first appointment on Board	August 11, 2016
Sector	Minority
Shareholding in the Bank as on the date of this Report	2,44,65,000 Equity Shares (including 54,95,000 equity shares held by relatives)
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2020-21	22
Chairman/Member of Committees of Board of Directors of the Bank as on the date of this Report	1. Credit & Business Committee of Board 2. HRD Committee 3. Large Value Fraud Monitoring Committee 4. Stakeholders' Relationship Committee 5. Corporate Social Responsibility Committee 6. Customer Service Committee 7. 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

6. DETAILS OF LAST THREE ANNUAL GENERAL MEETINGS

Name of Meeting	Day, Date & Time	Venue	Special Resolutions passed at the Meeting
93rd Annual General Meeting	30.09.2020 11.00 A.M	Through Video Conferencing	To increase the Authorised Share Capital and consequent alteration to the Memorandum of Association & Articles of Association of the Bank
92nd Annual General Meeting	30.08.2019 10.00 A.M	Lulu International Convention Center & Garden Hotels, Thrissur	No Special Resolutions were included in the Notice of the Meeting
91st Annual General Meeting	27.09.2018 10.00 A.M	Lulu International Convention Center & Garden Hotels, Thrissur	To authorize the Board of Directors to issue redeemable secured/unsecured non-convertible debentures (NCDs)

7. POSTAL BALLOT

During the year, no special resolution was passed through postal ballot. Further, no postal ballot is proposed/pending to be conducted by the Bank as on the date of this report.

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 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, 2021, 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, 2020.

(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 and Companies Act, 2013, including the amendments from time to time, 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 which provides a mechanism for employees and other stake holders of the Bank to report to the Chief Vigilance Officer/ Chairman of Audit Committee of Board (ACB) as the case may be, instances of corruption, misuse of Office, unethical behaviour, 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. The identity of the Whistle Blower shall be kept confidential to the extent possible and permitted under law. All complaints received under the Whistle Blower Policy shall be thoroughly investigated by the Chief Vigilance Officer or the Audit Committee of the bank, as the case may be, in accordance with the extant procedure. If an investigation concludes that an improper or unethical act has been committed, the Chief Vigilance Officer/Audit Committee shall recommend to the management of the Bank to take such disciplinary or corrective action as they deem fit. Anonymous/pseudonymous complaints (orally/written) shall not be entertained. While it will be ensured that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment by the management, any abuse of this mechanism by making motivated/ vexatious complaints shall be dealt with seriously as it deems fit. 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 following training programs were attended by Directors:-

- A full day in- house training program for the Board Members was conducted on March 26, 2021. The topics for the program were Corporate Governance for Enhancing Stakeholder value and Board Perspective on Regulatory Matters.
- The Institute for Development and Research in Banking Technology (IDRBT), established by Reserve Bank of India, had conducted a certification programme in IT and Cyber Security for Board Members for 2 full days on 3rd and 4th of June 2021.

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

Information supplied to the Board

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

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

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

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

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

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

During the FY 2020-21, no funds were raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of Listing Regulations.

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

During the FY 2020-21, all recommendations of Committee(s) of the Board of Directors, which are mandatorily required, were accepted by the Board.

(G) Strictures and Penalties

On August 23, 2021, The Reserve Bank of India (RBI) has imposed, a monetary penalty of ₹27.50 lakh (Rupees Twenty Seven Lakh and Fifty Thousand only) on Bank.

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.

(H) Fees paid to Statutory Auditors

A total fee of ₹48,00,000 (Rupees Forty Eight Lakh only) plus applicable taxes is payable to Statutory Central Auditors M/s. P. B. Vijayaraghavan & Co. for statutory Audit, Certification, Quarterly Review , LFAR and Tax Audit for the FY 2020-21. The travelling and out-of pocket expenses related to the audit/review were additionally reimbursed on actual basis.

(I) Credit Ratings

During the FY 2020-21, the credit ratings on the outstanding debt instruments of the Bank were reaffirmed as under:-

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

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

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

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

No complaints were received during the FY 2020-21 under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and there were no complaints pending to be disposed of under the Act as on March 31, 2021.

9. MEANS OF COMMUNICATION

The unaudited/audited quarterly/half yearly/annual financial results of the Bank were 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 Business Line, Financial Express, Business Standard, MalayalaManorama, Mathrubhumi, Janmabhumi and Kerala Kaumudi. 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

94th Annual General Meeting	Date	September 29, 2021
	Time	11.00 a.m. (IST)
	Venue	Through Video Conferencing ("VC")/Other Audio Visual Means ("OAVM")
Name and other details regarding Compliance Officer		**Sri Venkatesh H.** Company Secretary & Secretary to the Board Dhanlaxmi Bank Ltd. Dhanalakshmi Buildings, Naickanal, Thrissur – 680001 Phone: 0487-6617142 Fax: 0487-2335367 E-mail: investors@dhanbank.co.in
Financial Year		2020-21
Date of Book Closure		**September 24, 2021 to September 29, 2021 (both days inclusive)**
Dividend Payment Date		Not Applicable
Listing on Stock Exchanges		The equity shares of the Bank are listed on - 1. BSE Ltd. 2. National Stock Exchange of India Ltd.
Stock Code – Equity Shares		1. BSE Ltd. - 532180 2. National Stock Exchange of India Ltd. - DHANBANK

Registrar and Transfer Agents (RTA)	M/s. KFin Technologies Private Limited (previously known as M/s. KarvyFintech Private Limited) Unit: Dhanlaxmi Bank "Selenium Tower B", Plot No.31 & 32, Financial District Nanakramguda, Serilingampally, Hyderabad – 500 032 Tel : +91-40-67162222 Fax: 040-2300 1153 Toll Free No: 1800 345 4001 E-mail: einward.ris@kfintech.com Website: www.kfintech.com Contact Person Sri Raj Kumar Kale, Senior Manager E-mail: rajkumar.kale@kfintech.com Tel : +91-40-67161736
Registered Office and Address for Correspondence	Dhanlaxmi Bank Ltd. P.B. No. 9, Dhanalakshmi Buildings, Naickanal, Thrissur – 680 001
Corporate Office	Dhanlaxmi Bank Limited, Corporate Office, Punkunnam, Thrissur – 680 002
Corporate Identity Number (CIN)	L65191KL1927PLC000307

11. LISTING OF THE BANK'S EQUITY SHARES & OTHER SECURITIES

(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)
   PhirozeJeejeebhoy 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 2021-22 have already been remitted.

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

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

(B) Market Price Data of Bank's Shares

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

Month	NSE		BSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2020	11.30	7.85	11.75	7.94
May 2020	11.00	9.05	11.00	9.00
June 2020	17.90	10.05	17.93	9.54
July 2020	14.65	12.10	15.15	12.00
August 2020	16.30	11.85	16.21	11.86
September 2020	14.70	12.10	14.70	12.09
October 2020	12.65	11.75	12.80	11.60

Month	NSE		BSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
November 2020	12.85	11.60	12.80	11.50
December 2020	14.50	11.70	14.92	11.70
January 2021	16.40	12.65	16.10	11.51
February 2021	15.40	13.10	15.27	13.08
March 2021	17.55	14.00	17.50	14.05

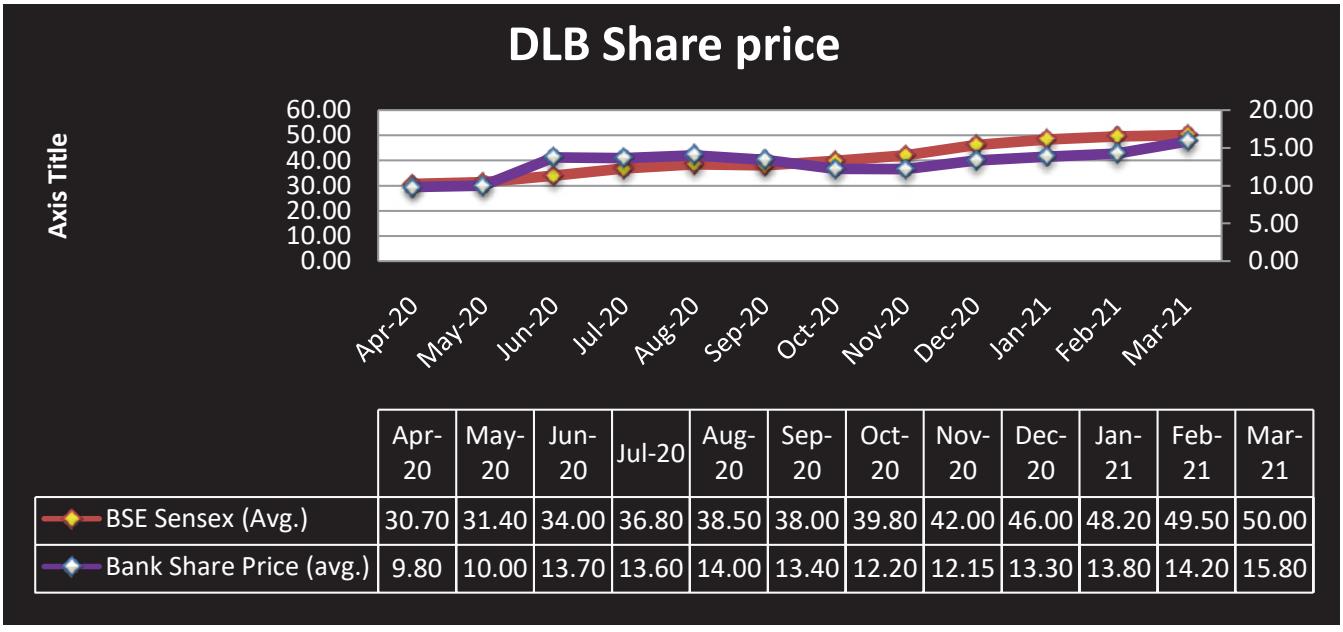
(C) Distribution of shareholding as on March 31, 2021

Category (No. of Shares)	Cases	% of cases	Amount	% of Amount
1-5000	68855	76.15	106404830	4.21
5001-10000	9900	10.95	84039010	3.32
10001-20000	5395	5.97	84984230	3.36
20001-30000	1938	2.14	50439980	1.99
30001-40000	873	0.97	31723570	1.25
40001-50000	943	1.04	45466850	1.80
50001-100000	1278	1.41	98652310	3.90
100001 & above	1235	1.37	2028410060	80.17
Total	**90417**	**100**	**2530120840**	**100**

(D) Category – wise distribution of shareholding as on March 31, 2021

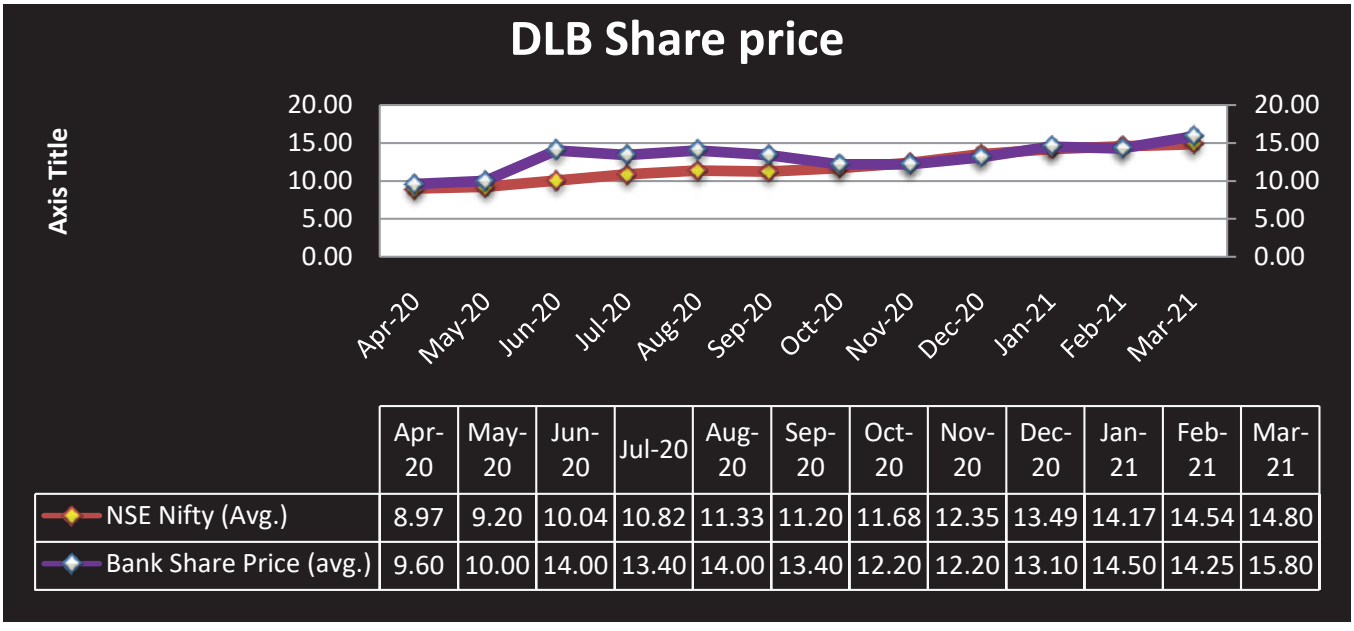
Sl. No.	Description	Cases	Shares	% Equity
1	Banks	2	696200	0.28
2	Clearing Members	117	1497302	0.60
3	Directors	2	18970000	7.45
4	Foreign Portfolio Investors	7	28924432	11.43
6	H U F	1426	4798118	1.90
7	Insurance Companies	1	180986	0.07
8	Bodies Corporates	399	21055184	8.32
9	NBFC	4	6505600	2.58
10	Non Resident Indians	800	47674216	18.85
11	NRI Non- Repatriation	335	721892	0.29
12	Resident Individuals	87321	120622959	47.69
13	Trusts	2	6300	0.00
14	IEPF	1	1358895	0.54
	Total:	**90417**	**253012084**	**100**

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



	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
BSE Sensex (Avg.)	30.70	31.40	34.00	36.80	38.50	38.00	39.80	42.00	46.00	48.20	49.50	50.00
Bank Share Price (avg.)	9.80	10.00	13.70	13.60	14.00	13.40	12.20	12.15	13.30	13.80	14.20	15.80

(f) Performance of the Bank's Equity shares relative to to NSE Nifty



	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
NSE Nifty (Avg.)	8.97	9.20	10.04	10.82	11.33	11.20	11.68	12.35	13.49	14.17	14.54	14.80
Bank Share Price (avg.)	9.60	10.00	14.00	13.40	14.00	13.40	12.20	12.20	13.10	14.50	14.25	15.80

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

The Equity shares of the Bank have been allotted International Securities Identification Number (ISIN) INE 680A01011. As on March 31, 2021, 21,43,855 shares constituting 0.85% of the paid-up capital and 25,08,68,229 shares constituting 99.15% of the paid-up capital were held in physical and electronic mode respectively.

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

The Bank had appointed M/s. KFin Technologies Private Limited (previously M/s. KarvyFintechPrivate Limited) as its Registrar & Share

Transfer Agents (RTA) and accordingly, processing of share transfer/dematerialisation/rematerialisation and allied activities were being done by them. All the share registry services are handled by M/s. KFin Technologies Private Limited.

As required under Regulation 7(3) of the Listing Regulations, the Bank files, on half yearly basis, certificate issued by RTA and compliance officer of the company certifying that all activities in relation to both physical and electronic share transfer facility are maintained by RTA. The Bank's equity shares which are in compulsory dematerialized form are transferable through the depository system. Shares inphysical form are processed by the RTA and approved by the Stakeholders' Relationship Committee of the Bank. Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with effect from April 1, 2019, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository. All share transfers are completed within statutory time limit from the date of receipt, provided the documents meet the stipulated requirement of statutory provisions in all respects.

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

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, BharathMatha College, P.O., Kochi-682021.

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

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

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

The 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 M/s. V. Suresh Associates, Practicing Company Secretaries 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 2020-21 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.

(C) Shareholder's Rights

The Bank publishes its results on its website at www.dhanbank.com which is accessible to the public at large. The same are also available on the websites of the Stock Exchanges on which the Bank's shares are listed. The Bank's results for each quarter are published in one English and one Malayalam newspaper having wide circulation in Kerala.

14. AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT

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

By and on behalf of the Board

Sd/-
Shivan J. K.
Managing Director & CEO

Place : Thrissur
Date : 03.09.2021

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

To the Members of

Dhanlaxmi Bank Limited

We have examined the compliance of Corporate Governance by Dhanlaxmi Bank Limited, for the year ended 31st March 2021, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

There were only 2 Members in the Nomination & Remuneration Committee between 24th May 2020 to 29th June 2020 and 1 member only from 30th June 2020 to 6th July 2020. The Bank reconstituted the said committee to have 3 members, at the Board Meeting held on 6th July 2020. This has been disclosed by the company to the Stock Exchanges in the Corporate Governance report submitted for the quarter ended 30th June 2020.

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

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

For **V. Suresh Associates**
Practising Company Secretaries

V. Suresh
Senior Partner
FCS No. 2969
C.P.No. 6032
Peer Review Cert. No. : 667/2020
UDIN: F002969C000517846

Place : Chennai
Date : 25.06.2021

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members of
Dhanlaxmi Bank Limited
Dhanalakshmi Bank Building, Naickanal
Trichur, Kerala 680001.

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Bank & its officers, We hereby certify that none of the Directors on the Board of the Bank as stated below forthe Financial Year ended on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority

Sr. No.	Name of Director	DIN	Date of appointment in Bank
1	Mr. Subramonia Ganapathilyer	07186055	06.07.2020
2	Mr. Jenemejayan Kamalam Shivan	09008166	30.01.2021
3	Mr. Chittilangatkalam Gopinathan	01236752	11.08.2016
4	Dr. Jagan Mohan Gundam	08722219	27.02.2020
5	Dr. (Capt.) Suseela Rayirath Menon	08785027	06.07.2020
6	Mr. Gangadharan Nair Rajagopalan	08845540	17.08.2020
7	Mr. Kuttannair Vijayakumarputhalath	07757158	17.08.2020
8	Mr. Dwijendra Kumar Kashyap	08911524	28.09.2020

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

For **V. Suresh Associates**
Practising Company Secretaries

V. Suresh
Senior Partner
FCS No. 2969
C.P.No. 6032
Peer Review Cert. No. : 667/2020
UDIN: F002969C000502787

Place : Chennai
Date : 25.06.2021

CEO/CFO Certification

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

1) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2021 and that to the best of our knowledge and belief:
   1) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
   2) these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

2) There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violation of the Bank's Code of Conduct.

3) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.

4) We have indicated, to the Auditors and the Audit Committee:
   (i) significant changes in internal control over financial reporting during the year;
   (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in Bank's internal control system over financial reporting.

Yours Faithfully

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

Ramesh A. J.
Chief Financial Officer

Place : Thrissur
Date : 29.05.2021

Independent Auditor's Report

To

The Members of Dhanlaxmi Bank Limited

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Dhanlaxmi Bank Limited ("the Bank"), which comprise the Balance Sheet as at 31st March, 2021, the Profit and Loss Account and the Cash Flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of Twenty-Two branches/offices and Treasury division audited by us, 234 branches/offices audited by statutory branch auditors.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with the Principal Accounting Policies and Notes appended thereto give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 (the "Act") in the manner so required for the banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31st March, 2021, 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 on the Financial Statement.

Emphasis of Matter

We call attention to Note No. 4.3 of Schedule 18 of the Accompanying Financial Statement, wherein the impact of the COVID-19 pandemic and its implications on the accounts for the quarter/year ended 31st March 2021 has been stated. The extent to which the pandemic will impact the Bank's operations and financial position depends on several factors including the steps taken to reduce such impact and other regulatory measures which is highly uncertain.

Our opinion on the financial results is not modified in respect on the above matters.

Key Audit Matters

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

Sr. No.	Key Audit Matters	Auditors' Response/Procedure
1	Identification and classification of assets into NPAs is made based on the assessment of various criteria stipulated in the Reserve Bank of India ('RBI') guidelines with regard to the 'Prudential Norms on Income Recognition, Asset Classification and Provisioning' ('RBI Guidelines'). Provisions in respect of such NPAs and restructured advances are made subject to the minimum provisioning levels prescribed by RBI from time to time. Excess provisioning is based on the management's evaluation of the degree of impairment of the advances. The provision on NPA's is also based on the valuation of the security available.	**Design / controls** • Assessing the design, implementation and operating effectiveness of key internal controls over approval, recording and monitoring of loans, identification of NPA accounts, measurement of NPA provisions, indicators of impairment and assessing the reliability of management information, which included overdue reports. • Understanding the management's approach, interpretation, systems and controls implemented in relation to NPA computation, particularly in light of the COVID-19 regulatory package. • For corporate loans we tested controls over the internal ratings process, monitoring of stressed accounts including credit file review processes and review controls over the approval of significant individual impairment provisions. • Evaluating the design, implementation and operating effectiveness of key internal controls over the valuation of securities for NPAs and Special Mention Accounts ('SMA').

