

ANNUAL REPORT

2019-20



BOARD OF DIRECTORS

Mr. Sanjay Agrawal
Managing Director & CEO (appointed on 05.12.2018)

Mr. Pankaj Bhansali
Independent Director (w.e.f 28.08.2019 & resigned on 30.06.2020)

Mr. Suhas N Sahakari
Independent Director (w.e.f 28.08.2019)

Mr. Shantanu Ghosh
Professional Director (w.e.f 28.08.2019)

Mr. Vijay Anant Puranik
Additional Independent Director (w.e.f 12.12.2019)

Mr. Amitkumar Amritlal Solanki
Additional Independent Director (w.e.f 21.08.2020)

REGISTERED OFFICE

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

AUDITORS

Ummed Jain & Co.
Chartered Accountants
51 Snehdhara, Jeevan Vikas Kendra Marg,
Andheri (E), Mumbai-400069

E-mail: subhadra@subhadrabank.com

Website: www.subhadrabank.com

Phone: 0231 – 2652585

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CORPORATE IDENTIFICATION NUMBER (CIN)

U65191PN2001PLC016042

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Board of Directors



Suhas Sahakari (Independent Director) : Suhas is a career banker with a varied work experience spread over 37 years, including a large PSU (SBI), start up private sector (UTI/Axis), turnaround (Ratnakar to RBL) and a cooperative bank (Shamrao Vitthal Cooperative Bank) . While his primary contribution has been in areas of Treasury dealing, Trade finance and SME , later in his career he held leadership position in RBL where he was the Geography Head and then in Shamrao Vitthal Cooperative Bank as their Managing Director.



Sanjay Agrawal : (MD & CEO.) Experience in varied areas of banking for over 30 years in Public Sector & Foreign Banks. Prior to the present assignment, he was the Country Head of Operations with the Royal Bank of Scotland. Now, has been with Bank for 16 months, and instrumental in building an entirely new core team, bringing professionalism, appropriate governance and built critical regulatory comfort in the management of the Bank. He leads the team in the forthcoming phase of new business acquisition and overall growth while maintaining complete coverage on regulatory and the associated business and operations risks.



Shantanu Ghosh (Professional Director) : Shantanu has held board memberships in Idea Space Solutions, ING Financial Services, Bharat OverseasBank, Lokkur Investment Advisors Private Limited and currently in Aagey.com(designate). His Banking Experience of 40 years includes Leadership roles as Country Head Retail/SME/ASBU Banking in ING Vysya Bank, COO equivalent in Bank Sohar & Bank Nizwa, Head of Integration between ANZ Grindlays Bank with Standard Chartered Bank , Chief Manager National Operations ANZ Grindlays Bank. He has been a Member in several Credit Committee, ALCO, MANCOM, Information Technology Steering Committees with 8 Different Business & Digital Transformation Projects. He also has the experience of execution of 10 large Mergers and Start-up of 3 Banks in India and abroad.



Vijay Puranik (Additional Independent Director) : Vijay is a post graduate in agricultural sciences and has Agri and Rural Banking as career. He has established and developed recoverable and quality Agrifinance business in two large private sector banks. He was major contributor for the first computerised branch of an RRB in India and its turn around after 12 loss making years since inception. He is known for his team-building and teaching passion among circles throughout his career of over 3 decades. According to him, use of technology while remaining customer centric is the key to survive and grow.



Amitkumar Solanki (Additional Independent Director) : Amit is a graduate in commerce and Practicing Chartered Accountant having 13+ years of Experience in Accountancy and Finance domain for handling taxation matters, conducting of concurrent audits, advisory and consultancy services to various organisations for interest, currency arbitrage and hedging methods.

Management Team Members



Tushar Lowalekar : Head of Sales & Business. Joined the Bank in April 2019 with a wide experience in core sales & marketing in Private and Foreign Banks of over 26 years. Will build partnerships and drive the acquisition strategy and agenda & will be the core asset in building business & brand in the next 24 months



Padmanabh Joshi : CFO. Joined the Bank in Dec 2019, and brings with him extensive banking experience in Public Sector Bank. His last assignment was of GM & CFO with UCO Bank. He will be instrumental in effective & efficient management of the balance sheet especially in the critical times of new capital infusion over the next 24 months.



Jai Jingar : Chief Compliance Officer & Audit Head. Joined the Bank in April 2020. An experienced Regulatory Compliance professional with 30+ years of exposure to all spheres of banking. Earlier assignments included retail, commercial and rural banking with a large Public Sector Bank, a Bank Examiner and electronic payment systems specialist with the RBI, a Regulatory Affairs and Group Head of Compliance with two large multinational foreign banks. He is the bank's principal contact with the regulator with the responsibility to build close relationships with RBI and ensure that the Bank is compliant with all the regulatory requirements during our consolidation and growth phase.



Anant Kulkarni : Head of Credit. Joined the organisation in Dec 2019 with extensive experience in all areas of Banking for over 38 years. In his last assignment he was the Deputy General Manager in the Inspection Division of Bank of Maharashtra. In the forthcoming growth phase of the Bank, he will be instrumental in driving the credit function with the aggressive business growth over the coming months.



Rishikant Shende : Head of Treasury. Joined the Bank in July 2019 with extensive banking experience in public sector Bank. In his last assignment he was the Branch Head and AGM of Bank of Baroda, International Business Branch at Varanasi. He has worked in BoB Treasury in India & Overseas and in multiple branches during his banking career spanning over 34 years. As we build and receive new capital and liabilities steam, he will be key to efficient management of the funds and build a new revenue line.



Sunil Bhandawale : Head of General Admin & HO Kolhapur. Joined the Bank in 2012 and is person with maximum years of experience in this Bank within the Management Team. He is a veteran Banker with over 35 years of banking experience in various co-operative banks in and around Kolhapur. He is a key resource and brings to us the most extensive knowledge on the local businesses & markets and the overall administrative working, regulatory reporting and other areas including accounting and finance.



Oscar Fernandes : Head of Operations & CPC. Has been with the Bank since Sept 2017 and brings with him wide experience from multiple Private Banks over the period of 24 years. He will be instrumental in building the operations capabilities in the growing organisation, work closely with the Business Partners & along with that manage the associated Operations Risk in the growing organisation.



Priya Singh : Head of HR. Joined the Bank in May 2019 with experience in multiple corporates and foreign bank. She will be instrumental in managing the people policies, people related requirements including training & personnel development, and ensuring that the organisation remains fully capacitated and ready for all new and growing businesses.

NOTICE

Notice is hereby given that the 19th Annual General Meeting of Subhadra Local Area Bank Limited (herein after referred to as 'the Bank') will be held on Monday, 28th September, 2020 at 11.00 a.m. through Video Conference / Other Audio Visual Means, to transact the following business. The venue of the meeting shall be deemed to be the Registered Office of the Company at Shop Nos. 47 to 56, Ground Floor, Gemstone Building, Near Central Bus Stand, Kolhapur, Maharashtra-416001.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Bank for the financial year ended 31st March, 2020 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 pursuant to the provisions of Sections 129, 134 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, Section 29 and other applicable provisions, if any, of the Banking Regulation Act, 1949 (*including any statutory modification(s) or re-enactment(s) thereof for the time being in force*) and the rules, circulars and guidelines issued by the Reserve Bank of India ('**RBI**') from time to time, the Audited Financial Statements of the Bank for the Financial Year ended March 31, 2020 including the Balance Sheet as on that date, Profit and Loss Account and Statement of Cash Flow for the Financial Year ended March 31, 2020 and the report of the Auditors and Board's thereon, as circulated to the Members and laid before the Meeting, be and are hereby considered and adopted."

2. To Re-appoint 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 re-enactment 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 another term of 1 (one) year from the conclusion of this 19th Annual General Meeting till the conclusion of the 20th Annual General Meeting, at such remuneration as shall be fixed by the Board of Directors of the Bank."

3. To appoint a Director in place of Mr. Shantanu Ghosh (DIN : 00041435), who retires by rotation and being eligible, offers himself for re-appointment in this regard to consider and though fit, pass with or without modification(s), the following as an **ORDINARY RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013 and applicable provisions of the Banking Regulation Act, 1949 (*including any statutory modification(s) or re-enactment(s) thereof for the time being in force*) and the rules, circulars and guidelines issued by the Reserve Bank of India (‘RBI’) from time to time Mr. Shantanu Ghosh (DIN: 00041435), Non-Executive Professional Director, who retires by rotation and being eligible for re-appointment, offers himself for re-appointment, be and is hereby re-appointed as a Non-Executive Professional Director on the Board of the Bank, liable to retire by rotation.”

SPECIAL BUSINESS:

4. To appoint Mr. Vijay Anant Puranik (DIN: [08622116](#)), 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 as recommended by the Nomination and Remuneration Committee, Mr. Vijay Anant Puranik (DIN: [08622116](#)), 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 12th December, 2019 in accordance with the provisions of the Articles of Association of the Bank and who holds office till the date of the Annual General Meeting in terms of Section 161 of the Act 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 and Companies (Appointment and Qualification of Directors) Rules, 2014 to hold office for a term up to five consecutive years i.e. up to 11th December, 2024, who shall not be liable to retire by rotation.”

5. To appoint Mr. Amitkumar Amritlal Solanki (DIN: 08829102) 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 as recommended by the Nomination and Remuneration Committee, Mr. Amitkumar Amritlal Solanki (DIN: 08829102), 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 21st August, 2020 in accordance with the provisions of the Articles of Association of the Bank and who

holds office till the date of the Annual General Meeting, in terms of Section 161 of the Act, 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 and Companies (Appointment and Qualification of Directors) Rules, 2014 to hold office for a term up to five consecutive years i.e. up to 20th August, 2025, who shall not be liable to retire by rotation.”

6. To re-appoint Mr. Sanjay Agrawal (DIN: [07696823](#)) as Managing Director & CEO of the Bank and in this regard, if thought fit, pass with or without modification(s), the following resolution as a **Special RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and all other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) read with Schedule V of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification (s) or re-enactment(s) thereof for the time being in force), and as per the Articles of Association of the Bank and as recommended by the Nomination and Remuneration Committee and approved by the Audit Committee and Board of Directors and subject to the approval of the Reserve Bank of India, the Re-appointment of Mr. Sanjay Agrawal (DIN: 07696823) as Managing Director & CEO of the Bank for a further period of Six month from 29th October, 2020 to 28th April, 2021 be and is hereby approved on the following terms and conditions:

1. Consolidated Salary: Rs. 25,00,000/- per annum.
2. Banks’s Car allowed to be used for official purpose.
3. Reimbursement of expenses incurred on actual basis.

RESOLVED FURTHER THAT in the event of any loss or inadequacy of profits in any financial year during the current tenure of service of Mr. Sanjay Agrawal as Managing Director & CEO of the Bank, the remuneration as approved by this resolution shall be payable as minimum remuneration as per the provisions of Schedule V of the Act.

RESOLVED FURTHER THAT the Board of Directors of the Bank be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary to comply with all formalities as may be required to give effect to this resolution.”

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

**Himanshu Katare
Company Secretary
Membership No. 49584**

Place: Kolhapur

Date: 5th September 2020

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

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, ('the Act') relating to the Special Business to be transacted at the Annual General Meeting ('AGM') is annexed hereto. The Board of Directors have considered and decided to include the Item Nos. 4 to 6 given above as Special Business in the forthcoming AGM, as they are unavoidable in nature.
2. In view of the continuing restrictions on the movement of people at several places in the country, due to outbreak of COVID-19, the Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated 5th May, 2020 read with General Circular No. 14/2020 dated 8th April, 2020 and General Circular No. 17/2020 dated 13th April, 2020, has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2020. In accordance with, the said circulars of MCA, and applicable provisions of the Act, the 19th AGM of the Company shall be conducted through VC / OAVM by using Microsoft Teams app by clicking on the link below:

https://play.google.com/store/apps/details?id=com.microsoft.teams&hl=en_IN

3. As the AGM shall be conducted through VC / OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
4. Institutional / Corporate Members are requested to send a scanned copy (PDF / JPEG format) of the Board Resolution authorizing its representatives to attend and vote at the AGM, pursuant to Section 113 of the Act, at Email ID: himanshu.katare@subhadrabank.com
5. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 19th September, 2020 to Monday, 21st September, 2020 (both days inclusive)

ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCESS FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT:

6. In accordance with, the General Circular No. 20/2020 dated 5th May, 2020 issued by MCA owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).

7. Members holding shares in physical mode and who have not updated their email addresses with the Company are requested to update their email addresses by writing to the Company at himanshu.katare@subhadrabank.com along with the copy of the signed request letter mentioning the name and address of the Member, self-attested copy of the PAN card, and self-attested copy of any document (eg.: Driving License, Election Identity Card, Passport) in support of the address of the Member. Members holding shares in de-materialised mode are requested to register / update their email addresses with the relevant Depository Participants. In case of any queries / difficulties in registering the e-mail address, Members may write to himanshu.katare@subhadrabank.com.
8. The Notice of AGM along with Annual Report for the financial year 2019-20, is available on the website of the Company at www.subhadrabank.com.

