

Ref. No.CO:CS:RC:2021-22:089

July 20, 2021

The Manager,  
Listing Department,  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai - 400 023.

The Manager,  
Listing Department,  
National Stock Exchange of India Limited,  
Exchange Plaza,  
Bandra Kurla Complex, Bandra (E),  
Mumbai – 400 051.

Dear Sirs/Madam,

**Sub: 26<sup>th</sup> Annual General Meeting- Submission of Annual Report 2020-21 and Intimation of the Record Date (Cut-off Date)**

**BSE Scrip Code No.: 532772**

**NSE SYMBOL: DCBBANK**

This is to inform that the Twenty-Sixth Annual General Meeting (“AGM”) of the Bank will be held on **Friday, August 13, 2021 at 2.30 p.m.** (IST) via Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”).

Pursuant to Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), we are submitting herewith copy of the Annual Report of the Bank including Notice of the AGM for the financial year ended March 31, 2021.

In view of Covid-19 pandemic, Annual Report 2020-21 including Notice of the 26th AGM is being sent simultaneously through E-mails to all the Members of the Bank whose E-mail Ids are registered with the Bank / Depositories as per the relevant Circulars by MCA and SEBI.

Pursuant to Regulation 42 of the SEBI Listing Regulations, the Bank has fixed **Friday, August 06, 2021** as the Record Date (“Cut-Off-Date”) for reckoning the voting entitlement of the Members of the Bank for the AGM.

Please take on record the above in compliance with Regulation 34, 42 and other applicable Regulations, if any, of the SEBI Listing Regulations.

Thanking you,

Yours faithfully,  
For DCB Bank Limited

Rubi Chaturvedi  
Company Secretary &  
Compliance Officer

Encl:

- 1) Notice of the 26<sup>th</sup> Annual General Meeting scheduled on August 13, 2021
- 2) Copy of the Annual Report FY 2020-21

**DCB Bank Limited**

**DCB BANK**

**DCB Bank Ltd.  
Annual Report  
FY 2020-21**

**DCB Bank reaches out to customers from 352 branches across India.**



**103**

Metro  
Branches

**89**

Urban Branches

**92**

Semi Urban  
Branches

**68**

Rural Branches

# BEING A SEARCH LIGHT IN DARK TIMES

India is feeling the huge second wave impact of Covid-19 pandemic which engulfed the world in early part of year 2020. Covid-19 has devastated the lives of millions of people in India and across the globe. The second wave in India is continuing to cause misery and incalculable loss in terms of lives, family distress and economy.

India handled the first wave of the pandemic very well, however the second wave is severe and harsh. It has pushed the health infrastructure beyond its limits. Several emergency measures are now being taken to address the current situation. We sincerely hope for things to start improving in the coming days.

Every crisis presents an opportunity and creates a possibility for enlightenment. We need to scan our search light and look for possible creative solutions. Search lights are about focus and concentration; not about diffusion and divergence.

At DCB Bank, our people at all levels have acted as search lights; focused attention on new ways of doing business, keeping our doors open to our customers and ensuring that even by working from home all services could be delivered without interruption. The resilience, energy, creativity and tenacity of all DCBians in this time of crisis has been exceptional. It came from the heart more than just duty.

The year ahead is going to be challenging at best but we are determined to find new solutions using all means at our disposal (technology being an important one) to ensure that our services are delivered efficaciously.

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## DCB Bank Vision

**Our vision is to be the most innovative and responsive neighbourhood Bank in India serving entrepreneurs, individuals and businesses.**

## DCB Bank Values

Treat Everyone with Dignity - **Respect** | Do What is Right - **Ethical** | Be Open & Transparent - **Fair Sense of Urgency, Passion & Energy - Dynamic** | Go the Extra Mile, Find Solutions - **Stretch** Improve Continuously - **Excellence** | Play as a Team, To Win - **Teamwork** | Support the Society - **Contribute**

# COMPANY INFORMATION

## Board of Directors

### Mr. Nasser Munjee

Chairman

### Mr. Murali M. Natrajan

MD & CEO

### Mr. Ashok Barat

### Mr. Amyn Jassani

### Mr. Iqbal Khan

### Mr. Jamal Pradhan

(Till January 14, 2021)

### Mr. C. Narasimhan

(Till October 11, 2020)

### Ms. Rupa Devi Singh

### Mr. Rafiq Somani

### Mr. Shabbir Merchant

### Mr. Shaffiq Dharamshi

### Mr. Somasundaram PR

### Mr. S. Sridhar

(Till October 11, 2020)

## Senior Management Team

### Mr. Venkatesh R.

President and Head-Operations, Technology & Human Resources

### Mr. Bharat Sampat

President and Chief Financial Officer

### Mr. Praveen Kutty

President and Head - Retail & Small and Medium Enterprises (SME) Banking

### Mr. Sridhar Seshadri

President and Chief Risk Officer

### Mr. Abhijit Bose

President and Chief Credit Officer

### Mr. J.K. Vishwanath

President and Head-Corporate and SME Banking

## Company Secretary

### Ms. Rubi Chaturvedi

## Functional Management Heads

### Mr. Aditya Prasad

Chief Compliance Officer  
(Till June 6, 2021)

### Mr. Ajay Mathur

Head-Collections & Commercial Vehicles

### Mr. Ajit Singh

Head Treasury And Financial Institutions Group

### Mr. Damodar Agarwal

Head-Strategic Initiatives and Alternate Channels

### Mr. Gaurav Mehta

Head-Marketing, Public Relations (PR) & Corporate Communications & Investor Relations

### Mr. K. K. Pandey

Head-Channel Sales & Emerging Markets

### Mr. Krishna Ramasankaran

Head -Credit, Retail & Small & Medium Enterprises (SME)

### Mr. Manoj Joshi

Compliance Officer (w.e.f. June 6, 2021) & Chief of Internal Vigilance

### Ms. Meghana Rao

Head-Branch Operations

### Mr. Murali Mohan Rao Manduva

Chief Technology Officer

### Mr. Narendranath Mishra

Head-Agri & Inclusive Banking

### Mr. N. C. Kaushal

Business Head - Digital Banking

### Mr. Pankaj Sood

Head-Branch Banking-Retail

### Mr. Ravi Kumar Vadlamani

Head-Operations & Key Projects

### Mr. Sukesh Bhowal

Head-Mortgages & Gold Loans

### Ms. T.P. Anuradha

Chief Internal Auditor

## Statutory auditors

**S. R. Batliboi & Associates, LLP,**  
Chartered Accountants  
(Registration No.101049W/  
E300004)

## Registered office

### DCB Bank Limited

601 & 602, Peninsula Business Park,  
6th Floor, Tower A, Senapati Bapat  
Marg, Lower Parel, Mumbai-400013

# CHAIRMAN'S STATEMENT

I began my Statement in 2019 with the following words: *"We are living in a dynamic and unpredictable world. There are complex set of variables that are constantly changing making it very difficult to visualize stability or predict the future with any level of accuracy"*. The events of year 2020 and 2021 have amply demonstrated what I meant. Little did we know that the entire globe would be blighted by a pandemic so virulent that in the short term, there was not much that could be done even by an advanced modern society. Fortunately,

with the creation of a vaccine, and a better understanding of the mutations that are taking place, we can foresee an end to this pandemic in the not-too-distant future.

Beginning the current financial year in a lockdown was extremely challenging. At DCB Bank, we had to re-invent the process of execution of our services and operations through "Working From Home" with IT support. We had to provide laptops very quickly to key staff to enable them to work from remote locations. Banking is an essential service therefore branches had a responsibility to remain open. However, strong Covid-19 protocols had to be implemented to ensure safety of staff and customers. Our call centres and back office operations had to be reconfigured to ensure customer service. Our senior management team worked full time to ensure that guidance and support was speedily delivered and that operations

could move forward without interruption. I am glad to report that all of this was accomplished in record time and the entire credit goes to our staff who worked tirelessly to ensure the smoothest transition to a new work environment.

Proactively, the Bank also called thousands of customers to enquire whether we could be of any service, in these troubled times, with respect to their banking needs. A centralized task force was created to monitor the Covid-19 impact on our staff and their families and to ensure that they received whatever assistance that they required. So far, more than 1,000 staff have been infected and unfortunately, in the last year or so, 6 staff members have lost their lives. I, on behalf of the entire Board, would like to convey our deep condolences to their families for this irreplaceable loss.

Unprecedented conditions require a response of equal

**I am happy to report that the operations of the Bank were maintained with ratios remaining healthy albeit our having to carry much higher provisions given the economic uncertainties that our customers face for their businesses.**

measure. The Bank has used this period to further intensify its online training of all staff who were at home, move forward on its data analytic capabilities, intensify its risk assessment matrix and mitigation actions, its compliance framework, and its ability to respond to regulators, and most importantly to upgrade its IT systems.

I am happy to report that the operations of the Bank were maintained with ratios remaining healthy albeit our having to carry much higher provisions given the economic uncertainties that our customers face for their businesses.

Notwithstanding external challenges, the Bank continued to make steady progress in FY 2021. Balance Sheet grew to ₹39,602 crore with Deposits at ₹29,704 crore and Advances at ₹25,959 crore. Operating Profit grew by 19.3% to ₹898.48 crore; Profit after Tax, however, was weighed down by increase in provisions

to meet stress on asset quality due to Covid-19 pandemic. Profit after Tax for the year was ₹335.79 crore against ₹337.94 crore in the previous year.

As we look forward, the Bank is determined to grow at a healthy pace through a wider branch network that can offer full services in new regions. Our basic strategy remains unchanged. We will continue to have a largely secured portfolio in our chosen field of concentration - Mortgages, MSME, SME, Gold Loans and Agri / Inclusive Banking. We will continue to be granular on both sides of our balance sheet. Corporate lending has shown modest growth and will continue to do so until the economic environment improves, and real economic growth begins to be noticed.

The past year has been one that has challenged every aspect of our functioning. It has taught us many lessons. The world will not be the same again. The Board

and its Committees and the process of governance has worked extremely well with more frequent meetings and full attendance. The business model of the Bank has been adapted to create a new operational paradigm. The future possibilities for productivity, efficiency and digital analytics have been enhanced which will be rolled out more fully in the year ahead. What this means is that the future could be very different from the past. It has implications for working from home, more streamlined back office operations and call centres, intelligent processes developed through data analytics and new approaches for customer service delivery. New digital products through the internet are likely to enhance the service delivery platform and offer us an opportunity to create unexpected customer delight. We have been working with fintech companies for over three years and we hope to see new products emerge as a

consequence of these partnerships.

DCB Bank has matured during this crisis and demonstrated its ability to respond to unprecedented circumstances. The strong culture of the organization built up over many years explains the dedication and creativity of its people. An institution is defined by its culture which is principle centered with an extremely high degree of integrity in its operations. People have always been encouraged to feel that they do not just work for the institution - they are an integral part of building the institution. In the years ahead it is my fervent hope that this culture thrives and DCB Bank is admired for what it does and how it does it by the external world that it serves.

**Nasser Munjee**

Chairman

May 05, 2021



## Corporate Social Responsibility Initiatives



Essential food items packed for Covid-19 Disaster Relief project at Rajaji Tiger Reserve, Uttarakhand.



Vulnerable population around the tiger reserve received timely sustenance during Covid-19 pandemic lockdown in remote locations.



Covid-19 Disaster Relief project at Haridwar Forest Division, Uttarakhand.



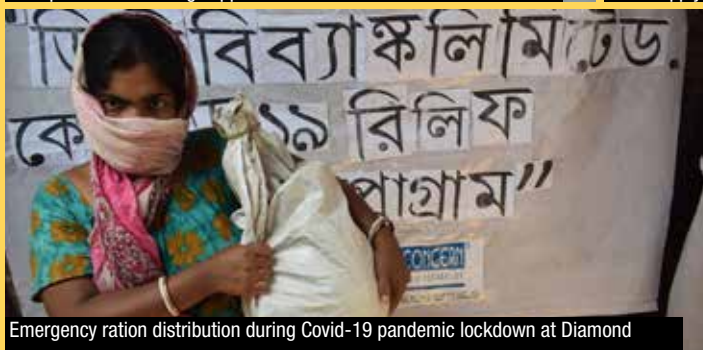
Food distribution at Chilla Range Boundary.



Communities at the fringe of the forest areas were impacted with no transport and dwindling supplies.



Food supply was given to most vulnerable sections of the society.



Emergency ration distribution during Covid-19 pandemic lockdown at Diamond Harbour & FALTA, West Bengal



The Bank supported relief material mobilisation and distribution in the Haridwar & Dehra Dun area in Uttarakhand.



Essential supplies distributed at Chillawalli Range, Uttarakhand



DCB Bank worked to assist those agencies cooking fresh nutritious meals for families and migrant workers in dire situation during the first lockdown in Mumbai.



Meals were distributed in South Mumbai localities and up to Govandi, in the suburb of Mumbai.



Essential supplies distributed at Rawasan Range Boundary, Uttarakhand



Emergency food supply at Ghori Range, Uttarakhand.



Survival ration and personal hygiene items helped the vulnerable communities fend off hunger in the first wave for Covid-19.



Survival ration distributed at Ramgarh Range Boundary, Uttarakhand.



Restoration and revival of watershed at Taloja hills, Navi Mumbai, Maharashtra.



Community volunteers at the watershed project. Using the bounty of monsoon to plant indigenous trees adapted to the landscape at Taloja hills, Navi Mumbai, Maharashtra.



Team getting ready with local tree saplings for plantation. Trees & shrubs are used to slow down the erosion of soil and help absorb water, Taloja hills, Navi Mumbai, Maharashtra.



Farmers and beneficiaries participate in a skill and knowledge session conducted by a master trainer for bee keeping, Madhya Pradesh.



DCB Social, employee volunteers from Surat region conducted a beach & shoreline cleanup at Daman beach.





Water absorption trenches with protective shrubs and tree saplings will over the long term help the slopes regain the lost tree cover and recharge the watertable at Taloja hills, Maharashtra.



Farmers and beneficiaries participate in a skill and knowledge session conducted by a master trainer for bee keeping, Madhya Pradesh.



DCB Social volunteers collected plastic waste at Daman beach which was taken by the Municipality for disposal.

# NOTICE TO MEMBERS

NOTICE is hereby given that the Twenty Sixth Annual General Meeting (“the AGM”) of the Members of DCB BANK LIMITED (“the Bank”) will be held on Friday, August 13, 2021 at 2.30 p.m. (IST) via Video Conferencing (VC) or Other Audio Visual Means (OAVM) to transact the following:

## Ordinary Business:

1. To consider and adopt the audited Financial Statements for the Financial Year ended March 31, 2021 together with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Shaffiq Dharamshi (DIN-06925633), who retires by rotation and being eligible, offers himself for re-appointment.
3. To revise the term of office of M/s. S R Batliboi & Associates LLP, Chartered Accountants (Registration No. 101049W/E300004) Statutory Auditors of the Bank and in this regard to consider and, if thought fit, to pass, the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** in partial modification of the Resolution of the Members of the Bank that was passed at the 25th Annual General Meeting held on July 11, 2020, and subject to applicable law and regulations (as may be amended, restated, modified, replaced from time to time), the term of office for M/s. S R Batliboi & Associates LLP, Chartered Accountants, (ICAI Registration No.101049W/E300004) as Statutory Auditors of the Bank be revised from a term of 4 years to a term of 3 years, i.e. 3 years from the FY 2020-21 till (and including) the FY 2022-23, and that for the remainder of this revised term, M/s. S R Batliboi & Associates LLP shall act as joint Statutory Auditors of the Bank with such other joint Statutory Auditor(s) as the Bank may appoint (subject to the approval of RBI and the Members of the Bank), at an overall audit fees of ₹1.30 crore (Rupees One Crore and Thirty Lakhs Only) per annum for FY 2021-22 and FY 2022-23 to be allocated by the Bank between M/s. S R Batliboi & Associates LLP and such joint Statutory Auditors as may be mutually agreed between the Bank and the said joint Statutory Auditors, depending upon their respective scope of work, and additionally out of pocket expenses, outlays and taxes as applicable.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, the Board (including the Audit Committee of the Board or any other person(s) authorised by the Board or the

Audit Committee in this regard), be and is hereby authorised on behalf of the Bank to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose and with power on behalf of the Bank to settle all questions, difficulties or doubts that may arise in regard to implementation of the Resolution including but not limited to determination of roles and responsibilities/ scope of work of the respective joint Statutory Auditor(s), negotiating, finalising, amending, signing, delivering, executing, the terms of appointment including any contracts or documents in this regard, without being required to seek any further consent or approval of the Members of the Bank.”

4. To appoint joint Statutory Auditors and in this regard to consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 139, 141 and other applicable provisions, if any, of the Companies Act, 2013 and the relevant Rules thereunder and pursuant to Section 30 of the Banking Regulation Act, 1949 and guidelines issued by the Reserve Bank of India (RBI) including any amendments, modifications, variations or re-enactments thereof and approval of the RBI in this regard, M/s Sundaram & Srinivasan, Chartered Accountants, (ICAI Registration No. 004207S), who have offered themselves for appointment and have confirmed their eligibility to be appointed as Statutory Auditors in terms of Section 141 of the Companies Act, 2013 and applicable rules and the guidelines issued by RBI dated April 27, 2021, be and are hereby appointed as the joint Statutory Auditors of the Bank, to hold office for a period of 3 (three) years with effect from the FY 2021-22 till and including the FY 2023-24, subject to the approval of the RBI for each year during this tenure, for the purpose of audit including reporting on internal financial controls of the Bank’s accounts at its head office, branches and other offices, with power to the Board, including relevant Committee(s) thereof, to alter and vary the terms and conditions of appointment, etc., including by reason of necessity

on account of conditions as may be stipulated by the RBI and / or any other authority.

**RESOLVED FURTHER THAT** subject to applicable law and regulations including the relevant guidelines and circulars of the RBI (as may be amended, restated, modified, replaced from time to time), M/s Sundaram & Srinivasan, Chartered Accountants, (ICAI Registration No. 004207S) and M/s. S R Batliboi & Associates LLP, Chartered Accountants (ICAI Registration No. 101049W/E300004) who were already appointed as Statutory Auditors of the Bank at the 25th Annual General Meeting held on July 11, 2020, shall act as joint Statutory Auditors of the Bank for the remainder of the term of M/s. S R Batliboi & Associates LLP, at overall audit fees of ₹ 1.30 crore (Rupees One Crore and Thirty Lakhs Only) per annum for FY 2021-22 and FY 2022-23, to be allocated by the Bank between M/s. S R Batliboi & Associates LLP and M/s Sundaram & Srinivasan as the joint Statutory Auditors, as may be mutually agreed between the Bank and the said joint Statutory Auditors, depending upon their respective scope of work, and additionally out of pocket expenses, outlays and taxes as applicable and that M/s Sundaram & Srinivasan shall thereafter act as joint Statutory Auditors of the Bank with such other new joint Statutory Auditor(s) who will be appointed by the Bank subject to prior permission of RBI and approval of the Members of the Bank from FY 2023-24 onwards.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolution, the Board (including the Audit Committee of the Board or any other person(s) authorised by the Board or the Audit Committee in this regard), be and is hereby authorised on behalf of the Bank to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose and with power on behalf of the Bank to settle all questions, difficulties or doubts that may arise in regard to implementation of the resolution including but not limited to determination of roles and responsibilities/ scope of work of the respective joint Statutory Auditors, negotiating, finalising, amending, signing, delivering, executing the terms of appointment including any contracts or documents in this regard, without being required to seek any further consent or approval of the Members of the Bank."

## Special Business:

### 5. Increase in Borrowing Powers

To consider and if thought fit, to pass the following Resolution as a Special Resolution:

**"RESOLVED THAT** in supersession of the Resolution passed by the Members of the Bank at the 25th AGM held on July 11, 2020 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time and the rules notified thereunder along with the Articles of Association of the Bank, the approval of the Members of the Bank be and is hereby accorded to the Board of Directors of the Bank for borrowing from time to time, any sum or sums of monies, which together with the monies already borrowed by the Bank (apart from deposits accepted in the ordinary course of business, temporary loans repayable on demand or within six months from the date of the loan or temporary loans, if any, obtained from the Bank's bankers) may exceed the aggregate of the paid-up capital of the Bank and its free reserves, provided that the total outstanding amount so borrowed by the Bank shall not at any time exceed ₹ 6,500 crore (Rupees Six Thousand Five Hundred crore) or the aggregate of the paid up capital and free reserves, whichever is higher.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this Resolution".

### 6. Raising of Funds by issue of bonds/ debentures/ securities on Private Placement basis

To consider and if thought fit, to pass the following Resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to Section 42 and other applicable provisions, if any, of the Companies Act, 2013, as amended, and the rules made there under, Companies (Prospectus and Allotment of Securities) Rules, 2014, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 including any amendment, the applicable provisions of the Banking Regulation Act, 1949, as amended, and the rules, circulars and guidelines issued by the Reserve Bank of India ("RBI") from

time to time (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force) and all other relevant provisions of applicable law(s), the provisions of the Memorandum and Articles of Association of the Bank and subject to such other approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned Statutory Authority(ies) including RBI, the approval of the Members of the Bank be and is hereby accorded to the Board of Directors of the Bank (hereinafter referred to as "Board" and which term shall be deemed to include any Committee of the Board or any other persons to whom powers are delegated by the Board as permitted under the Companies Act, 2013) for borrowing/raising of funds in Indian/foreign currency by issue of debt securities including but not limited to non-convertible debentures and bonds (including bonds forming part of Tier I Capital/ Tier II Capital in accordance with and subject to the terms and conditions specified in the Basel III Capital Regulations prescribed by the RBI, long terms infrastructure bonds or such other bonds as may be permitted by the RBI from time to time) in domestic and/ or overseas market, on a private placement basis and/ or for making offers and /or invitations therefor and /or issue(s)/issuances therefor, on private placement basis, for a period of one year from the date hereof, in one or more tranches and /or series and under one or more shelf disclosure documents and/or one or more letters of offer and on such terms and conditions for each series / tranches including the price, coupon, premium, discount, tenor etc. as deemed fit by the Board, as per the structure and within the limits permitted by the RBI, of an amount not exceeding ₹ 500 crore (Rupees Five Hundred crore), in aggregate for additional Tier I and Tier II capital within the overall borrowing limits of the Bank, as approved by the Members from time to time.

**RESOLVED FURTHER THAT** the Board of Directors of the Bank or any Committee of the Board or such other persons as may be authorized by the Board or Committee of the Board, be and are hereby authorized to negotiate, modify and finalize the terms and conditions of the debt securities and sign the relevant documents/ agreements in connection with the private placement of the debt securities, including without limitation, the private placement offer letter (along with the application form), information memorandum, disclosure documents, debenture subscription agreement, debenture trust deed and any other documents as may be required,

in connection with the offering(s), issuance(s) and/ or allotment(s) on private placement of debt securities by the Bank and to further delegate the above powers to any Committee of Directors or any personnel of the Bank to act on their behalf as they may deem fit and to do all such other acts and things and to execute all such documents as may be necessary for giving effect to this Resolution".

**7. Issue of equity shares / other securities convertible into equity shares ("Securities") through Qualified Institutions Placement:**

To consider, and if thought fit, to pass the following Resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to sections 42 and 62(1)(c) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, including any statutory modification or re-enactment thereof for the time being in force ("the Act"), the applicable provisions of the Foreign Exchange Management Act, 1999 ("FEMA"), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulation"), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations") read with the Listing Agreement entered into by the Bank with the stock exchanges ("Listing Agreement"), the Foreign Exchange Management (Transfer or Issue of Securities by a Person Resident Outside India) Regulations, 2000, as amended from time to time and in accordance with applicable rules, regulations, guidelines, circulars and clarifications issued by Government of India ("GOI"), Reserve Bank of India ("RBI"), Securities and Exchange Board of India ("SEBI") and/ or any other competent authorities and subject to (a) any other applicable laws, rules and regulations (including any amendment thereto or re-enactment thereof for the time being in force), (b) the enabling provisions of the Bank's Memorandum and Articles of Association, (c) any approval, consent, permission or sanction of SEBI and/or RBI and/ or Ministry of Finance (Department of Economic Affairs), as applicable or relevant Ministry approving foreign investment, as applicable and required, approvals, consents, permissions or sanctions of other concerned authorities, within or outside India, and (d) such terms, conditions and modifications as may be prescribed by any of them while granting such approvals, consent permissions or sanctions and which may be agreed to by the Board of Directors of the Bank (hereinafter referred

to as “the Board” which term shall include any Committee constituted by the Board), consent of the Members be and is hereby granted to the Board to create, offer, issue and allot in one or more tranches by way of a qualified institutions placement under Chapter VI of ICDR Regulations, such number of Equity Shares to Qualified Institutional Buyers as defined under Chapter VI of ICDR Regulations, whether they be holders of the shares of the Bank or not (collectively called “the Investors”) as may be decided by the Board in their discretion and permitted under the applicable laws and regulations, for an aggregate amount not exceeding ₹ 500 crore (Rupees Five Hundred crore only), inclusive of such premium as may be fixed on the Equity Shares at such time or times, at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions, as may be deemed appropriate by the Board at its absolute discretion considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead manager(s) and/ or underwriter(s) and/ or other advisor(s) as the Board may in its absolute discretion deem fit or appropriate in accordance with all applicable laws, rules and regulations for the time being in force in this regard (the “Issue”).

**RESOLVED FURTHER THAT** the Equity Shares to be offered, issued and allotted in pursuance of this Resolution shall be subject to the provisions of the Bank’s Memorandum and Articles of Association and the same shall rank *pari passu* with the existing Equity Shares of the Bank;

**RESOLVED FURTHER THAT** the Equity Shares to be issued shall be listed with the stock exchanges, where the existing Equity Shares of the Bank are listed;

**RESOLVED FURTHER THAT** the relevant date for determination of price of Equity Shares to be issued by way of the proposed issues shall be the date of the meeting at which the Board decides to open the proposed issue of Equity Shares, or such other date as may be permitted under ICDR Regulations from time to time;

**RESOLVED FURTHER THAT** the pricing shall be determined in compliance with principles and provisions set out in the Regulation 176 of Chapter VI of the ICDR Regulations and the Board may offer a discount of not more than 5% (five per cent) on the price calculated for the QIP or such other discount as may be permitted under said ICDR Regulations;

**RESOLVED FURTHER THAT** the allotment of Equity Shares shall be completed within a period of 365 days from the date of this Resolution approving the proposed issue or such other time as may be permitted under ICDR Regulations from time to time.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above Resolutions, the Board or its appointed delegates/committees be and is hereby authorized to do all such acts, deeds, matters and things including but not limited to finalization and approval for the draft as well as the final offer document(s), determining the form, proportion and manner of the issue, including the class of investors to whom the Equity Shares are to be issued and allotted, number of Equity Shares to be allotted, issue price, premium/ discount amount on issue, if any, execution of various transaction documents, fixing record date, listings on one or more Stock Exchanges in India, appointing intermediaries, entering into arrangements for managing, underwriting, marketing, listing and trading, to issue offer documents and to sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and for other related matters and with power on behalf of the Bank as it may in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise in regard to the Issue, offer or allotment of Equity Shares and utilization of the Issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to further delegate all or any of the powers in aforesaid matters to the officials of the Bank, in such manners as the Board may in its absolute discretion deem fit.”

**8. Re-appointment of Mr. Nasser Munjee (DIN 00010180), Non-Executive (Part Time) Chairman of the Bank and payment of Honorarium.**

To consider and if thought fit to pass the following Resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Rules, Circulars and Guidelines issued by



the Reserve Bank of India, the provisions of the Companies Act, 2013 and rules made thereunder, approval accorded by the Reserve Bank of India vide its e-mail dated August 17, 2020 (hereinafter referred to as RBI Approval), approval is hereby given to the re-appointment of Mr. Nasser Munjee as Non-Executive (Part Time) Chairman of the Bank for a period of one year from August 19, 2020 to August 18, 2021.

**RESOLVED FURTHER THAT** as per the RBI Approval, Mr. Nasser Munjee be paid honorarium of ₹ 24.00 lakh per annum plus reimbursement of actual business related expenses and payment of one club membership fee.”

**9. Re-appointment of Mr. Murali M. Natrajan, (DIN 00061194) as the Managing Director and CEO of the Bank**

To consider and if thought fit to pass the following Resolution as an Ordinary Resolution.

“**RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 2013 and rules made thereunder, Section 10-A and other applicable provisions of the Banking Regulations Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Rules, Circulars and Guidelines issued by the Reserve Bank of India and subject to the approvals, as may be necessary from the Reserve Bank of India and other concerned authorities or bodies and subject to the conditions as may be prescribed by any of them while granting such approvals, the Members of the Bank do hereby approve the re-appointment of Mr. Murali M. Natrajan (DIN-00061194) as the Managing Director and Chief Executive Officer of the Bank for a period of one years from April 29, 2021 to April 28, 2022 upon such terms and conditions, including remuneration, as set out in the Explanatory Statement to the Resolution as per Item No. 9 of the Notice of the Annual General Meeting.

**RESOLVED FURTHER THAT** pursuant to Section 197 read with Schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and any other applicable rules, applicable provisions of the Banking Regulation Act, 1949 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to approval from the Reserve Bank of India in this regard, approval of the Members be and is hereby given, to authorize

the Nomination and Remuneration Committee of the Board to recommend and the Board of Directors of the Bank to decide on the annual increase in the remuneration, including bonus, up to 15% of the previous year's annual remuneration including bonus paid, if any, during that year.

**RESOLVED FURTHER THAT** the Board (including any duly constituted Committee of the Board of Directors) be and is hereby authorised to do all such acts, deeds, matters and things and to execute any agreements, documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the said re-appointment as it may in its sole discretion deem fit and to delegate all or any of its powers conferred herein to any Director(s) and / or officer(s) of the Bank to give effect to this Resolution.”

By Order of the Board of Directors  
**DCB Bank Limited**

**Place: Mumbai**  
**Date: July 20, 2021**

**Rubi Chaturvedi**  
Company Secretary

**Registered Office:**  
**CIN:L99999MH1995PLC089008**  
**Peninsula Business Park,**  
**6<sup>th</sup> floor, 601 & 602, Tower A,**  
**Senapati Bapat Marg,**  
**Lower Parel, Mumbai 400 013.**

**NOTES:**

1. In view of the continuing global Covid-19 pandemic, as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January 13, 2021 (collectively referred to as “MCA Circulars”) holding of the Annual General Meetings (AGM) or other general meetings of the companies are permitted through video conferencing (VC) or other audio visual means (OAVM) till December 31, 2021, 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, the Twenty Sixth AGM (the AGM) of the Bank is being held through VC / OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM only.

2. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 Members on first come first served basis. This will not include large Members (Members holding 2% or more shareholding), Promoters, 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.
3. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.  
  
Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend AGM and cast vote for the Members is not available for this AGM and therefore the Proxy Form and Attendance Slip are not annexed to this Notice. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the Members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-Voting.
4. In line with the MCA Circulars No. 17/2020 dated April 13, 2020 and SEBI Circular dated May 12, 2020, Notice of the 26th AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Bank/ Depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the Bank's website [www.dcbbank.com](http://www.dcbbank.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of CDSL (agency for providing the Remote e-Voting facility and e-Voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
5. An Explanatory Statement required under Section 102(1) of the Companies Act, 2013 in respect of the business at Item Nos. 3 to 9 of the Notice is annexed hereto.
6. The relevant details, pursuant to Regulations 26(4) and 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 Director seeking appointment/re-appointment in this AGM is annexed.
7. Considering the situation developing around Covid-19 in the country and related uncertainty that it creates, the Board of Directors of the Bank considered it prudent not to propose any dividend for the year ended March 31, 2021.
8. The Bank has fixed Friday, August 6, 2021 as the Record Date [Cut-off Date] for the purpose of the 26<sup>th</sup> AGM and reckoning entitlement for voting on the Resolutions contained in this Notice. The remote e-Voting /voting rights of the Members/beneficial owners shall be reckoned on the Equity Shares held by them as on August 6, 2021 (the Cut-off Date) only.
9. 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 Bank will be entitled to vote at the AGM.
10. Members holding shares in physical form are requested to address all their correspondence pertaining to change in their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc. to the Registrar and Transfer Agents (RTA) viz. Link Intime India Private Limited, C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083 and Members holding shares in dematerialized form should approach their respective Depository Participants for the same.
11. Since transfer of securities of listed companies in physical mode has been discontinued with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities, shares of the Bank are traded on the stock exchanges compulsorily in demat mode and to eliminate all risks associated with physical shares, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Bank or Bank's Registrars and Transfer Agents (RTA), Link Intime India Private Limited for assistance, if any, in this regard.

12. The Members who are holding shares in demat form and have not yet registered their Bank details, e-mail IDs, mobile numbers and other KYC Details are requested to register the same with their Depository Participant at the earliest, to enable the Bank to use the same for making payment of their dividend, whenever declared, contact them and serving documents to them electronically, hereinafter. Members holding shares in physical mode are requested to provide, if not provided earlier, their e-mail IDs, mobile numbers, Bank Details and other KYC Documents including PAN, to the RTA sending an e-mail at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) or to the Bank at [investorgrievance@dcbbank.com](mailto:investorgrievance@dcbbank.com) or online facility that may be provided and communicated by the RTA Separately.
  13. 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 August 9, 2021 through email on [investorgrievance@dcbbank.com](mailto:investorgrievance@dcbbank.com). The same will be replied by the Bank suitably.
  14. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
  15. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Bank, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends (including the dividend so transferred to the IEPF in the history) are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Bank, within the stipulated timeline.
  16. Members, whose dividend has remained unpaid, are requested to contact the Registrar and Transfer Agents (RTA) viz. Link Intime India Private Limited or Share Department of the Bank to claim their unclaimed dividend.
  17. In accordance with the General Circular Nos. 20/2020 dated May 5, 2020 and 02/2021 dated January 13, 2021 read with the circulars dated April 8, 2020 and April 13, 2020 issued by the Ministry of Corporate Affairs (MCA) and in accordance with circular dated May 12, 2020 read with circular dated January 15, 2021 issued by the Securities and Exchange Board of India providing relaxations to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "Applicable Circulars"), electronic copies of the Integrated Annual Report for FY 2020-21 and this Notice inter-alia indicating the process and manner of e-Voting along with instructions to attend the AGM through Video-Conferencing / Other Audio-Visual Means are being sent by e-mail to those Members whose e-mail addresses have been made available to the Bank / Depository Participants. For Members who have not registered their e-mail addresses, kindly register the same on the Registrar and Transfer Agent (RTA's) website at the link [https://linkintime.co.in/EmailReg/email\\_register.html](https://linkintime.co.in/EmailReg/email_register.html) as physical copies of this Notice as well as the other documents will not be sent to them in physical mode and will be sent only by email, in view of the Covid-19 (Coronavirus) pandemic and the Applicable Circulars.
  18. Members who have not updated their latest email address in the records of the Bank / their depository participant are requested to update the same before July 31, 2021. The Notice and documents will be sent by email only to those Members who register their email addresses prior to this date.
- 19. E-Voting:**
- Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the applicable MCA Circulars, the Bank is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Bank has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting agency. The facility of casting votes by a Member using remote e-Voting as well as the e-Voting system on the date of the AGM will be provided by CDSL.
- The Bank has appointed Mr. S. N. Ananthasubramanian (FCS 4206 & COP 1774) and failing him Ms. Aparna Gadgil (ACS 14713 & COP 8430) of M/s. S. N. ANANTHASUBRAMANIAN & Co., Company Secretaries, Thane as the Scrutinizer for conducting the remote e-Voting and the voting process at the AGM in a fair and transparent manner. In terms of requirements of the Companies Act, 2013 and the relevant Rules, the Bank has fixed August 6, 2021 as the 'Cut-off Date'. The remote e-Voting /voting rights of the Members/beneficial

owners shall be reckoned on the equity shares held by them as on the Cut-off Date only.

#### **INSTRUCTIONS FOR REMOTEE-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:**

- (i) The voting period begins on August 10, 2021 at 9.00 a.m. (IST) and ends on August 12, 2021 at 5.00 p.m. (IST). During this period shareholders of the Bank, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 6, 2021 may cast their vote electronically. The e-Voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-Voting facility to its shareholders, in respect of all shareholders' Resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-Voting service providers (ESPs) providing e-Voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-Voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-Voting process.

- (iv) **(a) Step 1:** Access through Depositories CDSL/ NSDL e-Voting system in case of individual shareholders holding shares in demat Mode.

In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<p>1) Users, who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</p> <p>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-Voting menu, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, links are provided to e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</p> <p>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p>

Type of shareholders	Login Method
	<p>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a>. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
<p>Individual Shareholders holding securities in demat mode with <b>NSDL</b></p>	<p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</p>
<p>Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b></p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider’s website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned websites.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 022-23058542/43.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

**(iv) (b) Step 2:** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

Login method for e-Voting and joining virtual meeting for **Physical shareholders and shareholders other than individual shareholders holding shares in Demat form.**

- 1) The shareholders should log on to the e-Voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-Voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

	<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>
<b>PAN</b>	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Bank/ Depository Participant are requested to send an email to Registrar and Transfer Agent(RTA) at <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> or the Bank at <a href="mailto:investorgrievance@dcbbank.com">investorgrievance@dcbbank.com</a>.</li> </ul>
<b>Dividend Bank Details OR Date of Birth (DOB)</b>	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field</li> </ul>

- (v) After entering these details appropriately, click on "SUBMIT" tab.
- (vi) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for Resolutions of any other company on which they are eligible to vote, provided that company opts for e-Voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vii) For shareholders holding shares in physical form, the details can be used only for e-Voting on the Resolutions contained in this Notice.
- (viii) Click on the Electronic Voting Sequence Number (EVSN) for DCB Bank Limited on which you choose to vote.
- (ix) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (x) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xi) After selecting the Resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xii) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.
- (xiii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xiv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

**(xv) Additional Facility for Non-Individual Shareholders and Custodians –For Remote Voting only.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Bank at the email address viz. [investorgrievance@dcbbank.com](mailto:investorgrievance@dcbbank.com) , if they have voted from individual tab & not uploaded same in the CDSL e-Voting system for the scrutinizer to verify the same.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-Voting.
2. The link for VC/OAVM to attend meeting will be available where EVSN of DCB Bank Limited (the Bank) will be displayed after successful login as per the instructions mentioned above for Remote e-Voting.

3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops for better experience.
5. Further, shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance through e-mail during the period from August 06, 2021 (9.00 a.m. IST) to August 08, 2021 (5.00 p.m. IST) mentioning their name, demat account number/folio number, email id, mobile number at [investorgrievance@dcbbank.com](mailto:investorgrievance@dcbbank.com).
8. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance till August 08, 2021 (5.00 p.m. IST) mentioning their name, demat account number/folio number, email id, mobile number at [investorgrievance@dcbbank.com](mailto:investorgrievance@dcbbank.com). These queries will be replied to by the Bank suitably by email.
9. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Bank reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
10. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing

so, shall be eligible to vote through e-Voting system available during the AGM.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE ADDRESSES ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- Please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Bank's email id [investorgrievance@dcbbank.com](mailto:investorgrievance@dcbbank.com)/RTA email id [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)
2. For Demat shareholders -Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

**Other Instructions**

The result of the voting will be announced within two working days after the conclusion of the meeting on the Bank's website at [www.dcbbank.com](http://www.dcbbank.com), website of CDSL at [www.evotingindia.com](http://www.evotingindia.com) and communicated to the Stock Exchanges.



## 20. Details of Directors seeking appointment / re-appointment

Details of Directors seeking appointment / re-appointment in the 26th AGM scheduled on August 13, 2021 (Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), are given below:

Name of Director	Mr. Shaffiq Dharamshi	Mr. Nasser Munjee	Mr. Murali M.Natrajan
Date of Birth	September 11, 1964	November 18, 1952	March 23, 1962
Date of the original Appointment	January 13, 2015	June 29, 2005	April 29, 2009
Date of the last Appointment/ Re-appointment	June 02, 2018 Non-Independent Director	August 19, 2020 Non-Independent Director - Non-Executive (Part Time) Chairman	April 29, 2021 Executive Director (MD & CEO)
Expertise in Specific Functional area	Risk Management	Economics, Finance, Banking, Accountancy & Audit, Agriculture and rural economy, Co-operation,	Accountancy & Audit, Banking, Economics, Small-scale industry, Information Technology, Risk Management, Human Resource Development, Product Development & Marketing
Qualification	Master of Science In Economics/Analysis, Design and Management Of Information Systems	M.Sc. (Econ)	B.Com (Hons) and FCA
Board Membership of other Public Limited companies as on March 31, 2021	None in India	1) Tata Motors Finance Solutions Limited 2) Quantum Equity Advisors private Limited 3) Tata Motors Finance Limited 4) TMF Holdings Limited 5) Miracle Feet Foundation for Eliminating Club Foot 6) Indian Institute for Human Settlements 7) AGA Khan Rural Support Programme (India)	None

Name of Director	Mr. Shaffiq Dharamshi	Mr. Nasser Munjee	Mr. Murali M.Natrajan
Names of Listed Entities in which the person holds Directorship	None in India	1) Ambuja Cements Limited 2) Housing Development Finance Corporation Limited 3) The Indian Hotels Company Limited 4) Cummins India Limited 5) DCB Bank Limited	None
Chairman/ Member of the Committee of the Board of Directors of the Bank as on March 31, 2021	<b>Chairman:</b> None  <b>Member:</b> 1. Audit Committee	<b>Chairman:</b> 1) Corporate Social Responsibility 2) Capital Raising Committee  <b>Member:</b> 1) Nomination & Remuneration Committee	<b>Chairman:</b> 1) WilfulDefaulters Review Committee  <b>Member:</b> 1) Fraud Reporting & Monitoring Committee of Board 2) Risk Management Committee of Board 3) Corporate Social Responsibility Committee of Board 4) Customer Service Committee of Board 5) Information & Technology Strategy Committee of Board 6) Capital Raising Committee of Board
Chairman/ Member of the Committee of Directors of the other Companies in which he is a Director as on March 31, 2021.			
a. Audit Committee	None in India	<b>Chairman:</b> 1) Cummins India Limited 2) Indian Hotels Co. Ltd.  <b>Member:</b> 1) Ambuja Cements Limited 2) HDFC Limited	None

Name of Director	Mr. Shaffiq Dharamshi	Mr. Nasser Munjee	Mr. Murali M.Natrajan																																								
b. Stakeholders' Relationship Committee	None in India	None	None																																								
c. Other Committees	None in India	<table border="1"> <thead> <tr> <th colspan="2">CSRC</th> </tr> </thead> <tbody> <tr> <td>Member</td> <td>Ambuja Cements Limited</td> </tr> <tr> <td>Member</td> <td>Cummins India Limited</td> </tr> <tr> <td>Member</td> <td>Indian Hotels Co.Ltd.</td> </tr> <tr> <td>Member</td> <td>Tata Motors Finance Limited</td> </tr> <tr> <td>Member</td> <td>TMF Holdings Limited</td> </tr> <tr> <td>Member</td> <td>Tata Motors Finance Solutions Limited</td> </tr> <tr> <th colspan="2">NRC</th> </tr> <tr> <td>Member</td> <td>Ambuja Cements Limited</td> </tr> <tr> <td>Member</td> <td>Cummins India Limited</td> </tr> <tr> <td>Member</td> <td>Ambuja Cements Limited</td> </tr> <tr> <td>Member</td> <td>HDFC Limited</td> </tr> <tr> <td>Member</td> <td>Tata Motors Finance Limited</td> </tr> <tr> <td>Member</td> <td>TMF Holdings Limited</td> </tr> <tr> <td>Member</td> <td>Tata Motors Finance Solutions Limited</td> </tr> <tr> <th colspan="2">RMC</th> </tr> <tr> <td>Chairman</td> <td>HDFC Limited</td> </tr> <tr> <td>Chairman</td> <td>Indian Hotels Co.Ltd.</td> </tr> <tr> <td>Member</td> <td>Cummins India Limited</td> </tr> <tr> <td>Member</td> <td>Ambuja Cements Limited</td> </tr> </tbody> </table>	CSRC		Member	Ambuja Cements Limited	Member	Cummins India Limited	Member	Indian Hotels Co.Ltd.	Member	Tata Motors Finance Limited	Member	TMF Holdings Limited	Member	Tata Motors Finance Solutions Limited	NRC		Member	Ambuja Cements Limited	Member	Cummins India Limited	Member	Ambuja Cements Limited	Member	HDFC Limited	Member	Tata Motors Finance Limited	Member	TMF Holdings Limited	Member	Tata Motors Finance Solutions Limited	RMC		Chairman	HDFC Limited	Chairman	Indian Hotels Co.Ltd.	Member	Cummins India Limited	Member	Ambuja Cements Limited	None
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Member	Ambuja Cements Limited																																										
Number of equity Shares held in the Bank as on March 31, 2021	None	4,401	2,100,000																																								

**Explanatory Statement as required under Section 102(1) and any other applicable provisions of the Companies Act, 2013 annexed to and forming part of the Notice dated July 20, 2021:**

**Item No. 3 & 4: Revision in the term of office of M/s. S R Batliboi & Associates LLP, Chartered Accountants & appointment joint Statutory Auditors**

The Members of the Bank at the 25th Annual General Meeting held on July 11, 2020 had approved the appointment of M/s. S R Batliboi & Associates LLP, Chartered Accountants (Registration No.101049W/E300004) as the Statutory Auditors of the Bank for a period of 4 (four) years commencing from the FY 2020-21 till (and including) the FY 2023-24.

Subsequently, the Reserve Bank of India ("RBI") has on April 27, 2021, issued the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)("RBI Guidelines"). In terms of the RBI Guidelines, the Statutory Auditors have to be appointed for a term of 3 years. The RBI Guidelines are applicable from the FY 2021-22. Therefore, the term of office of M/s. S R Batliboi & Associates LLP as Statutory Auditors of the Bank will need to be revised from 4 years to 3 years, i.e. 3 years from the FY 2020-21 till (and including) the FY 2022-23.

Further as per the RBI Guidelines, given that the Bank's asset size is more than the stipulated threshold in this regard, the Bank will need to appoint a minimum of two joint Statutory Auditors. Therefore, for the remainder of the term of M/s. S R Batliboi & Associates LLP, LLP, they will need to act as joint Statutory Auditors of the Bank, with such other joint Statutory Auditor(s) as the Bank may appoint.

Accordingly, the approval of the Members of the Bank is required in modification of the Resolution passed by the Members of the Bank at the 25<sup>th</sup> Annual General Meeting held on July 11, 2020, and subject to applicable law and regulations (as may be amended, restated, modified, replaced from time to time), to revise the term of office for M/s. S R Batliboi & Associates LLP, Chartered Accountants, as Statutory Auditors of the Bank from a term of 4 years to a term of 3 years, i.e. 3 years from the FY 2020-21 till (and including) the FY 2022-23, and that for the remainder of this revised term, M/s. S R Batliboi & Associates LLP shall act as joint Statutory Auditors of the Bank with such other joint Statutory Auditor(s) as the Bank may appoint (subject to the approval of RBI and the Members of the Bank).

The Board of Directors of the Bank vide its Resolution dated July 5, 2021 had recommended M/s Sundaram &

Srinivasan, Chartered Accountants, (ICAI Registration No. 004207S) being the first preferred firm to the RBI for appointment as joint Statutory Auditors of the Bank, for a period of 3 (Three) years with effect from the FY 2021-22 till and including the FY 2023-24 subject to the approval of the RBI for each year during their tenure.

The Bank has received approval of the Reserve Bank of India for the appointment of M/s. Sundaram & Srinivasan, Chartered Accountants as the joint Statutory Statutory Auditors of the Bank.

M/s Sundaram & Srinivasan, Chartered Accountants (ICAI Registration No. 004207S) is a partnership firm established in 1943 with registered office in Chennai. They have strong presence in Southern India and provide audit and related services across India.

Considering the past experience of the firm in audit of private sector banks, the Board recommends the appointment of M/s Sundaram & Srinivasan, Chartered Accountants (ICAI Registration No. 004207S) as the joint Statutory Auditors of the Bank.

Accordingly, the approval of Members of the Bank is required pursuant to the provisions of Sections 139, 141 and other applicable provisions, if any, of the Companies Act, 2013 and the relevant Rules there under and pursuant to Section 30 of the Banking Regulation Act, 1949 and guidelines issued by the RBI including any amendments, modifications, variations or re-enactments thereof, for appointment of M/s. Sundaram & Srinivasan, Chartered Accountants, (ICAI Registration No. 004207S) who have offered themselves for appointment and have confirmed their eligibility to be appointed as Statutory Auditors in terms of Section 141 of the Companies Act, 2013 and applicable Rules and the guidelines issued by RBI dated April 27, 2021, as the joint Statutory Auditors of the Bank, to hold office for a period of 3 (Three) years with effect from the FY 2021-22 till and including the FY 2023-24, subject to the approval of the RBI for each year during this tenure, with power to the Board, including relevant Committee(s) thereof, to alter and vary the terms and conditions of appointment, etc., including by reason of necessity on account of conditions as may be stipulated by the RBI and/or any other authority.

Further, subject to applicable law and regulations including the relevant guidelines and circulars of the RBI (as may be amended, restated, modified, replaced from time to time), M/s.Sundaram & Srinivasan, Chartered Accountants, (ICAI Registration No. 004207S) and M/s. S R Batliboi & Associates LLP, Chartered Accountants (ICAI Firm Registration No.101049 W/E300004), who were already appointed as Statutory Auditors of the Bank at the 25<sup>th</sup> Annual General Meeting held on July 11, 2020),

shall act as joint Statutory Auditors of the Bank for the remainder of the term of M/s. S R Batliboi & Associates LLP and that M/s. Sundaram & Srinivasan, shall thereafter act as joint Statutory Auditors of the Bank with such new joint Statutory Auditor(s) who will be appointed by the Bank subject to prior permission of RBI and approval of the Members of the Bank from FY 2022-23 onwards.

M/s. S R Batliboi & Associates LLP and M/s Sundaram & Srinivasan, as joint Statutory Auditors, shall be paid the overall audit fees of ₹ 1.30 crore (Rupees One Crore and Thirty Lakhs Only) per annum for FY 2021-22 and FY 2022-23, with authority to the Board (including any Committee thereof) to allocate the overall audit fees between M/s. S R Batliboi & Associates LLP and M/s. Sundaram & Srinivasan, as may be mutually agreed between the Bank and the said joint Statutory Auditors, depending upon their respective scope of work, and additionally out of pocket expenses, outlays and taxes as applicable.

The Board of Directors recommends the appointment of the selected Statutory Auditor Firms as the Bank's joint Statutory Auditors based on a review of their profile, experience and specialization in audit of banking and financial service sector.

Your Board recommends the passing of the Resolutions in Item Nos. 3 & 4 of the accompanying Notice.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in the passing of the Resolutions in item Nos. 3 & 4.

### **Item No. 5 - Increase in Borrowing Powers**

In terms of Section 180(1)(c) of the Companies Act, 2013, borrowings by the Bank (apart from the deposits accepted in the ordinary course of business by the Bank, temporary loans repayable on demand or within six months from the date of the loan, and temporary loans, if any, obtained from the Bank's bankers, other than loans raised for the purpose of financing expenditure of a capital nature), in excess of the paid-up capital of the Bank and its free reserves, require the approval of the Members by way of Special Resolution.

Under Section 180 of the Act, the aforementioned powers of the Board can be exercised only with the prior consent of the Members of the Bank by a Special Resolution. Such an approval from the Members was last secured at the 25th AGM held on July 11, 2020 by which the Borrowing limit was increased to ₹ 5,500 crore.

Considering the growth in business and operations of the Bank, opportunity to raise attractive borrowings as

per the recent guidelines of the RBI on Issue of Long Term Bonds by Banks for financing including that of Infrastructure and Affordable Housing, relaxation in Basel III guidelines on limit of Additional Tier I and /or Tier II capital to be considered for Capital Fund purpose as well as opportunity to obtain refinance from term lending institutions, your approval is being sought to increase the borrowing limits as specified in the Resolution.

Your Board recommends the Resolution at Item No.5 of the accompanying Notice for the approval of the Members of the Bank by way of a Special Resolution

None of the Directors or Key Managerial Personnel of the Bank or their respective relatives is concerned or interested in the passing of the Special Resolution at Item No.5.

### **Item No. 6 - Raising of Funds by issue of bonds/debentures/ securities on Private Placement basis**

The Bank has been borrowing funds to meet the business requirements within the limits approved by the Members by way of issuance of various debt securities (bonds/debentures) as permitted by the Reserve Bank of India ("RBI") and in accordance with the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, and other applicable laws, from time to time.

In terms of Section 42 of the Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014, the Bank is permitted to make private placement of Securities subject to the condition that the proposed offer of Securities or invitation to subscribe Securities has been previously approved by the Members of the Bank, by a Special Resolution, for each of the offers or invitations/ subscriptions. In case of offer or invitation for subscription of non-convertible debentures, it shall be sufficient if the Bank passes a Special Resolution only once in a year for all the offers or invitation for subscription of such debentures during the year. While the Members had passed a Special Resolution at the last AGM held on July 11, 2020, in case the Bank needs to or gets an opportunity to raise such funds hereinafter during the period of about one year from the forthcoming AGM, it will require Members' fresh approval at that time which could be time consuming. Hence it is proposed to seek approval of the Members once again in the forthcoming 26th AGM which shall be valid for one year from the date of the Members' approval.

