SUBHADRA LOCAL AREA BANK LTD.

सुभद्रा लोकल एरिया बँक लि.

CIN U65191PN2001PLC016042

NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Members of Subhadra Local Area Bank Limited will be held on Thursday, 27th September, 2018 at the Registered Office of the Bank at Shop Nos. 47 to 56, Ground Floor, Gemstone Building, Near Central Bus Stand, Kolhapur-416001 at 1:00 P.M. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Bank for the financial year ended 31st March, 2018 together with the Reports of the Board of Directors' and the Auditors' thereon and in this regard, if thought fit, pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

   "**RESOLVED THAT** the Audited Financial Statements of the Bank for the financial year ended 31st March, 2018 and the reports of the Board of Directors and Auditors thereon be and are hereby received, considered and adopted."

2. To declare dividend on Equity Shares for the financial year ended on 31st March, 2018 and in this regard, if thought fit, pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

   "**RESOLVED THAT** pursuant to the recommendation of the Board of Directors of the Company, dividend @ 0.20% (i.e. 2 paise per equity share of Rs. 10/- each (subject to pro-rata for the time and amount of paid-up equity) on the 2,35,20,400 Equity Shares of the Company for the year ended 31st March, 2018 be and is hereby declared out of the profits of the Company and that the same be paid to those shareholders whose names appear on the Company's Register of Members as on the date of Annual General Meeting, the payment of dividend is subject to the approval of Reserve Bank of India and payable to those shareholders who are entitled to receive the payment of dividend."

3. To reappoint Statutory Auditors of the Bank and fix their remuneration and in this regard, to consider and if thought fit, pass with or without modification(s), the following as an **ORDINARY RESOLUTION**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or reenactment thereof, for the time being in force) and subject to approval of Reserve Bank of India, M/s. Ummed Jain & Co, Chartered Accountants, Mumbai (Registration No. 119250W), be and is hereby re-appointed as Statutory Auditors of the Bank for an another term of 1 (one) year from the conclusion of this 17th Annual General Meeting till the conclusion of the 18th Annual General Meeting, at such remuneration as shall be fixed by the Board of Directors of the Bank."

SPECIAL BUSINESS:

4. To appoint Mr. Ravi Kiran Malik as an Independent Director and in this regard, if thought fit, pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"**RESOLVED THAT** Mr. Ravi Kiran Malik (DIN: 08037772), who was appointed as an Additional Independent Director of the Bank by the Board of Directors for a period of 5 (five) years with effect from 7th January, 2018 and who holds office till the date of the Annual General Meeting, in terms of Section 161 of the Act, pursuant to the provisions of Sections 149, 152 and 161 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and in accordance with the provisions of the Articles of Association of the Bank and in respect of whom the Bank has received a notice in writing from a member as required under Section 160(1) of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Bank pursuant to the provisions of Section 149, 150 and 152 read with Schedule IV of the Companies Act, 2013 to hold office for a term up to five consecutive years i.e. up to 6th January, 2023, who shall not be liable to retire by rotation."

By order of the Board of Directors
Subhadra Local Area Bank Limited

Vivek Kanwar
Company Secretary
Membership No. 48785

Place: Mumbai
Date: 29th July, 2018

Regd. Office:
Shop Nos. 47 to 56, Ground Floor,
Gemstone Building,
Near Central Bus Stand,
Kolhapur-416001

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE BANK. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE BANK NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

2. Pursuant to the provisions of Section 105 of the Companies Act 2013, a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Bank carrying voting rights. A member holding more than ten percent of the total share capital of the Bank carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. The holder of proxy shall prove his identity at the time of attending the Meeting.

3. The Statement pursuant to Section 102(1) of the Companies Act, 2013 ("the Act"), relating to the Special Business to be transacted at the Meeting is annexed hereto.

4. Details of Director seeking appointment at the ensuing Meeting are provided in the "Annexure" to the Notice pursuant to the Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

5. Relevant documents referred to in the Notice are open for inspection by the members at the registered office of the Company on all working days (that is, except Saturdays, Sundays and Public Holidays) during business hours up to the date of the Meeting. The aforesaid documents will be also available for inspection by members at the Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("THE ACT")

ITEM NO. 4

The Board of Directors of the Bank at their meeting held on 7th January, 2018 appointed Mr. Ravi Kiran Malik (DIN: 08037772) as an Additional Independent Director of the Bank for a period of five years with effect from 7th January, 2018 till 6th January, 2023 pursuant to the provisions of Section 161 of the Companies Act, 2013 (Act) and the Articles of Association of the Bank and, subject to approval of shareholders at the ensuing Annual General Meeting. Mr. Ravi Kiran Malik (DIN: 08037772) holds office up to the date of this AGM. The Bank has received a notice in writing under Section 160(1) of the Act from a member, proposing the candidature of Mr. Ravi Kiran Malik (DIN: 08037772) for the office of the Independent Director, to be appointed as such, under the provisions of Section 149 of the Act. The Bank has received a declaration from Mr. Ravi Kiran Malik (DIN: 08037772) that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. Mr. Ravi Kiran Malik (DIN: 08037772) is independent to the management and possesses appropriate skills, experience and knowledge.

The Nomination and Remuneration Committee has also recommended his appointment as Independent Directors for a term of five consecutive years.

In the opinion of the Board, Mr. Ravi Kiran Malik (DIN: 08037772) fulfills the conditions as specified in the Act and the Rules made thereunder for appointment as an Independent Director.

The Board considers that his association would be of immense benefit to the Bank and it is desirable to avail of services of Mr. Ravi Kiran Malik (DIN: 08037772). Accordingly, the Board of Directors recommends the Ordinary Resolution in relation to his appointment as Independent Director for the approval by the shareholders of the Bank.

The letter of appointment is available for inspection by members at the registered office of the Bank between 11.00 a.m. and 1.00 p.m. on any working day of the Bank.

Mr. Ravi Kiran Malik (DIN: 08037772) is not holding any shares in the Bank.