PROCEDURE FOR JOINING THE AGM THROUGH VC / OAVM:

9. Members will be provided with a facility to attend the AGM through VC / OAVM through the Microsoft Teams. Members may access the same at <https://www.microsoft.com/en-in/microsoft-365/microsoft-teams/group-chat-software> or they can join directly by clicking on Invitation Link which was sent on your registered Email ID through Microsoft Teams.
10. For convenience of the Members and proper conduct of AGM, Members can login and join at least 30 (thirty) minutes before the time scheduled for the AGM and shall be kept open throughout the proceedings of AGM.
11. Members who need assistance before or during the AGM with use of technology, can reach through below officials by call or email: -

Name	Designation	Mobile	E-Mail
Mr. Ketan Tolia	Chief Information Officer	7041963030	ketan.tolia@subhadrabank.com
Mr. Kaif Ali Khan Pathan	Junior Officer-IT	8857861428	kaifalikhan.pathan@subhadrabank.com
Mr. Himanshu Katare	Company Secretary	9755333267	himanshu.katare@subhadrabank.com

12. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM. In case any Institutional Members, facing issues for participating in AGM can write to himanshu.katare@subhadrabank.com.

13. Please note that participants connecting from Mobile devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

14. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013
("THE ACT")****ITEM NO. 4**

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Bank at its meeting held on 12th December, 2019 appointed Mr. Vijay Anant Puranik (DIN: [08622116](#)) as an Additional Independent Director of the Bank to hold office as such for a period of five years with effect from 12th December, 2019 till 11th December, 2024 pursuant to the provisions of Section 161 of the Companies Act, 2013 ('Act') and the Articles of Association of the Bank, subject to approval of shareholders at the ensuing Annual General Meeting. Mr. Vijay Anant Puranik (DIN: [08622116](#)) 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. Vijay Anant Puranik (DIN: [08622116](#)) for the office of the Independent Director. The Bank has received a declaration from Mr. Vijay Anant Puranik (DIN: [08622116](#)) that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. Mr. Vijay Anant Puranik (DIN: [08622116](#)) is Independent to the management and possesses appropriate skills, experience and knowledge.

In the opinion of the Board, Mr. Vijay Anant Puranik (DIN: [08622116](#)) 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. Vijay Anant Puranik (DIN: [08622116](#)). 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.

Mr. Vijay Anant Puranik (DIN: [08622116](#)) is not holding any shares in the Bank.

Except Mr. Vijay Anant Puranik (DIN: [08622116](#)), being appointee, none of the Directors or Key Managerial Personnel of the Bank or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 4.

Brief Profile of Mr. Vijay Anant Puranik (DIN: [08622116](#))

Mr. Vijay Puranik is Master in Science (specialisation in Agriculture), LL.B.(Gen) & CAIIB who was associated with various Banks like Bank of Maharashtra, RBL Bank and Axis Bank and having rich experience of 35 years in the Background of Agricultural & Rural Banking. Since he has the background of agriculture & rural banking, he will provide value addition to the deliberations in the Board on Agricultural and Rural areas and his contribution will be useful to the Bank.

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

Name	Mr. Vijay Anant Puranik
DIN	08622116
Age	59 years
Qualification	M.Sc (Agriculture), LL.B.(Gen), CAIIB
Expertise in Specific functional areas	Accountancy (in terms of Section 10A (2)(a) (ii) of the Banking Regulation Act, 1949)
No. of Shares held in the Bank	Nil
Date of Appointment on the Board	12/12/2019
Directorship/ Partnership Details of other companies & LLP as on March 31, 2020	NIL
Relationship with other directors/KMPs	Not Related
No. of Meeting attended during the year 2019-20	Board Meeting-2 meetings attended since appointment
Terms of Re-appointment	For 5 years, not liable to retire by rotation.
Status in committees in other companies	Nil

ITEM NO. 5

Upon recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Bank at its meeting held on 21st August, 2020 appointed Mr. Amitkumar Amritlal Solanki (DIN: 08829102) as an Additional Independent Director of the Bank for a period of five years with effect from 21st August, 2020 till 20th August, 2025 pursuant to the provisions of Section 161 of the Companies Act, 2013 (Act) and the Articles of Association of the Bank and, subject to the approval of shareholders at the ensuing Annual General Meeting. Mr. Amitkumar Amritlal Solanki (DIN: 08829102) 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. Amitkumar Amritlal Solanki (DIN: 08829102) for the office of the Independent Director. The Bank has received a declaration from Mr. Amitkumar Amritlal Solanki (DIN: 08829102) that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. Mr. Amitkumar Amritlal Solanki (DIN: 08829102) is Independent to the management and possesses appropriate skills, experience and knowledge.

In the opinion of the Board, Mr. Amitkumar Amritlal Solanki (DIN: 08829102) 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. Amitkumar Amritlal Solanki (DIN: 08829102). 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.

Mr. Amitkumar Amritlal Solanki (DIN: 08829102) is not holding any shares in the Bank.

Except Mr. Amitkumar Amritlal Solanki (DIN: 08829102), being appointee, none of the Directors or Key Managerial Personnel of the Bank or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 5.

Brief Profile of Mr. Amitkumar Amritlal Solanki (DIN: 08829102)

Mr. Amitkumar Amritlal Solanki (DIN: 08829102) holds a degree of Bachelor's in Commerce and Chartered Accountant. He had Experience of over 13 years in Practice as a Chartered Accountant for handling taxation matters, conducting of concurrent audits, advisory and consultancy services to various organisations for interest, currency arbitrage and hedging methods. His prolonged experience in said fields will be beneficial to the Board for effective decision making with respect to Finance & Accountancy aspects.

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

Name	Mr. Amitkumar Amritlal Solanki
DIN	08829102
Age	40 years
Qualification	Bachelor’s in Commerce, Chartered Accountant
Expertise in Specific functional areas	Banking (in terms of Section 10A(2)(a) (i) of the Banking Regulation Act, 1949)
No. of Shares held in the Bank	Nil
Date of Appointment on the Board	21/08/2020
Directorship/ Partnership Details of other companies & LLP as on March 31, 2020	NIL
Relationship with other directors/KMPs	Not Related
No. of Meeting attended during the year 2019-20	Not Applicable
Terms of Re-appointment	For 5 years, not liable to retire by rotation.
Status in committees in other companies	Nil

ITEM NOS. 6

Upon recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Bank at its meeting held on 18th October, 2018 appointed Mr. Sanjay Agrawal (DIN: [07696823](#)) as an Additional Director of the Bank, who in terms of Section 161 (1) of the Companies Act, 2013 holds office till the date of next Annual General Meeting of the Bank.

Further, upon recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Bank at its meeting held on 18th November, 2018 appointed Mr. Sanjay Agrawal (DIN: [07696823](#)) as Managing Director & CEO of the Bank for a period from 5th December, 2018 to 28th October, 2019 pursuant to the provisions of Sections 196, 197, 198, 203 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with Schedule V of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, subject to approval of shareholders at the ensuing Annual General Meeting. Mr. Sanjay Agrawal (DIN: [07696823](#)) holds office as the Managing Director & CEO of the Bank from 5th December, 2018 to 28th October, 2019. The Reserve Bank of India vide their letter dated 29th October 2018 gave its approval for his appointment as Managing Director and CEO of the Bank.

Subsequently, upon recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Bank at its meeting held on 5th September, 2019 reappointed Mr. Sanjay Agrawal (DIN: [07696823](#)) as the Managing Director & CEO of the Bank for a further period of one year with effect from 29th October, 2019 till 28th October, 2020 pursuant to the provisions of Section 196, 197, 198, 203 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with Schedule V of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and approved by the Reserve Bank of India and shareholders of the Bank.

Further, upon recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Bank at its meeting held on 21st May, 2020 reappointed Mr. Sanjay Agrawal (DIN: [07696823](#)) as the Managing Director & CEO of the Bank for a further period of six month with effect from 29th October, 2020 till 28th April, 2021 pursuant to the provisions of Section 196, 197, 198, 203 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read with Schedule V of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, subject to the approval of the Reserve Bank of India and shareholders of the Bank.

The Board considers that his association would be of immense benefit to the Bank and it is desirable to avail of services of Mr. Sanjay Agrawal (DIN: 07696823). Accordingly, the Board of Directors recommends the Special Resolutions in relation to his appointment and reappointment as Managing Director & CEO for the approval by the shareholders of the Bank.

Mr. Sanjay Agrawal (DIN: 07696823) is not holding any shares in the Bank.

Except Mr. Sanjay Agrawal (DIN: 07696823), being appointee, none of the Directors or Key Managerial Personnel of the Bank or their relatives are concerned or interested financially or otherwise, in the resolution set out at Item No. 6.

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

Name	Mr. Sanjay Agrawal
DIN	07696823
Age	58 years
Qualification	<ul style="list-style-type: none"> • Master’s in financial management from Jamanalal Bajaj Institute of Management Studies, Mumbai • Master’s Degree in Economics from the University of Bombay • Bachelor’s Degree in Statistics from the University of Bombay
Expertise in Specific functional areas	Banking (in terms of Section 10A(2)(a) (iv) of the Banking Regulation Act, 1949)
No. of Shares held in the Bank	Nil
Date of Appointment on the Board	05/12/2018
Directorship/ Partnership Details of other companies & LLP as on March 31, 2020	1. RBS Equities (India) Private Limited (Amalgamated) (U67120MH1993PTC073120)
Relationship with other directors/KMPs	Not Related

No. of Meeting attended during the year 2019-20	Board Meetings attended-8
Terms of Re-appointment	For 6 month.
Status in committees in other companies	Nil

ADDITIONAL INFORMATION FOR ITEM NO. 6

The details as required under Clause (A) of Part II Section II of Schedule V of the Companies Act, 2013 are given below:

I	General Information	
(1)	Nature of industry	The Company is engaged in the Banking Business.
(2)	Date or expected date of commencement of commercial production	The Company is an existing company and is in operations since 2001-02.
(3)	In case of new companies, expected date of commencement of activity as per project approved by the financial institution appearing in the prospectus	N.A.
(4)	Financial performance based on given indicators	EPS: Rs. (3.59) Return on net worth: (30.19) %
(5)	Foreign investments or collaborators, if any	Nil
II	Information about the appointee	
	Mr. Sanjay Agrawal	
(1)	Background details	Mr. Sanjay Agrawal, aged 58 years, is holding master's degrees in Management and Economics,

			and having around 30 years of experience in Banking and Finance. He is associated with the Company since last one year. He is entrusted with overall management of the Company under the supervision of the Board of Directors of the Bank.
	(2)	Past Remuneration	Not Applicable
	(3)	Recognition or awards	Not Applicable
	(4)	Job profile and his suitability	He is actively involved in the business of the Bank and manages day to day affairs. He provides his expertise in different areas of business of the Bank. Taking into consideration his expertise, he is best suited for the responsibilities currently assigned to him by the Board of Directors.
	(5)	Remuneration proposed	Rs. 25,00,000/- per annum.
	(6)	Comparative remuneration size of Company, profile of the position and person	At par with the industry standards in which the Company operates.
	(7)	Pecuniary relationship directly or indirectly with the company, or relationship with managerial personnel, if any	Except receiving remuneration as Managing Director and CEO of the Bank, Mr. Sanjay Agrawal does not have any other direct or indirect pecuniary relationship with the Bank.
III	Other information		
	(1)	Reasons of loss or inadequate profits	Due to sheer competitive market conditions the Bank could not achieve high levels of profits.
	(2)	Steps taken or proposed to be taken for improvement	The Bank is taking necessary steps to increase its business to improve profitability.
	(3)	Expected increase in productivity and profits in measurable terms	The Bank hopes increase in revenue and profits by improved margins in future.

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

**Himanshu Katare
Company Secretary
Membership No. 49584**

Place: Kolhapur

Date: 5th September 2020

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

BOARD'S REPORT

Dear Shareholders,

Your Directors present the 19th Board's Report on the business and operations of your Bank, together with the Audited Financial Statement- for the financial year ended 31st March, 2020.

1. SUMMARY OF FINANCIAL PERFORMANCE:

The Bank's financial performance, for the year ended 31st March, 2020 is summarized below:
(Amt. in Rs.)