Further, considering the features of the revised guidelines issued by the RBI on issue of long term bonds/ Basel III Tier I /Tier II bonds and the fact that these bonds will also

assist the Bank in reducing asset liability mismatches, the Board of Directors has proposed to obtain the consent of the Members of the Bank for borrowing/ raising funds in Indian/ foreign currency by issue of debt securities pursuant to the relevant provisions of the applicable circulars or guidelines issued by the RBI, up to ₹ 500 crore (Rupees Five Hundred crore only) in aggregate, for additional Tier I and Tier II capital, in one or more tranches in domestic and /or overseas market, as per the structure and within the limits permitted by RBI and other regulatory authorities, to eligible investors on private placement basis, on such terms and conditions as the Board of Directors or any committee(s) thereof or such other persons as may be authorized by the Board, from time to time, determine and consider proper and appropriate for the Bank. This would form part of the overall borrowing limits under Section 180(1)(c) of the Companies Act, 2013. The Resolution under Section 42 of Companies Act, 2013 shall be valid for a period of one year from the date of passing of this resolution.

The pricing of the debt securities referred above depends primarily upon the rates prevailing for risk free instruments, rates on other competing instruments of similar rating and tenor in the domestic or overseas markets, investor appetite for such instruments and investor regulations, which enable investments in such instruments.

Further, debt securities would be issued for cash either at par or premium or at discount to the face value depending upon the prevailing market conditions, as permitted under the applicable laws.

Accordingly, the approval of Members is being sought by way of a Special Resolution as set out at in Item No. 6 of this Notice for borrowing / raising funds in Indian / foreign currency by issue of debt securities on private placement basis.

Your Board recommends the Special Resolution, as set forth in Item No. 6 of this Notice for approval by the Members of the Bank.

None of the Directors or Key Managerial Personnel or their respective relatives is concerned or interested in the passing of the Special Resolution at Item No.6.

**Item No. 7 -Issue of equity shares / other securities convertible into equity shares (“Securities”) through Qualified Institutions Placement:**

The Special Resolution proposed in the Notice relates to the proposed issue of Equity Shares as defined in the text of the Special Resolution thereat to Qualified

Institutional Buyers as defined under Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Regulations”) for an amount not exceeding ₹ 500 crore (Rupees Five Hundred crore only), through a Qualified Institutions Placement.

The Bank proposes to grow secured retail assets (e.g. housing loans, gold loans etc.), Micro SME / SME, Mid Corporate, Agriculture and Microfinance businesses. The risk weighted assets of the Bank are expected to rise with increase in the business level. In this backdrop, the Bank proposes to shore up its capital base through issue of Equity Shares. Assuming maintenance of conservative ratio of 11.5% capital adequacy on incremental assets, the proceeds of the issue of Equity Shares would enable the Bank to add approximately ₹ 4,348 crore of risk weighted assets.

The proposed issuance of Equity Shares in terms of the Special Resolution in the Notice will be in conformity with the provisions of all applicable laws.

The detailed terms and conditions for the issuance of the Equity Shares as and when made will be determined by the Board in consultation with the Merchant Bankers, Lead Managers, Advisors and such other authorities as may require to be considered by the Bank, considering the prevailing market conditions and other relevant factors. The Special Resolution seeks to give the Board powers to issue Equity Shares in one or more tranches at such time or times, at such price or prices, and to such of the Investors as are mentioned therein as the Board in its absolute discretion deems fit.

Since the Special Resolutions proposed in the Notice under Item No.7 may or will result in the issue of Equity Shares of the Bank otherwise than to the Members of the Bank, consent of the Members is being sought pursuant to the provisions of Sections 62(1)(c) and other applicable provisions of the Companies Act, 2013 as well as applicable provisions, if any, of the Companies Act, 1956 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in terms of the Special Resolutions in the Notice. The Board recommends the Special Resolution as set out in Item No. 7 of the accompanying Notice, for approval of the Members.

The Directors of the Bank, Key Managerial Persons and their relatives may be deemed to be concerned or interested in the Special Resolution to the extent that their respective percentage shareholding in the Bank may be affected in case of issue of Equity Shares to the Investors pursuant thereto.

**Item No. 8 - Re-appointment of Mr. Nasser Munjee (DIN 00010180), Non-Executive (Part Time) Chairman of the Bank and payment of Honorarium.**

The Board of Directors at the meeting held on April 28, 2020 had approved and recommended to the Reserve Bank of India (RBI) the re-appointment of Mr. Nasser Munjee as Non-Executive (Part Time) Chairman of the Bank w.e.f. August 19, 2020 and had recommended for approval of the Reserve Bank of India (RBI). RBI has vide an e-mail dated August 17, 2020 approved his re-appointment for one year w.e.f. August 19, 2020 as per the existing terms and conditions i.e. payment of Honorarium of ₹ 24.00 Lakh per annum, reimbursement of actual business related expenses and payment of club membership fee to him.

The Board of Directors recommends Members to accord their approval for the re-appointment of Mr. Munjee as Non-Executive (Part Time) Chairman of the Bank for further period of one year w.e.f. August 19, 2020 and payment of Honorarium, reimbursement of actual business related expenses and payment of club membership fee as approved by RBI and passing of the Ordinary Resolution as set out in Item No. 8 of the Notice. Mr. Munjee is not entitled to sitting fees for attending the meetings of the Board / Committees.

None of the Directors other than Mr. Nasser Munjee nor any Key Managerial Personnel or their respective relatives are, in any way interested in the Resolution at Item No. 8 of the Notice.

**Item No.9 - Re-appointment of Mr. Murali M. Natrajan, (DIN 00061194) as Managing Director and CEO of the Bank**

Mr. Murali M. Natrajan was last re-appointed as Managing Director and CEO of the Bank for a period of three years from April 29, 2018 to April 28, 2021 in the Twenty Third AGM held on June 2, 2018 as per the approval of the Reserve Bank of India vide letter DBR.Appt. No.9537/29.03.001/2017-2018 dated April 23, 2018.

The Board of Directors at the meeting held on September 16, 2020 had approved and recommended to the Reserve Bank of India (RBI) the re-appointment of the Mr. Murali M. Natrajan as Managing Director and CEO of the Bank. The Reserve Bank of India vide letter DOR.GOV.No. 37539/29.03.001/2021-22 dated April 15, 2021 has approved re-appointment of Mr. Murali M. Natrajan as Managing Director and CEO of the Bank for further period of one year from April 29, 2021 up to April 28, 2022 on the existing terms given below by RBI:

Sr. No.	Remuneration	Amount
1.	Salary (basic)	₹ 2,39,90,400/- p.a..
2.	Dearness allowance	NIL
3.	House Rent allowance	Yes. Fully furnished accommodation OR in case no residential accommodation is provided by the Bank then the Bank should pay ₹ 55.50 lakh p.a. as Housing Allowance
4.	Conveyance allowance	NIL
5.	Entertainment allowance	Entertainment expenses reasonably incurred will be reimbursed against presentation of receipts /evidence.
6.	Other allowance, if any (Please specify)	a) Gas & Electricity charges b) Water charges Actuals at reasonable rates. c) Consolidated Benefit Allowance of ₹ 2,01,94,272/- p.a.
<b>PERQUISITES:</b>		
1	Residence	Yes, fully furnished accommodation OR In case no residential accommodation is provided by Bank then the Bank should pay ₹ 55.50 lakhs p.a. as Housing Allowance.
2.	Use of Bank's cars:	Two Cars
	(i) Official purpose.	Yes (One car)
	(ii) For private purposes on compensating the Bank with suitable amount	Second car for private use. Running and maintenance on Bank account. Reimbursement of salary, bonus, uniform, etc. to 2 drivers restricted in aggregate to ₹ 3 lakhs per annum.  If no car availed, allowance at ₹ 50,000/- per month per car to meet the expenses on a net of tax basis.
3.	Provident Fund	As per the Bank's rules. (12% of Basic) ₹ 28,78,848/- p.a
4.	Gratuity	As per the Payment of Gratuity Act.

Sr. No.	Remuneration	Amount
5.	Pension	N.A.
6.	Traveling and Halting Allowance	Actual for the Bank's business.
7.	Insurance & Medical benefits	Group Personal Accident Insurance & Critical Illness cover as per policy of the Bank. Group Insurance for actual death as per Scheme for employees (up to 24 times of monthly basic salary). Health Insurance and hospitalization policy to cover Mr. Murali M. Natrajan & his dependent family members premia not exceeding ₹ 1,20,000/- p.a.  Reimbursement of routine medical expenses on actual basis incurred by him or his dependent family members not exceeding ₹ 50,000/- p.a. (The same should be allowed to be claimed on net of tax basis in case of non-availability of bills).
8.	Meal Allowance	Meal Allowance of ₹ 30,000/- p.a.
9.	Other Benefits	
	Use of Telephone / Fax	Use of two Telephones and one Cellular phone 1 as Telephone 1 as Fax machine Blackberry / iPhone / any other handheld phone instrument for official purpose / other internet connectivity as the case may be. Re-imburement of expenses at actual.
	Membership of Club	Two Clubs (Cost of admission and contribution).
	Housing Loan(s)	N.A.
	Other Loan(s) (F&F / vehicles, etc.)	N.A.
10.	Leave fare concession	₹ 26,78,115/- p.a. (Payment as per the Bank's policy and taxability / tax exemption as per Income Tax Act, 1961).

The Board of Directors recommends the re-appointment of Mr.Murali M. Natrajan as Managing Director & CEO of the Bank for a further period of one year from April 29, 2021 to April 28, 2022.

Mr. Natrajan shall be entitled to an annual increase in remuneration being limited to 15% of the previous year's annual remuneration inclusive of the bonus paid, if any, for that Financial Year, which will be subject to prior RBI approval.

Mr. Natrajan is not entitled to sitting fees for attending the meetings of the Board / Committees.

None of the Directors other than Mr. Murali M. Natrajan, nor any Key Managerial Personnel or their respective relatives are, in any way, interested in the Resolution at Item No. 9 of the Notice.

By Order of the Board of Directors  
**DCB Bank Limited**

**Rubi Chaturvedi**  
Company Secretary

Place:Mumbai  
Date: July 20, 2021

Registered Office:  
CIN:L99999MH1995PLC089008  
Peninsula Business Park,  
6<sup>th</sup> floor, 601 & 602, Tower A,  
Senapati Bapat Marg,  
Lower Parel, Mumbai 400 013.



# DIRECTORS' REPORT

Your Directors are pleased to present the Twenty Sixth Annual Report of DCB Bank Ltd (hereinafter referred to as the Bank/Your Bank/DCB Bank) together with the audited accounts for the year ended March 31, 2021 (FY 2021).

In FY 2021, the Bank has posted an Operating Profit of ₹ 898.48 crore (FY 2020 ₹ 753.06 crore) and a Net Profit of ₹ 335.79 crore (FY 2020 ₹ 337.94 crore).

Total Assets have increased by ₹ 1,096.99 crore and reached ₹ 39,602.13 crore as on March 31, 2021 (₹ 38,505.14 crore as on March 31, 2020).

Customer Deposits have increased by ₹ 816.47 crore and Advances have increased by ₹ 613.95 crore. Your Bank has been contributing significantly to Priority Sector Lending (PSL) and has achieved the overall PSL target as required by the Reserve Bank of India (RBI).

The Net Interest Margin (NIM) was 3.59% in FY 2021 as compared to 3.67% in FY 2020 and the Current and Savings Accounts (CASA) ratio stood at 22.8% as on March 31, 2021.

Cost to Income Ratio has decreased to 48.5% in FY 2021 from 54.5% in FY 2020. Total Branch network stood at 352 as on March 31, 2021 (336 as on March 31, 2020) and ATM network was 410 as on March 31, 2021 (504 as on March 31, 2020).

Provisions Other Than Tax have increased to ₹ 445.68 crore in FY 2021 from ₹ 261.14 crore in FY 2020. The Bank is adopting a conservative approach towards potential stress on account of Covid-19. The Bank also made provision for existing and fresh Non Performing Assets (NPA) slippages, and provision against Standard Assets.

Gross NPAs have increased to ₹ 1,083.44 crore as on March 31, 2021 from ₹ 631.51 crore as on March 31, 2020. Consequently, Gross NPA Ratio as on March 31, 2021 was 4.09% as compared to 2.46% as on March 31, 2020. Net NPAs have increased to ₹ 594.15 crore as on March 31, 2021 as against ₹ 293.51 crore as on March 31, 2020. Consequently, Net NPA Ratio as on March 31, 2021 was 2.29% as compared to 1.16% as on March 31, 2020. The overall NPA Provision Coverage Ratio as on March 31, 2021 was 62.35 % (70.81 % as on March 31, 2020).

Return on Assets (RoA) Ratio in FY 2021 was 0.87% as compared to 0.90% in FY 2020.

Corresponding Return on Equity (RoE) Ratio in FY 2021 was 9.99% as compared to 11.19% in FY 2020.

Capital Adequacy Ratio (CAR) under Basel III as on March 31, 2021 stood at 19.67% (17.75% as on March 31, 2020).

## FINANCIAL SUMMARY

(₹ in crore)

Balance Sheet	As at March 31, 2021	As at March 31, 2020	Increase / (Decrease)
Customer Deposits	27,103.62	26,287.15	816.47
Inter Bank Deposits	2,600.24	4,082.78	(1,482.54)
Total Deposits	29,703.86	30,369.93	(666.07)
[Including Total CASA*]	[6,786.51]	[6,519.22]	267.29
Advances	25,959.24	25,345.29	613.95
Gross - NPA	1,083.44	631.51	451.93
Net - NPA	594.15	293.51	300.64
<b>Total Assets</b>	<b>39,602.13</b>	<b>38,505.14</b>	<b>1,096.99</b>
Profit & Loss	For the year ended March 31, 2021	For the year ended March 31, 2020	Increase / (Decrease)
Net Interest Income	1,286.61	1,264.91	21.70
Non Interest Income	458.50	391.10	67.40
Total Operating Income	1,745.11	1,656.01	89.10
Operating Cost	846.63	902.95	(56.32)
Operating Profit	898.48	753.06	145.42
Provisions Other than Tax	445.68	261.14	184.54
Net Profit Before Tax	452.80	491.92	(39.12)
Tax	117.01	153.98	(36.97)
<b>Net Profit After Tax</b>	<b>335.79</b>	<b>337.94</b>	<b>(21.50)</b>

\* Current and Savings Accounts (CASA)

## DIVIDEND

Considering the situation developing around Covid-19 in the country and related uncertainty that it creates, the Board of Directors of the Bank consider it prudent not to propose any dividend for FY 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS VISION

The Bank's vision is to be the most innovative and responsive neighbourhood bank in India serving entrepreneurs, individuals and businesses. In line with our vision, we began implementing a new strategy in FY 2010, which has been very successful and now completed 11 years.

## TARGET MARKET

Keeping in view its inherent strengths, branch network and expertise, the Bank's target market is mainly small business owners / self-employed / small business segment (traders, shopkeepers, business owners, MSMEs and SMEs). The Bank has chosen to have limited presence in the salaried segment. The MSME / SME sector is a vibrant and dynamic sector of the Indian economy and plays a very important role in the growth of the Indian economy. This segment is usually resilient and displays entrepreneurial spirit. Small enterprises create millions of jobs and maintain social stability. The MSME sector plays a pivotal role in the economic and social development of the country.

Some useful information on the MSME sector is given below:

- Number of Working Enterprises: 64 million, Employment: 111 million individuals
- Urban: 49%, Rural: 51%
- Manufacturing: 31%, Trade 36%, Other Service: 33%
- Sole Proprietor: 96%

*(Source: Annual Report FY 2020-21 Government of India, Ministry of Micro, Small and Medium Enterprise)*

## DCB BANK CUSTOMERS

Your Bank provides banking services to a varied base of business owners, self-employed / small businesses for example - Commodity Trader, Gold Trader, Vegetable Trader, Commission Agent, Retailer, Restaurant Owner, Caterer, Baker, Vending Machine Supplier, Consultant, Doctor, Contractor, Interior Decorator, Software Designer, Salon, Beauty Parlour, Printer, Electrical Engineer, Saw Mill, Flour Mill, Rice Mill, Grocery Store, Brick Maker, Builder, Fabricator, Artist, Writer, Auto Repair, Ship Repair, Pharmacy, Computer Specialist, Furniture Maker, Uniform

Maker, Garment Shop, Fashion Tailor, Hardware Shop, Agri Processor, Pesticide Dealer, Auto Dealer, Scrap Dealer, Stationery Supplier, FMCG or Consumer Goods Dealer, Tool Maker, Agri Input Dealer, Tractor Dealer, Plastic Manufacturer, Mattress Manufacturer, Water Supplier, Computer Training Classes, Internet Café, Coaching Classes, Tour Operator, Hotel Owner, Transporter, Ticketing Agent, C&F Agent, amongst others. The list of Self Employed occupation is endless. The target market is essentially Micro, Small and Medium Enterprises both in Manufacturing and Services. (Please refer to MSMED Act, 2006). Majority of lending to MSME sector qualifies for Priority Sector Lending. A major share of deposits and loans of the Bank are from the self-employed segment.

Economic activity was significantly affected due to unavoidable but necessary steps taken by the Government of India to limit the spread of Covid-19 infections. A nationwide lockdown was announced which unfortunately but expectedly resulted in contraction of the economy. Lockdown had much greater impact on MSMEs, SMEs, shop keepers and traders. Government of India and RBI announced a number of progressive measures to help businesses and individuals to cope with the financial stress caused by the disruptions. After lockdown was gradually eased in an orderly manner, demand started picking up and the situation was returning to normalcy.

Unfortunately, from the beginning of April 2021 India experienced the second wave of Covid-19 causing infections to spike rapidly which has put enormous pressure on the medical system of the country. Yet again various State Governments were forced to announce curfews and lockdowns to slow down the infection rate and save lives. These necessary measures have impacted the fragile economic recovery. It seems like much of the year 2022 will be consumed in battling the pandemic. It is sincerely hoped that the vaccination of the population will pick up speed and slow down the spread of Covid-19. Banks are expected to make full use of the special measures created by the RBI such as moratorium, restructure, etc. to assist customers to deal with the business/income disruptions.

In the coming months, the NPAs in the banking system are likely to increase further. DCB Bank is predominantly focused on MSMEs/SMEs which is most impacted by the lockdown business disruptions. Therefore, the Bank may witness an increase in NPAs and restructured loans. Since the Bank has strong operating profits and capital position, the Bank is confident of sailing through these challenging times..

### CREDIT RATINGS

During the current year, CRISIL Limited reaffirmed the Bank's rating for Tier II Bonds (under Basel III) to CRISIL AA-/Stable and reaffirmed its rating on the Bank's Certificates of Deposit Programme and Short-term Fixed Deposit Programme at CRISIL A1+. The Bank continues to enjoy ICRA A+ (hyb)/ (stable) rating for Basel III Compliant Tier II Bonds Programme and ICRA A1+ rating for Short Term Fixed Deposits Programme.

### AWARDS AND RECOGNITION

Your Bank continued to be recognized for its progress and initiatives in various functions.

#### Corporate Social Responsibility (CSR)

Gold Award in the Asian Customer Engagement Forum (ACEF) in the Best Corporate – Non-Profit Partnership category. The Bank was recognised for its collaboration with S M Sehgal Foundation for a project associated with water conservation, groundwater restoration and sustainable livelihood.

#### Human Resources

DCB Bank continues to be Great Place to Work-Certified™ for building a High-Trust and High-Performance Culture™ for the year.

#### Information Technology

During FY 2021, your Bank has participated in various event and also been recognized and awarded as below:

1. DCB Bank Wins at BFSI Digital Innovation Award 2020  
Runners-up in the Ecosystem Innovation Category of Infosys's Client Innovation Award 2020, recognized for DCB Bank Innovation Carnival
2. DCB Bank @ Finnoviti Awards 2021  
ATMChain – DCB Bank's 1st Blockchain based project has been awarded at the 9th edition of Finnoviti Awards 2021

### BRANCH EXPANSION / ATMs

The number of branches, as on March 31, 2021, stood at 352 [197 Retail branches and 155 branches in Agri and Inclusive Banking (AIB)]. In line with our strategy, approximately 19 percent of the branches are in rural areas and 26 percent in semi-urban areas. The new branches have a common look and feel and they are designed to provide a unique, positive and seamless banking experience to customers. The Bank had 410 ATMs as on March 31, 2021.

### RETAIL BANKING

Retail Banking offers unique products for meeting financial needs of individuals and businesses. The Bank follows a multi-product approach which results in "all products being offered in all branches" subject to customer demand in the branch catchment area. To remain competitive, the Bank is particular about the quality and timeliness of service delivery. The Bank has a wide range of products that caters to the various needs of the customers.

#### Term Deposits

DCB Bank is usually amongst the top 5 banks in India in terms of offering attractive Term Deposit interest rates especially for longer tenor retail deposits. DCB Suraksha is a unique deposit that not only offers attractive interest rate but also provides a "no medical required life insurance cover" at "zero cost" to customers (subject to terms and conditions). During the year, the Bank launched DCB Health Plus Fixed Deposit product which has unique health insurance benefits at "zero cost" to customers (subject to terms and conditions). During FY 2021, the Bank has substantially changed the liquidity profile and mix of its deposits. The continuous focus was on obtaining granular deposits. Consequently, the top 20 deposits ratio which was at 9.27% at the start of the year further declined to 6.98% at the end of FY 2021.

#### Mortgage and Micro Mortgage Loans

Mortgage is the main loan product for the Bank and contributes more than 40% of the Bank's advances portfolio. Under mortgage business, the Bank offers both Home Loans and Business Loans to self-employed and salaried segments. The main purpose of these loans is home purchase, home construction, home improvement, home repairs, business expansion and personal expenses such as education or marriage.

Micro or small ticket mortgages are particularly sought after in Tier 2 to Tier 6 locations. In spite of substantial progress in digital infrastructure, prospects in the semi-urban areas still derive part of their sales in cash especially in small business segment. At times this creates challenges in estimation of income and repayment capacity. The Bank has demonstrated its ability to assess household income for such prospects through structured and detailed personal discussions. Apart from creating good quality portfolio, the Bank has been able to achieve financial inclusion through micro and small ticket loans. Most of these micro loans qualify under the Priority Sector Loan (PSL) norms of the RBI. The Bank has availed refinance facilities offered by the National

Housing Bank (NHB) to support growth of home loans. The Bank has also made available to customers subsidy under Pradhan Mantri Awas Yojana (PMAY) through NHB. In FY 2021, Covid-19 has thrown up new challenges for our customers and their businesses. As a response, the Bank has successfully implemented various regulatory schemes like Moratorium, Guaranteed Emergency Credit Line, etc. to provide relief under the resolution framework for Covid-19 related stress to eligible customers.

Post initial lockdown in FY 2021, the mortgage business came back strongly after making suitable adjustments in target market and product offering. In a calibrated approach, the Bank maintained its focus in small ticket loans. By the end of FY 2021, new loan volumes almost reached pre-March 2020 levels. The contribution of home loans increased in the new loan originations.

### Construction Finance (CF)

The construction sector is an important contributor to the growth of our economy. Affordable housing in both rural and urban areas is one of the key thrust area of Government of India. The implementation of Real Estate Regulation & Development Act, (RERA) 2016, in most states, has brought in a lot of transparency into this sector, thus creating conditions more favorable for banks and home buyers. With respect to lending to the real estate segment, the Bank's approach is to focus attention on reputed builders with a strong track record who are primarily concentrating on affordable housing segment. The Bank's approach is to limit exposure per customer and project. The Bank has established processes to monitor sales, collections, and utilization of funds towards project completion.

The construction sector has faced the brunt of Covid-19 disruptions. Both construction and sales activities have been negatively impacted. Once the lockdown was lifted, from the middle of FY 2021, the real estate sector started picking up momentum. While real estate sector may face some stress, the Bank expects the affordable housing segment to perform well once the Covid-19 situation improves.

### Commercial Vehicle (CV) Loans

Commercial Vehicle Loans (CV) is an important contributor to the Bank's PSL. Almost 95% of the CV portfolio qualifies as PSL. The Bank provides CV loans across 110 locations. The CV industry has been facing strong headwinds even prior to Covid-19. CV industry is perhaps one of the worst impacted by Covid-19. In

FY 2021, during the pandemic, the Bank's CV team reached out to its customers through visits / calling to provide customer education on moratorium. The Bank encouraged customers to repay loans if cash flows were available instead of choosing moratorium. The idea was to help customers reduce their interest burden. The Bank also offered MSME restructure and GECL schemes to eligible customers. CV portfolio is expected to face stress, however, once the economic situation improves the portfolio is expected to recover quickly.

### Loan against Gold

Loan against Gold is offered in most of the branches of the Bank. The Bank has trained, in house valuers, which has resulted in improvement in cycle times and service delivery. The Bank has continuously upgraded "Gradaitm" a special front end software for serving new and existing gold loan customers. In FY 2021, the Bank made significant progress in growing the Loan against Gold portfolio.

### Insurance and Mutual Funds Distribution

The Bank has corporate agency tie-ups for distribution of life insurance, health insurance and general insurance. The Bank also has referral tie ups for mutual fund distribution. This enables the Bank to deepen customer relationships in addition to increasing fee income.

### Traditional Community Banking

In FY 2010, with a vision of strengthening neighbourhood banking, the Bank set up a separate vertical to focus on Traditional Community Banking. The aim was to address the specific needs of the vintage neighbourhood community customers and to provide personalized solutions wherever possible. This perhaps is the purest form of neighbourhood banking and is directed towards addressing small credit needs such as education, personal, business and working capital.

### Non-Resident Indian (NRI) business

The Bank has NRI customers from 135 countries, which contribute to 10.43% of the total customer deposits.

### COLLECTIONS AND RECOVERIES

Collections team operates out of 245 locations with a hub and spoke model and has developed robust capabilities to collect overdue payments and ensure portfolio quality across products. The use of data analytics to improve

## DCB Bank Limited

predictability has been important in improving the productivity of the unit. Senior officers in the collections unit are experienced to understand the issues faced by customers and they strive to find acceptable ways to rehabilitate the customers in case of stress.

During the Covid-19 times team was in regular touch with customers trying to understand difficulties faced by them in order to provide relief and rehabilitation within the regulatory framework. A lot of effort was undertaken to educate customers (including videos) on moratorium, restructure etc. A special team was formed within the unit to assist customers that may need more assistance. Continuous efforts were made to increase digital payments in order to improve customer experience and reduce operational costs.

### STRATEGIC ALLIANCES

One of the key strategies of the Bank is to enter alliances with entities whose products and services enable the Bank to improve customer acquisition and retention. Apart from new and enhanced products alliances help in speed to market.

#### Bancassurance

Name of the Partner	Type of arrangement
Aditya Birla Health Insurance Company Ltd	Corporate Agency for insurance sales
Aditya Birla Sun Life Insurance Company Ltd	Corporate Agency for insurance sales
HDFC Standard Life Insurance Company Ltd	Corporate Agency for insurance sales
ICICI Lombard General Insurance Company Ltd	Corporate Agency for insurance sales
Royal Sundaram General Insurance Company Ltd	Corporate Agency for insurance sales

The various strategic alliances and business association of your Bank is given below: -

#### Remittance Solutions

Name of the Partner	Type of arrangement
Avenues Payments India (P) Ltd	Remittance Platform Solution

#### Service Partners

Name of the Partner	Type of arrangement
Atos Worldline India (P) Ltd	Merchant Acquiring
Skilworth Technologies Pvt Ltd. (Bijlipay)	Merchant Acquiring
CMS Info System Limited	ATM deployment and Cash management
Euronet Services India Limited	ATM and Switch Management
M2P Solutions Pvt Ltd.	Program Partner for Card programs

#### Business Alliances

Name of the Partner	Type of arrangement
Aditya Birla Finance Ltd.	Lending Business

#### Fintech Alliances

Name of the Partner	Type of arrangement
Finnew Solutions Private Limited (NiYo)	Global NiyO Card Management
Xomic Infotech Private Limited	Government E Marketplace Payment Management System
Camden Town Technologies Limited (Zestmoney)	Lending Business
Finsall Resources Private Limited	Lending Business
Greenizon Agritech Consultancy Private Limited	Lending Business
Indiumplus Financial Services Private Limited	Lending Business

#### Trade Receivables Discounting System (TReDS) Alliances

Name of the Partner	Type of arrangement
Mynd Solution Private Limited (MIXchange)	Lending on TReDS Platform
Receivables Exchange of India Ltd (RXIL)	Lending on TReDS Platform
A. TReDS Limited (Invoicemart)	Lending on TReDS Platform

## CORPORATE BANKING (CB)

The Bank's intention is to have a limited exposure in Corporate Banking. This business operates across India with regional offices in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata, and Mumbai. The business objective is to provide a complete range of commercial banking solutions including Foreign Exchange, Trade Finance and Cash Management. The Bank has a robust underwriting and credit system/process to address the inherent risks in Corporate Banking. The emphasis is on building a secured loans portfolio and creating long term relationships with high quality large and mid-corporates. The Bank continued to focus attention on short term lending which helped to deploy short term liquidity. The Bank increased the intensity of portfolio reviews and monitoring.

Your Bank understands that the Relationship Managers (RMs) must have in-depth knowledge of various industries and corporates. To meet this need, the Bank has introduced and reinforced RM Knowledge Improvement Programs wherein information on various industries, corporates, credit ratings etc are shared with the RMs on a regular basis. Your Bank continues to share its learnings to the teams and hold RM meetings wherein the top management of the Bank share their perspectives and learning.

## AGRI AND INCLUSIVE BANKING (AIB)

AIB is a separate business unit with the main task of achieving financial inclusion, meet Bank PSL targets especially agricultural lending target and expand AIB business into rural and semi urban areas. At the end of March 2021, AIB had 155 branches in 12 states. There are many opportunities to offer simple innovative products backed by superior technology in the rural and semi urban areas of India. Many of the new branches are present in Tier 2 to Tier 6 locations. There is a constant endeavor to cater to underbanked and unbanked population through a wide range of products, for example, zero balance savings account, small recurring deposit account, small loans to match the income and cash flow cycle.

### Pradhan Mantri Jan-Dhan Yojana (PMJDY)

In FY 2021, your Bank actively participated in PMJDY. The Bank had 32,789 PMJDY accounts as on March 31, 2021. The Bank has enabled Rupay Debit Cards for PMJDY account holders.

### Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Atal Pension Yojana (APY)

The Bank successfully reached out to unbanked and economically weaker population through PMSBY, PMJJBY

and APY programs that are designed to bring social security. Your Bank had 6,279 customers under PMSBY; 3,199 customers under PMJJBY and 4,569 customers in APY as on March 31, 2021.

### BSBDA

BSBDA has replaced "No frills account". This is a wonderful product for achieving financial inclusion especially for those who have limited transaction needs especially in the low income group. The Bank had 46,259 BSBDA accounts as on March 31, 2021.

### Kisan Mitra

"Kisan Mitra" as the name suggests, is a liability product, which fulfils the requirement and enhances the savings habit in rural areas. It is a product specially designed for farmers. It is a modified Savings Account with "zero" account opening amount and no Average Quarterly Balance maintenance charges.

### Retail Agriculture Loan and Kisan Credit Card

To meet the credit needs of the farmers, the Bank has several retail agri products namely Kisan Credit Card which provide for short term funding requirements such as purchasing seeds, fertilizers, pesticides, manure, irrigation, long term loan for animal husbandry, and loans for investment purpose like land improvement, irrigation and hi-tech agriculture.

### Tractor Loans

Tractor Loans is an integral part of the total agricultural equipment sector and is an indirect indicator of growth in the agricultural sector. The Bank has slowly built its business across Tier 2 to Tier 6 branches. Providing tractor loans helps the Bank to partly meet PSL targets for agriculture and small and marginal farmers. In FY 2021, the Bank has started used tractor finance, which would benefit small and marginal farmers who cannot afford new tractors. The Bank has introduced "Tab Banking" where the sales team can provide doorstep loan processing to customers and also quickly provide loan related information.

### Microfinance Institutions (MFIs) and Business Correspondents (BCs)

The Bank lends directly to MFIs who in turn lend to end borrowers. Over time, the Bank has created a strong network of MFI relationships across India. The Bank is also providing unsecured loans through BCs in few states. Loans are given to members of Self Help Groups (SHGs) and Joint Liability Groups (JLGs) for activities thereby

## DCB Bank Limited

enabling them to avail small loans from the banking sector instead of high cost borrowing from money lenders. These loans are primarily provided to small farmers and weaker sections mainly in rural areas. To support volume growth, the Bank has an efficient software system for managing BC Loans. This software helps maintain adequate information about the borrowers under SHGs & JLGs. It provides a common platform for both, Bank and BC for smooth processing of loans and has added immense value by reducing the loan disbursal cycle time. Bank has also launched a software application for automation of field visits and inspection of BC branches. This application enables effective monitoring of field level activity.

## ALTERNATE CHANNELS AND DIGITAL BANKING

### Phone Banking

In FY 2021, the Bank's Customer Care Associates attended to approximately 100,000 calls per month. Despite the pandemic disruptions, the Call Center maintained 100% uptime. To ensure safety of staff and to also comply with regulatory guidelines, the Bank's Customer Care had taken a few key initiatives including revised timings for customer servicing from 8AM to 8PM (however for critical call types 24x7 service continues). The Bank also upgraded its technology to enable Work From Home (WFH) capability. To do load balancing of calls, the Bank enabled technology capability of redirecting Call Center calls to low traffic branches where Teller or other branch staff can attend to the call. This is unique way of load balancing across the foot print.

Bank has also upgraded its technology to SIP based from traditional PRI based, thus improving the clarity of voice, improving the connect time and enhancing the uptime of the line. Considering the pan India presence, the Bank has ensured that its customer care associates can interact with the customers in 8 languages (English, Hindi, Gujarati, Kannada, Marathi, Odiya, Tamil and Telugu). The Customer Care unit conducts programs such as "Voice of Customer" for effective complaint resolution and process improvements. One of the key measures initiated is customer retention calling team which encourages customers to restart using the Bank's services and do a deep dive on issues that may have been faced by customers. It is a window provided to the customers to provide feedback which are then relayed to the various business and functions corrective action.

### ATMs

The number of ATMs as on March 31, 2021 was at 410. The Bank ensured that more than 90% of ATMs were operational all the time, despite the various lockdowns/

disruptions. Significant security features were added during the year in compliance to regulatory guidelines. The Bank reduced several unviable ATMs and redeployed a few in the new branch locations.

### DCB Mobile and Internet Banking

The Bank's customers actively using the new and improved Mobile Banking App. The users have given a very encouraging feedback on Play Store. The current rating for the mobile app is 4.6 which appears to be higher than the Bank's peer group. More than 100,000 customers are now enjoying the ease of DCB Mobile Banking app. The new version has enhanced features such as Bill Payment and Term Deposit bookings. The transaction limit per day has been increased to ₹ 500,000.

DCB Internet Banking facility is used by more than 100,000 retail and corporate users. Internet Banking platform is rich with plethora of digitally managed services. Furthermore, the platform now has new features like online 15 G/H form submission and self-enhancement of transaction limits ranging up to ₹ 2,500,000 per day. The Personal Internet Banking platform has vastly reduced customer's need to visit branches for first time registration. The Internet Banking password can be reset online. Customers created around 28,000 Term Deposits using Internet Banking & Mobile Banking during FY 2021.

### DCB Unified Payment Interface (UPI)

Lockdown and restrictions have further given boost to UPI channel which has now become one of the most popular digital mode for small transactions. One wonders how India would have coped with lockdown if the country did not have the UPI mechanism. More than 150,000 customers used the UPI channel and transactions have registered 127% growth in FY 2021. The Bank has increased the UPI transaction limit to ₹ 100,000 per day.

### DCB Open Banking

The Bank has a wide range of Application Programming Interface (APIs) to integrate the Bank systems in a seamless manner with alliance partner. This enables customers and prospects to enjoy enhanced products and additional services.

### DCB Remit

DCB Remit allows a resident individual to send money to over 20 countries including Australia, Canada, Euro Zone, Singapore, UAE, UK, and USA using their smart phone from the comfort of their home or office instead of visiting a branch. What is more, for using DCB Remit facility the

user does not have to be the DCB Bank customer. It is a simple paperless process which can be completed in a few minutes.

### Digitally Enabled Government Services

GeM (Government E-Marketplace), is an online platform that facilitates online procurement of commonly used goods and services required by various government departments and PSUs. The Bank has tied up with Government e-Marketplace (GeM) through a Memorandum of Understanding, as an associate bank to facilitate transactions between buyers and sellers on the GeM portal. This would enable majority of the Bank's SME/MSME customers to participate in the procurement process of various government departments. Further, the customer information available on the portal will enable the Bank to extend credit facilities inter alia Invoice Financing and Short Term Loans.

### TReDS

In FY 2021, DCB Bank commenced participation on Trade Receivables Discounting System (TReDS). TReDS improves flow of funds to MSME sector by reducing their receivables realization cycles. During the year, the Bank funded more than ₹ 100 crore on the platform, helping more than 500 MSME sellers to unlock value of their receivables. Most of this lending also qualifies as PSL. To ensure credit quality, the Bank has focused on suppliers of 25 large corporates having external credit rating of A and above.

### DCB Debit Cards

The Bank continuously focusses on increasing Debit Card usage and constantly enhancing its security features. In line with this objective, the Bank has an enhanced engagement with Euronet (ACS online transaction services provider). Debit Card users can complete their online payments with OTP instead of static password that was used earlier. Debit Card users have security features enabling customers to activate or deactivate their Card on POS / ATM / online channels, customers can also change transaction limit and block or unblock their card. At the end of FY 2021, the Bank had 612,000 Debit Cards. The Bank has an exciting "cashback" program to delight customers who increase their card usage provided the customers maintain the stipulated average minimum balance. In addition, from time to time, the Bank also offers seasonal promotional benefits such as healthcare, insurance etc.

### DCB Niyo Global Cards

DCB Niyo Global Card is a Debit Card issued to DCB Niyo Current Account holders. This program is uniquely designed such that unlike forex cards, frequent top up of the card is not required since the card is linked to the Current Account. Card holders are offered security features to switch on or off card usage, change transaction limit and block or unblock the card. Also, the DCB Niyo Global Card provides exchange rates which are competitive, making the product a compelling proposition for prospects and customers.

### DCB Payless Cards

Your Bank's Payless Card product is specially designed for self-employed customers and small businessmen who may not be able get credit card facility from other banks, due to insufficient income proof or lower than required bureau score. Over time, Payless Card enables customers to rebuild their credit/ bureau score.

### DCB Bank Prepaid Cards

Your Bank has full suite of prepaid cards platform for large partnerships of the Bank as well as for the businesses who have small ticket transactions, traditionally conducted in cash. These cards are offered along with the convenience of mobile app and are facilitates adoption of digital payments.

## TRANSACTION BANKING

### Cash Management Services (CMS)

The Bank provides Corporates, MSME/ SME and Retail customers sophisticated and cost-effective CMS. This helps customers manage their collection and payment logistics with ease. The Bank has 14 vendors for CMS cheque collections across India. The Bank has upgraded the CMS system for both Payments and Collections enhancing its features and benefits. At the end of FY 2021, the Bank had 6,039 active customers using the CMS facilities.

### Business Internet Banking (BIB)

The Bank offers state of the art BIB product especially designed for MSME/ SME customers. The adaptive and responsive feature of the application makes it user friendly for customers across devices. At the end of FY 2021, BIB facility had 31,363 users.



## TREASURY, MONEY MARKET AND FOREIGN EXCHANGE

### Treasury

Treasury actively manages liquidity, compliance with important regulatory items such as CRR/ SLR, trading in fixed income securities and currencies and investment in Initial Public Offers (IPOs). Treasury also shares the responsibility of interest rate risk management of the Bank. In FY 2021, the Bank made gains in a cautious manner by utilizing the trading opportunities in G-Sec presented by declining interest rates. The Bank selectively invested in equity IPOs and booked profits by way of listing gains. The Bank also invested in units of liquid Mutual Funds to earn interest income on liquidity mismatches.

### Money Market

India's Gross Domestic Product (GDP) growth took a severe hit due to the pandemic and is estimated to contract to 8.50% as against a growth of 4.0% during FY 2019-20. The Index of Industrial Production (IIP) too remained muted indicating slowdown and lack of demand. The Consumer Price Index (CPI) inflation moved up from 6.58% to a high of 7.61% in November 2020 before cooling off to 5.03% by March 2021. To support investment and growth, RBI took many admirable and proactive steps and maintained ample liquidity in the system. The year FY 2021 has been a roller coaster ride for the markets. The Sensex went down to as low as 25,639 points in March 2020 and thereafter it has rallied to cross 50,000 points.

### Foreign Exchange

The Covid-19 pandemic has inflicted huge damage to human lives and livelihood. Every country has been pushed to the edge by the unprecedented challenges thrown by Covid-19. The global economy has contracted and the situation is far worse than the years 2008–09 financial crisis. The INR touched an all-time low of 76.92 against the US Dollar when India announced stringent lockdown in March 2020. However, robust investment and portfolio inflows, added to the surplus liquidity arising out of favorable policies of major central banks. This aided INR recovery to 72.25. Subsequently, rising crude oil prices and US yields resulted in capital outflows causing the INR to US Dollar to close at 73.11. The USD index touched a high of 103 in March 2020, however the rollout of vaccines, gradual opening of the economies and uptick in business activities reduced the demand for USD and the USD index stood at 93.20 in March 2021.

## RISK MANAGEMENT

Risk is an integral part of the banking business and the Bank's aim is to maintain portfolio quality by making appropriate risk/reward trade-offs. The Bank is exposed to credit, concentration, market, country exposure, liquidity, operational, fraud and reputation risk. The Board of Directors of the Bank has oversight of risks assumed by the Bank and has delegated its power to manage risks to Risk Management Committee (RMC) of the Board.

### Credit Risk

The Credit Risk unit ensures alignment with the objectives of achieving growth while maintaining portfolio quality by making appropriate risk / reward trade-offs. The idea is to ensure long-term sustainable performance across business cycles. On-going efforts are made to improve risk assessment and controls. Credit Risk over time has developed capabilities to assess the risks associated with various products and business segments. As far as possible, efforts are made to standardize the entire process pan India while considering geographic nuances. The Bank has implemented a rating model that considers both quantitative and qualitative factors and produces a rating that becomes one of the key inputs to credit decisions. To continuously improve the quality of the portfolio, the Credit Risk unit uses SAS analytics and has created several insightful models that helped in refining the product offering, choosing the target segment of customers, collections and recoveries. Key processes in credit underwriting were examined and duplication was reduced to improve speed of processing. Periodic portfolio reviews were conducted with the business units that helped improve portfolio quality.

### Concentration Risk

Concentration risk is monitored and managed both at the customer level and at the aggregate level. The Bank, inter alia, continuously monitors portfolio concentrations by segment, ratings, borrower, group, sensitive sectors, unsecured exposures, industry and geography. The Bank adopts a conservative approach within the regulatory prudential exposure norms.

### Market Risk

Besides the usual monitoring of Structural Liquidity, Interest Rate Sensitive Gap limits and Absolute Holding limits, the Bank also monitors interest rate risks using Value at Risk limits. Exposures to Foreign Exchange and Capital Markets are monitored within pre-set exposure limits, margin requirements and stop-loss limits.

## Country Exposure Risk

The Bank has established specific country exposure limits which is capped at 15% of its Capital Funds. The limit also depends upon rating of individual countries. The Bank mitigates risks using insurance cover available through the Export Credit and Guarantee Corporation (ECGC), where appropriate.

## Liquidity Risk

As part of the liquidity management and contingency planning, the Bank assesses potential trends, demands, events and uncertainties that could result in adverse liquidity conditions. The Bank's Asset Liability Management (ALM) policy defines the gap limits for the structural liquidity and the liquidity profile is analysed on both static and dynamic basis by tracking cash inflow and outflow in the maturity ladder based on the expected occurrence of cash flow. The Bank undertakes behavioural analysis of the non-maturity products, namely CASA, Cash Credit and Overdraft accounts on a periodic basis to ascertain the volatility of balances. The renewal pattern and premature withdrawals of Term Deposits and drawdowns of un-availed credit limits are also captured through behavioural studies. The liquidity profile is estimated on an active basis by considering the growth in Deposits, Advances and investment obligations. The concentration of large deposits is monitored on a periodic basis. Emphasis has been placed on growing Retail Deposits and avoid as far as possible Bulk Deposits. The Bank periodically conducts liquidity stress testing.

## Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or external events. The Bank's operational risk management framework is defined in the Operational Risk Management Policy approved by the Board of Directors. While the policy provides a broad framework, Operational Risk Management Committee (ORCO) oversees the operational risk management in the Bank. The policy specifies the composition, roles and responsibilities of the ORCO. The framework comprises identification, assessment, management and mitigation of risks through advanced tools and analysis.

## Process Review

The Bank strives to continuously improve process controls and customer satisfaction. The Bank has a separate cross functional committee - Management Committee for Approval of Processes (MCAP). New

products and processes are subjected to review by MCAP. The Committee is tasked with identifying operational and compliance risks in new products/processes and ensuring that steps are taken to mitigate the risks. Also, MCAP, on an on-going basis reviews existing processes for further improvement. In the FY 2021, 108 products/processes were reviewed by MCAP.

## Reputational Risk

The Bank pays attention to issues that may create reputational risks. Events that can negatively affect the Bank's reputation are handled cautiously ensuring utmost compliance and in line with the values of the Bank.

## IMPLEMENTATION OF BASEL III GUIDELINES

In accordance with the RBI guidelines, the Bank has migrated to Basel III capital adequacy disclosures with effect from Q1 FY 2014. The Bank continues to review and improve on its risk management systems and practices to align them with international best practices. The Bank has implemented Standardized Approach for Credit Risk, Standardized Duration Approach for Market Risk and Basic Indicator Approach for Operational Risk.

## INFORMATION TECHNOLOGY (IT)

Empowering customers to do banking frictionless banking is new norm in of banking. Customers are demanding high level of convenience, digitization, simple user interface and interconnected seamless journey.

In FY 2021, the Bank has taken many initiatives in technology. It was a very difficult year as uninterrupted services had to be provided to customers in a situation where physical movements were severely restricted.

The following are some of the key initiatives in FY 2021:

- Upgraded Finacle Core Banking Platform from 7.x to 10.x. This was a massive conversion exercise completed with minimal customer inconvenience.
- Implemented "Positive Pay System" for safety of cheque-based transactions.
- Implemented interactive screen-based service delivery at branches
- DCB Health Plus Fixed Deposit product launched with unique health insurance benefits
- Created ability for frontline to cross sell insurance seamlessly with gold loans in Gradatim.
- Created DCB Bank Blockchain solution - automated process for ATM cash replenishment.

## DCB Bank Limited

- Digitized SWIFT basic tracker with Global Payment Innovation (GPI)
- Provided convenience of loan repayments via UPI channel.
- Added several unique/ new features in New Mobile Banking Application that enhanced customer experience.
- New features added in Internet Banking such as:
  - o Account Statements available upto 3 months
  - o Form 15G/H, internet login alert via SMS and email to the account holder.
  - o Self-Registration for Internet Banking, Bill payments, Personalized Limits and Green PIN (paperless)
- DCB Bank Branch App launched as a part of Covid-19 Social Distancing initiative for branches.
- Launched ACL Mobile Bulk SMS Platform for Promotional and Security Awareness SMS
- Automated Lease Management Application - P2P procurement tool to automate and track entire rentals payment process.
- Created e-KYC Module (App and Web Portal) - to provide a platform to the bank users/ employees and business correspondents to perform the e-KYC
- Initiated website based (online sales process) customer journey via Bank's website to facilitate insurance sales with built in compliance checks.

## BUSINESS INTELLIGENCE UNIT (BIU)

The core objective of BIU is to support all businesses and functions to make decisions using data analytics. The Bank has a scalable analytical stack in areas of Big Data, Machine Learning and Deep Learning comprising of an Enterprise Data Lake and GPU servers. The analytical platforms used in the Bank include SAS Viya, R, Python and Spark. This has assisted businesses and functions in several "Use Cases" in the field of Machine Learning and Artificial Intelligence such as building predictive models like default behaviour scorecards, using techniques such as time-series forecasting and optimisation for cash loading at ATMs, text mining and NLP for sentiment analysis, Big Data capabilities for analysing behavioural patterns for campaigns, product selection, ADF submissions, etc. amongst other initiatives combining power of Analytics and Technology.

## OPERATIONS

Despite very difficult environment, Operations ensured that services were functional throughout the lockdown disruptions. Staff safety was given high importance and

proactive steps were taken to create backups for key activities to avoid interruption in service. Centralized Payment Center was created to bring payments processing under a single umbrella and make it operational 24/7. There was a lot of focus on automation and robust processes were created / strengthened using the power of technology. RTGS and NEFT 24/7 was implemented and enterprise reconciliation capabilities were enhanced for 24/7 operations. The Quality Assurance function within Operations was revamped to make it robust and proactive. The entire lockdown was handled with minimal operational errors. Operations continued to focus on cost efficiency, productivity, and controls.

## INTERNAL AUDIT (IA)

IA function has employees with varied domain background and experience. The IA team comprises of professionals, experienced bankers, specialists and "freshers". IA function reports into the Audit Committee of the Board (ACB) which constitutes members with strong domain and audit knowledge. ACB oversees the IA function, monitors performance and provides regular guidance for improving control and compliance. In FY 2021, IA worked on converting the challenge of not being able to do physical visits into an opportunity to enhance its working through vastly strengthening analytics and MIS. The Continuous Audit and Monitoring system (CAMS) framework which was initiated a year back had helped in continuing the internal audits and reviews with minimal interruption. In FY 2021, CAMS was integrated with core banking and the tool kit was automated. In FY 2021, IA conducted 260 branch audits, 47 periodic audits and 10 IT audits. IA has a small team of retired bankers who provided robust support in identifying and highlighting key process gaps in the various businesses / functions. IA team members attended multiple online training programmes for continuous enhancement of knowledge and audit methods. IA function also brought in two new modes of branch audit being spot audit (a one day focussed audit on physical verifications at the branches on surprise basis) and hybrid model audit (where external audit professional support is used for physical verification). These audits are supported by internal analytics.

## VIGILANCE

The Fraud Risk Monitoring (FRM) unit has been enhanced through inclusion of additional data points into the monitoring tool and reviews. The scope and coverage has also been expanded with 24x7 monitoring. The Bank is enabled for early detections of possible fraud transactions / usage through multiple channels. Through process improvements, the Vigilance unit has improved reporting, investigation and response to queries received

from various law enforcement agencies. The Vigilance unit had continued to conduct fraud risk awareness using online training sessions. FRM and Vigilance units have continued to identify process gaps (if any) in respect of fraud risks and provided recommendations for fraud prevention and detection.

## COMPLIANCE AND RISK BASED SUPERVISION BY THE RBI

The Bank's Compliance unit is independent of business and operation functions. This function has created detailed procedures to ensure compliance with applicable regulations. In addition to ensuring timely submission of various returns to regulatory and statutory authorities, the Compliance unit ensures that the Bank's internal procedures and processes are in adherence with the applicable regulatory and statutory guidelines. The Compliance unit is also responsible for AML / KYC monitoring and for executing the same, the Bank relies on advanced software and analytics. The Bank is covered under the Banking Ombudsman Scheme of the RBI wherein escalated customer complaints received through the Office of the Banking Ombudsman are addressed under a well-defined Customer Grievance Redressal mechanism. To strengthen the internal grievance redressal system and to ensure that the complaints of customers are redressed at the level of Bank itself, to the extent possible, an Internal Ombudsman has also been appointed in line with RBI guidelines. The Compliance function also has a separate unit for Compliance Monitoring and Testing on an ongoing basis which also carried out compliance risk assessment of each of the units in the Bank to drive focussed attention to address the identified issues.

## HUMAN RESOURCES (HR)

The Bank believes that employees are the driving force for growth, branding program and success. It is employee asset that builds readiness, facilitating adaptability and ensures sustained performance.

The year FY 2021 was marked by the outbreak of Covid-19 and the pandemic had devastating impact on India and the world. It affected everyone (customers, employees, business, etc.) This unprecedented situation required us to act with empathy, innovation, and agility. As an essential service, we had to ensure continuity of business without compromising the safety and health of employees, their families, and customers. The HR team came up with unique ideas across the four pillars of Build, Develop, Care and Engage. HR responded quickly and adapted to online and digital methods so that the safety norms and social distancing were always adhered to.

The Bank continues to be certified by the "Great Place to Work" Institute for building a High Trust and High-Performance culture for the year.

## Build

At the end of FY 2021 the Bank's headcount was 6,432. The Bank was able to provide cross functional opportunities to employees through "Own Your Future" an internal job posting initiative which has been very successful. The Bank also introduced Genesis, an AI Based cloud application tracking system which facilitates resume parsing, AI based job suggestions, profile screening and social hiring to name a few contemporary techniques. The Bank has over 1.6 lakh followers on LinkedIn which is primary source for recruitment and branding.

The Bank continued its flagship B-school competition that has been recognized as one of the best practices in the industry. The Bank scaled up its "The Top Recruit" program and campus engagement initiatives across various regions, covering around 8,000 participants from 200 B- Schools in cities like Bengaluru, Delhi, Kolkata, and towns in Maharashtra.

## Develop

The Bank continued to provide training to all employees laying emphasis on key compliance modules like POSH, Risk Management and Capacity Development. Given the unprecedented situation of Covid-19, trainings were conducted online via our e-learning platform "LUMOS".

The Bank also launched the Regional Ethics Workshops to address Code of Conduct, re-iterate importance of ethical practices and the POSH policy of the Bank.

"Anybody Can Train - ABCT" was initiated in FY 2021 to encourage and build a culture of self-learning and development. This initiative provided a platform to employees to share their learnings on topics of their choice. DCB Podcast, and SuperWise were video based initiatives where senior management shared their insights on a range of management subjects to a large section of employees.

The Bank continued to enhance employee knowledge on process and compliance related areas through "Project Prayas" and "Project First Time Right (FTR)".