Except Mr. Ravi Kiran Malik (DIN: 08037772), being appointee, none of the Directors or Key Managerial Personnel of the Bank or their relatives are concerned or interested financial or otherwise, in the resolution set out at Item No. 4.

Brief Profile of Mr. Ravi Kiran Malik (DIN: 08037772)

Mr. Ravi Kiran Malik (DIN: 08037772) holds a degree of Bachelor of Arts (Economics Honours) from University College of Arts (Rajasthan College) University of Rajasthan. He had worked for NABARD as Deputy General Manager from July, 1985 to February, 2014. He possesses relevant knowledge and experience in Agriculture and Rural Economy in terms of Section 10A(2)(a) (ii) of the Banking Regulation Act, 1949. His prolonged experience in said fields will be beneficial to the Board for effective decision making with respect to agriculture and rural financing.

INFORMATION OF DIRECTOR BEING PROPOSED FOR APPOINTMENT AS PER SECRETARIAL STANDARD – 2 "GENERAL MEETINGS" IS GIVEN BELOW:

Name	Mr. Ravi Kiran Malik
DIN	08037772
Age	59 years
Qualification	Bachelor of Arts
Expertise in Specific functional areas	Agriculture and Rural Economy (in terms of Section 10A(2)(a) (ii) of the Banking Regulation Act, 1949)
No. of Shares held in the Company	Nil
Date of Appointment on the Board	07/01/2018
Directorship/ Designated Partnership Details of other companies & LLP as on March 31, 2018	Nil
Relationship with other directors/KMPs	Not Related
No. of Meeting attended during the year 2017-18	1 (One)
Terms of Re-appointment	For 5 years, not liable to retire by rotation.
Status in committees in other companies	Nil

By Order of the Board of Directors
Subhadra Local Area Bank Limited

Vivek Kanwar
Company Secretary
Membership No.48785

Place: Mumbai
Date: 29th July, 2018
Regd. Office:
Shop Nos. 47 to 56, Ground Floor,
Gemstone Building,
Near Central Bus Stand,
Kolhapur-416001

BOARD'S REPORT

Dear Shareholders,

Your Directors take great pleasure in presenting the 17th Annual Report on the business and operations of your Bank, together with the audited accounts for the year ended 31st March, 2018.

1. SUMMARY OF FINANCIAL PERFORMANCE:

The Bank's financial performance, for the year ended 31st March, 2018 is summarized below:

(Amount in Rs.)

Particulars	Year Ended 31.03.2018	Year Ended 31.03.2017
Interest Income	4,19,30,967	8,25,66,454
Other Income	6,06,99,252	1,64,11,853
Gross Income	**10,26,30,219**	**9,89,78,307**
Depreciation on Fixed Assets	50,52,533	30,91,475
Total Expenditure	9,34,85,565	8,77,44,775
Provision & Contingencies	10,50,703	28,62,646
Net Profit for the Year	**91,44,654**	**1,12,33,532**

2. REVIEW OF OPERATIONS:

During the year the total deposits have decreased from Rs. 39,64,28,482/- to Rs. 16,77,86,160/- & the total advances have decreased from Rs. 27,22,77,387 /- to Rs. 4,29,20,261 /- and Net NPA (Rs. 7.80 Lakhs) to Net Advances as on 31st March, 2018 is 1.83 % as compared to Nil at the end of the previous financial year.

3. DIVIDEND:

Your Directors are pleased to recommend a dividend of 2 paise (2%) per equity share of 10/- each on 2,35,20,400 Equity shares (subject to pro-rata for the time and amount of paid-up equity) for the financial year ended 31st March, 2018. Payment of dividend is subject to the approval of Reserve Bank of India and Shareholders at the forthcoming Annual General Meeting and would involve a cash outflow of Rs. 4,48,852/- plus dividend distribution tax.

4. RESERVES:

As per requirement of RBI regulations, the Bank has transferred the following amounts to/from various reserves during Financial Year ended 31st March, 2018:

(Amount in Rs.)

Amount transferred to	Current year	Previous Year
General Reserves	-	20000
Statutory Reserves	22,86,163	28,08,383
Countercyclical Provisioning Buffer	1,06,000	-
Investment Fluctuation Reserves	NIL	(42,623)
Infrastructural Upgradation Reserves write back	(30,00,000)	(45,00,000)

5. CHANGE IN NATURE OF BUSINESS:

There was no change in the nature of business activities of the Bank during the year under review.

6. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE BANK OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

No material changes and commitments affecting the financial position of the Bank occurred between the end of the financial year to which these financial statements relate and the date of this report.

7. SHARE CAPITAL OF THE BANK:

The Bank has issued and allotted 11,20,000 equity shares (Previous Year: Nil) aggregating to face value of Rs. 1,12,00,000/- (Rupess One Crore Twelve Lakhs only) and paid-up value of Rs. 28,00,000/- (Rs. Twenty-Eight Lakhs only), in respect of stock options exercised under SLAB ESOP 2016. Accordingly, during the year, paid up share capital increased by Rs. 28,00,000/- (Rupees Twenty-eight Lakhs only). Details of changes in the paid-up equity share capital of the Bank are given below:

(Amount in Rs.)

Particulars	31st March, 2018	31st March, 2017
Opening Balance	22,40,04,000	22,40,04,000
Additions pursuant to stock options exercised (partly paid up Rs. 2.50 per share)	28,00,000	NIL
Closing Balance	22,68,04,000	22,40,04,000

8. SUBIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES:

The Bank did not have any subsidiary, joint venture or associate Bank during the year under review.

9. EXTRACT OF ANNUAL RETURN:

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in the prescribed Form MGT-9 and is appended to this report as **Annexure I**.

10. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL:

A) RETIREMENT BY ROTATION:

All the Directors of the Bank are Independent Directors, hence in terms of Section 152 of the Companies Act, 2013, no Director of the Bank is liable to retire by rotation at the ensuing Annual General Meeting.