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Interest Income	1,88,49,963	2,24,43,589
Other Income	15,94,679	(19,12,024)
Gross Income	2,04,44,643	2,05,31,565
Depreciation on Fixed Assets	1,71,08,955	81,16,208
Total Expenditure	10,59,87,304	10,75,95,550
Provision & Contingencies	(38,84,790)	(1,64,78,079)
Net Profit for the Year	(8,16,57,872)	(7,05,85,906)

2. REVIEW OF OPERATIONS:

During the year, total deposit increased from Rs.14,74,28,556/- to 14,98,20,047 and the Total Gross Advances increased from Rs. 2,38,09,832 /- to Rs. 3,90,45,916/- and after utilization of Floating Provision and Counter Cyclical Provisioning Buffer Net NPA to Net Advance as on 31st March 2020 was 1.51% as compared to 0.00% as on 31st March 2019.

3. DIVIDEND:

Due to losses, the Directors do not recommend any dividend for the financial year ended 31st March, 2020.

4. RESERVES:

As per requirement of RBI Regulations, the Bank has transferred the following amounts to/from various reserves during the financial year ended 31st March, 2020:

(Amount in Rs.)

Amount transferred to	Year Ended 31.03.2020	Year Ended 31.03.2019
General Reserves	-	-
Statutory Reserves	-	-
Countercyclical Provisioning Buffer	-	-
Investment Fluctuation Reserves	-	-
Investment Reserve Account	52,24,285	58,97,604
Infrastructural Upgradation Reserves write back	-	-

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 84,82,500 equity shares by way of Rights Issue to the existing shareholders (Previous Year NIL) aggregating to Face value of Rs. 8,48,25,000.00.

Further, a First and final call of Rs. 7.50/- was made on 11,20,000 shares amounting to Rs. 84,00,000/-, which was received on 30th March 2020. The Paid-up equity share capital of your Bank is Rs. 32,00,29,000/- (Rupees Thirty two crores and twenty nine thousand only) divided into 3,20,02,900 Equity Shares of Rs.10/- each (Rupees Ten only) fully paid up.

Details of changes in the paid-up equity share capital of the Bank are given below:

(Amount in Rs.)

Particulars	31st March 2020	31st March 2019
Opening Balance	22,68,04,000	22,68,04,000
Additions pursuant to Rights Issue	8,48,25,000	-
Additions pursuant to Partly Paid shares	84,00,000	-
Closing Balance	32,00,29,000	22,68,04,000

8. SUBIDIARY, JOINT VENTURES AND ASSOCIATE COMPANIES:

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

9. EXTRACT OF ANNUAL RETURN:

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Companies Act read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of Annual Return as at March 31, 2020 forms part of this Report as **Annexure I** and the Annual Return of the Bank as at March 31, 2020 is placed on its website and can be accessed at www.subhadrabank.com.

10. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL:

The Board of Directors ("Board") is constituted in accordance with the provisions of the Companies Act 2013, the Banking Regulation Act, 1949 and the Articles of Association of the Bank. The Board consists of eminent persons with considerable professional expertise in related fields.

Composition of Board

As on date, the Board comprises of five directors, viz. Mr. Sanjay Agrawal (DIN: 07696823), Managing Director, Mr. Suhas Narayan Sahakari (DIN: 08168414), Independent Director, Mr. Vijay Anant Puranik (DIN: 08622116) and Mr. Amitkumar Amritlal Solanki (DIN: 08829102), Additional Independent Directors and Mr. Shantanu Ghosh (DIN: 00041435), Non-Executive Professional Director. All directors were appointed as Additional Directors prior to the previous Annual General Meeting of the Bank except Mr. Vijay Anant Puranik (DIN: 08622116) and Mr. Amitkumar Amritlal Solanki (DIN: 08829102), hence they will be appointed as Director in ensuing Annual General Meeting.

The resolutions seeking approval of the members for appointment of Mr. Vijay Anant Puranik and Mr. Amitkumar Amritlal Solanki as Independent Directors, Mr. Shantanu Ghosh, as Non-Executive Director and Mr. Sanjay Agrawal as Managing Director & CEO of the Bank, have been incorporated in the Notice of the Annual General Meeting of the Bank along with brief details about them. Your directors recommend for their appointment.

A) RETIREMENT BY ROTATION:

Mr. Shantanu Ghosh (DIN: 00041435) was appointed as Non Executive Professional Director as required under Section 161 in previous Annual General Meeting is liable to retire by rotation as required under Section 152 of the Companies Act, 2013.

B) APPOINTMENT:

Mr. Sanjay Agrawal was appointed as an Additional Director by the Board of Directors with effect from 5th December, 2018. Further, he was also appointed as Managing Director and CEO of the Bank for the period from 5th December, 2018 to 28th October, 2019, as per the approval received from Reserve Bank of India, subject to the approval of members of the Bank in ensuing Annual General Meeting. The Board of Directors of the Bank has also reappointed Mr. Sanjay Agrawal as Managing Director & CEO of the Bank for a further period of 1 (one) year w.e.f. 29th October, 2019, subsequently approved by the Reserve Bank of India and shareholders of the Bank on 30th September, 2019.

An application seeking reappointment for Mr. Sanjay Agrawal as MD & CEO of the Bank for the period of further six (6) month has been submitted to RBI, subject to approval of Reserve Bank of India and subsequently by Shareholders of the Bank.

Mr. Subrata Dasgupta (DIN 08338455) and Mr. Ravi Kiran Malik (DIN 08037772) were appointed as Additional Independent Directors by the Board of Directors for a period of 5 years w.e.f. 24th March, 2019 and 18th May, 2019 respectively, Subsequently Mr. Subrata Dasgupta (DIN 08338455) resigned on 15th July, 2020 and Mr. Ravi Kiran Malik (DIN 08037772) resigned on 4th August, 2020 before the earlier Annual General Meeting.

Mr. Pankaj Bhansali (DIN 03154793) and Mr. Suhas N Sahakari (DIN 08168414) were appointed as Additional Director (Non Executive Category Independent) by the Board of Directors for a period of 5 years w.e.f. 28th August, 2019, subsequently was approved by the members of the Bank in Annual General Meeting conducted for Financial Year 2018-19.

Mr. Shantanu Ghosh (DIN 00041435) was appointed as an Additional Director (Non-Executive Category Professional) by the Board of Directors w.e.f. 28th August, 2019, subsequently was approved by the members of the Bank in Annual General Meeting conducted for Financial Year 2018-19.

Mr. Vijay Anant Puranik (DIN: 08622116) and Mr. Amitkumar Amritlal Solanki (DIN: 08829102) were appointed as Additional Independent Directors by the Board of Directors for a period of 5 years w.e.f. 12th December, 2019 and 21st August, 2020 subject to the approval of members of the Bank in ensuing Annual General Meeting.

c) RESIGNATION/CESSATION:

Mr. Subrata Dasgupta (DIN 08338455), Independent Director stepped down from the Board with effect from closing of working hours of 15th July, 2019, due to other engagements with another bank.

Mr. Ravi Kiran Malik (DIN 08037772), Independent Director stepped down from the Board with effect from closing of working hours of 4th August, 2019 due to some personal reasons and other occupations elsewhere.

Mr. Siddharth Jain (DIN 07498043), Independent Director resigned from the Board with effect from 14th August, 2019, because of other professional and personal commitments.

Mr. Kishore Mundargi (DIN 07498008), Independent Director resigned from the Board with effect from 16th August, 2019 because of other professional and personal commitments.

Mr. Pankaj Bhansali (DIN: 03154793), Independent Director resigned from the Board with effect from 30th June, 2020 because of some personal reasons.

The Board places on record its appreciation to all the resigning directors for their contribution in the shaping up 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.

e) Key Managerial Personnel (KMP)

The details of Key Managerial Personnel of the Bank are as follows:

Sl. No.	Name of the Person	Designation	Appointment/ Cessation	Date of Appointment/ cessation
1.	Mr. Sanjay Agrawal	Managing Director & CEO	Appointment	05/12/2018
2.	Mr. Vivek Kanwar	Company Secretary	Resignation	10/04/2019
3.	Mr. Satyanarayan R. Baheti	Chief Financial Officer	Resignation	03/06/2019
4.	Mr. Himanshu Katare	Company Secretary	Appointment	18/05/2019
5.	Mr. Padamnabh Ganpati Joshi	Chief Financial Officer	Appointment	14/11/2019

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. The Appointment of Directors Policy and Remuneration Policy is appended to this report as **Annexure II(A) and II(B) respectively**.

12. AUDIT COMMITTEE AND ITS COMPOSITION:

As on 31st March, 2020, the Audit Committee comprised of Mr. Pankaj Bhansali, Mr. Suhas N Sahakari, Mr. Shantanu Ghosh and Mr. Sanjay Agrawal. Mr. Pankaj Bhansali was Chairman of Audit Committee of the Bank.

In view of changes in Directors, the Audit Committee was reconstituted w.e.f. 12.02.2020, comprising of Mr. Pankaj Bhansali as Chairman, Mr. Shantanu Ghosh, Mr. Sanjay Agrawal and Mr. Suhas Narayan Sahakari as Members of the Audit Committee.

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, 2020, the Nomination and Remuneration Committee comprised of Mr. Suhas N Sahakari, Mr. Shantanu Ghosh, Mr. Pankaj Bhansali and Mr. Vijay Anant Puranik. Mr. Suhas N Sahakari was Chairman of Nomination and Remuneration Committee of the Bank.

In view of changes in directors, the Nomination and Remuneration Committee was reconstituted w.e.f. 12.02.2020, comprising of Mr. Suhas Narayan Sahakari as Chairman, Mr. Shantanu Ghosh, Mr. Pankaj Bhansali, and Mr. Vijay Puranik as Members of the Nomination and Remuneration Committee.

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 AND COMMITTEES HELD DURING THE YEAR UNDER REVIEW:

Meetings of Board of Directors:

The Board of Directors of the Bank duly met 7 (Seven) times during the financial year under review on 18th May, 2019, 20th August, 2019, 28th August, 2019, 5th September, 2019, 14th November, 2019, 12th December, 2019, 12th February, 2020 and 19th March, 2020.

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

Meetings of Committees of Board of Directors

The Audit Committee of the Bank duly met 5 (Five) times during the financial year under review on 12th May, 2019, 18th May, 2019, 5th September, 2019, 14th November, 2019 and 12th December, 2019

The Nomination and Remuneration Committee of the Bank duly met 5 (Five) times during the financial year under review on 18th May, 2019, 5th September, 2019, 14th November, 2019, 12th December, 2019 and 12th February, 2020.

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 Clause (3) and (5) of Section 134 of the Companies Act, 2013 state that:

- a) in the preparation of the annual accounts for financial year 2019-20, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 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 2019-20 and of the loss 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 the Companies Act, 2013 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 and Rule 8(5) of the Companies (Accounts) Rules, 2014 are not applicable to the Bank.

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 into any contract or arrangements with any of the related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 during financial year 2019-20.

18. 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.

19. 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.

20. 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 2019-20, no employee or director was denied access to the Audit Committee.

21. STATUTORY AUDITORS:

M/s. Ummed Jain & Co, Chartered Accountant, Mumbai (having firm Registration Number: 119250W) were appointed as Statutory Auditors of the Bank to hold office from the conclusion of 18th Annual General Meeting until conclusion of 19th Annual General Meeting of the Bank to be held for the financial year ended 31st March 2020. Accordingly, they hold office till the conclusion of ensuing Annual General Meeting of the Bank.

Subject to the approval of Reserve Bank of India in pursuant of Section 30 of Banking Regulation Act, 1949 and RBI vide circular DBS.No.ARS.BC.8/08.91.001/2000-2001 dated 30th January, 2001 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 19th Annual General Meeting till the conclusion of 20th Annual General Meeting to be held

for the Financial Year ending on 31st March, 2021. The Bank has received a letter from M/s. Ummed Jain & Co., Chartered Accountants, 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.

22. REMARKS ON QUALIFICATION BY STATUTORY AUDITORS:

There was no qualification/adverse remarks in Statutory Auditor's Report. However there is emphasis on Matter related with Notes to the Financial Statement Point No - 33, which describes the extent to which the COVID-19 pandemic will impact the Bank's operations and its financial metrics which are dependent on uncertain future developments. which is self-explanatory and does not require any comments.

23. COST AUDITORS

Being a Banking Company, the provisions regarding cost records and cost audit not applicable.

24. SECRETARIAL AUDITORS

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

25. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

None of the Auditors of the Company have reported any fraud as specified under the second proviso of Section 143 (12) of the Act.

26. 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:

1. There was a material order passed by Reserve Bank of India by letter reference DOS.C).SSM-Subhadra 5737/18.05.008/2019-20 dated February 27, 2020 by imposing restriction of 1.25 times of the total deposits to be invested with Government Securities under criteria for Monitoring of Financial Parameters, which impacts the going concern status of the Bank or will have bearing on Bank's operations in future.
2. There was a material order passed by Reserve Bank of India by letter reference DoR.PSBD.No.342/16.01.139/2020-21 dated August 25, 2020 by imposing suspension of Business Activities(acceptance of deposits and any further lending or investment other than in Government Securities) of the Bank for 45 days unless otherwise intimated by Reserve Bank

of India and shall be subject to review, which impacts the going concern status of the Bank or will have bearing on Bank's operations in future.

