



DCB BANK

LEADING IN A TIME OF CRISIS

ANNUAL REPORT 2019-20

DCB BANK LIMITED

DCB Bank reaches out to customers across India from 336 branches located in 19 states & 2 union territories



102

Metro
Branches

82

Urban
Branches

86

Semi Urban
Branches

66

Rural
Branches

LEADING IN A TIME OF CRISIS



One event has stopped the unstoppable. The world ceased to function as humanity was forced home. The uncertainty of its eventual resolution has had an unprecedented impact on the global economy which will reverberate over several years. The serious consequences are being felt today as economies contract severely and unemployment accelerates.

How we respond to the present and future as individuals, companies, institutions and nations will determine the resilience for future emergence. Managing in a time of crisis is inevitable; but it is leadership that will determine what we manage and how we emerge once the crisis is over. Leadership focusses attention on looking ahead and being aware of what is likely to occur and be prepared for the consequences and opportunities that will come along.

At DCB Bank, we would like to think that we are focussing our attention on the future and not merely managing the present. Prediction, Adaptability and Resilience will be the watchwords for the future. We are mindful of the challenges, but are confident that we have the resilience to emerge stronger.

Contents

03 | DCB Bank
Company
Information

04 | Chairman's
Statement

05 | Corporate Social
Responsibility
Initiatives

07 | Notice to
Members

22 | Directors'
Report

45 | Corporate
Governance

74 | Auditors'
Report

80 | Balance
Sheet

81 | Profit & Loss
Account

82 | Cash Flow
Statement

84 | Schedules

136 | Basel III

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. Altaf Jiwani
(Till January 11, 2020)

Mr. Amin Manekia
(Till January 11, 2020)

Mr. Ashok Barat

Mr. Aryn Jassani
(From January 25, 2020)

Mr. Imran Contractor
(Till January 31, 2020)

Mr. Iqbal Khan

Mr. Jamal Pradhan

Mr. C. Narasimhan

Ms. Rupa Devi Singh

Mr. Rafiq Somani
(From March 9, 2020)

Mr. Shabbir Merchant
(From January 25, 2020)

Mr. Shaffiq Dharamshi

Mr. Somasundaram PR
(From January 25, 2020)

Mr. S. Sridhar

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
Executive Vice President and Chief Risk Officer

Company Secretary

Ms. Rubi Chaturvedi

Functional Management Heads

Mr. Abhijit Bose
Chief Credit Officer

Mr. Aditya Prasad
Chief Compliance Officer

Mr. Ajay Mathur

Head – Collections & Commercial Vehicles

Mr. Ajit Singh

Head Treasury and FIG
(Taken over from Mr. Rajesh Verma Head – Treasury,
Correspondent Banking & Trade Finance
w.e.f. March 2020)

Mr. Damodar Agarwal

Head – Strategic Initiatives and Alternate Channels

Mr. Gaurav Mehta

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

Mr. J. K. Vishwanath

Head – Corporate Banking

Mr. K. K. Pandey

Head – Channel Sales & Emerging Markets

Mr. Krishna Ramasankaran

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

Mr. Manoj Joshi

Business Head – Trade Finance

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 – Small and Medium
Enterprises (SME)

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 & Chief of
Internal Vigilance

Statutory Auditors

Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117365W)

Registered Office

DCB Bank Limited

601 & 602, Peninsula Business Park,
6th Floor, Tower A, Senapati Bapat Marg,
Lower Parel, Mumbai 400 013

CHAIRMAN'S STATEMENT

Last year I began my Statement 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". Little did I realize to what extent those words would be illustrated by a catastrophic event that we experience today.

The onset of the Covid-19 pandemic in first quarter of current calendar year is a black swan event, which was anticipated as a possibility for many years, not taken seriously by many nations, as a result of which public health systems were underinvested in to the extent that the most advanced nations in the world did not possess even the most rudimentary equipment to protect nurses and doctors who would be the front line of defence against such an eventuality.

The unpreparedness of the world for a possible but remote risk (even demonstrated in films) illustrates the challenges the world is facing at the present time. Risk Assessments and Mitigation are a normal process of every company's protocol. This catastrophe will force nations to rethink their approach towards health infrastructure. As a result, our theme this year focusses attention on the imperative of sound leadership in a time of crisis

As our theme suggests, there are three words that are critical in these times: Prediction, Adaptability and Resilience. Leadership is about being mindful of these elements and preparing an institution for the challenges and opportunities for the future. As part of DCB Bank's strategy, we have constantly used these three words for over a decade. Being mindful of the external environment and de-risking the balance sheet in the early days we decided to be a predominantly retail bank. As the years went by, this was only intensified and today we have avoided considerable problems linked to wholesale funding and corporate banking.