	The NPA classification and provisioning of loans and advances was construed as a key audit matter due to the significant efforts involved by the management in identifying and classifying advances as NPAs based on the RBI Guidelines, the level of management judgment involved in determining the provisions (including the provisions on assets which are not classified as NPAs), the valuation of security of the NPAs and the significance of these estimates on the financial statements of the Bank. On 11 March 2020, the World Health Organization declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic and the continued lockdown and travel restrictions imposed by the Govt of India and the respective State Government/ Union Territory due to COVID-19 'Second Wave'. We have identified the impact of, and uncertainty related to the COVID-19 pandemic as a key event and consideration for recognition and measurement of NPAs on account of: • Short- and long-term macroeconomic effect on businesses in the country and globally and its consequential first order and cascading negative impact on revenue and employment generation opportunities; • impact of the pandemic on the Bank's customers and their ability to repay dues; and • application of regulatory package and relaxations announced by the Reserve Bank of India (RBI) on asset classification, regulatory reporting and provisioning. • Application of stay on marking of NPA by the Hon'ble Supreme Court and consequent vacation of the stay	• Analysing the key IT systems/applications used, its design and implementation as well as operational effectiveness of relevant controls, including the considerations of manual processes and manual controls. **Substantive tests** • Test of details for a selection of exposures in relation to calculation of NPA provisions including valuation of collaterals for NPAs as at 31 March 2021; provisioning determined by the Bank and also testing related disclosures by assessing the completeness, accuracy and relevance of data and to ensure that the same is in compliance with the RBI guidelines with regard to the Prudential Norms on Income Recognition, Asset Classification and Provisioning. • Samples (based on quantitative and qualitative thresholds) of large corporates where impairment indicators have been identified by management were chosen. We obtained management's assessment of the recoverability of these exposures (including individual provisions calculations) and evaluated whether individual provisions, or lack of, were appropriate. • This included the following procedures: – - Reviewing the statement of accounts, approval process, board and credit committees' minutes, credit review of customer, review of Special Mention Accounts ('SMA') reports and other related documents to assess recoverability and the classification of the facility; - Assessed external collateral valuer's credentials and comparing external valuations to values used in management's assessments; and - Analysing the effect of Stay given by Honourable Supreme Court and its consequent effect on the vacation of stay on non-classification of NPA. • Assessing the factual accuracy and appropriateness of additional disclosures made in connection to the impact of COVID-19 pandemic on the financial statements of the Bank. • Verification of concurrent audit reports and inspection for NPA issues, Covid related issue and the guidelines issues by Head Office.
2	IT systems and automated controls The extent to which the Bank's key financial accounting and reporting processes depend on information systems including automated controls in systems is considerably high, that there exists a risk of gaps in the IT control environment that could potentially result in the financial accounting and reporting records being materially misstated. The Bank uses several systems for its overall financial reporting. In addition to this, large volumes of transactions 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 automated 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 structure.	• Our key IT audit procedures included: • Testing and understanding the IT systems of the bank and integration of various software. • We focussed 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 selection 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 preventative controls designed to enforce segregation of duties. • For a selected group of key controls over financial and reporting system, we have performed procedures to determine that these controls remained unchanged during the year or were changed following the standard change management process. • We have also assessed other areas which include password policies, security configurations, system interface controls, controls over changes to applications and databases and that business users, 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. • Assessment of data security controls in the context of a large population of staff working from remote location at the year end. • Verification of systems audit in IT related area and corrective mechanism
3	**Modified Audit Procedure carried out in light of COVID-19 outbreak:** Due to COVID-19 pandemic and consequent nationwide lockdown and travel restrictions imposed by Central / State Government / Local Authorities during the period of audit and the Reserve Bank of India directions to Banks to conduct audit remotely, wherever physical access was not possible, we couldn't carry out audit by visiting the premises of certain Branches / Departments and Corporate Office. Since we were unable to gather audit evidence physically or in person, the same was carried through discussions and personal interactions with the officials at the Branches/Departments / Corporate Office. We have identified such modified audit procedure as a Key Audit Matter. Accordingly, our audit procedure was modified to carry out the audit remotely.	• Wherever physical access was not possible, necessary records/ reports/ documents/ certificates were made available to us by the Bank through digital medium, emails and remote access to CBS and other relevant application software. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period. Accordingly, we modified our audit procedure as follows: a) Carried out verification of necessary records/ documents/ CBS and other application software electronically through remote access/ emails in respect of the Branches/ Departments and Corporate Office where physical access was not possible. b) Carried out verification of scanned copies of the documents, deeds, certificates, returns and the related records made available to us through emails and remote access over secured network of the Bank. c) Making enquiries and gathering necessary audit evidence through conferencing, dialogues and discussions over phone calls/ conference calls, emails and similar communication channels. d) Resolution/ Replies of our audit observations through email/ telephone instead of a face-to-face interaction with the designated officials.

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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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.

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

a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

b) 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;

2. 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 reports on the accounts of 234 branches of the Bank audited by branch auditors under Section 143(8) of the Act have been forwarded to us and have been properly dealt with by us in preparing this report
   - **d)** The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   - **e)** 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;
   - **f)** On the basis of written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March, 2021 from being appointed as a director in terms of Section 164(2) of the Act;
   - **g)** With respect to the adequacy of the internal financial controls 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.
3. 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:
   - **a)** The Bank has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements;
   - **b)** 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;
   - **c)** There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Bank.
4. With respect to the matter to be included in the Auditors' Report under Section 197(16):
   In our opinion and to the best of our information and according to the explanations given to us, the entity being a banking company, Section 197 of the Act related to the managerial remuneration is not applicable by virtue of Section 35B (2A) of the Banking Regulation Act, 1949.

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

P.B. Santhanakrishnan
Partner
M.No: 020309
UDIN: 21020309AAAAGE5329

Place: **Chennai**
Date: **29-05-2021**

Annexure 1 to The Independent Auditor's Report of even date on the Financial Statements of Dhanlaxmi Bank Limitedfor the year ended 31st March 2021.

(Referred to in paragraph 2 (g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)
Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To The Members of Dhanlaxmi Bank Limited

We have audited the internal financial controls over financial reporting of Dhanlaxmi Bank Limited ("the Bank") as of 31st March, 2021 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 and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Concept of Internal Financial Controls Over Financial Reporting

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

A. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank;
B. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and
C. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2021, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

P.B. Santhanakrishnan
Partner
M.No.: 020309
UDIN: 21020309AAAAGE5329

Date: 29-05-2021
Place: Chennai

Balance Sheet
As at March 31, 2021

(₹ in '000)

	Schedule No.	As at March 31, 2021	As at March 31, 2020
CAPITAL AND LIABILITIES			
Capital	1	25,30,121	25,30,121
Reserves and Surplus	2	61,10,865	57,38,984
Deposits	3	11,71,19,041	10,90,40,692
Borrowings	4	15,00,000	17,75,000
Other Liabilities and Provisions	5	37,05,040	35,66,119
TOTAL		**13,09,65,067**	**12,26,50,916**
ASSETS			
Cash and Balances with Reserve Bank of India	6	60,21,208	54,85,228
Balances with Banks and Money at Call and Short Notice	7	38,28,521	58,08,218
Investments	8	4,43,89,692	3,68,24,028
Advances	9	6,78,73,984	6,49,60,991
Fixed Assets	10	22,49,285	21,36,998
Other Assets	11	66,02,377	74,35,453
TOTAL		**13,09,65,067**	**12,26,50,916**
Contingent Liabilities	12	41,27,974	50,28,046
Bills for Collection		30,13,117	31,07,668
Significant Accounting Policies	17		
Notes to Financial Statements	18		

Ramesh A. J.
Chief Financial Officer

Venkatesh H.
Company Secretary

Chandran L.
General Manager

Shivan J. K.
Managing Director & CEO

G. Subramonia Iyer
Part-time Chairman

C. K. Gopinathan
Director

Dr. G. Jagan Mohan
Director

Dr. (Capt.) Suseela Menon R.
Director

G. Rajagopalan Nair
Director

P. K. Vijayakumar
Director

D. K. Kashyap
Director

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

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

Place : Thrissur
Date : 29th May 2021

Profit & Loss Account
for the year ended March 31, 2021

(₹ in '000)

	Schedule No.	Year ended March 31, 2021	Year ended March 31, 2020
INCOME			
Interest Earned	13	93,07,467	98,75,897
Other Income	14	14,14,790	11,28,499
Total		**1,07,22,257**	**1,10,04,396**
EXPENSE			
Interest Expended	15	60,10,965	61,44,088
Operating Expenses	16	36,60,390	32,40,594
Provisions and Contingencies		6,79,021	9,61,929
Total		**1,03,50,376**	**1,03,46,611**
Net Profit/(Loss) for the year		3,71,881	6,57,785
Profit /(Loss) brought forward		(83,67,488)	(86,26,319)
Total		**(79,95,607)**	**(79,68,534)**
Appropriations			
Transfer to Statutory Reserve		92,980	1,64,500
Transfer to Capital Reserve		2,17,192	77,872
Transfer to Investment Reserve Account		-	39,331
Transfer to Investment Fluctuation Reserve Account		61,709	1,17,251
Balance carried forward to Balance Sheet		(3,67,488)	(83,67,488)
Total		**(79,95,607)**	**(79,68,534)**
Earnings Per Share (in ₹)			
Basic EPS		**1.47**	**2.60**
Diluted EPS		**1.47**	**2.60**
Face value per Share		**10.00**	**10.00**
Significant Accounting Policies	17		
Notes to Financial Statements	18		

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

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

Place : Thrissur
Date : 29th May 2021

Cash Flow Statement
for the year ended March 31, 2021

(₹ in '000)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cash Flow from operating activities		
Net profit before income tax	3,71,881	6,57,785
Adjustments for :		
Depreciation on fixed assets net of reversal of revaluation reserve	1,53,330	1,33,158
Depreciation on Investments	1,92,574	(65,639)
Amortisation of premia on investments	1,49,859	1,21,296
Loan Loss provisions including write off	2,19,541	5,85,399
Provision against standard assets	1,15,100	11,500
General provision for Advances under COVID-19 Regulatory Package	80,818	3,78,806
Provision for Deferred Tax Asset	54,393	(1,97,040)
Provision for NPA (Investments)	41,900	-
Provision for Restructured Assets	1,110	(723)
Provision for fraud	380	(55)
(Profit)/Loss on sale of Fixed Assets	579	101
Provision for unhedged Forex Exposure	289	(42)
Adjustments for :		
(Increase)/Decrease in Investments	(79,49,997)	34,87,317
(Increase)/Decrease in Advances	(31,33,644)	(26,52,848)
Increase /(Decrease) in Borrowings	-	-
Increase/(Decrease) in Deposits	80,78,349	30,07,486
(Increase)/Decrease in Other Assets	7,84,247	(7,53,230)
Increase/(Decrease) in Other liabilities and provisions	(57,666)	8,35,545
Direct taxes paid (net of refunds)	(5,564)	(9,137)
Net Cash Flow from/(used in) operating activities	**(9,02,521)**	**55,39,679**
Cash Flows from investing activities		
Purchase of fixed assets	(2,67,860)	(2,56,475)
Proceeds from sale of fixed assets	1,664	6,447
Net Cash Flow from/(used in) operating activities	**(2,66,196)**	**(2,50,028)**

(₹ in '000)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cash Flows from financing activities		
Proceeds / (Repayment) of Upper and Lower Tier II capital instruments net of repayment	(2,75,000)	(2,29,000)
Net Cash generated from/(used in) financing activities	**(2,75,000)**	**(2,29,000)**
Net increase/(decrease) in cash and cash equivalents	**(14,43,717)**	**50,60,651**
Cash and cash equivalents as at April 1st	1,12,93,446	62,32,795
Cash and cash equivalents as at March 31st	98,49,729	1,12,93,446
Note:		
Components of Cash and Cash Equivalents as at:	**31.03.2021**	**31.03.2020**
Cash and Balance with Reserve Bank of India (RBI)	60,21,208	54,85,228
Balances with Banks and Money at Call and Short Notice	38,28,521	58,08,218
Total	**98,49,729**	**1,12,93,446**

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Director

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

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

Place : Thrissur
Date : 29th May 2021

Schedules to the Financial Statements
As at March 31, 2021

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 1 - CAPITAL		
Authorised Capital		
40,00,00,000 (30,00,00,000) Equity Shares of ₹10 each	40,00,000	30,00,000
Issued, Subscribed and Paid-up		
25,30,12,084 Equity Shares of ₹10 each	25,30,121	25,30,121
Total	**25,30,121**	**25,30,121**
SCHEDULE 2 - RESERVES AND SURPLUS		
I. STATUTORY RESERVES		
Opening Balance	9,97,314	8,32,814
Additions during the year	92,980	1,64,500
Total	**10,90,294**	**9,97,314**
II. SHARE PREMIUM ACCOUNT		
Opening Balance	1,00,54,482	1,00,54,482
Additions during the year	-	-
Total	**1,00,54,482**	**1,00,54,482**
III. CAPITAL RESERVES		
Opening Balance	4,86,521	4,08,649
Additions during the year	2,17,192	77,872
Total	**7,03,713**	**4,86,521**
IV. REVENUE AND OTHER RESERVES		
a) Revenue Reserve		
Opening Balance	9,01,460	8,96,075
Additions during the year	4,927	5,385
Sub-Total	**9,06,387**	**9,01,460**
b) Investment Fluctuation Reserve		
Opening Balance	1,17,251	-
Additions during the year	61,709	1,17,251
Sub-Total	**1,78,960**	**1,17,251**
c) Investment Reserve		
Opening Balance	98,141	58,810
Additions during the year	-	39,331
Sub-Total	**98,141**	**98,141**
d) Special Reserve U/s 36(1)(viii) of Income Tax Act, 1961		
Opening Balance	59,857	59,857
Additions during the year	-	-
Sub-Total	**59,857**	**59,857**
Total (a+b+c+d)	**12,43,345**	**11,76,709**

(₹ in '000)

		As at March 31, 2021	As at March 31, 2020
V.	**REVALUATION RESERVE**		
	Opening Balance	13,91,446	13,96,831
	Deductions during the year	(4,927)	(5,385)
	Total	**13,86,518**	**13,91,446**
VI.	**BALANCE IN PROFIT AND LOSS ACCOUNT**	**(83,67,488)**	**(83,67,488)**
	Grand Total	**61,10,865**	**57,38,984**
SCHEDULE 3 - DEPOSITS			
A I.	**Demand Deposits**		
	(i) From Banks	17	20
	(ii) From Others	69,79,025	57,68,342
		69,79,042	**57,68,362**
II.	**Savings Bank Deposits**	**3,21,05,176**	**2,67,26,302**
III.	**Term Deposits**		
	(i) From Banks	-	-
	(ii) From Others	7,80,34,823	7,65,46,028
		7,80,34,823	**7,65,46,028**
	Total	**11,71,19,041**	**10,90,40,692**
B I.	**Deposits of Branches in India**	11,71,19,041	10,90,40,692
II.	**Deposits of Branches outside India**	-	-
	Total	**11,71,19,041**	**10,90,40,692**
SCHEDULE 4 - BORROWINGS			
I.	**Borrowings in India**		
	(i) Reserve Bank of India	-	-
	(ii) Other Banks	-	-
	(iii) Other Institutions and Agencies	-	-
	(iv) Capital Instruments		
	(a) Upper Tier II bonds	-	2,75,000
	(b) Lower Tier II bonds	15,00,000	15,00,000
	Total	**15,00,000**	**17,75,000**
II.	**Borrowings Outside India**	-	-
		-	-
	Total	**15,00,000**	**17,75,000**
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I.	Bills Payable	1,68,981	2,30,053
II.	Interest accrued	2,59,853	3,04,135
III.	Inter-Office Adjustments (Net)	-	21,373
IV.	Others (including Provisions)*	32,76,205	30,10,558
	*Includes prudential provision for standard assets of ₹4,37,477 thousands (Previous Year ₹2,99,853 thousands)		
	Total	**37,05,040**	**35,66,119**

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash on Hand (including foreign currency notes)	10,28,677	13,56,759
II. Balances with Reserve Bank of India		
(a) In current accounts	49,92,531	41,28,468
(b) In other accounts	-	-
	49,92,531	**41,28,468**
Total	**60,21,208**	**54,85,228**
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
(i) Balances with Banks :		
(a) In current accounts	49,207	78,808
(b) In other deposit accounts	-	9,50,000
	49,207	**10,28,808**
(ii) Money at Call and Short Notice		
(a) With banks	36,40,000	46,00,000
(b) With other institutions	-	-
	36,40,000	**46,00,000**
Total	**36,89,207**	**56,28,808**
II. Outside India		
(a) In current account	1,39,314	1,79,410
(b) In other deposit accounts	-	-
Total	**1,39,314**	**1,79,410**
Grand Total (I and II)	**38,28,521**	**58,08,218**
SCHEDULE 8 - INVESTMENTS		
A Investments in India in		
(i) Government Securities	3,94,44,555	2,44,08,807
(ii) Others		
(i) Other approved securities	-	-
(ii) Shares	35,892	16,738
(iii) Debentures and Bonds	34,81,433	32,04,864
(iv) Subsidiaries/Joint Ventures	-	-
(v) Others	14,27,813	91,93,619
Total	**4,43,89,692**	**3,68,24,028**
B Investments outside India	**-**	**-**
Grand Total (A + B)	**4,43,89,692**	**3,68,24,028**
C (i) Gross Value of Investments		
(a) In India	4,56,02,606	3,78,02,467
(b) Outside India	**-**	-
Total	**4,56,02,606**	**3,78,02,467**
(ii) Provision for Depreciation		
(a) In India	12,12,914	9,78,439
(b) Outside India	-	-
Total	**12,12,914**	**9,78,439**
(iii) Net Value of Investments		
(a) In India	4,43,89,692	3,68,24,028
(b) Outside India	-	-
Total	**4,43,89,692**	**3,68,24,028**

(₹ in '000)

		As at March 31, 2021	As at March 31, 2020
SCHEDULE 9 - ADVANCES			
A	(i) Bills Purchased and discounted	35,202	14,183
	(ii) Cash Credits, Overdrafts and Loans repayable on Demand	1,24,76,611	2,19,31,335
	(iii) Term Loans	5,53,62,171	4,30,15,473
	Total	**6,78,73,984**	**6,49,60,991**
B	(i) Secured by Tangible assets	6,64,79,268	6,12,43,716
	(ii) Covered by Bank/Govt. Guarantee	-	-
	(iii) Unsecured	13,94,716	37,17,275
	Total	**6,78,73,984**	**6,49,60,991**
C	I. ADVANCES IN INDIA		
	(i) Priority Sectors	2,52,19,897	2,50,80,604
	(ii) Public Sector	10,06,680	10,23,291
	(iii) Banks	-	-
	(iv) Others	4,16,47,407	3,88,57,096
	Total	**6,78,73,984**	**6,49,60,991**
	II. ADVANCES OUTSIDE INDIA	-	-
	Grand Total (C I and C II)	**6,78,73,984**	**6,49,60,991**
SCHEDULE 10 - FIXED ASSETS			
A	Premises		
	At cost as per last Balance Sheet	17,43,811	17,43,657
	Additions during the year due to revaluation of Premises	-	-
	Additions/Adjustments during the year	2,43,111	153
	Deductions during the year	-	-
	Depreciation to date	3,59,329	3,51,832
	Net Block	**16,27,593**	**13,91,978**
B	Other Fixed Assets (includes Furniture and Fixture and Computers)		
	At cost as per last Balance Sheet	21,93,241	20,43,182
	Additions/Adjustments during the year	3,73,014	2,34,339
	Deductions during the year	95,526	84,280
	Depreciation to date	18,49,037	17,96,487
	Net Block	**6,21,692**	**3,96,754**
C	Capital Work-in-progress	**-**	**3,48,265**
	Total (A+B+C)	**22,49,285**	**21,36,998**
SCHEDULE 11 - OTHER ASSETS			
I.	Interest Accrued	18,03,131	17,18,209
II.	Inter Office Adjustments (Net)	15,373	-
III.	Tax paid in advance and Tax Deducted at Source (net of provisions)	4,93,318	4,87,754
IV.	Deferred Tax Asset	5,13,237	5,67,631
V.	Stationery and stamps	4,640	4,898
VI.	Non-Banking Assets acquired in satisfaction of claims	36,965	36,965
VII.	Others*	37,35,713	46,19,996
	*Includes deposits placed with NABARD, SIDBI, NHB and Mudra amounting to ₹26,76,216 thousands (previous year ₹36,33,057 thousands)		
	Total	**66,02,377**	**74,35,453**
SCHEDULE 12 - CONTINGENT LIABILITIES			
I.	Claims against the bank not acknowledged as debts	3,90,529	334,679
II.	Liabilities on account of outstanding forward exchange contracts	11,21,380	16,92,350
III.	Guarantees given on behalf of constituents in India	19,23,299	23,65,840
IV.	Acceptance, endorsements and other obligations	68,548	90,234
V.	Other items for which Bank is contingently liable #	6,24,218	5,44,943
	#(Amount transferred to DEAF)	4,72,123	4,03,213
	#(Disputed Tax Liability)	1,52,095	1,41,730
	Total	**41,27,974**	**50,28,046**

Schedules to the Financial Statements
month ended March 31, 2021

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
SCHEDULE 13 - INTEREST EARNED		
I. Interest/Discount on Advances/bills	65,85,178	69,42,585
II. Income on Investments	24,12,317	26,92,449
III. Interest on balance with RBI/other inter Bank funds	1,75,661	84,807
IV. Others	1,34,311	1,56,056
Total	**93,07,467**	**98,75,897**
SCHEDULE 14 - OTHER INCOME		
I. Commission, Exchange and Brokerage	50,945	62,186
II. Profit/(Loss) on sale of Investments (Net)	7,43,251	2,47,213
III. Profit/(Loss) on sale of land, building and other Assets (Net)	(579)	(101)
IV. Profit/(Loss) on exchange transactions (Net)	19,589	20,393
V. Income from Insurance	75,523	59,867
VI. Miscellaneous Income	5,26,061	7,38,941
Total	**14,14,790**	**11,28,499**
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on Deposits	58,04,966	58,94,770
II. Interest on RBI/Inter-Bank Borrowing	32,409	47,875
III. Others	1,73,590	2,01,443
Total	**60,10,965**	**61,44,088**
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and Provisions for Employees	22,53,675	18,46,228
II. Rent, Taxes and Lighting	4,60,407	4,25,219
III. Printing and Stationery	14,655	21,056
IV. Advertisement and Publicity	2,141	3,613
V. Depreciation to Banks property	1,53,330	1,33,158
VI. Directors Fee, Allowance and Expense	6,546	7,826
VII. Auditors Fee and Expense (including Branch Auditors)	9,500	11,784
VIII. Law charges	12,749	20,613
IX. Postage, Telegram, Telephone etc.	49,185	51,304
X. Repairs and Maintenance	26,075	22,528
XI. Insurance	1,66,918	1,38,455
XII. Other Expenditure	5,05,209	5,58,810
Total	**36,60,390**	**32,40,594**

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS, MARCH 31, 2021
SCHEDULE 17- SIGNIFICANT ACCOUNTING POLICIES

A. **Corporate Information and Background**

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

B. **Basis of Preparation**

Financial Transactions are recorded, prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and comply with generally accepted accounting principles, statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Accounting Standards ('AS') notified under Section 133 of the Companies Act, 2013 as amended by the Companies (Accounting Standards) Amendment Rules, 2016, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable and current practices prevailing within the banking industry in India.

C. **Use of Estimates**

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

D. **Significant Accounting Policies**

1. **Revenue Recognition**

- Revenue is recognized to the extent it is probable that the economic benefits will flow to the Bank and revenue can be reliably measured under AS-9 Revenue Recognition as prescribed under Section 133 of the Companies Act, 2013 and as specified by Reserve Bank of India (RBI) guidelines.
- In terms of RBI circular, FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated April 7, 2016 trades, in priority sector portfolio by purchasing/selling Priority Sector Lending Certificates (PSLCs) is allowed by RBI. Fees paid/received for purchase/sale of PSLC is treated as expense/income respectively.
- Interest income from loans and advances, investments (including deposits placed with banks and other institutions) are recognized over the period of the loans and advances, Investments, Deposits etc. on accrual basis. However interest accrued and other dues in the nature of non-interest income relating to Advances/Investments, classified as Non-performing Advances/Investments under RBI guidelines, are recognized only on realization.
- Overdue Interest on Investments and Bills discounted are accounted on realization.
- Profit or Loss on sale of Investment is recognized in the Profit and Loss Account. However, an amount equal to the profit on sale of investments in the Held to Maturity (HTM) category is appropriated to Capital Reserve Account, net of applicable taxes.
- Income (other than interest) on investments in the "Held to Maturity (HTM)" category acquired at a Discount to Face Value, is recognized as follows;
  i. On interest bearing securities, it is recognized only at the time of sale/redemption.
  ii. On Zero coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.
- Commission on ATM interchange fees are recognized as they accrue.
- Upfront fees on restructured accounts are apportioned over the restructured period.
- Profit earned from the sale of gold/silver bullion (i.e. the difference between the sale price and the purchase price) is included under "Other Income".
- Dividend on investments in shares and units of mutual funds are accounted on accrual basis when the bank's right to receive the dividend is established.
- Insurance claims, Interest on Income Tax refund, Commission from Distribution of Mutual Fund products and Commission from Depository services are accounted on receipt basis.
- Locker Rent is accounted on receipt basis without spreading it over the remaining lease period.
- Commission income on issuance of Bank Guarantee/Letter of Credit and Discount on Bill Discounted is collected upfront and is recognized over the period of the underlying liability.
- Commission on distribution of Insurance products is accounted on accrual basis.
- Processing fee/upfront fee, handling charges or income of similar nature collected at the time of sanctioning or renewal of loan/facility is recognized in the year of receipt without spreading it over the period of loan/facility.
- All other amounts collected from customers as Non-interest income or recovery of expenses towards provision of various services/facilities are accounted/recognized on receipt basis.