3. There was a Show Cause Notice issued by Reserve Bank of India by letter reference DoR.PSBD.No.321/16.01.139/2020-21 dated August 25, 2020 stating why the Banking License issued to the Bank on July 10, 2003 to carry on Business in India under Section 22(3) of the BR Act, 1949 not be cancelled by RBI in exercise of the powers conferred upon it under Section 22(4) of the BR Act, 1949 and the Bank be taken into liquidation.

27. 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.

28. 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.

29. 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.

30. PARTICULARS OF EMPLOYEES:

Details as per section 197(12) read with Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are mentioned in **Annexure III**.

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

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

32. NETWORTH:

The net worth of the Bank as on 31st March, 2020 is Rs. 27 Crores.

33. CAPITAL ADEQUACY RATIO:

As on 31st March, 2020 the Capital Adequacy Ratio of the Bank stood at 139.30% as per banking norms prescribed by RBI, as compared to previous year 190.90%

34. 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, Accountancy, Co-operative Sector, Agri-business and Rural Development.

35. COMPLIANCE WITH SECRETARIAL STANDARDS:

The Bank 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.

36. 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

Sanjay Agrawal
Managing Director & CEO
DIN: 07696823

Suhas N Sahakari
Independent Director
DIN: 08168414

Place: Kolhapur

Date: 5th September, 2020

Annexure I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020 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 Tel No: 0231-2652585
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 (01.04.2019)				No. of Shares held at the end of the year (31.03.2020)				% Change during the year
	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) 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) FIs	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 -RUDRAPRIYA TRUST *	0	1120000	1120000	4.76	0	0	0	0	0
NANDESH SANCHETI HUF	0	0	0	0	1120000	0	1120000	3.50	3.50
Sub- Total (B)(1) :-	0	1120000	1120000	4.76	1120000	0	1120000	3.50	3.50
2. Non-Institutions									
a) Bodies Corp.	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
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	22400400	22400400	95.24	27802900	3080000	30882900	96.50	96.50
Sub- Total (B)(2):-	0	22400400	22400400	95.24	27802900	3080000	30882900	96.50	96.50
Total Public Shareholding (B)=(B)(1)+(B)(2)	0	23520400	23520400	100.00	28922900	3080000	32002900	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	23520400	23520400	100.00	28922900	3080000	32002900	100	100

* 11,20,000 Shares were partly paid up shares (Rs. 2.50/- on 11,20,000 shares) as on starting of FY 2019-20, subsequently a call on shares was made (for Rs 7.50/- on 11,20,000 shares) received on 30th March, 2020 and partly paid up shares converted into the fully paid shares.

(ii) Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2019)			Shareholding at the end of the year (As on 31.03.2020)			% change in share holding during the year
		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	
No promoters were their during FY 2019-20								

(iii) Change in Promoters' Shareholding

Sr. No.	Shareholders' Name	Shareholding at the beginning of the year		No. of Shares	Cumulative Shareholding during the year	
1	NIL	NIL	NIL	NIL	NIL	NIL

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

		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Vivek Prithviraj Kothari				
A	At the beginning of the year	1111100	4.72		
B	Purchase - 30/03/2020	480000	2.04		
C	At the End of the year			1591100	4.97
2	Mr. Lekharaj Parasmalji Kanungo				
A	At the beginning of the year	1097760	4.67		
B	Purchase - 30/03/2020	490000	2.08		
C	At the End of the year			1587760	4.96
3	Mr. Rahul Ramesh Shah				
A	At the beginning of the year	1090180	4.64		
B	Purchase - 30/03/2020	500000	2.13		
C	At the End of the year			1590180	4.97
4	Mr. Pradeep Ghisulal Rathod				
A	At the beginning of the year	1070000	4.55		
B	Purchase - 30/03/2020	520000	2.21		

C	At the End of the year			1590000	4.97
5 Mr. Bohra Vinod Kumar					
A	At the beginning of the year	1063700	4.52		
B	Purchase - 30/03/2020	500000	2.13		
C	At the End of the year			1563700	4.89
6 Mrs. Sohinidevi Nahar					
A	At the beginning of the year	1050000	4.46		
B	Changes during the year	No change during the year			
C	At the End of the year			1050000	3.28
7 Mr. Ganpatraj Choudhary					
A	At the beginning of the year	1050000	4.46		
B	Changes during the year	No change during the year			
C	At the End of the year			1050000	3.28
8 Mrs Sukhidevi Haran					
A	At the beginning of the year	1009100	4.29		
B	Purchase - 30/03/2020	580000	2.47		
C	At the End of the year			1589100	4.97
9 Mr. Chandu Mulchand Shah					
A	At the beginning of the year	1000000	4.25		
B	Purchase - 30/03/2020	500000	2.13		
C	At the End of the year			1500000	4.69

10	Mr. Ashok Kaulchand Jogani				
A	At the beginning of the year	981360	4.17		
B	Purchase - 30/03/2020	250000	1.06		
C	At the End of the year			1231360	3.85

11	Mr. Lalith Kumar Shah				
A	At the beginning of the year	1000000	4.25		
B	Purchase - 30/03/2020	200000	0.85		
C	At the End of the year			1200000	3.75

12	Mrs. Ashoka Agrawal				
A	At the beginning of the year	1115100	4.74		
B	Sale	-1115100	-4.74		
C	At the End of the year			0	0.00

13	Mr. Gaurav Porwal				
A	At the beginning of the year	1010000	4.29		
B	Purchase - 30/03/2020	250000	1.06		0.00
C	At the End of the year			1260000	3.94

14	Rudrapriya Trust				
A	At the beginning of the year	1120000	4.76		
B	Sale	-1120000	-4.76		
C	At the End of the year			0	0.00

15	Nandesh Sancheti HUF				
A	At the beginning of the year	0	0.00		
B	Purchase	1120000	4.76		
C	At the End of the year			1120000	3.50

(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
There are no Directors and KMP holding any shares in the Bank during the year.					

V. INDEBTEDNESS

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

SR No:	Particulars of Remuneration	Mr. Sanjay Agrawal Managing Director (from April 1, 2019 to March 31, 2020)	(In Rs.) Total Amount
1	Gross Salary	Rs. 2350008/-	Rs. 2350008/-
	(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) Income tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission as % of profit others, specify...	-	-
5	Others, please specify	-	-
	Total (A)	-	-
	Ceiling as per the Act	Rs. 2350008/-	Rs. 2350008/-

B.	Remuneration to other directors	Mr. Kishor Mundargi (Independent Director) (Resigned on 16.08.2019)	Mr. Siddharth Jain (Independent Director) (Resigned on 14.08.2019)	Mr. Ravikiran Malik (Independent Director) (Resigned on 04.08.2019)	Mr. Subrata Dasgupta (Independent Director) (Resigned on 15.08.2019)	Mr. Suhas N Sahakari (Independent Director) (Appointed on 28.08.2019)	Mr. Pankaj Bhansali (Independent Director) (Appointed on 28.08.2019 & resigned on 30.06.2020)	Mr. Shantanu Ghosh (Professional Director) (Appointed on 28.08.2019)	Mr. Vijay Anant Puranik (Independent Director) (Appointed on 12.12.2019)
	Independent Directors	-	-	-	-	-	-	-	-
	• Fee for attending board / committee meetings	-	-	-	-	190000/-	190000/-	-	40000/-
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (1)					190000/-	190000/-	-	40000/-
	Other Non-Executive Directors (Professional Director)	-	-	-	-	-	-	-	-
	• Fee for attending board / committee meetings	-	-	-	-	-	-	190000/-	-
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	0.00	0.00	0.00	0.00	190000/-	190000/-	190000/-	40000/-
	Total (B)=(1+2)	-	-	-	-	190000/-	190000/-	190000/-	40000/-
	Total Managerial Remuneration (A+B)	-	-	-	-	190000/-	190000/-	190000/-	40000/-
	Overall Ceiling as per the Act	-	-	-	-	-	-	-	-

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

SR NO:	Particulars of Remuneration	Mr. Satyanarayan Ramdeo Baheti (Chief Financial Officer) from 01.04.2019 till 03.06.2020	Mr. Vivek Kanwar (Company Secretary) from 01.04.2019 till 10.04.2019	Mr. Himanshu Katore (Company Secretary) Asst CS from 01.02.2019 till 17.05.2019 & Whole Time CS from 18.05.2019 till 31st March, 2020	Mr. Padamnabh Ganpati Joshi (Chief Financial Officer) from Date of Appointment till 31.03.2020	Total
1	Gross salary	Rs. 4,41,467/-	-	4,97,397/-	Rs. 6,83,777/-	16,22,641/-
	(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) Income-tax Act, 1961	-	-	-	-	-
	Stock Option	-	-	-	-	-
	Sweat Equity	-	-	-	-	-
	Commission as % of profit others, specify...	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total	Rs. 4,41,467/-	-	4,97,397/-	Rs. 6,83,777/-	16,22,641/-

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 financial year. No compounding was done during the financial year.

By order of the Board of Directors

Sanjay Agrawal
Managing Director & CEO
DIN: 07696823

Suhas N Sahakari
Independent Director
DIN: 08168414

Place: Kolhapur

Date: 5th September, 2020

ANNEXURE II (A)



Appointment of Directors Policy

(Approved by the Board on 24th March, 2019)

SUBHADRA LOCAL AREA BANK LIMITED

Registered Office:

Shop Nos. 47 to 56, Ground Floor,
Gemstone Building, Near Central Bus Stand,
Kolhapur - 416001
Maharashtra (INDIA)

1. PREFACE

This Appointment policy for the Directors to the Board of the Subhadara Local Area Bank Limited is formulated to determine the proper process for appointment of Directors of the Bank.

2. COMMENCEMENT

This policy governs matters relating to directors' appointment including criteria for determining qualifications, positive attributes, independence of a director and other matters as provided under Sections 152, 168 and 178 of the Companies Act, 2013 and applicable provisions of the Banking Regulation Act, 1949.

3. DEFINITIONS

For the purpose of this policy all terms shall have same meaning as defined under Companies Act, 2013 and the Banking Regulation Act, 1949.

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;
- b. Formulation of criteria for evaluation of Independent Directors and the Board;
- c. Devising a policy on Board's diversity;

5. PROCEDURE

For appointing directors the Bank sets out the following procedure:

The appointment of Directors shall be governed by the provisions of the Companies Act, 2013 and Banking Regulation Act, 1949 and all instructions/guidelines/notifications issued by the Reserve Bank of India from time to time.

The appointment of the Managing Director and his remuneration shall be subject to the approval of the Reserve Bank of India. The application to the Reserve Bank of India for appointment of the Managing Director needs to be submitted at least four months before expiry of the term of the existing Managing Director.

The following procedure shall be followed for appointment of other directors:

- (i) The Board and Nomination Remuneration Committee (hereinafter read as "NRC") of the Bank shall lookout for identification of suitable candidates with professional expertise for appointment as director of the Bank.
- (ii) Once a suitable candidate is identified, his Curriculum vita (CV) will be obtained.

- (iii) The appointee shall be of age between 35 years and 65 years, or such other age as may be notified by the RBI from time to time.
- (iv) An informal discussion shall be held with the person for appraisal of his competency and willingness to join the Board.
- (v) The Board shall make efforts to appoint directors having expertise in one of the following areas as specified in Section 10A(2) of the Banking Regulation Act, 1949:

at least two directors having special knowledge or practical experience in the areas of rural economy, co-operation or small- scale industry, who shall not-

- a. have substantial interest in, or be connected with, whether as employee, manager or Managing agent - (i) any company, not being a company registered under section 8 of the Companies Act, 2013 or (ii) any firm, which carries on any trade, commerce or industry and which, in either case, is not a small-scale industrial concern, or
- b. be proprietors of any trading, commercial or industrial concern, not being a small-scale industrial concern, in compliance with statutory requirement of the Banking Regulation Act, 1949

1. The Bank shall have not less than 51% of the total number of members of the Board of Directors consisting of persons, who have special knowledge or practical experience in respect of one or more of the following matters, namely:

- (i) accountancy,
- (ii) agriculture and rural economy,
- (iii) banking,
- (iv) co-operation,
- (v) economics,
- (vi) finance,
- (vii) law,
- (viii) small-scale industry,
- (ix) any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank, be useful to the banking company.

- (vi) A preliminary CIBIL check shall be carried out and if the person is a director in other companies already, the details of such companies shall be checked out.
- (vii) DIN associated with Director must be checked by the Company Secretary whether he is qualified to become Director or not.
- (viii) 'Fit and proper' criteria shall be checked for the person to be appointed as director of Bank.
- (ix) If prima facie of the scrutiny is satisfactory, the details shall be placed before the NRC and the Board for inviting him to join the Board.
- (x) After obtaining approval of the Board, an invitation shall be sent to the appointee to join the Board.
- (xi) Upon acceptance by the invitee, the further details / declarations be obtained as required under the Companies Act, 2013 and Banking Regulation Act, 1949 and a detailed check be carried out through an external agency.

