



DhanlaxmiBank 
established 1927



ANNUAL REPORT

2017-18

Banking on Relationships forever

Board of Directors



Sajeev Krishnan
Chairman



T. Latha
Managing Director & CEO



Chella K. Srinivasan



Dr. Lakshmy Devi K. R.



P.S. Sreekumar



Gopinathan C. K.



Arun Rao M.G.



K.N. Murali



S. T. Kannan
Addl. Director (RBI)



E. Madhavan
Addl. Director (RBI)



N. Sara Rajendra Kumar
Addl. Director (RBI)



P. Manikandan
Chief General Manager

Registered and Corporate Office

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

Kindly refer to the website for other offices

Company Secretary

Santosh Kumar Barik

Secretarial Auditor

M. Vasudevan, Practicing Company Secretary, Thrissur

Auditors

Sridhar & Co, Chartered Accountants, Thiruvananthapuram

Legal Advisors

M/s. Menon & Pai, Ernakulam

M/s. B. S. Krishnan Associates, Ernakulam

M/s. Varghese & Jacob, Ernakulam

M/s. C. K. Karunakaran & Associates, Ernakulam

Stock Exchanges

National Stock Exchange of India Limited (NSE)

BSE Limited (formerly known as Bombay Stock Exchange Limited)

Registrar & Transfer Agents

Karvy Computershare Private Limited,

Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli,

Financial District, Nanakramguda, Serilingampally,

Hyderabad – 500 032

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Vision

Banking on Relationships forever

Mission

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

Directors' Report

Dear Shareholders,

It gives the Board pleasure to place before you the highlights of your Bank's performance during the financial year 2017 - 18. Details of the achievements and initiatives taken by the Bank are provided in the 91st Annual Report of the Bank along with the Audited Balance Sheet as at March 31, 2018 and the Profit and Loss Account for the year ended on that date. It has been a challenging year with the Bank focusing on working towards improving its performance in the medium term.

Your bank's operating environment remained a cause for concern with the private investment climate and economic sectors under same pressure.

Performance Highlights

The salient features of the Bank's performance for the financial year ended March 31, 2018 are:

1. Major Developments in the Bank

- Operating Profit improved by 55.39% from ₹94.07 crore to ₹146.18 crore, which is the ever highest in the history of the bank
- Net interest income grew by 4.28% from ₹331.60 crore to ₹345.80 crore
- Net Interest Margin improved from 2.76% to 2.90%
- CRAR improved from 10.26% to 13.87%
- Total expenses reduced by 14.06% from ₹1106.00 crore to ₹969.61 crore
- Interest expenditure reduced by 13.47% from ₹757.45 crore to ₹667.52 crore
- Operating expenses reduced by 15.37% from ₹348.55 crore to ₹302.09 crore
- Cost of deposits reduced by 64bps, from 6.48% to 5.84%
- Cost of funds also reduced by 63bps (Y-o-Y basis), from 6.61% to 5.98%
- Cost income ratio reduced from 78.75% to 67.39%
- Provision coverage ratio as on 31.03.2018 is 80.02%.

Bank achieved an operating profit of ₹146.18 crore for the year ended March 31, 2018. In view of higher provisions, Bank incurred Net Loss of ₹24.87 crore. On a conservative basis, Bank provided in full for gratuity liability of ₹7.61 crore, mark-to-market losses on investments of ₹19.81 crore and full provision for an account in the Gems & Jewellery sector of ₹50 crore.

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

Capital and Reserves

The Bank's Paid up capital and reserves was ₹749.46 crore as on 31.03.2018. The capital adequacy ratio as per Basel II and Basel III was 14.15% and 13.87% respectively.

Total Business

The total Business of the Bank as on 31.03.2018 stood at ₹17436.06 crore as against ₹17976.69 crore as on 31.03.2017.

Deposits

The total Deposits of the Bank stood at ₹10919.66 crore as on 31.03.2018 as against ₹11293.68 crore as on 31.03.2017.