2. **Expenses recognition**

A) Interest Expenses

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

B) Employee benefits

a) **Provident Fund:**

The contribution made by the bank to Dhanlaxmi Bank Ltd. Employees Provident Fund, administered by the trustees is charged to Profit & Loss account. Provident Fund is a Defined Contribution Plan in which both the employee and the Bank contribute monthly at a pre-determined rate. Contribution to provident fund are recognized as expense as and when the services are rendered. The Bank has no liability for future provident fund benefits other than its annual contribution.

b) **Pension Fund**

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

c) **New Pension Scheme (NPS)**

Employees who had joined the services of the Bank with effect from April 01, 2010 are covered under Defined Contributory Pension Scheme (DCPS). In respect of such employees the bank contributes 10% of the Basic Pay plus Dearness Allowance and the expenditure thereof is charged to Profit and Loss account and the Bank has no further liability beyond the contribution to the fund on this account.

d) **Gratuity**

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

e) **Compensation for absence on Privilege/Sick/Casual Leave**

The employees of the bank are entitled to compensated absence on account of privilege/sick/casual leave as per the leave rules. The bank measures the long term expected cost of compensated absence as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuation and such costs are recognized in the accounts.

f) **Other Employee Benefits**

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

g) **Employee Stock Compensation Cost**

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

C) Other Operating Expenses

Other operating expenses are generally accounted on accrual basis. In the case of Rent, where rent agreement is expired, rent is accounted on the basis of expired agreement till new rent agreement is signed.

3. **Net profit**

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

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

4. **Advances**

A) Valuation/Measurement

- Advances are classified into performing assets (Standard) and non-performing assets ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs, sacrifice provisions on restructured advances and unrealized interest on NPAs. Interest on Non-Performing advances is transferred to an unrealized interest account and not recognized in profit and loss account until received. Further, NPAs are classified into substandard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made at the minimum required level as per the guidelines of the RBI on matters relating to prudential norms.
- Amounts recovered against debts written off are recognized in the profit and loss account and included under "Other Income".
- For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by the RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring. In respect of loans and advances accounts subjected to restructuring, the account is upgraded to standard only after the specified period i.e. a period of one year after the date when first payment of interest or of principal, whichever is later, falls due, subject to satisfactory performance of the account during the period. The bank also maintains provision on loans under scheme for sustainable structuring of stressed assets S4A and SDR scheme as per RBI guidelines.
- For entities with Unhedged Foreign Currency Exposure (UFCE), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.
- The Bank maintains general provision for standard assets including credit exposures computed as per the current marked-to-market values of foreign exchange derivative contracts, in accordance with the guidelines and at levels stipulated by RBI from time to time – direct advances to Sectors agricultural and SME at 0.25%, Commercial Real Estate at 1%, restructured advances at 5%, teaser rate housing loans at 2%, commercial real estate residential housing at 0.75% and for other sectors at 0.40%. Additional provision for standard asset at higher rates in respect of advances to stressed assets of the economy in accordance with the Board approved policy for making provision for standard assets at rates higher than the regulatory minimum based on evaluation of risk and stress in various sectors.
- Loss on sale of assets to Asset Reconstruction Companies: The RBI issued guidelines on sale of non-performing advances on February 26, 2014. In accordance with these guidelines, if the sale of non-performing advances is at a price below the net book value, the shortfall is charged to the Profit and Loss Account spread over a period of two years. If the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received.

B) **Recording/Presentation**

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

5. **Floating Provisions**

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

6. **Country Risk**

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

7. **Investments**

A) Classification

(a) In accordance with the RBI guidelines, investments are categorised in to "Held for Trading" (HFT), "Available for Sale" (AFS) and "Held to Maturity" (HTM) and are further classified under six groups;

i. Government Securities,
ii. Other Approved Securities,
iii. Shares,
iv. Debentures and Bonds,
v. Subsidiaries/Joint Ventures and
vi. Other investments for the purposes of disclosure in the Balance Sheet.

(b) Investments which are Held for Sale within 90 days from the date of purchase are classified as "Held for Trading"(HFT). As per RBI guidelines, HFT Securities which remain unsold for a period of 90 days are classified as AFS Securities on that date.

(c) Investments which the bank intends to hold till maturity are classified as "Held to Maturity".

(d) Investments which are not classified in either of the above two categories are classified as "Available for Sale".

B) Valuation

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

i) Held for Trading/Available for Sale (HFT/AFS): Investments classified under the AFS and HFT categories are marked-to-market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is measured with respect to the Market Price of the Scrip as available from the trades/quotes on the stock exchanges, SGL account transactions, pricelist of RBI or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivative Associations of India ('FIMMDA'), periodically. Net depreciation, if any, within each category of investment classification is recognized in Profit and Loss Account. The net appreciation, if any, under each category of Investment is ignored. Except in cases where provision for diminution other than temporary is created, the Book value of individual securities is not changed consequent to the periodic valuation of Investments.

ii) Held to Maturity(HTM): These are carried at their acquisition cost. Any premium on acquisition of debt instruments is amortized over the remaining maturity of the security. Any diminution, other than temporary, in the value of such securities is provided for each investment individually.

iii) Treasury Bills, Commercial Papers and Certificate of Deposits being discounted instruments are valued at carrying cost.

iv) Units of Mutual Funds are valued at the latest repurchase price/net asset value declared by Mutual Fund.

v) Securities sold under both Market Repo and RBI Repo (LAF) will be revalued as per the norms prescribed by the RBI.

vi) Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:

- in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by FIMMDA/PDAI and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA are adopted for this purpose;
- in case of bonds and debentures (including Pass Through Certificates or PTCs) where interest is not received regularly (i.e. overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;
- equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1/- per company;
- Investment in security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Reconstruction Company /Securitization Company.
- Non-Performing Investments are identified and valued based on RBI guidelines.

C) Repurchase (REPO) and Reverse Repurchase (Reverse REPO) transactions

The securities sold and purchased under Repo/Reverse Repo (including transactions conducted under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) with Reserve Bank of India (RBI)) are accounted as collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/purchase transactions and such movement of securities is reflected using the Repo/Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/ income, as the case may be. Balance in Repo Account is classified under Schedule 4 (Borrowings) and balance in Reverse Repo Account is classified under Schedule 7 (Balance with Banks and Money at Call & Short Notice).

D) Short Sales

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

E) Non-Performing Investments

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

F) Transfer between Categories

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

G) Acquisition Cost

In determining the acquisition cost of the Investment:

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

H) Disposal of Investments

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

8. **Property, Plant and Equipment**

- An item of property, plant and equipment that qualify for recognition as an asset are initially recognized and measured at cost.
- After initial recognition, the Bank chooses 'Cost Model' or 'Revaluation Model' for subsequent measurement as its accounting policy and applies that policy to entire class of property, plant and equipment.
- Property, Plant and Equipment following 'Cost Model' are carried at Cost less any accumulated depreciation/amortization and any accumulated impairment losses.
- Property, Plant and Equipment following 'Revaluation Model' are carried at Revalued Amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation/amortization and any accumulated impairment losses.
- Revaluations are done with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value.
- An increase in the carrying amount of an asset arising on revaluation is credited to owners' interest under "Revaluation Reserve". However, the increase is recognized in the statement of profit and loss to the extent that it reverses a decrease in the revaluation of same asset previously recognized in the profit and loss account. A decrease in the carrying amount of an item of an asset arising on revaluation is charged to the statement of profit and loss. However, the decrease is debited directly to owners' interest under the heading "Revaluation Surplus" to the extent of any credit balance existing in the Revaluation Reserve in respect of that asset.
- Revaluation Surplus included in owners' interest in respect of an item of property, plant and equipment is transferred to "Revenue Reserves" when the asset is retired or disposed off. The difference between the depreciation based on the revalued carrying amount and the depreciation based on original cost is also transferred to "Revenue Reserves" from "Revaluation Reserve". However, such transfers from "Revaluation Reserve" to "Revenue Reserve" are not made through the statement of profit or loss.
- Cost of an item of Property, Plant and Equipment includes (a) purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management viz. cost of employee benefits (as defined in AS-15 'Employee Benefits') arising directly from the construction or acquisition of the item of property, plant and equipment, cost of site preparation, initial delivery and handling costs, installation and assembly costs, professional fees, cost of testing whether the asset is functioning properly; (c) the initial estimate of the cost of dismantling, removing the item and restoring the site on which it is located, referred to as 'decommissioning, restoration and similar liabilities'
- Depreciation on fixed assets is charged based on the estimated useful life of the asset in compliance with the Schedule II of the Companies Act, 2013. Depreciable amount of an asset is allocated on a systematic basis over the useful life of the asset.
- Residual value and useful life of the asset is reviewed at least at each financial year end, and if expectations differ from previous estimates, such changes are accounted for as a change in accounting estimate in accordance with AS-5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies".
- Method of depreciation used is assessed and reviewed at each financial year end and if there is a significant change in the pattern of consumption of the future economic benefits embodied in the asset, the method of depreciation is changed to reflect the changed pattern and such a change is accounted for and disclosed as a change in Accounting Estimate in accordance with AS-5 "AS-5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies".

- Impairment of an item of property, plant and equipment is determined by applying the Accounting Standard 28. Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in the statement of profit and loss when the compensation becomes receivable.
- Amount expended towards acquisition of Software is capitalized where it is reasonably estimated that the software has an enduring useful life. Software is amortized over an estimated useful life of 5 years on straight line basis.
- Land and premises owned by the Bank are valued under 'Revaluation Model' and other Fixed Assets are valued under 'Cost Model'.
- Grant related to Specific Fixed Assets – Grant received from the Government/other agencies related to depreciable assets are treated as deferred income which is recognized in the profit and loss statement on a systematic and rational basis over the useful life of the asset.

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

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

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

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

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

14. **Earnings per Share**
The Bank reports basic and diluted earnings per share in accordance with AS 20, Earnings per Share, as prescribed under Section 133 of the Companies Act, 2013. A basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end.

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

16. **Impairment of Assets**

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

17. **Taxes on income**

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

18. **Provisions, Contingent Liabilities and Contingent Assets**

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

The Bank creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

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

19. **Share Issue Expenses**

Share issue expenses are charged to the Share Premium Account.

20. **Corporate Social Responsibility**

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

SCHEDULE 18 - NOTES TO THE FINANCIAL STATEMENTS

1. CAPITAL

1.1 Capital Infusion

During the year ended March 31, 2021 the Bank has increased the authorized share capital from ₹300 crore to ₹400 crore and there was no infusion of capital.

Paid -up Capital

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Opening Balance	253.01	253.01
Addition during the year	-	-
Closing Balance	253.01	253.01

Share Premium

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Opening Balance	1005.45	1005.45
Addition during the year	-	-
Closing Balance	1005.45	1005.45

Tier II Capital

During the year ended March 31, 2021,Bank redeemed Upper Tier II Bonds (ISIN-INE680A09022) of ₹27.50 crore. During the year ended March 31, 2020, Bank redeemed Unsecured Redeemable Non-Convertible Basel III compliant Subordinated Tier II Bonds in the nature of Debentures ('Bonds') to the tune of ₹22.9 crore.

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Opening Balance	177.50	200.40
Addition	-	-
Redemption of Bonds	27.50	22.9
Closing Balance	150.00	177.5

1.2 Capital Adequacy

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

1) Tier-1 Capital (Going Concern Capital*)
   a. Common Equity Tier-1(CET-1)
   b. Additional Tier-1

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

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

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

Transitional Arrangements

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

(% of Risk Weighted Assets [RWAs])

	As on March 31,			
	2018	2019	2020	2021
Minimum Common Equity Tier-1 (CET-1)	5.5	5.5	5.5	5.5
Capital Conservation Buffer (CCB)	1.875	1.875	1.875	1.875
Minimum Common Equity Tier-1 (CET-1)+Capital Conservation Buffer (CCB)	7.375	7.375	7.375	7.375
Minimum Tier- 1 Capital	7	7	7	7
Minimum Total Capital	9	9	9	9
Minimum Total Capital +Capital Conservation Buffer (CCB)	10.875	10.875	10.875	10.875

As on March 31, 2021, Basel-III guidelines require the Bank to maintain a minimum capital to risk weighted assets ratio (CRAR) of 9% with minimum CET-1 CRAR of 5.5%, Minimum Tier-1 CRAR of 7% and Capital Conservation Buffer (CCB) of 1.875%. RBI vide Circular RBI/2019-20/188DBR.BP.BC.No.45/21.06.201/2019-20 had decided to defer the implementation of the last tranche of 0.625% of Capital Conservation Buffer (CCB) from March 31, 2020 to September 30, 2020. In view of the continuing stress on account of COVID-19, it has been decided to defer the implementation of the last tranche of 0.625 per cent of the Capital Conservation Buffer (CCB) from September 30, 2020 to April 1, 2021.

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, 2021 Basel III	March 31, 2020 Basel III
(i)	Tier-1 Capital (₹)	684.82	656.86
(ii)	Common Equity Tier-1 Capital (CET-1) (₹)	684.82	656.86
(iii)	Additional Tier-1 Capital (₹)	0	0
(iv)	Tier-2 Capital (₹)	191.46	229.08
(v)	Total Capital (₹)	876.28	885.94
(vi)	Total Risk Weighted Assets (₹)	6057.22	6147.08
(vii)	Common Equity Capital Adequacy Ratio (%)	11.31	10.69
(viii)	Tier I Capital Adequacy Ratio (%)	11.31	10.69
(ix)	Tier II Capital Adequacy Ratio (%)	3.16	3.72
(x)	Total Capital Adequacy Ratio (%)	14.47	14.41
(xi)	Percentage of the shareholding of the Government of India in public sector banks	NA	NA
(xii)	Amount of equity capital raised (including premium)	Nil	Nil
(xiii)	Amount of Additional Tier 1 capital raised; *of which* Perpetual Non-Cumulative Preference Shares(PNCPS): Perpetual Debt Instruments(PDI) :	Nil	Nil
(xiv)	Amount of Tier 2 capital raised ; *Of which* Debt Capital Instrument: Preference Share Capital Instruments : *[Perpetual Cumulative Preference Shares (PCPS)/ Redeemable Non-Cumulative Preference Shares (RNCPS)/Redeemable Cumulative Preference Shares (RCPS)]*	Nil Nil	Nil Nil

2 INVESTMENTS

2.1 Value of Investment & movement of depreciation

(₹ in Crore)

Items	March 31, 2021	March 31, 2020
(1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	4,560.26	3,780.25
(b) Outside India	Nil	Nil
(ii) Provisions for Depreciation on investments		
(a) In India	121.29	97.84
(b) Outside India	Nil	Nil
(iii) Net Value of Investments		
(a) In India	4,438.97	3,682.41
(b) Outside India		Nil
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance	97.84	104.41
(ii) Add: Provisions made during the year	24.26	Nil
(iii) Less: (Write-off/write-back of excess provisions during the year)	0.81	6.57
(iv) Closing Balance	121.29	97.84

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, 2021	As on March 31, 2020
	2021	2020	2021	2020	2021	2020		
Securities sold under repos								
i) Government Securities	Nil	Nil	89.99	39.99	2.81	0.90	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/2018-2019/24 FMRD.DIRD.01/14.03.038/2018-19 dtd. July 24, 2018 only Market repo & Market reverse repo Transactions have been taken into Account; Repo/Reverse repo Transactions conducted under Liquidity Adjustment Facility (LAF) with RBI have not been counted.

- **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, 2021	March 31, 2020
Repo under Liquidity Adjustment Facility (LAF)/Marginal Standing Facility (MSF)	Nil	Nil
Reverse Repo under Liquidity Adjustment Facility (LAF)/Marginal Standing Facility (MSF)	364.00	360.00

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

(₹ in Crore)

Sl. No.	Issuer	Amount @	Extent of Private Placement#	Extent of 'Below Investment Grade' Securities#	Extent of 'Unrated' Securities #*	Extent of 'Unlisted' Securities #**
		(1)	(2)	(3)	(4)	(5)
(i)	Public Sector Undertakings	180.64	170.04	0.00	0.00	0.00
(ii)	Financial Institutions	75.00	75.00	0.00	0.00	0.00
(iii)	Banks	116.06	116.05	5.00	5.00	5.00
(iv)	Private Corporates	134.23	133.28	39.31	39.31	53.98
(v)	Subsidiaries/Joint Ventures	0.00	0.00	0.00	0.00	0.00
(vi)	Others (Security Receipts & PTC)	100.52	100.52	0.00	0.00	100.52
(vii)	*Less: Provision Held towards Depreciation & NPI*	*111.94*	*0.00*	*0.00*	*0.00*	*0.00*
	TOTAL	**494.51**	**594.89**	**44.31**	**44.31**	**159.50**

- **Issuer wise composition of Non SLR investments as on March 31, 2020**

(₹ in Crore)

Sl. No.	Issuer	Amount@	Extent of Private Placement #	Extent of 'Below Investment Grade' Securities#	Extent of 'Unrated' Securities#*	Extent of 'Unlisted' Securities #**
		(1)	(2)	(3)	(4)	(5)
(i)	Public Sector Undertakings	170.59	149.68	0.00	0.00	0.00
(ii)	Financial Institutions	267.59	267.59	0.00	0.00	0.00
(iii)	Banks	655.71	655.71	0.00	0.00	0.00
(iv)	Private Corporates	142.65	141.85	39.31	39.31	52.40
(v)	Subsidiaries/ Joint Ventures	0.00	0.00	0.00	0.00	0.00
(vi)	Others(Security Receipts)	102.06	102.06	0.00	0.00	102.06
(vii)	Less: Provision held towards depreciation and NPI	97.07	93.10	39.31	39.31	93.61
	Total	**1241.53**	**1223.79**	**0.00**	**0.00**	**60.85**

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

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

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

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

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

b) Non Performing Non-SLR Investments

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Opening balance	31.80	32.19
Additions during the year	5.00	0
Reductions during the year	0.81	0.39
Closing balance	35.99	31.80
Total provisions held	**35.99**	**31.80**

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, 2021				As at March 31, 2020			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Government Securities	83.73	1528.35	2341.73	3953.81	0.00	422.87	2018.78	2441.65
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	31.39	0.00	31.39	0.00	29.81	0.00	29.81
Debentures and Bonds	0.00	375.98	0.00	375.98	0.00	343.33	0.00	343.33
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	199.08	0	199.08	0.00	965.46	0.00	965.46
Total	**83.73**	**2134.80**	**2341.73**	**4560.26**	**0.00**	**1761.47**	**2018.78**	**3780.25**

2.5 Investments Kept as Margin (in Face Value Terms)

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Collateralized Borrowing and Lending Obligation (CBLO)	150.17	150.17
Clearing of Securities	35.70	35.70
Forex Forward Segment-Default Fund with Clearing Corporation of India Limited	3.00	3.00
National Securities Clearing Corporation of India Ltd.	0.00	0.00
MCX-SX Clearing Corporation Ltd.	0.00	0.00
Real Time Gross settlement System (RTGS)	250.00	156.00
Total	**438.87**	**344.87**

2.6 Triparty Repo (TREPS) Transactions

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

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Outstanding TREPS Borrowing	Nil	Nil
Outstanding TREPS Lending	Nil	Nil
Amortized Book Value of Securities given as collateral to Clearing Corporation of India Ltd (CCIL)	Nil	Nil

2.7 Sale and Transfers to / from HTM Category during FY 2020-21

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

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

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

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

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 2019-20**

Sl. No.	Particulars	Classification	Book Value. ₹ in Cr
1	Shifting from AFS to HTM	G SEC & SDL	Nil
2	Shifting from HTM to AFS	G SEC & SDL	334.30
4	Sale from HTM	G.SEC	457.16
5	Sale from HTM	SDL	50.08
	Total Sale in regular marketing attracting 5% cap (4+5)		507.24
Sale in terms of % to 31/03/2019 Position			**26.12**

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

The market value of investments held in HTM category as on 31 March 2020 was ₹2057.20 Crs against the book value of ₹2018.77 Crs. Since the market value is higher than the book value, provision is not required.

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, 2021	March 31, 2020
I) Backed by NPA's sold by the bank as underlying	100.52	102.07
II) Backed by NPA's sold by the other banks/Financial Institutions/NBFC as underlying	Nil	Nil
Total	**100.52**	**102.07**

2.9 Capital Reserve

Profit on sale of investments in the Held to Maturity category is credited to the Profit and Loss Account and thereafter appropriated to capital reserve (net of taxes and the amount required to be transferred to Statutory Reserves). During the year ₹21.72 crores (previous year ₹7.79 crore) was transferred to Capital Reserve.

2.10 Investment Reserve

During the year, transfer to Investment Reserve Account is Nil (Previous year ₹3.93 crore).

2.11 Investment Fluctuation Reserve

The Bank has transferred ₹6.17 crore (Previous year – 11.73 crore) to Investment Fluctuation Reserve Account with a view to building up of adequate reserves to protect against increase in yields in future.

3 DERIVATIVES

3.1 Forward Rate Agreement (FRA) / Interest Rate Swaps (IRS)

The Bank has not entered into Forward Rate Agreement (FRA) and Interest Rate Swap (IRS) during FY 2020-21. The bank had NIL outstanding FRA and IRS position at the end of March 2021.

3.2 OIS (Overnight Index Swap) position

The Bank has not entered into OIS (Overnight Index Swap) during FY 2020-21. The bank had NIL outstanding OIS position at the end of March 2021.

3.3 Un-hedged / uncovered foreign currency exposure of the Bank

The Bank's foreign currency exposures as at March 31, 2021 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 ₹10.00 Crore and actual position as on March 31, 2021 is ₹1.21 Crore. AGL limit is USD 89 Mio and actual position as on March 31, 2021 is USD 21.72 Million.

3.4 Exchange Traded Interest Rate Derivatives

(₹ in Crore)

Sl. No.	Particulars	March 31, 2021	March 31, 2020
(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, 2021		March 31, 2020	
		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, 2021 and March 31, 2020.