- (xii) If no adverse observation is detected in the detailed check and he meets all the norms for appointment as director, the findings be placed before the NRC for recommendation to the Board for his appointment as director.
- (xiii) The Board shall deliberate the findings and the recommendation of the NRC and consider appointing him as director on the Board of the Bank, if satisfied with the findings.
- (xiv) The Board of the Bank, shall take declaration from directors of the Bank every year as on 31st March that the information already provided by them has not undergone any change and where there is any change, requisite details are furnished by the directors forthwith. If there are any significant changes, NRC should undertake due diligence exercise afresh and examine the 'fit and proper' status of the director.

6. DOCUMENTS / DECLARATIONS

The directors appointed by the Board shall submit following declaration/documents to the Bank from time to time as per statutory requirements:

- (i) The declarations under Section 164 of the Companies Act, 2013 in Form DIR 8 as per format prescribed under the Companies Act, 2013;
- (ii) The disclosure of directors' interest under Section 184 of the Companies Act, 2013 in Form MBP-1 as per format prescribed under the Companies Act, 2013;
- (iii) The declarations of independence by the Independent Directors under Section 149(6) of the Companies Act, 2013;
- (iv) The deed of covenants in the prescribed format as recommended by Ganguly Committee Report;
- (v) Declaration and Undertaking from Directors for intimation to the RBI in the prescribed format given from time to time in the RBI guidelines/notifications.
- (vi) Annual disclosures by all the directors in compliance with the Companies Act, 2013, the Banking Regulations Act, 1949 and the RBI guidelines issued from time to time.

7. AMENDMENT

Any change in the Policy shall be approved by the Board of Directors of the Bank.

This policy is approved and adopted by the Board of Directors in its meeting held on 24th March, 2019 and will be effective from that date.

ANNEXURE II(B)

REMUNERATION POLICY

1.0 Objective

2.0 Coverage & Applicability

3.0 Compensation Philosophy

4.0 Remuneration Committee & Review Process

5.0 Forms of Compensation

6.0 Employee Classification

7.0 Compensation Composition and Applicability

8.0 Malus & Clawback

9.0 Disclosures

1.0 Objective :

To maintain fair, consistent and equitable compensation practices in alignment with Subhadra Bank's core values and strategic business goals

To ensure effective governance of Compensation and alignment of compensation practices with prudent risk taking

To have mechanisms in place for effective supervisory oversight and Board engagement in Compensation

2.0 Coverage & Applicability

This Policy is applicable to all employees of the Company and covers the following:

- Compensation Philosophy
- Remuneration Committee & Review Process
- Forms of Compensation
- Employee Classification
- Compensation Composition and Applicability

3.0 Compensation Philosophy

As a philosophy, the Company aims to maintain a fair balance between the compensation rewards that is perceived as necessary to remain competitive in the marketplace and the fundamental fairness to all stakeholders, taking into account the risk and return on their investment.

4.0 Remuneration Committee & Review Process

The Remuneration Committee will comprise at least 3 Non-executive Directors, at least two of who will be independent directors.

The Committee will meet atleast once a year for Compensation Review and has the following responsibilities

- Oversee the overall design and operation of the compensation policy of the Company
- To achieve alignment between risks and remuneration.
- Keep in mind the cost to income ratio of the Company and the overall health of the Company.
- Approve the compensation of the Whole Time Directors (WTDs)/ CEO of the Company.
- Review the Remuneration Disclosure Requirements annually for submission to any Regulator.

5.0 Forms of Compensation

Compensation structure is broadly divided into Fixed, Variable and ESOPs.

i. Fixed Pay:

The Bank will ensure that the fixed portion of the compensation shall be reasonable, taking into account relevant factors including the industry practice, competency, competition, grade and performance of the employee.

Components of Fixed Pay:

The Fixed Pay of the organization would typically consist of elements like Base Salary, Allowances, Perquisites, Benefits and Retirement benefits. In addition to the various cash components (salary, allowances etc.) the organisation would also offer certain perquisites. The perquisites extended would be in the nature of Company Car, Hard Furnishing, Company Leased Accommodation, and such other benefits or allowances in lieu of such perquisites/benefits as may be defined in the Bank's Human Resources policy and as may be approved by the Board. The quantum of fixed pay based on the above considerations will be approved by the Nomination and Remuneration Committee and the Board and will also be subject to approval by the Reserve Bank of India (RBI). Keeping in mind the organisation's belief in providing post-retirement benefits as well as to meet its statutory obligations as an employer the organisation will provide the following Defined Contribution and Defined Benefit Plans.

- i. Provident Fund – Statutory, Defined Contribution Plan
 - ii. Gratuity – Statutory, Defined Benefit Plan
 - iii. Any other additional benefit as approved by the Nomination and Remuneration Committee of the Board.
- The above shall be maintained and managed as per the prevailing Statutory Rules.

ii. Variable Pay:

Variable Pay is linked to assessment of performance and potential. This would be based on Balanced Key Result Areas (KRAs), Standards of Performance (SOPs) and achievement of targets with overall linkage to the Company Budgets and business/functional targets/objectives.

Depending on the nature of the business/function, the risk involved, the time -horizon for review of quality and longevity of the assignments performed, various forms of Variable Pay may be applicable. The main forms of such incentive compensation will include:

Cash – this may be at intervals ranging from Monthly, Quarterly, Annual

Deferred Cash/ Deferred Incentive Plan / Deferred long term retention plan

Stock Appreciation Rights (SARs): These are structured, variable incentives, linked to Subhadra Stock price, payable over a period of time.

• Remuneration for MD & CEO/Whole Time Directors

Total 'Variable Pay' can be in the form of employee stock options (ESOPs), or a mix of Cash Bonus and employee stock options. The cash component will essentially be in the form of Cash Bonus linked to 'performance' and will be as approved by the NRC.

- a) Banks shall use a combination of financial and non-financial measures to assess employee performance of MD & CEO and Whole-time directors and to take decision on grant of Total variable pay.
- b) At least 50% of Total compensation i.e. Fixed pay plus total variable pay shall be variable for MD & CEO/ Whole time directors of the Bank. The proportion of variable pay to total compensation will be higher at senior level and lower at Junior level.

- c) Percentage of Total variable pay for the MD & CEO/ Whole time directors of the Bank would be capped at 300% of Fixed Pay.
- d) If the Total Variable pay is up to 200% of the fixed pay, at least 50% of the Variable pay will be via non-cash instruments and if it is above 200% of the fixed pay, at least 67% of the variable pay will be via non-cash instruments.
- e) A minimum of 60% of the Variable pay will be under deferral arrangements (deferment). Additionally, at least 50% of the cash component of the variable pay will be under deferment. If the cash component is under 25 Lacs, the deferment shall not be applicable.
- f) The deferral period would be spread over a minimum period of 3 years. The frequency of vesting will be on annual basis and the first vesting shall not be before one year from the commencement of deferral period. The vesting shall be no faster than a pro rata basis. Additionally, vesting will not be more frequent than on a yearly basis.

Note: Since the bank is incurring losses for the last 2 years and will not be in a position to pay any 'Variable Pay' in the form of Cash Bonus or ESOPs, the Bank will pay only 'Fixed Pay' plus certain perquisites (to MD&CEO/Whole Time Directors as decided by NRC) up to March 31, 2022 or till the Banks gets back into profit and the policy will be reviewed accordingly.

ESOP: Employee Stock Options (ESOP) shall be granted on a discretionary and reasonable basis to employees based on their performance, competency, position (grade/ level) and potential, to motivate employees and create shareholder value by aligning interest of employees with long term interests of the Company. ESOPs are also granted from time to time with the objective of retaining employees.

ESOPs will be recommended by the Remuneration Committee. The quantum of ESOPs will be reasonable and the formulation of the ESOP scheme, the coverage, the vesting period and their pricing schedule, etc. will also be decided by the Remuneration Committee as per applicable guidelines.

iii. Joining Bonus: These may be offered sparingly for recruitment of new staff. Joining bonus, if offered, will be as approved by the Managing Director, and the Head – Human Resources as per policy of delegation of authority.

iv. Severance Pay: The Company does not grant Severance Pay (other than accrued benefits in the form of Provident Fund, Gratuity or Superannuation) except in cases where it is mandated by statute or provided in the appointment letters.

6.0 Employee Classification

Employees have been broadly classified into 2 groups:

- i. **Category I: Whole Time Directors (WTD)/Managing Director (MD):** To include MD and ED, if any.
- ii. **Category II: Other Categories of Staff:** To include all other employees not explicitly covered in the first category.

7.0 Compensation Composition and Applicability

7.1 For Category I: Whole Time Directors (WTD)/ MD

- i. The Fixed Pay for WTD/MD will be linked to Market, taking into account all relevant factors including industry practice
- ii. The Variable Pay will be adjusted for various risks and must be sensitive to time horizon of the risk.
- iii. ESOPs granted will be reasonable, keeping performance, potential and retention factors in mind.
- iv. The Fixed and the variable pay for WTD / MD will be approved by the Remuneration Committee
- v. Overall policy is governed basis the Guidelines on compensation vide Circular [DBOD No.BC.72/29.67.001/2019-20 dated November 04, 2019](#)

7.2 For Category II: Other Categories of Staff:

- i. Fixed Pay will be linked to Market, capacity to pay and performance/ potential of the employee.
- ii. Variable Pay is payable as per approved schemes for incentive or Bonus
- iii. ESOPs upto reasonable extents may be granted as part of compensation and to also assist in retention.
- iv. Overall policy is governed basis the Guidelines on compensation vide Circular [DBOD No.BC.72/29.67.001/2019-20 dated November 04, 2019](#)

8.0 Malus & Clawback

Both these clauses are applicable only on Deferred Variable Pay

- i. Malus: Payment of all or part of amount of deferred Variable Pay can be prevented. This clause will be applicable in case of
 - Disciplinary Action (at the discretion of the Disciplinary Action Committee) and/ or
 - Significant drop in performance of Individual/ Business/ Company (at the discretion of the Remuneration Committee)
 - Resignation of the staff prior to the payment date.
- ii. Clawback: Previously paid or already vested deferred Variable Pay can also be recovered under this clause. This clause will be applicable in case of
 - Disciplinary Action (at the discretion of the Disciplinary Action Committee and approval of the Remuneration Committee)

In view of above, the instructions issued vide the circular [DBOD No.BC.72/29.67.001/2019-20 dated November 04, 2019](#)

9.0 Disclosures

The Company shall make a disclosure on an annual basis in the Annual Financial Statements. Such disclosures shall be made for the specific year and previous year (previous year's disclosures need not be made when the disclosures are made for the first time).

Annexure – III

Information as per Rule 5(2) & (3) 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: 2019-20

Sr. No.	Employee Name	Designation	Educational Qualification	Age (Years)	Experience (In Years)	Date of commencement Employment	Gross Remuneration Paid (Per Annum) (In Rs.)	Previous Employment and Designation
1.	Mr. Sanjay Agrawal	Managing Director & CEO	MFM, Master's Degree in Economics Bachelor's Degree in Statistics	58	30	05.12.2018	2350008	Country Head-Operations in RBS
2	Mr. Tushar Anshumali Lowalekar	Head BD, Marketing & Sales	B.Sc & MBA	50	26	02.04.2019	2249734	Zonal Head for Rest of Maharashtra & Goa
								RBL, ICICI Bank & ABN Amro N.V./RBS N.V.
3	Mr. Rajiv Agrawal	Head New Initiative	B. E.	48	16	01.04.2016	1768818	Head Bullion & Commodities
								IndusInd Bank
4	Mr. Oscar Fernandes	Head Centralized Branch Operations	MBA, LLB	47	24	29.09.2017	1252800	Senior Manager Axis Bank Ltd.
5	Mr. Vinod Kumar	Chief Information Officer	BSC , MCA	46	19	17.08.2017	1116133	Delivery Project Manager
								M/s Wipro Limited
6	Mr. Dipten Ghosh	CAO & Head Compliance	M.com, LLB, P G certificate in computer	63	34	03.12.2018	958800	Ex Assistant General Manager Reserve Bank of India
7	Mr. Rajesh Awadesh Mahto	Senior Manager	B.com, BCA	48	10	16.05.2018	903567	Team Leader Acute Informatics Pvt. Ltd.
8	Mr. Sunil Shripatrao Bhandwale	General Manager (Accounts & Audit)	B.com, DIB	61	35	25.06.2012	900000	Kolhapur Urban co-op Bank Ltd Manager
9	Mr. Rishikant	Head Treasury	B.com, LLB, Master in	58	33	10.07.2019	818710	Assistant General Manager (Scale V) Bank of Baroda

	Eknath Shende		Personnel management					
10	Debashis Pradeep Banerjee	Branch Manager	B.Com	40	16	18.12.2018	785062	CMS & Digital Banking
								RBL

Notes:

1. All employees are permanent, except Managing Director, whose appointment is contractual.
 2. Remuneration includes salary, various allowances, contribution to provident fund and taxable value of perks.
 3. None of the employees are relative of director or manager of the Bank.
 4. None of the above employees of the Bank hold any shares in 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

Sanjay Agrawal
Managing Director & CEO
DIN: 07696823

Suhas N Sahakari
Independent Director
DIN: 08168414

Place: Kolhapur

Date: 5th September, 2020

SUBHADRALOCAL AREA BANK LTD, KOLHAPUR

BALANCE SHEET AS ON 31 MARCH 2020

Amt in Rs.