Advances

The Bank's total advance stood at ₹6516.40 crore as on 31.03.2018 as against ₹6683.01 crore as on 31.03.2017.

Profitability

The bank's operating profit during the year was ₹146.18 crore as against ₹94.07 crore during the previous year. The bank declared a net loss of ₹24.87 crore during the year under report and for the previous year, the bank has net profit of ₹12.38 crore.

Dividend

The Board has not recommended any dividend in the financial year 2017-2018.

Vision & Mission

Our Vision: "Banking on Relationships forever".

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

Non - Performing Assets

Recovery in the current financial year was ₹202.42 crores (including cash recovery & upgradation) against the previous year figures of ₹109.12 crores.

The provision requirement for current year was ₹127.29 crores as against ₹76.42 crores in the previous financial year.

During the year the new slippage to NPA in the Bank was ₹358.33 crores in comparison with the figure of ₹154.76 crores of the previous year.

Gross NPA and Net NPA percentage stood at 7.35% & 3.19% respectively in the current year against 4.78% to and 2.58% in the previous year.

The provision coverage ratio (PCR) which was 79.99% as on 31.03.2017 stood at 80.02% in the current year.

Customer Service

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

The Customer Service Committees comprising of Bank personnel as well as our constituents monitors the implementation

of customer service measures periodically. Customer Service Committee of the Board have been formed at the apex level and at branches also for monitoring service quality and bringing about improvements in this area on an ongoing basis. The Bank has a 24x7 Phone Banking Call Centre at Thrissur as an outsourced model to cater to customer needs across the country.

The Bank is a member of Banking Codes & Standards Board of India (BCSBI) and is actively implementing the Code of Commitment to Customers as also the Code for Micro and Small Enterprises formulated by the BCSBI.

During the financial year 2017-18, the Bank received 13,233 complaints as against a total of 8211 complaints received in the previous financial year. The organized structure for handling complaints at Branches, Regional Offices, ATM Reconciliation Desk, Call Centre and Corporate Office who are in turn handling all transactions and services for the customers has helped the Bank in better customer service and early resolution of complaints.

Particulars	Contact Centre	ATM Recon	RO & CO	Banking Ombudsman	Total
No. of complaints outstanding at the beginning of the year	11	25	2	3	41
No. of complaints received during the year	3627	9507	79	20	13233
No. of complaints resolved during the year	3631	9529	77	21	13258
No. of complaints pending during the year	7	3	4	2	16

Customer Touch Points

The Bank's customer outlets stood at **617** as on 31.03.2018, comprising 258 branches, 346 ATMs, 11 RPCs, CPC & Treasury. We have concentrated on consolidating our operations across the country and thereby aiming at utilizing our branches to their fullest potential.

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

Tie up with Bajaj Allianz Life Insurance Company Limited: We have renewed the tie-up with M/s Bajaj Allianz Life Insurance Company (BALIC) Limited for distribution of Life Insurance (LI) policies as per new IRDAI guidelines. As the tie up has been activated, we have advised our branches to commence marketing of life insurance policies. The marketing activities will focus on sales of traditional LI policies, as branches were doing earlier. We have advised our branches to extend all possible support to the officials of BALIC for proper exhibition of publicity materials within branch premises.

New Insurance Tie-Ups with Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd. (CHOICE) and DHFL Pramerica Life Insurance Company Ltd. (DPLI) : As an

endeavour to provide more choices on Life Insurance solutions for our customers, Bank has entered into corporate agency tie-up with Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd. (CHOICE) and DHFL Pramerica Life Insurance Company Ltd. (DPLI). **CHOICE** was launched in June 2008 as a joint venture owned by two of India's largest public sector banks – Canara Bank (Holding 51%) and Oriental Bank of Commerce (23%) along with HSBC Insurance (Asia Pacific) Holdings Ltd. (26%). **DPLI** is a joint venture between Dewan Housing Corporation Ltd. (DHFL), India's second largest private sector housing finance company and Prudential International Insurance Holdings Ltd. (PIIH), a fully owned subsidiary of Prudential Financial, Inc. (PFI) which is a financial service leader headquartered in the U.S.