In addition to this, we initiated a series of bite sized Masterclass on Leadership sessions to help supervisors navigate in uncertain times. Leaders shared their perspective on a wide array of topics right from Ownership, Communication and Decision Making. A blended learning program was organized for our Branch Managers to take up leadership roles in the Bank.

### Care

In March 2020, the Bank created a cross functional task force to deal with the employee related matters with respect to Covid-19 pandemic. Covid-19 task force provided timely help to employees / families affected by Covid-19 infection, ensured compliance to local and central government guidelines, and constantly communicated the need for maintaining Covid-19 protocols. The Bank laid down "Work From Home" guidelines and ensured seamless continuity of work by working closely with IT, Admin and Operations teams.

The Bank also organized virtual event for appreciation of "DCB Heroes" employees who did outstanding work during the lockdown. The Bank introduced a 14-day special Covid-19 leave for employees who tested positive for the infection. The Bank offered enhanced Mediclaim plan in FY 2021 for employees. The Bank also offered financial assistance to tide over Covid-19 impacted employees/families. Some employees also used the counseling services through the Bank's Employee Assistance Program. An online "Health Carnival" event was organized for providing emotional and psychological support to employees. The Bank's employees also participated in Walkathons, MasterChef Contests and Online activity sessions.

At DCB Bank, we remain true to our value of Contribute - Giving back to the society. The Bank's CSR activities range from clean up, waste management, habitat restoration, tree planting, creating awareness amongst people on water conservation and waste management. The Bank had volunteers who attended virtual workshops on "best from the waste" in the lockdown. Towards improving the country's environment, the Bank planted over 100,000 trees during FY 2021.

### Engage

The Bank has focused on programs for employees with the objective to create sense of teamwork and camaraderie. The Bank has a signature employee recognition forum called "DCB Spotlight" for felicitating top performers in different regions. "DCB Spotlight" employee recognition event was held virtually across 10 locations.

"Hour HR" (our live radio show) helped employees directly interact with HR and seniors. The topics ranged from doctor's help during the pandemic, managing the psychology of teams, promotion process and mediclaim.

An inhouse "Women's Day" special show for women employees was organized where senior women leaders spoke about their careers.

Quarterly newsletter, "High Decibel" is a communication channel where employees contribute articles of personal experience and professional achievements. This medium was yet again used regularly to communicate with employees.

### Corporate Social Responsibility (CSR)

The Bank's CSR thrust areas are Water, Waste Management, Renewable Energy and Recycling. Employee volunteering and participation for tree plantation, habitat restoration, clean-up of parks, lakes and local water bodies is constantly encouraged. More and more DCB Bank employees are participating in CSR activities every year. In FY 2021, the Bank offered employees the option to participate in video meetings for kitchen gardening workshops. Over 100 employees with their families attended sessions on converting of kitchen waste to manure for use in kitchen garden.

### CUSTOMER SERVICE

Delighting customer in every interaction is the core aim of the Bank. On a regular basis, customer complaints and satisfaction levels are monitored by the Managing Director & Chief Executive Officer along with the Senior Management team. The Bank has constituted an independent "Service Excellence" team to analyse customer complaints, identify root cause for service issues, make process improvements and work with the various businesses and functions to continuously enhance service levels. The Bank has an "Integrated Centralised Complaint Management" system and standards to ensure that customer queries and complaints are not missed out and are resolved in a timely manner.

The Bank continues to make steady progress on the concept of Power of Three - Empathy, Speed and Quality (ESQ) initiative launched many years ago. The Bank continuously works on the six pillars of Service Excellence - Voice of Customer, Service Recovery, Attrition Calling, Process Simplification, Service Culture and Measures and Metrics. The Service Excellence team regularly conducts review of progress on six pillars with key stakeholders, weekly calls with frontline staff to obtain feedback, surprise visits to various units, customer meetings, focus groups and "mystery shopping" to understand frontline service culture and competence. The Bank has constituted three committees at different levels to monitor customer service - Branch Level Customer Service Committees (BLCSCs), Standing Committee on Customer Service (SCCS), and Customer Service Committee of the Board (CSCB).

### MARKETING/BRAND AWARENESS

In FY 2021, despite lockdown and restrictions, the Bank continuously took numerous measures to create brand

awareness and improve visibility like methods adopted by FMCG, 3,000 odd store boards (Grocery, Pharmacy, Kirana, Food Joints, Stationery etc) with DCB Gold Loan branding were installed in the neighbourhood of branches across 15 states. These boards created awareness and improved new customer acquisitions. The Bank, wherever possible, through posters and other means, repeated messages regarding social distancing, frequent cleaning of hands and use of masks. Local regional news channels and cable channels were sought after by target audience during the national lockdown. DCB Gold Loan campaign was initiated across 23 regional channels covering 12 states. Gold Loan Mobile Van activation campaign was done in Odisha covering the neighbourhood and key locations across various branches. Animation videos were created in regional languages for customer education and awareness relating to loan moratorium and use of digital modes for repayments for various loan products. Unique programs like “Draw to Win”, “Three Cheers for Chef”, “Picture Perfect”, “Musical Housie” were conducted online to engage with the customers during the lockdown. The Bank also launched DCB Gold Loan Musical AV to for existing and new customers.

The Bank created new communication for DCB Fixed Deposit, DCB Suraksha Fixed Deposit, DCB Recurring Deposit, DCB Health Plus Fixed Deposit, DCB Zippi Online Fixed Deposit, DCB Senior Citizen Fixed Deposit, DCB Gold Loan and DCB Remit. Throughout the year, the Bank ensured above the line presence in local print, outdoor and digital campaigns for Gold Loan and Fixed Deposit products. DCB Remit was promoted on social media and digital channels which in turn helped customers to remit funds to their near and dear ones safely from the comfort of their homes. DCB Top Recruit Program and Healthy campaign were conducted successfully on social media.

## IND AS IMPLEMENTATION

The Ministry of Corporate Affairs (MCA), Government of India has notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015. Further, a Press Release was issued by the MCA on January 18, 2016 outlining the roadmap for implementation of Indian Accounting Standards (IND AS) converged with International Financial Reporting Standards (IFRS) for banks. As per earlier instructions, banks in India were required to comply with the IND AS for financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending March 31, 2018 or thereafter. Progressing towards IND AS, the Bank had prepared pro forma financials as on June 30, 2017 as per extant regulatory guidelines and submitted the same to the RBI. On April 05, 2018, the RBI had announced deferment of implementation date by one year with IND AS being applicable to banks for accounting periods beginning April 01, 2019 onwards. In preparation for the

same, the Bank has been submitting quarterly pro-forma financials to the RBI from quarter ended June 30, 2018. On March 22, 2019, the RBI has announced deferment of the implementation of IND AS by banks till further notice; however, the Bank continues to submit to the RBI pro forma financials on a quarterly basis.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE BANK

Not applicable being a banking company.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the transactions with related parties are in the ordinary course of business and on arm's length basis and there are no 'material' contracts or arrangement or transactions with related parties and thus disclosure in Form no. AOC-2 is not required.

## POLICY ON RELATED PARTY TRANSACTIONS OF THE BANK

The Bank has a policy on Related Party Transactions and the same has been displayed on the Bank's website at the following link:

<https://www.dcbbank.com/pdfs/Policy-on-Related-Party-Transactions-2019-20.pdf>

## BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34(2)(f) of the SEBI Listing Obligations and Disclosure Requirements (LODR) Regulations 2015, the Bank's Business Responsibility Report describing the initiatives taken by the Bank from an environmental, social and governance perspective forms part of this Report and has been hosted on the website of the Bank at the following Link:

[https://www.dcbbank.com/pdfs/BUSINESS\\_RESPONSIBILITY\\_REPORT-2020-21.pdf](https://www.dcbbank.com/pdfs/BUSINESS_RESPONSIBILITY_REPORT-2020-21.pdf)

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

1. Brief outline on CSR Policy of the Company.

CSR Activities shall mean all the Corporate Social Responsibility activities / programs / initiatives of the Bank, either ongoing or new, dealing with the activities mentioned in thrust areas. The activities shall conform to those specified in Schedule VII to the Act (as amended from time to time) and as recommended by the CSR Committee and approved by the Board.

Thrust areas or activities ascribed to them are defined in the Policy, as amended by the Board, from time to time.

Projects/ Programmes to be undertaken:

CSR Thrust Areas for DCB Bank

Thrust areas shall mean and include any one or more of the following CSR activities:

- a) Conservation of water / water storage / water usage / protecting water bodies

- b) Waste Management
- c) Recycling
- d) Promote waste-to-energy
- e) Promote start-ups
- f) Preservation of historical and heritage sites in situ focus on water conservation, waste management, recycling and, or waste-to-energy.
- g) Support Disaster Relief

**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	Ms. Rupa Devi Singh	Independent Director	1	1
2	Mr. Nassser Munjee	Chairman	1	1
3	Mr. Murali M Natrajan	Managing Director & CEO	1	1

- 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.

<https://www.dccb.com/pdfs/DCB-Bank-CSR-Policy-version-2021.pdf>

- 4. . Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): **NA**
- 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.:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1			0.01 Crore
	<b>Total</b>		<b>0.01 Crore</b>

- 6. Average net profit of the company as per section 135(5). ₹ 456.91 Crore
- 7. (a) Two percent of average net profit of the company as per section 135(5) ₹ 9.14 Crore
- (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). ₹ 9.14 Crore

8. (a) CSR amount spent for the financial year: ₹ 9.15 crore

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).Date of transfer.		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.

(b) Details of CSR amount spent against ongoing projects for the financial year: NIL

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. 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. State District.	Project duration.	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 Name CSR Registration number.
1.										
2.										
3.										
<b>Total</b>										

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

#### DCB BANK CSR PROJECTS FY 2020-21

#	Name of Project	Item from the list of activities in Schedule VII	Local Area (Y/N)	Location of the project (State/District)		Amount ₹	Mode of implementation (Direct) Y/N	Mode of implementation (name of Agency)	CSR registration Number
				District	State				
1	Information, communication, education (ICE) solar street lights, Karjat, MH	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Karjat	Maharashtra	200,000	Y	ADFACTORS	Reg. number NA
2	PPE, gloves, sanitisers, masks - Covid-19 treatment at PAKH	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Mumbai	Maharashtra	28,875	Y	AGELYN	Reg. number NA
3	Emergency ration	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Junagadh, South Delhi, Palghar	Delhi NCR, Gujarat, Maharashtra	21,444,600	N	AKAH INDIA	CSR00001277



#	Name of Project	Item from the list of activities in Schedule VII	Local Area (Y/N)	Location of the project (State/District)		Amount ₹	Mode of implementation (Direct) Y/N	Mode of implementation(name of Agency)	CSR registration Number)
				District	State				
4	Education - school fee relief for children from underprivileged families	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Mumbai South	Maharashtra	100,000	N	ANJUMAN E ISLAM	CSR00004035
5	PPE kits- Sassoon Hospitals	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Pune	Maharashtra	100,000	N	APEX HYGIENE	Reg. number NA
6	PPE-Govt Hospital Jodhpur	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Jodhpur	Rajasthan	99,800	Y	BACHHRAJ	Reg. number NA
7	PPE, gloves, sanitisers, masks - Covid-19 treatment at PAKH	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Mumbai	Maharashtra	22,050	Y	CARRIER	Reg. number NA
8	Emergency relief to people with disabilities	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Chintamani, Bengaluru, Tumkuru	Karnataka	500,000	N	CESHIRE DISABILITIES TRUST	CSR00004844
9	Medical Seva to impacted population and frontline workers	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Mumbai	Maharashtra	50,000	N	CHINMAYA SEVA TRUST	Reg. number NA
10	PPE, gloves, sanitisers, masks-Govt Hospital Jodhpur	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Mumbai	Maharashtra	57,078	Y	CLASSIC Reg. number NA	Reg. number NA
11	Integrated watershed development & sustainable livelihood	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Banki (Project Phase II)	Odisha	4,612,627	N	CONCERN INDIA FOUNDATION	CSR00000898

#	Name of Project	Item from the list of activities in Schedule VII	Local Area (Y/N)	Location of the project (State/District)		Amount ₹	Mode of implementation (Direct) Y/N	Mode of implementation (name of Agency)	CSR registration Number)
				District	State				
12	Integrated watershed development & sustainable livelihood	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Banki	Odisha	1,555,900	N	CONCERN INDIA FOUNDATION	CSR00000898
13	Emergency ration	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Falta	West Bengal	1,000,040	N	CONCERN INDIA FOUNDATION	CSR00000898
14	PPE kits	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Hyderabad	Telangana	866,250	N	CONCERN INDIA FOUNDATION	CSR00000898
15	Tree plantation	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Banki	Odisha	343,357	N	CONCERN INDIA FOUNDATION	CSR00000898
16	Sustainability	Environment, Education, Water, Health	Y	Across India	Across India	957,500	Y	CONTENT INDIA SERVICES	Reg. number NA
17	Promote chemical free organic home cleaning solutions - facebook, twitter, online, instagram	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Across India	Across India	545,000	N	EKAM ECO SOLUTIONS	Reg. number NA
18	Waterless urinals-IAF Vadodara	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Vadodara	Gujarat	241,015	N	EKAM ECOSOLUTIONS	Reg. number NA

#	Name of Project	Item from the list of activities in Schedule VII	Local Area (Y/N)	Location of the project (State/District)		Amount ₹	Mode of implementation (Direct) Y/N	Mode of implementation(name of Agency)	CSR registration Number)
				District	State				
19	Waterless urinals-BBSBECC	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Fatehgarh	Punjab	169,596	N	EKAM ECO SOLUTIONS	Reg. number NA
20	Waterless urinals-IAF Rajokri	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	New Delhi	Delhi NCR	166,647	N	EKAM ECO SOLUTIONS	Reg. number NA
21	Waterless urinals-IHC	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	South Delhi	Delhi NCR	80,700	N	EKAM ECO SOLUTIONS	Reg. number NA
22	PPE, gloves, sanitisers, masks - Covid-19 treatment at PAKH	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Mumbai	Maharashtra	298,220	Y	ELPEE	Reg. number NA
23	Tree plantation local tree species	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Bengaluru	Karnataka	266,210	N	ENSYDE	CSR00002246
24	Mitigate impact of Covid-19	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Gurugram, North Delhi, South Delhi	Delhi NCR & Haryana	200,000	N	FRIENDICOES	CSR00001140
25	Emergency relief cooked food	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Mumbai	Maharashtra	1,000,000	N	GIANTS WELFARE FOUNDATION	Reg. number NA

#	Name of Project	Item from the list of activities in Schedule VII	Local Area (Y/N)	Location of the project (State/District)		Amount ₹	Mode of implementation (Direct) Y/N	Mode of implementation (name of Agency)	CSR registration Number)
				District	State				
26	Rations, Cooked Food	Covid-19 disaster management, including relief, rehabilitation activities.	Y	All India	Across India	2,000,000	N	GOONJ	CSR00000291
27	Emergency ration	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Mumbai	Maharashtra	500,000	N	GREEN COMMUNITIES FOUNDATION	CSR00004068
28	Miyawaki Plantation-Project III	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Navi Mumbai, Pimpri, Gautam Buddh Nagar	Maharashtra & Uttar Pradesh	14,250,000	N	GREEN YATRA TRUST	CSR00000236
29	Miyawaki Plantation-Project II INS HAMLA	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Mumbai	Maharashtra	6,000,000	N	GREEN YATRA TRUST	CSR00000236
30	Miyawaki Plantation-Project I INS HAMLA	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Mumbai	Maharashtra	1,080,000	N	GREEN YATRA TRUST	CSR00000236
31	Plantation	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Mumbai	Maharashtra	44,559	Y	HOLY AUXILLIUM SCHOOL	Reg. number NA

#	Name of Project	Item from the list of activities in Schedule VII	Local Area (Y/N)	Location of the project (State/District)		Amount ₹	Mode of implementation (Direct) Y/N	Mode of implementation(name of Agency)	CSR registration Number)
				District	State				
32	Tree plantation indigenous tree species	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Borivili	Maharashtra	6,932,775	N	INATUREWATCH FOUNDATION	CSR00003491
33	Tree plantation local tree species	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Kalyan	Maharashtra	6,038,075	N	INATUREWATCH FOUNDATION	CSR00003491
34	Karnala Bird Sanctuary app	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Raigad	Maharashtra	350,488	N	INATUREWATCH FOUNDATION	CSR00003491
35	Emergency relief cooked food	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Delhi	Delhi NCR	95,238	N	JINDAL ENTERPRISES	Reg. number NA
36	PPE, gloves, sanitisers, masks - Covid-19 treatment at PAKH	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Mumbai	Maharashtra	1,038,449	Y	KNYA FASHION	Reg. number NA
37	Sustainable livelihood & water harvesting	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Panna	Madhya Pradesh	1,985,380	N	LAST WILDERNESS FOUNDATION	CSR00006952
38	Emergency relief	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Across India	Across India	300,000	N	MAGIC BUS FOUNDATION	Reg. number NA

#	Name of Project	Item from the list of activities in Schedule VII	Local Area (Y/N)	Location of the project (State/District)		Amount ₹	Mode of implementation (Direct) Y/N	Mode of implementation (name of Agency)	CSR registration Number
				District	State				
39	Emergency relief	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Mumbai	Maharashtra	200,000	N	MAHALAXMI CADDIES WELFARE FUND	Reg. number NA
40	PPE, gloves, sanitisers, masks - Covid-19 treatment at PAKH	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Mumbai	Maharashtra	64,624	Y	NOVACARE	Reg. number NA
41	PPE, gloves, sanitisers, masks - Covid-19 treatment at PAKH	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Mumbai	Maharashtra	1,227,899	Y	OM SAI	Reg. number NA
42	Tree plantation local tree species	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Pune	Maharashtra	627,442	Y	OXFORD GOLF RESORT	Reg. number NA
43	Mangroves Plantation	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Kanyakumari	Tamil Nadu	2,125,000	N	PANGEA ECOASSET PVT. LTD.	Reg. number NA
44	PPE, gloves, sanitisers, masks - Covid-19 treatment at PAKH	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Mumbai	Maharashtra	20,633	Y	PRERANA	Reg. number NA
45	PPE, gloves, sanitisers, masks - Covid-19 treatment at PAKH	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Mumbai	Maharashtra	523,425	N	PRINCE ALY KHAN HOSPITAL (PAKH)	CSR00005415
46	PPE, gloves, sanitisers, masks - Covid-19 treatment at PAKH	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Mumbai	Maharashtra	65,625	Y	REBANTA	Reg. number NA

#	Name of Project	Item from the list of activities in Schedule VII	Local Area (Y/N)	Location of the project (State/District)		Amount ₹	Mode of implementation (Direct) Y/N	Mode of implementation(name of Agency)	CSR registration Number)
				District	State				
47	PPE, gloves, sanitisers, masks - Covid-19 treatment at PAKH	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Mumbai	Maharashtra	418,790	Y	ROOPAM	Reg. number NA
48	Emergency relief cooked food	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Mumbai	Maharashtra	500,000	N	ROTI FOUNDATION	CSR00006332
49	Tree plantation	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Across India	Across India	487,500	N	SANKALPTARU	CSR00000590
50	PPE, gloves, sanitisers, masks - Covid-19 treatment at PAKH	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Mumbai	Maharashtra	102,398	Y	SHINE MEDICAL	Reg. number NA
51	Groundwater development	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Aurangabad	Maharashtra	3,579,382	N	SM SEHGAL FOUNDATION	CSR00000262
52	Water harvesting	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Morena & Gwalior	Madhya Pradesh	2,611,626	N	SM SEHGAL FOUNDATION	CSR00000262
53	Rainwater catchment	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Palwal	Haryana	284,170	N	SM SEHGAL FOUNDATION	CSR00000262

#	Name of Project	Item from the list of activities in Schedule VII	Local Area (Y/N)	Location of the project (State/District)		Amount ₹	Mode of implementation (Direct) Y/N	Mode of implementation (name of Agency)	CSR registration Number
				District	State				
54	PPE, gloves, sanitisers, masks - Covid-19 treatment at PAKH	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Mumbai	Maharashtra	2,414,139	Y	TATARIA	Reg. number NA
55	DCB SOCIAL CSR Volunteers	Ensuring environmental sustainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water	Y	Across India	Across India	53,505	Y	Various	Reg. number NA
56	Emergency ration	Covid-19 disaster management, including relief, rehabilitation activities.	Y	Dehra Dun, Haridwar	Uttarakhand	690,368	N	WORLDWIDE FUND for NATURE INDIA	CSR00000257
<b>Grand Total</b>						<b>91,516,955</b>			

(d) Amount spent in Administrative Overheads: NIL

(e) Amount spent on Impact Assessment, if applicable: NA

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 9.15 Crore

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

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	456.91 Crore
(ii)	Total amount spent for the Financial Year	9.15 Crore
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	0.01 Crore
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.01 Crore

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

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.	
1.							
2.							
3.							
<b>Total</b>							



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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	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.
1								
2								
3								
<b>Total</b>								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: **NIL**

**(asset-wise details).**

- (a) Date of creation or acquisition of the capital asset(s).
  - (b) Amount of CSR spent for creation or acquisition of capital asset.
  - (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
  - (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). **NOT APPLICABLE**

Sd/-  
(Chief Executive Officer or  
Managing Director or Director)

Sd/-  
(Chairman CSR Committee)

Sd/-  
[Person specified under clause (d)  
of sub-section (1) of section 380 of  
the Act] (Wherever applicable)

## CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES AND INDEPENDENCE OF A DIRECTOR

- The Board shall have minimum 3 and maximum 15 Directors, unless otherwise approved. No person of age less than 21 years shall be appointed as a Director on the Board.
- The Bank shall have such person on the Board who complies with the requirements of the Companies Act, 2013, the Banking Regulation (BR) Act, 1949, Provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), the 'Fit & Proper' criteria prescribed by the Reserve Bank of India (RBI), Memorandum of Association and Articles of Association of the Bank and all other statutory provisions and guidelines as may be applicable from time to time.
- Composition of the Board shall be in compliance with the requirements of Regulation 17 (1) of the Listing Regulations.
- Majority of the Directors as required under BR Act shall have specialized knowledge/experience in the areas like Agriculture, Banking, SSI, Legal, Risk Management, Accountancy, Finance etc.
- All Directors shall abide by the Code of Conduct.
- Directors shall not attract any disqualification and shall be persons of sound integrity and honesty, apart from knowledge, experience, etc. in their respective fields.

## POLICY RELATING TO THE REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

- MD & CEO, Company Secretary and Chief Financial Officer shall be the Key Managerial Personnel (KMPs) of the Bank.
- Except for the Chairman and the MD & CEO, no other Directors are paid remuneration, but are paid only sitting fees. The Chairman and the MD & CEO are paid remuneration as approved by the RBI and other applicable authorities, but are not paid sitting fees.
- Independent Directors are not entitled for Employee Stock Options.
- Remuneration of all employees including Senior Management and KMPs are decided as per the Compensation Policy of the Bank.

## PARTICULARS OF EMPLOYEES

The Bank had 6432 employees as on March 31, 2021. 8 employees employed throughout the year were in receipt of aggregate remuneration of not less than ₹1.02 crore per annum and no employee was employed for a part of the year. The details of top 8 employees in terms of remuneration drawn pursuant to provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 (2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are appended separately (Annexure-I) and form part of this Report.

The Report and Accounts are being sent to the Shareholders excluding these particulars and any Shareholder interested in obtaining the said details may write to the Company Secretary at the Registered Office of the Bank

## EMPLOYEE STOCK OPTIONS

The information pertaining to the Employee Stock Options is given in Annexure-II to this Report.

## PARTICULARS PURSUANT TO SECTION 197(12) AND THE RELEVANT RULES

- a) The ratio of the remuneration of each Director to the median employee's remuneration for the financial year ended March 31, 2021 and such other details as prescribed are as given below:

Name	Ratio
Mr. Nasser Munjee (Chairman)	6:1
Mr. Murali M Natrajan (Managing Director & CEO)	142:1

- b) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Name	Ratio
Mr. Nasser Munjee (Chairman):	0%
Mr. Murali M Natrajan (Managing Director & CEO):	0%
Mr. Bharat Laxmidas Sampat (Chief Financial Officer):	0%
Ms. Rubi Chaturvedi (Company Secretary):	22%

- c) The percentage increase in the median remuneration of employees in the financial year: 0%
- d) The number of permanent employees on the rolls of Bank: 6,383

- e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year ended March 31, 2021 and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration: Average increase in remuneration is 1.15 % for employees other than Managerial Personnel & 0.43 % for Managerial Personnel (KMP and Senior Management). There are no exceptional circumstances for increase in the managerial remuneration.
- f) If remuneration is as per the Compensation Policy of the Bank: Yes

### **PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The provisions of Section 134(3)(m) of the Companies Act, 2013 relating to conservation of energy and technology absorption do not apply to the Bank. However, as mentioned in earlier part of the Report, the Bank has been continuously and extensively using technology in its operations. Foreign Exchange earnings and outgo are part of the normal banking business of the Bank.

### **ESTABLISHMENT OF VIGIL MECHANISM**

The Bank has in place a vigil mechanism pursuant to which a Whistle Blower Policy has been in vogue for the last several years. The policy was last reviewed in FY 2019-20. This Policy, inter alia, provides a direct access to a Whistle Blower to the Chief Compliance Officer (CCO) on his dedicated e-mail [ccompliance@dcbbank.com](mailto:ccompliance@dcbbank.com) and Chairman of the Audit Committee of the Board (ACB) on his dedicated email-ID [cacb@dcbbank.com](mailto:cacb@dcbbank.com). The Whistle Blower Policy covering all employees and Directors is hosted on the Bank's website at <http://www.dcbbank.com/cms/showpage/page/whistle-blower-policy>".

None of the Bank's personnel have been denied access to the Audit Committee.

### **THE DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The Bank has designed and implemented a process driven framework for Internal Financial Controls ("IFC") within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2021, the Board is of the opinion that the Bank has sound IFC commensurate with the nature and size of its business operations wherein controls are in place and operating effectively and no material weaknesses exist. The Bank has a process in place to continuously

monitor the existing controls and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Bank's operation.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Based on the frame work of internal financial controls and compliance systems established and maintained by the Bank, the work performed by the Internal, Statutory and Secretarial Auditors and the reviews performed by the Management and the relevant Board Committees, including the Audit Committee of the Board, the Board is of the opinion that the Bank's internal financial controls were adequate and effective during the year ended March 31, 2021. Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, based on the above and the representation received from the Operating Management, the Board of Directors, to the best of their knowledge and ability confirms that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departure there from;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and have applied their recommendations consistently and made judgments and estimates that are reasonable and prudent as to give a true and fair view of the state of affairs of the Bank as at March 31, 2021 and of the profit of the Bank for the year ended on that date;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively during the year ended March 31, 2021; and
- (vi) proper system has been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended March 31, 2021.

### **COPY OF THE ANNUAL RETURN**

A copy of the Annual Return as of March 31, 2021 pursuant to the sub-section (3) of Section 92 of

the Companies Act, 2013 read with Rule 11 (1) of the Companies (Management and Administration) Rules, 2014 and forming part of this Report is placed on the website of the Bank as per provisions of Section 134(3) (a) and is available at the following link:

<https://www.dcbbank.com/about-us-corporate-governance>

## CORPORATE GOVERNANCE

The Bank has been continuously observing the best corporate governance practices and benchmarks itself against each such practice.

A separate section on Corporate Governance and a Certificate from the Statutory Auditors M/s. S. R. Batliboi & Associates, LLP, Chartered Accountants (Registration No.101049W/E300004) regarding compliance of the conditions of Corporate Governance as stipulated in Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report.

## DIRECTORS

During FY 2021, Mr. S. Sridhar and Mr. C. Narasimhan, Non-Executive Independent Directors were ceased to be the Directors of the Bank on October 11, 2020 and Mr. Jamal Pradhan Non-Executive Non-Independent Director was ceased to be a Directors of the Bank on January 14, 2021 after completing their terms of eight consecutive years (the maximum permissible) as per the provisions of the Banking Regulation Act, 1949. The Board of Directors places on record its deep sense of appreciation for the valuable contributions made by Mr. S. Sridhar, Mr. C. Narasimhan and Mr. Jamal Pradhan during their long association as Directors of the Bank.

Mr. Shaffiq Dharamshi (DIN-06925633) was liable to retire by rotation and being eligible has offered himself for re-appointment.

With approval of the Reserve Bank of India, the Board of Directors of the Bank re-appointed Mr. Nasser Munjee as Non-Executive (Part Time) Chairman of the Bank for a period of one year from August 19, 2020 on an honorarium of ₹24 lakh per annum and reimbursement of actual business related expenses and annual club membership fee. The Board of Directors of the Bank recommends his re-appointment and payment of honorarium in the ensuing AGM.

The Board of Directors in its meeting held on May 8, 2021 has taken on record the approval of the Reserve Bank of India vide letter DOR.GOV.No. 37539/29.03.001/2021-22 dated April 15, 2021 approving reappointment of

Mr. Murali M. Natrajan as the MD & CEO of the Bank for a period of one year from April 29, 2021 on the remuneration as detailed in the explanatory statement of the notice of the 26th AGM. The Board of Directors of the Bank recommends his re-appointment and payment of remuneration at the ensuing AGM.

A brief resume relating to the persons who are to be re-appointed as Director, Chairman and Managing Director & CEO, is furnished in the notice of the 26th AGM as well as in the report on Corporate Governance. Based on the disclosures provided by them, none of the above mentioned persons is disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

In the opinion of the Board of Directors, all the above mentioned Directors appointed/re-appointed during the year, possess the required integrity, expertise and experience.

None of the Directors of the Bank is related to each other per se.

## CHANGE IN KEY MANAGERIAL PERSONNEL

There was no change in Key Managerial Personnel of the Bank during the year ended March 31, 2021

## A STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS

1. The Chairman of the Nomination and Remuneration Committee of the Board (NRC) sent draft parameterized feedback forms for evaluation of the Board, the Committees, Directors and the Chairman through the Company Secretary of the Bank.
2. Independent Directors, at a meeting without the presence of anyone from the Non-Independent Directors and management, considered/evaluated the Board's performance, performance of the Chairman, Managing Director & CEO and other Non-Independent Directors.
3. The NRC and the Board subsequently evaluated the performance of the Board, the Committees and Independent as well as Non-Independent Directors. The members of the Board and the respective Committees evaluated the Board and the individual Committee. Every individual Director evaluated every other Director. The results were collated and the Chairman informed that the performance of the Board as a whole and its Committees was satisfactory.

The Chairman of the Board had one-on-one meeting with each Director to understand the Directors' input on effectiveness of the Board/Committees.

### **THE DETAILS OF FAMILIARISATION PROGRAMME ARRANGED FOR INDEPENDENT DIRECTORS HAVE BEEN DISCLOSED ON WEBSITE OF THE BANK AND ARE AVAILABLE AT THE FOLLOWING LINK:**

[https://www.dccb.com/pdfs/Familiarisation-Programme-for-Independent-Directors\\_25-11-2020.pdf](https://www.dccb.com/pdfs/Familiarisation-Programme-for-Independent-Directors_25-11-2020.pdf)

### **STATUTORY AUDITORS**

M/s. S R Batliboi & Associates LLP, Chartered Accountants (Registration No. 101049W /E300004) are the current Statutory Auditors of the Bank. They were appointed as Statutory Auditor of the Bank in the 25<sup>th</sup> AGM held on July 11, 2020 to hold office for a period of four consecutive years from the conclusion of the 25<sup>th</sup> AGM of the Bank, till the conclusion of the 29<sup>th</sup> AGM to be held for the Financial Year 2023-24 subject to the approval of the Reserve Bank of India.

Pursuant to the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 issued by the Reserve Bank of India ('RBI Guidelines'), banks may appoint the SCAs/SAs for a continuous period of three years. Since M/s. S R Batliboi & Associates LLP have already completed one year as Statutory Auditors of the Bank for FY 2020-21, they may continue as Statutory Auditor for two more years, i.e. FY 2021-22 and FY 2022-23, subject to the approval of the RBI. In view of this, the Bank needs to revise the tenure of appointment of M/s. S R Batliboi & Associates LLP as Statutory Auditor of the Bank, to be read as a period of three years w.e.f FY 2020-21 till FY 2022-23, instead of the original tenure of four years w.e.f FY 2020-21 till FY 2023-24 as earlier approved by the shareholders. Further, the RBI Guidelines mandate that for banks with asset size of ₹ 15,000 crore and above as at the end of previous year, the statutory audit should be conducted under joint audit of a minimum of two audit firms. As the asset size of the Bank is above the threshold given, the Bank needs to appoint minimum of two joint statutory auditors as per RBI guidelines. Accordingly, the Board of Directors, on the recommendation of the Audit Committee, has finalized and recommended to RBI for approval, the name of M/s Sundaram & Srinivasan, Chartered Accountants, (ICAI Registration No. 004207S) as the first preferred firm to act as joint Statutory Auditors of the Bank for a period of three years from FY 2021-22 till FY 2023-24, subject to approval of the shareholders at the ensuing AGM and

subject to RBI approval for each year of their tenure. This firm shall act as the joint Statutory Auditors of the Bank along with M/s. S R Batliboi & Associates LLP for FY 2021-22 and FY 2022-23 and thereafter act as joint Statutory Auditors of the Bank with such other new joint Statutory Auditor(s) who will be appointed by the Bank subject to prior permission of RBI and approval of the Members of the Bank from FY 2023-24 onwards.

Appropriate Resolutions in this regard are being proposed at the ensuing AGM for approval of the Members.

During the year ended March 31, 2021, total fees ₹ 97 Lakh paid to the Statutory Auditors M/s. S R Batliboi & Associates LLP.

### **SECRETARIAL AUDIT REPORT**

Pursuant to the requirements of the Companies Act, 2013, the Bank has appointed M/s. Ananthasubramanian & Co., Practicing Company Secretaries (COP 1774) as the Secretarial Auditor for FY 2021 and their report is attached separately to this Report.

### **ACKNOWLEDGEMENTS**

Your Board wishes to thank the principal Shareholder and Promoters, the Aga Khan Fund for Economic Development S.A. (AKFED) and all the other Shareholders for the confidence and trust they have reposed in the Bank. Your Board also acknowledges with appreciation the Reserve Bank of India (RBI) for its valuable guidance and support to the Bank. Your Board similarly expresses gratitude for the assistance and co-operation extended by SEBI, BSE, NSE, NSDL, CDSL, NPCIL, Central Government and the Governments of various States, Union Territories and the National Capital Region of Delhi where the Bank has its branches.

Your Board acknowledges with appreciation, the invaluable support provided by the Bank's auditors, lawyers, business partners and investors. Your Board is also thankful for the continued co-operation of various financial institutions and correspondents in India and abroad.

Your Board wishes to sincerely thank all its customers for their patronage. Your Board records with sincere appreciation the valuable contribution made by employees at all levels and looks forward to their continued commitment to achieve further growth and take up more challenges that the Bank has set for the future.

On behalf of the Board of Directors

Place: Mumbai  
Date: July 13, 2021

**Nasser Munjee**  
Chairman

## Annexure-II to Directors' Report

[Details of the Employee Stock Option Scheme (ESOS) as of March 31, 2021 pursuant to the requirements under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]

- The Bank has only one ESOS viz. DCB Bank Ltd. -Employee Stock Option Plan consisting of Sub- Plan I (MANCO) and Sub-Plan II (Non-MANCO). (MANCO refers Management Committee)
- During the year under review, the Bank has changed term of the ESOS on January 12, 2021.
- The ESOS is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

The following details, have been disclosed on the Bank's website at:

<http://www.dcbbank.com/cms/showpage/page/disclosures>

- Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time.
- Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time.

### Details related to ESOS:

- The Bank had in existence only one ESOS during the year viz. DCB Bank Ltd. -Employee Stock Option Plan consisting of Sub- Plan I (MANCO) and Sub-Plan II (Non-MANCO). The general terms and conditions of the same as given below:

Description	Sub- Plans I (MANCO)	Sub-Plan II (Non-MANCO)
(a) Date of shareholders' approval	December 15, 2006	December 15, 2006
(b) Total number of options approved under ESOS	4% of the Issued Capital of the Bank on an ongoing basis.	3% of the Issued Capital of the Bank on an ongoing basis.
(c) Vesting requirements	30%,30%,20% and 20% at end of 2nd, 3rd, 4th and 5th year respectively for the Options granted till December 31, 2020 and 33.33% at the end of 1st year, 33.33% at the end of 2nd year and 33.34% at the end of 3rd year for the Options granted on or after January 01, 2021, subject to the conditions of vesting for death, permanent disability or retirement of an employee.	30%,30%,20% and 20% at end of 2nd, 3rd, 4th and 5th year respectively for the Options granted till December 31, 2020 and 33.33% at the end of 1st year, 33.33% at the end of 2nd year and 33.34% at the end of 3rd year for the Options granted on or after January 01, 2021, subject to the conditions of vesting for death, permanent disability or retirement of an employee.
(d) Exercise price or pricing formula	The Exercise price of the Option shall be at a price related to the Market Price as decided by the Board/ Nomination Committee.	The Exercise price of the Option shall be at a price related to the Market Price as decided by the Board/ Nomination Committee.

Description	Sub- Plans I (MANCO)	Sub-Plan II (Non-MANCO)
(e) Maximum term of options granted	Vesting would be within 5 years from the date of grant and shall be exercised within 10 years from the date of vesting subject to conditions of vesting and exercise for death, permanent disability or retirement of an employee.	Vesting would be within 5 years from the date of grant and shall be exercised within 10 years from the date of vesting subject to conditions of vesting and exercise for death, permanent disability or retirement of an employee
(f) Source of shares (primary, secondary or combination)	Primary	Primary
(g) Variation in terms of Options	As given below	As given below

Changes made in the existing ESOP Plan of the Bank, within the framework of the terms approved previously by the Board/ Shareholders:

Serial No in ESOP Plan	Existing Clause	Modified Clause	Remarks
1 to 20	No change in the any clauses	-	No Changes
21.2	Termination due to retirement: In case the service of the Participant with the Bank is terminated due to retirement, all the vested Options shall be permitted to be exercised within 180 (one hundred and eighty) days from the date of such retirement or before the expiry of the exercise period provided under the relevant Offer, whichever is earlier. All the unvested Options on the date of termination due to retirement shall vest immediately on the date of such termination. Such Options shall be exercised in the same manner as Vested Options.	Termination due to retirement: In case the service of the Participant with the Bank is terminated due to retirement, all the vested Options shall be permitted to be exercised within 180 (one hundred and eighty) days from the date of such retirement or before the expiry of the exercise period provided under the relevant offer, whichever is earlier. All the unvested Options on the date of termination due to retirement shall vest immediately on the date of such termination. Such options shall be exercised in the same manner as vested options. This will be applicable for options granted on or before December 31, 2020.	Changed
21.2a	Previously not there	Termination due to retirement: In case the service of the Participant with the Bank is terminated due to retirement, all the vested Options shall be permitted to be exercised within 180 (one hundred and eighty) days from the date of such retirement or before the expiry of the exercise period provided under the relevant Offer, whichever is earlier. All the unvested options should continue to vest after retirement as per the vesting schedule as outlined in relevant offer. Options shall be permitted to be exercised not later than 180 (one hundred and eighty) days from the respective vesting date(s). This clause shall be applicable for options granted on or after January 1, 2021.	Newly inserted

Serial No in ESOP Plan	Existing Clause	Modified Clause	Remarks												
SUB PLAN I & II (Clause 5)	<p>The Exercise Period will commence from the date of Vesting and will extend to 8 (Eight) years from such date. In the event the Participant resigns or retires during the Exercise Period, all Vested Options shall be Exercised by such Participant no later than 180 days from the date of such retirement/resignation or expiry of the Exercise Period whichever is earlier.</p> <p>The options will be exercisable by the employees by a written application to the Bank to exercise the options, in such manner and on execution of such documents, as may be prescribed by the Board/Nomination and Remuneration Committee from time to time.</p>	<p>The Exercise Period will commence from the date of Vesting and will extend to 10 (Ten) years from such date. In the event the Participant resigns or retires during the Exercise Period all Vested Options shall be Exercised by such Participant no later than 180 days from the date of such retirement/resignation or expiry of the Exercise Period whichever is earlier.</p> <p>The options will be exercisable by the employees by a written application to the Bank to exercise the options, in such manner and on execution of such documents, as may be prescribed by the Board/Nomination and Remuneration Committee from time to time.</p>	All options eligible for the revised exercise period are all vested, unvested and unexpired Options as on 1st January 2021 as well as any future ESOPs to be granted.												
VESTING SCHEDULE	<p><b>Phase I &amp; II</b> 5years End of year 3 - 40% End of year 4 - 30% End of year 5 - 30%</p>	Sub-Plan-I (EVP & above)													
Sub Plan I (EVP & above)	<p>Grants made upto August 16, 2010</p> <p><b>Phase III</b> 5 years End of year 2 - 30% End of year 3 - 30% End of year 4 - 20% End of year 5 - 20% Grants made on or after August 17, 2010</p>	<table border="1"> <thead> <tr> <th>Phase</th> <th>Period of Grants</th> <th>Vesting Period from</th> </tr> </thead> <tbody> <tr> <td><b>Phase-I &amp;II</b></td> <td>September 13, 2005 to August 16, 2010</td> <td>End of year 3 - 40% End of year 4 - 30% End of year 5 - 30%</td> </tr> <tr> <td><b>Phase-III</b></td> <td>August 17, 2010 to December 31, 2020</td> <td>End of year 2 - 30% End of year 3 - 30% End of year 4 - 20% End of year 5 - 20%</td> </tr> <tr> <td><b>Phase-IV</b></td> <td>January 01, 2021 Onwards</td> <td>End of year 1- 33.33% End of year 2-33.33% End of year 3 -33.34%</td> </tr> </tbody> </table>	Phase	Period of Grants	Vesting Period from	<b>Phase-I &amp;II</b>	September 13, 2005 to August 16, 2010	End of year 3 - 40% End of year 4 - 30% End of year 5 - 30%	<b>Phase-III</b>	August 17, 2010 to December 31, 2020	End of year 2 - 30% End of year 3 - 30% End of year 4 - 20% End of year 5 - 20%	<b>Phase-IV</b>	January 01, 2021 Onwards	End of year 1- 33.33% End of year 2-33.33% End of year 3 -33.34%	
Phase	Period of Grants	Vesting Period from													
<b>Phase-I &amp;II</b>	September 13, 2005 to August 16, 2010	End of year 3 - 40% End of year 4 - 30% End of year 5 - 30%													
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<b>Phase-IV</b>	January 01, 2021 Onwards	End of year 1- 33.33% End of year 2-33.33% End of year 3 -33.34%													
VESTING SCHEDULE	<p>End of year 2 - 30% End of year 3 - 30% End of year 4 - 20% End of year 5 - 20%</p>	Sub-Plan-II (Below EVP)													
Sub Plan II (Below EVP)	<p>On or after March 5, 2007</p>	<table border="1"> <thead> <tr> <th>Phase</th> <th>Period of Grants</th> <th>Vesting Period from</th> </tr> </thead> <tbody> <tr> <td><b>Phase-I</b></td> <td>March 05, 2007 to December 31, 2020</td> <td>End of year 2 - 30% End of year 3 - 30% End of year 4 - 20% End of year 5 - 20%</td> </tr> <tr> <td>Phase-II</td> <td>January 01, 2021 Onwards</td> <td>End of year 1 - 33.33% End of year 2 - 33.33% End of year 3 - 33.34%</td> </tr> </tbody> </table>	Phase	Period of Grants	Vesting Period from	<b>Phase-I</b>	March 05, 2007 to December 31, 2020	End of year 2 - 30% End of year 3 - 30% End of year 4 - 20% End of year 5 - 20%	Phase-II	January 01, 2021 Onwards	End of year 1 - 33.33% End of year 2 - 33.33% End of year 3 - 33.34%				
Phase	Period of Grants	Vesting Period from													
<b>Phase-I</b>	March 05, 2007 to December 31, 2020	End of year 2 - 30% End of year 3 - 30% End of year 4 - 20% End of year 5 - 20%													
Phase-II	January 01, 2021 Onwards	End of year 1 - 33.33% End of year 2 - 33.33% End of year 3 - 33.34%													



Serial No in ESOP Plan	Existing Clause	Modified Clause	Remarks
VESTING SCHEDULE  Sub Plan I (EVP and Above)	Table of Vesting Schedule with clause of “Change in Control Protection”  Within a period of 90 (ninety) days from the occurrence of any of the following events, the Options of a Participant may be Vested prior to the Vesting Period referred to in this Vesting Schedule:  i. Sale /merger of the Bank which (a) involves a transfer of an undertaking of the Bank (b) leads to the dissolution or winding-up of the Bank and (c) leads to a situation where the resulting entity is not controlled by the current Promoters; or  ii. the Promoter ceasing to remain the single largest Shareholder and Promoter.  iii. If the employee has completed three (3) years of service with the Bank, then within a period of 90 (ninety) days from the occurrence of any of the aforesaid events, the Options of a Participant may be Vested prior to the Vesting Period referred to in this Vesting Schedule and the employee’s employment with the Bank is terminated by the Bank for any reason other than Material Misconduct (defined above)”	Removed from the plan as not applicable anymore	Removed and replaced with only Vesting Schedules. The Clause was applicable for the Options granted till March 05, 2007 under Sub-Plan-I. None of these Options are in force now and not necessary to continue the Clause in order to bring clarity.
	Two Tables giving details of Grantees under to whom Options were granted under Phase-I and II under Sub-Plan-I	Removed from the Plan as not in force anymore	Removed from the Plan to bring better clarity. They are redundant and appearing in view of Removal of “Change in Control Protection” Clause as stated above.

- (ii) Method used to account for ESOS - Intrinsic value.
- (iii) Where the Bank opts for expensing of the options using the intrinsic value of the options:

Description	Effect
The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options	Had the Bank followed fair value method for accounting the stock options, compensation expense would have been higher by ₹1.50 crore. Consequently profit after tax would have been lower by that extent.
The impact of this difference on profits and on EPS of the Bank	The basic EPS of the Bank would have been ₹10.77 per share and the Diluted EPS would have been ₹10.66 per share.

- (iv) Option movement during the year:

Particulars	Details
Number of options outstanding at the beginning of the period	6,797,370
Number of options granted during the year	1,710,500
Number of options forfeited / lapsed during the year	111,330
Number of options vested during the year	508,470
Number of options exercised during the year	120,700
Number of shares arising as a result of exercise of Options	120,700
Money realized by exercise of options (₹)(if scheme is implemented directly by the Bank)	6,473,017.50
Loan repaid by the Trust during the year from exercise price received	Not Applicable
Number of options outstanding at the end of the year	8,275,840
Number of options exercisable at the end of the year	6,116,240

- (v) The Weighted-average exercise prices of the Options granted during the year is ₹70.38 and the weighted-average fair values is ₹23.50.
- (vi) Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to:

- a) senior managerial personnel

Sr. No.	Name of the employee and their Designation	Options Granted	Exercise Price (₹) per Option
1	Mr. Abhijit Bose President & Chief Credit Officer	40000	71.50
2	Mr. Bharat Sampat President & Chief Financial Officer	40000	71.50
3	Mr. Jayaraman Vishwanath President & Head- Corporate & SME Banking	40000	71.50
4	Mr. Praveen Kutty President & Head- Retail & SME Banking	40000	71.50
5	Mr. R. Venkatesh President and Head - Ops, Tech & HR	40000	71.50
6	Mr. Sridhar Seshadri President and Chief Risk Officer	40000	71.50
7	Ms. Rubi Chaturvedi Company Secretary	5000	71.50

- b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year
- (c) identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant.

(vii) A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

(a) the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;	(i) weighted-average values of share price- ₹70.38 (ii) weighted-average exercise price- ₹70.38 (iii) expected volatility - 48.84% to 48.86% (iv) expected option life- 6.37 to 6.41 years (v) expected dividends- 1.05% to 1.14% (vi) risk-free interest rate- 5.73%
(b) the method used and the assumptions made to incorporate the effects of expected early exercise;	The method recognizes that employees' exercise behavior is correlated with the price of the underlying share. Pricing model assumes that option holder voluntarily exercises early if the stock price is greater than the exercise price. To incorporate the effects of expected early exercise, assumptions also include employee exit rate pre-vesting, employee exit rate post-vesting
(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	Expected volatility was determined based on historical volatility data; historical volatility includes data since listing.
(d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	As aforesaid, various features were incorporated into the measurement of fair value.

**Disclosures in respect of grants made in three years prior to IPO under the ESOS:** All the Options granted in the three years prior to the IPO have either been exercised or have lapsed.

# CORPORATE GOVERNANCE

**Report on Corporate Governance pursuant to Schedule V (C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) and forming Part of the Directors' Report for the year ended March 31, 2021.**

The Bank has complied with the corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of the Listing Regulations.

## PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Bank on an ongoing basis continues to believe strongly in adopting and adhering to the best corporate governance practices and benchmarking itself against the industry's best practices. It is the Bank's ongoing endeavour to achieve the highest levels of governance as a part of its responsibility towards the Shareholders and other Stakeholders. Transparency and integrity continue to be the cornerstones for good governance, and the Bank is strongly committed to these principles for enhancing the Stakeholders' value.

## BOARD OF DIRECTORS

The Bank, as on date of this Report, has a Non-Executive (Part Time) Chairman, a Managing Director & Chief Executive Officer (MD & CEO), and Eight (8) other Directors on its Board.

Except for the Chairman Mr. Nasser Munjee, Directors Mr. Shaffiq Dharamshi, Mr. Iqbal Khan and the MD & CEO Mr. Murali M. Natrajan, who are 'Non-Independent' Directors, all the other 6 Directors are 'Independent'. As against the requirement of the Listing Regulations for the number of Independent Directors to be more than 1/3rd of the total number of Directors, your Board has 60.00% of its Directors in the 'Independent' category which also includes a 'Woman Director'. The day-to-day management of the Bank is entrusted to the Senior Managerial personnel under the leadership of the MD & CEO who operates under the superintendence, direction and control of the Board. The Board reviews and approves strategy and oversees the actions and performance of the management periodically for enhancing the Stakeholders' value.

In terms of Companies (Creation and Maintenance of Databank of Independent Directors) Rules 2019 read with

Companies (Appointment and Qualification of Directors) fifth Amendment Rules, 2019 or any other related Rules, all the Independent Directors of the Bank are enrolled with the databank of Independent Directors maintained by the Government.

All the Directors of the Bank and their relatives together hold total 2,108,576 Equity Shares of the Bank (0.68% of Capital) i.e. less than 2% of the Equity Share Shares of the Bank as on March 31, 2021.

## COMPOSITION OF THE BOARD OF DIRECTORS AS ON MARCH 31, 2021

**Mr. Nasser Munjee**, a Non-Executive Director since June 2005 and the Non-Executive (Part Time) Chairman of the Bank since August 2005, is also the Chairman of the Capital Raising Committee and the Corporate Social Responsibility Committee of the Board. Mr. Munjee began his career in 1977 as one of the first employees of HDFC, India's first housing finance company, where for over two decades, he rose to be an Executive Director on its board with wide responsibilities. Then in 1997, upon the request of the then Finance Minister of India to set up an infrastructure finance company, Mr. Munjee was instrumental in establishing Infrastructure Development Finance Company Limited ("IDFC"). Mr. Munjee is presently a director on the boards of other 7 public companies in India, viz. Cummins India Limited, Ambuja Cements Limited, HDFC Limited, The Indian Hotels Company Limited, TMF Holdings Limited, (Chairman) Tata Motors Finance Solutions Limited (Chairman) and Tata Motor Finance Limited (Chairman). He is also the Chairman of three other Aga Khan Development Network (AKDN) institutions in India. He has served as the President of the Bombay Chamber of Commerce and Industry and on several government taskforces on housing and urban development. Mr. Munjee has a Masters degree from the London School of Economics, UK and was earlier educated at the Leys School in Cambridge.

Mr. Munjee holds 4,401 Equity Shares in the Bank as on March 31, 2021.

**Mr. Amyn Jassani**, an Independent Director of the Bank, is a Fellow of the Institute of Chartered Accountants of India with more than 25 years of experience, mainly with the big four accounting firms. He is also a member of the Institute of Company Secretaries of India and has passed the Certified Information System Auditor's (CISA) examination.

Mr. Aymn Jassani holds 100 Equity Shares in the Bank as on March 31, 2021.

**Mr. Ashok Barat**, an Independent Director, is a Fellow of the Institute of Chartered Accountants of India and of the Institute of Company Secretaries of India, Associate of the Institute of Chartered Accountants of England & Wales and CPA, Australia. He has held responsible and senior leadership positions in various Indian and multinational organizations, both in India and overseas. He is on the Board of several other companies and advises businesses on governance, performance and strategy.

Mr. Ashok Barat is a Past President of the Bombay Chamber of Commerce and Industry, and of the Council of EU Chambers of Commerce in India; presently a member of the Managing Committee of ASSOCHAM. He is a Certified Mediator empanelled with the Ministry of Corporate Affairs, Government of India. He is a regular speaker at public forums particularly supporting family businesses, start-ups and SMEs from overseas looking at establishing and growing their business footprint in India.

Mr. Ashok Barat does not hold any Equity Shares in the Bank as on March 31, 2021.

**Mr. Iqbal Khan**, a Non-Executive Director of the Bank, is a Senior Partner at Shardul Amarchand Mangaldas & Co. and a member of the Private Equity and Mergers & Acquisitions Practice Group. He advises some of the largest sovereign wealth funds, global private equity funds and strategic corporate, and specializes in private equity investments, private and public mergers and acquisitions (both domestic and cross-border), joint ventures and foreign investment laws. Mr. Iqbal finished his J.D. from Columbia Law School (as a Harlan Fisk Stone Scholar) and LLB. From London School of Economics and Political Science. Mr. Iqbal has also worked at Kirkland & Ellis LLP, New York and at Paul, Weiss, Rifkind, Wharton & Garrison LLP, New York. He is enrolled with the Bar Council of Maharashtra & Goa.