CAPITAL AND LIABILITIES	SCHEDULE NO.	As on	As on
		31/03/2020	31/03/2019
Capital	1	32 00 29 000.00	22 68 04 000.00
Reserves and Surplus	2	-3 84 56,166.06	4 32 01 706.31
Deposits	3	14 98 20 046.94	14 74 28 556.00
Borrowings	4	-	-
Other Liabilities and Provisions	5	5 07 84 658.56	1 12 07 217.61
Total		48 21 77 539.44	42 86 41 479.92
ASSETS			
Cash and Balances with Reserve Bank of India	6	32 50 005.00	84 10 271.00
Balances with Banks and Money at call & short Notice	7	15 39 98 308.48	8 41 94 060.14
Investments	8	18 74 58 068.02	20 41 21 819.53
Advances	9	3 71 28 877.04	2 32 24 832.16
Fixed Assets	10	5 27 67 862.82	6 26 41 810.30
Other Assets	11	4 75 74 418.08	4 60 48 686.79
Total		48 21 77 539.44	42 86 41 479.92
Contingent Liabilities Bills for Collection	12	2 81 023.91	16 71 544.00

CA. Ummed Jain
Partner
M. No.070863

Mr. Sanjay Agrawal
Managing Director and CEO
DIN: 07696823

Mr Shantanu Ghosh
Director
DIN: 00041435

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors

Mr Suhas Sahakari
Director
DIN: 08168414
For and on behalf of the Board of Directors

Mr Pankaj Bhansali
Director
DIN: 03154793
For and on behalf of the Board of Directors

Mr Vijay Puranik
Director
DIN: 08622116
For and on behalf of the Board of Directors

Mr. S.S.Bhandwale
General Manager

CA. P G Joshi
CFO

Mr. Himanshu Katare
Company Secretary

Dated : 25th June, 2020

SUBHADRA LOCAL AREA BANK LTD. KOLHAPUR

SCHEDULE FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2020

SCHEDULE 1- CAPITAL	As on	As on
	31/03/2020	31/03/2019
I. Authorised Capital (6,00,00,000 equity shares of Rs. 10 each)	60 00 00 000.00	60 00 00 000.00
II. Issued Capital 1. 46,200,800 (2,35,20,400) equity shares of Rs.10 each	46 20 08 000.00	23 52 04 000.00
Total	46 20 08 000.00	23 52 04 000.00
III. Subscribed and Called up Capital 1. 3,20,02,900 (2,24,00,400) equity shares of Rs.10 each 2. 11,20,000 equity shares- Rs. 7.50 (Rs.2.50) per share	31 16 29 000.00 84 00 000.00	22 40 04 000.00 28 00 000.00
Total	32 00 29 000.00	22 68 04 000.00
IV. Paid up Capital 1. 3,20,02,900 (2,24,00,400)equity shares of Rs.10 each 2. 11,20,000 equity shares- Rs.2.5 per share allotted under ESOP	32 00 29 000.00	22 40 04 000.00 28 00 000.00
Total	32 00 29 000.00	22 68 04 000.00

SUBHADRA LOCAL AREA BANK LTD. KOLHAPUR

SCHEDULE FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2020

SCHEDULE 2 - RESERVES AND SURPLUS	As on	As on
	31/03/2020	31/03/2019
I. Statutory Reserves		
Opening Balance	3 85 36 176.67	3 85 36 177.00
Additions during the year		-
	3 85 36 176.67	3 85 36 177.00
II Capital Reserves		
Opening Balance		-
Addition during the year		-
		-
III Share Premium		
Opening Balance		-
Addition during the year		-
		-
IV Investment Fluctuation Reserves		
Opening Balance	2 72 000.00	2 72 000.00
Less: Transfer during the year		-
	2 72 000.00	2 72 000.00
V Investment Reserve Account		
Opening Balance	58 97 603.76	-
Addition during the year	52 24 284.70	58 97 603.76
	1 11 21 888.46	58 97 603.76
VI Infrastructural Upgradation Reserves		
Opening Balance		-
Less: Transferred to P & L Appropriation Account		-
		-
VII General Reserves		
Opening Balance	5 26 60 357.00	5 26 60 357.00
Addition during the year		-
	5 26 60 357.00	5 26 60 357.00
VIII Balance in Profit & Loss Account	-14 10 46 588.19	-5 41 64 431.45
	-3 84 56 166.06	4 32 01 706.31

SUBHADRA LOCAL AREA BANK LTD., KOLHAPUR

SCHEDULE FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2020

Amt in Rs.

SCHEDULE 3 - DEPOSITS	As on	As on
	31/03/2020	31/03/2019
I.Demand Deposits		
a) From Banks		-
b) From Others	1 77 50 892.00	2 26 98 938.90
II.Saving Bank Deposits	4 82 31 571.94	3 56 60 950.66
III.Term Deposits		
a) From Banks		-
b) From Others (Customers)	8 38 37 583.00	8 90 68 666.00
Tota (I,II and III)	14 98 20 046.94	14 74 28 555.56
Deposit of branches		
I In India	14 98 20 046.94	14 74 28 556.00
II Outside India		-
Total Deposits	14 98 20046.94	14 74 28 556.00

SUBHADRA LOCAL AREA BANK LTD., KOLHAPUR

SCHEDULE FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2020

SCHEDULE 4 -BORROWINGS	As on	As on
	31/03/2020	31/03/2019
I. Borrowings in India		
- Reserve Bank of India	-	-
- Other Banks	-	-
-Other Institutions and agencies	-	-
II. Borrowings Outside India	-	-
Total (I and II)	-	-

Secured borrowings included in I above

SUBHADRA LOCAL AREA BANK LTD., KOLHAPUR

SCHEDULE FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2020

Amt in Rs.

SCHEDULE 5 - OTHER LIABILITIES & PROVISIONS	As on	As on
	31/03/2020	31/03/2019
I. Bills payable	3 865.70	30 767.34
II. Inter-Office Adjustments (Net)	-	-
III. Interests Accrued	8 36 502.00	7 66 534.00
IV. Others {Includes Standard asset provision, refer schedule 18 (12) }	4 99 44 290.86	1 04 09 916.27
Total	5 07 84 658.56	1 12 07 217.61

SUBHADRA LOCAL AREA BANK LTD. KOLHAPUR

SCHEDULE FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2020

SCHEDULE 6 - CASH & BALANCES WITH RESERVE BANK OF INDIA	As on	As on
	31/03/2020	31/03/2019
I. Cash in hand (Including Foreign Currency Notes)	32 50 005.00	84 10 271.00
II. Balance with Reserve Bank of India		
a) In Current Accounts		-
b) In Other Accounts		-
Total (I and II)	32 50 005.00	84 10 271.00

SCHEDULE 7 - BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE	As on	As on
	31/03/2020	31/03/2019
I. In India		
i) Balances with Banks		
a) In Current Accounts	4 56 02502.48	1 66 23254.14
b) In Other Deposit Accounts	10 83 95806.00	1 75 70806.00
ii) Money at call & Short Notice		
a) With banks		5 00 00 000.00
b) With other Institutions		-
Total (i and ii)	15 39 98 308.48	8 41 94 060.14
II Outside India		
i) In Current Accounts		-
ii) In Other Deposit Accounts		-
iii) Money at call & Short Notice		-
Total (i,ii and iii)		
Grand Total (I and II)	15 39 98 308.48	8 41 94 060.14

SUBHADRA LOCAL AREA BANK LTD. KOLHAPUR

SCHEDULE FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2020

Amt in Rs.

SCHEDULE 8 - INVESTMENTS	As on	As on
	31/03/2020	31/03/2019
I. Investments in India		
Gross value	18 74 58 068.02	20 93 46 104.26
Less: Aggregate of provision/diminution in value		- 52 24 284.73
Net value of Investments in India	18 74 58 068.02	20 41 21 819.53
Comprising:		
i) Government securities	18 74 58 068.02	20 41 21 819.53
ii) Other approved securities		-
iii) Shares		-
iv) Debentures and Bonds		-
v) Subsidiaries and/or joint ventures		-
vi) Others (to be specified)		-
	18 74 58 068.02	20 41 21 819.53
II. Investments outside India		
i) Government securities (Including local authorities)		-
ii) Subsidiaries and/or joint ventures abroad		-
iii) Other investments (to be specified)		-
		-
	18 74 58 068.02	20 41 21 819.53

SUBHADRA LOCAL AREA BANK LTD. KOLHAPUR

SCHEDULE FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2020

Amt in Rs.

SCHEDULE 9 - ADVANCES		As on	As on
		31/03/2020	31/03/2019
i)	Bills Purchased and Discounted		
ii)	Cash Credits, Overdrafts and Loans Repayable on Demand	1 78 52 314.24	25 20 033.16
iii)	Term Loans	1 92 76 562.80	2 07 04 799.00
Total		3 71 28 877.04	2 32 24 832.16
i)	Secured by Tangible Assets	3 27 30 330.60	2 18 74 302.00
ii)	Covered by Bank / Government Guarantees		-
iii)	Unsecured	43 98 546.44	13 50 530.00
Total		3 71 28 877.04	2 32 24 832.00
I Advances in India			
i)	Priority Sectors	1 77 67 616.00	1 45 70 000.16
ii)	Public Sector		-
iii)	Banks		-
iv)	Others	1 93 61 261.04	86 54 832.00
Total		3 71 28 877.04	2 32 24 832.16
II Advances Outside India			
i)	Due from Banks		-
ii)	Due from others		-
a)	Bill purchased and discounted		-
b)	Syndicated Loans		-
c)	Others		-
Total I+II		3 71 28 877.04	2 32 24 832.16

SUBHADRA LOCAL AREA BANK LTD. KOLHAPUR
SCHEDULE FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2020

Amt in Rs.

SCHEDULE 10- FIXED ASSETS	As on	As on
	31/03/2020	31/03/2019
I. Premises		
Original Cost of Premises	-	-
Add : Additions during the year	-	-
Less : Deduction during the year	-	-
DEPRECIATION		
Opening balance	-	-
Charge for the Year	-	-
	-	-
Less : Reversed on Sale	-	-
Net Block I	-	-
II. Other Fixed Assets (Including Furniture and Fixture, Computer Hardware and Software)		
Original Cost of Other Fixed Assets	8 59 05 766.98	5 27 51 077.71
Add : Additions during the year	73 78 739.99	3 75 85 435.28
Less : Deductions during the year	1 50 841.00	44 30 746.01
	9 31 33 665.97	8 59 05 766.98
Depreciation		
Opening balance	2 70 48 349.50	2 08 97 847.42
Charge for the Year	1 64 28 717.45	71 28 389.51
Less : Reversed on Sale	1 24 654.92	9 77 887.43
	4 33 52 412.03	2 70 48 349.50
Net Block II	4 97 81 253.94	5 88 57 417.48
III. Vehicles		
Original Cost of Vehicles	57 25 909.00	57 25 909.00
Add : Additions during the year		
Less : Deductions during the year		-
	57 25 909.00	57 25 909.00
Depreciation		
Opening balance	25 41 516.18	18 61 278.13
Charge for the Year	6 80 237.99	6 80 238.05
Less : Reversed on Sale		-
	32 21 754.17	25 41 516.18
Net Block III	25 04 154.83	31 84 392.82
IV Capital Work In Progress	4 82 454.05	6 00 000.00
Net Block IV	4 82 454.05	6 00 000.00
GRAND TOTAL (I+II+III)	5 27 67 862.82	6 26 41 810.30

SUBHADRA LOCAL AREA BANK LTD. KOLHAPUR

SCHEDULE FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2020

Amt in Rs.

SCHEDULE 11 - OTHER ASSETS	As on	As on
	31/03/2020	31/03/2019
I Inter-office adjustment (net)		-
II Interest accrued	30 70 657.28	30 20 304.00
III Tax paid in advance/ Tax deducted at source	1 98 964.00	1 26 043.00
IV Stationery and stamps	8 40 918.75	12 06 188.00
V Non-banking assets acquired in satisfaction of claims		-
VI Deferred Tax Asset	2 30 15 707.00	2 30 15 707.00
VII Others	2 04 48 171.05	1 86 80 444.79
Total	4 75 74 418.08	4 60 48 686.79

SCHEDULE FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2020

Amt in Rs.