B) APPOINTMENT:

Pursuant to the provisions of Sections 149 and 161(1) of the Companies Act, 2013 read with the Articles of Association of the Bank, Mr. Rajiv Abhyankar (DIN 03583671), Mr. Gaurav D. Porwal (DIN 07792731), Mr. Hardik Indramal Jain (DIN 00853625), Mr. Chetan Bafna (DIN 01332770) were appointed as Additional Directors (Independent) on the Board on 1st September, 2017 and subsequently were appointed by the Shareholders as Independent Directors at Annual General Meeting held on 28th September, 2017 for a period of five years.

Mr. Rakesh G. Mehta (DIN 00002676) was appointed as Additional Director (Shareholders') on the Board on 1st September, 2017 and subsequently was appointed by the Shareholders as a Shareholder Director at Annual General Meeting held on 28th September, 2017.

Mr. Ravi Kiran Malik (DIN 08037772) was appointed as an Additional Director (Independent) on the Board with effect from 7th January, 2018, subject to the approval of members of the Bank in ensuing Annual General Meeting. We seek your confirmation for appointment of Mr. Ravi Kiran Malik as an Independent Director for a term upto five consecutive years i.e. with effect from 7th January, 2018 to 6th January, 2023.

The resolution seeking approval of the members for the appointment of Mr. Ravi Kiran Malik, Independent Director has been incorporated in the Notice of the Annual General Meeting of the Bank along with brief details about him.

c) RESIGNATION/CESSATION:

Mr. Sandeep Sanglikar (DIN:00331510) and Mr. Rahul Prasad Agnihotri (DIN:02646091) Directors of the Bank resigned from the directorship of the Bank w.e.f. 28th August, 2017 and 29th August, 2017 respectively, due to personal reasons. The Board places on records its appreciation for the valuable services rendered by them to the Bank during their tenure as directors of the Bank.

Mr. Sanjay B. Patil (DIN 00417639), Mrs. Soniya S. Patil (DIN 00417441), Mr. Abhay D. Chougale (DIN 07027302), Directors and Mr. Narayan D. Bodake (DIN 07027306), Independent Director stepped down from the Board with effect from 8th September, 2017. The Board wishes to place on record its appreciation for the valuable contributions made by them to the Board and the Bank during their long tenure.

Mr. Rakesh G. Mehta (DIN: 00002676), Shareholder Director and Mr. Chetan Bafna (DIN: 01332770), Independent Directors stepped down from the Board with effect from 6th November, 2017 due to personal reasons.

Mr. Gaurav D. Porwal (DIN 07792731), Independent Director stepped down from the Board with effect from 7th December, 2017 pursuant to not fulfilling minimum age criteria for becoming the Director of the Bank as prescribed by the Report of the Consultative Group of Directors of Banks / Financial Institutions (Dr. Ganguly Group) dated 20th June, 2002.

Mr. Hardik Indramal Jain (DIN 00853625), Independent Director stepped down from the Board with effect from 6th June, 2018 due to some personal reasons and pre-occupations elsewhere. The Board places on record its appreciation for Mr. Hardik Indramal Jain for his contribution to the growth of the Bank.

Mr. Suryakant S. Jadhav (DIN: 06847621), Managing Director was re-appointed by the Bank for one year w.e.f. from 1st March, 2017. The Bank had submitted an application to Reserve Bank of India to re-appoint him for another term of one year w.e.f. 1st March, 2018. Since his re-appointment was not approved by Reserve Bank of India, he ceased to be Managing Director of the Bank with effect from closing hours of 28th February, 2018 on completion of his tenure. The Board places on record its appreciation for Mr. Suryakant S. Jadhav for his contribution to the growth of the Bank.

d) Declaration from Independent Directors

All Independent Directors of the Bank have submitted declarations under Section 149(7) of the Companies Act, 2013 that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as Independent Director during the year.

e) **Key Managerial Personnel (KMP)**

The following Key Managerial Personnel have been appointed/ceased during the year:-

Sl. No.	Name of the Person	Designation	Appointment/ Cessation	Date of Appointment/ cessation
1.	Mr. Vivek Kanwar	Company Secretary	Appointment	26/07/2017
2.	Mr. Satyanarayan R. Baheti	Chief Financial Officer	Appointment	05/10/2017
3.	Mr. Suryakant S. Jadhav	Managing Director	Cessation (Retirement)	28/02/2018

11. POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION:

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is appended to this report as **Annexure II**.

12. AUDIT COMMITTEE AND ITS COMPOSITION:

As on 31st March, 2018, the Audit Committee comprised of Mr. Siddharth Jain, Mr. Kishor Mundargi, Mr. Rajiv Abhyankar and Mr. Hardik Jain.

Mr. Siddharth Jain is Chairman of Audit Committee of the Bank.

The Audit Committee of the Bank reviews the reports to be submitted to the Board of Directors with respect to auditing and accounting matters. It also supervises the Bank's internal control, financial reporting process and vigil mechanism.

The Bank has provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interest of Bank and its employees.

13. NOMINATION AND REMUNERATION COMMITTEE AND ITS COMPOSITION:

As on 31st March, 2018, the Nomination and Remuneration Committee comprised of Mr. Kishor Mundargi, Mr. Siddharth Jain and Mr. Rajiv Abhyankar.

Mr. Kishor Mundargi is Chairman of Nomination and Remuneration Committee of the Bank.

The Committee has been constituted to review the structure, size, composition and diversity of the Board and designing of the criteria for determining the qualifications, positive attributes and independence of the directors.

14. NUMBER OF MEETINGS OF THE BOARD HELD DURING THE YEAR UNDER REVIEW:

The Board of Directors of the Bank duly met 7 times during the financial year under review on 8th May, 2017, 30th May, 2017, 1st September, 2017, 1st October, 2017, 10th December, 2017, 7th January, 2018 and 4th February, 2018.

The gap between two Board meetings did not exceed 120 days.

15. DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them and as required under Section 134 (5) of the Companies Act, 2013 state that:

a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit of the Bank for that period;

c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;

d) the directors have prepared the annual accounts on a going concern basis; and

e) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16. DEPOSITS:

Being Banking Company as defined in the Reserve Bank of India Act, 1934 provisions of Chapter V of the Companies Act, 2013 are not applicable.

17. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1) OF THE COMPANIES ACT 2013:

The Bank has not entered in to any contract or arrangements with any of the related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013.

18. SUBHADRA EMPLOYEE STOCK OPTION PLAN:

Your Bank has instituted Stock Option Scheme with the following objectives:

1. Attract critical talent for achieving the business plan
2. Retain, motivate and reward talent
3. Create ownership attitudes by aligning the interest of employees with that of SLAB.
4. Offer wealth creation opportunities to employees which are linked to the creation of overall shareholder value

The Bank has instituted SLAB Employee Stock Options Plan, 2016 (SLB ESOP, 2016). This Plan was originally adopted by the Board of Directors by a resolution passed at its meeting held on 1st August 2016 and approved by the members of the Bank by passing a special resolution at the Extra Ordinary General Meeting held on 30th August, 2016 and said scheme was modified by special resolution passed by the members of the Bank at the Annual General Meeting held on 28th September 2017. Under the SLB ESOP 2016, the Bank has created a pool of 44,80,080 options and which upon exercise of options, will be converted into 44,80,080 Equity Shares of Rs. 10/- each of the Bank. These Options would be available for being granted to eligible employees of the Bank under SLB ESOP 2016. All the grants made under the plan shall, unless otherwise specified in the Grant, vest within 12 months from the grant date.

The ESOP Scheme of the Bank is in compliance with provisions of Section 62 of the Companies Act, 2013 read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and the details are given as under:

Sr. No.	Particulars	SLB ESOP,2016
1	Date of Shareholder's approval	30th August, 2016
2	Total number of options approved	44,80,080
3	Total number of options outstanding at the beginning of the period	33,60,080
4	Total number of options granted (during FY 2016-17)	11,20,000
5	Total number of options granted (during FY 2017-18)	NIL
6	The pricing formula	Adjusted Fair Value Method (Average of value under Net Asset Value Approach and Market Approach, discounted for size and liquidity)

7	Options vested (during FY 2017-18)	11,20,000
8	Options Exercised (during FY 2017-18)	11,20,000
9	Total number of shares arise as result of exercise of options.	11,20,000
10	Number of Options Forfeited/lapsed during the Year	NIL
11	Option Exercised Price	Rs. 10/- (partly paid up of Rs. 2.50)
12	Total number of options outstanding at the end of the year.	33,60,080
13	Money realized by the exercise of Options (Partly Paid amount realized)	Rs.28,00,000/-(Rupees Twenty Eight Lakhs Only)
14	Employee wise details of options granted to:	
	i) Key Managerial Personnel	Mr. Rajiv Agarwal – Head – New Initiatives
	ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	Nil
	iii)Identified employees who are granted options, 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.	Bank has granted 11,20,000 stock options to Mr. Rajiv Agarwal, Head New Initiative of the Bank.

19. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

Pursuant to Section 186(11) of the Companies Act, 2013 and clarification dated 13th February, 2015 issued by the Ministry of Corporate Affairs, loans made, guarantee given, or securities provided or acquisition of securities by a banking company in the ordinary course of its business are exempted from disclosure in the Annual Report.

Therefore, the said provision is not applicable to the bank.

20. CORPORATE SOCIAL RESPONSIBILITY:

The provision of Section 135 of the Companies Act, 2013 with respect to the Corporate Social Responsibility are not applicable to the Bank.

21. WHISTLE BLOWER/ VIGIL MECHANISM:

The Bank has a Vigil Mechanism / Whistle Blower mechanism to deal with instance of fraud and mismanagement, if any. The mechanism also provides for adequate safeguards against victimization of directors and employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in the exceptional cases. The Vigil Mechanism Policy is also posted on the website of the Bank. We affirm that during the financial year 2017-18, no employee or director was denied access to the Audit Committee.

22. STATUTORY AUDITORS:

M/s. Ummed Jain & Co., Chartered Accountants, Mumbai (having Firm Registration Number: 119250W) were appointed as Statutory Auditors of the Bank to hold the office from the conclusion of 16th Annual General Meeting until conclusion of the 17th Annual General Meeting of the Bank to be held for the year ended 31st March, 2018. Accordingly they hold office till the conclusion of ensuing Annual General Meeting of the Bank.

Subject to the approval of Reserve Bank of India and members of the Bank, your directors recommend the reappointment of M/s. Ummed Jain & Co., Chartered Accountants, Mumbai (having Firm Registration Number: 119250W), as the Statutory Auditors of the Bank for a further period of one year commencing from the conclusion of the 17th Annual General Meeting till the conclusion of 18th Annual General Meeting to be held for the financial year ending on 31st March, 2019. The Bank has received letter from them to the effect that they are willing to get reappointed as Statutory Auditors and if appointed, their appointment would be within the limits prescribed under Section 139 of the Companies Act, 2013 and they are not disqualified from being appointed as Statutory Auditors.

Your Directors recommend the appointment of M/s. Ummed Jain & Co, Chartered Accountants, Mumbai, as Statutory Auditors of the Bank to hold office as such for a period one year from the conclusion of this 17th Annual General Meeting till the conclusion of the 18th Annual General Meeting.

23. REMARKS ON QUALIFICATION BY STATUTORY AUDITORS AND SECRETARIAL AUDITORS:

There was no qualification/adverse remarks in Statutory Auditor's Report.

The provisions of Section 204 of the Companies Act, 2013 regarding Secretarial Audit are not applicable to the bank.

24. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND BANK'S OPERATIONS IN FUTURE:

There was no significant or material order passed by any regulator or court or tribunal, which impacts the going concern status of the Bank or will have bearing on Bank's operations in future.

25. INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The Bank has in place proper and adequate internal control systems commensurate with the nature of its business, size and complexity of its business operations. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, compliance with policies, procedures, applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and adequately protected.

26. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

In view of the nature of the activities of the Bank, your directors have nothing to report regarding conservation of Energy and Technology Absorption as required under Section 134(m)of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts), Rules 2014.

There was no inflow or outgo of foreign exchange during the year under review.

27. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE BANK:

The Bank has established adequate Risk Management framework and procedures for managing the risk factors. The Risk Management Committee (RMC) of the Board oversees the implementation of Credit risk and Operational risk aspects. On day to day basis the management level committee and the functional heads are responsible for the credit and operational risk monitoring and mitigation.

The Asset Liability Management Committee (ALCO) & Investment Committee of the management look into the management of Liquidity risks and ensure adherence to the prudential limits. The Asset Liability Management and Investment Committee of the Board oversee the Liquidity risk and Investment Risk. Being all investments of the Bank made only in Government securities the Investment Risk of the Bank is negligible. The Asset Liability Management framework of the Bank ensures that the Bank is in a position to meet its daily liquidity obligations as well as to withstand a period of liquidity stress while maintaining the required CRR and SLR level. The liquidity profile of the Bank is analyzed on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios periodically.

The Bank has a structured and standardized credit approval processes, including a well-established procedure of comprehensive credit appraisal and documentation. Every extension of credit facility or material change of a credit facility to any counterparty requires credit approval at the appropriate authority level. Internal risk rating remains the foundation of the credit assessment process, which provides standardization and objectivity to the process.

28. PARTICULARS OF EMPLOYEES:

Details as per section 197(12) read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are mentioned in **Annexure III.**

29. INFORMATION UNDER THE SEXUAL HARRASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Bank has constituted an Internal Compliant Committee under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year no complaint was filed before the said Committee.

30. NETWORTH:

The net worth of the Bank as on 31st March, 2018 is Rs. 34.06 Crores.

31. CAPITAL ADEQUACY RATIO:

As on 31.03.2018, Capital Adequacy Ratio of the Bank is 181.50 % as per banking norms prescribed by the RBI.

32. CORPORATE GOVERNANCE:

The Bank puts utmost thrust on best corporate governance. The Bank has always adopted practices and policies to ensure a culture of good Corporate Governance. This is done through a three tier management structure – the Branch management, the Head Office supervision and thirdly the Board level supervision.

The Board has been constituted in accordance with the Banking Regulation Act, 1949 and is represented by well experienced personalities from the fields of banking, finance, Agri-business and Rural Development.

33. COMPLIANCE WITH SECRETARIAL STANDARDS:

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and your Directors confirm compliance of the same during the year under review.

34. ACKNOWLEDGEMENTS:

The Directors would like to place on record their sincere appreciation for the continued co-operation, guidance, support and assistance extended during the year under report by Reserve Bank of India, bankers, customers, shareholders and Government agencies. The Board of Directors wishes to express its appreciation for the valuable Contribution made by the employees at all levels during the year under report.

By order of the Board of Directors

Siddharth Jain	**Kishor S. Mundargi**
Independent Director	**Independent Director**
DIN:07498043	**DIN: 07498008**

Place: Mumbai
Date: 29th July, 2018

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018 of

SUBHADRA LOCAL AREA BANK LIMITED

[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I REGISTRATION AND OTHER DETAILS

i.	CIN	U65191PN2001PLC016042
ii.	Registration Date	10.04.2001
iii.	Name of the Company	SUBHADRA LOCAL AREA BANK LIMITED
iv.	Category / Sub-Category of the Company	Public Limited Company
v.	Address of the Registered office and contact details	Shop Nos. 47 to 56, Ground Floor, Gemstone Building, Near Central Bus Stand, Kolhapur Kolhapur MH 416001 IN
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharex Dynamic (India) Private Limited Unit-1, Luthra Ind Premises, 1st Floor, 44 E, M Vasanti Marg, Andheri Kurla Road, Safeed Pool, Andheri East, Mumbai- 400072. Tel No. 022 28515606

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Banking	64191	100%

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

The Bank does not have any holding, subsidiary and associate companies.

IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A . Equity Shares of PAID UP OF Rs.10/- each, Carrying Voting Rights

i. *Category-wise Share Holding*

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2017)				No. of Shares held at the end of the year (31.03.2018)				% Change during
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	2934380	2934380	13.10	0	2934380	2934380	13.10	0.00
b) Central Govt	0	0	0	0	0	0	0	0	0.00
c) State Govt (s)	0	0	0	0	0	0	0	0	0.00
d) Bodies Corp.	0	0	0	0	0	0	0	0	0.00
e) Banks/ FI	0	0	0	0	0	0	0	0	0.00
f) Other - (i) Directors & Relatives	0	4160200	4160200	18.57	0	4160200	4160200	18.57	0.00
Sub- Total (A) (1):-	0	7094580	7094580	31.67	0	7094580	7094580	31.67	0.00
(2) Foreign									
a) NRIs -Individuals	0	0	0	0	0	0	0	0	0
b) Othe –Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Bank / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
Sub - Total (A) (2) :-	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	0	7094580	7094580	31.67	0	7094580	7094580	31.67	0.00
B. Public Shareholding									
1.Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub- Total (B)(1) :-	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	15305820	15305820	68.33	0	15305820	15305820	68.33	0.00
Sub- Total (B)(2):-	0	15305820	15305820	68.33	0	15305820	15305820	68.33	0.00
Total Public Shareholding (B)=(B)(1)+(B)(2)	0	15305820	15305820	68.33	0	15305820	15305820	68.33	0.00

C) Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	22400400	22400400	100	0	22400400	22400400	100	0

(ii) Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04. 2017)			Shareholding at the end of the year (As on 31.03.2018)			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	% change in share holding during the year
1	Mr. Abhishek Annasaheb Mohite	515000	2.30	0	515000	2.30	0	0
2	Mrs. Sitadevi Ramchandra Pandit	100000	0.45	0	100000	0.45	0	0
3	Mrs. Soniya alias Sunanda Patil	1340000	5.98	0	1340000	5.98	0	0
4	Mr. Annasaheb Ramchandra Mohite	1000000	4.46	0	1000000	4.46	0	0
5	Mr. Rajnikant Annasaheb Patil	630000	2.81	0	630000	2.81	0	0
6	Mr. Ramchandra Maruti Mohite	919280	4.10	0	919280	4.10	0	0
7	Mr. Sanjay Balaso Patil	2089100	9.33	0	2089100	9.33	0	0
8	Smt. Sarojini Shrimant Melwanki	100	0.00	0	100	0.00	0	0
9	Mr. Shashikant S Mirji	1000	0.00	0	1000	0.00	0	0
10	Late Parvati Ramchandra Mohite	500100	2.23	0	500100	2.23	0	0
	Total	7094580	31.67	0	7094580	31.67	0	0.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Shareholders' Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
There is no change in the promoter shareholding during the year					