Mr. Iqbal Khan does not hold any Equity Shares in the Bank as on March 31, 2021.

**Mr. Rafiq Ramzanali Somani**, an Independent Director of the Bank, is B.E in Computer Science with 30 years of experience in Information and Technology field. He is a Master in Marketing Management. Currently he is the Area Vice President at ANSYS Inc.

Mr. Rafiq Ramzanali Somani holds 1,238 Equity Shares in the Bank as on March 31, 2021.

**Ms. Rupa Devi Singh**, an Independent Woman Director of the Bank since January, 2015, was the founder MD & CEO of Power Exchange India Ltd (PXIL), a nationwide Exchange for electricity trading, promoted by NSE & NCDEX. Prior to PXIL she worked as a director with CRISIL Infrastructure Advisory for 4 years and SBI Capital Markets for 5 years. She served SBI for 26 years holding various senior positions across the country. Her repertoire of experience includes commercial banking, Investment Banking, Strategic Consulting & Overseas Marketing and as CEO of a Spot Commodity Exchange (PXIL). As a strategic consultant she has advised clients across manufacturing and services sectors in taking investment decisions leading to setting up of a number of successful businesses. She is also serving on the Boards of few companies in the energy sector, both conventional and renewable generation as well as coal. Ms. Singh is a graduate in science and a post-graduate in law from the University of Delhi and holds CAIIB.

Ms. Singh does not hold any Equity Shares in the Bank as on March 31, 2021.

**Mr. Shabbir Merchant**, an Independent Director of the Bank, holds a Masters in Personnel Management with more than 30 years of experience. He is the founder of Valulead Consulting, a leadership consulting firm. His firm partners with clients in Asia & Europe for strategic talent management, leadership development, organization transformation and top team synergy.

Mr. Shabbir Merchant holds 850 Equity Shares in the Bank as on March 31, 2021

**Mr. Shaffiq Dharamshi**, a Non-Executive Director of the Bank since January 13, 2015, is a professional banker with over twenty years of senior management experience in the Middle East and Africa. He is Head of Banking for Aga Khan Fund for Economic Development (AKFED) and responsible for providing oversight on operations of financial institutions in the AKFED portfolio across Asia and Africa. Prior to taking this position, Mr. Dharamshi was Senior Vice President, Wholesale Credit Risk Management at Mashreq Bank in Dubai. Before joining Mashreq Bank, Mr. Dharamshi spent 17 years with Citibank in a wide range of positions across different areas of the bank in Africa and the Middle East. His last position with Citibank was Country Risk Head for Kuwait and Levant. Mr. Dharamshi holds a B. Sc. in Economics from Trent University, Ontario Canada and a M.Sc. from the London School of Economics. Mr. Dharamshi also serves on the Boards of Diamond Trust Bank Limited-Tanzania, Diamond Trust Bank Limited-Uganda, Diamond

Trust Bank Limited-Kenya, Kyrgyz Investment and Credit Bank-Kyrgyzstan, First Microfinance Bank-Tajikistan and Habib Bank Limited-Pakistan.

Mr. Dharamshi does not hold any Equity Shares in the Bank as on March 31, 2021.

**Mr. Somasundaram PR**, an Independent Director of the Bank, is a Chartered Accountant with over 30 years' experience across Unilever Group companies in India and abroad, Standard Chartered Bank and others. Currently he is the Managing Director of World Gold Council in India.

Mr. Somasundaram PR does not hold any Equity Shares in the Bank as on March 31, 2021.

**Mr. Murali M. Natrajan**, FCA, Managing Director & Chief Executive Officer of the Bank since April, 2009, has 37 years global experience in financial services. This includes Branch Banking, Mortgages, Credit Cards, Personal Loans, Wealth Management, SME, MSME, Corporate Banking, Agriculture, Operations, Technology, Credit Risk, Re-engineering, Finance, Marketing and Product Management. He has had successful international stints in Singapore, Hong Kong, South Korea and Indonesia.

Prior to joining the Bank, Mr. Natrajan worked as Global Head of SME Banking, Standard Chartered Bank and was reporting to the CEO Global Consumer Banking. He was managing 27 countries and in collaboration with country teams was, inter alia, responsible for strategy, product

creation, franchise development and portfolio quality. From November, 2004 to June, 2008, he was the Head of Consumer Banking (including SME Banking), India & Nepal, Standard Chartered Bank. He was responsible for Strategy, Business, Credit, Finance, Human Resources, Sales, Service, Operations, Distribution, Marketing, Business Analytics and Projects. In Standard Chartered Bank, he was a member of Global Executive Forum.

In 1984, he started his career in India with American Express, Travel Related Services where he worked for five years. He gained experience in Business Planning, Finance and Operations. He was posted in Hong Kong / Singapore from August, 1987 to February, 1989. In October 1989, he joined Citibank consumer division where he spent 14 years in various departments (Operations, Credit, Risk, Finance, Product, Marketing and Business). Globally, this was the time when consumer banking was taking shape. As Business Manager of Cards, he launched several innovative products - Times Card, Women's Card, Indian Oil Card, Loan-on-Phone and Jet Airways Co-Brand. Loan on Phone later became a global success. He was responsible for the turnaround of Credit Cards business. In the year 2000, Citibank promoted him as Cards Business Director of Hong Kong. Later in July, 2002, he moved to Citibank Indonesia where he managed Cards Business and Consumer Finance. For a brief period in 2002, he worked in Citibank - Consumer Division, South Korea.

Mr. Murali M. Natrajan holds 2,100,000 Equity Shares in the Bank as on March 31, 2021

## OTHER LISTED ENTITIES IN WHICH THE BANK'S DIRECTORS ARE DIRECTORS AND CATEGORY OF THEIR DIRECTORSHIP AS ON MARCH 31, 2021

Sr. No.	Name of the Director	Other Listed Entity in which he/she is a Director	Category of Directorship
1	Mr. Nasser Munjee	1. Ambuja Cements Limited	Independent Director
		2. Cummins India Limited	Independent Director
		3. HDFC Limited	Independent Director
		4. The Indian Hotels Company Limited	Independent Director
		5. Tata Motors Finance Limited	Independent Director & Chairman
2	Mr. Murali M. Natrajan	NIL	NA
3	Mr. Aryn Jassani	NIL	NA
4	Mr. Ashok Barat	1. Cholamandalam Investment and Finance Company Limited	Independent Director
		2. Cholamandalam Financial Holdings limited	Independent Director
		3. Bata India Limited	Independent Director
		4. Birlasoft Limited	Independent Director
		5. Huhtamaki India Limited	Independent Director

Sr. No.	Name of the Director	Other Listed Entity in which he/she is a Director	Category of Directorship
5*	Mr. C. Narasimhan	NIL	N.A.
6	Mr. Iqbal Ishak Khan	NIL	N.A.
7**	Mr. Jamal Pradhan	NIL	N.A.
8	Mr. Rafiq Somani	NIL	N.A.
9	Ms. Rupa Devi Singh	JSW Energy Limited	Independent Director
10*	Mr. Srinivasan Sridhar	1. Strides Pharma Science Limited	Independent Director
		2. Jubilant Life Sciences Limited	Independent Director
		3. Shriram Transport Finance Co. Limited	Independent Director
11	Mr. Shabbir Merchant	NIL	N.A.
12	Mr. Shaffiq Dharmashi	NIL	N.A.
13	Mr. Somasundaram PR	NIL	N.A.

\* Retired/Ceased to be Directors of Bank w.e.f. October 11, 2020

\*\* Retired/Ceased to be Director of Bank w.e.f. January 14, 2021

### Board Diversity and Expertise

The skill or competencies for the members of the Board of the Banking companies are provided in Section 10 A of the Banking Regulation Act, 1949. Accordingly, skills were identified for the Bank's Board of Directors. The details of identified skills and the names of Directors who are having the identified skills are given below:

Identified Skill	Name of Director(s) having identified skill
Accountancy & Audit	Mr. Nasser Munjee
	Mr. Ashok Barat
	Mr. Murali M. Natrajan
	Mr. Somasundaram PR
	Mr. Aryn Jassani
	Mr. Shaffiq Dharamshi
Agriculture and rural economy	Ms. Rupa Devi Singh, Mr. Nasser Munjee
Banking	Mr. Nasser Munjee
	Mr. Murali M. Natrajan
	Ms. Rupa Devi Singh
	Mr. Somasundaram PR
Co-operation	Mr. Nasser Munjee
Economics	Mr. Nasser Munjee
	Mr. Murali M. Natrajan
	Mr. Somasundaram PR

Identified Skill	Name of Director(s) having identified skill
Finance	Mr. Nasser Munjee
	Mr. Murali M. Natrajan
	Mr. Ashok Barat
	Ms. Rupa Devi Singh
	Mr. Aryn Jassani
	Mr. Somasundaram PR
Law	Mr. Iqbal Khan
Small-scale industry	Mr. Murali M. Natrajan
	Ms. Rupa Devi Singh
Information Technology	Mr. Rafiq Somani
	Mr. Murali M. Natrajan
Risk Management	Mr. Shaffiq Dharamshi
	Mr. Aryn Jassani
	Mr. Murali M. Natrajan
Human Resource Development	Mr. Shabbir Merchant
	Mr. Murali M. Natrajan
Product Development & Marketing	Mr. Murali M. Natrajan
Merger & Acquisitions & Strategic Options	Mr. Somasundaram PR
	Mr. Iqbal Khan
	Mr. Ashok Barat
	Ms. Rupa Devi Singh

## Composition of Board of Directors as on March 31, 2021

Sr. No.	Name of Director Chairman (Part Time)	Executive / Non-Executive Director	Independent / Non-Independent Director
1	Mr. Nasser Munjee	Non-Executive Director	Non-Independent Director
<b>Managing Director &amp; CEO</b>			
2	Mr. Murali M. Natrajan	Executive Director	Non-Independent Director
3	Mr. Aryn Jassani	Non-Executive Director	Independent Director
4	Mr. Ashok Barat	Non-Executive Director	Independent Director
5	Mr. Iqbal Ishak Khan	Non-Executive Director	Non-Independent Director
6	Mr. Rafiq Somani	Non-Executive Director	Independent Director
7	Ms. Rupa Devi Singh	Non-Executive Director	Independent Director
8	Mr. Shabbir Merchant	Non-Executive Director	Independent Director
9	Mr. Shaffiq Dharamshi	Non-Executive Director	Non-Independent Director
10	Mr. Somasundaram PR	Non-Executive Director	Independent Director

In the opinion of the Board, the Independent Directors fulfil the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

During the year Mr. S. Sridhar Non-Executive Independent Director and Mr. C. Narasimhan Non-Executive Independent Directors have ceased to be the Directors of the Bank on October 11, 2020 and Mr. Jamal Pradhan, Non-Executive Non-Independent Director has ceased to be the Director of the Bank on January 14, 2021 after completing the term of eight consecutive years (the maximum permissible) as per the provisions of the Banking Regulation Act, 1949.

During the year ended March 31, 2021, Fifteen (15) Board Meetings were held on April 06, 2020, April 12, 2020, April 20, 2020, April 28, 2020, May 14, 2020, May 23, 2020, June 05, 2020, June 11, 2020, July 11, 2020, August 08, 2020, September 03, 2020, September 16, 2020, October 31, 2020, January 23, 2021 and March 06, 2021. Details of attendance at the Bank's Board Meetings, Directorship, Membership and Chairmanship in other companies for each Director of the Bank are as follows:

Name of Director	Attendance at the Bank's Board Meetings	Directorship of other Indian public limited listed Companies	Directorship of other Companies	Membership of other Listed Companies' Committees #	Chairmanship of other Listed Companies' Committees#
Mr. Nasser Munjee	15	4	8	2	2
Mr. Aryn Jassani	15	-	-	-	-
Mr. Ashok Barat	15	5	4	2	3
Mr. C. Narasimhan*	12	N.A.	N.A.	N.A.	N.A.
Mr. Iqbal Khan	12	-	-	-	-
Mr. Jamal Pradhan**	13	N.A.	N.A.	N.A.	N.A.
Mr. Rafiq Somani	14	-	-	-	-
Ms. Rupa Devi Singh	15	1	5	1	-
Mr. S. Sridhar*	12	N.A.	N.A.	N.A.	N.A.
Mr. Shabbir Merchant	15	-	-	-	-
Mr. Shaffiq Dharamshi	11	-	6, (None in India)	-	-
Mr. Somasundaram PR	15	-	3	-	-
Mr. Murali M. Natrajan	15	-	-	-	-

\* Retired/Ceased to be Directors of Bank w.e.f. October 11,2020

\*\* Retired/Ceased to be Director of Bank w.e.f. January 14, 2021

# Disclosure of Chairmanship & Membership includes only two committees viz. Audit Committee and Stakeholders' Relationship Committee.



## DCB Bank Limited

Other than the above 15 Board Meetings, a meeting of Independent Directors was also held on March 06, 2021 as per the requirement and the same was attended by all the Independent Directors through Video-conferencing.

All Directors then on the Board of the Bank attended the last Annual General Meeting held on July 11, 2020.

### COMPOSITION OF COMMITTEES OF DIRECTORS AND THEIR ATTENDANCE AT THE MEETINGS AS ON MARCH 31, 2021

Various Committees of Directors have been appointed by the Board for taking informed decisions in the best interest of the Bank. These Committees monitor the activities falling within the irrespective terms of reference. The Board's Committees are as follows:

#### AUDIT COMMITTEE OF BOARD (ACB)

Mr. Ashok Barat chairs the Audit Committee of Board (ACB) of the Bank. The other members of ACB are Mr. Aryn Jassani, Mr. Somasundaram PR and Mr. Shaffiq Dharamshi. Out of Four (4), Three (3) members are Independent Directors (IDs) except Mr. Shaffiq Dharamshi as against the requirement of 2/3rd IDs under the Listing Regulations.

The Company Secretary acts as the Secretary to ACB. The terms of reference of the ACB are in accordance with Section 177 of the Companies Act, 2013, terms prescribed by the RBI and SEBI Listing Regulations, inter-alia, include the following:

1. Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees, and confirm their independence.
3. Approval of payment to Statutory Auditors for any other services rendered, if authorised by the Board.
4. Review with the management, the quarterly financial statements before submission to the Board for approval and secure the Certificate from the CFO in terms of the requirements under the Listing Regulations.
5. Evaluate internal financial controls and risk management systems.

6. Review with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
7. Any other terms of reference as may be included from time to time in the Listing Regulations.

During the year, the ACB met on nine (9) occasions.

#### EXECUTIVE COMMITTEE OF BOARD (ECB)

The Executive Committee of Board (ECB) comprises of Mr. Nasser Munjee (Chairman), Mr. Iqbal Khan and Ms. Rupa Devi Singh. The ECB, inter-alia, considers matters relating to properties, insurance, business performance and Profit & Loss Account etc.

During the year, the ECB had met once.

The Board of Directors on February 11, 2021 had approved the discontinuation of this Committee.

#### CREDIT COMMITTEE OF BOARD (CCB)

The Credit Committee of Board (CCB) comprises of Mr. Somasundaram PR (Chairman w.e.f. October 12, 2020), Mr. Rafiq Somani (member w.e.f. February 11, 2021) and Ms. Rupa Devi Singh. The CCB, inter-alia, looks after sanctioning of loans and advances, approving of One Time Settlements (OTS), etc. The Committee was last reconstituted on February 11, 2021 adding Mr. Rafiq Somani as a member of the CCB. Mr. S. Sridhar and Mr. C. Narasimhan were ceased to be members of Board and CCB w.e.f. October 11, 2020 and Mr. Jamal Pradhan was ceased to be member of the Board and CCB w.e.f. January 14, 2021, after completing the term of eight consecutive years (the maximum permissible) as per the provisions of the Banking Regulation Act, 1949.

During the year, the CCB met on fifteen (15) occasions.

#### RISK MANAGEMENT COMMITTEE OF BOARD (RMC)

Mr. Aryn Jassani chairs the Risk Management Committee of Board (RMC). Other members of the RMC are Mr. Ashok Barat, Mr. Somasundaram PR and Mr. Murali M. Natrajan. RMC, the apex body of the Bank's risk management architecture, is responsible for aligning various risk policies of the Bank with the risk appetite and risk philosophy articulated by the Board. It approves specific risk policies, including the Credit Policy, Investment Policy, Asset Liability Management Policy, Outsourcing Policy, Operational Risk Management

Policy, KYC Standards and Anti-Money Laundering measures, etc. The Terms of Reference of the RMC also include Management of the Committees of Executives viz. Operational Risk Management Committee (ORCO), Asset Liability Management Committee (ALCO), Credit Risk Management Committee (CRMC), through the review of their minutes and any issues that require the attention of the RMC, and manage effectively the risk profile of the Bank. Mr. C. Narasimhan ceased to be member of Board and RMC w.e.f. October 11, 2020, after completing the term of eight consecutive years [the maximum permissible] as per the provisions of the Banking Regulation Act, 1949.

During the year, the RMC met on four (4) occasions.

### **NOMINATION & REMUNERATION COMMITTEE OF BOARD (NRC)**

Ms. Rupa Devi Singh chairs the NRC w.e.f. October 12, 2020. Other members are Mr. Aryn Jassani, Mr. Nasser Munjee and Mr. Shabbir Merchant. Except Mr. Munjee, other three members are Independent Directors and hence the necessary compliance is ensured. The Committee was reconstituted on October 12, 2020 and Ms. Rupa Devi Singh was appointed as Chairman of NRC w.e.f. October 12, 2020 as Mr. S. Sridhar, the Chairman of NRC till then, ceased to be member of Board and NRC w.e.f. October 11, 2020, after completing the term of eight consecutive years (maximum permissible) as per the provisions of the Banking Regulation Act, 1949. The NRC, inter-alia, looks after the due diligence and recommendation process for appointment/re-appointment of Directors, evaluation of performance of Directors, remuneration, ESOPs, etc. to the MD & CEO, Key Managerial Personnel of the Bank and other Senior Management team of the Bank, monitoring of the compensation policy of the Bank, etc. Independent Directors in their meeting held on March 18, 2015 had laid down the criteria for performance evaluation of the Board, including Independent Directors.

During the year, the NRC met on nine (9) occasions.

### **STAKEHOLDERS' RELATIONSHIP COMMITTEE OF BOARD (SRC)**

Mr. Shabbir Merchant chairs the Stakeholders' Relationship Committee of Board (SRC) w.e.f. January 15, 2021. The other members are Mr. Aryn Jassani and Mr. Rafiq Somani (w.e.f. February 11, 2021). The SRC monitors redressal of grievances of the security holders including

complaints related to transfer/transmission of shares, non-receipt of dividend, non-receipt of annual reports, issue of new/duplicate certificates interest payment on Bonds, etc. The SRC reviews the measures taken for effective exercise of voting rights by Shareholders, adherence to the service standards adopted and the 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. The SRC also takes note of number of transfers processed, issue of fresh share certificates, top Shareholders, pattern of shareholding, etc. During the FY 2020-21, 3 (three) complaints were received and resolved. There was no complaint outstanding as on March 31, 2021. 2 (two) request; one for change in name and another for deletion of name were pending as on March 31, 2021 and subsequently processed in April 2021. The Company Secretary acts as the Secretary and has been appointed as the Compliance Officer of the SRC. The Committee was reconstituted on February 11, 2021 and Mr. Rafiq Somani was inducted as member and Mr. Shabbir Merchant was appointed as Chairman of SRC in place of Mr. Jamal Pradhan who ceased to be member of the Board and SRC w.e.f. January 14, 2021, after completing the term of eight consecutive years [the maximum permissible] as per the provisions of the Banking Regulation Act, 1949.

During the year, the SRC met on four (4) occasions.

### **FRAUD REPORTING & MONITORING COMMITTEE OF BOARD (FRMC)**

Pursuant to the directives of the RBI to all commercial banks, the Bank has constituted a Fraud Reporting and Monitoring Committee of Board (FRMC) for monitoring cases of fraud involving amounts of ₹1 crore or more. Mr. Ashok Barat chairs the FRMC and Mr. Aryn Jassani, Mr. Shabbir Merchant (w.e.f. February 11, 2021), Ms. Rupa Devi Singh (w.e.f. February 11, 2021) and Mr. Murali M. Natrajan are the other members. The Committee was last reconstituted on February 11, 2021 and Mr. Shabbir Merchant and Ms. Rupa Devi Singh were appointed as members of the FRMC. Mr. C. Narasimhan and Mr. Jamal Pradhan were ceased to be members of the Board and FRMC w.e.f. October 11, 2020 and January 14, 2021 respectively, after completing the term of eight consecutive years [the maximum permissible] as per the provisions of the Banking Regulation Act, 1949.

During the year, the FRMC met on four (4) occasions.

## CUSTOMER SERVICE COMMITTEE OF BOARD (CSC)

The members of the Customer Service Committee of Board (CSC) are Ms. Rupa Devi Singh (Chairperson w.e.f. February 11, 2021), Mr. Aryn Jassani and Mr. Murali M. Natrajan. The CSC monitors enhancing the quality of customer service and improving the level of customer satisfaction for all categories of clientele at all times. It also oversees the functioning of Standing Committee of Executives on Customer Service. The Committee was reconstituted on February 11, 2021 and appointment Ms. Rupa Devi Singh as Chairman of the CSC. Mr. S. Sridhar and Mr. C. Narasimhan ceased to be members of the Board and CSC w.e.f. October 11, 2020, Mr. Jamal Pradhan ceased to be member of the Board and CSC w.e.f. January 14, 2021 after completing the term of eight consecutive years [the maximum permissible] as per the provisions of the Banking Regulation Act, 1949.

During the year, the CSC met on four (4) occasions.

## CAPITAL RAISING COMMITTEE OF BOARD (CRC)

Mr. Nasser Munjee (Chairman) chairs the Capital Raising Committee of Board (CRC). The other members are, Mr. Ashok Barat, Mr. Iqbal Khan, Mr. Somasundaram PR and Mr. Murali M. Natrajan. The CRC has been formed to, inter alia, formulate capital raising plans of the Bank to raise resources through various alternative channels and to expedite the process of preparation and approval of offer documents/information memorandum, fixing of terms and conditions including pricing, engaging of intermediaries etc. for various kinds of securities, at opportune times. Mr. S. Sridhar ceased to be member of CRC w.e.f. October 11, 2020, after completing the term of eight consecutive years [the maximum permissible] as per the provisions of the Banking Regulation Act, 1949.

The Committee is required to meet as per the business requirement and hence no meeting of the Committee was held during the year under review.

## INFORMATION TECHNOLOGY STRATEGY COMMITTEE OF BOARD (ITSC)

The members of the Information Technology Strategy Committee of Board (ITSC) are Mr. Iqbal Khan, Mr. Rafiq Somani and Mr. Murali M. Natrajan (MD & CEO) (w.e.f. February 11, 2021). Mr. R. Venkatesh, Head-Ops., Tech & HR is also a member of the ITSC as a Management Representative. ITSC, inter alia, approves IT related strategy, road map for initiatives, budget and investments to support the Bank's growth strategies in accordance with the Business Plan. Mr. C. Narasimhan ceased to be members of the Board and ITSC w.e.f. October 11, 2020, Mr. Jamal Pradhan ceased to be member of the Board and ITSC w.e.f. January 14, 2021 after completing the term of eight consecutive years (the maximum permissible) as per the provisions of the Banking Regulation Act, 1949.

During the year, the ITSC met on four (4) occasions.

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE OF BOARD (CSRC)

The members of the CSR Committee are Mr. Nasser Munjee (Chairman), Ms. Rupa Devi Singh and Mr. Murali M. Natrajan, MD & CEO. Mr. S. Sridhar ceased to be member of the Board and CSR w.e.f. October 11, 2020 after completing the term of eight consecutive years (the maximum permissible) as per the provisions of the Banking Regulation Act, 1949.

The CSR Committee formulates and recommends to the Board, the CSR Policy of the Bank and also recommends amount of expenditure to be incurred and monitors the CSR activities of the Bank.

During the year, the CSR Committee had met once.

## WILFUL DEFAULTERS REVIEW COMMITTEE OF BOARD (WDRC)

The members of the Wilful Defaulters - Review Committee are Mr. Murali M. Natrajan (Chairman) and any two Independent Directors of the Bank depending upon their availability, as its members.

No meeting of the Committee was held during the year under review.

## SUMMARY OF ATTENDANCE OF DIRECTORS FOR FY 2020-21

Sr. No.	Name of Director	Appointed On	BM	ID	ACB	CCB	ECB	CRC	RMC	FRMC	NRC	SRC	CSC	ITSC	CSR	WDRC
	No. of Meetings held		15	1	9	15	1	0	4	4	9	4	4	4	1	0
1.	Nasser Munjee	June 29, 2005	15	N.M.	N.M.	N.M.	1	0	N.M.	N.M.	9	N.M.	N.M.	N.M.	1	N.M.
2.	Murali M. Natrajan	April 29, 2009	15	N.M.	N.M.	N.M.	N.M.	0	4	4	N.M.	N.M.	3	1	1	N.M.
3.	Amyr Jassani	January 25, 2020	15	1	9	N.M.	N.M.	N.M.	4	4	9	4	4	N.M.	N.M.	N.M.
4.	Ashok Barat	March 22, 2018	15	1	9	N.M.	N.M.	0	3	4	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.
5.	C. Narasimhan*	October 12, 2012	12	Retired	N.M.	6	N.M.	N.M.	1	2	N.M.	N.M.	2	3	N.M.	N.M.
6.	Iqbal Khan	July 15, 2017	12	N.M.	N.M.	N.M.	1	0	N.M.	N.M.	N.M.	N.M.	N.M.	4	N.M.	N.M.
7.	Jamal Pradhan**	January 15, 2013	13	Retired	N.M.	11	N.M.	N.M.	N.M.	3	N.M.	4	3	3	N.M.	N.M.
8.	Mr. Rafiq Somani	March 09, 2020	14	1	N.M.	4	N.M.	N.M.	N.M.	N.M.	N.M.	0	N.M.	4	N.M.	N.M.
9.	Ms. Rupa Devi Singh	January 22, 2015	15	1	N.M.	15	1	N.M.	N.M.	0	9	N.M.	4	N.M.	1	N.M.
10.	Mr. S. Sridhar*	October 12, 2012	12	Retired	N.M.	6	N.M.	0	N.M.	N.M.	5	N.M.	2	N.M.	1	N.M.
11.	Mr. Shabbir Merchant	January 25, 2020	15	1	N.M.	N.M.	N.M.	N.M.	N.M.	0	8	4	N.M.	N.M.	N.M.	N.M.
12.	Mr. Shaffiq Dharamshi	January 13, 2015	11	N.M.	7	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.
13.	Mr. Somasundaram PR	January 25, 2020	15	1	9	9	N.M.	0	4	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.	N.M.

\* Retired/Ceased to be Directors of Bank w.e.f. October 11,2020

\*\* Retired/Ceased to be Director of Bank w.e.f. January 14, 2021

N.M. = Not Member

Note: During the year, as per the requirement, a meeting of Independent Directors was also held on March 06, 2021 and the same was attended by all the Independent Directors

## REMUNERATION OF DIRECTORS

### Honorarium to Chairman

The Chairman Mr. Nasser Munjee was paid honorarium of ₹24 Lakh for FY 2020-21 as per the RBI approvals vide its letter No.DBOD.Appt No.961/29.03.001/2017-18 dated July 28, 2017.

Mr. Munjee is not paid any sitting fees for attending the meetings of Board / Committees.

### Remuneration to MD & CEO

The Bank has in place service contract/agreement with the Managing Director & CEO indicating therein all terms and conditions of his appointment including the notice period.

Mr. Murali M. Natrajan is the Managing Director & Chief Executive Officer (MD & CEO) of the Bank. The details of the remuneration paid to him during FY 2020-21 basis RBI approvals vide its letter No. DBR. ApptNo.2977/29.0.3.001/2019-20 dated October 14,2019 are as follows:

Particulars	Amount (₹)*
Basic	2,39,90,400
Allowances and Perquisite value	2,91,28,231
Contribution to Provident Fund	28,78,848
No. of Employee Stock Options granted during the year (2020-21)	0

Perquisites (evaluated as per Income Tax Rules wherever applicable and at actual cost to the Bank otherwise) such as furnished accommodation, gas, electricity, water and furnishing, club fees, personal accident insurance, use of car and telephone at residence, medical reimbursement, leave and leave travel concession were provided in accordance with the policy of the Bank in this regard. The above figures exclude perquisite value of ESOPs exercised, if any, during the Financial Year 2020-21. No sitting fees were paid to him for attending the meetings of the Board and Committees thereof.

Mr. Natrajan has not exercised any Stock Options during the year.

Other than the Honorarium paid to the Chairman, only sitting fees are paid to the Non-Executive Directors during the year as under:

Name of Director	Sitting Fees (₹)
Mr. Aryn Jassani	2,300,000
Mr. Ashok Barat	1,520,000
Mr. Iqbal Khan	830,000
Mr. Rafiq Somani	1,150,000
Ms. Rupa Devi Singh	2,220,000
Mr. Shabbir Merchant	1,320,000
Mr. C. Narasimhan (upto October 11, 2020)	1,240,000
Mr. S. Sridhar (upto October 11, 2020)	1,260,000
Mr. Jamal Pradhan (upto January 14, 2021)	1,680,000
Mr. Shaffiq Dharamshi	NIL
Mr. Somasundaram PR	NIL
<b>Total</b>	<b>13,520,000</b>

No single Non-Executive Director is paid remuneration exceeding fifty percent of the total annual remuneration paid to all the Non- Executive Directors during the Financial Year 2020-21.

#### **DECLARATION GIVEN BY INDEPENDENT DIRECTORS**

All the Independent Directors have given the necessary declarations to the Bank as required under sub section (6) of Section 149 of the Companies Act, 2013.

## GENERAL BODY MEETINGS HELD DURING THE LAST THREE YEARS

Date	Venue	Special Resolutions passed
25th AGM July 11, 2020 at 2.30 p.m.	Video Conferencing / Other Audio Video Visual Means (VC/OAVM)	<ol style="list-style-type: none"> <li>1. Raising of Funds by issue of bonds / debentures/ securities on Private Placement basis.</li> <li>2. Increase in borrowing powers.</li> <li>3. Re-appointment of Independent Directors Ms. Rupa Devi Singh</li> <li>4. Issue of Equity Shares to Qualified Institutional Buyers through Qualified Institutions Placement</li> </ol>
24th AGM June 01, 2019 at 2.30 p.m.	Rama & Sundri Watumull Auditorium, K. C. College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020.	<ol style="list-style-type: none"> <li>1. Raising of Funds by issue of bonds / debentures/ securities on Private Placement basis.</li> <li>2. Increase in borrowing powers.</li> <li>3. Amendments in the Object Clause of Memorandum of Association of the Bank.</li> <li>4. Re-appointment of Independent Directors Mr. Altaf Jiwani, Mr. Imran Contractor, Mr. S. Sridhar and Mr. C. Narasimhan.</li> </ol>
23rd AGM June 02, 2018 at 2.30 p.m.	Rama & Sundri Watumull Auditorium, K. C. College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020.	<ol style="list-style-type: none"> <li>1. Raising of Funds by issue of bonds / debentures/ securities on Private Placement basis.</li> <li>2. Increase in borrowing powers.</li> <li>3. Amendments in the Object Clause of Memorandum of Association of the Bank.</li> </ol>

### Postal Ballot:

During the year under review the Bank had not sought any approval of the members through Postal Ballot.

No Resolution is proposed to be passed by Postal Ballot in the notice of the proposed Twenty Sixth Annual General Meeting.

## GENERAL INFORMATION FOR SHAREHOLDERS

Financial Calendar - For each calendar quarter, the financial results are reviewed and taken on record by the Board generally in the next month of the relevant quarter. The audited annual accounts as at March 31 are approved by the Board, after view thereof by the Audit Committee of the Board.

### LIST OF ALL CREDIT RATINGS OBTAINED BY THE BANK

Refer the Directors' Report for all credit ratings obtained by the Bank.

## DETAILS OF UTILISATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT AS SPECIFIED UNDER REGULATION 32(7A) OF SEBI (LODR) REGULATIONS, 2015

The Bank has not raised any fund through Preferential Allotment or Qualified Institutions Placement as specified under regulation 32 (7A) of the SEBI (LODR) Regulations, 2015, during the financial year ended March 31, 2021.

## SHAREHOLDERS HOLDING 1% AND ABOVE SHARES IN THE BANK AS ON MARCH 31, 2021

Sr. No.	Name	No. of Shares	% To Capital
1	AGA KHAN FUND FOR ECONOMIC DEVELOPMENT SA	43,750,052	14.09
2	HDFC SMALL CAP FUND	13,742,586	4.43
3	ICICI PRUDENTIAL BANKING AND FINANCIAL SERVICES FUND (All Scheme)	13,614,393	4.38
4	INDIA ADVANTAGE FUND S4 I	12,473,881	4.02
5	DSP SMALL CAP FUND	10,634,173	3.42
6	ITPL - INVESCO INDIA CONTRA FUND (All Scheme)	10,246,888	3.30
7	FRANKLIN INDIA SMALLER COMPANIES FUND	9,949,095	3.20
8	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE MIDCAP FUND (All Scheme)	9,909,355	3.19
9	OMAN INDIA JOINT INVESTMENT FUND II	9,198,202	2.96
10	STEINBERG INDIA EMERGING OPPORTUNITIES FUND LIMITED	8,000,000	2.58
11	TVS SHRIRAM GROWTH FUND 3	6,785,020	2.19
12	MATTHEWS INDIA FUND	4,854,216	1.56
13	ADITYA BIRLA SUN LIFE INSURANCE COMPANY LIMITED	3,885,576	1.25
14	L&T MUTUAL FUND TRUSTEE LIMITED-L&T EMERGING BUSINESSES FUND	3,477,650	1.12
15	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	3,409,000	1.10
16	NIPPON LIFE INDIA TRUSTEE LTD-A/C NIPPON INDIA RETIREMENT FUND - WEALTH CREATION SCHEME (All Scheme)	3,330,516	1.07
<b>Total</b>		<b>167,260,603</b>	<b>53.86</b>

## DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2021

Sr. No.	Number of Equity shares held	No. of Shareholders	% to total holders	Shares	% to total shares
1	upto 500	158,648	87.16	20,053,721	6.46
2	501 to 1000	12,451	6.84	9,916,284	3.19
3	1001 to 2000	5,919	3.25	8,763,617	2.82
4	2001 to 3000	1,744	0.96	4,448,249	1.43
5	3001 to 4000	789	0.43	2,847,145	0.92
6	4001 to 5000	614	0.34	2,894,129	0.93
7	5001 to 10000	927	0.51	6,835,545	2.20
8	10001 & Above	920	0.51	254,777,423	82.05
<b>Total</b>		<b>182,012</b>	<b>100.00</b>	<b>310,536,113</b>	<b>100.00</b>

Out of the above 182,012 folios, 158,082 folios comprise 304,950,694 shares forming 98.20% of the issued share capital, which are in dematerialised mode. Another 23,930 folios comprise 5,585,419 shares constituting 1.80% of the share capital that are held in physical mode. Promoters' entire shareholding is in dematerialised mode.

### DCB Bank Limited-Shareholding Pattern as on March 31, 2021

**Table I - Summary Statement holding of specified securities**

Category	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (I)+(V) + (VI)	(VIII)As a % of (A+B +C2)	Total nos. shares held as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities		No. of Shares (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares	Number of Shares pledged or otherwise encumbered	Number of equity shares held in demateri- alised form	
										Class eg: X	Total e.g.y						(IX)
(A)	Promoter & Promoter Group	2	46200234	0	0	46200234	14.8776	46200234	14.8776	46200234	0	14.8776	0	0.0000	0	0.0000	46200234
(B)	Public	178346	264335879	0	0	264335879	85.1224	264335879	85.1224	264335879	0	85.1224	0	0.0000	NA	NA	258750460
(C)	Non Promoter - Non Public	0	0	0	0	0	0	0	0	0	0	0	0	0.0000	NA	NA	0
(C1)	Shares Underlying DRs	0	0	0	0	0	0.0000	0	0.0000	0	0	0.0000	0	0.0000	NA	NA	0
(C2)	Shares Held By Employee Trust	0	0	0	0	0	0.0000	0	0.0000	0	0	0.0000	0	0.0000	NA	NA	0
<b>Total</b>	<b>178348</b>	<b>310536113</b>	<b>100.0000</b>	<b>310536113</b>	<b>0</b>	<b>310536113</b>	<b>100.0000</b>	<b>310536113</b>	<b>100.0000</b>	<b>310536113</b>	<b>0</b>	<b>100.0000</b>	<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0.0000</b>	<b>304950694</b>



Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

Category & Name of the shareholders	PAN	Nos. of share holders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities		No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares	Number of Shares pledged or otherwise encumbered	Number of equity shares held in demat- alised form			
								Class	Total						(XII) As a % of total Shares held(b)	(XIII) As a % of total Shares held(b)	(XIV)
<b>1 Indian</b>																	
(a) Individuals / Hindu Undivided Family		0	0	0	0	0	0.0000	0	0	0.0000	0	0.0000	0	0.0000	0	0	
(b) Central Government / State Government(s)		0	0	0	0	0	0.0000	0	0	0.0000	0	0.0000	0	0.0000	0	0	
(c) Financial Institutions / Banks		0	0	0	0	0	0.0000	0	0	0.0000	0	0.0000	0	0.0000	0	0	
(d) Any Other (Specify)		1	2450182	0	0	2450182	0.7890	2450182	0	2450182	0.7890	0	0.0000	0	0.0000	2450182	
Bodies Corporate		1	2450182	0	0	2450182	0.7890	2450182	0	2450182	0.7890	0	0.0000	0	0.0000	2450182	
Platinum Jubilee Investments Ltd.		1	2450182	0	0	2450182	0.7890	2450182	0	2450182	0.7890	0	0.0000	0	0.0000	2450182	
<b>Sub Total (A)(1)</b>		<b>1</b>	<b>2450182</b>	<b>0</b>	<b>0</b>	<b>2450182</b>	<b>0.7890</b>	<b>2450182</b>	<b>0</b>	<b>2450182</b>	<b>0.7890</b>	<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0.0000</b>	<b>2450182</b>	
<b>2 Foreign</b>																	
(a) Individuals (Non-Resident Individuals / Foreign Individuals)		0	0	0	0	0	0.0000	0	0	0.0000	0	0.0000	0	0.0000	0	0	
(b) Government		0	0	0	0	0	0.0000	0	0	0.0000	0	0.0000	0	0.0000	0	0	
(c) Institutions		0	0	0	0	0	0.0000	0	0	0.0000	0	0.0000	0	0.0000	0	0	
(d) Foreign Portfolio Investor		0	0	0	0	0	0.0000	0	0	0.0000	0	0.0000	0	0.0000	0	0	
(e) Any Other (Specify)		1	43750052	0	0	43750052	14.0886	43750052	0	43750052	14.0886	0	0.0000	0	0.0000	43750052	
Bodies Corporate		1	43750052	0	0	43750052	14.0886	43750052	0	43750052	14.0886	0	0.0000	0	0.0000	43750052	
Aga Khan Fund For Economic Development SA		1	43750052	0	0	43750052	14.0886	43750052	0	43750052	14.0886	0	0.0000	0	0.0000	43750052	
<b>Sub Total (A)(2)</b>		<b>1</b>	<b>43750052</b>	<b>0</b>	<b>0</b>	<b>43750052</b>	<b>14.0886</b>	<b>43750052</b>	<b>0</b>	<b>43750052</b>	<b>14.0886</b>	<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0.0000</b>	<b>43750052</b>	
<b>Total Shareholding Of Promoter And Promoter Group (A)=(A)(1)+(A)(2)</b>		<b>2</b>	<b>46200234</b>	<b>0</b>	<b>0</b>	<b>46200234</b>	<b>14.8776</b>	<b>46200234</b>	<b>0</b>	<b>46200234</b>	<b>14.8776</b>	<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0.0000</b>	<b>46200234</b>	

Details of Shares which remain unclaimed held in demat/unclaimed suspense account, voting rights of which are frozen etc.: NIL

## DCB Bank Limited

Table III - Statement showing shareholding pattern of the Public shareholder

Category & Name of the shareholders	PAN	Nos. of share holders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of underlying shares	Total nos. shares held	Shareholding % as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities		No. of Shares Underlying Outstanding convertible securities (as a % of diluted share capital)	Shareholding, as a % assuming conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares	Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialised form	
								Class eg: X	Class eg: Y						No. (a)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (VI)+(V)+ of (VI)	(VIII) As a % of (A+B+C2)	(IX)	(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)	(XIII)	(XIV)	(XV)	
<b>1 Institutions</b>															
(a) Mutual Fund		20	85020337	0	0	85020337	27.3786	85020337	0	85020337	27.3786	0	0.0000	NA	85020337
HDFC Small Cap Fund			13742586	0	0	13742586	4.4254	13742586	0	13742586	4.4254	0	0.0000	NA	13742586
ICICI Prudential Banking And Financial Services Fund			13614393	0	0	13614393	4.3842	13614393	0	13614393	4.3842	0	0.0000	NA	13614393
DSP Small Cap Fund			10634173	0	0	10634173	3.4245	10634173	0	10634173	3.4245	0	0.0000	NA	10634173
ITPL - Invesco India Contra Fund			10246888	0	0	10246888	3.2997	10246888	0	10246888	3.2997	0	0.0000	NA	10246888
Franklin India Smaller Companies Fund			9949095	0	0	9949095	3.2038	9949095	0	9949095	3.2038	0	0.0000	NA	9949095
Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life Small Cap Fund			9909355	0	0	9909355	3.1910	9909355	0	9909355	3.1910	0	0.0000	NA	9909355
L&T Mutual Fund Trustee Limited-L&T Emerging Businesses Fund			3477650	0	0	3477650	1.1199	3477650	0	3477650	1.1199	0	0.0000	NA	3477650
Nippon Life India Trustee Ltd-A/C Nippon India Retirement Fund - Wealth Creation Scheme			3330516	0	0	3330516	1.0725	3330516	0	3330516	1.0725	0	0.0000	NA	3330516

Category & Name of the shareholders	PAN	Nos. of share holders	No. of fully paid up shares held	Partly paid-up equity shares held	No. of underlying Depository Receipts	Total nos. shares held as per SCRR, 1957 As a % of (A+B+C2)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities		Total as a % of (A+B+C)	No. of Shares Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares	Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialised form	
								Class eg: X	Class eg: Y							(X) = (VII)+(X) As a % of (A+B+C2)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)	(X)	(XI)	(XII)	(XIII)	(XIV)	(XV)		
(b) Venture Capital Funds		0	0	0	0	0	0.0000	0	0	0	0	0.0000	0	0.0000	NA	0
(c) Alternate Investment Funds		12	31947908	0	0	31947908	10.2880	31947908	0	31947908	10.2880	0	0.0000	NA	NA	31947908
India Advantage Fund S4 I			12473881	0	0	12473881	4.0169	12473881	0	12473881	4.0169	0	0.0000	NA	NA	12473881
Oman India Joint Investment Fund II			9198202	0	0	9198202	2.9620	9198202	0	9198202	2.9620	0	0.0000	NA	NA	9198202
TVS Shriram Growth Fund 3			6785020	0	0	6785020	21849	6785020	0	6785020	21849	0	0.0000	NA	NA	6785020
(d) Foreign Venture Capital Investors		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	NA	NA	0
(e) Foreign Portfolio Investor		100	40496167	0	0	40496167	13.0407	40496167	0	40496167	13.0407	0	0.0000	NA	NA	40496167
Steinberg India Emerging Opportunities Fund Limited			8000000	0	0	8000000	2.5762	8000000	0	8000000	2.5762	0	0.0000	NA	NA	8000000
Mathews India Fund			4854216	0	0	4854216	1.5632	4854216	0	4854216	1.5632	0	0.0000	NA	NA	4854216
(f) Financial Institutions / Banks		1	13	0	0	13	0.0000	13	0	13	0.0000	0	0.0000	NA	NA	13
(g) Insurance Companies		7	8929685	0	0	8929685	2.8756	8929685	0	8929685	2.8756	0	0.0000	NA	NA	8929685
Aditya Birla Sun Life Insurance Company Limited			3885576	0	0	3885576	1.2512	3885576	0	3885576	1.2512	0	0.0000	NA	NA	3885576
Bajaj Allianz Life Insurance Company Ltd.			3409000	0	0	3409000	1.0978	3409000	0	3409000	1.0978	0	0.0000	NA	NA	3409000
(h) Provident Funds/ Pension Funds		0	0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	NA	NA	0

Category & Name of the shareholders	PAN	Nos. of share holders	No. of fully paid up shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities		No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	No. of Locked in shares	Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialised form
							Class eg: X	Class eg: Y					
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)	(X)	(XI)= (VII)+(X)	(XII)	(XIII)	(XIV)
(i) Any Other (Specify)		0	0	0	0	0	0.0000	0	0	0.0000	0	0.0000	0
Sub Total (B)(1)		140	166394110	0	0	166394110	53.5829	166394110	0	53.5829	0	0.0000	166394110
<b>2 Central Government/ State Government(s)/ President of India</b>													
Central Government/ State Government(s)		0	0	0	0	0	0.0000	0	0	0.0000	0	0.0000	0
<b>Sub Total (B)(2)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0.0000</b>	<b>0</b>
<b>3 Non-institutions</b>													
(a) Individuals		171595	69531134	0	0	69531134	22.3907	69531134	0	22.3907	0	0.0000	64170293
i Individual shareholders holding nominal share capital up to ₹2 lakhs.		171381	54514011	0	0	54514011	17.5548	54514011	0	17.5548	0	0.0000	49153371
ii Individual shareholders holding nominal share capital in excess of ₹2 lakhs.		214	15017123	0	0	15017123	4.8359	15017123	0	4.8359	0	0.0000	15016922
(b) NBFCs registered with RBI		3	6650	0	0	6650	0.0021	6650	0	0.0021	0	0.0000	6650
(c) Employee Trusts		1	1000	0	0	1000	0.0003	1000	0	0.0003	0	0.0000	1000
(d) Overseas Depositories (holding DRs) (balancing figure)		0	0	0	0	0	0.0000	0	0	0.0000	0	0.0000	0
(e) Any Other (Specify)		6607	28402985	0	0	28402985	91464	28402985	0	91464	0	0.0000	28178407

Category & Name of the shareholders	PAN	Nos. of share holders	No. of fully paid up shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held as per SCRR, 1957 As a % of (A+B+C2)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities		Total as a % of (A+B+C)	No. of Shares Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares	Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialised form
								Class eg: X	Class eg: Y						
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)	(X)	(XI)	(XII)	(XIII)	(XIV)	(XV)	
Bodies Corporate		899	16485828	0	0	16485828	5.3088	16485828	0	16485828	5.3088	0	0.0000	NA	16291968
Clearing Member		147	1488461	0	0	1488461	0.4793	1488461	0	1488461	0.4793	0	0.0000	NA	1488461
Directors/ Relative of Directors		10	2108576	0	0	2108576	0.6790	2108576	0	2108576	0.6790	0	0	NA	21069996
Employee		292	1907188	0	0	1907188	0.6142	1907188	0	1907188	0.6142	0	0	NA	1881275
Foreign Portfolio Investor (Individual)		1	1390	0	0	1390	0.0004	1390	0	1390	0.0004	0	0.0000	NA	1390
Hindu Undivided Family		2618	1900418	0	0	1900418	0.6120	1900418	0	1900418	0.6120	0	0.0000	NA	1899973
IEPF		1	712495	0	0	712495	0.2294	712495	0	712495	0.2294	0	0.0000	NA	712495
Non Resident Indians		2634	3783529	0	0	3783529	1.2184	3783529	0	3783529	1.2184	0	0.0000	NA	3781779
Trusts		5	15100	0	0	15100	0.0049	15100	0	15100	0.0049	0	0.0000	NA	14070
<b>Sub Total (B)(3)</b>		<b>178206</b>	<b>97941769</b>	<b>0</b>	<b>0</b>	<b>97941769</b>	<b>31.5396</b>	<b>97941769</b>	<b>0</b>	<b>97941769</b>	<b>31.5396</b>	<b>0</b>	<b>0.0000</b>	<b>NA</b>	<b>92356350</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)</b>		<b>178346</b>	<b>264335879</b>	<b>0</b>	<b>0</b>	<b>264335879</b>	<b>85.1224</b>	<b>264335879</b>	<b>0</b>	<b>264335879</b>	<b>85.1224</b>	<b>0</b>	<b>0.0000</b>	<b>NA</b>	<b>258750460</b>

Details of the shareholders acting as persons in Concert including their Shareholding (No. and %): **NIL**

Details of Shares which remain unclaimed as on March 31, 2021 and held in demat/unclaimed suspense account, voting rights which are frozen etc. : **NIL**

### **OUTSTANDING WARRANTS/ADRS/GDRS/CONVERTIBLE INSTRUMENTS**

None.

### **DATE OF THE BOARD MEETING AT WHICH THE FINANCIAL STATEMENTS AND THE QUARTERLY RESULTS WERE APPROVED:**

May 8, 2021.

### **FINANCIAL YEAR**

Starting on April 1 and ending on March 31 every year.

### **DIVIDEND PAYMENT DATE:**

With a view to conserve capital in an environment of heightened uncertainty caused by Covid-19, the Board of Directors of the Bank has not proposed any dividend for the financial year ended March 31, 2021.

### **FAMILIARISATION PROGRAMME:**

The details of Familiarisation programme arranged for Independent Directors have been hosted on website of the Bank and are available at the following <https://www.dcbbank.com/pdfs/Familiarisation-Programme-for-Independent-Directors-March-2021.pdf>

### **COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES**

Risk is an integral part of the banking business and the Bank's aim is to maintain portfolio quality by making appropriate risk/reward trade-offs. Key risks that the Bank is exposed to are credit, concentration, market, country exposure, liquidity, operational and reputation risk. The Board of Directors of the Bank has oversight of all the risk assumed by the Bank and has delegated its power to manage risk to Risk Management Committee (RMC) of the Board. The Bank does not have direct exposure on any commodities. The Bank has exposure to borrowers which are secured against various commodities.

### **DATE OF BOOK CLOSURE/RECORD DATE:**

The Bank has fixed August 6, 2021 as the Record Date (Cut-off Date) for the purpose of the 26th AGM and to

ascertain voting rights of the Members.

### **DATE, TIME AND VENUE OF THE ANNUAL GENERAL MEETING (AGM):**

The Twenty Sixth Annual General Meeting of the Bank will be held via Video Conferencing (VC) or Other Audio Visual Means (OAVM) on August 13, 2021 at 2.30 p.m. (IST).

### **LAST DATE OF RECEIPT OF PROXY FORMS:**

As there is no requirement of physical presence at the meeting, the requirement of appointment of proxy has been dispensed with. However, members may appoint representatives' u/s 112 and 113 of the Companies Act, 2013 for purpose of voting through remote e-voting or for voting and participation in the meeting.

### **DIVIDEND:**

With a view to conserve capital in an environment of heightened uncertainty caused by Covid-19, the Board of Directors of the Bank has not proposed any dividend for the financial year ended March 31, 2021. Your Bank has a Dividend Distribution Policy as approved by the Board and is hosted on the website of the Bank at the link:

[https://www.dcbbank.com/pdfs/Dividend\\_Distribution\\_Policy.pdf](https://www.dcbbank.com/pdfs/Dividend_Distribution_Policy.pdf)

### **BRANCHES**

The Bank has 352 branches and 410 ATM centres (both onsite and offsite) as at March 31, 2021.

### **CODE FOR PREVENTION OF INSIDER TRADING**

The Bank has adopted a Code for the prevention of insider trading in the shares of the Bank known as "DCB Bank – Code of Conduct for Prohibition of Insider Trading". The Code, inter-alia, prohibits purchase / sale of shares of the Bank by employees while in possession of Unpublished Price Sensitive Information relating to the Bank.

### **DISCLOSURES:**

1. The Bank has not entered into any materially significant transaction during the year, which could have a potential conflict of interest between the Bank and its promoters, directors, management and/or their relatives, etc. other than the transactions carried out in the normal course of business.
2. During the last 3 years, there were no penalties or strictures imposed on the Bank by the Stock Exchange(s) and / or SEBI and/or any other statutory authorities on matters relating to capital market activities.

3. There are no relationships between the Directors of the Bank, inter-se.
4. The Bank has in place a vigil mechanism pursuant to which a Whistle Blower Policy has been in vogue for the last several years. This Policy, inter alia, provides a direct access to a Whistle Blower to the Chairman of the Audit Committee of the Board (ACB) on his dedicated email-ID [cacb@dccb.com](mailto:cacb@dccb.com). The Whistle Blower Policy covering all employees and Directors is hosted on the Bank's website at <https://www.dccb.com/pdfs/Whistle-Blower-Policy.pdf>. The Bank hereby affirms that none of the Bank's personnel have been denied access to the ACB.
5. The Bank has a policy on Related Party Transactions and the same has been displayed on the Bank's website at: <https://www.dccb.com/pdfs/Policy-on-Related-Party-Transactions-2019-20.pdf>
6. There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Bank's operations in future.
7. Total fees of ₹ 97 Lakh was paid / provided on an aggregate basis to the statutory auditors during the year for all the services provided by them to the Bank.
8. A certificate dated May 6, 2021 from M/s. S. N. Ananthasubramanian & Co., Company Secretaries in Practice has been obtained certifying that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of the Bank by Securities and Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority.
9. The Bank has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013]. The details of complaints received and redressed during the financial year 2020-21 are as under:
  - a) number of complaints filed during the 3 financial year:
  - b) number of complaints disposed of during 2 the financial year:
  - c) number of complaints pending as on end 1 of the financial year:

## COMPLIANCE WITH MANDATORY REQUIREMENTS

The Bank has complied with the mandatory and most of the non-mandatory requirements under the Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## COMPLIANCE WITH DISCRETIONARY REQUIREMENTS AS STIPULATED UNDER PART E OF SCHEDULE II OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

The Bank has complied with four out of the five discretionary requirements as stated below:

### 1. THE BOARD

An office of the Chairman is maintained at the Bank's expense and reimbursement of expenses incurred by the Chairman in performance of his duties is allowed.