SCHEDULE 12 - CONTINGENT LIABILITIES	As on	As on
	31/03/2020	31/03/2019
I Claims against the bank not acknowledged as debts	-	-
II Liability for partly paid investments	-	-
III Liability on account of outstanding forward exchange contracts	-	-
IV Guarantees given on behalf of constituents		
a) In India	-	10 65 000.00
b) Outside India	-	-
V Acceptances, endorsements and other obligations	-	-
VI Other items for which the bank is contingently liable { DEAF accounts, refer Schedule 18 (33) }	2 81 023.91	6 06 544.00
Total	2 81 023.91	16 71 544.00

SUBHADRA LOCAL AREA BANK LTD,

FORM B

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020

	Schedule No.	Amt in Rs.	
		Year Ended 31/03/2020	Year Ended 31/03/2019
INCOME			
Interest Earned	13	1 88 49 963.39	2 24 43 589.00
Other Income	14	15 94 679.16	- 19 12 024.00
TOTAL		2 04 44 642.55	2 05 31 565.00
EXPENDITURE			
Interest Expended	15	91 43 255.69	1 00 25 176.00
Operating Expenses	16	9 68 44 048.57	9 75 70 373.69
Provisions & Contingencies	Point No. 5 of Notes to Accounts	- 38 84 789.73	-1 64 78 079.00
TOTAL		10 21 02 514.53	9 11 17470.69
Net Profit/(Loss) For The Year		-8 16 57 871.98	-7 05 85 905.69
Profit / (Loss) brought Forward	-	-5 41 64 431.45	2 23 19 078.00
Total	-	-13 58 22,303.43	-4 82 66,827.69
Appropriation			
Less.Transfer To Statutory Reserve			-
Less.Transfer To Capital Reserve			-
Less:Transfer To General Reserve			-
Less.Transfer To Countercycling Buffer			-
Add. Infra Upgradation Reserve Write Back			-
Less.Transfer To Investment Fluctuation Reserve			-
Less.Transfer To Investment Reserve Account		- 52 24 284.73	- 58 97 603.76
Total		- 52 24 284.73	- 58 97 603.76
Net Profit/(Loss) Carried Forward to Balance Sheet		-14 10 46 588.16	-5 41 64 431.45

Significant Accounting Policies

17

Notes to Accounts

18

Earnings Per Share - Basic: Rs

(3.59)

(3.11)

Earnings Per Share - Diluted: Rs

(3.59)

(3.11)

Schedules referred to above form an integral part of this Profit & Loss Account. As per our Report of even date attached

CA. Ummed Jain
Partner
M No.070863Mr. Sanjay Agrawal
Managing Director and CEO
DIN: 07696823
For and on behalf of the Board of DirectorsMr Shantanu Ghosh
Director
DIN: 00041435
For and on behalf of the Board of DirectorsMr. Suhas Sahakari
Director
DIN: 08168414
For and on behalf of the Board of DirectorsMr. Pankaj Bhansali
Director
DIN: 03154793
For and on behalf of the Board of DirectorsMr. Vijay Puranik
Director
DIN: 08622116
For and on behalf of the Board of DirectorsMr. S.S.Bhandwale
General ManagerCA. P G Joshi
CFOMr. Himanshu Katare
Company Secretary

Dated : 25th June, 2020

SUBHADRA LOCAL AREA BANK LTD., KOLHAPUR

SCHEDULE FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

Amt in Rs.

SCHEDULE 13 - INTEREST EARNED	Year Ended	Year Ended
	31/03/2020	31/03/2019
I. Interest / discount on advance / bills	29 21 341.00	36 56 560.00
II. Income on Investments (Net)	1 37 07 560.39	1 72 07 350.00
III. Interest on balances with Reserve Bank of India and other inter- bankfunds	22 21 062.00	15 79 679.00
IV Others	-	-
Total	1 88 49 963.39	2 24 43 589.00

SUBHADRA LOCAL AREA BANK LTD., KOLHAPUR

SCHEDULE FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

Amt in Rs.

SCHEDULE 14 - OTHER INCOME	Year Ended	Year Ended
	31/03/2020	31/03/2019
Commission, Exchange and Brokerage	1 10 465.36	57 580.00
Profit on Sale of Investments	9 62 450.88	- 23 85 020.00
Less: Loss on Sale of Investments		
Profit on Revaluation of Investments		-
Less: Loss on Revaluation of Investments		-
Profit on Sale of Land, Buildings and other Assets	26 413.87	68 100.00
Less : Loss on Sale of Land, Building and other Assets		- 1 98 882.00
Profit on Exchange transactions		-
Less : Loss on Exchange transactions		-
Income earned by way of dividends etc/ from subsidiaries / companies		-
Miscellaneous Income	4 95 349.05	5 46 198.00
Total	15 94 679.16	- 19 12 024.00

SUBHADRA LOCAL AREA BANK LTD., KOLHAPUR

SCHEDULE FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

Amt in Rs.

SCHEDULE 15- INTEREST EXPENDED	Year Ended	
	31/03/2020	31/03/2019
I. Interest on Deposits	91 29 549.69	99 13 097.00
II Interest on Reserve Bank of India/Inter- bank borrowings		
III Others	13 706.00	1 12 079.00
Total	91 43 255.69	1 00 25 176.00

SUBHADRA LOCAL AREA BANK LTD., KOLHAPUR

SCHEDULE FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

Amt in Rs.

SCHEDULE 16- OPERATING EXPENSES	Year Ended	
	31/03/2020	31/03/2019
I Payments to and provisions for employees	4 84 95 473.47	5 18 90 047.91
II Rent Taxes and Lighting	92 64 505.80	1 64 78 158.76
III Printing and Stationery	5 92 259.58	11 56 161.89
IV Advertisement and Publicity	13 73 007.04	98 876.30
V Depreciation on Bank's property	1 71 08 955.41	81 16 207.60
VI Directors' fees, allowances & Expenses	6 31 713.56	.00
VII Auditors' fees and expenses	10 72 580.00	14 49 000.00
VIII Law charges	8 360.00	21 640.00
IX Postages, Telegrams, Telephones etc.	8 60 522.89	10 68 273.76
X Repairs & Maintenance	11 03 901.84	10 51 060.17
XI Insurance	3 03 040.79	4 17 314.30
XII Other expenditure	1 60 29 728.19	1 58 23 633.00
Total	9 68 44 048.57	9 75 70 373.69

CA. Ummed Jain
Partner
M. No.070863

Mr. Sanjay Agrawal
Managing Director and CEO
DIN: 07696823

Mr Shantanu Ghosh
Director
DIN: 00041435

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors

Mr. Suhas Sahakari
Director
DIN: 08168414

Mr. Pankaj Bhansali
Director
DIN: 03154793

Mr. Vijay Puranik
Director
DIN: 08622116

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors

Mr. S.S.Bhandwale
General Manager

CA. P G Joshi
CFO

Mr. Himanshu Katare
Company Secretary

Dated : 25th June, 2020

Subhadra Local Area Bank Limited

Schedule no. 17 of the Balance Sheet and Profit & Loss Account for the year ended March 31, 2020

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A. OVERVIEW

Subhadra Local Area Bank Limited is a banking company engaged in providing wide range of banking services. Subhadra Local Area Bank is a banking company governed by the Banking regulation Act, 1949 and obtained RBI approval on 10th July 2003.

B. BASIS OF PREPARATION

The financial statements are prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and conform with statutory provisions under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India from time to time, accounting standards (ASs) specified under Section 133 of the Companies Act, 2013 to the extent applicable and current practices prevailing within the banking industry in India.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expense for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

C. SIGNIFICANT ACCOUNTING POLICIES:

1) INVESTMENTS

The Bank classifies its investments into Held to Maturity (HTM), Held for Trading (HFT) and Available for Sale (AFS) in accordance with the Reserve Bank of India guidelines.

Valuation:

I) Held to Maturity

Investments classified under Held to Maturity category are carried at their acquisition cost, except where it is acquired at premium, in which premium on acquisition is amortized over the remaining maturity period of the security on a constant yield to maturity basis.

II) Available For Sale.

Investment classified under the AFS categories is marked to market as per RBI guidelines. Securities are valued scrip-wise and depreciation / appreciation are aggregated for each classification. Net appreciation in each classification, is ignored, while net depreciation is provided for.

III) In the event, provisions created on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, the excess is credited to the Profit & Loss Account and an equivalent amount is appropriated to an Investment Reserve Account (IRA).

2) ADVANCES

Advances are classified as performing and non-performing based on the Reserve Bank of India IRAC guidelines. Interest on non-performing advances is transferred to interest suspense account and not recognized in the Profit and Loss Account until received.

Advances are classified as secured or unsecured in accordance with the Reserve Bank of India guidelines. Advances are net of interest in suspense. Specific loan loss provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of wholesale and retail advances, subject to the minimum provisioning level prescribed in the Reserve Bank of India IRAC guidelines. The specific provision levels for retail loan non-performing assets are also based on the nature of product and delinquency levels. The Bank maintains general provision for standard assets at levels stipulated by RBI from time to time. Provisions made in excess of these regulatory levels or provisions which are not made with respect to specific non-performing assets are categorized as floating provisions. Creation of further floating provisions are considered by the Bank up to a level approved by the Board of Directors of the Bank. Floating provisions are not reversed by credit to Profit and Loss account and can be used only for contingencies under extraordinary circumstances for making specific provisions in impaired accounts after obtaining Board approval and with prior permission of RBI.

Provision for standard assets and floating provision are included under Other Liabilities. Provisions have been made on gross basis. Tax Relief, which will be available when advances are written off, will be accounted for in the year of write off.

3) FIXED ASSETS & DEPRECIATION

Fixed assets are stated at cost less accumulated depreciation. Cost includes cost of purchase including 50% GST and all expenditure like site preparation, installation costs and professional fees incurred on the asset before it is ready to use. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future benefit/ functioning capability from/of such assets. Depreciation is calculated using SLM Method as per useful life prescribed in part C of schedule II of the Companies Act 2013 and as per details given below.

	ASSET	RATE %	USEFUL LIFE IN YEARS
1	Land & Building	1.57	60
2	Office Machinery	19.00	5
3	Furniture Fixtures	9.50	10
4	Computers & data processing units		
A	Service & network	15.83	6
B	End user devices, desktop, laptops and Software's	31.67	3
5	Motor Car	11.88	8
6	Motor Cycle	9.50	10
7	Leasehold Improvements		Over the period of lease

4) IMPAIRMENT OF ASSETS

The Bank assesses at each balance sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the profit and loss account to the extent the carrying amount of assets exceeds their estimated recoverable amount in accordance with the **AS28** "Impairment of Assets", issued by the Institute of Chartered Accountants of India.

5) LEASE ACCOUNTING

Lease payments for assets taken on operating lease are recognized in the profit and loss account over the lease term in accordance with the **AS19**, Leases, issued by the Institute of Chartered Accountants of India.

6) EMPLOYEE BENEFITS

PROVIDENT FUND

In accordance with law, all employees of the Bank are entitled to receive benefits under the provident fund. The Bank contributes an amount, on a monthly basis, at a determined rate (currently 12% of employee's basic salary) and the Bank has no liability for future provident fund benefits other than its annual contribution.

LEAVE ENCASHMENT

The Bank provides for leave encashment liability of its employees who are eligible for encashment of accumulated leave.

RETIREMENT BENEFITS

The Bank provides for gratuity for all employees. The benefit is in the form of lump sum payments to vested employees on resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. Vesting occurs upon completion of five year of services. Presently the bank is having Group Gratuity Policy from LIC of India covering the period since inception of the Bank. Accordingly, the Bank has paid premium as per actuarial valuation done by LIC.

ESOP

The Bank follows fair value method to account for its employee compensation costs arising from grant of Employee Stock Options.

7) REVENUE RECOGNITION:

Income and expenditure is recognized in the profit or loss account on an accrual basis, except in the case of non-performing assets where it is recognized upon realization as per RBI norms. The various charges levied to the customers like processing fees, Bank guarantee charges etc. are also recognized on accrual basis.

Recovery in NPA accounts is appropriated to charges recoverable, interest overdue and principal amount in that order.

Income on discounted instruments is recognized over the tenure of the instrument on a constant yield basis. Dividend on equity shares, preference shares and on mutual fund units is recognized as income when the right to receive the dividend is established.

8) INCOME TAX

Income tax comprises the current tax provision, the net change in the deferred tax asset or liability in the year. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences between the carrying values of assets and liabilities and their respective tax bases, and operating loss carry forwards. Deferred tax assets are recognized subject to Management's judgment that realization is more likely than non-realization situation. Deferred tax assets and liabilities are measured using substantially enacted tax rates expected to apply to taxable income in the years in which the timing differences are expected to be received, settled or reversed. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the income statement in the period of substantial enactment of the change.