Adaptability has been a major element in our ability to innovate products and technology and to use our capacity to be nimble and adaptive. In these times of crisis, this ability that has been part of our training and culture, has come to the fore as our staff, even though largely homebound, have been able to sustain our operations and respond to our customers proactively.

Resilience is the outcome of both being mindful of the emerging external environment as well as flexible in our response to a constant flux and uncertainty around us. It is also the consequence of making sound strategic decisions given a realistic assessment of the external environment; an ability to guide an institution through uncertainties that are constantly changing and emerging.

I am happy to report that this year we continued to make steady progress through the year. The last quarter was largely impacted by the Covid-19 crisis and March 2020 was disrupted by the imposition of lock-down. The Bank experienced modest growth in a year that saw a gradual slowing down of the economy prior to Covid-19. Balance Sheet grew to ₹ 38,505 crore with Deposits at ₹ 30,370 crore and Advances at ₹ 25,345 crore. Operating Profit grew by 16.5% to ₹ 753.06 crore; Profit after Tax, however, increased by 3.9% weighed down by Covid-19 Regulatory Package provision (₹ 63 crore) and other provisions. PAT for the year was ₹ 337.94 crore against ₹ 325.37 crore in the previous year.

As we move into FY 2021, we face extreme uncertainty with the possibility of major economic slowdown due to the unavoidable steps taken by the Government to prevent the spread of Covid-19. Recovery will be slow and perhaps painful across most sectors. The financial sector, which was facing difficulties even before the impact of Covid-19, may witness an intensification of problems. We are confident that the Government of India along with Reserve Bank of India will continue to take deft policy initiatives which will help the economy and the banks. We are a resilient country and over time we will emerge victorious from the current challenge as well.

This brings me back to our theme this year: Leadership. Leadership for public policy as well as institutions to steer the ship in stormy seas. We need to set the course very clearly and all actors will need to do their best to point in the direction of emergence. Good leaders are those who can determine the right destination. Rabindranath Tagore wrote, "Let me not pray to be sheltered from dangers, but to be fearless in facing them". That is what is required today.

Nasser Munjee

Chairman

May 23, 2020

Corporate Social Responsibility Initiatives



DCB Bank CSR employee volunteers under the banner of DCB Social participate in various projects across the country. Clean up and Green up are the underlying themes for DCB Social activities. Volunteers connect with the local community, spread the message of adopting a sustainable lifestyle, and contribute to protection of green cover, water bodies and promote responsible waste segregation.



Thalinji village, Anamalai Tiger Reserve, Tamil Nadu. Renewable energy from the sun helps remote communities use the daylight to power up for the night hours. Pic courtesy WWF India



Anamalai Tiger Reserve, Tamil Nadu. Harnessing the sun. Forest dwellers receive the solar powered home lighting system. Pic courtesy WWF India



Nidhona village, Aurangabad district Maharashtra. DCB Bank Project Jal Sanrakshan, training of villagers on water saving practices for agriculture, wheat and green pea cultivation



DCB Bank CSR employee volunteers under the banner of DCB Social participate in various projects across the country. Clean up and Green up are the underlying themes for DCB Social activities. Volunteers connect with the local community, spread the message of adopting a sustainable lifestyle, and contribute to protection of green cover, water bodies and promote responsible waste segregation.



Chamba Kalan, Beas river, Punjab. A water school class in progress. Children as agents of change in the communities along the river. Sensitising them to sources of pollution to mapping and simple water audits. Planting the seed of sustainability and ownership of the river, water, fish and aquatic life. Pic courtesy WWF India



Harike, Punjab. Field trips with children to the river bring home the message of keeping the river safe which in turn ensures that the source of food and sustenance are safe from harmful chemicals. The balance of interdependence between the river and humanity is an important lesson learnt. Pic courtesy: WWF India



DCB Bank CSR employee volunteers under the banner of DCB Social participate in various projects across the country. Clean up and Green up are the underlying themes for DCB Social activities. Volunteers connect with the local community, spread the message of adopting a sustainable lifestyle, and contribute to protection of green cover, water bodies and promote responsible waste segregation.