(iv) Shareholding Pattern of top 10 shareholders (other than Directors, promoters and holders of GDRs and ADRs)

Sr. No.	Shareholders' Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Vivek Kothari				
A	At the beginning of the year	1110000	4.96		
B	Changes during the year	No change during the year			
C	At the End of the year			1110000	4.96
2	Mr. Lekhraj Kanungo				
A	At the beginning of the year	1097760	4.90		
B	Changes during the year	No change during the year			
C	At the End of the year			1097760	4.90
3	Mr. Rahul Shah				
A	At the beginning of the year	1090180	4.87		

B	Changes during the year	No change during the year			
C	At the End of the year			1090180	4.87
4	**Mr. Pradeep Rathod**				
A	At the beginning of the year	1070000	4.78		
B	Changes during the year	No change during the year			
C	At the End of the year			1070000	4.78
5	**Mr. Vinodkumar Bohara**				
A	At the beginning of the year	1063700	4.75		
B	Changes during the year	No change during the year			
C	At the End of the year			1063700	4.75
6	**Mrs. Sohinidevi Nahar**				
A	At the beginning of the year	1050000	4.69		
B	Changes during the year	No change during the year			
C	At the End of the year			1050000	4.69
7	**Mr. Ganpatraj Choudhary**				
A	At the beginning of the year	1050000	4.69		
B	Changes during the year	No change during the year			
C	At the End of the year			1050000	4.69
8	**Mrs. Sukhidevi Haran**				
A	At the beginning of the year	1009100	4.50		
B	Changes during the year	No change during the year			
C	At the End of the year			1009100	4.50
9	**Mr. Chandu Chah**				
A	At the beginning of the year	1000000	4.46		
B	Changes during the year	No change during the year			
C	At the End of the year			1000000	4.46
10	**Mr. Ashok Jogani**				
A	At the beginning of the year	981360	4.38		
B	Changes during the year	No change during the year			
C	At the End of the year			981360	4.38

(v)Shareholding of Directors and Key Managerial Personnel

Sr. No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Shri Sanjay Babasaheb Patil(Resigned w.e.f. 08.09.2017)**				
A	At the beginning of the year	2089100	9.33		
B	Changes during the year	No change during the year			
C	At the End of the year			2089100	9.33
2	**Sou. Soniya Sanjay Patil (Resigned w.e.f. 08.09.2017)**				
A	At the beginning of the year	1340000	5.98		
B	Changes during the year	No change during the year			
C	At the End of the year			1340000	5.98

IV SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

B . Equity Shares of PAID UP OF Rs.2.5/- each, Carrying Voting Rights

i. *Category-wise Share Holding*

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2017)				No. of Shares held at the end of the year (31.03.2018)				% Change during
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt (s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Other - (i) Directors & Relatives	0	0	0	0.00	0	0	0	0.00	0.00
Sub- Total (A) (1):-	0	0	0	0.00	0	0	0	0.00	0.00
(2) Foreign									
a) NRIs -Individuals	0	0	0	0	0	0	0	0	0
b) Other –Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
Sub - Total (A) (2) :-	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	0	0	0	0.00	0	0	0	0.00	0.00
B. Public Shareholding									
1.Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) StateGovt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub- Total (B)(1) :-	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0.00	0	1120000	1120000	100.00	100.00
Sub- Total (B)(2):-	0	0	0	0.00	0	1120000	1120000	100.00	100.00

Total Public Shareholding (B)=(B)(1)+(B)(2)	0	0	0	0.00	0	1120000	1120000	100.00	100.00
C) Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	0	0	0.00	0	1120000	1120000	100	0

(ii) Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04. 2017)			Shareholding at the end of the year (As on 31.03.2018)			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	% change in share holding during the year
1	Mr. Abhishek Annasaheb Mohite	0	0.00	0	0	0.00	0	0.00
2	Mrs. Sitadevi Ramchandra Pandit	0	0.00	0	0	0.00	0	0.00
3	Mrs. Soniya alias Sunanda Patil	0	0.00	0	0	0.00	0	0.00
4	Mr. Annasaheb Ramchandra Mohite	0	0.00	0	0	0.00	0	0.00
5	Mr. Rajnikant Annasaheb Patil	0	0.00	0	0	0.00	0	0.00
6	Mr. Ramchandra Maruti Mohite	0	0.00	0	0	0.00	0	0.00
7	Mr. Sanjay Balaso Patil	0	0.00	0	0	0.00	0	0.00
8	Smt. Sarojini Shrimant Melwanki	0	0.00	0	0	0.00	0	0.00
9	Mr. Shashikant S Mirji i	0	0.00	0	0	0.00	0	0.00
10	Late Parvati Ramchandra Mohite	0	0.00	0	0	0.00	0	0.00
	Total	0	0.00	0	0	0.00	0	0.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Shareholders' Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
There is no change in the promoter shareholding during the year					

(iv) Shareholding Pattern of top 10 shareholders (other than Directors, promoters and holders of GDRs and ADRs)

Sr. No.	Shareholders' Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Rajeev Agarwal				
A	At the beginning of the year	0	0.00		
B	Changes during the year	0	0.00		
	ALLOTED ON 04.02.2018 UPON ESOP			1120000	100.00
C	At the End of the year			1120000	100.00

(v)Shareholding of Directors and Key Managerial Personnel

Sr. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Shri Sanjay Babasaheb Patil(Resigned w.e.f. 08.09.2017)				
A	At the beginning of the year	0	0.00		
B	Changes during the year	No change during the year			
C	At the End of the year			0	0.00
2	Sou. Smiya Sanjay Patil (Resigned w.e.f. 08.09.2017)				
A	At the beginning of the year	0	0.00		
B	Changes during the year	No change during the year			
C	At the End of the year			0	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment-NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(In Rs.)