CHOICE has been conferred with significant accolades and recognition on its journey, which includes, Masters of Modern Marketing Awards 2017 (mCube Awards), Golden Peacock Award for Corporate Ethics - 2016, Golden Peacock Award for Corporate Social Responsibility - 2016 etc. This reflects the company's inherent strength and success of the Bancassurance model. **DHFL Pramerica Life Insurance Company Limited** is one of the fastest growing life insurance companies in

India. The company is headquartered in Gurgaon, having 79 branches across India. Presently they have ₹2107 Cr asset under management and 8 million lives are insured with them. We are sure that these new tie ups will empower us to satisfy our customers life insurance needs better and explore more cross sell opportunities.

Setting up Aadhaar Enrolment, update and authentication facilities inside the Bank Premises: As per the provisions of amendment made to Prevention of Money Laundering (Maintenance of Records) Rules, 2005, each Bank is required to seed and verify the Aadhaar number for all eligible Bank accounts / relationship of individuals as prescribed under Aadhaar authentication process, before December 31, 2017, failing which all such accounts will become inoperative.

To ensure that account holders / public are not facing any difficulty in linking their Aadhaar number with their bank accounts and also verifying them through Aadhaar authentication, Banks need to provide Aadhaar enrolment, Aadhaar update and authentication facilities inside the Branch premises latest by September 30, 2017. All our branches have the Biometric machine. Our Bank has also been appointed as 'Registrar' authorised by Unique Identification Authority of India (UIDAI) for the purpose of enrolling individuals under the Aadhaar (Enrolment and Update) Regulations, 2016. To facilitate the same, Bank has chosen to avail the services of empanelled 'Enrolling Agency' authorised by UIDAI for the enrolment and update process. Bank has identified 26 Branches to act as Aadhaar enrolment/update centers. We have displayed the details of the same in our branches for the convenience of our customers and general public.

Introduction of Dhanam Customer Acquisition and Management System (DCAMS) : With a view to take care of the regulatory and compliance requirements especially in the backdrop of new regulations including FATCA/CRS, CKYCR, etc. and to enable the Bank officials access customer information in a hassle-free manner for smooth conduct of the business, re-defining and evolving a new approach for creation of Customer ID and customer on-boarding was necessary. It is christened as DCAMS (Dhanam Customer Acquisition and Management System).

With the introduction DCAMS, Bank aims to capture digitalized images of all documents submitted by the customer and its identification details including number, expiry date, date of issue, place of issue, etc. to comply with the various instructions/guidelines issued by the regulator. set centralized repository of all kind of forms and documents related to customer ID creation and account opening, which any authorized users can access.

Bank aims to set centralized repository of all kind of forms and documents related to customer ID creation and account

opening, which any authorized users can access. Bank aims to ensure various data validations and checks on customer acquisition and prepare effective MIS and address the requirements under Central KYC Records Registry (CKYCR).

Our Bank's 91st Foundation Day (Navathi) Celebrations: Our Bank completed 90 years of glorious service to society on November 14th, 2017. As we step into our 91st year of operations, anniversary celebrations are conducted in a grand manner **from 14.11.2017 to 13.12.2017** at all our Branches and Offices with a special focus on new business acquisitions and customer service delivery. We instructed all our branches to conduct public function on the anniversary day and our prominent customers were invited as Chief Guest for the function at all our branches throughout the country.

Western Union Money Transfer Service: Our Bank has a tie-up arrangement with Weizmann Forex Ltd. (WFL) which is a principal agent to Western Union. Western Union provides Money Transfer Services across the globe, popularly known as Western Union Money Transfer Service (WUMT). We have directed our branches to do maximum transactions through Western Union Money Transfer Service, which is very convenient to our customers and adds to non interest income of the Bank. We have also advised our branches to ensure that Western Union Money Transfer Service customers are provided prompt and quick service.