4 ASSET QUALITY

4.1 Non-Performing Advances

Details of movement of gross NPAs, net NPAs and provisions during the year ended March 31, 2021 and March 31, 2020 are given below:

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
(i) Net NPAs to Net Advances (%)	4.76	1.55
(ii) Movement of NPAs (Gross)		
(a) Opening balance	401.22	495.84
(b) Additions during the year (fresh NPAs during the year)	391.24	167.59
(c) Reductions during the year	135.25	262.21
(d) Closing balance	657.21	401.22
(iii) Movement of Net NPAs		
(a) Opening balance	100.94	151.71
(b) Additions during the year	323.50	137.22
(c) Reductions during the year	101.52	187.99
(d) Closing balance	322.92	100.94
(iv) Movement of provisions for NPAs (excluding DFV & Provisions on std. assets)		
(a) Opening balance	298.62	343.43
(b) Provisions made during the year	124.46	99.70
(c) Write-off/ write-back of excess provisions	90.30	144.51
(d) Closing balance	332.78	298.62

4.2 Disclosure of Divergence in the Asset Classification and Provisioning

No Divergence was observed by the RBI for Financial year 2019-20 in respect of bank's asset classification and provisioning under the Extant Prudential Norms on Income Recognition, Asset Classification and Provisioning. Hence the bank has not exceeded the limit specified under RBI Circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 and DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019 on 'Divergence in the Asset Classification and Provisioning.'

4.3 COVID 19 Regulatory Package –Asset Classification and Provisioning

On account of uncertainties arising from the COVID-19 pandemic across the world and in India, including the current 'second wave' which has resulted in imposition of renewed restrictions in various parts of the country, the extent to which the same will impact the Bank's operations and financial position will depend on various aspects including actions taken to mitigate its impact and other regulatory measures. Despite these conditions, there is not likely to be any significant impact in the liquidity position of the Bank.

Bank as per the Board approval policy had offered moratorium on repayment of loan installment and /or deferment of interest due between March 01, 2020 to August 31, 2020 in accordance with the COVID-19 Regulatory Package announced by the RBI on March 27, 2020, April 17, 2020 & May 22, 2020.In accordance with the RBI guidelines ,the Bank is required to make provision @ 10% of outstanding advances over two quarters beginning with the quarter ending March 31, 2020 in respect of such borrowers whose accounts, these benefits/relaxations are extended as per RBI guidelines. The Bank, as a prudent measure, had made the entire10% provision amounting to ₹37.88 crore in the quarter ending 31st March 2020 and it is grouped under 'Other liabilities and Provisions' in the Balance sheet of the Bank. During the financial year 2020-21 also, Bank had made a provision of ₹8.08 crore as per RBI guidelines. The bank has adjusted the entire provision amount against slippages and other accounts in terms of paragraph 6 of the circular.

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

(₹ in Crore)

Sl. No.	Particulars	31.03.2021
1	Amount in SMA/overdue categories, where the moratorium /deferment was extended in terms of paragraph 2 and 3 of the circular	459.62
2	Amount where asset classification benefits extended	98.31
3	Provisions made on such accounts till 31st December 2020 in terms of paragraph 5 of the circular	45.96
4	Provisions adjusted during the respective accounting period against slippages and other accounts in terms of paragraph 6 of the circular	45.96
5	Residual provisions	0.00

4.4 As per the NCLT, Kolkata Bench order dated 21st October 2020, the Bank has not classified one borrower account with an exposure of ₹7877 lakhs as NPA and maintained status quo of Standard Asset until further orders. Bank has recognized the interest of ₹583 lakhs as income. Lender Banks have filed an appeal against NCLT, Kolkata Bench order and the same is pending.

4.5 Resolution Framework for COVID-19-related Stress

Disclosure as per Circular DOR.No.BP.BC/3/21.04.048/2020-21 dtd 06.08.2020 is given below:

(Amount in crores)

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans	12	1.49	Nil	Nil	0.17
Corporate persons	7	15.70	Nil	Nil	0.80
Of which, MSMEs	7	15.70	Nil	Nil	0.80
Others	16	29.96	Nil	0.18	2.26
Total	35	47.15	Nil	0.18	3.23

4.6 Refund/adjustment of 'interest on interest' - Disclosure as per RBI Circular DOR.STR.REC.4/21.04.048/2021-22 dated 07.04.2021

The aggregate amount to be refunded/ adjusted during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in respect of borrowers based on the judgment of Hon'ble Supreme Court of India in the matter of Small Scale Industrial Manufacturers Association vs UOI & Ors for the year ending March 31, 2021 is estimated at ₹4.07 Crs. The same has been deducted from the 'Interest Income' and is grouped under the head 'Other liabilities and Provisions' in the Balance Sheet of the Bank for refund/ adjustment to the respective borrowers.

4.7 The disclosures as required under RBI Circular DOR. No.BP.BC.62/21.04.048/2020-21 dated April 17,2020

The number of accounts and the amount involved in those accounts where the Resolution period was extended is given below for the year ended as on March 31, 2021:

No of accounts in which Resolution Period was extended	Nil
Amount Involved	Nil

4.8 In accordance with the scheme announced by the Government of India on October 23, 2020 for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (March 01, 2020 to August 31, 2020), the Bank had received the requisite claim amounting to ₹1.39.crores and credited the accounts of the eligible borrowers.

4.9 The Honourable Supreme Court of India in a Public Interest Litigation (Gajendra Sharma Vs Union of India & Anr), vide its interim order dated September 03, 2020, has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Based on the interim order, the bank has not classified accounts which were not NPA as at August 31, 2020 as per RBI IRAC norms, as NPA after August 31, 2020 in respect of those accounts where moratorium benefits have been established as per COVID-19 Regulatory Package announced by Reserve Bank of India. As a matter of prudence, Bank has made an adhoc provision of ₹3708 lakhs towards those accounts as at 31st December 2020. Pursuant to the Supreme Court's final order dated March 23, 2021 and the related RBI notification issued on April 7, 2021, the bank has classified these borrower accounts as per the extant RBI instructions / IRAC norms and reversed the above, except an amount of ₹1094 lakhs which is kept as adhoc provision as a prudent measure, in respect of accounts where moratorium benefits have been extended, which are classified as standard accounts as on 31st March 2021 (Which includes provision for certain accounts which are treated as standard due to recovery during the interim period from 23rd March to 30th March after Supreme court vacation order dated 23.03.2021). The ad hoc provision is grouped under 'Other liabilities and provisions" in the Balance sheet.

4.10 .A Details of Loan Assets subjected to Restructuring as on March 31, 2021

(₹ 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	8	4	0	0	12	275	54	5	17	351	284	58	7	17	366
		Amount Outstanding	6.91	0.00	3.71	0.00	10.62	2.01	5.72	0.00	0.00	7.73	26.81	8.31	5.69	0.67	41.48	35.73	14.03	9.40	0.67	59.83
		Provision thereon	1.80	0.00	3.71	0.00	5.51	0.20	1.14	0.00	0.00	1.34	2.30	1.77	2.45	0.67	7.19	4.30	2.91	6.16	0.67	14.04
2	Fresh Restructuring during the year	No. of Borrowers	0	0	0	0	0	19	0	0	0	19	24	0	0	0	24	43	0.00	0	0	43
		Amount Outstanding	0.00	0.00	0.00	0.00	0.00	31.36	0.00	0.00	0.00	31.36	16.15	0.00	0.00	0.00	16.15	47.51	0.00	0.00	0.00	47.51
		Provision thereon	0.00	0.00	0.00	0.00	0.00	1.62	0.00	0.00	0.00	1.62	1.62	0.00	0.00	0.00	1.62	3.24	0.00	0.00	0.00	3.24
3	Up-gradations to restructured standard category during the FY	No. of Borrowers	0	0	0	0	0	0	0	0	0	0	6	-6	0	0	0	6.00	-6.00	0	0	0
		Amount Outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.62	-0.62	0.00	0.00	0	0.62	-0.62	0.00	0.00	0.00
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.06	-0.06	0.00	0.00	0	0.06	-0.06	0.00	0.00	0.00
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	1	0	0	0	1	0	0	0	0	0	20	10	0	0	30	21.00	10.00	0	0	31
		Amount Outstanding	6.91	0.00	0.00	0.00	6.91	0.00	0.00	0.00	0.00	0.00	9.07	4.87	0.00	0.00	13.94	15.98	4.87	0.00	0.00	20.85
		Provision thereon	1.80	0.00	0.00	0.00	1.80	0.00	0.00	0.00	0.00	0.00	0.82	2.14	0.00	0.00	2.96	2.62	2.14	0.00	0.00	4.76
5	Downgradations of restructured accounts during the FY	No. of Borrowers	0	0	0	0	0	6	-2	-4	0	0	130	-120	22	-32	0	136.00	-122.00	18	-32	0
		Amount Outstanding	0.00	0.00	0.00	0.00	0.00	1.00	4.73	-5.73	0.00	0.00	4.40	-1.64	4.14	-6.90	0	5.40	3.09	-1.59	-6.90	0.00
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.21	1.51	-1.72	0.00	0.00	1.22	0.15	5.53	-6.90	0	1.43	1.66	3.81	-6.90	0.00

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4.10 .A Details of Loan Assets subjected to Restructuring as on March 31, 2021

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	0.00	0.00	0	0	0
		Amount Outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00	0.00
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00	0.00
	Movement in the account during the year	No. of Borrowers	1	0	0	0	1	13	2	4	0	19	-134	78	10	32	-14	-122.00	80.00	14	32	4
7		Amount Outstanding	-6.91	0.00	-1.23	0.00	-8.14	30.32	-4.73	5.73	0.00	31.32	6.02	-3.87	-2.76	6.90	6.29	29.43	-8.60	1.74	6.90	29.47
		Provision thereon	-1.80	0.00	-1.23	0.00	-3.03	1.53	-0.93	1.72	0.00	2.32	0.59	-0.53	-1.37	6.90	5.59	0.32	-1.46	-0.88	6.90	4.88
8	Restructured accounts as on March 31 of the FY (closing figures)	No. of Borrowers	0	0	2	0	2	21	6	4	0	31	141	132	15	49	337	162	138	21	49	370
		Amount Outstanding	0.00	0.00	2.48	0.00	2.48	32.33	1.00	5.73	0.00	39.06	32.83	4.44	2.93	7.57	47.77	65.16	5.44	11.14	7.57	89.31
		Provision thereon	0.00	0.00	2.48	0.00	2.48	1.73	0.21	1.72	0.00	3.66	2.89	1.24	1.08	7.57	12.78	4.62	1.45	5.28	7.57	18.92

4.10.B Details of Loan Assets subjected to Restructuring as on March 31, 2020

(₹ in Crore)

Sl. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		SA	SSA	DA	LA	Total	SA	SSA	DA	LA	Total	SA	SSA	DA	LA	Total	SA	SSA	DA	LA	Total
	Details																					
1	Restructured Accounts as on April 1 of the FY(opening figs)	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	0.00	3.77	0.00	21.04	0.00	0.00	6.47	0.00	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	0.00	3.77	0.00	6.08	0.00	0.00	2.65	0.00	2.65	2.66	0.10	39.41	0.47	42.64	4.97	0.10	45.83	0.47	51.37
2	Fresh Restructuring during the year	No. of Borrowers	0	0	0	0	0	9	0	0	0	9	68	5	0	0	73	77.00	5.00	0	0	82
		Amount Outstanding	0.00	0.00	0.00	0.00	0.00	5.67	0.00	0.00	0.00	5.67	10.05	1.12	0.00	0.00	11.17	15.72	1.12	0	0	16.84
		Provision thereon	0.00	0.00	0.00	0.00	0.00	1.02	0.00	0.00	0.00	1.02	0.63	0.22	0.00	0.00	0.85	1.65	0.22	0	0	1.87
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	1	2	3	0.00	0.00	1	2	3
		Amount Outstanding	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00	0	0.00	0.00	6.84	0.05	6.89	0.00	0.00	6.84	0.05	6.89
		Provision thereon	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00	0	0.00	0.00	2.82	0.05	2.87	0.00	0.00	2.82	0.05	2.87
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	0.00	0.00	0	0	0
		Amount Outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Downgradations of restructured accounts during the FY	No. of Borrowers	0	0	0	0	0	0	4	0	0	4	0	52	0	0	52	0.00	56.00	0	0	56
		Amount Outstanding	0.00	0.00	0.00	0.00	0	0.00	5.72	0.00	0.00	5.72	0.00	4.89	0.00	0.00	4.89	0.00	10.61	0	0	10.61
		Provision thereon	0.00	0.00	0.00	0.00	0	0.00	1.14	0.00	0.00	1.14	0.00	2.50	0.00	0.00	2.5	0.00	3.64	0	0	3.64

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4.10.B Details of Loan Assets subjected to Restructuring as on March 31, 2020

Sl. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		SA	SSA	DA	LA	Total	SA	SSA	DA	LA	Total	SA	SSA	DA	LA	Total	SA	SSA	DA	LA	Total
	Details																					
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	1	0	1	0.00	0.00	1	0	1
		Amount Outstanding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36.48	0.00	36.48	0.00	0.00	36.48	0.00	36.48
		Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36.48	0.00	36.48	0.00	0.00	36.48	0.00	36.48
	Movement in the account during the year	No. of Borrowers	0	0	0	0	0	1	4	2	0	7	71	12	(3)	(7)	73	72.00	16.00	(1)	(7)	80
7		Amount Outstanding	(10.36)	0.00	(0.06)	0.00	(10.42)	3.66	5.72	(6.47)	0.00	2.91	9.86	(1.97)	(5.40)	(0.25)	2.24	3.16	3.75	(11.93)	(0.25)	(5.27)
		Provision thereon	(0.51)	0.00	(0.06)	0.00	(0.57)	0.82	1.14	(2.65)	0.00	(0.69)	(1.67)	1.05	(2.34)	(0.25)	(3.21)	(1.36)	2.19	(5.05)	(0.25)	(4.47)
8	Restructured accounts as on March 31 of the FY (closing figures)	No. of Borrowers	1	0	2	0	3	8	4	0	0	12	275	54	5	17	351	284.00	58.00	7	17	366
		Amount Outstanding	6.91	0.00	3.71	0.00	10.62	2.01	5.72	0.00	0.00	7.73	26.81	8.31	5.69	0.67	41.48	35.73	14.03	9.40	0.67	59.83
		Provision thereon	1.80	0.00	3.71	0.00	5.51	0.20	1.14	0.00	0.00	1.34	2.30	1.77	2.45	0.67	7.19	4.30	2.91	6.16	0.67	14.04

4.11 Disclosure – Resolution of stressed Assets under Revised framework

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

There is no exposures to accounts where the Bank expects a delay in implementation of resolution plan triggering a potential reference to NCLT as per June 7, 2019 RBI notification (For Borrowers with aggregate debt of > ₹2,000 Crores)

4.12 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)
31	39.07

4.13 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).

4.14 Disclosure on details of accounts where the resolution period was extended under Prudential Framework on Resolution of Stressed Assets as per the Covid 19 Regulatory Package.

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

4.15 Details of financial assets sold to Securitization / Reconstruction Company:

A. **Details of Sales** (₹ in Crore)

Sl. No.	Item	March 31, 2021	March 31, 2020
(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

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

(₹ in Crore)

Sl. No.	Item	March 31, 2021	March 31, 2020
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

4.17 Provisions on Standard Assets (₹ in Core)

Particulars	As on March 31, 2021	As on March 31, 2020
Provision towards standard Assets	36.16	28.20
Provision towards Specific Standard Assets *	3.55	3.75

*Additional provision of ₹3.55 Crores (Previous year ₹3.75 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.

4.18 Advances against Intangible assets: (₹ in Crore)

Sl. No.	Particulars	March 31, 2021	March 31, 2020
	Total Unsecured advances of the Bank	176.40	393.23
i	Of which amount of advances outstanding against charge over intangible securities such as rights, Licenses, authority etc.	50.92	65.20
ii	The estimated value of such intangible security as in (i) above	Gross Value – 175.06 Cr	Gross Value – 197.14 Cr

5 BUSINESS RATIOS

Sl. No.	Particulars	March 31, 2021	March 31, 2020
(i)	Interest Income as a percentage to Working Funds (%) *	7.04	7.90
(ii)	Non-interest income as a percentage to Working Funds (%) *	1.07	0.90
(iii)	Operating Profit as a percentage to Working Funds (%) *	0.79	1.30
(iv)	Return on Assets (%) *	0.29	0.55
(v)	Business (Deposits plus net advances) per employee – ₹ in Crore #	11.37	10.33
(vi)	Profit/(Loss) per employee - ₹ in Crore #	0.02	0.04

* 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, 2020

(₹ in Crore)

Particulars		Average of month end position during the year ended 31.03.2021		Average of month end position during the quarter ended 31.03.2020	
		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)	3296.15			2396.06
Cash Outflows					
2.	Retail deposits and deposits from small business customers, of which:	7409.52	449.03	7110.22	431.86
(i)	Stable deposits	5838.47	291.92	5583.31	279.17
(ii)	Less stable deposits	1571.05	157.11	1526.91	152.69
3.	Unsecured wholesale funding, of which:	1066.89	275.45	1115.13	291.52
(i)	Operational deposits (all counterparties)	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	1066.89	275.45	1115.13	291.52
(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	432.39	42.68	323.74	32.52
7.	Other contingent funding obligations	240.67	7.22	242.58	7.28
8.	**Total Cash Outflows**	9149.47	774.38	8791.67	763.18

Particulars		Average of month end position during the year ended 31.03.2021		Average of month end position during the quarter ended 31.03.2020	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total weighted Value (average)
Cash Inflows					
9.	Secured lending (e.g.reverse repos)	365.75	365.75	64.96	64.96
10.	Inflows from fully Performing exposures			-	-
11.	Other cash inflows			-	-
12.	**Total Cash Inflows**	365.75	365.75	64.96	64.96
		Total Adjusted Value		**Total Adjusted Value**	
21.	**TOTAL HQLA**		**3296.15**		**2396.06**
22.	**Total Net Cash Outflows**		**408.63**		**698.20**
23.	**Liquidity Coverage Ratio (%)**		**806.63%**		**343.18%**

Qualitative Disclosure

The Bank measures and monitors the LCR in line with the Reserve Bank of India's circular dated June 09, 2014 on "Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards" as amended for "Prudential Guidelines on Capital Adequacy and Liquidity Standards" dated March 31, 2015. The LCR guidelines aim to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken. Banks are required to maintain High Quality Liquid Assets of a minimum of 100% of its Net Cash Outflows by January 1, 2019. However, with a view to provide transition time, the guidelines mandate a minimum requirement of 60% w.e.f. January 01, 2015 and a step up of 10% every year to reach the minimum requirement of 100% by January 01, 2019. As per RBI/2019-2020/217 DOR.BP.BC.No.65/21.04.098/2019-20 dated 17.04.2020, in order to accommodate the burden on Banks' cash flows on account of the Covid19 pandemic, Banks are permitted to maintain LCR as under: From date of circular to September 30, 2020 - 80%, Oct 1, 2020 to March 31, 2021- 90% and April 1 2021 onwards 100%. The adequacy in the LCR maintenance is an outcome of a conscious strategy of the Bank towards complying with LCR mandate ahead of the stipulated timelines. The maintenance of LCR, both on end of period and on an average basis, has been on account of multiple factors viz, increases in excess SLR, existing eligibility in corporate bond investments, increase in retail deposits and increase in non callable deposits. Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows) except where otherwise mentioned in the circular and LCR template. Weighted values are calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows). Board of Directors of the Bank has empowered ALCO (Senior Management Executive Committee) to monitor and strategize the Balance Sheet profile of the Bank.

The Bank has been maintaining HQLA primarily in the form of SLR investments over and above mandatory requirement; Certificate of Deposits issued by Banks with rating A1+ and above apart from regulatory dispensation allowed in the form of borrowing limit available through Marginal Standing Facility (MSF) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR). Average LCR for the year ended March 31, 2020 is 806.63% (March 31, 2020: 343.18%), which is comfortably above RBI prescribed minimum requirement of 80%.