Sl No.	Particulars of Remuneration	Mr.Suryakant S. Jadhav-Managing Director (from April 1, 2017 to	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,81,847	881847
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	as % of profit	-	-
	others, specify...	-	-
5	Others, please specify	-	-
	Total (A)	8,81,847	8,81,847
	Ceiling as per the Act		

B. Remuneration to other directors

Particulars	Mr. Siddharth Jain (Independent Director)	Mr. Kishor Mundargi (Independent Director)	Mr. Ravi Kiran Malik (Independent Director)	Mr. Rajiv Abhyankar (Independent Director)	Mr. Hardik Jain (Independent Director) Resigned w.e.f. 06/06/2018
Independent Directors					
• Fee for attending board / committee meetings					
• Commission					
• Others, please specify					
Total (1)					
Other Non-Executive Directors					
• Fee for attending board / committee meetings					
• Commission					
• Others, please specify					
Total (2)					
Total (B)=(1+2)	0.00	0.00	0.00	0,00	0.00
Total Managerial Remuneration (A+B)					
Overall Ceiling as per the Act					

Particulars	Mr. Chetan Bafna (Independent Director) Resigned w.e.f. 6th November, 2017	Mr. Rakesh Mehta (Director) Resigned w.e.f. 6th November, 2017	Mr. Gaurav Dilip Porwal (Independent Director) Resigned w.e.f. 7th December, 2017	Mr. Sandeep B. Sanglikar (Independent Director) Resigned w.e.f. 28th August, 2017	Mr. Rahulprasad Avinash Agnihotri (Independent Director) Resigned w.e.f. 29th August, 2017
Independent Directors					
• Fee for attending board / committee meetings					
• Commission					
• Others, please specify					
Total (1)					
Other Non-Executive Directors					
• Fee for attending board / committee meetings					
• Commission					
• Others, please specify					
Total (2)					
Total (B)=(1+2)	0.00	0.00	0.00	0.00	0.00
Total Managerial Remuneration (A+B)					
Overall Ceiling as per the Act					

Particulars	Mr. Narayan D. Bodake (Independent Director) Resigned w.e.f. 8th September, 2017	Mr. Abhay D. Chougale (Director) Resigned w.e.f. 8th September, 2017	Mr. Sanjay B. Patil (Director) Resigned w.e.f. 8th September, 2017	Mrs. Soniya S. Patil (Director) Resigned w.e.f. 8th September, 2017
Independent Directors				
• Fee for attending board / committee meetings				
• Commission				
• Others, please specify				
Total (1)				
Other Non-Executive Directors				
• Fee for attending board / committee meetings				
• Commission				
• Others, please specify				
Total (2)				
Total (B)=(1+2)	0.00	0.00	0.00	0.00
Total Managerial Remuneration (A+B)				
Overall Ceiling as per the Act				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(IN Rupees)

SR No.	Particulars of Remuneration	Mr. Vivek Kanwar (Company Secretary)	Mr. Satyanarayan Ramdeo Baheti (Chief Financial Officer)	Total
1	Gross salary			

	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Incometax Act, 1961	1,91,790 - -	11,03,742 - -	1295532
2	Stock Option	-	-	
3	Sweat Equity	-	-	
4	Commission as % of profit others, specify...	-	-	
5	Others, please specify	-	-	
	Total	1,91,790	11,03,742	1295532

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

No penalty or punishment was imposed on the bank or its directors or on any other office in default during the

For and on behalf of the Board of Directors
Subhadra Local Area Bank Limited

Place: Mumbai
Date: 29th July 2018

Siddharth Jain
Independent Director
DIN:07498043

Kishor S. Mundargi
Independent Director
DIN:07498008

REMUNERATION POLICY OF
SUBHADRA LOCAL AREA BANK LIMITED

1. PREFACE

This Remuneration policy of the Subhadara Local Area Bank Limited is formulated to determine the appointment of and remuneration payable to Directors, Key Managerial Personnel ('KMPs') and the Senior Management Personnel ('SMPs') of the Bank.

The Board of Directors of the Bank has adopted this Remuneration Policy, on the recommendation of the Remuneration Committee, in its meeting held on 22th May 2014.

2. COMMENCEMENT

This remuneration policy governs Policy relating to directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 of the Companies Act, 2013.

3. DEFINATIONS

For the purpose of this policy all terms shall have same meaning as defined under Companies Act, 2013.

4. PURPOSE

This policy is framed to attain following objectives:

a. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

b. Formulation of criteria for evaluation of Independent Directors and the Board;

c. Devising a policy on Board diversity;

d. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The bank shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

5. PRINCIPLES OF REMUNERATION

The objective of the remuneration policy is to enable the Bank to attract, motivate, and retain qualified industry professionals for the Board of Management and other executive level in order to achieve the Bank strategic goals. The remuneration policy acknowledges the internal and external context as well as the business needs and long term strategy. The policy is designed to encourage behavior that is focused on long-term value creation, while adopting the highest standards of good corporate governance. The policy is built on the following principles:

i. **Vision And Strategy**- Remuneration and reward frameworks and decisions shall be developed in a manner that is consistent with, supports and reinforces the achievement of the Bank's vision and strategy.

ii. **Transparent** –The policy and its execution are clear and practical.

iii. **Aligned within the bank's objectives** – The remuneration policy is aligned with the bank's short term and long term objectives, compatible with those of management and other employees.

iv. **Long-term orientated** – The incentives focus on long-term value creation.

v. **Compliant** – Bank adopts the highest standards of good corporate governance.

vi. **Simple** – The policy and its execution are as simple as possible and easily understandable to all stakeholders.

vii. **Internal equity**- The Bank shall remunerate the board members, KMP and senior management in terms of their roles within the organization. Positions shall be formally evaluated to determine their relative weight in relation to other positions within the Bank.

viii. **External equity**- The Bank strives to pay an equitable remuneration, capable of attracting and retaining high quality personnel. Therefore the Bank will remain logically mindful of the ongoing need to attract and retain high quality people, and the influence of external remuneration pressures. Reference to external market norms will be made using appropriate market sources, including relevant and comparative survey data, as determined to have meaning to the Bank's remuneration practices at that time.

ix. **Flexibility**- Remuneration and reward offerings shall be sufficiently flexible to meet both the needs of individuals and those of the Bank whilst complying with relevant tax and other legislation.

x. **Performance-Driven Remuneration**-

The Bank shall entrench a culture of performance driven remuneration through the implementation of the Performance Incentive System.

xi. **Affordability and Sustainability**-
The Bank shall ensure that remuneration is affordable on a sustainable basis.