Revised Demat Account Opening Forms: To comply with the various circulars issued by Government of India and SEBI/NSDL on KYC and Nomination facilities, the Demat account opening form has been revised with effect from 01st February, 2018. The new account opening form has three parts namely KYC Form, Account Opening Form and Nomination Form.

NRO Recurring Deposit: In order to empower our branches to improve NR Portfolio, we have introduced a new product named "Dhanam Recurring Deposit (NRO)" Product Code (24) – an exclusive Recurring Deposit account to cater to the needs of our NR Customers. The main objective of this new product introduction is to attract, acquire and retain the NR segment resulting in a spurt of our Recurring Deposit portfolio. The main features of NRO Recurring Deposit is as follows:

- NRO RD can be opened and maintained by Non Resident Indians (NRIs) in Indian Rupees only.
- Deposit period ranges from 12 months to 120 months.
- Minimum monthly instalment of ₹500/-.
- Normal NRO deposit rates are applicable.
- No interest will be paid if closed before one year.
- Maturity value will be mentioned in the NRO RD Pass Book.
- Credit of proceeds will be given to NRO account only.
- Interest earned on the account is taxable as per Double Taxation Avoidance Agreement (DTAA).

Internal Ombudsman of the Bank: The Bank has appointed Sri Bhasi K. V., Deputy General Manager & Chief Financial Officer (CFO) as the new Internal Ombudsman of the Bank. The contact details of the Internal Ombudsman will be made available to customers approaching for resolutions. The Internal Ombudsman functions as a third person in resolving customer complaints and his view will be unbiased. The details of Internal Ombudsman have been incorporated in our website as well as notice board in our branches.

Restriction on Usage of Toll Free Customer Care Number and Stoppage of Call Back Facility: Based on the inferences from a cost effective study, the usage of our existing **Toll Free No. 1800 425 1747** has been restricted with effect from 01st March, 2018. The Toll Free Number will be henceforth exclusively used only for Grievance/Complaints. For all other purpose, **0487 6613000** will be used for contacting the Customer Care. With effect from 21st January, 2014, we had introduced Missed Call – Call Back services. Based on an analysis, we have withdrawn the Missed Call – Call Back Service with effect from 01st March, 2018.

International Women's Day: International Women's Day (IWD) is celebrated on 8th March every year. On the occasion of International Women's day, we have conducted a BIG DAY in all our Branches and Offices. As a part of the Big Day, we issued instruction to our branches to greet all female customers who visited our branches / offices on this day and honour minimum five prominent women personalities in every branches. We canvassed 1121 Dhanam Vanitha accounts with value 62 lakh as a part of the Big Day.

Launch of Aadhaar Enrolment and update Activities in Identified Branches (Aadhaar Enrolment and Update Centres): We have started the enrolment centres at all our identified 26 branches with the UIDAI Certified staff members as Operators and Supervisors for the benefit of our esteemed customers and general public.

Reduction in maximum loadable amount in Gift Card for individual applicants, from ₹50,000/- to ₹10,000/- : Our Bank is offering rupee denominated prepaid gift card - Dhanlaxmi Bank Gift Card - suitable for all gifting purposes. The gift card can also be used for corporate gifting to employees, vendors, clients etc. The gift cards shall be available off-the-shelf at all our branches and are ready to use once purchased from the Banks branch. As per the latest Master direction from RBI, the maximum amount that can be loaded in gift card for individual applicants is reduced from ₹50,000/- to ₹10,000/-. For Corporates, the maximum loadable amount is capped at ₹5,000/- per card, which remains the same as earlier.

New Tie-up for deploying PoS Machines (PSTN, Mobile PoS, Digital and Paper based GPRS PoS Machines): Our Bank has entered into an arrangement with new vendor M/s. India Transact Services Limited for the management and servicing

of PoS terminals to our customers. At present, we are carrying out the PoS Migration from M/S BTI Payments to M/s.Bijlipay. Since M/s.Bijlipay doesn't have the PSTN terminals, we have tied up with M/s. India Transact Services Limited. Through this arrangement with M/s. India Transact Services Limited, deployment of latest version of PSTN, MPoS, Digital and Paper based GPRS PoS terminals will be available to our customers.