7 ASSET LIABILITY MANAGEMENT

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

- Maturity Pattern of certain assets and liabilities as at March 31, 2021: (₹ 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 years	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits	62.57	230.60	187.39	473.83	585.23	455.63	1,736.81	3,702.44	3,995.10	211.68	70.61	11,711.90
Advances (Net)	640.08	24.00	109.36	273.57	252.49	551.22	1083.63	1181.39	994.87	596.37	1080.42	6787.40
Investments (Gross)	-	22.23	10.00	-	98.55	66.44	597.48	394.34	284.26	1,458.93	1,628.02	4,560.26
Borrowings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150.00	0.00	150.00
Foreign currency Assets	58.11	-	4.77	9.07	10.80	11.67	12.98	62.19	-	-	-	169.59
Foreign currency Liabilities	27.36	0.05	2.60	9.82	2.51	18.37	10.22	35.25	36.92	7.12	0.06	150.28

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

Particulars	Day 1	2 to 7 Days	8 to 14 Days	15 to 30 Days	31 days upto 2 months	Over 2 Months upto 3 months	Over 3 months and upto 6 Months	Over 6 Months and upto 1 years	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits	50.37	234.59	232.04	456.64	609.28	480.12	1,825.50	3,147.39	3,638.31	156.49	73.35	10,904.07
Advances (Net)	377.89	20.42	101.59	470.80	380.77	406.18	1266.38	1915.78	685.39	268.48	602.41	6496.10
Investments (Gross)	-	-	270.62	28.85	96.84	362.84	425.62	233.04	291.10	810.89	1,260.43	3,780.25
Borrowings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150.00	27.50	177.50
Foreign currency Assets	53.56	15.10	0.21	17.30	9.83	9.65	23.50	68.86	0.06	-	-	198.06
Foreign currency Liabilities	28.90	7.78	0.52	26.90	3.05	29.83	12.94	55.15	7.05	7.30	-	179.42

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, 2021	March 31, 2020
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)***	602.11	554.75
Of Which individual Housing loan eligible for inclusion in Priority Sector Advances	386.10	343.05
(ii) Commercial Real Estate –		
Lendings secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits; ***(B)***	176.35	164.94
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
a. Residential,	Nil	Nil
b. Commercial Real Estate.	Nil	Nil
(iv) Other Direct Exposure (C)	183.68	191.99
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) ***(D)***	162.00	307.07
Total Exposure to Real Estate Sector (A+B+C+D)	**1124.14**	**1218.75**

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, 2021	March 31, 2020
(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;	31.39	29.80
(ii) advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	Nil
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds `does not fully cover the advances;	0.00	0.00
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	2.42	2.03
(vi) loans sanctioned to corporate against the security of shares/ bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii) bridge loans to companies against expected equity flows/issues;	Nil	Nil
(viii) underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	Nil	Nil
(ix) financing to stockbrokers for margin trading;	Nil	Nil
(x) all exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total Exposure to Capital Market	**33.81**	**31.80**

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, 2021	Provision held as at March 31, 2021	Exposure (net) as at March 31, 2020	Provision held as at March 31, 2020
Insignificant	0.89	Nil	0.56	Nil
Low	0.59	Nil	0.58	Nil
Moderate	Nil	Nil	Nil	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
Restricted	Nil	Nil	Nil	Nil
Off-credit	Nil	Nil	Nil	Nil
Total	**1.48**		**1.14**	**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 2020-21, Reserve Bank of India levied a penalty of ₹1,200/- (Rupees One thousand two hundred 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 are as below: (₹ in crore)

Particulars	March 31, 2021	March 31, 2020
Prior period Income	Nil	Nil
Prior period Expense	Nil	Nil

11.2 Employee Benefits (AS 15)

The summarized position of various defined benefits recognized in the profit and loss account and balance sheet along with the funded status are as under:

i. **Defined Benefit Pension Plan and Gratuity**

Expenses recognized in Profit and Loss Account (₹ in Crore)

Particulars	Pension		Gratuity	
	2020-21	2019-20	2020-21	2019-20
Changes in the present value of the defined benefit obligations				
Present value of obligation at the beginning of the year	147.18	143.47	62.11	52.80
Interest cost	7.99	8.43	4.58	4.33
Current Service Cost	8.51	8.11	4.59	4.27
Benefits paid	(5.99)	(3.33)	5.74	5.68
Net actuarial (gain)/loss on obligation	34.41	32.83	(7.20)	(4.98)
Past service cost	0	0	Nil	Nil
Settlements	(35.23)	(42.33)	Nil	Nil
Present value of the defined benefit obligation at the end of the year.	156.88	147.18	69.83	62.11
Change in the fair value of plan assets:				
Fair value of plan assets at the beginning of the year	114.73	144.73	62.29	46.03
Expected return on plan assets	8.21	9.41	3.95	3.89
Contributions by employer	32.45	3.76	0.18	6.76
Contributions by employee	8.89	3.22	Nil	Nil
Benefit paid	(5.99)	(3.33)	5.74	5.68
Settlements	(35.23)	(42.33)	Nil	Nil
Actuarial gain/(loss)	0.97	(0.73)	(12.02)	(0.93)
Fair value of plan assets at the end of the year	124.02	114.73	60.15	62.29
Total Actuarial Gain/(Loss) to be recognized immediately	(33.44)	(33.56)	(4.81)	4.89
Expenses recognized in Profit and Loss Account				
Current Service Cost	8.51	8.11	4.59	4.27
Interest cost on benefit obligation	7.99	8.43	4.58	4.33
Expected return on plan assets	(8.21)	(9.41)	(3.95)	(3.89)
Net actuarial (gain)/loss recognized in the year	33.44	33.56	4.81	(4.89)
Past Service Cost PSL- amortization	0	0	Nil	Nil
Expenses recognized in the Profit and Loss account	41.74	40.70	10.03	0.18
The amount recognized in the Balance Sheet				
Present Value of obligation at the end of the year (i)	156.88	147.18	69.83	62.11
Fair value of plan assets at the end of the year (ii)	124.02	114.73	60.15	62.29
Difference (ii)-(i)	(32.85)	(32.45)	(9.67)	0.18
Unrecognized past service liability	Nil	Nil	Nil	Nil
Net asset/(liability) recognized in the Balance Sheet	(32.85)	(32.45)	(9.67)	0.18

Details of the Plan Asset

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

Particulars	Pension		Gratuity	
	2020-21	2019-20	2020-21	2019-20
Central Government securities	16.76	16.72		Nil
State Government securities	10.00	23.33	5.00	5.02
Investment in Private Sector Undertakings	1.5	7.5		1.00
Others	93.88	66.37	42.96	44.08
Total	**122.14**	**113.93**	**47.96**	**50.1**

Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

Method used	Pension including family pension(wherever applicable)		Gratuity	
	Project Unit Credit Method		Project Unit Credit Method	
	2020-21	2019-20	2020-21	2019-20
Discount rate	6.95%	6.87%	6.95%	6.87%
Expected rate of return on assets	7.75%	6.75%	5.75%	7.00%
Future salary increase	2.50%	2.50%	5.00%	5.00%
Increase in price inflation	3.50%	5.00%		

ii. **Leave encashment benefit** (₹ in crores)

Particulars	Leave		Sick Leave	
	2020-21	2019-20	2020-21	2019-20
Changes in the present value of the defined benefit obligations				
Present value of obligation at the beginning of the year	31.43	31.44	3.03	3.61
Interest cost	Nil	2.24	0.30	0.22
Current Service Cost	Nil	2.56	0.78	0.56
Benefits paid	(5.90)	(7.97)	Nil	Nil
Net actuarial (gain)/loss on obligation	10.47	3.14	0.09	(1.36)
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.	36.01	31.43	4.23	3.03
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	5.90	7.97	Nil	Nil
Benefit paid	(5.90)	(7.97)	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	(10.47)	(3.14)	(0.09)	1.36
Expenses recognized in Profit and Loss Account				
Current Service Cost	Nil	2.56	0.78	0.56
Interest cost on benefit obligation	Nil	2.24	0.30	0.22
Expected return on plan assets	Nil	Nil	Nil	Nil
Net actuarial (gain)/loss recognized in the year	10.47	3.14	0.09	(1.36)
Past Service Cost PSL- amortization	Nil	Nil	Nil	Nil
Excess provision held in books*	Nil	Nil	Nil	Nil
Expenses recognized in the Profit and Loss account	10.47	7.96	1.19	(0.57)

Particulars	Leave		Sick Leave	
	2020-21	2019-20	2020-21	2019-20
The amount recognized in the Balance Sheet				
Present Value of obligation at the end of the year (i)	36.01	31.43	4.23	3.03
Fair value of plan assets at the end of the year (ii)	Nil	Nil	Nil	Nil
Difference (ii)-(i)	(36.01)	(31.43)	(4.23)	(3.03)
Unrecognized past service liability	Nil	Nil	Nil	Nil
Net asset/(liability) recognized in the Balance Sheet	(36.01)	(31.43)	(4.23)	(3.03)

Details of the Plan Asset

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

Particulars	Leave		Sick Leave	
	2020-21	2019-20	2020-21	2019-20
Central Government securities	Nil	Nil	Nil	Nil
State Government securities	Nil	Nil	Nil	Nil
Investment in Public Sector Undertakings	Nil	Nil	Nil	Nil
Investment in Private Sector Undertakings	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil
Total	**Nil**	**Nil**	**Nil**	**Nil**

Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

Method used	Leave		Sick Leave	
	Project Unit Credit Method		Project Unit Credit Method	
	2020-21	2019-20	2020-21	2019-20
Discount rate	6.95%	6.87%	6.65%	6.87%
Expected rate of return on assets	NA	Nil	NA	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.

SEGMENT RESULTS – March 31, 2021

(₹ in Crore)

Business Segments	Treasury		Retail Banking		Corporate / Wholesale Banking		Other Banking Operations		Unallocated		Total	
	March 31,2021	March 31,2020	March 31,2021	March 31,2020	March 31,2021	March 31,2020	March 31,2021	March 31,2020	March 31,2021	March 31,2020	March 31,2021	March 31,2020
Revenue	335.17	304.64	478.73	457.57	258.33	338.23	Nil	Nil	Nil	Nil	1072.23	1100.44
Results	110.45	92.26	16.49	71.65	(21.85)	(1.94)	Nil	Nil	Nil	Nil	105.09	161.97
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	105.09	161.97
Total provisions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	62.46	115.89
Tax Expenses	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	5.44	(19.70)
Extra ordinary items	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Profit After Tax	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	37.19	65.78
Other Information	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Segment Assets	5030.54	4496.27	4959.25	4073.03	3006.05	3590.25	Nil	Nil	Nil	Nil	12995.84	12159.55
Unallocated Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	100.66	105.54	100.66	105.54
Total Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	13096.50	12265.09
Segment Liabilities	4455.60	3826.24	4841.89	4046.75	2934.91	3565.19	Nil	Nil	Nil	Nil	12232.40	11438.18
Unallocated Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	826.91	864.10	826.91
Total Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	13096.50	12265.09

11.4 Related Party Disclosures (As 18)

Key Management Personnel	2020-21		2019-20	
	From	To	From	To
Smt Latha T, MD & CEO	-	-	01.04.2019	31.10.2019
Sri. Sunil Gurbaxani, MD & CEO	01.04.2020	30.09.2020	27.02.2020	31.03.2020
Sri.Shivan J K, MD & CEO	30.01.2021	31.03.2021	-	-
Sri Ramesh A J, CFO	01.04.2020	31.03.2021	01.04.2019	31.03.2020
Sri Venkatesh H CS	01.04.2020	31.03.2021	01.04.2019	31.03.2020

Key Management Personnel	Nature of Transaction	2020-21	2019-20
Smt Latha T, MD & CEO	Remuneration including perquisites	Nil	24,50,000.00
Sri.Sunil Gurbaxani, MD & CEO	Remuneration including perquisites	21,41,931.00	3,44,276.00
Sri.Shivan J K, MD & CEO	Remuneration including perquisites	8,25,806.00	Nil
Sri Ramesh A J, CFO	Remuneration including perquisites	26,63,557.00	19,01,803.00
Sri Venkatesh H CS	Remuneration including perquisites	15,03,156.00	11,38,134.00

11.5 Operating Leases

Operating Leases primarily comprise office premises, staff residences, which are renewable at the option of the Bank. Lease Payments recognized in the Profit and Loss Account are given below:

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Operating Lease Payments	27.33	26.12

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, 2021	March 31, 2020
Not later than one year	5.85	10.34
Later than one year and not later than five years	5.28	8.76
Later than five years	16.84	7.24
Total	**27.97**	**26.34**

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, 2021	March 31, 2020
Net Profit/ (Loss) after tax (₹ in Crore)	37.19	65.78
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 ₹	1.47	2.60
Earnings per share (Diluted) in ₹	1.47	2.60

11.7 Accounting for Taxes on Income (AS 22)

Bank has recognized the provision for Income Tax by exercising the option permitted under Section 115BAA of the Income Tax Act, 1961.The existing Deferred Tax Asset (DTA) recognized on 31st March 2020 amounting to ₹56.76 crore has been reviewed and re measured .The effect of change in the tax rate prescribed under the above Section and other aspects have been considered and the DTA has been recognized as on 31st March 2021 at ₹51.32 crore.

The components of Deferred Tax Assets and Liabilities are shown below: (₹ in Crore)

Particulars	31-Mar-21	31-Mar-20
Deferred Tax Asset		
Provision for Loans/Investment/Others	22.86	37.81
Depreciation on Fixed Assets	7.26	7.33
Carry forward loss	22.71	13.13
Total (A)	**52.83**	**58.27**
Deferred Tax Liability		
Special Reserve u/s 36(1)(viii)	1.51	1.51
Total (B)	**1.51**	**1.51**
Net Deferred Tax Asset (A-B)	**51.32**	**56.76**

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, 2021 and March 31, 2020 are given below:

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
Provision for depreciation on Investments	19.26	(6.56)
Provision for NPI	4.19	0.00
Provision for Standard Assets	11.51	1.15
General provision for Advances under Covid 19 Regulatory package	8.08	37.88
Provision against Fraud	0.04	(0.01)
Provision for NPA (including Bad Debts written off)	21.95	58.54
Provision for Restructured Advances	0.11	(0.07)
Provision for Unhedged Forex Exposure	0.03	0.00
Provision for Deferred Tax	5.44	(19.70)
Adhoc provision for salary settlement	-	15.97
Other Provisions (Net)*	(2.71)	8.99
Total	**67.90**	**96.19**

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

13. Reserves and Surplus (From Reserves Draw Down)

During the financial year ended March 31, 2021 the Bank has drawn down ₹0.49 crore from reserve (Previous Year –₹0.54 Cr).

14. Floating Provisions

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
(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).

Summary information on complaints received by the bank from customers and from the OBOs

Sl. No.		Particulars	2020-21	2019-20
1		Number of complaints pending at beginning of the year	87	45
2		Number of complaints received during the year	15178	12821
3		Number of complaints disposed during the year	15204	12779
	3.1	Of which, number of complaints rejected by the bank	78	56
4		Number of complaints pending at the end of the year	61	87
5		Number of maintainable complaints received by the bank from OBOs	36	34
	5.1	Of 5, number of complaints resolved in favour of the bank by BOs	34	31
	5.2	Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by BOs	2	3
	5.3	Of 5, number of complaints resolved after passing of Awards by BOs against the bank	Nil	Nil
6		Number of Awards unimplemented within the stipulated time (other than those appealed)	**Nil**	**Nil**

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in BO Scheme 2006 and covered within the ambit of the Scheme.

Top five grounds of complaints received by the bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Current Year					
ATM/Debit Cards	59	7546	1	40	2
Internet/Mobile/ Electronic Banking	13	6494	46	11	7
Account opening/ difficulty in operation of accounts	3	925	24	4	2
Credit Cards	-	60	-	-	-
Loans and advances	10	62	38	4	1
Others	2	91	17	2	1
Total	87	15178		61	13
Previous Year					
ATM/Debit Cards	24	7470	15	59	1
Internet/Mobile/ Electronic Banking	0	4452	-6	13	-
Account opening/ difficulty in operation of accounts	6	743	11	3	-
Loans and advances	11	45	0	10	8
Levy of charges without prior notice/ excessive charges/ foreclosure charges	1	33	-21	0	0
Others	3	78	-33	2	2
Total	45	12821		87	11

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, 2021	March 31, 2020
Provision Coverage Ratio	**74.20%**	**89.87%**

18. Bancassurance Business

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

Sl. No.	Nature of Income	March 31, 2021	March 31, 2020
1	For selling life insurance policies	6.99	5.51
2	For selling non life insurance policies	0.57	0.47
	Total	**7.56**	**5.98**

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, 2021	March 31, 2020
Total Deposits of twenty largest depositors (₹ In crore)	2513.06	2251.29
Percentage of Deposits of twenty largest depositors to total Deposits of the Bank	21.48%	20.65%

b) Concentration of Advances

Particulars	March 31, 2021	March 31, 2020
Total Advances to twenty largest borrowers (₹ In crore)	1181.93	1249.19
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	16.60%	18.37%

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, 2021	March 31, 2020
Total Exposure to twenty largest borrowers/customers (₹ In crore)	1273.26	1313.49
Percentage of Exposures to twenty largest borrowers /customers to Total Exposure of the bank on borrowers /customers	16.99%	18.13%

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, 2021	March 31, 2020
Total Exposure to top four NPA accounts (₹ in Crore)	183.09	102.80

20. Sector-wise advances

(₹ in crores)

Sl. No.	Sector	March 31, 2021			March 31, 2020		
		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	1345.11	29.45	2.19	1277.21	13.25	1.12
2	Advances to industries sector eligible as priority sector lending	311.62	122.98	39.46	341.89	83.15	21.38
3	Services	693.82	91.59	13.20	670.86	77.65	9.99
4	Personal loans(Other than above)	493.43	49.79	10.09	461.57	18.40	4.76
	Sub-total (A)	2843.98	293.80	10.33	2751.53	192.45	7.02
B	**Non Priority Sector**						
1	Agriculture and allied activities	Nil	Nil	Nil	Nil	Nil	Nil
2	Industry	511.47	58.12	11.36	817.04	133.96	25.47
3	Services	2745.18	230.84	8.41	1866.74	144.04	6.40
4	Personal loans (Other than above)	1021.63	74.44	7.29	1363.58	25.39	2.27
	Sub-total (B)	4278.28	363.40	8.49	4047.36	303.39	7.79
	Total (A+B)	**7122.26**	**657.21**	**9.23**	**6798.89**	**495.84**	**7.47**

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system and has been furnished by the management, which has been relied upon by the auditors. The above priority sector advance figure is excluding the investment in RIDF with NABARD and other regulators.

21. NPA

21.1 Movement of NPAs

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
Net NPA to Net Advances	4.76%	1.55%
Gross NPA to Gross Advances	9.23%	5.90%
Gross NPA as at the beginning of the year	401.22	495.84
Additions (Fresh NPAs) during the year	391.24	167.59
Sub-total (A)	792.46	**663.43**
Less:-		
(i) Up gradations	24.72	104.91
(ii) Recoveries (excluding recoveries made from upgraded accounts)	96.79	54.04
(iii) Write-offs	13.74	1.22
(iv) Technical Write-offs	0.00	102.03
Sub-total (B)	135.25	**262.21**
Gross NPA as at the end of the year (A-B)	657.21	**401.22**

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

(₹ in Crore)

Particulars		March 31, 2021	March 31, 2020
Opening balance of Technical / Prudential written-off accounts as at April 1		594.90	496.78
Add : Technical / Prudential write-offs during the year		0.00	102.03
Sub-total	(A)	594.90	598.81
Less : Recoveries made from previously technical / prudential written-off accounts during the year	(B)	0.70	3.91
Less : Other charges receivable excluded from Gross balance		0.00	0.00
Closing balance as at March 31	(A-B)	594.20	594.90

Overseas Assets, NPA and Revenue (₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Total Assets	Nil	Nil
Total NPAs	Nil	Nil
Total Revenue	Nil	Nil

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

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

23. Disclosures on Remuneration

Qualitative Disclosures

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

Composition

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

The terms of reference of the Nomination & Remuneration Committee are as follows:-

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

The committee shall ensure the following while formulating the policy on the aforesaid matters:

a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, key managerial personnel and senior management of the quality required to run the Bank successfully;

b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

c) Remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Bank and its goals.]

9. Formulating and determining the Bank's policies on remuneration packages payable to the Directors and key managerial personnel including performance/achievement bonus, perquisites, retirals, sitting fees.

10. Considering grant of Stock Options to employees.
11. Reviewing the composition of the existing Committees of the Board.
12. Formulation of criteria for performance evaluation of independent directors and the Board;
13. Validation of "fit and proper "status of all Directors on the Board of the Bank in terms of the guidelines issued by the RBI or other regulatory authorities;
14. Developing and recommending to the Board the Corporate Governance guidelines applicable to the Bank for incorporating best practices from time to time

(₹ in Crore)

	Quantitative Disclosures	2020-21	2019-20
(a)	• Number of meetings held by the Nomination & Remuneration Committee during the financial year	11	7
	• Remuneration paid to its members.	0.076	0.029
(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
(e)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/or implicit adjustments	Nil	Nil
	(ii) Total amount of reductions during the financial year due to ex-post explicit adjustments.	Nil	Nil
	(iii) Total amount of reductions during the financial year due to ex-post implicit adjustments.	Nil	Nil

24. Remuneration to Non-Executive Directors

The non-executive directors are paid remuneration by way of sitting fees for attending the meetings of the Board and Committee. Sitting Fees are paid at the rate of ₹25,000 for Board Meeting and ₹15,000 for meetings of the Board Committees. The sitting fee was at the rate of ₹30,000 for Board Meeting and ₹20,000 for meetings of the Board Committees from April 2020 to August 2020.

The Board at its meeting held on 17.08.2020 has revised the sitting fees of Board and Board Committees to ₹25,000/- and ₹15,000/- respectively

Details of sitting fees paid are given below: (₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Sitting Fees paid to Non-Executive Directors	0.64	0.65

25. ESOP Scheme

a) The details of the Employees Stock Option Plan-2009 currently in vogue in the Bank as at March 31, 2021are as under:

Sl. No.	Particulars	ESOP2009	ESOS 2013
1.	Details of Approval	Remuneration Committee resolution, dated August 6, 2009.	Remuneration Committee approval dated August 14,2014
2.	Implemented through	Directly by Bank	Directly by Bank
3.	Total number of shares	40,42,470	24,77,400
4.	Price per option	₹118.35	₹40.73
5.	Granted	39,99,225	24,77,400
6.	Vested	39,99,225	24,77,400
7.	Exercised	20,719	Nil
8.	Cancelled options	39,78,506	24,77,400
9.	Vested and unexercised	0	0
10.	Total number of options in force	0	0
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, 2021 is summarized below:

Particulars	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Scheme Name	ESOP 2009		ESOS 2013	
Options outstanding at the beginning of the year	NA	2,69,902	9,05,960	1602720
Options granted during the year		Nil	Nil	Nil
Options forfeited/cancelled during the year		0	0	17,460
Options exercised during the year		0	0	0
Options expired during the year		2,69,902	9,05,960	6,79,300
Options outstanding at the end of the year		0	0	9,05,960
Options exercisable at the end of the year		0	0	9,05,960

26. Securitization Transactions

The Bank has not done any securitization transaction during the year ended March 31, 2021 and March 31, 2020.

27. Intra-Group Exposures

Bank does not have any group entities.

28. Transfers to Depositor Education and Awareness Fund (DEAF)

In accordance with the guidelines issued by RBI, the Bank transfers the amount to the credit of any account which has not been operated upon for a period of 10 years or any deposit or any amount remaining unclaimed for more than 10 years to the DEAF. Details of amount transferred to DEAF are set out below:

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Opening balance of amounts transferred to DEAF	40.32	30.64
Add : Amounts transferred to DEAF during the year	7.43	9.93
Less : Amounts reimbursed by DEAF towards claims	0.54	0.25
Closing balance of amounts transferred to DEAF	47.21	40.32

29. Unhedged Foreign Currency Exposure of Bank's Customers

The Bank has a policy on managing credit risk arising out of foreign currency exposure of its borrowers. In line with the policy, assessment of unhedged foreign currency exposure is a part of assessment of borrowers and is undertaken while proposing limits or at the review stage. The Bank has fixed a maximum limit on unhedged position on borrowers, while sanctioning limits for all clients. The unhedged portion of foreign currency credit exposure of large corporate/SMEs are monitored and reviewed on a monthly basis. Any sanction of fresh loans/ adhoc loans/ renewal of loans to new/ existing borrowers done after obtaining/ sharing necessary information. The Bank also maintains incremental provision towards the unhedged foreign currency exposure of its borrowers in line with the extant RBI guidelines.

The Bank has maintained a provision of ₹0.05 crore (previous year – ₹0.02 crore) and no additional capital (previous year – Nil) on account of unhedged foreign currency exposure of its borrowers as at March 31, 2021.

30. Description of Contingent Liabilities

Sl. No.	**Particulars***	**Brief Description**
1	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows
2	Liability on account of forward exchange and derivative contracts	The Bank enters into foreign exchange contracts and currency swaps with interbank participants and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates. Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows. The notional amounts of financial instruments of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. Hence the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.
3	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities the Bank issued documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
4	Other items for which the Bank is contingently liable	- Disputed Tax - Amount deposited with RBI under Depositor Education Awareness Fund

*Refer Schedule 12 for amounts relating to Contingent Liability

31. Capital commitments

(₹ in Crore)

March 31, 2021	March 31, 2020
9.67	11.20

32. Provision for Long Term Contracts

The Bank has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) in the books of account and disclosed the same under the relevant notes in the financial statements.