6. NOMINATION AND REMUNERATION COMMITTEE

a. **Composition**- The Remuneration Committee of the Board of Directors is re-named as Nomination and Remuneration Committee. Members of the Committee shall be appointed by the Board and shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors.

b. **Responsibility & Duties-** The responsibility and duties of Nomination and Remuneration Committee are as follows:

i. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down in this policy, recommend to the Board their appointment and removal and carry out evaluation of every director's performance.

ii. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other Employees.

iii. Formulating framework and/or policy for remuneration, terms of employment and any changes, including service contracts, remuneration, policy for and scope of pension arrangements, etc for Executives and reviewing it on a periodic basis;

iv. Formulating terms for cessation of employment and ensure that any payments made are fair to the individual and the bank, that failure is not rewarded and that the duty to mitigate loss is fully recognized;

v. **Formulating the policy to ensure that:**

1. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the bank successfully.
2. relationship of remuneration to performance is clear and meets appropriate performance benchmark; and

3. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and i9ncentive pay reflecting short and long term performance objectives appropriate to the working of the bank and its goals.

7. SELECTION AND APPOINTMENT OF THE BOARD MEMBERS

Nomination & Remuneration Committee shall evaluate the Board's Performance, ascertain their availability and make suitable recommendations to the Board. The Committee shall identify suitable candidates in the event of any vacancy being created on the Board on account of retirement, resignation or demise of any existing Board member. Based on the recommendations of the Committee, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member.

The Board then makes an invitation (verbal / written) to the new member to join the Board as a Director. On acceptance of the same, the new Director will be appointed by the Board.

In the evaluation of Board Members, the Nominations Committee will have regard to normally accepted nomination criteria, including:

(a) honesty and integrity;
(b) the ability to exercise sound business judgment;
(c) appropriate experience and professional qualifications;
(d) absence of conflicts of interest or other legal impediments to serving on the Board;
(e) willingness to devote the required time; and
(f) availability to attend Board and Committee meetings

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8. PROCESS FOR EVALUATION

The Nomination & Remuneration Committee of the Board will be responsible for the evaluation of Board's and individual directors' performance.

9. PUBLICATION

The policy shall form part of Director's report to be issued by the Board of Directors in terms of Companies Act, 2013.

Annexure – III

Information as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

a) The details of top 10 employees in terms of remuneration drawn during the financial year under review: 2017-18

Sr. No.	Employee Name	Designation	Educational Qualification	Age (Years)	Experience (In Years)	Date of commencement Employment	Gross Remuneration Paid (Per Month) (In Rs.)	Previous Employment and Designation
1.	Mr. Rajiv Agrawal	Head New Initiative	B. E.	46	15	01.04.2016	391667	IndusInd Bank Head Bullion & Commodities
2.	Ms. Silky B. Kothari	Head Branding	BMS. (Management Service)	33	9	21.09.2017	282000	Exclusive Distributor (Savoy Swiss Made Watch) Heading House of Clocks and Watched Pvt. Ltd.
3	Mr. Subash Chandra Misra	Chief Administrative Officer & Compliance Officer	M.A., CFA, MBA, ICFAI, CAIIB	61	38	30.06.2017	188000	Department of Banking Supervision at Banglore -RBI Chief General Manager, RBI
4	Mr. Vinod Kumar	Chief Information Officer	BSC, MCA	44	18	17.08.2017	188000	Delivery Project Manager M/s Wipro Limited

5	Mr. S.N. Baheti	Chief financing Officer	BCOM, CS, CAIIB, CA	61	38	05.10.2017	188000	CGM IDBI Bank
6	Mr. Suryakant S. Jadhav	Managing Director	MCOM. PGDCA , GDCA, CAIIB PGDCBM,	61	40	16.09.2013	75000	Managing Director Kolhapur District Co-op Bank Ltd.
7	Mr. Vivek Jaywant Mhatre	Head Treasury	BCOM. LLB.	63	38	01.12.2017	188000	Union Bank of India General Manager
8	Mr. Oscar Fernandes	Head Centralised Operations	MBA, LLB	45	22	29.09.2017	104400	Senior Manager Axis Bank Ltd.
9	Mr.Sarjerao Bandu Jadhav	General Manager (Board)	BA,CAIIB(i)	60	32	24.10.2008	50000	IDBI Bank Ltd AGM
10	Mr.Sunil Shripatrao Bhandwale	General Manager (Accounts & Audit)	B.com, DIB	59	20	25.06.2012	50000	Kolhapur Urban co-op Bank ltd Manager

Notes:

1. All employees are permanent.
2. Remuneration includes salary, various allowances, contribution to provident fund and taxable value of perks.
3. No employees are relative of director or manager of the Bank.
4. Except Mr. Rajiv Agarwal, who holds 11,20,000 Equity shares of Rs. 10/- each (partly paid up of Rs. 2.50) representing 4.76 % of total share capital of the Bank, no other employees hold any shares of the Bank.

b) Employees drawing remuneration of Rs. 8,50,000/- per month or Rs. 1,02,00,000/- per annum or more during the year – NIL

By order of the Board of Directors

Siddharth Jain	**Kishor S. Mundargi**
Independent Director	**Independent Director**
DIN:07498043	**DIN: 07498008**

Place: Mumbai
Date: 29th July, 2018