None of the Directors of the Bank, other than its Chairman and/or Whole Time Director, can hold office continuously for a period exceeding eight years.

### 2. MODIFIED OPINION(S) IN AUDIT REPORT

There are no audit qualifications in the Bank's financial statements or qualification or adverse remark by the Company Secretary in Practice in his Secretarial Audit Report for FY 2021. The Bank wishes to continue in the regime of unqualified financial statements as well as Secretarial Audit Report.

### 3. SEPARATE POSTS OF CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

The Bank already has separate posts for the Chairman and the MD & CEO.

### 4. REPORTING OF INTERNAL AUDITOR

The Chief Internal Auditor reports directly to the Audit Committee of the Board.

## DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

All the Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors.

## LISTING ON STOCK EXCHANGES

In order to impart liquidity and convenience for

trading, the Equity Shares and Tier II Bonds of the Bank are listed at the following Stock Exchanges. The annual fees for FY 2021 have been paid to all the Stock Exchanges where the securities are listed.

Sr. No.	Name & Address of the Stock Exchanges	Stock Code	ISIN
1.	Equity Shares on BSE Ltd. Phiroze Jeejebhoy Towers, Dalal Street, Fort, Mumbai - 400 001	532772	INE503A01015
2.	Equity Shares on National Stock Exchange of India Ltd. (NSE) Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra (East) Mumbai - 400 051	DCB BANK	INE503A01015
3.	Tier II Bonds issued on March 31, 2016 have been listed on NSE under WDM segment	DCB26	INE503A08010
4.	Tier II Bonds issued on November 18, 2016 have been listed on NSE under WDM segment	DCB26	INE503A08028
5.	Tier II Bonds issued on November 17, 2017 have been listed on NSE under WDM segment	DCB27	INE503A08036
6.	Tier II Bonds issued on January 12, 2018 have been listed on BSE and NSE under WDM segment	NSE-DCB 28 BSE-957380	INE503A08044

### Names of Depositories in India for dematerialisation of Equity Shares and Tier II Bonds.

National Securities Depository Ltd. (NSDL)  
Central Depository Services (India) Ltd. (CDSL)

The Bank's shares/bonds are traded compulsorily in dematerialised (Demat) mode. The dematerialised shares/bonds are transferable through the depository system. Transfer/transmission of Equity Shares in physical mode are processed by the Registrars and Share Transfer Agents, Link Intime India Private. Ltd., and approved by the Share Transfer Committee of the

Bank. Link Intime India Private. Ltd. processes the share transfers within a period of 15 days from the date of receipt of the transfer documents. In July-August 2020, the Bank has transferred underlined shares pertaining to the Unclaimed Dividend already transferred to the Investor Education and Protection Fund (IEPF) in compliance with the regulatory requirement.

## MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

The Management Discussion and Analysis Report is included in the Directors' Report and forms a part of Corporate Governance.

## MEANS OF COMMUNICATION TO SHAREHOLDERS

Financial results and all materially important communications are promptly shared with the Stock Exchanges. Bank's results are also published in newspapers pursuant to applicable regulatory provisions and hosted on its website at [www.dcbbank.com](http://www.dcbbank.com). The quarterly and half yearly declaration of financial performance including summary of the significant events is not being sent to every shareholder as the Bank's quarterly results are published in a national English daily newspaper (Business Standard), and a local Marathi daily newspaper (Loksatta/Pudhari) having a wide circulation in Mumbai. Also the same have been hosted on the website of the Bank. The Bank also makes presentations to Institutional Investors and/or to the analysts and/or hosts the same on the website of the Bank and/or makes press releases from time to time. However, in view of various relaxations granted by SEBI on account of continuing problem of Covid-19, the information may be published only on websites of the Bank and Stock Exchanges.

## INVESTOR HELPDESK

Share transfers, dividend payments, if any, and all other investor related activities are attended to and processed at the office of the Bank's Registrars and Transfer Agents (RTAs).

For lodgement of any documents or for any grievances/complaints, kindly contact the RTAs at the following address:

**Registrars and Transfer Agents.**  
**LINK INTIME INDIA PRIVATE LTD.,**  
CIN: U67190MH1999PTC118368  
C-101, 247 Park, L. B. S. Marg, Vikhroli (West),  
Mumbai -400083.  
Tel No: +912249186000 (Board Line) 022-49186270  
(Investor Helpdesk)



## DCB Bank Limited

Fax: +91 22 49186060  
 E-mail id: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
 Website: [www.linkintime.co.in](http://www.linkintime.co.in)  
 Counter Timing: 10 a.m. to 4 p.m.  
 Monday to Friday (except National Holidays)

Shareholders/Investors can also send their queries through-mail to the Bank at [investorgrievance@dcbbank.com](mailto:investorgrievance@dcbbank.com). This designated e-mail ID has also been displayed on the Bank's website: [www.dcbbank.com](http://www.dcbbank.com) under the section 'Investor Relations'.

### Details of Debenture Trustee:

IDBI Trusteeship Services Ltd.  
 Asian Building, Ground Floor,  
 17, R. Kamani Marg, Ballard Estate,  
 Mumbai 400 001.  
 Website: [www.idbitrustee.com](http://www.idbitrustee.com)  
 Tel: +91 22 4080 7000  
 Fax: +91 22 6631 1776  
 Email: [itsl@idbitrustee.com](mailto:itsl@idbitrustee.com)

### Name of the Compliance Officer of the Bank

Ms. Rubi Chaturvedi - Company Secretary  
 Telephone: 020 6618 7013 • Fax: 022 66589970  
 Email id: [rubi.chaturvedi@dcbbank.com](mailto:rubi.chaturvedi@dcbbank.com)

### ADDRESS OF THE REGISTERED & CORPORATE OFFICE OF THE BANK:

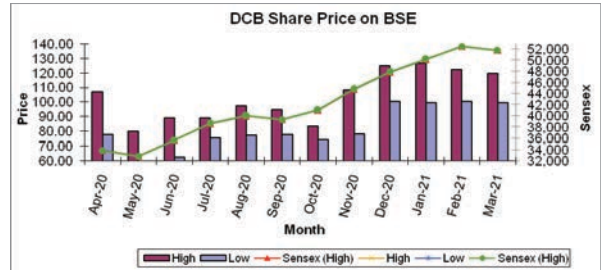
DCB Bank Limited  
 601 & 602, Peninsula Business Park, Tower A, 6th floor,  
 Senapati Bapat Marg, Lower Parel,  
 Mumbai - 400 013.  
 Telephone: 022-66187000  
 Fax: 022-66589970  
 Date of Incorporation: May 31, 1995  
 Registration No.11-89008 of 1995  
 CIN: L99999MH1995PLC089008  
 Website: [www.dcbbank.com](http://www.dcbbank.com)  
 E-mail ID: [investorgrievance@dcbbank.com](mailto:investorgrievance@dcbbank.com)

### DCB BANK SHARE PRICE

The monthly high and low quotation of shares traded on the BSE Ltd. (BSE).

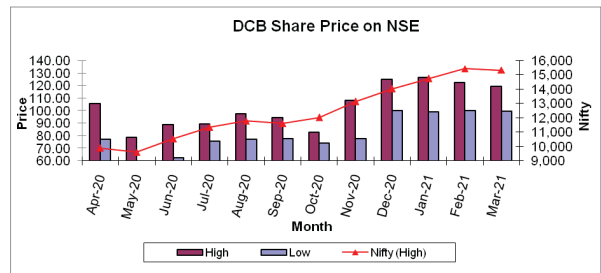
Month	High	Low	Sensex (High)
Apr-20	107.00	77.65	33,887.25

May-20	80.00	58.10	32,845.48
Jun-20	88.85	62.50	35,706.55
Jul-20	89.25	75.70	38,617.03
Aug-20	97.40	77.35	40,010.17
Sep-20	94.70	77.75	39,359.51
Oct-20	83.30	74.35	41,048.05
Nov-20	108.40	78.00	44,825.37
Dec-20	124.95	100.35	47,896.97
Jan-21	126.50	99.35	50,184.01
Feb-21	122.30	100.30	52,516.76
Mar-21	119.65	99.70	51,821.84



The monthly high and low quotation of share traded on the National Stock Exchange (NSE).

Month	High	Low	Nifty (High)
Apr-20	105.70	77.20	9,889.05
May-20	79.00	58.00	9,598.85
Jun-20	88.75	62.75	10,553.15
Jul-20	89.30	75.70	11,341.40
Aug-20	97.40	77.10	11,794.25
Sep-20	94.35	77.80	11,618.10
Oct-20	82.90	74.30	12,025.45
Nov-20	108.40	78.00	13,145.85
Dec-20	125.00	100.00	14,024.85
Jan-21	126.50	99.05	14,753.55
Feb-21	122.35	100.00	15,431.75
Mar-21	119.70	99.80	15,336.30



# Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

## The Members of DCB Bank Limited

1. The Corporate Governance Report prepared by DCB Bank Limited (hereinafter the "Bank"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2021. This report is required by the Bank for inclusion in the Annual Report 2020-21.

## Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Bank including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Bank complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

## Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the "Bank" has complied with the conditions of Corporate Governance as specified in the Listing Regulations referred to in paragraph 1 above.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). e Guidance Note on Reports or Certificates

for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

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

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:

- a. Read and understood the information prepared by the Bank and included in its Corporate Governance Report;
- b. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
- c. Obtained representation from Management and read the Register of Directors as on March 31, 2021 to verify that atleast one independent woman director was on the Board of Directors throughout the year;
- d. Obtained and read the minutes of the following committee meetings / other meetings held from April 01, 2020 to March 31, 2021:
  - i. Board of Directors
  - ii. Audit Committee
  - iii. Annual General Meeting (AGM)
  - iv. Nomination and Remuneration Committee
  - v. Stakeholders Relationship Committee
  - vi. Risk Management Committee
- e. Obtained necessary declarations from the directors of the Bank;

- f. Obtained and read the policy adopted by the Bank for related party transactions, Vigil mechanism, whistleblower policy and risk management policy;
  - g. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved by the audit committee; and
  - h. Performed inquiries and obtained representations from management on compliance with the Listing Regulations.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Bank taken as a whole.

### Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information, explanations and representations given to us, we are of the opinion that the Bank has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2021, referred to in paragraph 4 above.

### Other matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.
11. This report is addressed to the members of the Bank and provided to the Bank solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

**ICAI Firm Registration Number: 101049W/E300004**

**per Sarvesh Warty**

**Partner**

**Place: Mumbai**

**Date: July 09, 2021**

**Membership Number: 121411**

**UDIN: 21121411AAAAHG9706**

**Form No. MR- 3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED March 31, 2021**

[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,  
**DCB Bank Limited**  
 CIN: L99999MH1995PLC089008  
 601& 602, Peninsula Business Park, Tower A,  
 Senapati Bapat Marg, Lower Parel,  
 Mumbai - 400013.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **DCB Bank Limited** (hereinafter called "the Bank"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. Based on our verification of the Bank's 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, we hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended on **March 31, 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 the Bank for the financial year ended March 31, 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 extent of Overseas Direct Investment and External Commercial Borrowings as there were no reportable events;**
- 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 - **Not Applicable as there was no reportable event;**
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable as the Bank is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;**

## DCB Bank Limited

- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable as the Bank has not delisted / proposes to delist its equity shares from any stock exchange during the financial year under review;** and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not applicable as the Bank has not bought back / proposes to buy-back any of its securities during the financial year under review.**
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.
- vi. The Bank has identified and confirmed the following laws as being specifically applicable to the Company:
- a. The Banking Regulation Act, 1949 and Rules, Notifications, Circulars and Guidance issued by the Reserve Bank of India from time to time;
  - b. The Reserve Bank of India (RBI) Act, 1934;
  - c. Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002;
  - d. The Payment and Settlement Systems Act, 2007;
  - e. The Negotiable Instruments Act, 1881.

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

- (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;
- (ii) Listing agreements entered into by the Bank with National Stock Exchange of India Limited and BSE Limited;

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

### **We further report that: -**

- (i) The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors - Non-Executive Directors including Independent Directors and a Woman Director. Changes in the Composition of the Board which took place during the year were carried out in compliance with the provisions of the Act.
- (ii) Adequate notice is given to all Directors of the schedule of the Board/Committee Meetings. Agenda and detailed notes on agenda were sent atleast seven days in advance before the meeting except where consent of Directors was received for circulation of the Notice, Agenda and notes on Agenda less than seven days before the meeting.
- (iii) There exists a system for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.
- (iv) All decisions of the Board and Committee meetings were carried with requisite majority.

**We further report that** based on (a) the review of the compliance mechanism established by the Bank (b) Compliance Certificate(s) issued by various officials authorized for the purpose, which were taken on record by Board of Directors at their Meeting(s), and (c) communication(s) received from Reserve Bank of India, we are of the opinion that the Bank should continue its efforts to strengthen its systems and processes in the Bank to be commensurate with its size and operations so as to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that:**

- (i) as informed, the Bank has responded appropriately to notices received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.
- (ii) The Bank has paid ₹ 22 Lac as penalty imposed by RBI for non-compliance with certain directions issued by RBI contained in the circular on "Marketing/ distribution of mutual fund/insurance etc., products by banks" dated 16th November, 2009.

**We further report that during the audit period:**

The Members have at the Annual General Meeting of the Company held on July 11, 2020 approved the following by way of Special Resolution(s):

- (i) Borrowings not to ₹ exceed ₹5,500 Crore (Rupees Five Thousand Five Hundred Crore) or the aggregate of the paid up capital and free reserves, whichever is higher.
- (ii) Raising of Funds by issue of bonds/ debentures/ securities in domestic/foreign markets on Private Placement basis of an amount not exceeding ₹500 Crore (Rupees Five Hundred Crore), in aggregate for additional Tier I and Tier II capital within the overall borrowing limits of the Bank, as approved by the Members from time to time, for a period of one year, in one or more tranches and /or series.
- (iii) Issue of Equity Shares to Qualified Institutional Buyers through Qualified Institutional Placement, for an amount not exceeding ₹500 Crore (Rupees Five Hundred Crore), in aggregate.

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

For **S. N. ANANTHASUBRAMANIAN & CO.**  
**Company Secretaries**

ICSI Unique Code: P1991MH040400  
Peer Review No.: 606/2019

**S. N. Ananthasubramanian**  
**Partner**

FCS: 4206 I C.P No: 1774  
UDIN: F004206C000252256  
Date: May 6, 2021  
Place: Thane

To,  
The Members,  
**DCB Bank Limited**  
CIN: L99999MH1995PLC089008  
601 & 602, Peninsula Business Park, Tower A,  
Senapati Bapat Marg, Lower Parel,  
Mumbai - 400013.

Our Secretarial Audit Report for the Financial Year ended March 31, 2021, of even date, is to be read along with this letter.

### **Management's Responsibility.**

1. It is the responsibility of the management of the Bank to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

### **Auditor's Responsibility**

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Bank with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Bank's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

### **Disclaimer**

5. Due to the pandemic caused by Covid-19 and prevailing lockdowns/restrictions on movement of people imposed by the Government, for the purpose of issuing the Report, we have conducted our audit remotely based on the records and information made available to us by the Bank electronically.
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.
7. We have not verified the correctness and appropriateness of financial records and books of accounts of the Bank.

For **S. N. ANANTHASUBRAMANIAN & CO.**  
**Company Secretaries**

ICSI Unique Code: P1991MH040400

Peer Review No.: 606/2019

**S. N. Ananthasubramanian**  
**Partner**

FCS: 4206 I C.P No: 1774

UDIN: F004206C000252256

Date: May 6, 2021

Place: Thane

# **Financial Statements**



# INDEPENDENT AUDITOR'S REPORT

## To the Members of DCB Bank Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of DCB Bank Limited (“the Bank”), which comprise the Balance sheet as at March 31, 2021, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 (“the Act”) in the manner so required for banking companies and 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 March 31, 2021, its profit and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the ‘Auditor’s Responsibilities for the Audit of the Financial Statements’ section of our report. We are independent of the Bank in accordance with the ‘Code of Ethics’ issued by the Institute of Chartered Accountants of India 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 audit opinion on the financial statements.

#### Emphasis of Matter

We draw attention to Note 5.13 of Schedule 18 to the financial statements, which describes the extent to which the Covid-19 pandemic will impact the Bank’s operations and its financial metrics which are dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

#### 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 for the financial year ended March 31, 2021. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matter
<b><u>Identification and provisioning of Non-Performing Advances (“NPA”) including compliance with Covid 19 related regulatory guidelines issued by RBI and pronouncements made by Honorable Supreme Court of India</u></b>	
<p>Advances constitute a significant portion of the Bank’s assets and the quality of these advances is measured in terms of ratio of NPAs to the gross advances of the Bank. The Bank’s net advances constitute 65.55% of the total assets and the gross NPA ratio of the Bank is 4.09% as at March 31, 2021</p> <p>The Reserve Bank of India’s (“RBI”) guidelines on Income recognition and asset classification (“IRAC”) prescribes the prudential norms for identification and classification of NPAs and the minimum provision required for such assets. RBI also issued circulars in relation to Covid-19 Regulatory Package impacting the classification and provisioning of advances. In addition to these circulars the Hon. Supreme Court also issued various orders which impacted the classification of NPAs (collectively all these regulations referred to as “Regulatory Directions”)</p> <p>These Regulatory Directions required management to apply judgement and make estimates including manual interventions with respect to classification and provisioning of advances.</p> <p>The Bank is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors. The provisioning for identified NPAs is estimated based on ageing and classification of NPAs, recovery estimates, value of security and other qualitative factors and is subject to the minimum provisioning norms specified by RBI.</p> <p>Additionally, the Bank makes provisions on exposures that are not classified as NPAs including advances in certain sectors and identified advances or group advances that can potentially slip into NPA. These are classified as contingency provisions.</p> <p>Since the identification of NPAs and provisioning for advances require significant level of estimation/ judgement and given its significance to the overall audit due to stakeholder and regulatory focus, we have ascertained identification and provisioning for NPAs and advances as a key audit matter.</p>	<p>The audit procedures performed, among others, included:</p> <ul style="list-style-type: none"> <li>- Read the Bank’s policies for NPA identification and provisioning and assessing compliance with the IRAC norms.</li> <li>- Understood and tested the design and operating effectiveness of key controls (including application controls) around identification of non-performing accounts based on the extant guidelines on IRAC.</li> <li>- Performed substantive audit procedures covering the identification and provisioning of NPAs by the Bank. These procedures included: <ul style="list-style-type: none"> <li>- Tested the exception reports generated from the application systems where the advances have been recorded.</li> <li>- Considered accounts reported by the Bank and other Banks as Special Mention Accounts (“SMA”) in RBI’s central repository of information on large credits (CRILC) to identify stress and the early warning reports generated by the Bank to identify stressed accounts</li> <li>- Tested account statements and other related information of the borrowers selected based on quantitative and qualitative risk factors.</li> <li>- Performed analytical procedures to identify possible cases of evergreening of loans and tested these on sample basis.</li> <li>- Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which need to be considered as NPA.</li> </ul> </li> <li>- Tested on sample basis, the calculation performed by the management for compliance with RBI regulations and internally laid down policies for provisioning.</li> <li>- Tested compliance on test check basis with Regulatory Directions on classification and provisioning of NPAs including compliance with Hon. Supreme Court orders and circulars issued by RBI in this regard.</li> <li>- Tested the arithmetical accuracy of computation of provision for advances.</li> <li>- Assessed disclosure requirements for classification and provisioning of NPAs in accordance with RBI circulars including those issued specifically issued for Covid 19 related matters.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<b>Information Technology (“IT”) Systems and Controls</b>	
<p>The reliability and security of IT systems plays a key role in the business operations preparation of the Bank’s Financial Statements.</p> <p>The Bank’s operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily and accordingly the IT infrastructure is critical for smooth functioning of the Bank’s business operations as well as for timely and accurate financial reporting and accounting. The Bank has constituted an IT Strategy Committee at the Board level to oversee implementation of IT strategy.</p> <p>Due to the pervasive nature and complexity of the IT environment we have ascertained IT systems and controls as a key audit matter.</p>	<ul style="list-style-type: none"> <li>- For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of the audit.</li> <li>- Tested the design and operating effectiveness of the Bank’s IT access controls over the information systems that are critical to financial reporting.</li> <li>- Tested IT General Controls (logical access, change management and aspects of IT operational controls). This included testing that requests for access to systems were reviewed and authorized.</li> <li>- Tested the Bank’s periodic review of access rights. We inspected requests of changes to systems for approval and authorization. We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to the audit.</li> <li>- Tested compensating controls and performed alternate procedures, where necessary.</li> <li>- Understood, changes made to the IT landscape during the audit period and tested those changes.</li> </ul>

**Information Other than the Financial Statements and Auditor’s Report Thereon**

The Bank’s Board of Directors is responsible for the other information. The other information received by us comprises the information included in the Annual Report (but does not include the financial statements and our auditor’s reports thereon), which we obtained prior to the date of this auditor’s report, and Annual Report, which is expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Bank’s Board of Directors is 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, cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, 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 guidelines and directions issued by Reserve Bank of India (“RBI”) from time to time.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities;

selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Bank's financial reporting process.

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

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional 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 system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

The comparative financial statements of the Bank for the corresponding year ended March 31, 2020 were audited by a predecessor auditor who expressed an unmodified opinion on those financial statements on May 23, 2020.

### Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
2. As required by sub section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
  - a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
  - b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and
  - c. The financial accounting systems of the Bank are centralized and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by its branches; we have visited 39 branches for the purpose of our audit.
3. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Profit and Loss Account, the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid financial statements comply with Companies (Accounting Standard) Rules 2006 (as amended) specified under section 133 of the Act read with Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting policies prescribed by RBI;
  - e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Bank with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;

- g. In our opinion, the entity being a banking company, the remuneration to the whole-time director during the year ended March 31, 2021 has been paid by the Bank in accordance with the provisions of Section 35B (1) of the Banking Regulation Act, 1949; and
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – refer Schedule 12 - Contingent liabilities and Note 17 of Schedule 18 to the financial statements;
  - ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – refer Note 18 of Schedule 18 to the financial statements; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

**For S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

**per Sarvesh Warty**

Partner

Membership No.: 121411

UDIN: 21121411AAAAEG8791

Place: Mumbai

Date: May 08, 2021

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF DCB BANK LIMITED

### 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 DCB Bank Limited

We have audited the internal financial controls over financial reporting of DCB Bank Limited ("the Bank") as of March 31, 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 is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 Act.

### 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 conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (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 judgement, 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 with respect to these financial statements of the Bank.

### Meaning of Internal Financial Controls Over Financial Reporting

A company'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 company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company'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 March 31, 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 S.R. BATLIBOI & ASSOCIATES LLP**

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

## **per Sarvesh Warty**

Partner

Membership No.: 121411

UDIN: 21121411AAAAEG8791

Place: Mumbai

Date: May 08, 2021



**BALANCE SHEET AS AT MARCH 31, 2021**

	Schedule	As on 31.03.2021 (₹ in 000's)	As on 31.03.2020 (₹ in 000's)
<b>CAPITAL &amp; LIABILITIES</b>			
Capital	1	3,105,361	3,104,154
Employee Stock Options (Grants outstanding net of deferred cost)		9,542	9,794
Reserves and Surplus	2	34,470,976	31,107,569
<b>Capital and Reserves</b>		<b>37,585,879</b>	<b>34,221,517</b>
Deposits	3	297,038,646	303,699,287
Borrowings	4	44,822,513	34,079,512
Other Liabilities and Provisions	5	16,574,251	13,051,091
<b>TOTAL CAPITAL &amp; LIABILITIES</b>		<b>396,021,289</b>	<b>385,051,407</b>
<b>ASSETS</b>			
Cash and Balances with Reserve Bank of India	6	11,828,873	10,297,983
Balances with Banks and Money at Call and Short Notice	7	18,564,547	25,160,717
Investments	8	84,136,927	77,415,027
Advances	9	259,592,373	253,452,923
Fixed Assets	10	5,685,098	5,458,728
Other Assets	11	16,213,471	13,266,029
<b>TOTAL ASSETS</b>		<b>396,021,289</b>	<b>385,051,407</b>
Contingent Liabilities	12	58,498,184	48,147,460
Bills for Collection		4,695,387	4,319,943
Significant Accounting Policies	17		
Notes to Accounts	18		

The Schedules referred to above form an integral part of the Balance Sheet.

The Balance Sheet has been prepared in conformity with Form 'A' of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date.

For **S. R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
Firm Registration Number: 101049W/E300004

**Sarvesh Warty**  
Partner  
Membership No. : 121411

Place : Mumbai  
Date : May 8, 2021

For and on behalf of the Board of Directors

**Ashok Barat**                      **Somasundaram PR**                      **Murali M. Natrajan**  
Director                              Director                              MD & CEO

**Bharat Sampat**  
Chief Financial Officer

**Rubi Chaturvedi**  
Company Secretary

Place : Mumbai  
Date : May 8, 2021

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2021

	Schedule	Year ended 31.03.2021 (₹ in 000's)	Year ended 31.03.2020 (₹ in 000's)
<b>I. INCOME</b>			
Interest Earned	13	34,582,144	35,366,329
Other Income	14	4,584,954	3,910,920
<b>TOTAL INCOME</b>		<b>39,167,098</b>	<b>39,277,249</b>
<b>II. EXPENDITURE</b>			
Interest Expended	15	21,715,978	22,717,186
Operating Expenses	16	8,466,272	9,029,445
Provisions and Contingencies	18 (12.1)	5,626,950	4,151,257
<b>TOTAL EXPENDITURE</b>		<b>35,809,200</b>	<b>35,897,888</b>
<b>III. PROFIT / (LOSS)</b>			
Net Profit for the Year		3,357,898	3,379,361
Balance Brought Forward		7,626,091	5,838,786
<b>TOTAL PROFIT/(LOSS)</b>		<b>10,983,989</b>	<b>9,218,147</b>
<b>IV. APPROPRIATIONS</b>			
Transfer to Statutory Reserve		839,474	844,840
Transfer to Special Reserve		310,000	256,890
Transfer to Capital Reserve		527,665	179,125
Transfer to / (from) Investment Reserve		(18,170)	7,737
Transfer to Investment Fluctuation Reserve		-	-
Transfer from Revaluation Reserve		(60,276)	(69,899)
Dividend Paid including Dividend Distribution Tax		-	373,363
Balance carried over to Balance sheet		9,385,296	7,626,091
<b>TOTAL</b>		<b>10,983,989</b>	<b>9,218,147</b>
<b>Earnings per share</b>	17 (17)		
(i) Basic (₹)	18 (11.2)	10.82	10.90
(ii) Diluted (₹)	18 (11.2)	10.70	10.74
Face Value per share (₹)		10.00	10.00
Significant Accounting Policies	17		
Notes to Accounts	18		

The Schedules referred to above form an integral part of the Profit and Loss Account.

The Profit and Loss Account has been prepared in conformity with Form 'B' of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date.

For **S. R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
Firm Registration Number: 101049W/E300004

**Sarvesh Warty**  
Partner  
Membership No. : 121411

Place : Mumbai  
Date : May 8, 2021

For and on behalf of the Board of Directors

**Ashok Barat** Director      **Somasundaram PR** Director      **Murali M. Natrajan** MD & CEO

**Bharat Sampat**  
Chief Financial Officer

**Rubi Chaturvedi**  
Company Secretary

Place : Mumbai  
Date : May 8, 2021

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021**

		<b>Year ended 31.03.2021 (₹ in 000's)</b>	<b>Year ended 31.03.2020 (₹ in 000's)</b>
<b>Cash Flow from Operating Activities</b>			
<b>Net Profit after tax for the year</b> (Refer Profit and Loss Account)		<b>3,357,898</b>	<b>3,379,361</b>
Add: Provision for income tax (Refer Schedule 18 (12.1))		1,170,152	1,539,870
<b>Net Profit before tax for the year</b>		<b>4,528,050</b>	<b>4,919,231</b>
<b>Adjustments for:</b>			
Provisions for Advances		2,698,109	1,802,745
Provisions for Restructured Advances		200,879	21,881
Provision for Investments		78,393	(15,017)
Provision for Standard Assets*		2,090,097	147,845
General Provision for Covid-19		(630,000)	630,000
Provision for Other Assets and Contingencies		667	2,153
Depreciation / Amortisation on Fixed Assets		566,043	511,393
Loss on Sale of Fixed Assets		1,322	7,127
Amortisation of Premium on Held-to-Maturity (HTM) Investments		400,886	258,914
Amortisation of Premium on Acquired Assets		4,333	7,345
ESOPs Compensation		(9)	(5)
<b>Cash Flow from Operating Activities before adjustments</b>		<b>9,938,770</b>	<b>8,293,612</b>
<b>Adjustments for:</b>			
Increase/(Decrease) in Deposits		(6,660,641)	19,348,145
Increase/(Decrease) in Other Liabilities & Provisions		2,062,821	(2,907,651)
(Increase)/Decrease in Investments		(7,201,181)	781,983
(Increase)/Decrease in Advances		(9,042,772)	(19,604,923)
(Increase)/Decrease in Other Assets		(2,181,989)	(2,424,633)
Refund/(Payment) of direct taxes (Including Tax Deducted at Source)		(1,936,271)	(1,779,560)
<b>Net Cash Flow from / (used in) Operating activities</b>	<b>A</b>	<b>(15,021,263)</b>	<b>1,706,973</b>
<b>Cash flow from Investing activities</b>			
Purchase of Fixed assets		(802,547)	(729,155)
Proceeds from sale of Fixed Assets		8,813	11,739
<b>Net Cash Flow used in Investing activities</b>	<b>B</b>	<b>(793,734)</b>	<b>(717,416)</b>

		<b>Year ended 31.03.2021 (₹ in 000's)</b>	<b>Year ended 31.03.2020 (₹ in 000's)</b>
<b>Cash flow from Financing activities</b>			
Proceeds from Issue of Capital (including ESOPs)		6,716	61,274
Proceeds from Borrowings		27,566,590	17,910,000
Repayment of Borrowings		(16,823,589)	(11,062,524)
Dividend and Dividend Tax Paid		-	(373,363)
<b>Net Cash Flow from Financing activities</b>	<b>C</b>	<b>10,749,717</b>	<b>6,535,387</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>A+B+C</b>	<b>(5,065,280)</b>	<b>7,524,944</b>
Cash and cash equivalents at the beginning of the year		35,458,700	27,933,756
Cash and cash equivalents at the end of the year		30,393,420	35,458,700
<b>Notes to the cash flow statement</b>			
Cash and cash equivalents includes the following:			
Cash and balances with Reserve Bank of India (Refer Schedule 6)		11,828,873	10,297,983
Balances with Banks and Money at Call and Short notice (Refer Schedule 7)		18,564,547	25,160,717
<b>Cash and Cash equivalents at the end of the year</b>		<b>30,393,420</b>	<b>35,458,700</b>

\*Includes provision for standard restructured accounts

As per our report of even date.

For **S. R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
Firm Registration Number: 101049W/E300004

**Sarvesh Warty**  
Partner  
Membership No. : 121411

**Place : Mumbai**  
**Date : May 8, 2021**

For and on behalf of the Board of Directors

**Ashok Barat**                      **Somasundaram PR**                      **Murali M. Natrajan**  
Director                              Director                              MD & CEO

**Bharat Sampat**                      **Rubi Chaturvedi**  
Chief Financial Officer                      Company Secretary

**Place : Mumbai**  
**Date : May 8, 2021**

## SCHEDULE 1 - CAPITAL

	As on 31.03.2021 (₹ in 000's)	As on 31.03.2020 (₹ in 000's)
<b>Authorised Capital</b>		
500,000,000 (Previous year 500,000,000)	5,000,000	5,000,000
Equity Shares of ₹ 10/- each		
<b>Issued, Subscribed and Paid up Capital*</b>		
310,536,113 (as at March 31, 2020: 310,415,413)	3,105,361	3,104,154
Equity Shares of ₹ 10/- each		
<b>TOTAL</b>	<b>3,105,361</b>	<b>3,104,154</b>

\* (During the year, 120,700 (Previous year: 868,515) equity shares have been issued against exercise of options purchased under the Employees' Stock Option Plan). Refer Note 18 (11.3) (Employees' Stock Option Plan).

## SCHEDULE 2 - RESERVES &amp; SURPLUS

	As on 31.03.2021 (₹ in 000's)	As on 31.03.2020 (₹ in 000's)
<b>I. Statutory Reserve</b>		
Opening balance	5,483,147	4,638,307
Additions during the year	839,474	844,840
<b>TOTAL(I)</b>	<b>6,322,621</b>	<b>5,483,147</b>
<b>II. Special Reserve</b>		
Opening balance	899,489	642,599
Additions during the year	310,000	256,890
Deductions during the year	-	-
<b>TOTAL(II)</b>	<b>1,209,489</b>	<b>899,489</b>
<b>III. Capital Reserve</b>		
a) Revaluation Reserve		
Opening balance	2,373,894	2,443,793
Additions during the year	-	-
Deductions during the year (transferred to Balance in Profit & Loss Account)*	(60,276)	(69,899)
<b>TOTAL (a)</b>	<b>2,313,618</b>	<b>2,373,894</b>
b) Other Capital Reserve		
Opening balance	669,084	489,959
Additions during the year	527,665	179,125
Deductions during the year	-	-
<b>TOTAL (b)</b>	<b>1,196,749</b>	<b>669,084</b>
<b>TOTAL (a + b ) (III)</b>	<b>3,510,367</b>	<b>3,042,978</b>

	As on 31.03.2021 (₹ in 000's)	As on 31.03.2020 (₹ in 000's)
<b>IV. Securities Premium</b>		
Opening balance	13,651,244	13,598,655
Additions during the year	5,509	52,589
Deductions during the year	-	-
<b>TOTAL(IV)</b>	<b>13,656,753</b>	<b>13,651,244</b>
<b>V. Investment Reserve</b>		
Opening balance	18,170	10,433
Additions during the year	-	7,737
Deductions during the year	(18,170)	-
<b>TOTAL (V)</b>	<b>-</b>	<b>18,170</b>
<b>VI. Investment Fluctuation Reserve</b>		
Opening balance	386,450	386,450
Additions during the year	-	-
Deductions during the year	-	-
<b>TOTAL (VI)</b>	<b>386,450</b>	<b>386,450</b>
<b>VII. Balance in Profit and Loss Account</b>	<b>9,385,296</b>	<b>7,626,091</b>
<b>TOTAL (I to VII)</b>	<b>34,470,976</b>	<b>31,107,569</b>

\* Refer Note 18 (11.8) (Revaluation of Fixed Assets)

### SCHEDULE 3 - DEPOSITS

	As on 31.03.2021 (₹ in 000's)	As on 31.03.2020 (₹ in 000's)
<b>A I. Demand Deposits</b>		
(i) From Banks	422,644	3,10,940
(ii) From Others	19,920,998	18,858,289
<b>TOTAL(I)</b>	<b>20,343,642</b>	<b>19,169,229</b>
<b>II. Savings Bank Deposits</b>	47,521,462	46,023,002
<b>TOTAL(II)</b>	<b>47,521,462</b>	<b>46,023,002</b>
<b>III. Term Deposits</b>		
(i) From Banks	25,579,796	40,516,881
(ii) From Others	203,593,746	197,990,175
<b>TOTAL (III)</b>	<b>229,173,542</b>	<b>238,507,056</b>
<b>TOTAL (I,II and III)</b>	<b>297,038,646</b>	<b>303,699,287</b>
<b>B I. Deposits of branches in India</b>	297,038,646	303,699,287
II. Deposits of branches outside India	-	-
<b>TOTAL</b>	<b>297,038,646</b>	<b>303,699,287</b>

**SCHEDULE 4 - BORROWINGS**

	As on 31.03.2021 (₹ in 000's)	As on 31.03.2020 (₹ in 000's)
<b>I. Borrowings in India</b>		
(i) Reserve Bank of India	1,000,000	410,000
(ii) Other Banks	700,000	-
(iii) Other Institutions and Agencies	36,256,513	26,803,512
(iv) Sub-Ordinated Debts	6,866,000	6,866,000
<b>TOTAL (I)</b>	<b>44,822,513</b>	<b>34,079,512</b>
<b>II. Borrowings outside India</b>	-	-
<b>TOTAL (I &amp; II)</b>	<b>44,822,513</b>	<b>34,079,512</b>
Secured Borrowings included in I & II above	1,000,000	410,000

**SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS**

	As on 31.03.2021 (₹ in 000's)	As on 31.03.2020 (₹ in 000's)
I. Bills Payable	4,723,053	3,078,819
II. Inter Office Adjustments (Net)	-	-
III. Interest Accrued (Net of TDS recoverable)	4,249,081	4,414,544
IV. Others		
(i) Provision for Standard Assets *	3,209,065	1,748,968
(ii) Other Liabilities (including provisions)**	4,393,052	3,808,760
<b>TOTAL</b>	<b>16,574,251</b>	<b>13,051,091</b>

\* includes provision for unhedged foreign currency exposure, provision on specific standard assets and general provision for Covid-19. Refer Schedule 18 (5.19) (Provisions on Standard Assets)

\*\* includes provision for employee benefits. Refer Schedule 18 (11.1) (Employee Benefits)

**SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA**

	As on 31.03.2021 (₹ in 000's)	As on 31.03.2020 (₹ in 000's)
<b>I. Cash in hand</b>	1,973,833	2,218,117
(including foreign currency notes)		
<b>II. Balances with Reserve Bank of India</b>		
(i) In Current Accounts	9,855,040	8,079,866
(ii) In Other Accounts	-	-
<b>TOTAL (II)</b>	<b>9,855,040</b>	<b>8,079,866</b>
<b>TOTAL (I &amp; II)</b>	<b>11,828,873</b>	<b>10,297,983</b>

**SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE**

	As on 31.03.2021 (₹ in 000's)	As on 31.03.2020 (₹ in 000's)
<b>I. In India</b>		
<b>i. Balance with Banks</b>		
(a) In Current Accounts*	89,284	782,485
(b) In Other Deposit Accounts	1,927	1,839
* includes funds in transit amounting to ₹ 0.72 crore (Previous Year : ₹ 1.77 crore)		
<b>TOTAL</b>	<b>91,211</b>	<b>784,324</b>
<b>ii. Money at Call and Short Notice</b>		
(a) With Banks	12,000,000	24,150,000
(b) With Other Institutions	3,599,676	-
<b>TOTAL</b>	<b>15,599,676</b>	<b>24,150,000</b>
<b>TOTAL (I)</b>	<b>15,690,887</b>	<b>24,934,324</b>
<b>II. Outside India</b>		
(i) In Current Accounts	236,582	176,454
(ii) In Other Deposit Accounts	2,637,078	49,939
(iii) Money at Call and Short Notice	-	-
<b>TOTAL (II)</b>	<b>2,873,660</b>	<b>226,393</b>
<b>TOTAL (I &amp; II)</b>	<b>18,564,547</b>	<b>25,160,717</b>

**SCHEDULE 8 - INVESTMENTS**

	As on 31.03.2021 (₹ in 000's)	As on 31.03.2020 (₹ in 000's)
<b>I. Investments in India</b>		
Net Investments in :-		
(i) Government Securities	67,370,398	61,363,139
(ii) Other Approved Securities	-	-
(iii) Shares	237,555	172,360
(iv) Debentures and Bonds	1,295,896	150,158
(v) Subsidiaries and/or Joint Ventures	-	-
(vi) Other Investments :		
(a) Certificate of Deposits/Commercial Paper	495,982	-
(b) Units of Mutual Funds	21,500	16,500
(c) Pass Through Certificates	14,466,688	15,242,102
(d) Security Receipts*	2,48,908	470,768
<b>TOTAL (I)</b>	<b>84,136,927</b>	<b>77,415,027</b>
<b>II. Investments in India</b>		
(i) Gross Value	84,323,834	77,523,539
(ii) Provision for Depreciation	(186,907)	(108,512)
<b>TOTAL (II)</b>	<b>84,136,927</b>	<b>77,415,027</b>
<b>III. Investments outside India</b>		
(i) Government Securities	-	-
(ii) Subsidiaries and/or Joint Ventures	-	-
(iii) Other Investments	-	-
<b>TOTAL (III)</b>	<b>-</b>	<b>-</b>

\* Refer Schedule 18 (5.16 and 5.17) (Details of financial assets (including written off accounts) sold to Securitisation/ Reconstruction Company for Asset Reconstruction and Details of investment in security receipts (SRs))



## SCHEDULE 9 - ADVANCES

	As on 31.03.2021 (₹ in 000's)	As on 31.03.2020 (₹ in 000's)
<b>I.</b> (i) Bills Purchased and Discounted	1,829,874	1,092,846
(ii) Cash credits, Overdrafts and Loans repayable on demand	61,179,361	51,094,963
(iii) Term Loans	196,583,138	201,265,114
<b>TOTAL (I)</b>	<b>259,592,373</b>	<b>253,452,923</b>
<b>II.</b> (i) Secured by tangible assets*	247,707,662	241,106,139
(ii) Covered by Bank / Government Guarantees	-	-
(iii) Unsecured	11,884,711	12,346,784
*includes Advances against Book Debts		
<b>TOTAL (II)</b>	<b>259,592,373</b>	<b>253,452,923</b>
<b>III</b> (a) Advances in India		
(i) Priority Sectors	154,017,163	141,291,800
(ii) Public Sector	-	39,734
(iii) Banks	-	-
(iv) Others	105,575,210	112,121,389
<b>TOTAL</b>	<b>259,592,373</b>	<b>253,452,923</b>
<b>III</b> (b) Advances outside India	-	-
<b>TOTAL (III)</b>	<b>259,592,373</b>	<b>253,452,923</b>

Advances are net of provisions

## SCHEDULE 10 - FIXED ASSETS

	As on 31.03.2021 (₹ in 000's)	As on 31.03.2020 (₹ in 000's)
<b>I. Premises (Gross Block including Revaluation)</b>		
(i) As at 31 March of the preceding year	5,110,796	4,771,463
(ii) Additions during the year	117,092	346,035
(iii) Deductions during the year	(2,280)	(6,702)
<b>Total</b>	<b>5,225,608</b>	<b>5,110,796</b>
<b>Depreciation to date (including on Revaluation)</b>		
(i) As at 31 March of the preceding year	703,739	590,564
(ii) Charge for the year	126,041	118,145
(iii) On deductions during the year	(2,232)	(4,970)
<b>Total</b>	<b>827,548</b>	<b>703,739</b>
<b>Net Block</b>	<b>4,398,060</b>	<b>4,407,057</b>
<b>II. Other Fixed Assets (Gross Block including Furniture &amp; Fixtures)*</b>		
(i) As at 31 March of the preceding year	3,741,985	3,442,026
(ii) Additions during the year	6,85,456	383,120
(iii) Deductions during the year	(43,863)	(83,161)
<b>Total</b>	<b>4,383,578</b>	<b>3,741,985</b>
<b>Depreciation to date</b>		
(i) As at 31 March of the preceding year	2,690,314	2,363,093
(ii) Charge for the year	440,003	393,248
(iii) On deductions during the year	(33,777)	(66,027)
<b>Total</b>	<b>3,096,540</b>	<b>2,690,314</b>
<b>Net Block</b>	<b>1,287,038</b>	<b>1,051,671</b>
<b>TOTAL (I+II)</b>	<b>5,685,098</b>	<b>5,458,728</b>

\* Refer Schedule 18 (7) (Other Fixed Assets (including furniture and fixtures))

**SCHEDULE 11 - OTHER ASSETS**

	As on 31.03.2021 (₹ in 000's)	As on 31.03.2020 (₹ in 000's)
I. Inter-Office Adjustments (Net)	-	-
II. Interest accrued	1,400,262	1,414,539
III. Tax paid in Advance/Tax deducted at Source (Net of provision)	641,209	559,344
IV. Stationery and Stamps	4,496	4,170
V. Non-Banking Assets acquired in satisfaction of claims (Net)	-	-
VI. Deferred Tax Assets (Net)*	1,559,863	933,597
VII. Others	12,607,641	10,354,379
<b>TOTAL</b>	<b>16,213,471</b>	<b>13,266,029</b>

\* Refer Schedule 18 (11.6) (Deferred Tax)

**SCHEDULE 12 - CONTINGENT LIABILITIES**

	As on 31.03.2021 (₹ in 000's)	As on 31.03.2020 (₹ in 000's)
I. Claims against the Bank not acknowledged as debts	440,372	438,378
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange and derivative contracts		
(a) Forward Contracts	29,448,701	7,412,390
(b) Interest Rate Swaps and Currency Swaps	-	-
(c) Foreign Currency Options	-	-
IV. Guarantees given on behalf of constituents		
(a) In India	10,156,679	11,192,792
(b) Outside India	732,221	2,460,713
V. Acceptances, Endorsements and other obligations	2,465,837	2,236,090
VI. Other items for which the Bank is contingently liable*	15,254,374	24,407,097
<b>TOTAL</b>	<b>58,498,184</b>	<b>48,147,460</b>

\* includes

- i) ₹ 1,402 crore of lending under RBI Liquidity Adjustment Facility outstanding as at March 31, 2021 (Previous Year : ₹ 2,315 crore as on March 31, 2020) as per RBI circular FMRD.DIRD. 10/14.03.002/2015-16.
- ii) ₹ 55.13 crore (Previous year: ₹ 45.17 crore) being amount transferred to DEAF Cell, RBI and outstanding, as per RBI circular DBOD.No.DEAF Cell.BC.114/30.01.002/2013-14. Refer Schedule 18 (12.4) (Depositor Education and Awareness Fund (DEAF))
- iii) ₹ 2.74 crore (Previous Year : ₹ 23.12 crore) includes capital commitment towards unpaid commitment towards new premises and undrawn amount of Alternative Investment Fund.

**SCHEDULE 13 - INTEREST EARNED**

	Year ended 31.03.2021 (₹ in 000's)	Year Ended 31.03.2020 (₹ in 000's)
I. Interest/Discount on Advances/Bills	27,855,391	28,431,889
II. Income on Investments	5,831,607	6,227,931
III. Interest on Balance with Reserve Bank of India and other Inter Bank Funds	537,331	370,808
IV. Others	357,815	335,701
<b>TOTAL</b>	<b>34,582,144</b>	<b>35,366,329</b>

**SCHEDULE 14 - OTHER INCOME**

	<b>Year ended 31.03.2021 (₹ in 000's)</b>	<b>Year Ended 31.03.2020 (₹ in 000's)</b>
I. Commission, Exchange and Brokerage	1,955,874	2,412,079
II. Profit/(Loss) on sale of Investments (Net)	1,427,626	652,662
III. Profit/(Loss) on revaluation of Investments (Net)	-	-
IV. Profit/(Loss) on sale of Land, Buildings and Other Assets (Net)	(1,322)	(7,127)
V. Profit/(Loss) on Exchange Transactions (Net)	226,795	192,119
VI. Income earned by way of Dividends, etc. from Subsidiaries, Companies and/or Joint Ventures abroad/in India	-	-
VII. Miscellaneous Income (Includes recoveries from bad debts written off in earlier years)	975,981	661,187
<b>TOTAL</b>	<b>4,584,954</b>	<b>3,910,920</b>

**SCHEDULE 15 - INTEREST EXPENDED**

	<b>Year ended 31.03.2021 (₹ in 000's)</b>	<b>Year Ended 31.03.2020 (₹ in 000's)</b>
I. Interest on Deposits	18,802,773	20,228,925
II. Interest on Reserve Bank of India/Inter-Bank Borrowings	728,402	686,611
III. Other Interest	2,184,803	1,801,650
<b>TOTAL</b>	<b>21,715,978</b>	<b>22,717,186</b>

**SCHEDULE 16 - OPERATING EXPENSES**

	<b>Year ended 31.03.2021 (₹ in 000's)</b>	<b>Year Ended 31.03.2020 (₹ in 000's)</b>
I. Payments to and Provisions for Employees	4,334,992	4,587,981
II. Rent, Taxes and Lighting	848,723	919,214
III. Printing and Stationery	65,928	77,306
IV. Advertisement and Publicity	18,606	28,179
V. Depreciation on Bank's property	5,66,043	5,11,393
VI. Directors' Fees, Allowances and Expenses	13,669	15,482
VII. Auditors' Fees and Expenses	10,046	9,600
VIII. Law Charges	73,982	118,474
IX. Postages, Telegrams, Telephones, etc.	137,686	144,864
X. Repairs and Maintenance	239,794	230,769
XI. Insurance	343,506	268,171
XII. Other Expenditure*	1,813,297	2,118,012
<b>TOTAL</b>	<b>8,466,272</b>	<b>9,029,445</b>

\* includes an amount of ₹ 9.15 crore (Previous year : ₹ 7.77 crore) being Corporate Social Responsibility Expenditure as per requirement of Section 135 of the Companies Act, 2013

(Refer Note 18 (13.2) (Corporate Social Responsibility))

## SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES

### 1. BACKGROUND

DCB Bank Limited (“DCB” or “the Bank”), incorporated in Mumbai, India is a publicly held banking company engaged in providing banking and financial services and governed by the Banking Regulation Act, 1949 and the Companies Act, 2013.

### 2. BASIS OF PREPARATION

The financial statements have been prepared and presented under the historical cost convention and on the accrual basis of accounting unless otherwise stated, and comply with the Generally Accepted Accounting Principles in India (‘GAAP’), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India (the “RBI”) from time to time and the Accounting Standards notified under Section 133 of the Companies Act 2013 read with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standard) Amendment Rules, 2016 as amended, in so far as they apply to banks and the current practices prevailing within the banking industry in India.

### 3. USE OF ESTIMATES

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon the management’s best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future periods.

### 4. INVESTMENTS

#### 4.1 Classification:

The investment portfolio comprising approved securities (predominantly Government Securities) and other securities (Pass through Certificates, Shares, Debentures and Bonds, etc.) is classified at the time of acquisition in accordance with the RBI guidelines under three categories viz. ‘Held to Maturity’ (‘HTM’), ‘Available for Sale’ (‘AFS’) and ‘Held for Trading’ (‘HFT’). For the purposes of disclosure in the Balance Sheet, they are classified under six groups viz. Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Subsidiaries and/or joint ventures and Other Investments.

The Bank follows ‘Settlement Date’ accounting for recording purchase and sale transactions.

#### 4.2 Basis of Classification:

Investments that are held principally for resale within 90 days from the date of purchase are classified as HFT securities. As per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities as on that date.

Investments which the Bank intends to hold till maturity are classified as HTM securities.

Investments which are not classified in the above categories are classified as AFS securities.

#### 4.3 Transfer of Securities between Categories:

The transfer/shifting of securities between categories of investments is accounted as per the RBI guidelines.

#### 4.4 Acquisition Cost:

Cost including brokerage, commission pertaining to investments, paid at the time of acquisition, is 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.

#### **4.5 Valuation:**

*Held for Trading and Available for Sale categories:*

Investments classified under HFT and AFS are marked to market as per the RBI guidelines. These securities are valued scrip-wise and any resultant depreciation or appreciation is aggregated for each category. The net depreciation for each category within each group is provided for, whereas the net appreciation for each category is ignored. The book value of individual securities is not changed consequent to periodic valuation of investments.

Traded investments are valued based on the trades / quotes from the recognised stock exchanges, prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association ('FIMMDA')/Financial Benchmark India Private Limited ('FBIL'), periodically.

The market value of unquoted government securities which qualify for determining the Statutory Liquidity Ratio ('SLR') included in the AFS and HFT categories is computed as per the Yield-to-Maturity ('YTM') rates published by FIMMDA/FBIL.

The valuation of other unquoted fixed income securities (viz. State government securities, Other approved securities, Bonds and debentures, Pass through Certificates) wherever linked to the YTM rates, is computed with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities with similar maturity, published by FIMMDA/FBIL. Unquoted equity shares are valued at the break-up value, if the latest Balance Sheet is available or at ₹ 1 as per the RBI guidelines. Units of mutual funds are valued at the latest repurchase price / net asset value declared by the mutual fund. Treasury bills, commercial papers and certificate of deposits, being discounted instruments, are valued at carrying cost.

Units of Alternate Investment Fund ('AIF') held under AFS category are marked to market based on the NAV provided by AIF based on the latest audited financial statements. In case the audited financials are not available for a period beyond 18 months, the investments are valued at ₹ 1 per AIF.

In the event provisions recognised on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, such excess is recognised in the Profit and Loss Account and subsequently appropriated, from profit available for appropriation, if any, to Investment Reserve Account in accordance with the RBI guidelines after adjusting for income tax and appropriation to Statutory Reserve.

*Held to Maturity:*

These are carried at their acquisition cost and are not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a straight-line basis. Provision is recognised for diminution other than temporary in the value of such investments for each investment individually.

Non-performing investments are identified and provision is recognised as per the RBI guidelines.

#### **4.6 Security Receipts (SR):**

Where sale of stressed asset results in a consideration lower than the value of the stressed assets net of provisions carried there against, the shortfall is debited to Profit & Loss account. Where such sale results in consideration higher than the value of the stressed assets net of provisions carried there against, the excess is netted off against the cost of corresponding SRs to arrive at their Book Value.