33. Dues to Micro, Small and Medium Enterprises

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

34. Provision For Tax

Bank has made the provision for taxes for the financial year ended 31st March 2021 and 31st March 2020 as given below:

(₹ in Crore)

Particulars	March 31, 2021	March 31, 2020
Income Tax	Nil	Nil
Wealth Tax	Nil	Nil
Deferred Tax	5.44	(19.70)

35. Provisioning Pertaining to Fraud in Advances

The Bank has reported 34 cases of frauds that has a possible impact on the bank in the Financial year ended March 31, 2021, amounting to ₹10.56 Cr, Of which ₹0.17 Cr. from 15 cases were recovered from the concerned parties /insurance companies. The Bank has expensed off/provided for the expected loss arising from the remaining frauds and does not have any unamortized provision.

36. Investor Education and Protection Fund

There was no pending amount to be transferred to the Investor Education and Protection Fund by the Bank in the FY 2020-21.

37. Priority Sector Lending Certificate (PSLC)

The Bank purchases PSLC for meeting Priority Sector targets. The fee paid for purchase of PSLC is treated as expense.

- There was no sale of PSLC by bank during year ended March 31, 2021 and March 31, 2020
- There was no purchase of PSLC by bank during year ended March 31, 2021 and March 31, 2020

38. Inter-Bank Participation with Risk Sharing

There was no purchase or sale of Inter Bank Participation Certificate with risk sharing by bank during year ended March 31, 2021 and March 31, 2020.

39. Software Capitalized under Fixed Assets

The Bank has capitalized software under Fixed Asset amounting to ₹13.29 Crore and ₹12.89 Crore during the financial year ended March 31, 2021 and March 31, 2020 respectively, as given below:

(₹ in Crore)

Particulars	As at March 31, 2021	As at March 31, 2020
At cost at March 31st of the preceding year	79.36	66.47
Additions during the year	13.29	12.89
Deductions during the year	0.18	0
Depreciation to date	68.49	64.14
Net Block	**23.98**	**15.22**

40. Corporate Social Responsibility (CSR)

Bank has decided to take up the activity of Corporate Social Responsibility (CSR) for the FY 2020-2021 and approved a budget of ₹21.92 Lakh for CSR funds which is 2% of the average net profit achieved by the Bank during the last 3 financial years. Of the approved budget, Bank has spent ₹1.67 Lakh during the FY 20-21 and the unspent amount of ₹20.25 Lakh is transferred to 'Unspent Corporate Social Responsibility Account' as the same pertains to an ongoing project.

41. 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 IndAS for the financial statements for the accounting periods beginning from April 01, 2018 onwards with the comparatives for the period ending March 31, 2018. RBI had issued necessary instructions to Banks to take steps to assess the impact of transition to IndAS, adopt strategies for the effective implementation of IndAS including disclosure of the strategies adopted and the process made in the Annual Report.

Complying with the RBI direction to achieve the MCA Roadmap of IndAS implementation, Bank had constituted Steering Committee headed by Managing Director & CEO, comprising members from cross functional areas to oversee the progress of IndAS implementation 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 IndAS implementation and adopted three phased approach for meeting the deadline.

Bank has furnished Proforma IndAS 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 IndAS until further notice considering the pending legislative amendments required for IndAS implementation as also the level of preparedness of many banks.

42. Transfer of Old Nostro Credit Entries

Bank has transferred an amount of Nil (Previous year ₹0.62 lakh) to the Profit and loss account being the aggregate of individual unreconciled credit entries of value less than USD 2500 or equivalent in Nostro and mirror accounts originated between April 1,1996 and March 31,2002 and parked in the blocked account in terms of RBI guidelines. There is no impact on the profit and loss account (previous year the profit was higher by ₹0.62 lakh due to the transfer).

43. Comparative Figures

Previous year figures have been re-grouped/ re-classified wherever considered necessary to conform to current year's classification.

Signatories to Schedule 1 to 18

Ramesh A J Chief Financial Officer	**Venkatesh H** Company Secretary	**Chandran L** General Manager	**Shivan J K** Managing Director & CEO
G Subramonia Iyer Part time Chairman	**Gopinathan C K** Director	**Dr. G. Jagan Mohan** Director	**Dr. (Capt.) Suseela Menon R** Director
G. Rajagopalan Nair Director	**P K Vijayakumar** Director	**D K Kashyap** Director	

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

CA. P B Santhanakrishnan
Partner

Place : Thrissur
Date : 29.05.2021

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 had issued Guidelines based on the Basel III reforms on capital regulation in May 2012, to the extent applicable to Banks operating in India. The Basel III capital regulation has been implemented from April 1, 2013 in India. The transition to the Basel III Capital Regulations is in a phased manner and during the transitional period the Bank is subject to the compliance with the regulatory limits and minimum CRAR prescribed under Basel III Capital Regulation on an ongoing basis. The Basel III Capital Regulations have been consolidated in Master Circular RBI/2015-16/58 BR.No.BP.BC.1/21.06.201/2015-16 – Basel III Capital Regulations dated July 1, 2015.

Basel III Capital regulations continue to be based on 3 mutually reinforcing Pillars viz, Minimum Capital requirements (Pillar I), Supervisory Review and Evaluation Process (Pillar II) and Market Discipline (Pillar III). The circular also prescribes the risk weights, for the Balance Sheet assets, non funded items and other off Balance Sheet exposures and the minimum Capital Funds to be maintained as a ratio to the aggregate of the Risk Weighted Assets (RWA) and other exposures, as also, capital requirements in the Trading book, on an ongoing basis and Operational risk. The Basel-III norms mainly seek to:

a) Raise the quality of capital to ensure that the Banks are capable to absorb losses on both as going concern and as gone concern basis,

b) Increase the risk coverage of the capital framework

c) Introduce Liquidity Coverage Ratio (LCR) and Leverage Ratio to serve as a backstop to the risk based capital measure.

d) Raise the standards for the Supervisory Review and Evaluation Process and Public Disclosures etc.

The macro prudential aspects of Basel III are largely enshrined in the capital buffers, viz., Capital Conservation Buffer and Counter Cyclical Capital Buffer. Both the buffers are intended to protect the Banking sector from stress situations and business cycles. The Capital Conservation Buffer requirements started from March 31, 2016 and are to be fully implemented by April 1, 2021. The Reserve Bank of India has released the final guidelines on implementation of Counter Cyclical Capital Buffer (CCCB) in India vide RBI/2014-15/452 DBR.No.BP.BC.71/21.06.201/2014-15 dated February 5, 2015. The CCCB shall increase gradually from 0 to 2.5 per cent of the RWA of the Bank but the rate of increase would be different based on the level/ position of Credit to GDP gap between 3 and 15 percentage points, when notified.

Summary

(i) Tier I Capital :Tier I capital of the Bank includes

- Equity Share Capital
- Reserves & Surpluses comprising of
  - ✓ Statutory Reserves,
  - ✓ Capital Reserves,
  - ✓ Share Premium and
  - ✓ Balance in P&L Account
  - ✓ Revaluation Reserves
  - ✓ Special Reserves

(a) Common Equity Tier I

The Bank has authorised share capital of ₹400 Cr, comprising 30 Cr equity shares of Rs.10/- each. As on March 31, 2021, the Bank has Issued, Subscribed and Paid-up capital of Rs.253,01,20,840/-, constituting 25,30,12,084 Equity shares of ₹10/- each. The Bank's shares are listed on the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE).

(b) Additional Tier I Capital

As on March 31, 2021 the Bank does not have Additional Tier I Capital.

(ii) Tier 2 Capital includes Investment Fluctuation Reserves, Standard Asset Provisions, Investment Reserves, Provision for Restructured Standard Assets Advances and Tier II Bonds.

Debt Capital Instruments:

The Bank has been raising capital funds by means of issuance of Upper Tier 2 Bonds and Subordinated Bonds. The details of eligible Upper Tier 2 and Subordinated Debt (Unsecured Redeemable Non-convertible Subordinated Bonds in the nature of Promissory Notes/ Debentures) issued by the Bank and outstanding as on March 31, 2021, 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 Cr

Series	Coupon (%)	Date of Allotment	Maturity Date	Amount of Issue *
Series XV	Payable half yearly @ 11.00%	29.03.2018	29.03.2025	150.00

* Of this ₹120.00 Cr is eligible for Tier 2 Capital under Basel III.

Quantitative Disclosures:

Risk exposure and assessment

Besides computing CRAR under the Pillar I requirement, the Bank also periodically undertakes Stress Testing in various risk areas to assess the impact of stressed scenario or plausible events on asset quality, liquidity, profitability and capital adequacy. The Bank conducts Internal Capital Adequacy Assessment Process (ICAAP) on annual basis to assess the sufficiency of its capital funds to cover the risks specified under Pillar II of Basel guidelines. The adequacy of Bank's capital funds to meet the future business growth is also assessed in the ICAAP Document. Capital requirement for current business levels and framework for assessing capital requirement for future business levels has been made. Capital requirement and Capital optimisation are monitored periodically by the Committee of Senior Management (ALCO). The Senior Management deliberates on various options available for capital augmentation in tune with business growth. Based on these reports submitted by Senior Management, the Board of Directors evaluates the available capital sources, forecasts the capital requirements and capital adequacy of the Bank and ensures that the capital available for the Bank at all times is in line with the Risk Appetite of the Bank.

Composition of Capital as on 31.03.2021

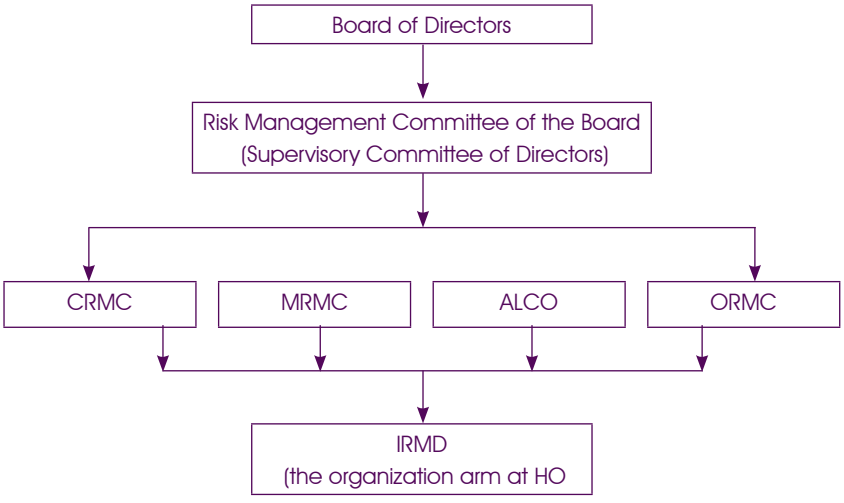
Items	₹ in Million
Paid-up Share Capital	2530.12
Reserves	13438.67
Common Equity Tier 1 Capital before deductions	15968.79
Less amounts deducted from Tier I capital (accumulated losses, DTA and Intangible Assets).	9120.54
(a) Common Equity Tier 1 Capital	**6848.25**
(b) Additional Tier-I Capital	0.00
(c) Total Tier-I Capital (a)+(b)	**6848.25**
Directly issued Tier II capital instruments subject to phase out	1200.00
General Provisions/ Investment Reserves/ Investment Fluctuation Reserves	714.58
(d) Total Tier 2 Capital	**1914.58**
Total Eligible capital (c)+(d)	**8762.82**

The Bank is following Standardised Approach, Standardised Duration Approach and Basic Indicator Approach for measurement of capital charge in respect of Credit Risk, Market Risk and Operational Risk respectively. The Capital requirements for Credit Risk, Market Risk and Operational Risk and the Common Equity Tier 1, Tier 2 and Total Capital Ratios are given below: -

₹ in Cr

Items	31.03.2021
(a) Capital requirements for Credit risk	
Portfolios subject to Standardised Approach (10.875%)	**505.75**
Securitization exposures	
(b) Capital requirements for Market risk- Standardised Duration approach	**47.14**
Interest rate risk	39.55
Foreign exchange risk(including gold)	0.90
Equity position risk	6.70
(c) Capital requirements for Operational risk	**65.39**
Basic Indicator Approach	65.39
Total Capital Funds Required @ 10.875% [(a)+(b)+(c)]	**618.29**
Total Capital Funds Available	**876.28**
Total Risk Weighted Assets	**6057.22**
(d) Common Equity Tier 1, Tier 2 and Total Capital Ratios	
Common Equity Tier 1 CRAR (%)	11.31%
Tier 2 CRAR (%)	3.16%
Total CRAR % for the Bank	**14.47%**

Structure and Organisation of the Risk Management function in the Bank



Scope and Nature of Risk Reporting and/or Measurement Systems

The Bank has adopted an integrated approach for the management of risk. The Bank's Integrated Risk Management Department (IRMD) is the organisational arm for risk management functions. The Bank has developed a comprehensive risk rating system that serves as a single point indicator of diverse risk factors of counterparty and for taking credit decisions in a consistent manner. Major initiatives of IRMD are –

- ✓ Risk rating system is drawn up in a structured manner incorporating the parameters from the 5 main risk areas 1) Financial Risk, 2) Industry/ Market Risk, 3) Business Risk, 4) Management Risk, and 5) Facility risk
- ✓ Risk rating system is made applicable for loan accounts with total limits of Rs.2 lakhs and above.
- ✓ Different Rating Models are used for different types of exposures, for e.g. Traders, SME, NBFC, Corporate, Small Loans, Retail Loans etc.
- ✓ IRMD validates the ratings of all exposures of Rs.100 lakhs and above.
- ✓ An independent analysis is carried out of the various risks attached to the credit proposals including industry analysis.

- ✓ Rating Migration analysis covering all exposures of Rs.5 Cr and above is conducted on quarterly basis and migration analysis of exposures of Rs.1 Cr & above is conducted on a half yearly basis. Rating Migration analysis covering all exposures of Rs.25 lakhs and above is conducted on annual basis; Evaluates the asset quality by tracking the delinquencies and migration of borrower from one rating scale to another.

Credit facilities are sanctioned at various levels in accordance with the delegation approved by the Board. The Bank has in place the following hierarchical functionaries with delegated powers for credit sanction and administration:

- ➢ Branch Head with Branch Operational Manager, jointly,
- ➢ Regional Credit Committee (RCC)
- ➢ Retail Assets Credit Committee for Retail Loans (RACC)
- ➢ Corporate Credit Committee (CCC)
- ➢ Retail Assets Credit Committee 1 for Retail Loans (RACC 1)
- ➢ Corporate Credit Committee (CCC1)
- ➢ Credit and Business Committee of the Board(CBCB)
- ➢ Board of Directors

Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants

The Bank has put in place a Board approved Policy on Credit Risk Mitigation Techniques and Collateral Management, covering the Credit Risk mitigation techniques used by the Bank for both risk management and capital computation purposes. Apart from the Basel defined collateral, the Bank ensures securities by way of inventories, Book Debts, Plant & Machineries, Land & Buildings and other moveable/ immovable assets/ properties. The Bank also accepts Personal/ Corporate guarantee as an additional comfort for Credit Risk mitigation. The securities are subjected to proper valuation as prescribed in the Credit Policy of the Bank.

Bank has laid down detailed guidelines on documentation to ensure legal certainty of Bank's charge on collaterals. In order to ensure that documents are properly executed, the function has been brought under the purview of Credit Office₹The Credit Officers at branches ensure documentation, ground level follow up, collection of feedback, closer monitoring of accounts, quality of asset portfolios, statistical analyses, reporting of irregularities, providing guidelines, compliance with policy prescriptions and adherence to terms of sanction.

The Bank has an exclusive set up for Credit Monitoring functions in order to have greater thrust on post sanction monitoring of loans and strengthen administering the various tools available under the Bank's policies on loan review mechanism. For effective loan review, the Bank has the following in place: -

- ➢ On site monitoring tools like Inspection of Assets/ Books/ Stock of the borrower, Stock audit, Operations in the account, Payment of statutory dues etc.
- ➢ Recording of loan sanctioned by each sanctioning authority by the next higher authority.
- ➢ Offsite monitoring tools like Financial Follow-up Reports, verification of various statutory returns, Audit Reports etc.

TABLE DF 3 –CREDIT RISK: GENERAL DISCLOSURES

Qualitative disclosures:

(a) General: -

Definitions of Past Due and impaired (for accounting purposes)

The Bank has adopted the definition of the Past Due and impaired (for accounting purposes) as defined by the Regulator for income recognition and these asset classification norms are furnished below:-

1. Non performing Assets

An asset, including a leased asset, becomes Non Performing when it ceases to generate income for the Bank. A Non-Performing Asset (NPA) is a loan or an advance where;

a) interest and/ or installment of principal 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 highest level executive committee for Credit Risk management. The committee considers and takes decisions necessary to manage and control Credit Risk within overall quantitative prudential limit set up by Board. The committee is entrusted with the job of recommending to the Board for its approval, clear policies on standards for presentation of credit proposals, fine-tuning required in various rating models based on feedbacks or change in market scenario, approval of any other action necessary to comply with requirements set forth in Credit Risk Management Policy/ RBI guidelines or otherwise required for managing credit risk.

The Bank's strategies to manage the credit risks in its lending operations are as under:

a) The Bank has a Comprehensive Board Approved Credit Risk Management Policy which is reviewed and revised annually. In addition to the above, various strategies with regard to Credit Risk management are covered under Bank's Credit Policy, Credit Monitoring Policy and Recovery Policy which are periodically reviewed by the Board.

b) Defined segment exposures are delineated into Retail, SME and Corporates

c) Industry wise exposure caps on aggregate lending by Bank

d) Individual borrower wise caps on lending as well as borrower group wise lending caps linked as a percentage to the Bank's capital funds in line with RBI guidelines.

e) Credit rating of borrowers and allowing credit exposures only to defined thresholds of risk levels

f) A well-defined approach to sourcing and preliminary due diligence while sourcing fresh credit accounts

g) A clear and well defined delegation of authority within the Bank with regard to decision making, linking exposure, rating and transaction risks.

h) Regular review of all credit structures and caps, continuously strengthening credit processes, and monitoring oversight which are regularly reviewed and duly approved by the Board of the Bank.

i) Credit Risk Management Cell is validating the rating assigned to all individual credit exposures of Rs100 Lakh and above.

j) Bank has an ever improving procedures and structures with respect to Credit Approval Process, Credit Rating, Prudential Limits, Documentation, Credit Monitoring and Review Mechanism.

k) Credit Audit System by Internal/ External Auditors has been put in place for all Rs.1Cr and above advances. For all loans/ advances of aggregate sanctioned amount of Rs.1 Cr and above, Credit Audit is conducted within 30 days from the date of disbursement. For Takeover accounts of Rs.1 Cr and above, Credit Audit is conducted within 15 days from the date of disbursement and one more Credit Audit is conducted in the immediate succeeding year. In respect of standard accounts with fund based working capital limit of Rs.3 Cr and above and in respect of standalone Term loans of Rs.5 Cr and above, Credit audit is conducted every year.

l) Legal Audit is conducted for all eligible loan accounts having an exposure of Rs.1 Cr and above mandatorily. In respect of advances of Rs.1 Cr and below Rs.5 Cr, Legal Audit is conducted as a one time measure and in respect of advances of Rs.5 Cr and above, Legal Audit is conducted every year.

m) The review of accounts is usually done once in a year. But in case of deterioration of the quality of advance the frequency of review is shortened to half yearly or quarterly as per the case.

n) The Credit Officers at branch level take care of the security creation and account management

o) Credit Monitoring Department monitors the performance of loan assets of the Bank.

p) Bank also carries out industry study which would provide necessary information to Business line to increase/ hold/ decrease exposure under various industries.

Quantitative disclosures:

(a) Total Gross Credit exposures as on 31st Mar, 2021: (After accounting offsets in accordance with applicable accounting regime and without taking into account the effects of credit risk mitigation techniques e.g. Collateral and netting)

	Overall credit exposure		Amount	Total (In Cr)
Fund Based	Loans & advances		7122.26	
	Cash, RBI and Banks		984.97	8724.78
	Others (Fixed Assets & other Assets)		617.54	
Non Fund Based	LC, BG etc		199.18	
	Forward Contracts/ Interest rate SWAPS		122.14	799.27
	Others		477.95	
Investments (Banking Book only)		--	2609.35	2609.35
Total of Credit Risk exposure		--	**12133.40**	**12133.40**

(b) **Geographic distribution of exposures:**

Exposures	31.03.2021 (₹in Cr)		
	Fund based	Non Fund Based	TOTAL
Domestic operations	11334.13	799.27	12133.40
Overseas operations	Bank has no overseas operations		

(c) **Industry type distribution of exposures as on 31.03.2021:**

Particulars	Funded (Amt in Cr) Gross advance
A. Mining and Quarrying	3.12
B. Food Processing	75.83
C. Beverages (excluding Tea & Coffee) and Tobacco	6.36
D. Textiles	91.82
E. Leather and Leather products	10.50
F. Wood and Wood Products	6.35
G. Paper and Paper Products	10.28
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear fuels	0.00
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	17.61
J. Rubber, Plastic and their Products	3.02
K. Glass & Glassware	8.98
L. Cement and Cement Products	4.99
M. Basic Metal and Metal Products	7.00
N. All Engineering	30.46
O. Vehicles, Vehicle Parts and Transport Equipments	18.61
P. Gems and Jewellery	170.46
Q. Construction	121.49
R. Infrastructure	230.40
S. Other Industries	5.80
All Industries (A to S)	823.08
Residuary other advances	6289.18
Gross Advances	**7112.26**

Exposures to Infrastructure (Transport, Energy, Water sanitation, Communication etc.) and Gems and Jewellery accounted for 3.24% and 2.40% of Gross Advances outstanding, respectively. The coverage of advances to the above 2 industries occupy the top 2 positions among the total industry sectors.

(Rs in Cr.)