Investor Education and Protection Fund

During the year, the Bank transferred ₹8,67,331/-, being the unclaimed / unpaid dividend for the financial year 2009-10, to the investor Education and Protection Fund (IEPF) in accordance with the provisions of Section 125 of the Companies Act, 2013.

In terms of Section 124 (6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, it may be noted that if the dividends have been unpaid or unclaimed for seven consecutive years or more the underlying shares shall be transferred to the IEPF Demat Account maintained with depositories. Upon transfer of such shares to IEPF account, all benefits (e.g. bonus, split, etc.), if any, accruing on such shares shall also be credited to the IEPF Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. The members/claimants whose shares, unclaimed dividend etc. have been transferred to IEPF authority may claim the shares or apply for refund by making an application to IEPF authority as per the procedure prescribed in the IEPF Rule. Letters were sent to shareholders whose dividend amount for FY 2010-11 were outstanding indicating a timeline to claim the outstanding dividend amounts.

Listing on Stock Exchanges

The Equity shares of the Bank are listed on BSE Ltd. and National Stock Exchange of India Ltd. The Bank confirms that it has paid the listing fees to all the Stock Exchanges for the financial year 2018-19.

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

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

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

Number of complaints filed during the financial year - 01
Number of complaints pending as on the end of the financial year - Nil

Particulars of employees

The Bank has no employee whose particulars are required to be given in terms of Section 197 of the Companies Act, 2013 read with Rule 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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

Green Initiatives in Corporate Governance

The Bank supports and pursues the 'Green Initiative' of the Ministry of Corporate Affairs. All the documents including the notice and explanatory statement of Annual General Meeting, Audited Financial Statements, Directors' Report and Auditors' Report is being sent electronically to all shareholders who have registered their e-mail addresses with their Depository Participants or with the Bank's Registrar & Transfer Agents. Shareholders holding shares in electronic form are requested to update their e-mail addresses in their respective DP accounts. Shareholders holding shares in physical form are requested to update their e-mail addresses with Bank's Registrar and Transfer Agents by a written request if they require electronic delivery of documents.

Directors

The composition of the Board of Directors of the Bank is in accordance with the Banking Regulation Act, 1949, the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the best practices of Corporate Governance. As on March 31, 2018, the Board comprises 11 Directors including Managing Director & CEO, 7 non-executive Directors and 3 nominee Directors. All the Directors have rich experience and specialized knowledge in various sectors like banking, economics, co-operation and accountancy. The remuneration / sitting fees paid to the Directors during the year is disclosed in Report on Corporate Governance.

There are 6 independent Directors on the Board of the Bank as on March 31, 2018. Declarations have been taken from Independent Directors as required under the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and RBI guidelines.

Changes in the Board

Sri Sajeew Krishnan (DIN-08066443) was appointed as additional

Director (independent category) by the Board of Directors of the Bank w.e.f. February 08, 2018. Subsequently, Sri Sajeew Krishnan has been appointed as part-time Chairman of the Board of the Bank for a period of three years w.e.f. May 23, 2018, with the prior approval of Reserve Bank of India (RBI).

Sri Gopinathan C. K. (DIN-01236752) was re-appointed as non-independent Director of the Bank, liable to retire by rotation, at the 90th Annual General Meeting of the Bank held on September 30, 2017.

Sri P. S. Sreekumar (DIN-07555178) was re-appointed as independent Director of the Bank, not liable to retire by rotation, at the 90th Annual General Meeting of the Bank held on September 30, 2017, for a period of two years with effect from the date of the Annual General Meeting, i.e., September 30, 2017.