SRs issued by Asset Reconstruction Companies ('ARC') are valued at Net Asset Value ('NAV') declared by the ARC except in respect of stressed assets which are sold on or after Apr 1, 2018 and the Bank holds more than 90% of SRs backed by its sold assets, the provision held against the Book Value of these SRs is higher of provision required in terms of NAV declared by the ARC and provisioning applicable to the underlying loans, assuming that the assets sold notionally continued in the books of the Bank.

#### 4.7 Disposal of Investments:

Profit/Loss on sale of investment under the aforesaid three categories is recognised in the Profit and Loss Account. The profit on sale of investment in HTM category, net of taxes and transfer to Statutory Reserve, is appropriated to Capital Reserve.

#### 4.8 Repo and reverse repo transactions:

Repo and reverse repo transactions are accounted for as secured borrowing/ lending transactions respectively. Borrowing cost on repo transactions is treated as interest expense and income on reverse repo transactions is treated as interest income.

#### 4.9 Short Sale

In accordance with the RBI guidelines, the Bank undertakes short sale transactions in Central Government dated securities. The short positions are reflected in 'Securities Short Sold ('SSS') A/c', specifically created for this purpose. Such short positions are categorised under HFT category and netted off from investments in the Balance Sheet. These positions are marked-to-market along with the other securities under HFT portfolio and the resultant mark-to-market gains/losses are accounted for as per the relevant RBI guidelines for valuation of investments discussed earlier.

### 5. ADVANCES

- 5.1 In pursuance of guidelines issued by the RBI, advances are classified as Standard, Sub-Standard, Doubtful and Loss Assets and are stated net of specific provisions made towards NPAs and floating provisions.
- 5.2 Advances are net of bills rediscounted, Inter-bank participation with risk, provisions for non- performing advances, floating provisions, unrealised fees and unrealised interest held in suspense account.
- 5.3 Credit facility/investment, where interest and/or installment of principal has remained overdue for more than 90 days, is classified as non-performing asset. However, in respect of Equated Monthly Instalment ('EMI') based advances, those accounts where more than 3 EMIs are overdue are classified as NPAs.
- 5.4 In case of NPAs other than retail EMI loans, recoveries effected are first adjusted towards the principal amount. In case of retail EMI loans, recoveries effected are adjusted towards the EMI and within the EMI first towards the principal amount.
- 5.5 Provision for non-performing advances ('NPAs') comprising sub-standard, doubtful and loss assets is made in accordance with the RBI guidelines which prescribe minimum provision levels and encourage banks to make a higher provision based on sound commercial judgement. NPAs are identified by periodic appraisals of the loan portfolio by the management. In respect of identified NPAs in Retail portfolio, provision is recognised on the homogeneous retail loans and advances assessed at borrower level on the basis of ageing of loans in the non-performing category and in respect of identified NPAs in other cases, provision is recognised account by account. The provisioning done is at or higher than the minimum rate prescribed under the RBI guidelines.
- 5.6 In case of restructured/rescheduled assets, provision is made in accordance with the guidelines issued by the RBI as applicable, which require the diminution in the fair value of the assets to be provided in the Profit and Loss Account at the time of restructuring.
- 5.7 In addition to the above, the Bank, on a prudent basis, recognises provisions on advances or exposures which are performing assets as per the IRAC norms, but has reasons to believe on the basis of the extant environment impacting a specific exposure or any specific information, the possible deterioration of a specific advance or a group of advances or exposures or potential exposures. These provisions are recognised as per Board approved policy and are classified as Provision for Specific Standard Assets, included under Provision for Standard Assets and reported under Other Liabilities. These provisions are not reversed to the Profit and Loss Account but are transferred as provision on the same specific advance / exposure in case the asset slips into non-performing asset, except in case of full repayment of the exposure when such provision will be

reversed and recognised in the Profit and Loss Account.

- 5.8** The Bank maintains general provision for Standard Assets, including credit exposures computed as per the current marked to market values of foreign exchange forward contracts, at levels stipulated by the RBI from time to time. These provisions on Standard Assets are included under Other Liabilities.
- 5.9** The Bank estimates the inherent risk of the unhedged foreign currency exposures of its borrowers as per the regulatory guidelines stipulated by the RBI from time to time and recognises incremental provisions on exposures to such entities as per methodology prescribed. These provisions are included in Provision for Standard Assets and reported under Other Liabilities.
- 5.10** The RBI guidelines further permit banks to create floating provisions on Advances up to levels as per a Board approved policy over and above the regulatory provisions required on standard assets. These floating provisions are netted from Advances. These provisions are not reversed by credit to the Profit and Loss Account without prior approvals of the Board and the RBI under specific circumstances.
- 5.11** The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through RBI trading platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as miscellaneous income and the fee paid for purchase of the PSLCs is recorded as other expenditure in Profit and Loss Account.

## **6. FIXED ASSETS**

Premises and other fixed assets are stated at historical cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets. Profit on sale of immovable properties are transfer to the Capital Reserves after adjusting for income tax and appropriation to Statutory Reserve.

## **7. REVALUATION OF FIXED ASSETS**

Portfolio of immovable properties is revalued periodically by an independent valuer to reflect current market valuation. All land and building owned by the Bank and used as branches or offices or godowns are grouped under "Office Premises" in the fixed assets category. Appreciation, if any, on revaluation is credited to Revaluation Reserve under Capital Reserves. Additional Depreciation on the revalued asset is charged to the Profit and Loss Account and appropriated from the Revaluation Reserves to Profit and Loss Account i.e. revenue reserves.

## **8. DEPRECIATION & AMORTISATION**

Depreciation on fixed assets, including amortisation of software, is charged over the estimated useful life of the fixed assets on a straight-line basis at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013, except as mentioned below. The useful life of an asset is the period over which an asset is expected to be available for use to the Bank.

- ♦ Computer: Desktop and Laptop - 3 years.
- ♦ Hardware and Servers - 5 years
- ♦ Air conditioners - 9 years.
- ♦ Core Software for Bank Operations - 8 years
- ♦ Application Software and System Development Expenditure - 3 years to 5 years.
- ♦ Improvements (Civil) to Leased Premises and Fixed Furniture in Leased Premises such as work-stations, etc. - over the contracted period of the lease or 5 years (Previous Year: 3 years) whichever is less.

- ◆ Vehicles – 19% p.a. over 5 years with 5% residual value.
- ◆ Cash safe and Safe Deposit Vaults – 10 years.

Assets purchased/sold during the year are depreciated on a pro-rata basis, based on the actual number of days the assets have been put to use.

## 9. IMPAIRMENT OF ASSETS

The carrying amount of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over remaining useful life.

## 10. RECOGNITION OF INCOME AND EXPENDITURE

- 10.1** Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Bank and the revenue can be reliably measured.
- 10.2** Items of income and expenditure are accounted on accrual basis.
- 10.3** Interest income is recognised in the Profit and Loss Account on accrual basis as per Accounting Standard, except in the case of non-performing assets where it is recognised on receipt basis as per the RBI norms.
- 10.4** Interest income on investments in Pass Through Certificates (PTC) is recognised at the coupon rate.
- 10.5** Interest income on loans bought out through the direct assignment route is recognised at the effective interest rate i.e. after amortising premium, if any, on the bought out portfolio as per Guidelines on Securitised Transactions issued by the RBI.
- 10.6** Processing fees on loans are recognised as income on accrual basis, however processing overheads on loans are expensed at the inception of the loan.
- 10.7** Overdue rent on safe deposit lockers is accounted for when there is certainty of receipts.
- 10.8** Guarantee commission, annual safe deposit locker rent fees are recognised on a straight-line basis over the period of contract. Letters of credit ('LC') are generally issued for a shorter tenor, typically of 90 days. The commission on such LC is recognised when due.
- 10.9** Dividend income is recognised as income when the right to receive dividend is established.

## 11. FOREIGN CURRENCY TRANSACTIONS

### 11.1 Initial recognition:

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency on the date of the transaction.

### 11.2 Conversion:

Foreign currency monetary items are reported using the closing rate notified by Foreign Exchange Dealers' Association of India ('FEDAI') at the Balance Sheet date and the resulting profit or loss is recognised in the Profit and Loss Account, as per the guidelines issued by the RBI.



### 11.3 Exchange differences:

Exchange difference arising on settlement of monetary items is recognised as income or as expense in the year in which it arises. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction and non-monetary items which are carried at fair value or other similar valuations denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Foreign exchange forward contracts not intended for trading that are entered into to establish the amount of reporting currency required or available at the settlement date of transactions, which are outstanding at the Balance Sheet date are effectively valued at the closing spot rate. The premium or discount arising at the inception of such a forward exchange contract is amortised as expense or income over the life of the contract.

- 11.4 Outstanding forward exchange contracts are revalued at the Balance Sheet date at the rates notified by FEDAI and at interpolated rates for contracts of interim maturities. The resultant gain/loss on revaluation is recognised in the Profit and Loss Account in accordance with the RBI/FEDAI guidelines.
- 11.5 Contingent liabilities denominated in foreign currencies are disclosed in the Balance Sheet at the rates notified by FEDAI as at the Balance Sheet date.
- 11.6 Forward exchange contracts and other derivative contracts which have overdue receivables remaining unpaid over 90 days or more are classified as non-performing assets and provided for as per the extant master circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning issued by the RBI.

## 12. DERIVATIVE TRANSACTIONS

Valuation of Exchange Traded Interest Rate Futures is carried out on the basis of the daily settlement price of each contract provided by the exchange. Changes in the fair value of the Exchange Traded Interest Rate Futures are recognised in the Profit and Loss Account.

## 13. EMPLOYEE BENEFITS

### 13.1 Defined Benefit Plan

Provision in respect of future liability for payment of gratuity is made on the basis of actuarial valuation on projected unit credit method made at the end of the year. Gratuity is funded with the Gratuity Trust duly registered under the provisions of Income tax Act, 1961. Actuarial gains/losses are recognised immediately in the Profit and Loss Account and are not deferred.

### 13.2 Defined Contribution Scheme

Retirement benefits in the form of provident fund and national pension scheme is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the fund are due. There is no other obligation other than the contribution payable to the fund.

## 14. TAXES ON INCOME

- 14.1 Tax expense comprises current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred Income Tax reflects the impact of current year timing differences between the taxable income and the accounting income for the year and reversal of timing differences of earlier years.
- 14.2 Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to taxes levied by same governing taxation laws. Deferred tax assets are recognised only to

the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Bank has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

- 14.3** At each Balance Sheet date, the Bank re-assesses unrecognised deferred tax assets and recognises deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

## **15. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions are recognised when there is a present legal or statutory obligation as a result of past events leading to probable outflow of resources, where a reliable estimate can be made of the amount required to settle the obligation.

Contingent Liabilities are recognised only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Bank, or where there is a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

## **16. EMPLOYEE SHARE BASED PAYMENTS**

Measurement and disclosure of employee share-based employment plans is done in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 / Guidance Note on Accounting for the Employee Share-based Payments issued by The Institute of Chartered Accountants ('ICAI') of India. The Bank measures compensation cost relating to employee stock options using the intrinsic value method. Deferred compensation expense is amortised over the vesting period of the option.

## **17. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of Equity Shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effect of dilutive potential Equity Shares.

## **18. SHARE ISSUE EXPENSES**

Share issue expenses are adjusted from Securities Premium Account in terms of Section 52 of the Companies Act, 2013.

## **19. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash in hand and ATMs, balances with the Reserve Bank of India, balances with other banks and money at call and short notice (including effect of changes in exchange rates on cash and cash equivalents in foreign currency).

## 20. LEASES

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

## 21. SEGMENT REPORTING

As per the RBI guidelines on Segment Reporting, the Bank has classified its activity into Treasury Operations, Corporate/Wholesale Banking, Retail Banking and Other Banking Operations.

**Treasury Operations** includes all financial markets activities undertaken on behalf of the Bank's customers, proprietary trading, maintenance of reserve requirements and resource mobilisation from other banks and financial institutions.

**Wholesale Banking** includes lending, deposit taking and other services offered to corporate customers.

**Retail Banking** includes lending, deposit taking and other services offered to retail customers.

**Other Banking Operations** includes para banking activities like third party product distribution, merchant banking, etc.

**SCHEDULE 18 - NOTES TO ACCOUNTS****1 CAPITAL****1.1 Capital to Risk-weighted Assets Ratio (CRAR)**

(₹ in crore)

Particulars	As per Basel III framework	
	As at March 31, 2021	As at March 31, 2020
i. Tier 1 Capital	3,590.54	3,251.13
ii. Tier 2 Capital	968.66	901.96
iii. Total Capital	4,559.20	4,153.09
iv. Total Risk Weighted Assets	23,183.93	23,393.56
v. Common Equity Tier 1 Capital Ratio (%)	15.49%	13.90%
vi. Tier 1 Capital Ratio (%)	15.49%	13.90%
vii. Tier 2 Capital Ratio (%)	4.18%	3.85%
viii. Total Capital Ratio (CRAR) (%)	19.67%	17.75%
ix. Percentage of shareholding of the Government of India in public sector banks	N.A	N.A
x. Amount of equity capital raised-		
Share Capital:	0.12	0.87
Securities Premium:	0.55	5.26
xi. Amount of Additional Tier 1 capital raised; of which-		
Perpetual Non-Cumulative Preference Shares (PNCPS):	-	-
Perpetual Debt Instruments (PDI):	-	-
xii. 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)]	-	-

**2 SUB-ORDINATED DEBT THROUGH PRIVATE PLACEMENT OF BONDS**

The details of total outstanding subordinated debt are given below:

(₹ in crore)

Deemed Date of Allotment	Coupon Rate (% p.a.)	Tenure (in months)	Equivalent Amount as on March 31, 2021	Equivalent Amount as on March 31, 2020
March 31, 2016	10.25	121	86.60	86.60
November 18, 2016	9.85	120	150.00	150.00
November 17, 2017	9.85	120	300.00	300.00
January 12, 2018	9.85	120	150.00	150.00
			<b>686.60</b>	<b>686.60</b>

### 3 INVESTMENTS

#### 3.1 Particulars of investments and movement in provision held towards depreciation on investments

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
1. Value of Investments:		
(i) Gross Value of Investments		
a. In India	8,432.38	7,752.35
b. Outside India	-	-
(ii) Provisions for Depreciation		
a. In India	18.69	10.85
b. Outside India	-	-
(iii) Net Value of Investments		
a. In India	8,413.69	7,741.50
b. Outside India	-	-
2. Movement of provision held towards depreciation on investments:		
(i) Opening balance	10.85	12.35
(ii) Add: Provision made during the year	14.93	3.46
(iii) Less: Write-off/ write-back of excess provision during the year	7.09	4.96
(iv) Closing balance	18.69	10.85

#### 3.2 The net book value of investments held under the three categories, viz. Held to Maturity (HTM), Held for Trading (HFT) and Available for Sale (AFS) is as under:-

Category	As at March 31, 2021		As at March 31, 2020	
	₹ in crore	%	₹ in crore	%
Held to Maturity	6,688.54	79.50	6,136.31	79.27
Held for Trading	50.92	0.60	0.00	0.00
Available for Sale	1,674.23	19.90	1,605.19	20.73
<b>Total</b>	<b>8,413.69</b>	<b>100.00</b>	<b>7,741.50</b>	<b>100.00</b>

#### 3.3 Repo Transactions Financial Year 2020-21

(₹ in crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as at March 31, 2021
<b>Securities Sold under Repos *</b>	41.00	240.00	115.32	100.00
(i) Government Securities	41.00	240.00	115.32	100.00
(ii) Corporate debt Securities	-	-	-	-
(iii) Any other Securities	-	-	-	-
<b>Securities purchased under Reverse Repos *</b>	241.03	2,355.00	1,446.41	1,349.97
(i) Government Securities	241.03	2,355.00	1,446.41	1,349.97
(ii) Corporate debt Securities	-	-	-	-
(iii) Any other Securities	-	-	-	-

\* including securities sold and purchased under LAF and TREPS.

\*\* amounts reported are based on lending/borrowing amount.

**Financial Year 2019-20**

(₹ in crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Balance as at March 31, 2020
<b>Securities Sold under Repos *</b>	-	125.74	32.23	41.00
(i) Government Securities	-	125.74	32.23	41.00
(ii) Corporate debt Securities	-	-	-	-
(iii) Any other Securities	-	-	-	-
<b>Securities purchased under Reverse Repos *</b>	64.00	2,315.00	574.53	2,315.00
(i) Government Securities	64.00	2,315.00	574.53	2,315.00
(ii) Corporate debt Securities	-	-	-	-
(iii) Any other Securities	-	-	-	-

\* including securities sold and purchased under LAF and TREPS.

\*\* amounts reported are based on lending/borrowing amount.

**3.4 Non-SLR Investments Portfolio - Issuer Composition of Non-SLR Investments****Balances as at March 31, 2021**

(₹ in crore)

Sr. No.	Issuer	Amount	Extent of Private Placement*#	Extent of below Investment Grade Securities#	Extent of Unrated Securities#	Extent of Unlisted Securities*#
1.	PSUs	-	-	-	-	-
2.	FIs	142.28	112.15	-	2.15	22.15
3.	Banks	49.60	-	-	-	-
4.	Private Corporates	18.01	16.68	-	-	8.85
5.	Subsidiaries/ Joint Ventures	-	-	-	-	-
6.	Others**	1,485.45	-	-	-	-
7.	Provision held towards Depreciation	(18.69)	-	-	-	-
<b>Total</b>		<b>1,676.65</b>	<b>128.83</b>	<b>-</b>	<b>2.15</b>	<b>31.00</b>

\* excludes investment in pass through certificates and security receipts.

\*\* includes investments in pass through certificates and security receipts.

# Amounts reported under these columns above are not mutually exclusive.

**Balances as at March 31, 2020**

(₹ in crore)

Sr. No.	Issuer	Amount	Extent of Private Placement*#	Extent of below Investment Grade Securities#	Extent of Unrated Securities#	Extent of Unlisted Securities*#
1.	PSUs	-	-	-	-	-
2.	FIs	26.69	11.65	-	1.65	11.65
3.	Banks	-	-	-	-	-
4.	Private Corporates	16.68	16.68	-	-	8.85
5.	Subsidiaries/ Joint Ventures	-	-	-	-	-
6.	Others**	1,572.67	-	-	-	-
7.	Provision held towards Depreciation	(10.85)	-	-	-	-
<b>Total</b>		<b>1,605.19</b>	<b>28.33</b>	<b>-</b>	<b>1.65</b>	<b>20.50</b>

\* excludes investment in pass through certificates and security receipts.

\*\* includes investments in pass through certificates and security receipts.

# Amounts reported under these columns above are not mutually exclusive.

**3.5 Non-Performing Non-SLR Investments**

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
Opening Balance	-	-
Additions during the year	-	-
Reductions during the year	-	-
Closing Balance	-	-
<b>Total provisions held</b>	<b>-</b>	<b>-</b>

**3.6 Sale and Transfers to / from HTM Category**

During the years ended March 31, 2021 and March 31, 2020, the Bank has not sold and transferred securities to or from HTM category exceeding 5% of the book value of investment held in HTM category at the beginning of the year. The 5% threshold referred to above does not include one-time transfer of securities to/from HTM category with the approval of Board of Directors permitted to be undertaken by banks as per the extant RBI guidelines, sale of securities under pre-announced Open Market Operation (OMO) auction to the RBI and sale of securities or transfer to AFS / HFT consequent to the reduction of ceiling on SLR securities under HTM.

**4 DERIVATIVES****4.1 Forward Rate Agreements / Interest Rate Swaps**

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
i. The notional principal of swap agreements	NIL	NIL
ii. Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	NIL	NIL
iii. Collateral required by the bank upon entering into swaps	NIL	NIL
iv. Concentration of credit risk arising from the swaps	NIL	NIL
v. The fair value of the swap book	NIL	NIL

**4.2 Exchange Traded Interest Rate Derivatives**

(₹ in crore)

Sr. No.	Particulars	March 31, 2021	March 31, 2020
i.	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)		
	a) 7.26 G-Sec 2029	-	584.67
	b) 7.17 G-Sec 2028	-	306.85
	c) 6.45 G-Sec 2029	-	231.14
	d) 5.77 G-Sec 2030	279.17	-
	e) 7.65 G-Sec 2029	41.17	-
ii.	Notional principal amount of exchange traded interest rate derivatives outstanding (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

### 4.3 Disclosures on risk exposure in derivatives:

#### a) Qualitative Disclosures

##### Management of Risk in Derivatives Trading

The Bank's market risk unit plays a key role in setting up of the limits and laying down of the risk assessment and monitoring methods. The policies of the Bank include setting limits upon the notional principal value of product specific gaps, maximum tenor, overall outstanding and the setting-up of counter party-wise, tenor-wise limits.

All limits are monitored on a daily basis by the Bank's Treasury Back Office and Mid Office. Exposure reports are submitted to the Treasurer as well as the CRO and any limit excesses are brought to the notice of the management immediately for further action.

##### Policies for Hedging Risk

All transactions undertaken by the Bank for trading purposes are classified under the Trading Book. All other transactions are classified as a part of the Banking Book. The Banking Book includes transactions concluded for the purpose of providing structures to customers on a back-to-back basis. It also consists of transactions in the nature of hedges based on identification of supporting trades, with appropriate linkages done for matching amounts and tenor within the approved tolerance limits.

The accounting for all derivative trades is done for the notional amount on the trade date. The valuation of all outstanding trades is done category wise. The valuation for outstanding trades under the Trading portfolio is done on a daily basis and the net marked to market ('MTM') is accounted in the Profit and Loss Account. The valuation for outstanding trades under the hedged portfolio is done on a monthly basis and the residual MTM, if any, is accounted in the Profit and Loss Account on a monthly basis. Valuation of the outstanding hedged Forex Options is done on a monthly basis and the net MTM is zero as all customer trades are hedged on identical basis with counter party banks.

The MTM position on all outstanding trades of individual corporate customers is reported on a monthly basis to Credit Risk department for exposure monitoring.

##### Provisioning

The Bank conforms to the RBI guidelines with regard to provisioning requirements. Overdue receivables representing crystallised positive mark-to-market value of a derivative contract are treated as non-performing assets, if these remain unpaid for 90 days or more. Full provision is made for the entire amount of overdue and future receivables relating to positive marked to market value of non-performing derivative contracts.

#### b) Quantitative Disclosures

(₹ in crore)

Sr. No	Particulars	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
		March 31, 2021	March 31, 2021	March 31, 2020	March 31, 2020
1.	Derivatives (notional Principal Amount)				
	(a) For hedging	NIL	NIL	NIL	NIL
	(b) For trading	NIL	NIL	NIL	NIL
2.	Marked to Market position				
	(a) Asset (+)	NIL	NIL	NIL	NIL
	(b) Liability (-)	NIL	NIL	NIL	NIL
3.	Credit Exposure	NIL	NIL	NIL	NIL



Sr. No	Particulars	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
		March 31, 2021	March 31, 2021	March 31, 2020	March 31, 2020
4.	Likely impact of one percentage change in Interest Rate (100*PV01)				
	(a) On hedging derivatives	NIL	NIL	NIL	NIL
	(b) On trading derivatives	NIL	NIL	NIL	NIL
5.	Maximum and Minimum of 100*PV01 observed during the year				
	(a) On hedging				
	Maximum	NIL	NIL	NIL	NIL
	Minimum	NIL	NIL	NIL	NIL
	(b) On trading				
	Maximum	NIL	0.07	NIL	0.07
	Minimum	NIL	0.01	NIL	0.00

Notes:

- Foreign exchange forward contracts have not been included in the above disclosure.
- The notional principal amount of forward exchange contracts classified as Hedging and Trading amounted to ₹ 2,944.87 crore (Previous year: ₹ 741.24 crore).

## 5 ASSET QUALITY

### 5.1 Non-Performing Assets (NPAs)

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
(i) Net NPAs to Net Advances (%)	2.29%	1.16%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	631.51	439.48
(b) Additions during the year	686.16	664.05
(c) Reductions during the year	234.23	472.02
(d) Closing balance	1,083.44	631.51
(iii) Movement of Net NPAs		
(a) Opening balance	293.51	153.77
(b) Additions during the year <sup>1,2</sup>	367.35	404.96
(c) Reductions during the year <sup>3</sup>	66.71	265.22
(d) Closing balance	594.15	293.51
(iv) Movement of provisions for NPAs (excluding provision on Standard Assets)		
(a) Opening balance	337.12	285.71
(b) Provisions made during the year <sup>4</sup>	311.28	258.21
(c) Write-off/ write-back of excess provisions	167.21	206.80
(d) Closing balance	481.19	337.12

Notes:

- Includes interest capitalisation of ₹ 7.53 crore (Previous year: ₹ 0.88 crore).

- Includes addition to NPAs net off provisions on such NPAs and additional provision on existing NPAs.
- Includes interest capitalisation of ₹ 0.31 crore (Previous year: ₹ NIL).
- Includes floating provision of ₹ 12.48 crore (Previous year: ₹ 18.04 crore).

## 5.2 Movement of Gross NPAs

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
Opening balance of Gross NPAs	631.51	439.48
Additions during the year <sup>1</sup>	686.16	664.05
<b>Sub-total (A)</b>	<b>1,317.67</b>	<b>1,103.53</b>
Less:		
i. Upgradations	33.17	179.24
ii. Recoveries (excluding recoveries made from upgraded accounts) <sup>2,3</sup>	74.74	172.54
iii. Technical/Prudential Write-offs	125.40	96.12
iv. Write-offs other than those under (iii) above	0.92	24.12
<b>Sub-total (B)</b>	<b>234.23</b>	<b>472.02</b>
<b>Closing balance of Gross NPAs (A-B)</b>	<b>1,083.44</b>	<b>631.51</b>

- Includes fresh NPAs during the year.
- Includes recoveries of ₹ NIL (Previous year: ₹ 38.47 crore) from NPAs sold to asset reconstruction company.
- Includes recoveries in upgraded accounts of ₹ 2.56 crore (Previous year: ₹ 10.97 crore)

## 5.3 Movement of Technical/Prudential write-offs

Technical/Prudential write-offs is the amount of non-performing loans which are outstanding in the books of the branches, but have been written-off (fully or partially) at the Head Office level.

Movement in Technical/Prudential write-offs is set out below:

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
Opening balance of Technical/Prudential Written off accounts	374.18	284.69
Add : Technical/Prudential write-offs during the year	125.40	96.12
<b>Sub-total (A)</b>	<b>499.58</b>	<b>380.81</b>
Less : Recovery /Sacrifice made from previously technical / prudential written-off accounts during the year (B)	4.93	6.63
<b>Closing balance of Technical/Prudential Written off accounts (A-B)</b>	<b>494.65</b>	<b>374.18</b>

## 5.4 Concentration of NPAs

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
Total Exposure to top four NPA accounts *	41.24	60.38

\* NPAs are taken on net basis.

Exposure includes funded and non-funded exposures identified as NPAs.

## 5.5 Divergence in the asset classification and provisioning

There was no divergence observed by the RBI for the FY 2019-20. The divergence observed by RBI for FY 2018-19 in respect of the Bank's asset classification and provisioning under the extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) was within the threshold as per RBI Circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 and subsequent circular DBR.BP.BC.No.32/21.04.018/2018-19 dated April 01, 2019 on 'Divergence in the asset classification and provisioning' and accordingly no disclosures are required to be given.

## 5.6 Intra Group Exposure

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
Total amount of intra-group exposure	NIL	NIL
Total amount of top-20 intra-group exposure	NIL	NIL
Percentage of intra group exposure to total exposure of the Bank on borrower/ customer	NIL	NIL
Details of breach of limit on intra group exposure and regulatory action thereon, if any	NIL	NIL

## 5.7 Sector-wise Advances Financial Year 2020-21

(₹ in crore)

Sr. No.	Sector	March 31, 2021		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>A</b>	<b>Priority Sector</b>			
1	Agriculture and allied activities	2,860.81	132.85	4.64%
2	Industry of which-	2,462.43	97.03	3.94%
	Constructions	638.01	14.92	2.34%
	Textiles	622.14	17.62	2.83%
3	Services of which-	7,704.95	447.67	5.81%
	Retail Trade	2,662.71	129.29	4.86%
	Transport Operators	1,753.56	162.11	9.24%
	Wholesale Trade	1,724.34	88.53	5.13%
4	Personal loans of which-	2,730.21	69.91	2.56%
	Housing Loans	2,679.94	68.40	2.55%
	<b>Sub-total (A) (1+2+3+4)</b>	<b>15,758.40</b>	<b>747.46</b>	<b>4.74%</b>

Sr. No.	Sector	March 31, 2021		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>B Non Priority Sector</b>				
1	Agriculture and allied activities	123.64	3.64	2.94%
2	Industry of which-	1,436.60	62.48	4.35%
	Constructions	346.38	1.91	0.55%
	All Engineering	196.39	1.00	0.51%
	Food Processing	148.81	1.66	1.11%
3	Services of which-	4,645.90	116.99	2.52%
	Retail Trade	1,268.84	27.04	2.13%
	NBFC	1,110.26	4.30	0.39%
	Professional Services	564.20	9.73	1.72%
4	Personal loans	4,508.21	152.87	3.39%
	Housing Loans	2,749.57	88.97	3.24%
	Gold Loans	759.94	35.00	4.61%
<b>Sub-total (B) (1+2+3+4)</b>		<b>10,714.35</b>	<b>335.98</b>	<b>3.14%</b>
<b>Total (A+B)</b>		<b>26,472.75</b>	<b>1,083.44</b>	<b>4.09%</b>

**Financial Year 2019-20**

(₹ in crore)

Sr. No.	Sector	March 31, 2020		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>A Priority Sector</b>				
1	Agriculture and allied activities	2,431.76	69.15	2.84%
2	Industry of which-	1,727.30	62.88	3.64%
	Textiles	555.43	7.23	1.30%
	Constructions	197.33	4.04	2.05%
	Food Processing	172.72	14.99	8.68%
3	Services of which-	8,074.00	258.42	3.20%
	Retail Trade	2,759.31	65.73	2.38%
	Transport Operators	1,935.92	111.02	5.73%
	Wholesale Trade	1,864.69	60.13	3.22%
4	Personal loans of which-	2,123.79	41.19	1.94%
	Housing Loans	2,102.47	40.99	1.95%
<b>Sub-total (A) (1+2+3+4)</b>		<b>14,356.85</b>	<b>431.64</b>	<b>3.01%</b>

Sr. No.	Sector	March 31, 2020		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>B Non Priority Sector</b>				
1	Agriculture and allied activities	88.75	2.08	2.35%
2	Industry of which-	2,543.88	73.05	2.87%
	Constructions	961.14	0.98	0.10%
	All Engineering	314.15	9.85	3.13%
3	Services of which-	4,605.93	55.17	1.20%
	Retail Trade	1,044.21	15.99	1.53%
	NBFC	959.37	-	0.00%
	Professional Services	557.27	4.35	0.78%
	Wholesale Trade	463.04	9.80	2.12%
4	Personal loans	4,094.17	69.57	1.70%
	Housing Loans	2,768.96	45.68	1.65%
<b>Sub-total (B) (1+2+3+4)</b>		<b>11,332.73</b>	<b>199.87</b>	<b>1.76%</b>
<b>Total (A+B)</b>		<b>25,689.58</b>	<b>631.51</b>	<b>2.46%</b>

Classification into sectors as above has been done based on the Bank's internal norms which have been relied upon by the auditors.

## 5.8 RESTRUCTURED ACCOUNTS

(₹ in crore)

### Details of restructured accounts as of March 31, 2021

Sr. No.	Type of Restructuring	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total			
		Standard	Sub-Standard	Doubtful	Total	Standard	Sub-Standard	Doubtful	Total	Standard	Sub-Standard	Doubtful	Total	Standard	Sub-Standard	Doubtful	Total
1	Restructured Accounts as on April 01, 2020	-	-	-	-	1,181	187	103	-	1,471	1,181	187	103	-	1,471	-	-
	No. of borrowers outstanding	-	-	-	-	269.74	37.56	58.17	-	365.47	269.74	37.56	58.17	-	365.47	-	-
	Amount	-	-	-	-	33.24	10.59	21.44	-	65.27	33.24	10.59	21.44	-	65.27	-	-
	Provision thereon	-	-	-	-	3,901	173	256	-	4,330	3,901	173	256	-	4,330	-	-
2	Fresh restructuring during the FY	-	-	-	-	9,261.5	410.6	330.2	-	10,002.3	9,261.5	410.6	330.2	-	10,002.3	-	-
	No. of borrowers outstanding	-	-	-	-	128.01	15.74	53.15	-	196.90	128.01	15.74	53.15	-	196.90	-	-
	Amount	-	-	-	-	14	(8)	(6)	-	-	14	(8)	(6)	-	-	-	-
	Provision thereon	-	-	-	-	1.77	(0.91)	(0.86)	-	0.00	1.77	(0.91)	(0.86)	-	0.00	-	-
3	Upgradations to restructured standard category during the FY	-	-	-	-	0.22	(0.11)	(0.11)	-	0.00	0.22	(0.11)	(0.11)	-	0.00	-	-
	No. of borrowers outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	(244)	78	166	-	-	(244)	78	166	-	-	-	-
	No. of borrowers outstanding	-	-	-	-	(770.4)	43.91	33.13	-	0.00	(770.4)	43.91	33.13	-	0.00	-	-
	Amount	-	-	-	-	(21.34)	5.56	15.78	-	0.00	(21.34)	5.56	15.78	-	0.00	-	-
	Provision thereon	-	-	-	-	3.3	14	5	-	52	3.3	14	5	-	52	-	-
5	Downgradations of restructured accounts during the FY	-	-	-	-	13.27	3.90	43.18	-	60.35	13.27	3.90	43.18	-	60.35	-	-
	No. of borrowers outstanding	-	-	-	-	4,819	416	514	-	5,749	4,819	416	514	-	5,749	-	-
	Amount	-	-	-	-	1,107.35	117.72	80.28	-	1,305.35	1,107.35	117.72	80.28	-	1,305.35	-	-
	Provision thereon	-	-	-	-	139.39	30.81	47.34	-	217.54	139.39	30.81	47.34	-	217.54	-	-

- Includes ₹ 8.96 crores due to increase in outstanding balance in respect of 649 account and increase in provisions amounting to ₹ 55.43 crore in respect of 1,047 accounts.
- Includes ₹ 12.09 crore due to reduction in outstanding balance in respect of 732 accounts. Recovery and closure of ₹ 6.48 crore in respect of 51 account.

Details of restructured accounts as of March 31, 2020

(₹ in crore)

Sr. No.	Type of Restructuring	Under CDR Mechanism			Under SME Debt Restructuring Mechanism			Others			Total					
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 01, 2019	-	-	-	-	-	20	29	43	-	92	20	29	43	-	92
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	36.97	4.35	36.92	-	78.24	36.97	4.35	36.92	-	78.24
	Provision thereon	-	-	-	-	-	16.13	1.15	32.44	-	49.72	16.13	1.15	32.44	-	49.72
2	Fresh restructuring during the FY <sup>1</sup>	-	-	-	-	-	1,148	182	59	-	1,389	1,148	182	59	-	1,389
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	241.30	36.57	51.12	-	328.99	241.30	36.57	51.12	-	328.99
	Provision thereon	-	-	-	-	-	8.69	9.95	17.96	-	36.60	8.69	9.95	17.96	-	36.60
3	Upgradations to restructured standard category during the FY	-	-	-	-	-	19	(4)	(15)	-	-	19	(4)	(15)	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	3.78	(0.72)	(3.06)	-	0.00	3.78	(0.72)	(3.06)	-	0.00
	Provision thereon	-	-	-	-	-	1.81	(0.18)	(1.63)	-	0.00	1.81	(0.18)	(1.63)	-	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the FY	-	-	-	-	-	(5)	(15)	20	-	-	(5)	(15)	20	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	(2.06)	(0.97)	3.03	-	0.00	(2.06)	(0.97)	3.03	-	0.00
	Provision thereon	-	-	-	-	-	(0.90)	0.07	0.83	-	0.00	(0.90)	0.07	0.83	-	0.00
6	Write-offs of restructured accounts during the FY <sup>2</sup>	-	-	-	-	-	1	5	4	-	10	1	5	4	-	10
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	10.25	1.67	29.84	-	41.76	10.25	1.67	29.84	-	41.76
7	Restructured Accounts as on March 31, 2020 <sup>3</sup>	-	-	-	-	-	1,181	187	103	-	1,471	1,181	187	103	-	1,471
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	269.74	37.56	58.17	-	365.47	269.74	37.56	58.17	-	365.47
	Provision thereon	-	-	-	-	-	20.36	10.59	21.44	-	52.39	20.36	10.59	21.44	-	52.39

1. Includes ₹ 0.01 crores due to increase in outstanding balance in respect of 2 account and increase in provisions amounting to ₹ 1.41 crore in respect of 35 accounts.  
 2. Includes ₹ 11.63 crore due to reduction in outstanding balance in respect of 68 accounts and sold to assets reconstruction company ₹ 2.15 crore in respect of 1 account. Recovery and closure of ₹ 0.98 crore in respect of 8 account.  
 3. In respect of these accounts, besides the provision as disclosed above, the Bank holds increased standard assets provision of ₹ 12.88 crore which has been included and reported under Provision on Standard Assets (Refer note 5.19).

**5.9 Disclosures on the scheme for MSME sector – restructuring of advances**

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
1. Total number of accounts restructured at the end of year*	2,696	1,148
2. Amount outstanding	655.06	238.10

\*represents number of borrowers.

**5.10 Disclosures on implementation of resolution plan as required under RBI circular dated June 7, 2019 on Prudential Framework for Resolution of Stressed Assets**

(₹ in crore)

Particulars	Resolution Plan implemented	Resolution Plan not implemented
No. of borrower where timeline for implementation of resolution plan was before 31st March 2021	-	2
Fund based outstanding as on 31st March 2021	-	30.54
Additional provision held as per RBI circular of June 7, 2019	-	6.63

**5.11 Disclosures on Covid-19 regulatory package – review of resolution timelines under the prudential framework on resolution of stressed assets RBI circular DOR.No.BP.BC.62/21.04.048/2019-20 dated April 17, 2020**

(₹ in crore)

Particulars	March 31, 2021
No. of accounts in which resolution period was extended	1
Fund based outstanding	27.09

**5.12 Disclosures on Covid-19 regulatory package – assets classification and provisioning as per RBI circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020**

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
1. Amounts in SMA/overdue categories, where the moratorium/deferment was extended (As at March 31, 2020)	1,908.08	1,908.08
2. Amount where asset classification benefits is extended	-	89.33
3. Provision made in terms of paragraph 5 of the circular	68.00	9.00
4. Provisions adjusted against slippages during the year	68.00	-
5. Residual provision held	-	9.00

The outbreak of Covid-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities.

The RBI had announced various Covid-19 regulatory measures ('Covid-19 Regulatory Package') on asset classification and provisioning. The Bank, in accordance with Board approved policy, had offered moratorium on repayment of loan instalments and / or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 ('moratorium period') to eligible borrowers classified as standard, even if overdue, as on February 29, 2020, without considering the same as restructuring. Further, in respect of such accounts that were granted moratorium, the asset classification remained at a standstill during the moratorium period.

The Honourable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated September 03, 2020 ("Interim Order"), has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Basis the said interim



order, the Bank had not classified any account which was not NPA as at August 31, 2020 as per RBI IRAC norms, as NPA after August 31, 2020.

Pending disposal of the case, as at December 31, 2020, the Bank held a contingency provision of ₹ 229.11 crores against likely impact of Covid-19 Regulatory Package, impact of the conclusion of the Interim Order and other contingencies.

On March 23, 2021, the Hon'ble SC vide its judgment in the matter of Small Scale Industrial Manufacturers Association, Haryana vs. UOI & Ors. and other connected matters, vacated its Interim Order. In accordance with the instructions in paragraph 5 of the RBI circular dated April 7, 2021 issued in this connection, the Bank has followed the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms and fully utilized the above contingency provision towards provision on these accounts.

**5.13** The impact of Covid-19 pandemic including the ongoing "second wave", on the Bank's operations and financial metrics including credit quality and provision, is highly uncertain and will depend on the further spread of Covid-19, effectiveness of current and future steps taken by the government and the RBI to mitigate the economic impact and steps taken by the Bank and the time it takes for the economic activities to return to pre-pandemic levels.

Under the circumstances, during the year ended March 31, 2021, on a prudent basis the Bank has made a contingency provision of ₹ 124 crores towards further likely impact of Covid-19 on restructured and stressed assets. As on March 31, 2021, in addition to this contingency provision of ₹ 124 crores, the Bank also holds Floating Provision amounting to ₹ 108.80 crores, besides provisions for Standard Assets and specific Non-Performing Assets.

**5.14 Disclosures on refund/adjustment of 'interest on interest' as per RBI circular DOR.STR.REC.4/21.04.048/2021-22 dated April 7, 2021**

In accordance with RBI notification dated April 7, 2021, the Bank is required to refund/ adjust 'interest on interest' to borrowers. As required by the RBI notification, the methodology for calculation of such interest on interest has been circulated by the Indian Banks' Association on April 19, 2021. The Bank is in the process of account by account calculation of interest relief due to the eligible customers. In the meantime, as at March 31, 2021, the Bank has created a liability towards estimated interest relief of ₹ 10 crores and reduced the same from the interest income.

**5.15 Disclosures on Resolution Framework for Covid-19 related Stress as per RBI circular DOR.No.BP.BC.3/21.04.048/2020-21 dated August 06, 2020**

**Financial Year 2020-21**

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	2,147	397.06	-	-	39.71
Corporate persons	1	25.75	-	-	2.58
Of which, MSMEs	1	25.75	-	-	2.58
Others	-	-	-	-	-
<b>Total</b>	<b>2,148</b>	<b>422.81</b>	<b>-</b>	<b>-</b>	<b>42.29</b>

## 5.16 Details of financial assets (including written off accounts) sold to Securitisation / Reconstruction Company for Asset Reconstruction

The Bank has sold certain assets to an asset reconstruction company (ARC) in terms of the guidelines issued by the RBI. The details of the assets sold are given in the table below:

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
(i) No. of accounts	NIL	134
(ii) Aggregate value (net of provisions) of accounts sold to SC/RC	NIL	29.57
(iii) Aggregate consideration	NIL	38.47
(iv) Additional consideration realised in respect of accounts transferred in earlier years	NIL	-
(v) Aggregate gain/(loss) over net book value	NIL	8.90

As per the extant RBI guidelines, the Bank has not recognized the gains in the financial statements and has recorded the Security Receipts at Net Book Value (NBV).

## 5.17 Details of investment in security receipts (SRs)

Details of investment in security receipts as at March 31, 2021 are set out below:

(₹ in crore)

Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i) Book value of SRs backed by NPAs sold by the bank as underlying	33.43	5.36	-
Provision held against (i)	13.90	-	-
(ii) Book value of SRs backed by NPAs sold by other banks/ financial institutions/ non-banking financial companies as underlying	-	-	-
Provision held against (ii)	-	-	-
<b>Total (i + ii)</b>	<b>33.43</b>	<b>5.36</b>	<b>-</b>

Details of investment in security receipts as at March 31, 2020 are set out below:

(₹ in crore)

Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i) Book value of SRs backed by NPAs sold by the bank as underlying	45.51	2.94	-
Provision held against (i)	1.37	-	-
(ii) Book value of SRs backed by NPAs sold by other banks/ financial institutions/ non-banking financial companies as underlying	-	-	-
Provision held against (ii)	-	-	-
<b>Total (i + ii)</b>	<b>45.51</b>	<b>2.94</b>	<b>-</b>

#### 5.18 a) Details of non-performing financial assets purchased from other banks

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
1. (a) No. of accounts purchased during the year	NIL	NIL
(b) Aggregate outstanding	NIL	NIL
2. (a) Of these, number of accounts restructured during the year	NIL	NIL
(b) Aggregate outstanding	NIL	NIL

#### b) Details of non-performing financial assets sold to other banks

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
1. No. of accounts sold during the year	NIL	NIL
2. Aggregate outstanding	NIL	NIL
3. Aggregate consideration received	NIL	NIL

**5.19 Provisions on Standard Assets**

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
Provision for Standard Assets <sup>1</sup>	160.07	98.34
General provision for Covid-19	-	63.00
Provision for Unhedged Foreign Currency Exposure of borrowers	2.75	2.75
Provision for Specific Standard Assets <sup>2</sup>	158.09	10.81
<b>Total (Refer Schedule 5-IV(i) – Other Liabilities and Provisions)</b>	<b>320.91</b>	<b>174.90</b>

1. Includes provision for standard restructured assets.
2. Include of ₹ 124 crores (Previous year: NIL) towards further likely impact of Covid-19 on restructured and stressed assets. (Refer note 5.13)

**6 BUSINESS RATIOS**

Particulars	March 31, 2021	March 31, 2020
Interest Income as a percentage to Working Funds (%) <sup>1</sup>	8.95	9.47
Non-Interest Income as a percentage to Working Funds (%) <sup>1</sup>	1.19	1.05
Operating Profit as a percentage to Working Funds (%) <sup>1,2</sup>	2.33	2.02
Return on Assets (%) <sup>3</sup>	0.87	0.90
Business per employee (₹ in crore) <sup>4,5</sup>	8.32	8.04
Profit after tax per employee (₹ in crore) <sup>5</sup>	0.05	0.05

1. Working funds have been considered as the average of total monthly assets as reported to the Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949 during the financial year.
2. For the purpose of this ratio, Operating Profit is profit for the year before provisions and contingencies.
3. Assets have been considered as the average of total monthly assets as reported to the Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949.
4. For the purpose of this ratio, business has been recorded as deposits (excluding interbank deposits) plus net advances.
5. For the purpose of this ratio, employees have been considered as the average of the total employees at the end of each month of the year.

**7. OTHER FIXED ASSETS (including furniture and fixtures)**

The movement in fixed assets capitalised as software is given below:

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
<b>Cost</b>		
As at March 31 of the preceding year	100.58	89.72
Additions during the year	35.68	10.86
Deductions during the year	-	-
<b>Total (a)</b>	<b>136.26</b>	<b>100.58</b>
<b>Depreciation</b>		
As at March 31 of the preceding year	74.30	62.40
Charge for the year	11.25	11.90
On deductions during the year	-	-
<b>Total (b)</b>	<b>85.55</b>	<b>74.30</b>
<b>Net value as at March 31 of the current year (a-b)</b>	<b>50.71</b>	<b>26.28</b>

**8 Liquidity Coverage Ratio (LCR)**  
**(A) Quantitative Disclosures Financial Year 2020-21**  
 (₹ in crore)

	Q1 FY 2020-21		Q2 FY 2020-21		Q3 FY 2020-21		Q4 FY 2020-21	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>								
1 Total High Quality Liquid Assets (HQLA)		8,360.13		7,898.85		8,322.76		7,992.54
<b>Cash Outflows</b>								
2 Retail deposits and deposits from small business customers, of which:	18,037.37	1,495.64	18,715.38	1,544.65	19,337.78	1,599.21	19,932.31	1,652.46
(i) Stable Deposits	6,161.97	308.10	6,537.83	326.89	6,691.36	334.57	6,815.55	340.78
(ii) Less Stable Deposits	11,875.40	1,187.54	12,177.55	1,217.76	12,646.42	1,264.64	13,116.76	1,311.68
3 Unsecured wholesale funding, of which:	7,067.43	4,191.76	6,683.14	3,902.90	6,554.22	3,818.02	6,594.31	4,020.10
(i) Operational deposits (all counterparties)	0.20	0.20	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	4,792.79	1,917.12	4,633.73	1,853.49	4,560.34	1,824.14	4,290.36	1,716.15
(iii) Unsecured debt	2,274.44	2,274.44	2,049.41	2,049.41	1,993.88	1,993.88	2,303.95	2,303.95
4 Secured wholesale funding		0.00		0.00		0.00		0.00
5 Additional requirements, of which	4,230.08	889.90	4,150.50	968.38	4,707.50	1,563.52	4,412.08	1,068.14
(i) Outflows related to derivative exposures and other collateral requirements	645.47	645.47	737.34	737.34	1,332.59	1,332.59	826.61	826.61
(ii) Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Credit and liquidity facilities	3,584.61	244.43	3,413.16	231.04	3,374.91	230.93	3,585.47	241.53
6 Other contractual funding obligations	530.20	530.20	355.77	355.77	404.84	404.84	506.71	506.71
7 Other contingent funding obligations	3,833.87	160.07	3,308.56	136.66	3,106.50	127.94	2,895.53	118.21
<b>8 Total Cash Outflows</b>		<b>7,267.57</b>		<b>6,908.36</b>		<b>7,513.53</b>		<b>7,365.62</b>
<b>Cash Inflows</b>								
9 Secured lending (e.g. reverse repos)	1,861.84	0.00	1,403.70	0.00	1,427.07	0.00	1,001.46	0.00
10 Inflows from fully performing exposures	526.73	485.27	611.49	554.22	355.53	294.39	737.92	692.27
11 Other cash inflows	1,021.89	713.91	1,077.11	787.55	1,638.94	1,369.03	1,151.99	892.53
<b>12 Total Cash Inflows</b>	<b>3,410.46</b>	<b>1,199.18</b>	<b>3,092.30</b>	<b>1,341.77</b>	<b>3,421.54</b>	<b>1,663.42</b>	<b>2,891.37</b>	<b>1,584.80</b>
		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>
<b>TOTAL HQLA</b>		8,360.13		7,898.85		8,322.76		7,992.54
<b>Total Net Cash Outflows</b>		6,068.39		5,566.59		5,850.11		5,780.82
<b>Liquidity Coverage Ratio (%)</b>		137.77%		141.90%		142.27%		138.26%

In computing the above information, certain estimates/assumptions have been made by the Bank's management which have been relied upon by the auditors.

(₹ in crore)

## Financial Year 2019-20

	Q1 FY 2019-20		Q2 FY 2019-20		Q3 FY 2019-20		Q4 FY 2019-20	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>								
1 Total High Quality Liquid Assets (HQLA)		5,747.15		6,120.58		6,212.32		6,951.74
<b>Cash Outflows</b>								
2 Retail deposits and deposits from small business customers, of which:	13,794.07	1,332.74	15,418.38	1,466.06	16,677.59	1,592.29	17,589.24	1,683.67
(i) Stable Deposits	1,507.52	770.3	1,515.25	75.76	1,509.34	75.46	1,504.92	75.25
(ii) Less Stable Deposits	12,286.55	1,255.71	13,903.13	1,390.30	15,168.25	1,516.83	16,084.32	1,608.42
3 Unsecured wholesale funding, of which:	7,493.34	4,292.61	6,952.06	3,928.38	7,047.26	4,051.26	7,418.60	4,387.22
(i) Operational deposits (all counterparties)	15.50	15.79	0.15	0.15	0.19	0.19	0.29	0.29
(ii) Non-operational deposits (all counterparties)	5,490.66	2,244.88	5,039.46	2,015.78	4,993.33	1,997.33	5,052.30	2,020.92
(iii) Unsecured debt	1,987.18	2,031.94	1,912.45	1,912.45	2,053.74	2,053.74	2,366.01	2,366.01
4 Secured wholesale funding		0.00		0.00		0.00		0.00
5 Additional requirements, of which	5,781.67	2,501.47	5,872.31	2,312.40	5,515.47	2,075.30	4,656.69	1,077.99
(i) Outflows related to derivative exposures and other collateral requirements	2,163.09	2,209.15	1,995.36	1,995.36	1,778.42	1,778.42	760.73	760.73
(ii) Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Credit and liquidity facilities	3,618.58	292.32	3,876.95	3,170.4	3,737.05	296.88	3,895.96	3,172.6
6 Other contractual funding obligations	408.97	418.65	421.74	421.74	550.19	550.20	538.86	538.86
7 Other contingent funding obligations	2,130.62	79.41	2,159.99	79.70	2,094.69	76.94	2,551.17	95.92
8 <b>Total Cash Outflows</b>	-	<b>8,624.88</b>	-	<b>8,208.28</b>	-	<b>8,345.99</b>	-	<b>7,783.66</b>
<b>Cash Inflows</b>								
9 Secured lending (e.g. reverse repos)	289.54	0.00	479.00	0.00	447.67	0.00	760.55	0.00
10 Inflows from fully performing exposures	1,143.03	916.65	1,010.05	746.65	1,028.46	762.79	1,037.84	770.22
11 Other cash inflows	2,557.45	2,297.95	2,337.06	2,045.00	2,131.43	1,817.23	1,113.19	822.96
12 <b>Total Cash Inflows</b>	<b>3,990.02</b>	<b>3,214.60</b>	<b>3,826.11</b>	<b>2,791.65</b>	<b>3,607.56</b>	<b>2,580.02</b>	<b>2,911.58</b>	<b>1,593.18</b>
<b>TOTAL HQLA</b>		5,747.15		6,120.58		6,212.32		6,951.74
<b>Total Net Cash Outflows</b>		5,410.28		5,416.63		5,765.97		6,190.48
<b>Liquidity Coverage Ratio (%)</b>		106.23%		113.00%		107.74%		112.30%

In computing the above information, certain estimates/assumptions have been made by the Bank's management which have been relied upon by the auditors.

**(B) Qualitative Disclosures**

The Bank maintains Liquidity Coverage Ratio (LCR) which is a ratio of High Quality Liquid Assets (HQLA) to Expected Net Cash Outflow over the next 30 calendar days, as per the RBI guidelines. Banks were required to meet the minimum required level of 100% LCR with effect from January 1, 2019 with transition provisions which permitted banks to start with minimum LCR of 60% with effect from January 1, 2015 incremented by 10% thereafter at every January 1. However due to Covid-19 Pandemic, RBI had reduced minimum required level to 80% till September 30, 2020, 90% till March 31, 2021 and back to 100% from April 01, 2021.