Sl. No.	Industry	Gross Advance	Gross NPA	Provision
1	Infrastructure	230.40	15.92	6.88
2	Gems and Jewellery	170.46	50.19	50.16
3	Construction	121.49	12.63	6.91
4	Textiles	91.82	21.62	9.78
5	Food Processing	75.83	11.34	7.91
	Total	**690.01**	**112.41**	**81.65**

(d) Residual maturity breakdown of assets as on 31.03.2021:

(₹in Cr)

Maturity Pattern / Assets	Advances (Net)	Investments (Gross)	Foreign Currency Assets
Next Day	640.08	-	58.11
2 - 7 Days	24.02	22.23	-
8 - 14 Days	109.36	10.00	4.77
15 - 30 Days	273.57	-	9.07
31 D - 2 M	252.49	98.55	10.80
2 - 3 Months	551.22	66.44	11.67
3 - 6 Months	1083.63	597.48	12.98
6 Months - 1 Year	1181.39	394.34	62.19
1 Year - 3 Years	994.87	284.26	-
3 - 5 Years	596.37	1458.93	-
Over 5 Years	1080.42	1628.02	-
Total	**6787.40**	**4560.26**	**169.59**

(e) Non Performing Assets:

Sl. No.	Items	Amount in ₹ In Million 31.03.2021
1	**Gross NPAs**	6572.07
1.1	Substandard	3123.72
1.2	Doubtful 1	354.85
1.3	Doubtful 2	725.72
1.4	Doubtful 3	1143.42
1.5	Loss	1224.36
2	**Net NPAs**	3229.22
3	**NPA Ratios**	
3.1	Gross NPAs to Gross Advances (%)	9.23%
3.2	Net NPA s to Net Advances (%)	4.76%
4	**Movement of NPAs (Gross)**	
4.1	Opening balance	4012.22
4.2	Additions	3912.35
4.3	Reductions	1352.51
4.4	Closing balance	6572.07
5	**Movement of provisions for NPAs**	
5.1	Opening balance	2995.31
5.2	Provisions made during the FY	1247.25
5.3	Write-off	137.39
5.4	Write back of excess provisions	770.40
5.5	Closing balance	3334.78
6	**Amount of Non Performing Investments (NPI)**	359.92
7	**Amount of provisions held for NPI**	359.92
8	**Movement of Provisions held for NPIs**	
8.1	Opening balance	321.90
8.2	Provisions made during the period	49.99
8.3	Write-off/ Write back of excess provisions	11.97
8.4	**Closing balance**	**359.92**

Table DF 4 DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH

Qualitative disclosures:

(a) For Portfolios under the Standardised Approach

1	Names of credit rating agencies used	Bank has approved all the External Credit Rating agencies accredited by RBI for the purpose of credit risk rating of domestic borrowal accounts, i.e. CRISIL, CARE, India Ratings & Research Pvt. Ltd., ICRA, Brick Work Ratings, ACUITE, Infomerics and International Credit Rating agencies, i.e, Standard and Poor, Moody's and FITCH.
2	Changes if any, since prior period disclosure in the identified rating agencies and reasons for the same.	No change
3	Types of exposure for which each agency is used	The External Credit 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 ECRA 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 paripassu or senior to the specific rated debt in all respects and the maturity of unrated Bank's exposure is not later than Maturity of rated debt.

Quantitative disclosures

Amount of Bank's outstanding in major risk buckets- under standardised approach after factoring risk mitigants (i.e., collaterals) (includes Banking Book exposure of Investments):

(₹ in Cr)

Particulars	Total
Below 100% risk weight	6793.28
100% risk weight	1499.57
More than 100% risk weight	874.71
Total Net Exposure	**9167.56**

TABLE DF 5 –CREDIT RISK MITIGATION- STANDARDISED APPROACH

Qualitative Disclosure:

(a) General

Policies and processes for collateral valuation and management:

The Bank has put in place a Board approved policy on Credit Risk Mitigation Techniques and Collateral Management, covering the Credit Risk mitigation techniques used by the Bank for both risk management and capital computation purposes.

A description of the main types of collateral taken by the Bank

Collateral used by the Bank as risk mitigants for capital computation under Standardised Approach comprise eligible financial collaterals namely: -

- Cash and fixed deposits of the counterparty with the Bank.
- Gold: value arrived at after notionally converting these to 99.99% purity.
- Securities issued by Central and State Governments.
- KisanVikasPatra and National Savings Certificates.
- Life Insurance Policies restricted to their surrender value.
- Debt securities rated by an approved Rating Agency.
- Unrated Debt securities issued by Banks, listed in Stock Exchange.
- Units of Mutual Funds.

Bank has no practice of 'On Balance Sheet' netting for Credit Risk mitigation.

The main types of guarantor counterparty and their creditworthiness

Bank accepts guarantees of Individuals or Corporates with adequate Net Worth, as an additional comfort for mitigation of credit risk which can be translated into a direct claim on the guarantor and are unconditional and irrevocable. Main types of guarantor counterparty as per RBI guidelines are: -

- Sovereigns (Central/ State Governments)
- Sovereign entities like ECGC, CGTMSE, CRGFTLIH, NCGTC.
- Bank and Primary Dealers with a lower risk weight than the counterparty
- Other entities rated AA (-) and above. The Guarantees has to be issued by entities with a lower risk weight than the counterparty.

Information about risk concentrations of collaterals within the mitigation taken as on 31.03.2021:

Financial Risk Mitigants	Outstanding Covered by Risk Mitigants (In Crore)	Risk Concentration %
Gold	1772.12	83.50%
Cash & Deposits	347.62	16.38%
KVP/ IVP/ NSC	1.38	0.07%
LIC Policy	1.11	0.05%
Total	**2122.23**	**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 recognised as eligible collateral under Basel II Standardised 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 : ₹2122.23 Cr

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

TABLE DF 6- SECURITISATION – STANDARDISED APPROACH:

Qualitative Disclosures:

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

TABLE DF7 - MARKET RISK IN TRADING BOOK- STANDARDISED MODIFIED DURATION APPROACH:

Qualitative Disclosures:

(a) **General :-**

Strategies and processes

The overall objective of Market Risk management is to maximise shareholder value by improving the Bank's competitive advantage and reducing loss from all types of market risk loss events. For effective management of Market Risk, Bank has put in place a well established framework with the Integrated Treasury Management Policy and Asset Liability Management Policy. The Asset Liability Management Committee is responsible for establishing Market Risk management and Asset Liability management in the Bank. ALCO is a decision making unit responsible for Balance Sheet planning from risk return perspective including the strategic management of Interest Rate and Liquidity Risks. Bank is computing LCR (Liquidity Coverage Ratio) on a daily basis. ALCO ensures adherence to the limits set by RBI as well as the Board.

Scope and nature of risk reporting/ measurement systems

The Bank has put in place regulatory/ internal limits for various products and business activities relating to Trading book. Various exposure limits for Market Risk management such as Overnight limit, VaR limit, Daylight limit, Aggregate/ Individual Gap limit, Investment limits etc. are in place. The reporting system ensures time lines, reasonable accuracy with automation, highlight Portfolio risk concentrations and include written analysis. The reporting formats and frequency of reporting are periodically reviewed to ensure that they suffice for risk monitoring, measuring and mitigation requirements of the Bank. Bank also subjects Non SLR investments to credit rating.

Policies for hedging/ mitigating risk and strategies and processes for monitoring the continuing effectiveness of Hedges/ Mitigants:

Board approved policies viz., Integrated Treasury Management Policy and Asset Liability Management Policy provides the framework for risk assessment, identification, measurement and mitigation, risk limits & triggers, risk monitoring and reporting.

Liquidity risk of the Bank is assessed through Structural Liquidity Statement which is prepared on a daily basis. The Bank also reviews various Liquidity Ratios on a fortnight basis in order to control the liquidity position. Interest Rate Risk is analysed from earnings perspective using Traditional Gap Analysis and economic value perspective using Duration Gap Analysis on a monthly basis. Stress Tests are conducted at half yearly intervals to assess the impact of various contingencies on the Bank's earnings and the capital position.

The Bank uses Standardised Duration Approach for computation of Market Risk Capital charge on the Investment Portfolio held under HFT and AFS, Gold and Forex Open positions. The Market Risk Capital charge is calculated on a daily basis and reported to ALCO.

Quantitative Disclosures:

Particulars	Capital requirement for market risk-Standardised Duration approach 31.03.2021 (₹ in Cr)
Interest rate risk	39.54
Equity position risk	6.70
Foreign exchange risk	0.09

TABLE DF 08- OPERATIONAL RISK:

Qualitative disclosures:

(a) General

Strategies and processes: The Bank's strategy is to ensure that (1) the Operational risks which are inherent in Process, People and System and (2) the residual risks are well managed by the implementation of effective Risk management techniques. Keeping this in view, the Bank has been following risk management measures which address the risks before and after implementation of a Process, Product and System. 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) and Board, 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 Policy, Policy on Know Your Customer & Anti Money Laundering, Fraud Risk Management Policy, Business Continuity and Disaster Recovery Management Plan.

Scope and nature of risk reporting/ measurement systems: -

The Bank has adopted Operational Loss Data Reporting Format from the Loss Data Methodology Document for collection of Loss Data, which will enable the Bank to eventually ease the transition to Advanced Measurement Approach for Capital Calculation. The ORM cell has a well built internal Loss Data collection system in place. The risk reporting consists of operational risk loss incidents/ events occurred in branches/ offices relating to people, process, technology and external events.

Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:

Internal control mechanism is in place to control and minimise the operational risks. If any controls are found to be ineffective during the course of Risk & Control Self Assessment (RCSA), corrective measures are adopted in due course. A monitoring system is also in place for tracking the corrective actions plan periodically. Bank is using insurance for mitigating operational risk. The various Board approved policies viz., Operational Risk Management Policy, Outsourcing Policy, Compliance Policy, Internal Inspection & Audit Policy, Internet Banking Security Policy; Policy on KYC & AML; Information Systems Security Policy and Business Continuity Plans addresses issues pertaining to Operational Risk Management.

Operational Risk Capital assessment:

The Bank has adopted Basic Indicator Approach for calculating capital charge for Operational Risk, as stipulated by the Reserve Bank of India. The ORM Cell is focusing on the qualitative and quantitative requirements (RCSA, KRI identification, Business Line mapping etc) prescribed by the regulator and these are being adopted by the Bank to move on to the Advanced Approaches in due course.

TABLE DF 09- INTEREST RATE RISK IN THE BANKING BOOK (IRRBB):

(a) Qualitative Disclosures:

Strategies and processes

The Bank has put in place a comprehensive Market Risk management framework to address market risks. The Asset Liability Management Policy prescribes the measurement of the Interest Rate Risk under two perspectives – Earnings Perspective and Economic Value Perspective.

Under Earnings perspective, Bank uses the Traditional Gap Analysis method to calculate the Earnings at Risk (EaR), which is the quantity by which net income might change in the event of an adverse change in interest rate. EaR is calculated on a fortnightly basis.

Under Economic Value Perspective, Bank uses Duration Gap Analysis to assess the impact of interest rate risk. The Duration Gap Analysis monitors the impact of changes in the interest rates on the Market Value of Equity (MVE). It is calculated on a monthly basis.

The framework for managing Interest Rate Risk on the Economic Value of Equity (EVE) under Pillar II of Basel II is put in place through ICAAP Policy Document.

Scope and nature of risk reporting/ measurement systems

Interest Rate Risk under Duration Gap Analysis is evaluated on a monthly basis. The likely drop in Market Value of Equity for a 200 bps change in interest rates is computed. Earnings at Risk based on Traditional Gap Analysis are calculated on a fortnightly basis and adherence to tolerance limits set in this regard is monitored and reported to ALCO. Stress Tests are conducted to assess the impact of Interest Rate Risk under different stress scenarios on earnings of the Bank.

Policies for hedging/ mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants

Bank has operationalised mitigating/ hedging measures prescribed by Integrated Treasury Management Policy, Asset Liability Management Policy and Stress Testing Policy. The strategy adopted by ALCO for mitigating the risk is by clearly articulating the acceptable levels of exposure to specific risk types (Interest Rate, Liquidity etc). The process for mitigating the risk is initiated by altering the mix of Asset and Liability composition and with the proper pricing of Advances and Deposits.

Brief description of the approach used for computation of Interest Rate risk

The Interest Rate Risk (EVE) is computed through Duration Gap Analysis. The step-by-step approach for computing Modified Duration Gap is as follows:

i) Identify variables such as principal amount, maturity date/ re pricing date, coupon rate, yield, frequency and basis of interest calculation for each item/ category of Rate Sensitive Asset/ Rate Sensitive Liability (RSA/ RSL).

ii) Plot each item/ category of RSA/ RSL under the various time buckets. For this purpose, the absolute notional amount of rate sensitive off Balance Sheet items in each time bucket are included in RSA if positive or included in RSL if negative.

iii) The mid-point of each time bucket is taken as a proxy for the maturity of all assets and liabilities in that time bucket.

iv) Determine the coupon and the yield curve for arriving at the yields based on current market yields or current replacement cost for computation of Modified Duration (MD) of RSAs and RSLs.

v) Calculate the Modified Duration (MD) in each time band of each item/ category of RSA/ RSL using the maturity date, yield, coupon rate, frequency, yield and basis for interest calculation.

vi) Calculate the Modified Duration (MD) of each item/ category of RSA/ RSL as weighted average Modified Duration (MD) of each time band for that item.

vii) Calculate the weighted average Modified Duration (MD) of all RSA (MDA) and RSL (MDL) to arrive at Modified Duration Gap (MDG).

(b) Quantitative Disclosures

The impact on Earnings at Risk and Economic Value of Equity for notional interest rate shocks as on 31.03.2021.

Earnings at Risk

Change in interest rate	Change in NII (₹ in Cr)
± 25 bps	4.38
± 50 bps	8.76
± 75 bps	13.15
± 100 bps	17.53

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 31.03.2021	**-10.94%**

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 Standardised Approach

Quantitative disclosures

The Bank does not recognise bilateral netting. The credit equivalent amounts of derivatives that are subjected to risk weighting are calculated as per the Current Exposure Method. The derivative exposure is calculated using Current Exposure Method and the balance outstanding as on March 31, 2021 is given below.

(₹ in Million)

Particulars	Notional Amounts	Credit Equivalent
Forward Exchange Contracts	1121.38	33.96

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 (Rs.in Million)				
1	Directly issued qualifying common share capital plus related stock surplus (share premium)	12,584.60		
2	Retained earnings	-		
3	Accumulated other comprehensive income (and other reserves)	3384.18		
4	Directly issued capital subject to phase out fromCET1 (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**	**15968.79**		
Common Equity Tier 1 capital: regulatory adjustments				
7	Prudential valuation adjustments	-		
8	Goodwill (net of related tax liability)	-		
9	Intangibles other than mortgage-servicing rights (net of related tax liability) - (accumulated loss-Rs.8367.49 mio, and other intangible assets-Rs.239.82 mio)	8607.31		
10	Deferred Tax assets	513.24		
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**	9120.54
29	**Common Equity Tier 1 capital (CET1)**	**6848.25**
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)**	**6848.25**
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	1200.00

48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-
49	of which: instruments issued by subsidiaries subject to phase out	-
50	Provisions	714.58
51	Tier 2 capital before regulatory adjustments	1914.58
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)**	1914.58
58a	**Tier 2 capital reckoned for capital adequacy**	1914.58
58b	**Excess Additional Tier 1 capital reckoned as Tier 2 capital**	0
58c	**Total Tier 2 capital admissible for capital adequacy (58a + 58b)**	1914.58
59	**Total capital (TC = T1 + T2) (45 + 58c)**	**8762.83**
	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)**	**60572.23**
60a	*of which: total credit risk weighted assets*	46505.77
60b	*of which: total market risk weighted assets*	5892.98
60c	*of which: total operational risk weighted assets*	8173.48
Capital ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.31%
62	Tier 1 (as a percentage of risk weighted assets)	11.31%
63	**Total capital (as a percentage of risk weighted assets)**	**14.47%**
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

Row No. of the template	Particulars	(₹ in Million)
10	Deferred tax assets associated with accumulated losses	227.12
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred Tax Liability	286.12
	Total as indicated in row 10	513.24
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	535.62
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	535.62
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)	-

Table DF-12 : COMPOSITION OF CAPITAL - RECONCILIATION REQUIREMENT		
Step 1		Balance Sheet as in financial statements As on reporting date, 31st March 2021 (₹ in Million)
A	**Capital & Liabilities**	
i.	Paid-up Capital	2,530.12
	Reserves & Surplus	6110.86
	Minority Interest	-
	Total Capital	8640.99
ii	Deposits	117119.04
	of which: Deposits from banks	0.02
	of which: Customer deposits	117119.02
	of which: Other deposits (pl. specify)	-
iii	Borrowings	1500.00
	of which: From RBI	-
	of which: From banks	-
	of which: From other institutions & agencies	
	of which: Others - book credit balances in foreign currency minor accounts	-
	of which: Tier 2 Capital instruments	1500.00
iv.	Other liabilities & provisions	3705.04
	Total	**130965.07**
B	**Assets**	
i	Cash and balances with Reserve Bank of India	6021.21
	Balance with banks and money at call and short	3828.52
ii	Investments:	44389.69
	of which: Government securities	39444.55
	of which: Other approved securities	-
	of which: Shares	35.89
	of which: Debentures & Bonds	3481.43
	of which: Subsidiaries/Joint Ventures/Associates	-
	of which: Others (Certificate of Deposit: ₹985.591 Mio and Security Receipt: ₹442.222 Mio)	1427.81
iii	Loans and advances	67873.98
	of which: Loans and advances to banks	-
	of which: Loans and advances to customers	67873.98
iv	Fixed assets	2249.29
v	Other assets	6602.38
	of which: Goodwill and intangible assets	-
	of which: Deferred tax assets	513.24
vi	Good will on consolidation	-
vii	Debit balance in Profit & Loss account	
	Total Assets	**130965.07**

*Bank has no subsidiaries

Step 2		Balance sheet under regulatory scope of consolidation As on reporting date, 31st March 2021 (Rs.in million)	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	6110.86 **(b)**	
	of which : Amount eligible for CET1	5071.18	**(b) (i)**
	Statutory Reserve	1090.29	**(b)(ii)**
	Share Premium	10054.48	**(b) (iii)**
	General Reserve	906.39	**(b)(iv)**
	Capital Reserve (excluding Revaluation Reserves)	703.71	**(b)(v)**
	Special Reserve under Section 36(i) (viii)	59.86	**(b)(vi)**
	Balance in P/L a/c at the end of the previous FY	(8367.49)	**(b)(vii)**
	Current Financial Year Profit (Not eligible)		**(b)(viii)**
	Revaluation Reserve (part of Tier 2 capital at a discount of 55 percentage)	623.93	**(b)(ix)**
	Minority Interest	-	
	Total Capital	8640.99	**(a)+(b)**
ii	Deposits	117119.04	**(c)**
	of which: Deposits from banks	0.02	**(c)(i)**
	of which: Customer deposits	117119.02	**(c)(ii)**
	of which: Other deposits (pl. specify)	-	
iii	Borrowings	1500.00 **(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	1500.00	**(d)(v)**
iv	Other liabilities & provisions	3705.04	**(e)**
	of which: Standard Asset provision included under Tier 2 Capital	397.09	**(e)(i)**
	of which : DTLs related to goodwill	-	
	of which : Details related to intangible	-	
	Total Assets	**130965.07**	**(a)+(b)+ (c) +(d)+(e)**
B	**Assets**		
i	Cash and balances with Reserve Bank of India	**6021.21**	**(f)**
	Balance in India with banks and money at call	3828.52	**(g)**
ii	Investments:	44389.69	**(h)**
	of which: Government securities	39444.55	**(h)(i)**
	of which: Other approved securities	-	**-**
	of which: Shares	35.89	**(h)(ii)**
	of which: Debentures & Bonds	3481.43	**(h)(iii)**
	of which: Subsidiaries / Joint Ventures /	-	**-**
	of which: Others (Certificate of Deposit: Rs.985.591 Mio and Security Reciept: Rs.442.22 Mio)	1427.81	**(h)(iv)**
iii	Loans and advances	67873.98	**(i)**
	of which: Loans and advances to banks	-	**(i)(i)**
	of which: Loans and advances to Customers	67873.98	**(i)(ii)**
iv	Fixed assets	2249.29	**(j)**
v	Other assets	6602.38	**(k)**
	of which: Goodwill and intangible assets out of which :	-	**-**
	Goodwill	-	**-**
	Other Intangibles (excluding MSRs)	-	**-**
	Deferred tax assets	513.24	**(k)(i)**

vi	Good will on consolidation	-	
vii	Debit balance in Profit & Loss account		
	Total Assets	130965.07	**(f)+(g)+(h)+(i)+(j)+(k)**

	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	1996.68	**b (viii)**
3	Accumulated other comprehensive income (and other reserves)	703.71	**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	15285.00	**(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)	-	

Step 3: Table DF-12 (Part II) EXTRACT OF BASEL III COMMON DISCLOSURE TEMPLATE (WITH ADDED COLUMN)-

Table DF -13: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS– ELIGIBLE INSTRUMENTS

Item	Particular	Equity Shares	Lower Tier II Series XV
1	Issuer	Dhanlaxmi Bank Ltd	Dhanlaxmi Bank Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	680A01011	INE680A08081
3	Governing law(s) of the instrument. (Regulatory treatment)	Applicable Indian Statutory and Regulatory Requirements	Applicable Indian Statutory and Regulatory Requirements
4	Transitional Basel III rules	Common Equity Tier 1	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier 1	Eligible
6	Eligible at solo/group/ group & solo	Solo	Solo
7	Instrument type	Common Shares	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	2530.12	1500.00
9	Par value of instrument	Shares of Rs.10/ each	₹1 million
10	Accounting classification	Shareholder's Equity	Liability
11	Original date of issuance	Various	29.03.2018
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date (dd/mm/yyyy) / No maturity	No maturity	28.03.2025
14	Issuer call subject to prior supervisory approval	No	Yes, Exercise of Call Option is subject to prior approval of RBI
15	Optional call date, contingent call dates and redemption amount	NA	Bank can exercise Call Option to redeem the Bonds at par at the end of 5th Year from the Deemed Date of Allotment. Optional Call Date is 29.03.2023 and redemption amount is in full.
16	Subsequent call dates, if applicable Coupons / dividends	NA	NA
17	Fixed or floating dividend/coupon	NA	Fixed

Item	Particular	Equity Shares	Lower Tier II Series XV
18	Coupon rate and any related index	NA	11.00%
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Non Cumulative	Non Cumulative
23	Convertible or non-convertible	Non Convertible	Non Convertible
24	If convertible, conversion trigger(s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	NA	NA
32	If write-down, full or partial	NA	NA
33	If write-down, permanent or temporary	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated claim in case of liquidation	All Depositors and other Creditors of the Bank
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	NA	NA

Table DF-14 FULL TERMS AND CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS (ELIGIBLE INSTRUMENTS)

	Series XV
Nature of Instrument	##
Amount Subscribed	Rs 1500 million
Face value of the Bond	Rs.1 million
Date of Allotment	29.03.2018
Date of Redemption	29.03.2025
Put and Call option (if yes, give details)	####
Coupon rate and Frequency	11.00%
Listing	NSE

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

Bank can exercise Call Option to redeem the Bonds at par at the end of 5th Year from the Deemed Date of Allotment. Optional Call Date is 29.03.2023 and redemption amount is in full

Table DF 15: DISCLOSURE REQUIREMENTS FOR REMUNERATION

Qualitative disclosures

a. Information relating to the composition and mandate of the Nomination & Remuneration Committee.

- **Composition**

The Board constituted a Remuneration Committee on 29.02.2008, which was reconstituted on 27.09.2008, 06.10.2009 and 28.02.2013. The Committee was renamed/ reconstituted as Nomination & Remuneration Committee of the Board at its meeting held on 26.10.2015. The Nomination &Remuneration Committee comprises of Shri P.K Vijayakumar as chairman and ShriGopinathan C K, ShriSubramonialyer, Dr(Capt.) Suseela Menon R and Shri G Rajagopalan Nair as members of the Committee as on 31.03.2021.