Ms. N. Sara Rajendra Kumar (DIN-07854519) and Sri E. Madhavan (DIN-07373376) were appointed by Reserve Bank of India as Additional Directors on the Board of the Bank for a period of two years with effect from May 11, 2017 to May 10, 2019 or till further orders.

Sri Arun Rao M. G. (DIN-07547651) has been appointed as Additional Director (non-independent category) by the Board of Directors of the Bank w.e.f. May 15, 2018. Previously he was Director of the Bank till September 28, 2017.

Sri K. N. Murali (DIN-07902366) has been appointed as Additional Director (independent category) by the Board of Directors of the Bank w.e.f. June 07, 2018.

RBI has approved the appointment of Ms. T. Latha (DIN-07491803) as Managing Director & CEO of the Bank for three years from the date of taking charge. Ms. T. Latha assumed charge as Managing Director & CEO w.e.f. July 2, 2018 in place of Sri G. Sreeram (DIN-05143385) who retired from office on July 01, 2018 on completion of his tenure.

Dr. Jayaram Nayar (DIN-07395031) ceased to be part-time Chairman of the Board of the Bank w.e.f. January 04, 2018. Sri G. Vijaya Raghavan (DIN-0000029021) was appointed as independent Director of the Bank, not liable to retire by rotation, at the 90th Annual General Meeting of the Bank held on September 30, 2017, for a period of two years with effect from the date of the Annual General Meeting, i.e., September 30, 2017. Sri G. Vijaya Raghavan ceased to be Director on the Board of the Bank w.e.f. May 16, 2018. Sri P. Mohanan (DIN-01463603) ceased to be Director on the Board of the Bank w.e.f. April 20, 2018 on completion of tenure of office. The Board places on record its appreciation for the invaluable services rendered by them during their tenure as Directors on the Board of the Bank.

Composition of Audit Committee

The Board of the Bank has constituted a seven member Audit

Committee. All the seven members of the Committee are non-executive Directors, with Sri Chella K. Srinivasan, who is a Chartered Accountant, as its Chairman and Sri P. Mohanan, Sri P. S. Sreekumar, Sri G. Vijaya Raghavan, Sri S. T. Kannan, Ms. N. Sara Rajendra Kumar and Sri E. Madhavan as the other members. The Committee has been constituted in accordance with regulatory requirements. The terms of reference of the Committee are in accordance with the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and RBI guidelines.

Declaration by Independent Directors

The Bank has duly obtained necessary declarations from each independent Director under Section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence as laid down in the Section 146(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Bank has also obtained the 'Fit & Proper' declaration as prescribed by the Reserve Bank of India.

Policy on appointment and remuneration of Directors

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

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

- Ensuring that the appointment/re-appointment/continuation is in conformity with the provisions of the Banking Regulation Act, 1949, RBI guidelines, Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Ensuring that the criteria for independence of Directors as stated in the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is complied with, in case of independent Directors;
- Ensuring that the person does not attract any disqualification as per the Banking Regulation Act, 1949, RBI guidelines, Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

- Special knowledge or practical experience in various fields as enumerated in Section 10A(2)(a) of the Banking Regulation Act, 1949 or any other field which may be useful to the Bank;
- Professional knowledge and experience;
- Experience in the field of banking / finance sectors;
- Interest in NBFCs and other entities;
- Relatives connected with the Bank;
- Fund and non-fund facilities availed from the Bank;
- Defaults, if any, by the Director or interested entities with respect to the credit facilities availed from any Bank;
- Professional achievements relevant to the office of Directorship;
- Prosecution, if any, pending or commenced or resulting in conviction in the past against the director and / or against any of the interested entities for violation of economic laws and regulations;
- Criminal prosecution, if any, pending or commenced or resulting in conviction in the past against the Director;
- Any other factors as the Nomination & Remuneration Committee may think fit for the purpose of considering the appointment / re-appointment / continuation as Director

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

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

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

The non-executive Directors are paid sitting fees for attending each meeting of the Board of Directors or any Committee thereof as approved by the Board, within the permissible limit prescribed