The LCR is being computed and monitored on daily average basis. The objective of the LCR is to ensure that the Bank maintains an adequate level of unencumbered 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 specified by supervisors. Further 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.

The numerator, High Quality Liquid Assets comprises mainly of excess SLR securities, cash, excess CRR balances, Marginal Standing Facility ('MSF') to the extent of 3 per cent of Net Demand and Time Liabilities ('NDTL') and government securities up to another 15 per cent of NDTL while the denominator i.e. cash outflow over next 30 days comprises mainly of the deposit maturities and other cash outflows net of cash inflows in next 30 day period. As a part of its strategy to manage the liquidity requirements, the Bank has been consistently investing in SLR securities of about 2% to 5% of its NDTL, over and above the regulatory SLR requirement.

HQLA of the Bank comprises of mainly Level-1 assets as per the RBI guidelines i.e. government securities apart from cash and excess CRR.

The major source of funding for the Bank is deposits from customers. The Bank does not rely on interbank borrowings. However, long term refinance from SIDBI, NABARD and NHB is availed against eligible loan assets. Further, the Bank has committed lines of credit from a select public and private sector banks.

The Bank does not have any derivative exposure other than the forward contracts entered by the Bank which does not affect LCR of the Bank significantly.

Apart from computing the LCR in the domestic currency, the Bank is also required to compute LCR in the currency in which aggregate liabilities denominated in that currency amount to 5 per cent or more of the Bank's total liabilities. To comply with the said requirement, the Bank computes the LCR in USD as the dollar denominated liabilities are more than 5% of the Bank's total liabilities. During the financial year 2020-21 and 2019-20, the cash inflows in next 30 days denominated in the USD were usually higher than the cash outflows in next 30 days denominated in USD.

The liquidity management of the Bank is centralized at Treasury. Treasury Front Office shall, depending upon the expected outflows and inflows for the day, decide to borrow or lend to maintain optimal liquidity. Treasury Back Office monitors the expected inflows and outflows by way of maintaining a register which records the expected outflows and inflows that are informed in advance by the branches as well as by Treasury Front Office before making any investment. For this purpose, branches are required to inform the Treasury Back Office in advance of any expected large flows above ₹ 5 crore. Also, Treasury Back Office takes into account the deposits that are scheduled to mature in order to arrive at the expected cash outflows for that particular day. As a part of effective liquidity management, the Bank always maintains excess SLR securities which can be pledged to meet the shortfall in intraday liquidity, if any.



## 9 ASSET LIABILITY MANAGEMENT

## 9.1 Maturity pattern of certain items of assets and liabilities as at March 31, 2021

(₹ in crore)

Maturity Buckets	Loans and Advances	Investments <sup>#</sup>	Deposits	Borrowings	Foreign Currency Assets <sup>@</sup>	Foreign Currency Liabilities
Day 1	260.30	1,254.54	903.66	-	23.66	52.19
2 to 7 days	367.38	1.33	743.93	70.00	286.42	2.25
8 to 14 days	280.13	9.58	763.90	62.86	-	2.06
15 to 30 days	759.83	88.61	751.42	386.60	-	5.97
31 days to 2 months	256.11	93.23	1,463.13	309.36	17.54	8.37
Over 2 months & upto 3 months	343.54	291.26	925.26	57.86	53.92	24.73
Over 3 months & upto 6 months	1,058.67	810.71	2,608.49	184.97	34.91	56.02
Over 6 months & upto 1 year	1,398.47	1,472.22	5,517.93	794.28	37.80	74.23
Over 1 year & upto 3 years	10,210.01	3,874.69	14,960.05	1,967.98	-	51.26
Over 3 year & upto 5 years	2,867.08	415.41	659.20	648.34	-	0.55
Over 5 years	8,157.72	102.11	406.89	-	7.13	-
<b>Total</b>	<b>25,959.24</b>	<b>8,413.69</b>	<b>29,703.86</b>	<b>4,482.25</b>	<b>461.38</b>	<b>277.63</b>

<sup>@</sup> excludes foreign currency bills discounted as they are booked in Indian ₹.

<sup>#</sup> The amounts placed in repo and LAF lending for overnight placement of surplus liquidity do not form part of the investments numbers mentioned above.

## Maturity pattern of certain items of assets and liabilities as at March 31, 2020

(₹ in crore)

Maturity Buckets	Loans and Advances	Investments	Deposits	Borrowings	Foreign Currency Assets <sup>@</sup>	Foreign Currency Liabilities
Day 1	40.90	291.42	887.24	5.27	18.14	27.36
2 to 7 days	147.52	-	1,041.11	-	5.48	9.68
8 to 14 days	173.19	-	753.84	-	16.59	5.48
15 to 30 days	95.01	-	934.50	-	10.14	4.83
31 days to 2 months	521.37	-	1,289.25	250.00	26.33	12.02
Over 2 months & upto 3 months	693.17	-	1,443.53	55.00	60.53	25.99
Over 3 months & upto 6 months	1,223.56	373.99	2,716.80	68.04	56.27	70.17
Over 6 months & upto 1 year	1,714.91	564.60	6,176.50	411.86	46.11	165.23
Over 1 year & upto 3 years	9,963.79	1,505.45	14,475.83	1,885.00	3.71	75.15
Over 3 year & upto 5 years	2,711.82	1,271.02	407.57	732.78	-	0.66
Over 5 years	8,060.05	3,735.02	243.76	-	7.37	-
<b>Total</b>	<b>25,345.29</b>	<b>7,741.50</b>	<b>30,369.93</b>	<b>3,407.95</b>	<b>250.67</b>	<b>396.57</b>

<sup>@</sup> excludes foreign currency bills discounted as they are booked in Indian ₹.

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

## 9.2 Concentration of Deposits

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
Total deposits of twenty largest depositors*	2,073.71	2,816.69
Percentage of deposits of twenty largest depositors to total deposits of the Bank	6.98 %	9.27 %

\* Excludes holders of Certificates of Deposits.

## 9.3 Concentration of Advances

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
Total advances to twenty largest borrowers	1,544.85	1,517.23
Percentage of Advances to twenty largest borrowers to total advances of the bank	5.04 %	5.10 %

Note: Advances reported above include both funded and non-funded loan exposure with limits or outstanding whichever is higher, for other than fully drawn term loans and NPAs. In case of fully drawn term loans and NPAs, the outstanding amount has been considered for this purpose. The Advances figure above also includes non-inter bank credit exposure on derivatives including forward exchange contracts.

## 9.4 Concentration of Exposures

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
Total Exposures to twenty largest borrowers / customers	1,815.25	1,622.39
Percentage of Exposures to twenty largest borrowers / Customers to Total Exposures of the bank on borrowers / Customers	5.62 %	5.17 %

Note: Exposures reported above include both funded and non-funded exposures [including advances and investments (other than SLR Investments)] with limits or outstanding whichever is higher, for other than fully drawn term loans and NPAs. In case of fully drawn term loan and NPAs, the outstanding amount has been considered for this purpose. The exposure figure above also includes non-inter bank credit exposure on derivatives including forward exchange contracts.

## 9.5 Overseas Assets, NPAs and Revenue

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
Total Assets	NIL	NIL
Total NPAs	NIL	NIL
Total Revenue for the year	NIL	NIL

## 9.6 Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms) as on March 31, 2021 and March 31, 2020

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

## 9.7 Credit Default Swaps

The Bank has not transacted in credit default swaps during the year ended March 31, 2021 (Previous year: NIL).

## 10 EXPOSURES

## 10.1 Exposure to the Real Estate Sector

(₹ in crore)

Category	March 31, 2021	March 31, 2020
a) Direct Exposure		
(i) Residential Mortgages(*)	5,347.62	4,820.53
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:		
(*) Includes Individual housing loans eligible for inclusion in priority sector advances - ₹ 2,579.78 crore (Previous year: ₹ 2,125.71 crore)		
(ii) Commercial Real Estate	1,586.15	1,687.07
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.)		
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
(a) Residential	-	-
(b) Commercial Real Estate	-	-
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	397.18	536.30
<b>Total Exposure to the Real Estate Sector</b>	<b>7,330.95</b>	<b>7,043.90</b>

## 10.2 Exposure to the Capital Market

(₹ 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;	22.83	22.83
ii. Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	1.44	1.82
iv. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
v. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;(see * below)	274.46	325.63
vi. Loans sanctioned to corporates against the security of shares / bonds /debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii. Bridge loans to companies against expected equity flows / issues;	-	-
viii. Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
ix. Financing to stockbrokers for margin trading;	-	-
x. All exposures to Venture Capital Funds (both registered and unregistered)	-	-
<b>Total Exposure to the Capital Market</b>	<b>298.73</b>	<b>350.28</b>

\* Includes Advances to Stock Brokers ₹ 3.46 crore (Previous year: ₹ 5.13 crore) and Financial Guarantees issued on their behalf to Stock Exchanges ₹ 271.00 crore (Previous year: ₹ 320.50 crore).

### 10.3 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	185.68	-	73.98	-
Low	265.00	-	3.26	-
Moderate Low	2.34	-	1.53	-
Moderate	3.21	-	2.72	-
Moderate High	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
<b>Total</b>	<b>456.23</b>	<b>-</b>	<b>81.49</b>	<b>-</b>

### 10.4 Details of Large Exposures Framework limits exceeded by the Bank

As per regulatory guidelines, with effect from April 1, 2019 in case of single counterparty, the sum of all the exposure values of a bank to a single counterparty must not be higher than 20 percent of the bank's available eligible capital base at all times. In exceptional cases, Board of bank may allow an additional 5 percent exposure of the bank's available eligible capital base. In case of group of connected counterparties, the sum of all the exposure values of a bank to a group of connected counterparties must not be higher than 25 percent of the bank's available eligible capital base at all times.

The eligible capital base for this purpose is the effective amount of Tier 1 capital fulfilling the criteria defined in Master Circular on Basel III – Capital Regulation /Master Direction on 'Basel III Capital Regulations' as per the last audited balance sheet.

During the years ended March 31, 2021 and March 31, 2020, the Bank has not exceeded the prudential exposure limits as laid down by the RBI guidelines under Large Exposure Framework.

### 10.5 Unsecured Advances

Details of advances included in Schedule 9 where intangibles like rights, licenses, authorisations, etc. are charged to the Bank as collateral:

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
Total amount of advances against intangible collateral	NIL	NIL
Estimated value of intangible collateral	NIL	NIL

As per directions from the RBI, these advances are treated as Unsecured Advances in Schedule 9.

### 10.6 Factoring Business

The outstanding receivables acquired by the Bank under factoring business were ₹ 107.32 crore as at March 31, 2021 (Previous year: NIL).

## 11. COMPLIANCE WITH ACCOUNTING STANDARDS, READ WITH THE RBI GUIDELINES

### 11.1 Employee Benefits (Accounting Standard 15)

The contribution to Employees' Provident Fund included under "Payments to and Provisions for Employees" in Schedule 16 amounted to ₹ 14.13 crore for the year ended March 31, 2021 (Previous year ₹ 14.27 crore).

During the year, the Bank has contributed ₹ 0.85 crores (previous year ₹ 0.82 crores) to the National Pension Scheme for employees who had opted for the scheme.

The Bank has a gratuity trust approved by Income Tax Department namely “DCB Bank Limited Staff Gratuity Fund”. Every employee who has completed 5 years or more of service gets gratuity on separation at half month’s last drawn salary for each completed year of service, subject to a cap of ₹ 20.00 lakhs for employees who joined after April 1, 2006 and without any such limit for other employees.

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

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
<b>Balance Sheet - Details of provision for Gratuity</b>		
Defined benefit obligation	27.07	24.25
Fair value of plan Assets	26.17	22.91
<b>Net Assets/(Liabilities)</b>	<b>(0.90)</b>	<b>(1.34)</b>
<b>Amounts in Balance Sheet</b>		
Assets (included in Schedule 11 - Other Assets)	-	-
Liabilities (included in Schedule 5 - Other Liabilities and Provisions)	0.90	1.34
<b>Change in Defined Benefit Obligations</b>		
<b>Obligations at the beginning of the year</b>	<b>24.25</b>	<b>19.83</b>
Interest Cost	1.32	1.09
Current Service Cost	2.55	2.61
Past Service Cost	-	-
Benefits paid	(1.35)	(1.70)
Actuarial (gain)/loss on Obligation	0.30	2.42
<b>Present value of obligation at the end of the year</b>	<b>27.07</b>	<b>24.25</b>
<b>Change in the Fair value of Plan Assets</b>		
<b>Fair value of plan assets at the beginning of the year</b>	<b>22.91</b>	<b>19.27</b>
Expected Return on plan assets	1.72	1.48
Contributions	2.00	3.44
Benefits paid	(1.35)	(1.70)
Actuarial gain/(Loss) on plan assets	0.89	0.42
<b>Fair value of plan assets at the end of the year</b>	<b>26.17</b>	<b>22.91</b>
<b>Cost for the year</b>		
Current service cost	2.55	2.61
Interest cost	1.32	1.09
Expected return on plan assets	(1.72)	(1.48)
Net Actuarial (gain)/loss recognised in the year	(0.59)	2.00
Past service cost	-	-
<b>Expense recognised in “Payments to and Provision for Employees” [Refer Schedule-16 (I)]</b>	<b>1.56</b>	<b>4.22</b>
Actual return on plan assets	2.61	1.90
<b>Experience Adjustments</b>		
On obligation	0.15	1.67
On plan assets	0.89	0.32

Particulars	March 31, 2021	March 31, 2020
<b>Assumptions</b>		
Discount rate	5.58% p.a.	5.76% p.a.
Expected return on plan assets	7.00% p.a.	7.00% p.a.
Mortality	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Future salary increases	5.00% p.a.	5.00% p.a.

### Experience adjustments

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Plan assets	26.17	22.91	19.27	15.66	13.38
Defined benefit obligation	27.07	24.25	19.83	16.79	13.93
Surplus / (Deficit)	(0.90)	(1.34)	(0.56)	(1.13)	(0.55)
Experience adjustment gain/ (loss) on plan assets	0.89	0.32	0.16	(0.26)	0.38
Experience adjustment (gain) /loss on plan liabilities	0.15	1.67	0.98	0.51	(0.33)

All the plan assets are invested by the gratuity trust namely "DCB Bank Limited Staff Gratuity Fund" in Government securities (CY about 52%, PY about 53%), high rated corporate bonds (CY about 35%, PY about 35%), units of mutual funds/ insurance companies (CY about 8%, PY about 7%) and others (CY about 5%, PY about 5%) set up as dedicated funds for management of gratuity funds.

Estimated rate of return on plan assets is based on the Bank's expectation of the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

The contribution expected to be paid to the plan during the annual period beginning after the Balance Sheet date is ₹ 8.96 crore (Previous year: ₹ 9.70 crore).

The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

In computing the above information, certain estimates have been made by the Bank's management which have been relied upon by the auditors.

## 11.2 Earnings Per Share ('EPS')

The Bank reports basic and diluted earnings per equity share in accordance with AS-20, "Earnings per Share". The dilutive impact is due to stock options granted to employees by the Bank.

The computation of earnings per share is given below:-

Particulars	March 31, 2021	March 31, 2020
<b>Basic</b>		
Net Profit (₹ in crore)	335.79	337.94
Weighted average number of Equity Shares outstanding	310,464,925	310,006,295
Basic Earnings per share (₹)	10.82	10.90
<b>Diluted</b>		
Net Profit (₹ in crore)	335.79	337.94
Weighted average number of Equity Shares outstanding	313,708,662	314,536,841
Diluted Earnings per share (₹)	10.70	10.74
Face value per share (₹)	10.00	10.00

Dilution of equity is on account of 3,243,737 (Previous year 4,530,546) stock options.

### 11.3 Employees' Stock Option Plan

The Shareholders of the Bank had approved an ESOP plan Phase I in November 2005, enabling the Board and /or the Nomination Committee to grant such number of equity shares and/or equity linked instruments, including options of the Bank not exceeding 4% of the Issued Capital or 60,00,000 Equity Shares of the Bank. The Shareholders, at the Annual General Meeting held on September 11, 2006 had approved an additional 3% of the Issued Capital, aggregating the total Equity Share Capital reserved for all ESOPs to 7% of the Issued Capital from time to time. As the shares of the Bank were subsequently listed, confirmation of shareholders was obtained at the Extraordinary General Meeting held on December 15, 2006 in line with the guidelines of the Securities & Exchange Board of India. Pursuant thereto, during the year the Nomination and Remuneration Committee of the Board granted the following options.

Date	Price	Sub Plan 1	Sub Plan 2
May 14, 2020	71.50	240,000	1,117,500
May 19, 2020	66.05	-	353,000

Under the Employees' Stock Options Plan, options vest in a graded manner over a 5 year period from the date of grant, the details of which are set out below:

End of the Year	For Sub Plan 1			For Sub Plan 2	
	Till August 16, 2010	From August 17, 2010 to December 31, 2020	From January 01, 2021	Till December 31, 2020	From January 01, 2021
1 <sup>st</sup>	-	-	33.33%	-	33.33%
2 <sup>nd</sup>	-	30%	33.33%	30%	33.33%
3 <sup>rd</sup>	40%	30%	33.34%	30%	33.34%
4 <sup>th</sup>	30%	20%	-	20%	-
5 <sup>th</sup>	30%	20%	-	20%	-

#### Method used for accounting for ESOP

The Bank has applied the intrinsic value method to account for the compensation cost of ESOP to the employees of the Bank. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the options.

Activity in options outstanding under Employees Stock Option Plan.

Particulars	March 31, 2021		March 31, 2020	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
Options outstanding at the beginning of the year	6,797,370	63.07	7,780,505	64.35
Granted during the year	1,710,500	70.38	NIL	-
Exercised during the year	120,700	53.63	868,515	68.52
Forfeited/Lapsed during the year	111,330	82.27	114,620	108.64
Options outstanding at the end of the year*	8,275,840	64.46	6,797,370	63.07
Options exercisable	6,116,240	60.92	5,728,470	57.98

\* Includes 1,000 (Previous year: 900) employee stock options exercised, pending for allotment.

The weighted average share price in respect of options exercised and allotted during the year ended March 31, 2021 is ₹ 94.02 (Previous year ₹ 187.61).

Summary of stock options outstanding as on March 31, 2021 is given below:

Range of exercise price (₹ per share)	Number of shares arising out of options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Number of years)
₹ 17.00 – ₹ 24.00	700	19.49	2.37
₹ 25.00 – ₹ 109.00	7,738,730	60.50	7.13
₹ 110.00– ₹ 200.00	536,410	121.63	7.39

There were 120,700 stock options exercised during the year ended March 31, 2021.

Summary of stock options outstanding as on March 31, 2020 is given below:

Range of exercise price (₹ per share)	Number of shares arising out of options	Weighted average exercise price (₹)	Weighted average remaining contractual life (Number of years)
₹ 17.00 – ₹ 24.00	800	20.01	1.27
₹ 25.00 – ₹ 109.00	6,253,500	58.00	4.64
₹ 110.00– ₹ 200.00	543,070	121.55	6.32

There were 868,515 stock options exercised during the year ended March 31, 2020.

### Fair value Methodology

The fair value of options used to compute proforma net income and earnings per equity share have been estimated using the binomial option-pricing model. The Bank estimated the volatility based on the historical share prices.

The various assumptions considered in the pricing model for ESOPs granted during the year ended March 31, 2021 were:

Particular	March 31, 2021
Dividend Yield	1.05% to 1.14%
Expected Volatility	48.84% to 48.86%
Risk Free Interest Rate	5.73%
Expected life of options	6.37 to 6.41 years

The expected volatility was determined based on historical volatility data; historical volatility includes data since listing.

The weighted average fair value of options granted during the year ended March 31, 2021 was ₹ 23.50. There was no option granted during the year ended March 31, 2020.

In computing the above information, certain estimates/assumptions have been made by the Bank's management which have been relied upon by the auditors.



### Impact of Fair Value Method on Net Profit and EPS

Had the compensation cost for the Bank's stock option plans outstanding been determined based on the fair value approach, the Bank's net profit and earnings per share would have been as per the proforma amounts indicated below:

(₹ in crore)

Particular	March 31, 2021	March 31, 2020
Net Profit (as reported)	335.79	337.94
Add: Stock based compensation expense accounted	0.00	0.00
	<b>335.79</b>	<b>337.94</b>
Less: Stock based compensation expense determined under fair value based method (proforma)	1.50	0.71
Net Profit (proforma)	334.29	337.23

Particular	March 31, 2021	March 31, 2020
Basic earnings per share (as reported)	10.82	10.90
Basic earnings per share (proforma)	10.77	10.88
Diluted earnings per share (as reported)	10.70	10.74
Diluted earnings per share (proforma)	10.66	10.72

## 11.4 Segment Information

### Part A: Business Segments

(₹ in crore)

Business Segments	Treasury Operations		Corporate / Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Revenue	997.94	994.83	393.14	500.86	3,114.10	3,137.19	32.19	38.77	4,537.37	4,671.65
Unallocated Revenue									(0.13)	(0.70)
<b>Total Revenue<sup>1</sup></b>									<b>4,537.24</b>	<b>4,670.95</b>
Result	190.94	90.45	(5.54)	71.04	254.52	312.42	30.52	37.54	470.44	511.45
Unallocated Result									(17.64)	(19.53)
<b>Total</b>									<b>452.80</b>	<b>491.92</b>
Unallocated expenses									-	-
Operating profit									898.48	753.06
Income taxes									(117.01)	(153.98)
Extraordinary profit / loss	-	-	-	-	-	-	-	-	-	-
<b>Net profit</b>									<b>335.79</b>	<b>337.94</b>
Other Information										
Segment assets	12,509.94	12,023.82	3,441.93	3,713.77	23,327.50	22,514.99	-	0.02	39,279.37	38,252.60
Unallocated assets									322.76	252.54
<b>Total assets</b>									<b>39,602.13</b>	<b>38,505.14</b>
Segment liabilities	7,102.06	8,020.39	2,508.18	2,440.09	26,231.28	24,615.71	0.73	0.95	35,842.25	35,077.14
Unallocated liabilities <sup>2</sup>									3,759.88	3,428.00
<b>Total liabilities</b>									<b>39,602.13</b>	<b>38,505.14</b>
Capital Expenditure	0.15	0.14	1.95	1.49	71.69	65.82	-	0.39	73.79	67.84
Unallocable									6.46	5.08
<b>Total Capital Expenditure</b>									<b>80.25</b>	<b>72.92</b>
Depreciation	1.09	1.07	0.67	0.60	53.67	48.28	-	-	55.43	49.95
Unallocable									1.18	1.19
<b>Total Depreciation</b>									<b>56.60</b>	<b>51.14</b>
Non Cash Expenses <sup>3</sup>	8.26	(1.49)	91.29	31.32	333.65	213.27	-	-	433.20	243.10
Unallocable									12.48	18.04
<b>Total Non Cash Expenses</b>									<b>445.68</b>	<b>261.14</b>

1. Revenue i.e. Total Revenue includes inter segment revenue of ₹ 620.53 crore in FY 2020-21 (Previous year ₹ 743.22 crore). Inter-segment revenue represents the transfer price received from and paid to the treasury unit respectively. Excluding this, the revenue for the Bank is ₹ 3,916.71 crore in FY 2020-21 (Previous year ₹ 3,927.73 crore)
2. Includes Capital and Reserves.
3. Excluding depreciation and provision for taxes
4. Income, expense, assets and liabilities have been either specifically identified with individual segment or allocated to segments on a systematic basis or classified as unallocated.
5. Inter-segment transactions have been generally based on transfer pricing measures as determined by the Management.

### Part B: Geographic Segments

The Bank does not have overseas branches and the operations are entirely domestic. Therefore, no separate reporting is done based on geographic segments.

## 11.5 Related Party Transactions

Related Parties in terms of AS-18 on “Related Party Disclosures” are disclosed below:

Mr. Murali M. Natrajan : Key Management Personnel

The details of transactions entered into with the Key Management Personnel of the Bank are as under:

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
Mr. Murali M. Natrajan: Managing Director Managerial Remuneration	5.60	5.55

Managerial Remuneration excludes perquisite value of employee stock options exercised.

## 11.6 Deferred Tax

The composition of Deferred Tax Assets (DTA) and Deferred Tax Liabilities (DTL) is as under:

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
A.	DTA :		
	(i) Provision for Loan Losses (minus deduction u/s 36(1)(viiia) of the Income Tax Act, 1961)	194.05	119.49
	(ii) Others	4.28	7.10
	<b>Total DTA [A]</b>	<b>198.33</b>	<b>126.59</b>
B.	DTL :		
	(i) Depreciation	11.90	10.59
	(ii) Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	30.44	22.64
	(iii) Others	-	-
	<b>Total DTL [B]</b>	<b>42.34</b>	<b>33.23</b>
C.	<b>NET DTA [A - B]</b>	<b>155.99</b>	<b>93.36</b>

## 11.7 Assets Taken Under Operating Leases

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
<b>Minimum Lease Rent payable</b>		
Payable not later than 1 year	49.09	49.58
Payable later than 1 year but not later than 5 years	174.29	166.51
Payable later than 5 years	238.81	249.73
<b>Total</b>	<b>462.19</b>	<b>465.82</b>
The total of lease payments recognised in the Profit and Loss Account for the year	54.36	53.23

The lease rents are paid by the Bank for premises leased for its business operations. The above contingent rents have been determined based on terms of individual lease agreements over the lease period. The terms of renewal/purchase options and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreements.

## 11.8 Revaluation of Fixed Assets

The Bank revalued its owned premises as at December 31, 2016 which resulted in a revaluation gain of ₹ 208.69 crore which has been credited to Revaluation Reserve as at that date. The Bank computes depreciation on such revalued premises over its estimated remaining useful life.

During the financial year 2020-21 an amount of ₹ 6.03 crore (Previous year: ₹ 6.04 crore) has been charged to the Profit and Loss Account and this amount has been transferred from Revaluation Reserve to “Balance in Profit and Loss Account”.

## 11.9 Contingent Liabilities

### Description of Contingent Liabilities:

Sr. No.	Contingent Liability (*)	Brief Description
1.	Claim against the Bank not acknowledged as Debts	An amount of ₹ 44.04 crore (Previous year: ₹ 43.84 crore) is outstanding as at March 31, 2021, as claims against the Bank not acknowledged as Debts, including ₹ 28.50 crore (Previous year: ₹ 28.50 crore) being in the nature of a contingent liability on account of proceedings pending with Income Tax authorities. The Bank does not expect the outcome of these proceedings to have a materially adverse effect on its financial results. (Also refer note 17 on pending litigation cases)
2.	Liability on account of outstanding forward exchange and derivative contracts	An amount of ₹ 2,944.87 crore (Previous year: ₹ 741.24 crore) is outstanding as at March 31, 2021. The Bank enters into foreign exchange contracts, currency options/swaps and interest rate futures on its own account and for 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 two currencies, based on ruling spot rates. Interest rate futures are standardized, exchange-traded contracts that represent a pledge to undertake a certain interest rate transaction at a specified price, on a specified future date
3.	Guarantees given on behalf of constituents, Acceptances, Endorsements and Others	An amount of ₹ 1,335.47 crore (Previous year: ₹ 1,588.96 crore) is outstanding as at March 31, 2021. As part of its commercial banking activity, the Bank issues Letters of Credit and Guarantees on behalf of its customers.
4.	Other items for which the Bank is contingently liable.	An amount of ₹ 1,525.44 crore (Previous year: ₹ 2,440.71 crore) is outstanding as at March 31, 2021. These include liability on account of repo and reverse repo transaction, credit enhancement relating to the sale of mortgage loan portfolio undertaken by the Bank, capital commitments and the unclaimed liabilities where amount due has been transferred to Depositor Education and Awareness Fund (DEAF) with RBI.

\* Also refer Schedule - 12.

## 12 Additional Disclosures

### 12.1 Details of “Provisions & Contingencies” debited to the Profit and Loss Account

(₹ in 000's)

Particulars	March 31, 2021	March 31, 2020
Provision for Income Tax		
- Current	1,796,418	1,587,045
- Deferred (Refer note 11.6)	(626,266)	(47,175)
Depreciation on Investments	78,393	(15,017)
Provision/write-off towards non-performing assets	2,573,297	1,622,378
Floating Provision	124,812	180,367
Provision for Standard Assets*	2,090,097	147,845
General provision for Covid-19	(630,000)	630,000
Sacrifice in One Time Settlement	18,653	21,780
Provision for Other Assets and Contingencies	667	2,153
Provisions for Restructured Advances	200,879	21,881
<b>Total</b>	<b>5,626,950</b>	<b>4,151,257</b>

\* includes provision for unhedged foreign currency exposure and provision for specific standard assets.

## 12.2 Floating Provisions

The Bank has put in place a Board approved Floating Provision policy in accordance with the RBI guidelines.

Movement in floating provision is set out below:

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
Opening balance at the beginning of the year	96.32	78.28
Provision made during the year	12.48	18.04
Draw down made during the year	-	-
Closing balance at the end of the year	108.80	96.32

## 12.3 Provisioning Coverage Ratio

In accordance with the RBI guidelines, the Bank's Provisioning Coverage Ratio at March 31, 2021 is 62.35% (Previous year: 70.81%).

## 12.4 Depositor Education and Awareness Fund (DEAF)

In accordance with the guidelines issued by the RBI, the Bank transfers the amount to the credit of any account which has not been operated upon for a period of ten years or any deposit or any amount remaining unclaimed for more than ten years to the DEAF.

Details of amounts transferred to DEAF are set out below:

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
Opening balance of amounts transferred to DEAF	45.17	37.68
Add : Amounts transferred to DEAF during the year	10.29	8.39
Less : Amounts reimbursed by DEAF towards claims	0.18	0.90
Closing balance of amounts transferred to DEAF	55.28	45.17

## 12.5 Unhedged Foreign Currency Exposure(UFCE)

In accordance with the RBI guidelines on banks' exposures to entities with Unhedged Foreign Currency Exposure ('UFCE'), the Bank has put in place a mechanism to seek information from its borrowers and to evaluate the currency induced credit risk. In the case of listed entities, the Bank obtains information relating to unhedged positions based on the latest available audited / reviewed financial statements; whilst in the case of unlisted / private companies, the Bank obtains the aforesaid information based on the latest available audited financial statements (not exceeding a financial year) so as to estimate the extent of likely loss and to provide for incremental capital or to recognize incremental provision in accordance with the aforesaid guidelines. Further, as per the above-mentioned guidelines, the Bank obtains audited and certified UFCE information from the statutory auditors of the borrowers on an annual basis. In the case of smaller entities i.e. entities with exposure to banking industry of less than ₹ 25 crore and as identified by the Bank as having any foreign exchange exposure, the Bank recognizes an incremental provision at 10 basis points on all such exposures.

The incremental provisions and capital held by the Bank towards this risk, included in the Bank's financials are as under:

(₹ in crore)

Particulars	March 31, 2021	March 31, 2020
Provisioning Requirement for UFCE	2.75	2.75
Risk weight on account of UFCE	53.28	18.06
Capital Requirement at 9%	4.80	1.63

**12.6 Customer Complaints+**

Sr. Particulars No	As at March 31, 2021	As at March 31, 2020
<b>Complaints received by the bank from its customers</b>		
1	3,080	167
2	33,470	23,644
3.	34,268	20,731
3.1	1,890	1,950
4.	2,282	3,080
<b>Maintainable complaints received by the bank from OBOs</b>		
5.	665	481
5.1	468	481
5.2	5	2
5.3	0	0
6.	0	0

+ As compiled by the Management and relied upon by the auditors.

**Top grounds of complaints received by bank from customers+****Financial Year 2020-21**

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
<b>Loans and Advances</b>	334	9,641	206%	942	382
(a) Rate of Interest Disputes					
(b) Part payment/foreclosure credits					
(c) Others					

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
<b>ATM/Debit Cards</b>	198	9,372	3%	240	30
(a) Cash not dispensed at other ATMs					
(b) Errors at point of sale transactions					
(c) Others					
<b>Internet/Mobile/Electronic Banking</b>	685	5,539	81%	264	106
(a) Payment gateway transaction disputes					
(b) Internet Banking login/password issues					
(c) Others					
<b>Account opening/difficulty in operation of accounts</b>	235	5,069	52%	418	80
(a) Transactions submitted at branches					
(b) Instruction updates					
(c) Others					
<b>Para-banking</b>	60	623	34%	178	141
(a) Policy documents not received (Loans related)					
(b) Policy documents not received (Health/Life Insurance)					
(c) Others					

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
<b>Mis-selling</b>	28	417	24%	55	39
(a) Information given by front-line					
(b) Information related wrt gold loan					
(c) Others					
<b>Others</b>	1,540	2,809	-34%	185	116
(a) SMS/Email alerts sent but not received					
(b) Charges related disputes					
<b>Total</b>	<b>3,080</b>	<b>33,470</b>	<b>42%</b>	<b>2,282</b>	<b>894</b>

The Bank has an “Integrated Complaints Management System” for handling redressal of complaints. In financial year 2020-21, yet again, the Bank took several measures to streamline the process of complaints management in order to improve service levels.

Since Q1 FY 2020-21, the Covid-19 pandemic has impacted India. This resulted in the country announcing a nationwide lockdown. The quarantine measures affected day-to-day activities of the Bank to some extent resulting in delays in providing timely customer service. The increase in complaints in Loans and Advances is primarily due to moratorium related issues. In complaints pertaining to Internet/Mobile/Electronic Banking, the increase in payment gateway issues is on account of a migration of online transaction service provider. In Q4 FY2020-21, the Bank had also upgraded its Core Banking System resulting in some delays in processing transactions during the migration.

Above mentioned enhanced disclosures on complaints have come into effect from January 01, 2021, hence disclosure is for the financial year 2020-21 only.

+ As compiled by the Management and relied upon by the auditors.

## 12.7 Letters of Comfort (LoC) / Letters of Undertaking (LoU)

The Bank has stopped issuing any fresh LoU in line with the RBI guidelines dated March 13, 2018 in this regard. Outstanding LoU as on March 31, 2021 was NIL (Previous year: ₹ NIL).

## 12.8 Small and Micro Industries

Under the Micro, Small and Medium Enterprises Development Act, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The above is based on the information available with the Bank which has been relied upon by the auditors.



**12.9 Priority Sector Lending Certificates ('PSLCs')(Category-wise) sold and purchased during the year.**

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>PSLC purchased during the year</b>		
(i) PSLC - Agriculture	350.00	125.00
(ii) PSLC - SF/MF	760.00	-
(iii) PSLC - Micro Enterprises	-	-
(iv) PSLC - General	-	-
<b>Total</b>	<b>1,110.00</b>	<b>125.00</b>
<b>PSLC sold during the year</b>		
(i) PSLC - Agriculture	155.00	-
(ii) PSLC - SF/MF	600.00	-
(iii) PSLC - Micro Enterprises	4,350.00	3,666.00
(iv) PSLC - General	2,900.00	1,325.00
<b>Total</b>	<b>8,005.00</b>	<b>4,991.00</b>

**12.10 Number of Frauds reported, amount involved in such frauds, quantum of provisions made during the year and quantum of unamortized provision debited from 'other reserves' as at the end of the year.**

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Number of frauds reported during the year	92	238
(b) Amount involved in fraud	14.44	75.53
(c) Amount involved in fraud net of recoveries/ write-offs as at the end of the year	1.05	7.77
(d) Provisions made during the year	0.70	7.20
(e) Quantum of unamortised provision debited from 'other reserves' at the end of the year	NIL	NIL

**13 OTHER MATTERS****13.1 Disclosure of penalties imposed by RBI**

During the year ended March 31, 2021, RBI vide its letter dated October 28, 2020 had directed the Bank to pay a penalty of ₹ 0.22 crore for violation of RBI guidelines, directions etc. in respect of Para Banking activities. The Bank paid the penalty on October 29, 2020.

During the year ended March 31, 2020, RBI vide its letter dated January 08, 2020 had directed the Bank to pay a penalty of ₹ 0.01 crore in terms of RBI circular IDMD.DOD.17/11.01.01 (B)/2010-11 dated July 14, 2010, for having shortfall of security of ₹ 10 crores in the SGL account ('SGL bouncing'), in one instance. The Bank paid the penalty on January 16, 2020.

**13.2 Corporate Social Responsibility (CSR)**

The Bank was required to spend ₹ 9.14 crore (Previous year: ₹ 7.98 crore) during the financial year 2020-21 towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013.

The Bank has spent an amount of ₹ 9.15 crore (Previous year: ₹ 7.77 crore) in respect of CSR activities across the country.

None of the CSR expenditure incurred by the Bank is to entities controlled by related parties identified by the Bank as per Accounting Standard 18, Related Party Disclosures.

The details of amount spent during FY 2020-21 towards CSR are as under:

(₹ in crore)

Particulars	In cash	Yet to be paid in cash (i.e. provision)	Total
1) Construction/acquisition of any assets	-	-	-
2) For purposes other than (1) above:	9.15	-	9.15

The details of amount spent during FY 2019-20 towards CSR are as under:

(₹ in crore)

Particulars	In cash	Yet to be paid in cash (i.e. provision)	Total
1) Construction/acquisition of any assets	-	-	-
2) For purposes other than (1) above:	7.77	-	7.77

### 13.3 Remuneration

#### a) Qualitative disclosures

##### Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee of the Board consists of Independent Directors with one member from the Risk Management Committee of the Board.

The main mandate of the Nomination & Remuneration Committee of the Board are:

- Deciding the size and composition of the Board and appointment of persons for the same.
- Recommending to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Evaluation of every director's performance and making recommendations for remuneration for Non-Executive Directors, Senior Management and the Key Managerial Personnel (KMP) of the Bank.
- Approving the ESOP and creation, subscription and allotment of shares to the eligible employees under this approved ESOP.
- Review appointments, promotions, demotions, terminations and review performance appraisals of CEO, KMP and Senior Management of the Bank.
- Review and approve succession plans Board, KMP and Senior Management.

##### Design and Structure /Objectives of Compensation Policy

The Bank has put in place a Board approved Compensation Policy. The Bank's objective is to maintain a Compensation Policy that the Bank is able to attract, retain talent and motivate talent to perform at high standards. It facilitates a performance culture in the Bank. The compensation will be risk aligned taking into account, the long term performance of the Bank. The Compensation Policy is aligned with the statutory and regulatory guidelines.

This Policy is applicable to all employees of the Bank including;

- Whole Time Directors (WTDs)
- Managing Director & Chief Executive Officer (MD & CEO)
- Material Risk Takers (MRTs): Material Risk Takers as defined as those employees whose actions have a material impact on the risk exposure of the Bank.
- Risk, Compliance and Control employees
- Other categories of employees: All employees in support and other management functions including front line employees.

Compensation structure consisting of:

- i) fixed pay including perquisites, contributions towards superannuation/retiral benefits,
- ii) variable pay in cash and equity linked instruments including ESOP.

### Risk adjustments in remuneration

In general, the review of Risk Management framework shall be an integral part of the annual performance review applicable to all employees. The methodologies for adjusting remuneration to risk and performance will be consistent with the general risk management and corporate governance framework of the Bank. A wide variety of measures of credit, market, liquidity and other risks shall be taken into consideration in implementation of risk adjustment, such that no risks over the accepted risk appetite of the Bank are being taken against the interest of the Bank.

### Performance linked variable compensation

The Bank aims to align pay structure across levels in the annual rewards exercise (Compensation Revision) carried out keeping the following considerations, namely performance of the bank, individual and business unit, alignment of risks with the remuneration, encouraging rewards based on the long term contributions to the bank, cost/ income ratio of the bank, capital adequacy ratio, employee turnover on account of increased demand of talent in the industry and other related factors.

Malus/ Clawback clause is an integral part of the compensation Policy and is applicable as a risk adjustment/ alignment measure, wherein Malus permits the Bank to prevent vesting in full or in part of the amount of a deferred remuneration for an employee. Clawback is an agreement between the employee and the Bank in which the employee agrees to return previously paid or vested remuneration to the Bank. Conditions for Malus/ Bank have been specified in the Bank's Compensation Policy.

In alignment to the RBI Guidelines applicable from April 01, 2020, the Bank has a policy on deferral and vesting of variable pay for applicable categories of employees as follows:

**Deferral of Variable Pay:** A minimum of 60% of the total variable pay shall be under deferral arrangements. At least 50% of the cash bonus shall be deferred. However, in cases where the cash component of variable pay is under ₹ 25 lakhs, deferral would not be required.

**Period of Deferral Arrangement:** This would be applied to both the cash and equity linked components of the variable pay. The deferral period shall be for a minimum period of three years.

**Vesting:** The vesting shall be no faster than on pro-rata basis. Vesting shall not take place more frequently than on a yearly basis to ensure a proper assessment of risks before the application of any adjustments.

**Limit on Variable pay:** At least 50% of the total compensation shall be variable. Variable pay shall be limited to a maximum of 300% of the fixed pay. Where the variable pay is up to 200% of the fixed pay, a minimum of 50% of the variable pay shall be via equity linked instruments; and in case the variable pay is above 200%, a minimum of 67% of the variable pay shall be via equity linked instruments. In an event that an employee is barred by statute/ regulation from grant of equity linked instruments, their variable pay shall be capped at 150% of the fixed pay.

**b) Quantitative disclosures**

(₹ in crore)

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
(a)	Number of meetings held by the Nomination and Remuneration Committee during the financial year	9	6
(b)	Remuneration paid to the members of the Nomination and Remuneration Committee	0.16	0.1
(c)	Number of employees having received a variable remuneration award during the financial year (as per compensation policy)	6*	14*
(d)	Number and total amount of sign-on awards made during the financial year	NIL	NIL
(e)	Details of guaranteed bonus, if any, paid as joining / sign on bonus	NIL	NIL
(f)	Details of severance pay, in addition to accrued benefits, if any	NIL	NIL
(g)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	1.38 (cash bonus)	1.34 (cash bonus)
(h)	Total amount of deferred remuneration paid out in the financial year	0.99	0.46
(i)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred #	Fixed 14.43 Variable 3.70* -Deferred NIL -Non Deferred 3.70 No. of stock options granted during the financial year - 250,000	Fixed 17.73 Variable 5.19* -Deferred 0.41 -Non Deferred 4.78 No. of stock options granted during the financial year - NIL
(j)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and / or implicit adjustment	1.38	1.34
(k)	Total amount of reductions during the financial year due to ex-post explicit adjustments	NIL	NIL
(l)	Total amount of reductions during the financial year due to ex-post implicit adjustment	NIL	NIL
(m)	Number of MRTs identified	8	14
(n)	Number of cases where malus has been exercised	NIL	NIL
(o)	Number of cases where clawback has been exercised	NIL	NIL
(p)	Number of cases where both malus and clawback have been exercised	NIL	NIL
(q)	The mean pay for the bank as a whole (excluding sub-staff)	0.062	0.061
(r)	The deviation of the pay of each of its WTDs from the mean pay.	5.54	5.49

\* Pertains to FY 2019-20 paid in FY 2020-21 (Previous year: pertains to FY 2018-19 paid in FY 2019-20)

# Includes Perquisites and Contribution to Provident Fund.

### 13.4 Disclosure on remuneration to Non-Executive Directors

The Non-Executive Directors are paid remuneration by way of sitting fees for attending meetings of the Board and its committees. An amount of ₹ 1.35 crore (Previous year: ₹ 1.26 crore) was paid as sitting fees to the Non-Executive Directors during the year.

### 13.5 Proposed Dividend

Considering the situation developing around Covid-19 in the country and related uncertainty that it creates, the Board of Directors of the Bank considered it prudent not to propose any dividend for the year ended March 31, 2021

RBI vide its circular DOR.BP.BC.No.64/21.02.067/2019-20 dated April 17, 2020 had decided that banks shall not make any further dividend payouts from the profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by Covid-19. Accordingly, the Board of Directors of the Bank had not proposed any dividend for the year ended March 31, 2020.

- 13.6** The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential Assent in September 2020. The Code has been published in the Gazette of India, however, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Bank will assess the impact of the Code and record any related impact in the period it becomes effective.

## 14 INCOME FROM BANCASSURANCE BUSINESS

(₹ in crore)

Sr. No.	Nature of Income	March 31, 2021	March 31, 2020
1.	For selling life insurance policies	20.23	25.16
2.	For selling non-life insurance policies	6.87	8.60
3.	For selling mutual fund products	0.94	1.31
4.	Others	-	-
	<b>Total</b>	<b>28.04</b>	<b>35.07</b>

## 15 DRAW DOWN FROM RESERVES

The Bank has drawn down ₹ 1.82 crore from Investment Reserve Account towards depreciation on investment in AFS and HFT categories in terms of RBI guidelines during the financial year 2020-21 (Previous year: NIL).

- 16** Net overnight open position outstanding as on March 31, 2021 was ₹ 0.45 crore (Previous year: ₹ 1.05 crore).
- 17** The Bank's pending litigations comprise of claims against the Bank by the clients and proceedings pending with Income Tax authorities. The Bank has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Management believes that the possibility of an outflow of resources embodying economic benefits in these cases is possible but not probable and hence no provision is required in these cases. However, a contingent liability has been disclosed with respect to these cases. Refer note 11.9 for details on contingent liabilities.

- 18** 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 ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts) has been made in the books of account.
- 19** Previous year's figures have been regrouped / reclassified, wherever considered necessary, in order to make them comparable with figures for the current year. The previous year comparative numbers were audited by previous auditors of the Bank.
- 20** These are the notes appended to and forming part of the financial statements for the year ended March 31, 2021.

As per our report of even date.

For **S. R. BATLIBOI & ASSOCIATES LLP**  
Chartered Accountants  
Firm Registration Number: 101049W/E300004

**Sarvesh Warty**  
Partner  
Membership No. : 121411

**Place : Mumbai**  
**Date : May 8, 2021**

For and on behalf of the Board of Directors

**Ashok Barat**  
Director

**Somasundaram PR**  
Director

**Murali M. Natrajan**  
MD & CEO

**Bharat Sampat**  
Chief Financial Officer

**Rubi Chaturvedi**  
Company Secretary

**Place : Mumbai**  
**Date : May 8, 2021**

# Pillar III Disclosures under the New Capital Adequacy Framework (Basel III)

## 1. SCOPE OF APPLICATION

DCB Bank Ltd. is a scheduled commercial bank which was incorporated on May 31, 1995. The Bank has no subsidiaries.

As on March 31, 2021, the Bank does not have investment in any insurance entity.

## 2. CAPITAL STRUCTURE

Capital funds are classified into Tier-I and Tier-II capital under the capital adequacy framework.

### Tier-I Capital

The Bank's Tier I capital will consist of Common Equity Tier I and Additional Tier I capital. Common Equity Tier 1 (CET1) capital must be at least 5.5% of risk-weighted assets (RWAs) i.e. for credit risk + market risk + operational risk on an ongoing basis and Additional Tier I capital can be a maximum of 1.5%, thus making total Tier I capital to be at least 7%.

In addition to the minimum Common Equity Tier 1 capital of 5.5% of RWAs, banks are also required to maintain a capital conservation buffer (CCB) of 2.5% of RWAs in the form of Common Equity Tier 1 capital. In terms of the RBI guidelines dated March 27, 2014 the implementation of CCB is effective from March 31, 2016 in four stages of increase by 0.625% every year. RBI has deferred the implementation of last tranche of 0.625% of CCB from April 01, 2021 to October 01, 2021. Consequently, Basel III Capital Regulations will be fully implemented as on October 01, 2021.

Tier-I capital includes paid-up equity capital, securities premium, statutory reserves, capital reserves, special reserve, revaluation reserve, other disclosed free reserves and balance in Profit and Loss account. Profits in current financial year may be included in Tier I based on fulfilment of certain conditions regarding incremental provisions for non-performing assets.

### Equity Capital

The Bank has authorised share capital of ₹ 5 billion comprising 500,000,000 equity shares of ₹10/- each. As on March 31, 2021 the Bank has issued, subscribed

and paid-up capital of ₹ 3.11 billion, constituting 310,536,113 shares of ₹ 10/- each. The provisions of the Companies Act, 2013 and other applicable laws and regulations govern the rights and obligations of the equity share capital of the Bank.

### Tier-II Capital

The Bank's Tier II capital includes investment reserve, investment fluctuation reserve, general provision for standard assets and subordinated debt instruments (lower Tier II bonds) eligible for inclusion in Tier II capital.

### Subordinated Debt (Lower Tier II bonds)

As on March 31, 2021 the Bank had an outstanding subordinated debt (Unsecured Redeemable Non-convertible Bonds) aggregating ₹ 6,866 million, the details of which are stated below:

(₹ million)

Deemed Date of Allotment	Coupon Rate (% p.a.)	Tenure (in months)	Equivalent Amount as on March 31, 2021
March 31, 2016	10.25%	121	866.0
November 18, 2016	9.85%	120	1,500.0
November 17, 2017	9.85%	120	3,000.0
January 12, 2018	9.85%	120	1,500.0
<b>Total</b>			<b>6,866.0</b>

### Composition of Capital - Tier I and Tier II

(₹ million)

Particulars	As on March 31, 2021
<b>1. Tier I capital</b>	
1.1 Paid-up share capital	3,105.4
1.2 Reserves	32,821.5
1.3 Gross Tier I capital (1.1 + 1.2)	35,926.9
1.4 Deductions	21.5
<b>1.5 Total Tier I capital (1.3 - 1.4)</b>	<b>35,905.4</b>
<b>2. Tier II capital</b>	
2.1 Subordinated Debt (Lower Tier II bonds)	6,866.0
2.2 General Provisions	2,820.6
2.3 Gross Tier II capital (2.1 + 2.2)	9,686.6
2.4 Deductions	-
<b>2.5 Total Tier II capital (2.3 - 2.4)</b>	<b>9,686.6</b>

Particulars	As on March 31, 2021
<b>3. Debt capital instruments eligible for inclusion in Upper Tier II capital</b>	
3.1 Total amount outstanding	-
3.2 Of which amount raised during the Current Year	-
3.3 Amount eligible to be reckoned as capital funds	-
<b>4. Subordinated debt eligible for inclusion in Lower Tier II capital</b>	
4.1 Total amount outstanding	6,866.0
4.2 Of which amount raised during the Current Year	-
4.3 Amount eligible to be reckoned as capital funds	6,866.0
<b>5. Other deductions from capital</b>	
5.1 Other deductions from capital	-
<b>6. Total eligible capital</b>	
<b>6.1 Total eligible capital (1.5 + 2.5)</b>	<b>45,592.0</b>

### 3. CAPITAL ADEQUACY

The Bank has a process for assessing its overall capital adequacy in relation to the Bank's risk profile and a strategy for maintaining its capital levels. The process ensures that the Bank has adequate capital to support all the material risks and an appropriate capital cushion. The Bank identifies, assesses and manages comprehensively all risks that it is exposed to through robust risk management framework, control mechanism and an elaborate process for capital calculation and planning.

The Bank has formalised and implemented a comprehensive Internal Capital Adequacy Assessment Process (ICAAP). The Bank's ICAAP covers the capital management policy of the Bank and also sets the process for assessment of the adequacy of capital to support current and future projections / risks.

The Bank has a structured process for the identification and evaluation of all risks that the Bank faces, which may have an adverse material impact on its financial position. The Bank considers the following risks as material risks it is exposed to

in the normal course of its business and therefore, factors these while assessing / planning capital:

- Credit Risk
  - Concentration Risk
  - Market Risk
  - Operational Risk
  - Interest Rate Risk
  - Liquidity Risk
  - Strategy Risk
  - Reputational Risk
  - Residual Risk
  - Economy risk
- in the Banking Book

The Bank has also implemented a Board approved Stress Testing policy. Stress Testing involves the use of various techniques to assess the Bank's potential vulnerability to extreme but plausible ("stressed") business conditions. Typically, this relates, among other things, to the impact on the Bank's profitability and capital adequacy. Stress Tests are conducted on a quarterly basis on the Bank's on and off balance sheet exposures to test the impact of Credit, Liquidity risk and Interest Rate Risk in the Banking book (IRRBB). The stress test results are put up to the Risk Management Committee (RMC) of the Board on a quarterly basis, for their review and guidance. The Bank periodically assesses and refines its stress tests in an effort to ensure that the stress scenarios capture material risks as well as reflect possible extreme market moves that could arise as a result of market conditions. The stress tests are used in conjunction with the Bank's business plans for the purpose of capital planning in the ICAAP. The Bank has also implemented a Board approved separate Stress Testing Policy / Model for its Securitized portfolio.

In line with the RBI guidelines for implementing the New Capital Adequacy Framework under Basel III, the Bank has successfully migrated to the framework from April 1, 2013. In accordance with the RBI's requirement, the Bank has continued to adopt Standardised Approach (SA) for Credit Risk and Basic Indicator Approach (BIA) for Operational Risk to compute capital as on March 31, 2021. Besides this, the Bank continues to apply the Standardised Duration Approach (SDA) for computing capital requirement for Market Risk.

RBI has prescribed banks to maintain a minimum CRAR of 9% with regard to credit risk, market risk and operational risk on an ongoing basis. The total Capital to Risk weighted Assets Ratio (CRAR) as per



Basel III guidelines works to 19.67% as on March 31, 2021 (as against minimum regulatory requirement of 10.875%). The Tier I CRAR stands at 15.49% as against RBI's prescription of 7.00%. The Bank has followed the RBI guidelines in force, to arrive at the eligible capital, risk weighted assets and CRAR.