NOTICE TO MEMBERS

NOTICE is hereby given that the Twenty Fifth Annual General Meeting ("the AGM") of the Members of DCB BANK LIMITED ("the Bank") will be held on Saturday, July 11, 2020 at 2.30 p.m. (IST) via Video Conferencing (VC) or Other Audio Visual Means (OAVM) to transact the following:

Ordinary Business:

1. To receive, consider and adopt the audited Financial Statements for the Financial Year ended March 31, 2020 together with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Jamal Pradhan (DIN-00308504), who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 139 and other applicable provisions, if any, of the Companies Act, 2013, the Banking Regulation Act, 1949, based on the recommendation of the Audit Committee and subject to the approvals/consents/permissions/ sanctions as may be necessary from the concerned regulatory/statutory authority(ies), M/s S R Batliboi & Associates LLP, Chartered Accountants (Registration No.101049W/E300004) be and are hereby appointed as Statutory Auditors of the Bank, in place of the retiring Statutory Auditors M/s. Deloitte, Haskins & Sells, Chartered Accountants (Registration No.117365W) to hold office from the conclusion of the Twenty Fifth AGM until the conclusion of the Twenty Ninth AGM of the Bank, at an annual remuneration / fees of ₹ 9,200,000/- (Rupees Ninety Two Lakhs only) plus outlays and taxes at the applicable rates, for the purpose of audit of the Bank's accounts with the power to the Board including relevant Committee(s) thereof to alter and vary the terms and conditions arising out of increase in scope of work, amendment in Accounting Standards or regulations and such other requirements resulting in change in scope of work.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, matters, deeds and things necessary or desirable in connection with or incidental to give effect to the above Resolution, including but not limited to filing of necessary forms with the Registrar of Companies and to comply with all other requirements in this regard."

Special Business:

4. Re-appointment of Ms. Rupa Devi Singh (DIN-02191943) as an Independent Director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Rupa Devi Singh (DIN- 02191943), an Independent Director of the Bank, who has submitted a declaration that she meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and who is eligible for reappointment, be and is hereby re-appointed as an Independent Director of the Bank to hold office for second term with effect from 22nd January 2020 to 21st January 2023 and whose office shall not be liable to retire by rotation.

RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Bank be and is hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto".

5. Appointment of Mr. Aryn Jassani (DIN-02945319) as an Independent Director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, and 152 read with Schedule IV of the Companies Act 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and Section 10 A(2A) of the Banking Regulation Act, 1949, Mr. Aryn Jassani (DIN-02945319) who was appointed as an Additional Independent Director with effect from 25th January 2020 be and is hereby appointed as an Independent Director of the Bank from 25th January 2020 for a period of five years and that he shall not be liable to retire by rotation.

RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Bank be and is hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto”.

6. Appointment of Mr. Shabbir Merchant (DIN-07438419) as an Independent Director

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, and 152 read with Schedule IV of the Companies Act 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and Section 10 A(2A) of the Banking Regulation Act, 1949, Mr. Shabbir Merchant (DIN-07438419) who was appointed as an Additional Independent Director with effect from 25th January 2020 be and is hereby appointed as an Independent Director of the Bank from 25th January 2020 for a period of five years and that he shall not be liable to retire by rotation.

RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Bank be and is hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto”.

7. Appointment of Mr. Somasundaram PR (DIN-00356363) as an Independent Director

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, and 152 read with Schedule IV of the Companies Act 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and Section 10 A(2A) of the Banking Regulation Act, 1949, Mr. Somasundaram PR (DIN-00356363) who was appointed as an Additional Independent Director with effect from 25th January 2020 be and is hereby appointed as an Independent Director of the Bank from 25th January 2020 for a period of five years and that he shall not be liable to retire by rotation

RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Bank be and is hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto”.

8. Appointment of Mr. Rafiq Somani (DIN-01351871) as an Independent Director

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, and 152 read with Schedule IV of the Companies Act 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and Section 10 A(2A) of the Banking Regulation Act, 1949, Mr. Rafiq Somani (DIN-01351871) who was appointed as an Additional Independent Director with effect from 9th March 2020 be and is hereby appointed as an Independent Director of the Bank from 9th March 2020 for a period of five years and that he shall not be liable to retire by rotation.

RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Bank be and is hereby authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto”.

9. 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 24th AGM held on June 1, 2019 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 ₹ 5,500 crore (Rupees Five 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”.