- **The terms of reference of the Committee are as follows:-**

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

   [The committee shall ensure the following while formulating the policy on the aforesaid matters:

   a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, Key managerial personnel and Senior Management of the quality required to run the Bank successfully;
   b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
   c) Remuneration to Directors, Key managerial personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Bank and its goals.]
9. Formulating and determining the Bank's policies on remuneration packages payable to the Directors and Key managerial personnel including Performance/ Achievement Bonus, Perquisites, Retirals, Sitting fees.
10. Considering grant of Stock Options to employees.
11. Reviewing the composition of the existing Committees of the Board.
12. Formulation of criteria for performance evaluation of independent Directors and the Board;
13. Validation of 'Fit and Proper' status of all Directors on the Board of the Bank in terms of the guidelines issued by the RBI or other regulatory authorities;
14. Developing and recommending to the Board the Corporate Governance guidelines applicable to the Bank for incorporating best practices from time to time

The roles and responsibilities of the Nomination & Remuneration Committee (NRC) are as follows:

- To oversee the framing, review and implementation of Compensation Policy of the Bank on behalf of the Board.
- To ensure the Cost/ Income Ratio of the Bank supports the remuneration package consistent with maintenance of sound Capital Adequacy Ratio.
- To determine on their behalf and on behalf of the shareholders with agreed terms of reference, the Bank's policy on specific remuneration packages for Executive Directors including Pension rights and any compensation payment.
- For determining the modalities of providing appropriate incentives to employees, including stock options (i) to foster employee commitment and a feeling of ownership (ii) to retain employees or skill groups among them (iii) attract talented professionals (iv) to instill a sense of belonging to the Bank, among employees.

b. Information relating to the design and structure of remuneration processes and the key features and objectives of Remuneration Policy.

Remuneration and other perquisites paid to the Chairman and Managing Director & CEO are as approved by the Reserve Bank of India. Non-executive Directors are being paid sitting fees for each meeting attended by them. During the year, no remuneration, excepting sitting fees and reimbursement of actual travel and out-of-pocket expenses was paid.

The Bank has formed the Compensation Policy based on the Reserve Bank of India guidelines vide its circular no. DBOD. No.BC.72/29.67.001/2011-12 dtd. 13/01/2012 and was last reviewed on 29.08.2019. For employees coming under IBA pattern the compensation will be as per Bi-partite settlement and Joint Note signed between Indian Bank Association (based on mandate given

by Bank) and Employees/ Officers' representatives, which will be revised once in five yea₹Cost To Company (CTC) compensation is individual based in character and fixed at the time of recruitment based on the Bank's assessment of the individual's potential and experience. CTC Employees will be compensated to a maximum of 120% of their IBA equivalent salary. Annual increments will be linked to Bank's performance and their individual performance, as decided by the Managing Director & CEO.

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

The Board of Directors through the Nomination & Remuneration Committee of the Board shall exercise oversight and effective governance over the framing and implementation of the Compensation policy. Human Resource Management under the guidance of MD&CEO shall administer the Compensation and Benefit structure in line with the best suited practices and statutory requirements as applicable.

d. Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.

The factors taken in to account for the annual performance review are:

- The performance of the Bank
- The performance of the business unit
- Individual performance of the employee,
- Other risk perceptions and economic considerations

e. A discussion of the Bank's policy on deferral and vesting of variable remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

- As of now, Bank is not offering variable pay and hence no such deferrals of variable except for MD&CEO.
- Employee Stock Option Scheme/ Employee Stock Option Plan as may be framed by the Board from time to time in conformity with relevant statutory provisions and SEBI guidelines as applicable will be excluded from the components of variable pay.

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

Variable pay means the compensation as fixed by the Board on recommendation of the Committee, which is based on the performance appraisal of an employee in that role, that is, how well they accomplish their goals. It may be paid as:

- Performance Linked Incentives to those employees who are eligible for incentives
- Ex-gratia for other employees who are not eligible for Performance linked Incentives.
- Bonus for those staff members who are eligible for bonus under the Payment of Bonus Act, 1965.

As of now, Bank is not having a variable pay structure except for MD & CEO.

Quantitative disclosures

Number of meetings held by the Nomination & Remuneration Committee during the quarter ended on March 31, 2021	2
Remuneration paid to the members of Nomination & Remuneration Committee (Sitting fees) during the Quarter ended March 31, 2021	₹1,50,000
Number of employees having received a variable remuneration award during the financial year.	NIL
Number of sign-on awards made during the financial year.	NIL
Total amount of sign-on awards made during the financial year.	NIL
Details of guaranteed bonus, if any, paid as joining / sign on bonus.	NIL
Details of severance pay, in addition to accrued benefits, if any.	NIL
Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	NIL
Total amount of deferred remuneration paid out in the financial year.	NIL
Breakdown of amount of remuneration awards for the quarter ended March 31, 2021	
Fixed	NIL
Variable	NIL

Table DF-16: Equities – DISCLOSURE FOR BANKING BOOK POSITIONS:

The Bank does not have Equities in Banking Book and hence not applicable.

Table DF17- DISCLOSURE OF COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO

Leverage Ratio

Leverage ratio is a non-risk based measure of all exposures for the Tier-I capital. The Leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The Basel III Leverage ratio is defined as the Capital measure (the numerator) divided by the Exposure measure (the denominator), with this ratio expressed as a percentage. Effective from the quarter commencing October 1, 2019, the minimum leverage ratio shall be 3.50%.

Leverage Ratio = Capital Measure (Tier I Capital)

Exposure Measure

Table DF 17- Summary comparison of accounting assets vs. Leverage Ratio

	Item	(₹in Million)
1	Total consolidated assets as per published financial statements	130965.07
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(1180.83)
3	Adjustment for fiduciary assets recognized on the Balance Sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	(753.05)
4	Adjustments for derivative financial instruments	33.96
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)	2521.76
7	Other adjustments	1174.61
8	Leverage ratio exposure	132761.58

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)	130958.91
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	753.05
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	**130205.85**
	Derivative exposures	
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	11.53
5	Add-on amounts for PFE associated with all derivatives transactions	22.43
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)	**33.96**
	Securities financing transaction exposures	
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	0
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14	CCR exposure for SFT assets	
15	Agent transaction exposures	0
16	Total securities financing transaction exposures (sum of lines 12 to 15)	**0**
	Other off-balance sheet exposures	
17	Off-balance sheet exposure at gross notional amount	2521.76
18	(Adjustments for conversion to credit equivalent amounts)	0
19	Off-balance sheet items (sum of lines 17 and 18)	**2521.76**
	Capital and Total exposures	
20	Tier 1 capital	**6848.25**
21	Total exposures (sum of lines 3, 11, 16 and 19)	**132761.57**
	Leverage ratio	
22	Basel III leverage ratio	**5.16%**

Liquidity Coverage Ratios (LCR)

The LCR promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Assets (HQLAs) to survive an acute stress scenario lasting for 30 days. As per RBI guidelines on 'Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio, Liquidity Risk Monitoring Tools and LCR Disclosure Standards' dated June 9, 2014, LCR is introduced in a phased manner starting with a minimum requirement of 60% from January 1, 2015. Vide RBI/2019-20/217 DOR.BP.BC. No.65/21.04.098/2019-20 dated April 17, 2020, Banks are required to maintain LCR of 100 per cent with effect from January 1, 2019. As per RBI/2019-2020/217 DOR.BP.BC.No.65/21.04.098/2019-20 dated 17.04.2020, in order to accommodate the burden on Banks' cash flows on account of the Covid19 pandemic, Banks are permitted to maintain LCR as under

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

Definition of LCR

Stock of High Quality Liquid Assets (HQLAs) > 100%

Total net cash outflows over the next 30 calendar days

Below mentioned is a position of Liquidity Coverage Ratio computed based on daily simple average for the Quarter ended March 31, 2021

(₹ in Cr)

Particulars		Daily average during the quarter ended 31.03.2021	
		Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)		4353.33
Cash Outflows			
2	Retail deposits and deposits from small business customers, of which:	7537.22	427.07
(i)	Stable deposits	6533.13	326.66
(ii)	Less stable deposits	1004.09	100.41
3	Unsecured wholesale funding, of which:	1347.78	370.49
(i)	Operational deposits (all counterparties)	-	-
(ii)	Non-operational deposits (all counterparties)	1347.78	370.49
(iii)	Unsecured debt		
4	Secured wholesale funding		
5	Additional requirements, of which	620.19	62.58
(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	400.66	55.99
7	Other contingent funding obligations	219.53	6.59
8	**Total Cash Outflows**	9538.72	860.13
Cash Inflows			
9	Secured lending (e.g. reverse repos)	281.76	281.76
10	Inflows from fully Performing exposures	-	-
11	Other cash inflows	0	0
12	**Total Cash Inflows**	0	0
			Total Adjusted Value
21	**TOTAL HQLA**		**4353.33**
22	**Total Net Cash Outflows**		**578.37**
23	**Liquidity Coverage Ratio (%)**		**752.69%**

Impressions....











Moments....


DhanlaxmiBank
INAUGURATION OF PALA BRANCH
AT NEW PREMISIS
WWW.DHANBANK.COM
DhanlaxmiBank
Inauguration Of
Regional Office & Kozhikode Branch
At New Premises
WWW.DHANBANK.COM
DhanlaxmiBank
Inauguration Of
Vallangi Nenmara Branch
At New Premises
WWW.DHANBANK.COM
Felicitation of SHG members on International Womens' Day

Imprints....



DhanlaxmiBank

AsterMIMS
We'll Treat You Well

COVID-19 VACCINATION CAMP

27-06-2021

Venue: Dhanlaxmi Bank Ltd. Corporate Office, Poonkunnam, Thrissur 680 002



DhanlaxmiBank

THANK YOU
FRONTLINERS
FOR KEEPING US SAFE & WELL



DhanlaxmiBank
established 1927

Corporate Office

Dhanlaxmi Bank Ltd.
Corporate Office, Punkunnam,
Thrissur, Kerala 680 002.
Phone : 0487-7107100

Registered Office

Dhanlaxmi Bank Ltd.
Dhanalakshmi Buildings, Naickanal,
Thrissur, Kerala 680 001.
Phone : 0487-6617142

www.dhanbank.com

Notice

Dhanlaxmi Bank Limited
CIN: L65191KL1927PLC000307
Regd. Off: P.B No.9, Dhanalakshmi Buidings, Naickanal, Thrissur, Kerala-680001
Ph: 0487-6617142 /149; Fax: 0487-2335367
Corporate Office: Punkunnam, Thrissur, Kerala-680002; Ph: 0487-7107000
E-mail: investors@dhanbank.co.in; Website: www.dhanbank.com

NOTICE OF 94th ANNUAL GENERAL MEETING

Notice is hereby given that the 94th Annual General Meeting of the Members of Dhanlaxmi Bank Limited ("the Bank") will be held on **Wednesday, September 29, 2021** at **11:00 A.M (IST)** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Bank's Audited Balance Sheet as at March 31, 2021 and the Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors and Auditors thereon

2. To appoint a Director in the place of Sri. Gopinathan C.K (DIN-01236752) who retires by rotation under Section 152 of the Companies Act, 2013 and being eligible, offers himself for re-appointment

3. **Appointment of Statutory Central Auditors and authorizing the Board of Directors to fix their remuneration**

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

"**RESOLVED THAT** pursuant to the provisions of Sections 139, 141 and 142 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Section 30 of the Banking Regulation Act, 1949, guidelines issued by Reserve Bank of India and other applicable rules and regulations, including any statutory modification(s) or re-enactment(s) thereof, and the approval accorded by Reserve Bank of India vide letter no. CO.DOS.RPD.No.S1026/08-08-005/2021-2022 dated August 27, 2021, approval be and is hereby accorded to appoint M/s. P B Vijayaraghavan & Co., Chartered Accountants , Chennai as Statutory Central Auditors of the Bank for the period commencing from the conclusion of the 94th Annual General Meeting to the conclusion of the 95th Annual General Meeting, for a total annual remuneration / fees of Rs. 48 lakh (Rupees forty eight lakh only) plus taxes as applicable from time to time, excluding the fee for branch audits conducted by them and in

addition to reimbursement of actual travelling and out-of-pocket expenses, for the purpose of audit of the Bank's accounts, with the power to the Board/ Audit Committee to alter and vary the terms and conditions of appointment, revision including upward revision in the remuneration during the current / remaining tenure, etc., including by reason of necessity on account of conditions as may be stipulated by the RBI and / or any other authority, in such manner and to such extent as may be mutually agreed with the Statutory Central Auditors."

SPECIAL BUSINESS

4. **Authorizing the Board of Directors to appoint andfix the remuneration of branch auditors**

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

"**RESOLVED THAT** pursuant to the provisions of Sections 139 and 143(8) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, the applicable provisionsof the Banking Regulation Act, 1949 and the rules, circulars and guidelines issued by Reserve Bank of India, including any statutory modification(s) or re-enactment(s) thereof, the Board of Directors be and is hereby authorized to arrange for the audit of the Bank's branches for the financial year 2021-22 and to appoint and fix the remuneration of branch auditors in consultation with the Statutory Central Auditors."

Place: Thrissur
Date: September 03, 2021

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

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circulars dated April 8, 2020, April 13, 2020, May 5, 2020 and January 13, 2021 (collectively referred to as "MCA Circulars") and SEBI vide Circular dated May 12, 2020 and January 15, 2021 (collectively referred to as "SEBI Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars and SEBI Circulars, the AGM of the Bank is being held throughVC / OAVM.

2. In compliance with the above mentioned circulars, the Notice of the AGM along with Annual Report for the financial year 2020-21 is being sent in electronic mode to all the

Members to their e-mail addresses registered with the Bank / Depository Participants / Registrar & Transfer Agents. The Notice of AGM and the Annual Report of the Bank for the financial year 2020-21 will also be available on the websites of the Bank (www.dhanbank.com), KFin (https://evoting.kfintech.com), National Stock Exchange of India Limited (www.nseindia.com) and BSE Limited (www.bseindia.com). In terms of the aforementioned circulars, the Bank will not be sending physical copies of the Notice of AGM and the Annual Report to the Members.

3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is also entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a Member of the Bank. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. The Bank is offering e-voting facility to its Members in respect of the businesses to be transacted at the 94th Annual General Meeting scheduled to be held on **Wednesday, September 29, 2021** at **11.00 A.M (IST)**. The Bank has engaged the services of KFin Technologies Private Limited ("KFin") as the authorized agency to provide e-voting facilities. **The remote e-voting facility will be available from 09.00 A.M(IST)** on **Sunday, September 26, 2021** to **05.00 P.M (IST)** on **Tuesday, September 28, 2021.** The Members who have cast their vote by remote e-voting prior to the AGM **("remote e-voting")** may also attend/ participate in the AGM through VC/ OAVM but shall not be entitled to cast their vote again. Other Members may cast their vote at the AGM through electronic means **("Instapoll")**.

4. The Register of Members and Share Transfer Books of the Bank will remain closed from **Friday, September 24, 2021** to **Wednesday, September 29, 2021 (both days inclusive)**. Transfers received during book closure will be considered only after re-opening of the Register of Members.

5.The cut-off date (i.e. the record date) for the purpose of voting is **Thursday, September 23, 2021** and the voting rights will be one vote per Equity Share registered in the name of the shareholders/ beneficial owners as on that date.

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

7. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by using the remote e-voting login credentials and selecting the EVEN for the Bank's AGM as further detailed in the Notice-Instructions for members for remote e-voting. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first-come- first-served basis. This will not include large Shareholders (Shareholders holding 2% or more

shareholding), Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. who are allowed to attend the AGM without restriction on account of first-come-first-served basis.

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

9. All relevant documents referred to in this Notice requiring the approval of the Members at the meeting shall be available for inspection by the members at the Registered Office of the Bank, in physical form, on all working days between 10.00 A.M (IST) to 3.00 P.M (IST) and upto the conclusion of the Annual General Meeting. These documents are also available in electronic form till the conclusion of Annual General Meeting.

10. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the special business to be transacted at the meeting is annexed hereto. The relevant details, pursuant to Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking re-appointment at the 94th AGM is also annexed.

11. Members seeking any information with regard to the accounts or any matter to be placed at the AGM are requested to write to the Bank on or before September 16, 2021 through email to investors@dhanbank.co.in and the same will be replied by the Bank suitably.

12.In case of the need for any technical assistance or any grievances connected with e-voting, Members may contact Mr. G Vasanth Rao Chowdari, Manager, KFin Technologies Private Limited, "Selenium Tower B", Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad-500032; Phone:1800 3094 001 (tollfree). Members who have not received the e-mail of the aforesaid Notice / Annual Report or who have purchasedthe Equity Shares of the Bank after the cut-off date may also contact Mr. G Vasanth Rao Chowdari, Manager at the above mentioned address / phone number for the e-mail of the Notice / Annual Report.

13. The User ID and Password for remote e-voting / instapoll / registering attendance at the AGM is provided along with the e-mail delivering this Notice and the Annual Report of 2020-21.

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

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

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

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

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

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

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

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

22. In terms of Section 125 of the Companies Act, 2013, the dividends which are unclaimed for a period of seven years have to be transferred to "Investor Education and Protection Fund" maintained with Central Government and the shareholders/beneficial owners cannot make any claim for the dividends once the unclaimed dividends are transferred to such fund. The unpaid dividend for the financial year 2010-11 was transferred to this fund in the financial year 2018-19. Consequently, all dividends remaining unclaimed or unpaid have been transferred to this fund.

23. In terms of Section 124 (6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, it may be noted that if the dividends have been unpaid or unclaimed for seven consecutive years or more, the underlying shares shall be transferred to the IEPF Demat Account maintained with depositories. Upon transfer of such shares to IEPF account, all benefits (eg. bonus, spilt, etc.), if any, accruing on such shares shall also be credited to the IEPF Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. The members/claimants whose shares, unclaimed dividend etc. have been transferred to IEPF authority may claim the shares or apply for refund by making an application to IEPF authority as per the procedure prescribed in the IEPF Rules. 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.

24.Mr. V. Suresh, Senior Partner, M/s. V. Suresh Associates, Practising Company Secretaries, First Floor, No.28, Ganapathy Colony, IIIrd Street, Teynampet, Chennai – 600018 (FCS 2969/ CP 6032) or in his absence Mr. Udaya Kumar K.R, Partner, M/s. V. Suresh Associates, Practising Company Secretaries, First Floor, No.28, Ganapathy Colony, IIIrd Street, Teynampet, Chennai – 600018 (ACS 42435/ CP 21973) will be the Scrutinizer for conducting the remote e-voting process and e-voting at the venue ("Instapoll") in accordance with law. The Scrutinizer's decision on the validity of voting shall be final.

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

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

27.The results of the voting along with the Scrutinizer's Report will be submitted to the Stock Exchanges where the Equity Shares of the Bank are listed and will also be hosted on the Bank's website (www.dhanbank.com) and on the website of KFin (https://evoting.kfintech.com) within 2 working days of conclusion of the Meeting.

Place: Thrissur
Date: September 03, 2021

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

Statement of material facts as required under Section 102(1) of the Companies Act, 2013 annexed to and forming part of the Notice dated September 03, 2021

Item No. 2

Sri. Gopinathan C.K (DIN-01236752) was appointed as Director of the Bank pursuant to the provisions of the Companies Act, 2013 and the SEBI Regulations at the Annual General Meeting held on September 30, 2020 and is liable to retire by rotation.

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

holding the office of director by virtue of any SEBI order or any other such authority.

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

The additional information on the Director proposed to be re-appointed at the 94th Annual General Meeting, as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 issued by the Institute of Company Secretaries of India, is furnished at the end of this Notice.

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

Item No. 3

The present Statutory Central Auditors M/s P B Vijayaraghavan & Co., Chartered Accountants, Chennai (Firm Regn. No. 004721S) vacate office at this Annual General Meeting and are seeking reappointment for the third year. The period of reappointment will be from the conclusion of 94th Annual General Meeting to the conclusion of the 95th Annual General Meeting. Reserve Bank of India, vide letter no. CO.DOS.RPD.No.S1026/08-08-005/2021-2022 dated August 27, 2021, has accorded approval for appointment of M/s P B Vijayaraghavan & Co., Chartered Accountants as the Statutory Central Auditors of the Bank for the third year.

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

Fee of Rs. 48,00,000 (Rupees Forty Eight Lakh Only) plus applicable taxes for Quarterly Review, Audit, Certifications, LFAR and Tax Audit and reimbursement of actual travelling and out-of- pocket expenses extra (on actual basis) for the FY 2021-22. There is no material change from the fee paid to the auditors in FY 2020-21.

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

M/s. P B Vijayaraghavan & Co., Chennai is a Chartered Accountancy Firm registered with the Institute of Chartered Accountants of India with Firm Registration No. 004721S. The firm has presence in 3 States. The firm provides a wide range of services which inter-alia includes Audit & Assurance Services, Taxation Services, Incorporation & New Business, Advisory/Support, Business Consultancy & Valuation Services. They have experience in the statutory central audit of various public and private sector banks and Life Insurance Corporation of India. They were the branch / Statutory Central Auditors of the Bank during the period 2003-04 to 2008-09, FY 2019-20 and for FY 2020-21. M/s. P B Vijayaraghavan & Co. has also confirmed their eligibility to be appointed as Statutory Central Auditors in terms of Section 141 of the Companies Act, 2013 and applicable rules and as per the guidelines of Reserve Bank of India.

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

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

Item No. 4

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

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

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

Place: Thrissur
Date: September 03, 2021

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

Additional information on Director proposed to be re-appointed at the 94th Annual General Meeting (as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard - 2 issued by The Institute of Company Secretaries of India)

SRI. GOPINATHAN C.K (DIN - 01236752)

Date of Birth and age	29.03.1954 ; 67 years
Qualifications	B.Com
Brief Resume, Experience and Nature of expertise in specific functional areas	Sri. Gopinathan C.K has more than 25 years of experience in the financial sector. He was a Director in the Catholic Syrian Bank Limited for almost 8 years from September 26, 2008 to July 20, 2016. He was also Director of C.K.G Supermarket Limited and Managing Director of C.K.G Securities and Investments Limited. Sri. Gopinathan C.K is a major shareholder in the Bank and also has major investments in various leading companies across the State.
Terms and conditions of	Sri. Gopinathan C.K will be entitled to sitting fees for attending

appointment / re-appointment along with details of remuneration	Board / Committee Meetings.
Details of Remuneration last drawn	Sri. Gopinathan C.K was paid only sitting fees of Rs. 10,25,000/- for attending Board / Committee Meetings during the financial year 2020-21.
Date of first appointment on Board	August 11, 2016
Sector	Minority
Shareholding in the Bank as on the date of this Notice	2,44,65,000 Equity Shares (including 54,95,000 equity shares held by relatives)
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2020-21	22
Chairman / Member of Committees of Board of Directors of the Bank as on the date of this Notice	1. Credit & Business Committee of Board 2. HRD Committee 3. Large Value Fraud Monitoring Committee 4. Stakeholders' Relationship Committee 5. Corporate Social Responsibility Committee 6. Customer Service Committee (Chairman) 7. 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