**Capital requirements for Credit Risk, Market Risk and Operational Risk:**

(₹ million)

Particulars	As on March 31, 2020
<b>1. Capital requirement for Credit Risk</b>	<b>17,525.8</b>
• Portfolio subject to Standardised Approach	17,348.1
• Securitization Exposures	177.7
<b>2. Capital requirement for Market Risk</b>	<b>763.7</b>
• Standardised Duration Approach	
o Interest Rate Risk	591.7
o Foreign Exchange Risk (Including gold)	54.0
o Equity Risk	118.0
<b>3. Capital requirement for Operational Risk</b>	<b>2,204.9</b>
• Basic Indicator Approach	2,204.9
<b>Total capital requirements at 9% (1 + 2 + 3)</b>	<b>20,494.4</b>
<b>Total capital</b>	<b>45,592.0</b>
<b>CRAR %</b>	<b>19.67 %</b>
<b>Tier-I CRAR %</b>	<b>15.49 %</b>

**4. RISK MANAGEMENT FRAMEWORK**

The Bank is exposed to various types of risk such as Credit, Market, Operation, Liquidity, Interest Rate, Reputational, Legal and Strategic risk. The Bank has separate and independent Risk Management Department in place which oversees all types of risks in an integrated fashion.

The objective of risk management is to have optimum balance between risk and return. It entails the identification, measurement and management of risks across the various businesses of the Bank. Risk is managed through framework defined in policies approved by the Board of Directors and supported by an independent risk management function which monitors and takes corrective action so that the Bank operates within its risk appetite. The risk management function attempts to anticipate vulnerabilities through quantitative or qualitative

examination of the embedded risks in various activities. The Bank continues to focus on refining and improving its risk measurement systems. In addition to ensuring compliance with regulatory requirements, the Bank has developed robust internal systems for assessing capital requirements keeping in view the business objectives.

The Board of Directors (BOD) approves the strategies and policies for Risk Management, based on recommendations of the Risk Management Committee (RMC) of the Board set up to focus upon risk management issues. The RMC reviews various aspects of risk arising from the businesses undertaken by the Bank. Operating level risk committees comprising of senior management viz. Asset Liability Management Committee (ALCO), the Operational Risk Management Committee (ORCO) and the Credit Risk Management Committee (CRMC) oversee specific risk areas. These committees in turn provide inputs for review by the Risk Management Committee (RMC).

**4.1 Risk Management Committee (RMC) of the Board:**

The Risk Management Committee of the Board is the primary tier to oversee implementation of Board approved strategies and policies, recommend setting up of tolerance limits wherever required, monitor implementation of strategies and policies, as well as adherence to prescribed tolerance limits, etc. The RMC oversees the functioning of Executive Level Committees for risk management. For this purpose, the minutes of the meetings of the Executive Level Committees are placed before RMC regularly. Matters relating to Credit risk are routed through the Credit Committee of Board (CCB) which also approves individual credit exposure in excess of executive delegated lending authority.

**4.2 Executive Level Committees:**

At Executive Management level, the organisational responsibilities for implementing and monitoring Board approved strategies and policies and adhering to prescribed tolerance limits etc. are as under:

Sr. No.	Executive Level Committee	Focus Area	Chairman
1	Asset Liability Management Committee (ALCO)	All aspects of Market Risk management, monitoring & control	Managing Director & Chief Executive Officer (MD & CEO)
2	Credit Risk Management Committee (CRMC)	All aspects of Credit Risk management, monitoring & control	Managing Director & Chief Executive Officer (MD & CEO)
3	Operational Risk Management Committee (ORCO)	All aspects of Operational Risk management, monitoring & control	Chief Risk Officer (CRO)

All the Executive Level Committees meet at least once in a month. ALCO however meets more frequently depending upon market conditions.



Note: Information Security is a part of Operational Risk – IT and reports to the Chief Risk Officer, who in turn reports to the MD & CEO.

## 5. CREDIT RISK

**5 (a)** Credit risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. In a bank’s portfolio,

losses stem from outright default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, trading, settlement and other financial transactions.

The Bank adopts the definition of ‘past due’ and ‘impaired credits’ (for accounting purposes) as defined by Reserve Bank of India under Income Recognition, Asset Classification and Provisioning (IRAC) norms (vide RBI Master Circular dated July 1, 2015).

### 5.a.i Credit Risk Management:

Credit Risk Management Committee (CRMC) headed by MD & CEO is the top level functional committee for managing credit risk. The committee is responsible for implementation of Credit Risk Management policy approved by the Bank’s Board. The committee considers and takes decision necessary to manage and control credit risk within the overall quantitative prudential limits approved by the Bank’s Board. The committee is entrusted with the responsibilities to formulate standards for presentation of credit proposals, financial covenant, rating standards and benchmarks. The committee also oversees compliance with Pillar 2 requirements under Basel III such as ICAAP and Stress Test.

The Bank has implemented RAM rating model of CRISIL which is being used to assess the credit rating of all business loans exceeding ₹ 10 million. The rating serves as a single point indicator of the diverse counterparty risk for taking credit decision. The rating migration is monitored on regular interval.

The Bank has a well-developed credit monitoring system to monitor the health of the loan accounts and to detect the delinquencies at the initial stage. A separate department independent of the business units is monitoring the transactions in all the Corporate, Agri and Inclusive Banking (AIB), SME and MSME exposures with credit limits exceeding ₹ 10 million with a view to detect any early warning signals.

The Bank adopts an integrated approach to credit risk management, which encompasses:

- Establishment and articulation of corporate priorities
- Institution and inculcation of an appropriate credit culture
- Determination of specific credit risk strategy and profile
- Implementation of appropriate credit risk controls
- Monitoring the effectiveness of credit risk controls.

Though the Bank has implemented the Standardized approach for regulatory capital measurement for credit risk, the necessary steps for implementing Internal Rating Based Approach have been initiated.

### 5.a.ii Credit Strategy and Risk Profile:

The Bank adopts a credit risk strategy and risk appetite, which is in line with its risk taking ability to ensure conservation and growth of shareholder funds, with a proper balance between risk and reward. Financial resources are allocated to best optimise the risk reward ratio.

There is a clearly articulated definition of acceptable credit risk, based upon:

- Identification of target markets/segments
- Establishing of characteristics of desirable customers within the target market
- Assessing whether adequate resources are available to support the business
- Ensuring that all economic and regulatory requirements are complied with
- Ensuring that the portfolio is consistent with the Bank's strategy and objectives especially in relation to risk concentration, maturity profile and liquidity management.

### 5.a.iii Credit Risk Controls:

Credit risk controls focus on identification, measuring, monitoring and managing the assumed risks and include:

- A documented credit policy and credit risk management policy
- Approval process with delegated authorities
- Asset quality and risk rating system and its verification
- Effective loan disbursement mechanism to minimise the legal risk
- Effective loan administration to ensure past-due management and bad loan detection
- A loan review mechanism
- Portfolio management tools to manage portfolio risks

### Management of credit risk is at three levels:

- Strategic or Portfolio level, so as to ensure that no single event can have a significant adverse impact
- Established credit policy to have a minimum standard for assuming risk
- Reliance on the competence of trained staff to make sound credit decisions.

### There is a clear separation in functional responsibilities between:

- Origination and sales
- Credit assessment and approvals
- Post- sanction loan administration and
- Credit Risk Management.

### The Bank relies upon formal and conventional risk assessment, viz.:

- The ability and willingness of borrowers to repay
- Dependence primarily on cash flows for repayment with security taken to provide a secondary source of repayment
- Quality of data and analysis thereof forms the basis of assessment and not external reputation or unsubstantiated beliefs
- Rational assessment of probability of default and assessment of 'Worst Case Scenario'
- Transparency and communication of all relevant facts (negative as well as positive) necessary for making an informed credit decision
- Documentation of all assessment, rationale and decisions.

Know Your Customers 'KYC' forms the bedrock of initiating and sustaining any relationship.

The Bank's selection of personnel and systems of rewarding performance is aligned to meet the Bank's stated key priorities. There is a commitment to training and upgrading of staff skills. Strong 'ownership' of exposures is encouraged, through rewards as well as strong accountability.

### 5(b) Total gross credit risk exposure as on March 31, 2021:

(₹ million)	
Category	Exposure
Fund based <sup>1</sup>	2,91,369.0
Non fund based <sup>2</sup>	14,918.1
<b>Total</b>	<b>3,06,287.1</b>

Note:

<sup>1</sup> Fund based credit exposure excludes Cash in hand, Balance with RBI, SLR investments, deposits placed NABARD, SIDBI & NHB, Fixed and Other assets.

<sup>2</sup> Non-fund based exposure includes outstanding Letter of Credit, Acceptances and Bank Guarantee exposures.

Exposures reported above include limits or outstanding whichever is higher, for other than term loans and NPAs. In case of terms loans and NPAs, the outstanding amount has been considered for this purpose.

### 5 (c) Geographical distribution of exposures as on March 31, 2021:

(₹ million)

Category	Domestic	Overseas
Fund based	2,91,369.0	-
Non fund based	14,918.1	-
<b>Total</b>	<b>3,06,287.1</b>	<b>-</b>

### 5 (d) Industry type distribution of exposures as on March 31, 2021:

(₹ million)

Industry	Fund Based	Non Fund Based	Total
<b>Retail Loans</b>	<b>71,531.3</b>	<b>145.3</b>	<b>71,676.6</b>
Housing Loans	55,976.4	0.5	55,976.9
Auto Loans	147.2	-	147.2
Personal Loan	796.8	-	796.8
Other Loans (Gold Loans, Loans against deposits & Shares etc.)	14,533.3	144.8	14,678.1
Staff Loans	77.7	-	77.7
<b>Trade</b>	<b>68,193.8</b>	<b>1,328.9</b>	<b>69,522.7</b>
Trade - Retail	41,369.6	261.0	41,630.5
Trade - Wholesale	26,824.2	1,067.9	27,892.1
<b>Agriculture</b>	<b>32,422.3</b>	<b>94.3</b>	<b>32,516.6</b>
<b>Miscellaneous Services</b>	<b>25,135.8</b>	<b>227.4</b>	<b>25,363.2</b>
of which Retail Business Loans	16,570.5	-	16,570.5
<b>Logistics</b>	<b>21,003.8</b>	<b>457.7</b>	<b>21,461.5</b>
Logistics - Transport Operators( includes CV loans)	19,308.2	116.3	19,424.5
Logistics - Others	1,695.6	341.5	2,037.0
<b>Construction incl. Residential Housing</b>	<b>14,287.3</b>	<b>2,291.7</b>	<b>16,578.9</b>
Residential Constructions	8,349.6	10.4	8,360.0
Construction Contractors	3,382.4	1,045.0	4,427.4
Construction Others	2,555.4	1,236.2	3,791.6
<b>NBFC</b>	<b>15,744.4</b>	<b>75.4</b>	<b>15,819.8</b>
NBFC - HFC	3,675.9	65.0	3,740.9
NBFC - Investment and Credit Company (AFC)	1,624.2	-	1,624.2

Industry	Fund Based	Non Fund Based	Total
NBFC - Others	10,444.3	10.4	10,454.7
Textiles	8,164.6	45.5	8,210.1
All Engineering	4,605.6	2,114.1	6,719.6
Infrastructure (Including Energy, Telecommunications, Water & Sanitation and Social & Commercial Infra)	4,832.5	1,449.7	6,282.2
Basic Metal & Metal Products	3,293.3	1,216.9	4,510.1
Food Processing	3,891.9	379.2	4,271.0
Gems & Jewellery	3,056.9	300.0	3,356.9
Travels & Tourism	2,124.9	48.3	2,173.2
Capital Market (including Brokers)	84.6	2,010.0	2,094.6
Chemical & Chemical Products	1,775.9	306.3	2,082.2
Real Estate Activities incl. Lease Rent Discounting	1,754.5	249.2	2,003.7
Paper & Paper Products	1,041.4	144.9	1,186.3
IT & related	1,057.1	100.8	1,157.8
Wood & Wood Products	1,122.2	1.0	1,123.2
Other Manufacturing	922.5	31.1	953.6
Rubber, Plastic & their Products	792.1	78.4	870.5
Vehicles, Vehicle Parts & Transport Equipments	847.9	1.2	849.1
Finance (Others)	587.6	183.2	770.8
Renting of equipments	735.5	15.4	750.9
Cement & Cement Products	687.1	18.0	705.1
Petroleum, Coal Products & Nuclear fuels	271.3	150.1	421.3
Beverages (Excl. Tea & Coffee) and Tobacco	315.5	-	315.5
Leather & Leather Products	217.9	7.8	225.7
Mining & Quarrying	141.8	-	141.8
Glass & Glassware	95.4	-	95.4
Residual	571.5	1,446.4	2,017.8
<b>Grand Total</b>	<b>2,91,369.0</b>	<b>14,918.1</b>	<b>3,06,287.1</b>

## 5 (e) Residual contractual maturity breakdown of assets as on March 31, 2021

(₹ million)

Assets	Next Day	2-7 Days	8-14 Days	15-30 days	31 days to 2 months	2 months -3 months	3 Months -6 Months	6 Months -1 Year	1-3 Years	3-5 Years	Above 5 Years	TOTAL
Cash	1,973.8	-	-	-	-	-	-	-	-	-	-	1,973.8
Balance with RBI	376.1	263.8	262.0	236.2	359.4	401.0	765.7	1,542.7	5,262.5	247.2	138.4	9,855.0
Balances with Other Banks	290.2	18,236.7	-	-	-	-	-	1.8	35.8	-	-	18,564.5
Investments	12,545.4	13.3	95.9	886.1	932.3	2,912.6	8,107.1	14,722.2	38,746.9	4,154.1	1,021.1	84,137.0
Advances (Excl NPA provn)	2,603.0	3,673.8	2,801.3	7,598.3	2,561.1	3,435.4	10,586.7	13,984.7	102,100.1	28,670.8	81,577.2	259,592.4
Fixed Assets	-	-	-	-	-	-	-	-	-	-	5,685.1	5,685.1
Other Assets (net)	289.9	302.4	81.0	282.4	906.4	302.7	943.5	2,134.3	6,496.1	2,150.7	2,324.1	16,213.5
<b>Total</b>	<b>18,078.4</b>	<b>22,490.0</b>	<b>3,240.2</b>	<b>9,003.0</b>	<b>4,759.2</b>	<b>7,051.7</b>	<b>20,403.0</b>	<b>32,385.7</b>	<b>152,641.4</b>	<b>35,222.8</b>	<b>90,745.9</b>	<b>3,96,021.3</b>

## 5 (f) Advances and Provisions:

(₹ million)

Particulars	As on March 31, 2021
<b>(a) Amount of NPAs (Gross)</b>	<b>10,834.4</b>
i. Substandard	6,612.3
ii. Doubtful 1	2,836.0
iii. Doubtful 2	1,228.5
iv. Doubtful 3	155.6
v. Loss	2.0
<b>(b) Net NPAs</b>	<b>5,941.5</b>
<b>(c) NPA Ratios</b>	
i. Gross NPAs to gross advances (%)	4.09 %
ii. Net NPAs to Net Advances (%)	2.29 %
<b>(d) Movement of NPAs (Gross)</b>	
i. Opening balance (as on March 31, 2020)	6,315.1
ii. Additions during the year	6,861.6
iii. Reductions during the year	2,342.3
iv. Closing balance	10,834.4
<b>(e) Movement of provisions for NPAs (excluding provision on Standard Assets)</b>	
i. Opening balance (as on March 31, 2020)	3,371.2
ii. Provision made during the year	3,112.8
iii. Write-off / write-back of excess provisions	1,672.2
iv. Closing balance	4,811.8

Particulars	As on March 31, 2021
<b>(f) Amount of Non-Performing Investments</b>	-
<b>(g) Amount of provisions held for non-performing investments</b>	-
<b>(h) Movement of depreciation on investments</b>	
i. Opening balance(as on March 31, 2020)	108.5
ii. Add: Provision made during the year	149.3
iii. Less: Write-off/write-back of excess provision during the year (including depreciation utilised on the sale of securities)	70.9
iv. Closing balance	186.9

## 6. CREDIT RISK: Disclosures for portfolio subject to the Standardised Approach

6 (a) The Bank has used the ratings of the following domestic external credit rating agencies (arranged in alphabetical order) for the purposes of risk weighting their claims for capital adequacy purposes:

- Brickwork Ratings India Pvt. Limited (Brickwork)
- CARE Ratings Limited
- CRISIL Limited
- ICRA Limited
- India Ratings and Research Private Limited (India Ratings) and
- Acuite Ratings & Research Ltd
- Infomercis Valuation and Rating Private Limited

International credit rating agencies (arranged in alphabetical order) for the purposes of risk weighting their claims for capital adequacy purposes where specified:

- a. Fitch;
- b. Moody's; and
- c. Standard & Poor's

#### 6 (b) A description of the process used to transfer public issuer ratings onto comparable assets in the banking book:

- Bank has used short term ratings for assets with maturity upto one year and long-term ratings for assets maturing after one year as accorded by the approved external credit rating agencies.
- Bank has not cherry picked ratings. Bank has not used one rating of a CRA (Credit Rating Agency) for one exposure and another CRA's rating for another exposure on the same counterparty unless only one rating is available for a given exposure.
- Notwithstanding the repayable on demand condition, cash credit exposures have been subjected to Long-term rating.
- If an issuer has a long term external credit rating that warrants RW (Risk Weight) of 150%, all unrated exposures on the same issuer whether long or short is assigned the same 150% RW unless mitigated by recognised Credit Risk Mitigation (CRM) techniques.
- Bank has used only solicited rating from the recognised CRAs. In case the issuer has multiple ratings from CRAs, the Bank has a policy of choosing (if there are two or more ratings) lower rating.
- Where RW associated with the rating by a CRA for a specific investment instrument is lower than one corresponding to unrated exposure, but the Bank's exposure is not in that instrument but some other debt, the RW for the rated exposure has been applied to Bank's unrated exposure provided the latter ranks pari-passu or senior to the specific rated exposure and the maturity of Bank's claim is not later than the rated exposure.
- If either the issuer or a single issue has been rated warranting RW equal or higher than unrated claim, a claim on the same issuer which is unrated but ranks pari-passu or subordinate to the rated exposure has been assigned the same RW as applicable to the rated exposure.
- No recognition of CRM technique has been taken into account in respect of a rated exposure if that has already been factored by the CRA while carrying out the rating.

For exposure amounts after risk mitigation subject to the standardised approach, amount of a Bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted as on March 31, 2021 are as follows:

Particulars	(₹ million)	
	Fund based	Non fund based
Below 100% risk weight	2,07,544.1	8,691.7
100% risk weight	66,881.6	1,518.3
More than 100% risk weight	16,943.3	4,708.1
<b>Total</b>	<b>2,91,369.0</b>	<b>14,918.1</b>

#### 7. CREDIT RISK MITIGATION: Disclosures for Standardised Approach

7 (a) The Bank has adopted Credit Risk Mitigation (CRM) Techniques and Collateral Management (CM) guidelines issued by RBI under Master circular - Prudential guidelines on capital Adequacy and Market Discipline - New Capital Adequacy Framework (NCAF) (vide RBI Master Circular dated July 01, 2015).

Bank has utilised credit risk mitigation in the case of Bank's own deposits, Kisan Vikas Patra, LIC policies, National Saving Certificate and gold, wherever the collateral is identifiable, marketable and enforceable and complies with RBI requirements. Sovereign exposures and Sovereign guaranteed exposures are risk weighted as per RBI directives.

The general principles applicable for use of credit risk mitigation techniques are as under:

- i. No transaction in which Credit Risk Mitigation (CRM) techniques are used has been assigned higher capital requirement than as otherwise identical transaction where such techniques are not used.
- ii. The Bank has taken care to see that effects of CRM are not double counted. To ensure this no additional supervisory recognition of CRM for regulatory capital purposes are made available on claims for which an issue-specific rating is used that already reflects that CRM.
- iii. Principal-only ratings will not be allowed within the CRM framework. The rating should cover principal and interest.

Bank has therefore put in place robust procedures and processes to control these risks, including strategy, consideration of the underlying credit,

valuation, policies and procedures systems, control of roll-off risks, and management of concentration risk arising from the use of CRM techniques and its interaction with the Bank's overall credit risk profile.

**7 (b) Eligible Financial Collateral:**

The following collateral instruments are eligible for recognition in the comprehensive approach: -

- i. Cash (as well as certificates of deposit or comparable instruments, including fixed deposit receipts, issued by the lending bank) on deposit with the bank which is incurring the counterparty exposure.
- ii. Gold: Gold would include both bullion and jewellery. However, the value of the collateralized jewellery should be arrived at after notionally converting these to 99.99 purity.
- iii. Securities issued by Central and State Governments
- iv. Kisan Vikas Patra and National Savings Certificates provided no lock-in period is operational and if they can be encashed within the holding period.
- v. Life insurance policies with a declared surrender value of an insurance company which is regulated by an insurance sector regulator.
- vi. Debt securities rated by a chosen Credit Rating Agency in respect of which banks should be sufficiently confident about the market liquidity where these are either:
  - a) Attracting 100 per cent or lesser risk weight i.e., rated at least BBB(-) when issued by public sector entities and other entities (including banks and Primary Dealers); or
  - b) Attracting 100 per cent or lesser risk weight i.e., rated at least CARE A3/ CRISIL A3/ India Ratings and Research Private Limited (India Ratings) A3/ICRA A3/ Brickwork A3/ Acuite A3 for short-term debt instruments.
- vii. Debt Securities not rated by a chosen Credit Rating Agency in respect of which banks should be sufficiently confident about the market liquidity where these are:

- a) issued by a bank; and
- b) listed on a recognized exchange; and
- c) classified as senior debt; and
- d) all rated issues of the same seniority by the issuing bank are rated at least BBB(-) or CARE A3/ CRISIL A3/ India Ratings and Research Private Limited (India Ratings) A3/ICRA A3/Brickwork A3/Acuite A3 by a chosen Credit Rating Agency; and
- e) the bank holding the securities as collateral has no information to suggest that the issue justifies a rating below BBB(-) or CARE A3/ CRISIL A3/ India Ratings and Research Private Limited (India Ratings) A3/ICRA A3/Brickwork A3/Acuite A3 (as applicable) and;
- f) Banks should be sufficiently confident about the market liquidity of the security.
- viii. Units of Mutual Funds regulated by the securities regulator of the jurisdiction of the bank's operation mutual funds where:
  - a) A price for the units is publicly quoted daily i.e., where the daily NAV is available in public domain; and
  - b) Mutual fund is limited to investing in the instruments listed in this paragraph.
- ix. Re-securitisations, irrespective of any credit ratings, are not eligible financial collateral.

(₹ million)

Particular	As on March 31, 2021
Total exposure covered by eligible financial collateral after application of applicable haircuts	31,986.4
Total exposure covered by guarantees/credit derivatives	-

**8. SECURITIZATION EXPOSURES**

As per RBI guidelines on Securitization exposure, Investments by banks in securitized assets, representing loans to various categories of priority sector, except 'others' category, are eligible for classification under respective categories of priority sector lending (PSL) depending on the underlying assets.

In the Financial Year 2020-21, the Bank has made investments in securitized assets by way of Pass Through Certificates, aggregating to ₹ 13,091.2 million, the outstanding of this as on March 31, 2021 was ₹ 10,455.6 million.

The following table sets forth the details of investments in Pass Through Certificates carried out by the Bank and their position as on March 31, 2021

(₹ million)

Financial Year	Original Investment	Outstanding at March 31, 2021
2018-19	1,620.1	285.6
2019-20	15,916.9	3,725.5
2020-21	13,091.2	10,455.6
<b>Total</b>	<b>30,628.2</b>	<b>14,466.7</b>

## 9. MARKET RISK IN TRADING BOOK

Market risk refers to the uncertainty of future earnings resulting from changes in interest rates, foreign exchange rates, market prices and volatilities. The Bank assumes market risk in its lending and deposit taking businesses and in its investment activities, including position taking and trading. The market risk is managed in accordance with the investment policies, which are approved by the Board. These policies ensure that operations in securities, foreign exchange and derivatives are conducted in accordance with sound and acceptable business practices and are as per the extant regulatory guidelines, laws governing transactions in financial securities and the financial environment. Market Risk in Trading Book is assessed as per the Standardised Duration approach. The capital charge for Held for Trading (HFT) and Available for Sale (AFS) portfolios is computed as per Reserve Bank of India prudential guidelines.

### Market risk management objectives:

The objectives of market risk management are as follows:

- Management of liquidity
- Management of interest rate risk and exchange rate risk.
- Proper classification and valuation of investment portfolio
- Adequate and proper reporting of investments and derivative products
- Compliance with regulatory requirements

### Structure and organisation of the market risk management function:

The Board, through Risk Management Committee, approves the policies with regard to identification, measurement and control of market risks (Interest Rate Risk and Foreign Exchange Risk) and Liquidity Risk. Market Risk department is an independent function. The Market Risk Department exercises independent control over the process of market risk management and recommends changes in processes and methodologies for measuring Market Risk.

### Strategies and processes:

To comply with the regulatory guidelines and to have independent control groups there is clear functional separation of:

- Trading (Front office)
- Monitoring and control (Middle office) and
- Settlements (Back office)

### The strategy/guidelines for controlling market risk include:

- Direct involvement of experienced line management
- Stringent controls and limits
- Strict segregation of front, middle and back office duties
- Comprehensive periodical reporting of positions
- Regular independent reviews of all controls and limits
- Rigorous testing and auditing of all pricing, trading and risk management

### The scope and nature of risk reporting and measurement systems:

**Reporting:-** The Bank periodically reports on the various investments and their related risk measures to the senior management and the committees of the Board. The Bank also periodically reports to its regulator in compliance with regulatory requirements.

**Measurement :** - The Bank has devised various risk metrics for measuring market risk. These are reported to Asset Liability Management Committee by Market Risk Management Department. Some of the risk metrics adopted by the Bank for monitoring its risks are Value-at-Risk, Earnings at Risk, Modified Duration, Stop Loss limits amongst others.



**Capital requirements for market risk**

(₹ million)

Particulars	As on March 31, 2021
• Interest Rate Risk	591.7
• Foreign Exchange Risk (Including gold)	54.0
• Equity Risk	118.0
<b>Capital requirement for Market Risk</b>	<b>763.7</b>

**10. OPERATIONAL RISK**

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk but excludes strategic and reputation risks.

The Bank has put in place a Board approved Operational Risk Management Policy which outlines overall framework for management of Operational Risk. The Bank has identified Key Operational Risk Indicators (KORIs) across various units, which are measured, monitored regularly and reported to Operational Risk Management Committee (ORCO) on monthly basis. The Bank has a robust system of reporting Operational Risk events across various units through identified Operational Risk Officers, who are given adequate training to identify and report such events as and when they occur. The Bank has a very effective system of recording and reporting operational losses booked. The Bank also collects qualitative data on self-assessment of operational risk faced by various units through Risk Control Self-Assessment (RCSA) exercise.

The Bank has implemented Periodic Risk Identification and Controls Evaluation (PRICE) system with a view to develop policy framework for identification and documented plan to mitigate various risks in the Bank. The PRICE system is expected to provide a robust overview of various risks being identified proactively that remain unmitigated. The PRICE system is pivotal in continuous assessment of our risk and control environment and prioritise our remedial efforts based on risk/impact.

The Bank manages Operational Risk by way of adopting best practices in processes as well as products. All the new and existing process are subjected to rigorous review by Management Committee for Approval of Process (MCAP), which comprises of senior management personnel

with diversified experience in banking. Utmost importance is given on communication and understanding of processes at transactional level and compliance to same are monitored through effective internal audits.

The Bank understands the criticality of business continuity in the event of any undesirable / unforeseen incident and has put in place an exhaustive Business Continuity Plan (BCP) in place which is subject to periodic drills. The Bank has robust Information Technology set up with Disaster Recovery (DR) site for critical functions and backups. Further there is a strict adherence to Information Security Policy across the Bank.

As per the mandate from RBI, the Bank is following the Basic Indicator Approach (BIA) for assessment of Operational Risk Capital. The Bank has taken quantitative and qualitative steps in view of moving towards advanced approaches as prescribed by RBI.

Capital requirement for operational risk as per Basic Indicator Approach (BIA) as on March, 31 2020 is ₹ 2,204.9 million..

**11. INTEREST RATE RISK IN BANKING BOOK****Interest Rate Risk in the Banking Book (IRRBB):**

Interest rate risk is the potential change in Net Interest Income (NII) or Economic Value of Equity (Balance Sheet impact), caused by unexpected changes in market interest rates. Since NII or Net Interest Margin (NIM) of Bank is dependent on the movements of interest rates, any mismatches or gaps in the cash-flows on re-pricing dates exposes Bank's NII or NIM to interest rate risk. Interest Rate Risk in Banking Book results from an unavoidable position or gap arising from Bank's normal day to day business by holding assets and liabilities in different maturities and different re-pricing dates.

**Risk management framework and monitoring:**

The Board of the Bank, through Risk Management Committee (RMC), has overall responsibility for management of risks and it sets limits and policies for management of liquidity risk, market risk including foreign exchange, interest rate and equity risk. The Asset Liability Management Committee (ALCO), a strategic decision making body constituted by Board, headed by Managing Director and comprising of senior executives of the Bank is responsible for deciding the mix and maturity profile

of the assets and liabilities, recommendation of risk policies, setting up of prudential limits to manage the risks and ensuring compliance with the limits set by the Board. The ALM policy of the Bank includes the prudential limits on interest rate risk, liquidity risk, foreign exchange risk and equity risk.

Market Risk Management Department is responsible for monitoring the limits laid down in the ALM Policy through various reports. These reports are prepared at regular intervals and exceptions/deviations are reported to the ALCO/RMC, as may be required by the ALM policy.

### Risk measurement and reporting framework:

As a part of its regular activities, ALCO manages the impact of the interest rate risk in banking book, through various limits, reports and tools such as interest rate sensitive gaps, Earnings at risk analysis, duration gap analysis, stress testing, etc. detailed as follows:

#### Interest rate sensitivity gap:

The interest rate gap risk, at any given date, is the risk arising from the mismatches in the assets and liabilities over the different time intervals. These mismatches or gaps are arrived at after matching rate sensitive assets and rate sensitive liabilities in the particular time bucket taking into account all assets and liabilities (including off Balance Sheet exposure). The rate sensitive assets and liabilities are grouped in the buckets as per the residual maturity or re-pricing date, whichever is earlier and is reported on monthly basis. The gap indicates whether net interest income is positively or negatively impacted by a change in interest rates and the magnitude of the gap approximates the change in net interest income for any given interest rate shift. Limits are fixed on individual gaps.

#### Earnings at Risk Analysis (EaR):

The gaps in the report indicates whether the Bank is in a position to benefit from rising interest rates by having a positive gap (RSA > RSL) or whether it is in a position to benefit from declining interest rates by a negative gap (RSL > RSA). The Bank monitors the Earnings at Risk on NII for 1% change in interest rates on the open periodic gaps.

### Stress testing:

The Bank measures the impact on NIM/ EaR after taking into account various possible movement in interest rates across tenor and impact on the earnings is calculated for each of these scenarios. These reports are prepared on a quarterly basis for measurement of interest rate risk.

### Duration gap analysis:

Movement in the interest rates also have a long-term impact on the market value of equity of the Bank, as the economic value of the Bank's assets, liabilities and off-Balance Sheet positions get affected. Duration is a measure of interest rate sensitivity of assets, liabilities and also equity. It may be defined as the percentage change in the market value of an asset or liability (or equity) for a given change in interest rates. Thus Duration Gap Analysis measures by how much the market value of equity of a firm would change for the possible change in the interest rates.

The following tables show the impact on NII and economic value of equity for a given change in the interest rates. The impact is calculated assuming parallel shifts in the yield curve across all time buckets.

#### i) Impact on NII:

Currency	Changes in interest rates (in bps)			
	(100)	(50)	50	100
₹	(642.4)	(321.2)	321.2	642.4
USD	(16.7)	(8.3)	8.3	16.7
JPY	0.0	0.0	0.0	0.0
GBP	0.4	0.2	(0.2)	(0.4)
EUR	(6.1)	(3.0)	3.0	6.1
<b>Total</b>	<b>(664.8)</b>	<b>(332.3)</b>	<b>332.3</b>	<b>664.8</b>

#### ii) Impact on economic value of equity:

Currency	Changes in interest rates (in bps)			
	(100)	(50)	50	100
₹	2,605.2	1,302.6	(1,302.6)	(2,605.2)
* No major exposure in foreign currencies				

## 12. General disclosures for exposures related to counterparty credit risk

### Counterparty exposure

Counterparty credit risk in case of derivative contracts arises from the forward contracts. The subsequent credit risk exposures depend on the value of underlying market factors (e.g., interest rates and foreign exchange rates), which can be volatile and uncertain in nature. The Bank does not enter into derivative transactions other than forward transactions.

### Credit limits

The credit limit for counterparty bank is fixed based on their financial performance as per the latest audited financials. Various financial parameters such as NPA ratios, liquidity ratios, etc are taken into consideration while assigning the limit. Credit exposure is monitored daily to ensure it does not exceed the approved credit limit. These credit limits are set on the notional exposure basis.

## Credit exposures on forward contracts

The Bank enters into the forward contracts in the normal course of business for positioning and arbitrage purposes, as well as for our own risk management needs, including mitigation of interest rate and foreign currency risk. Derivative exposures are calculated according to the current exposures method.

### Credit exposure as on March 31, 2021

(₹ million)

	Notional Amount	Gross positive fair value of contracts	Potential future exposure	Total credit exposure
<b>Forward contracts</b>	29,448.7	94.5	589.0	683.5

**DF-11: Composition of Capital**

(₹ million)

<b>Common Equity Tier 1 capital: instruments and reserves</b>			<b>Ref No.</b>
1	Directly issued qualifying common share capital plus related stock surplus (securities premium)	16,762.11	A=a1+a2
2	Retained earnings	9,385.30	b
3	Accumulated other comprehensive income (and other reserves)	9,779.53	C=c1+c2+c3+c4-c5+c6
4	<i>Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)</i>	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	Common Equity Tier 1 capital before regulatory adjustments	35,926.94	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>			
7	Prudential valuation adjustments	21.50	
8	Goodwill (net of related tax liability)	-	
9	Intangibles (net of related tax liability)	-	
10	Deferred tax assets	-	
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)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	
22	Amount exceeding the 15% threshold	-	
23	of which: significant investments in the common stock of financial entities	-	
24	of which: mortgage servicing rights	-	
25	of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments (26a+26b+26c+26d)	-	
26a	of which: Investments in the equity capital of 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	-
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	<b>21.50</b>
29	Common Equity Tier 1 capital (CET1)	<b>35,905.44</b>
<b>Additional Tier 1 capital: instruments</b>		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (securities premium) (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	-
<b>Additional Tier 1 capital: regulatory adjustments</b>		
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	of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-
41b	of which: Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-
43	<b>Total regulatory adjustments to Additional Tier 1 capital</b>	<b>-</b>
44	<b>Additional Tier 1 capital (AT1)</b>	<b>-</b>
45	<b>Tier 1 capital (T1 = CET1 + AT1) (29 + 44)</b>	<b>35,905.44</b>

<b>Tier 2 capital: instruments and provisions</b>			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	6,866.00	d
47	Directly issued capital instruments subject to phase out from Tier 2	-	
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	2,820.59	E=e1+e2-e3
51	Tier 2 capital before regulatory adjustments	9,686.59	
<b>Tier 2 capital: regulatory adjustments</b>			
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	-	
57	Total regulatory adjustments to Tier 2 capital	-	
58	Tier 2 capital (T2)	9,686.59	
59	Total capital (TC = T1 + T2) (45 + 58)	45,592.03	
60	Total risk weighted assets (60a + 60b + 60c)	2,31,839.30	
60a	of which: total credit risk weighted assets	1,94,731.30	
60b	of which: total market risk weighted assets	9,546.30	
60c	of which: total operational risk weighted assets	27,561.70	
<b>Capital ratios and buffers</b>			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	15.49%	
62	Tier 1 (as a percentage of risk weighted assets)	15.49%	
63	Total capital (as a percentage of risk weighted assets)	19.67%	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	7.38%	
65	of which: capital conservation buffer requirement	1.88%	
66	of which: bank specific countercyclical buffer requirement	-	
67	of which: G-SIB buffer requirement	-	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	8.11%	

<b>National minima (if different from Basel III)</b>		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	<b>5.50%</b>
70	National Tier 1 minimum ratio (if different from Basel III minimum)	<b>7.00%</b>
71	National total capital minimum ratio (if different from Basel III minimum)	<b>9.00%</b>
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
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)	-
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	<b>3,595.51</b>
77	Cap on inclusion of provisions in Tier 2 under standardised approach	<b>2,820.59</b>
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	-
<b>Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)</b>		
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 the Template**

Row No. of the template	Particular	(₹ in million)
10	Deferred tax assets associated with accumulated losses	-
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	-
	Total as indicated in row 10	-
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	-
50	Eligible Provisions included in Tier 2 capital	2,820.59
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	2,820.59



Table DF-12: Composition of Capital- Reconciliation Requirements

## Step 1

(₹ million)

	Balance sheet as in financial statements As on Mar. 31, 2021	Balance sheet under regulatory scope of consolidation As on Mar. 31, 2021
<b>A Capital &amp; Liabilities</b>		
i Paid-up Capital	3,105.36	
Reserves & Surplus	34,470.98	
Minority Interest	-	
Employee Stock Options Outstanding	9.54	
<b>Total Capital</b>	<b>37,585.88</b>	
ii <b>Deposits</b>	<b>2,97,038.65</b>	
of which: Deposits from banks	26,002.44	
of which: Customer deposits	2,71,036.21	
of which: Other deposits (pl. specify)	-	
iii <b>Borrowings</b>	<b>44,822.51</b>	
of which: From RBI	1,000.00	
of which: From banks	700.00	
of which: From other institutions & agencies	36,256.51	
of which: Others (pl. specify) Borrowings from outside India	-	
of which: Capital instruments	6,866.00	
iv <b>Other liabilities &amp; provisions</b>	<b>16,574.25</b>	
<b>Total</b>	<b>3,96,021.29</b>	
<b>B Assets</b>		
i <b>Cash and balances with Reserve Bank of India</b>	<b>11,828.87</b>	
Balance with banks and money at call and short notice	<b>18,564.55</b>	
ii <b>Investments:</b>	<b>84,136.93</b>	
of which: Government securities	67,370.40	
of which: Other approved securities	-	
of which: Shares	237.55	
of which: Debentures & Bonds	1,295.90	
of which: Subsidiaries / Joint Ventures / Associates	-	
of which: Others (Commercial Papers, Mutual Funds, Certificate of Deposits, PTCs etc.)	15,233.08	
iii <b>Loans and advances</b>	<b>2,59,592.37</b>	
of which: Loans and advances to banks	0.00	
of which: Loans and advances to customers	2,59,592.37	
iv <b>Fixed assets</b>	<b>5,685.10</b>	
v <b>Other assets</b>	<b>16,213.47</b>	
of which: Goodwill and intangible assets	-	
of which: Deferred tax assets (Net)	1,559.86	
vi <b>Goodwill on consolidation</b>	-	
vii <b>Debit balance in Profit &amp; Loss account</b>	-	
<b>Total Assets</b>	<b>3,96,021.29</b>	

## Step 2

(₹ million)

	Balance sheet as in financial statements As on Mar. 31, 2021	Balance sheet under regulatory scope of consolidation As on Mar. 31, 2021	Ref No.
<b>A Capital &amp; Liabilities</b>			
<b>i Paid-up Capital</b>	<b>3,105.36</b>		a1
<b>Reserves &amp; Surplus</b>	<b>34,470.98</b>		
of which:			
Securities Premium	13,656.75		a2
Balance in Profit & Loss account	9,385.30		b
of which:			
Unallocated Surplus	6,027.40		
Current period profits not reckoned for Capital Adequacy	0.00		
Statutory Reserve	6,322.62		c1
Capital Reserve	1,196.75		c2
Special Reserve	1,209.49		c3
Revaluation Reserve	2,313.62		c4
of which			
Not reckoned for Capital Adequacy purposes	1,272.49		c5
Investment Reserve	0.00		
Investment Fluctuation Reserve	386.45		e1
Employee Stock Options Outstanding	9.54		c6
Minority Interest	-		
<b>Total Capital</b>	<b>37,585.88</b>		
<b>ii Deposits</b>	<b>2,97,038.65</b>		
of which: Deposits from banks	26,002.44		
of which: Customer deposits	2,71,036.21		
of which: Other deposits (pl. specify)	-		
<b>iii Borrowings</b>	<b>44,822.51</b>		
of which: From RBI	1,000.00		
of which: From banks	700.00		
of which: From other institutions & agencies	36,256.51		
of which: Others (pl. specify) Borrowings from outside India	-		
of which: Capital instruments	6,866.00		d
<b>iv Other liabilities &amp; provisions</b>	<b>16,574.25</b>		
of which: Provision for Standard Assets	3,209.06		e2
Not reckoned for Capital Adequacy purposes	774.92		e3
of which: DTLs related to goodwill	-		
of which: DTLs related to intangible assets	-		
<b>Total</b>	<b>3,96,021.29</b>		
<b>B Assets</b>			
<b>i Cash and balances with Reserve Bank of India</b>	<b>11,828.87</b>		
Balance with banks and money at call and short notice	18,564.55		
<b>ii Investments</b>	<b>84,136.93</b>		
of which: Government securities	67,370.40		
of which: Other approved securities	-		
of which: Shares	237.55		

	Balance sheet as in financial statements As on Mar. 31, 2021	Balance sheet under regulatory scope of consolidation As on Mar. 31, 2021	Ref No.
of which: Debentures & Bonds	1,295.90		
of which: Subsidiaries / Joint Ventures / Associates	-		
of which: Others (Commercial Papers, Mutual Funds, Certificate of Deposits, PTC etc.)	15,233.08		
<b>iii Loans and advances</b>	<b>2,59,592.37</b>		
of which: Loans and advances to banks	0.00		
of which: Loans and advances to customers	2,59,592.37		
<b>iv Fixed assets</b>	<b>5,685.10</b>		
<b>v Other assets</b>	<b>16,213.47</b>		
of which: Goodwill and intangible assets Out of which:	-		
Goodwill	-		
Other intangibles (excluding MSRs)	-		
Deferred tax assets (Net)	1,559.86		
<b>vi Goodwill on consolidation</b>	<b>-</b>		
<b>vii Debit balance in Profit &amp; Loss account</b>	<b>-</b>		
<b>Total Assets</b>	<b>3,96,021.29</b>		

## Step 3

(₹ million)

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	16,762.11	A=a1+a2
2	Retained earnings	9,385.30	b
3	Accumulated other comprehensive income (and other reserves)	9,779.53	C=c1+c2+c3+c4-c5+c6
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-	
6	<b>Common Equity Tier I capital before regulatory adjustments</b>	<b>35,926.94</b>	
7	Prudential valuation adjustments	21.50	
8	Goodwill (net of related tax liability)	-	

## Main Features of Regulatory Capital Instruments

Sr. No.	Particulars	Equity Shares	Sub-Ordinated Debt	Sub-Ordinated Debt	Sub-Ordinated Debt	Sub-Ordinated Debt
1	Issuer	DCB BANK LIMITED	DCB BANK LIMITED	DCB BANK LIMITED	DCB BANK LIMITED	DCB BANK LIMITED
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE503A01015	INE503A08010	INE503A08028	INE503A08036	INE503A08044
3	Governing law(s) of the instrument	Indian Law	Indian Law	Indian Law	Indian Law	Indian Law
<b>Regulatory treatment</b>						
4	Transitional Basel III rules	Common Equity Tier 1	Tier 2	Tier 2	Tier 2	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier 1	Tier 2	Tier 2	Tier 2	Tier 2
6	Eligible at solo/group/group & solo	Solo	Solo	Solo	Solo	Solo
7	Instrument type	Common Shares	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	₹ 3,105 Million	₹ 866 Million	₹ 1,500 Million	₹ 3,000 Million	₹ 1,500 Million
9	Par value of instrument	₹ 10 per share	₹ 866 Million and each debenture of ₹ 1 Million	₹ 1,500 Million and each debenture of ₹ 0.1 Million	₹ 3,000 Million and each debenture of ₹ 0.1 Million	₹ 1,500 Million and each debenture of ₹ 0.1 Million
10	Accounting classification	Shareholder's Equity	Liability	Liability	Liability	Liability
11	Original date of issuance	Various*	31.03.2016	18.11.2016	17.11.2017	12.01.2018
12	Perpetual or dated	Perpetual	Dated	Dated	Dated	Dated
13	Original maturity date	No Maturity	30.04.2026	18.11.2026	17.11.2027	12.01.2028
14	Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	NA	Call option exercisable only if the instrument has run for five years; First call date is 01.04.2021; Call option can be exercised only with the prior approval of RBI. These Bonds are redeemable at Par.	Call option exercisable only if the instrument has run for five years; First call date is 19.11.2021; Call option can be exercised only with the prior approval of RBI. These Bonds are redeemable at Par.	Call option exercisable only if the instrument has run for five years; First call date is 18.11.2022; Call option can be exercised only with the prior approval of RBI. These Bonds are redeemable at Par.	Call option exercisable only if the instrument has run for five years; First call date is 13.01.2023; Call option can be exercised only with the prior approval of RBI. These Bonds are redeemable at Par.
16	Subsequent call dates, if applicable	NA	Any date after 01.04.2021, with the prior approval of RBI.	Any date after 19.11.2021, with the prior approval of RBI.	Any date after 18.11.2022, with the prior approval of RBI.	Any date after 13.01.2023, with the prior approval of RBI.
<b>Coupons / dividends</b>						
17	Fixed or floating dividend/coupon	NA	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	NA	10.25% per annum	9.85% per annum	9.85% per annum	9.85% per annum

Sr. No.	Particulars	Equity Shares	Sub-Ordinated Debt	Sub-Ordinated Debt	Sub-Ordinated Debt	Sub-Ordinated Debt
19	Existence of a dividend stopper	NA	No	No	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Partially discretionary	Partially discretionary	Partially discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	No	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Cumulative	Cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	NA	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	NA	NA	NA	NA	NA
25	If convertible, fully or partially	NA	NA	NA	NA	NA
26	If convertible, conversion rate	NA	NA	NA	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA	NA	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA	NA	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA	NA	NA	NA
30	Write-down feature	No	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	NA	PONV Trigger	PONV Trigger	PONV Trigger	PONV Trigger
32	If write-down, full or partial	NA	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially
33	If write-down, permanent or temporary	NA	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	NA	NA	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA	The Claims of debenture holder (s) shall be: (i) Senior to the claims of investors in instruments eligible for inclusion in Tier 1 Capital of the Bank and (ii) Subordinate to the claims of all depositors and general creditors of the Bank	The Claims of debenture holder (s) shall be: (i) Senior to the claims of investors in instruments eligible for inclusion in Tier 1 Capital of the Bank and (ii) Subordinate to the claims of all depositors and general creditors of the Bank	The Claims of debenture holder (s) shall be: (i) Senior to the claims of investors in instruments eligible for inclusion in Tier 1 Capital of the Bank and (ii) Subordinate to the claims of all depositors and general creditors of the Bank	The Claims of debenture holder (s) shall be: (i) Senior to the claims of investors in instruments eligible for inclusion in Tier 1 Capital of the Bank and (ii) Subordinate to the claims of all depositors and general creditors of the Bank
36	Non-compliant transitioned features	No	No	No	No	No
37	If yes, specify non-compliant features	NA	NA	NA	NA	NA

\* Date of allotment of equity shares are available on the Bank's website at following link:  
[https://www.dcbbank.com/pdfs/DCB-Bank-Share-Capital-History\\_31-03-2021.pdf](https://www.dcbbank.com/pdfs/DCB-Bank-Share-Capital-History_31-03-2021.pdf)

**Table DF 17- Summary comparison of accounting assets vs. leverage ratio exposure measure****Leverage Ratio:**

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.

$$\text{Leverage Ratio} = \frac{\text{Capital Measure (Tier 1 Capital)}}{\text{Exposure Measure}}$$

**Summary comparison of accounting assets vs. leverage ratio exposure measure**

	Item	(₹ Million)
1	Total consolidated assets as per published financial statements	3,82,521.61
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	683.52
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	13,499.68
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	19,899.19
7	Other adjustments	
8	<b>Leverage ratio exposure</b>	<b>4,16,604.00</b>

## DF-18 Leverage ratio

Leverage ratio common disclosure template		
	Item	Leverage ratio framework (₹ million)
<b>On-balance sheet exposures</b>		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	3,82,521.61
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	3,82,521.61
<b>Derivative exposures</b>		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	94.55
5	Add-on amounts for PFE associated with all derivatives transactions	588.97
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8	(Exempted CCP leg of client-cleared trade exposures)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	Total derivative exposures (sum of lines 4 to 10)	683.52
<b>Securities financing transaction exposures</b>		
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	13,499.68
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	13,499.68
<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposure at gross notional amount	49,428.28
18	(Adjustments for conversion to credit equivalent amounts)	29,529.09
19	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	19,899.19
<b>Capital and total exposures</b>		
20	<b>Tier 1 capital</b>	35,905.44
21	<b>Total exposures (sum of lines 3, 11, 16 and 19)</b>	4,16,604.00
<b>Leverage ratio</b>		
22	<b>Basel III leverage ratio (per cent)</b>	<b>8.62%</b>

**Notes**

SFT : Securities Financing Transactions

PFE : Potential Future Exposure

CCP : Central Counterparty

CCR : Counterparty Credit Risk

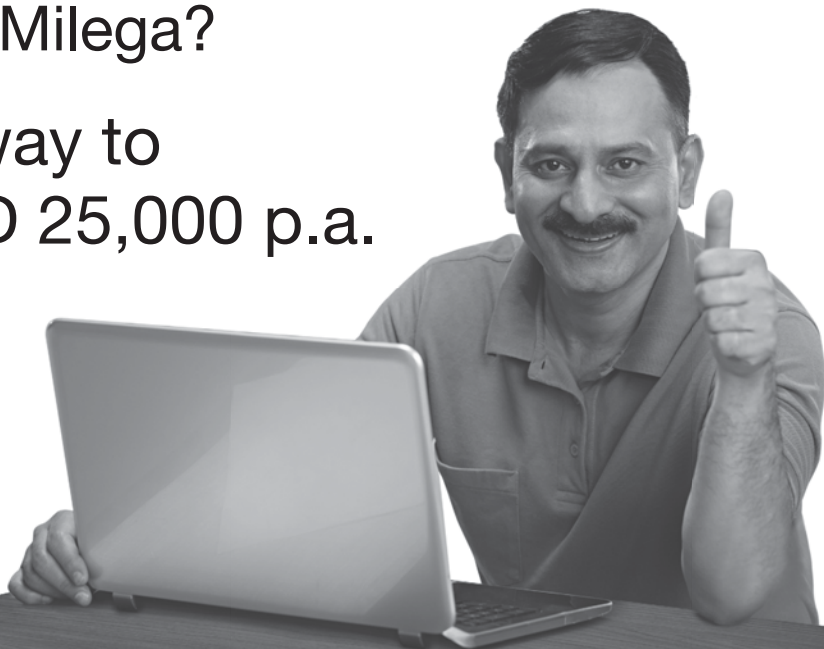
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**DCB Bank Limited**

Printing and Stationery Department, 2nd Floor, A-1/E, Rashmi Park,  
Sheetal Nagar, Telephone Exchange, Mira Road (E), Thane - 401107

## Annexure to the Directors' Report

Statement under Section 197(12) of the Companies Act 2013, read with the companies (Appointment and Remuneration of Managerial Personnel) rule, 2014 and as amended and forming part of the Directors' Report for the year ended Employed throughout the year and were in receipt of remuneration at the rate of not less than Rs. 1,02,00,000/- per annum.

Sr No	Emp No	Name of the employee	Date of Joining	Designation	Qualification	Age	Exeperience Years	Remuneration Rs.	Last Employment
1	2119	VENKATTESH R	15-Dec-2005	HEAD OPERATIONS TECHNOLOGY & HUMAN RESOURCES	B. Com., PGDPM (MBA)	53	30	2,52,83,200	STANDARD CHARTERED BANK LTD.
2	4296	PRAVEEN ACHUTHAN KUTTY	30-Jul-2007	HEAD RETAIL & SME BANKING	B.Com., MBA	54	30	2,79,84,693	CITI BANK
3	4394	NARENDRANATH MISHRA	13-Aug-2007	HEAD AGRI & INCLUSIVE BANKING	B Sc (Agriculture & Technology), MBA (Marketing)	47	22	1,13,70,372	ICICI BANK LTD.
4	5857	ABHIJIT BOSE	16-Jun-2008	CHIEF CREDIT OFFICER	B.Com, CA (Inter)	57	29	1,58,29,707	STANDARD CHARTERED BANK LTD.
5	6095	BHARAT LAXMIDAS SAMPAT	11-Sep-2008	CHIEF FINANCIAL OFFICER	B.Com., LLB, ACA, AICWA, ACS	60	35	2,37,24,039	ABN AMRO BANK
6	7712	MURALI M NATRAJAN	29-Apr-2009	MANAGING DIRECTOR & CEO	B. Com., CA	59	36	5,59,97,479	STANDARD CHARTERED BANK LTD.
7	8131	SRIDHAR SESHADRI	12-Nov-2009	CHIEF RISK OFFICER	M.Com, CAIIB	59	39	1,31,22,764	ICICI BANK LTD.
8	8914	JAYARAMAN VISHWANATH	07-Jul-2010	HEAD CORPORATE BANKING	B.E., PGDM (Finance & Marketing)	53	28	1,77,86,955	FULLERTON INDIA CREDIT CO. LTD

Notes :

1. Remuneration shown above includes salary ,Allowance, Medical, Leave Travel Concession, Arrears of Salary, Bonus, Ex-Gratia, Bank's contribution towards Provident Fund, NPS and Monetary value of perquisites as per income tax rule excluding perquisites on ESOP.
2. Nature of employment is contractual.
3. None of the above employee is related to the any director of the bank.

On behalf of the Board of Directors

Sd/-

Nasser Munjee  
Chairman