9) EARNING PER SHARE

The Bank reports basic and diluted earnings per equity share in accordance with **AS 20**, Earnings Per Share issued by the Institute of Chartered Accountants of India.

10) SEGMENT INFORMATION - BASIS OF PREPARATION

The classification of exposures to the respective segments now conforms to the guidelines issued by RBI. Business Segments have been identified and reported taking into account, the target customer profile, the nature of products and services, the differing risks and returns, the organization structure, the internal business reporting system and the guidelines prescribed by RBI. The Bank operates in the following segments:

(a) Treasury

The treasury services segment primarily consists of net interest earnings on investments portfolio of the bank and gains or losses on investment operations including provisions. All Expenses will be allocated on the basis of Segment Assets

(b) Retail Banking

The retail-banking segment serves retail customers through a branch network. This segment raises deposits from customers and makes loans and provides other services to such customers. Retail Deposits along with Interest paid on it and other expenses be allocated on the basis of Segment Assets. At present all our Loans and Advances are of Retail nature. Revenues of the Retail-banking segment are derived from interest earned on Retail loans. Revenue Result includes revenue from retail banking, cost of deposit and other expenses allocated on the basis of Segment Asset Portfolio and provisions thereon

(c) Wholesale Banking

The Bank is not dealing in wholesale Banking Segment.

(d) Other Banking Operations

There are no transactions in Other Banking Operations.

(e) Unallocated

Un-allocable assets and liabilities will be allocated in the ratio of Assets of Treasury and Retail Banking Operations.

Geographic Segments

Since the Bank does not have any earnings emanating outside India, the Bank is considered to operate in only the domestic segment.

11) ACCOUNTING FOR PROVISIONS AND CONTINGENT LIABILITIES.

In accordance with **AS 29**, Provisions, Contingent Liabilities and Contingent Assets, issued by the Institute of Chartered Accountants of India, the Bank recognizes provisions when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Provisions are determined based on management estimate required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. In cases where the available information indicates that the loss on contingency is reasonably possible, but amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements.

Contingent Assets, if any, are not recognized in the financial statements since this may result in recognition of income that may never be realized.

12) TRANSACTION INVOLVING FOREIGN EXCHANGE:

Accounting for transactions involving foreign exchange is done in accordance with AS11.

CA. Ummed Jain
Partner
M. No.070863

Mr. Sanjay Agrawal
Managing Director and CEO
DIN: 07696823

Mr Shantanu Ghosh
Director
DIN: 00041435

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors

Mr. Suhas Sahakari
Director
DIN: 08168414

Mr. Pankaj Bhansali
Director
DIN: 03154793

Mr. Vijay Puranik
Director
DIN: 08622116

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors

Mr. S.S.Bhandwale
General Manager

CA. P G Joshi
CFO

Mr. Himanshu Katare
Company Secretary

Dated : 25th June, 2020

SCHEDULE NO.18**NOTES TO ACCOUNTS****1.A) CAPITAL ADEQUACY RATIO**

The Bank's capital adequacy ratio is calculated in accordance with the Reserve Bank of India guidelines as under:

Items	March 2020	March 2019
Common Equity Tier 1 capital ratio (%)	138.05%	188.73%
Tier 1 capital ratio (%)	138.05%	188.73%
Tier 2 capital ratio (%)	1.25%	2.17%
Total Capital Ratio (CRAR) (%)	139.30%	190.90%
Amount of subordinated debt raised as Tier –II capital	Nil	Nil
Percentage of the shareholding of the Government of India	N.A.	N. A.

1.B) EQUITY CAPITAL

(Rs. in Lakh)

Particulars	March 31, 2020	March 31, 2019
Opening Balance	2268.04	2268.04
Additions pursuant to Stock Options exercised	Nil	Nil
Addition on account of Rights Issue	848.25	Nil
Addition on account of Partly Paid shares into Fully Paid shares	84.00	Nil
Closing Balance	3200.29	2268.04

2) RESERVES AND SURPLUSInvestment Fluctuation Reserve

The opening and closing balance of "Investment Fluctuation Reserve" was Rs.2.72 lakh.

Investment Reserve Account

The Bank has appropriated a sum of Rs. 52,24,285 (Rs. 58,97,604) to credit of Investment Reserve Account, corresponding to write-back of excess provision of depreciation in AFS category recognized in the Profit and Loss account. The total balance of Investment Reserve account as on 31st March 2020 is Rs.1,11,21,888. Bank has considered this balance in calculation of Tier II Capital of CRAR as on 31st March 2020 subject to the prescribed limit of a 1.25% of total risk weighted asset.

3. A) INVESTMENTS

(Rs. in Lakh)

Items	March 2020 Rs.	March 2019 Rs.
(1) Value of Investments		
(i) Gross Value of Investments	1874.58	2093.46
(a) In India	1874.58	2093.46
(b) Outside India	0.00	0.00
(ii) Provisions for Depreciation	0.00	52.24
(c) In India	0.00	52.24
(d) Outside India	0.00	0.00
(iii) Net Value of Investments	1874.58	2041.22
(e) In India	1874.58	2041.22
(f) Outside India.	0.00	0.00
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance	52.24	11.52
(ii) Add: Provisions made during the year	0.00	99.70
(iii) Less: Write-off/ write-back of excess provisions during the year	52.24	58.98
(iv) Closing balance	0.00	52.24
Amortization of Premium paid on GOI Securities	1.23	1.23

3.B) Repo Transactions:

Bank does not deal in any repo transaction.

3.C) Non SLR Investment Portfolio:

The total Investments held by the bank as on March 31, 2020 are SLR securities. The bank does not have any Non SLR Portfolio on the said date.

3.D) Sale and transfers to/ from HTM category

The Bank has not shifted any security in the current Financial Year either from AFS to HTM or vice versa

3.E) Derivatives :

The bank does not deal in any derivatives products.

3.F) Disclosure regarding Classification of Investments.

(Rs. in Lakh)

Sr.No.	Particulars	March 2020	March 2019
	Investment held under.....		
1	Held for trading category	0.00	0.00
2	Available for sale category	1546.46	1764.10
3	Held to Maturity	328.13	329.36
	Total	1874.58	2093.46

Investments are classified in to 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' ('HTM') categories at the time of purchase. Investments, which the Bank intend to hold till maturity are classified as HTM Investments. Investments that are held principally for resale are classified as AFS.

Investments classified as HTM are carried at amortized cost. Any premium paid on acquisition, over the face value, is amortized over the remaining period of maturity.

Investments classified as AFS and HFT are marked-to-Market on a periodic basis as per relevant RBI guidelines. The securities are valued scrip-wise & depreciation / appreciation is aggregated for each classification. Net appreciation in each classification, is ignored, while depreciation is provided for.

At the year end, the excess provision amounting to Rs.52,24,284 of depreciation on AFS securities was credited to Profit & Loss A/c for which a corresponding appropriation of profit was made to Investment Reserve Account.

4) ASSET QUALITY

4.(i) MOVEMENT IN NPA'S (FUNDED)

(Rs. in Lakh)

PARTICULARS	2019-20	2018-19
Net NPAs to Net Advances (%)	1.51%	0.00%
MOVEMENT IN GROSS NPA'S	Rs.	Rs.
As at 1 st April	14.30	10.25
Additions during the year.	37.51	23.86
Deductions during the year	2.30	19.81
As at 31 st March	49.51	14.30
MOVEMENT IN NET NPA'S	2019-20	2018-19
As at 1 st April	8.45	7.80
Additions during the year	24.19	20.46
Deductions during the year	2.30	19.81
As at 31 st March (Net of provisions)	30.34	8.45

As at 31 st March (Floating provisions / Counter Cyclical Provisioning Buffer)	5.61	0.00
MOVEMENT OF PROVISIONS FOR NPA (excluding provision of standard assets)	2019-20	2018-19
As at 1 st April	5.85	2.45
Additions during the Year	13.47	3.40
Deductions during the year	0.15	NIL
As at 31 st March	19.17	5.85
Net NPA's as at 31 st March	30.34	8.45
Net NPA's as at 31 st March after utilizing Floating Provisions and Counter Cyclical Provisioning Buffer	5.61	0.00

The gross NPA of Rs.49.51 Lakh as on 31.03.2020 includes Gross NPA of Rs 0.92 Lakh pertaining to Agriculture Advances to individual farmers who anticipate loan waiver.

4.(ii) Divergence in Asset Classification and Provisioning for NPAs

Advances are classified into standard, sub-standard, doubtful and loss assets in conformity with RBI guidelines and specific provisions for non performing advances are made accordingly. No divergences in this regard have been observed during the supervisory annual financial inspection for the preceding year.

4.(iii) Revenue Recognition:

Income and expenditure is recognized in the profit or loss account on an accrual basis, except in the case of non-performing assets where it is recognized upon realization as per RBI norms. The various charges levied to the customers like processing fees, Bank guarantee charges etc. are also recognized on accrual basis. Recovery in NPA accounts is appropriated to charges recoverable, interest overdue and principal amount in that order. There is no change in accounting policy followed in this regard vis- à-vis previous financial year.

4.(iv) CATEGORY WISE NPA'S (FUNDED)

(Rs. in Lakh)

GROSS NPA'S	31-03-2020	31.03.2019
Substandard	35.52	12.23
Doubtful	13.99	2.07
Loss	0.00	0.00
As at 31st March 2020	49.51	14.30

4.(vi) Sector-wise NPAs

		Percentage of Gross NPAs to Total Advances in that sector	
		2019-2020	2018-2019
1	Agricultural & allied activities	42.58%	5.14%
2	Industry & Others (Micro, small, medium enterprises)	0.00	0.00
3	Services	0.00	0.00
4	Personal loans	57.42%	0.87%

4.(vii) Disclosure regarding Provisioning Coverage Ratio.

Sr.No.	Particulars	March 2020	March 2019
1	Gross NPA (Rs.Lakhs)	49.51	14.30
2	Provisions held for NPAs (Rs.Lakhs)	19.17	5.85
3	Floating Provision considered for the purpose (Rs. Lakh)	20.00	8.45
4	Provision coverage ratio (%)	79.11%	100%

5) DETAILS OF PROVISIONS MADE DURING THE YEAR

(Rs. in Lakh)

	Details	2019-20	2018-19
1	Provision for Standard Assets	NIL	NIL
2	Provision for Bad and Doubtful debts	13.39	3.40
3	Provisions for depreciation on Investment	-52.24	40.72
4	Income Tax	NIL	17.88
5	Deferred Tax Liability Provision/(DTA recognized)	0.00	(226.78)
	Total	-38.85	-164.78

6) Provisions on Standard Assets

(Rs. in Lakh)

Item	March 2020 Rs.	March 2019 Rs.
Provisions towards Standard Assets (current year)	NIL	NIL
Total Provisions held towards Standard Assets	1.38	1.38

7) Business Ratio

(Rs. in Lakh)

Items	March 2020	March 2019
(i) Interest Income as a percentage to Working Funds (%)	3.91	5.17
(ii) Non-interest income as a percentage to Working Funds (%)	0.33	-0.44
(iii) Operating Profit as a percentage to Working Funds (%)	-17.74	-13.41
(iv) Return on Assets (%)	-21.21	-14.06
(v) Business per employee (Rs.)	15.61	15.29
(vi) Profit Per employee (Rs)	-6.75	-6.30
Total No: of Employees	121	112

8) Asset Liability Management

a) Maturity pattern of certain items of assets and liabilities as on 31-03-2020

(Rs. in Lakh)

Period	Deposits	Loans & Advances	Investments	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1 Day	659.93	18.77	-	-	-	-
2 to 7 Days	20.33	0.06	-	-	-	-
8 to 14 Days	15.88	8.34	-	-	-	-
15 to 30 Days	30.89	2.22	-	-	-	-
31 to 2 Months	57.61	0.01	-	-	-	-
Over 2 Months and upto 3 Months	43.90	9.10	99.53	-	-	-
Over 3 Months and upto 6 Months	120.04	20.33	-	-	-	-
Over 6 Months and upto 1 Year	412.97	65.09	-	-	-	-
Over 1 Year upto 3 Years	134.00	203.16	845.86	-	-	-
Over 3 Years upto 5 Years	2.64	14.38	929.19	-	-	-
Over 5 Years	0.01	49.00	-	-	-	-
	1498.20	390.46	1874.58	-	-	-

b) LIQUIDITY POSITION

(Rs. in Lakh)

DESCRIPTION	OUTSTANDING AS ON 31.03.2020	OUTSTANDING AS ON 31.03.2019	CHANGE (DURING FY 2019 - 20)
Cash and Balances with Reserve Bank of India	74.41	84.1	-9.69
Free Balances with Banks and Money at call and short Notice	945.18	841.94	103.24
Investments in G Sec Portfolio	1874.58	2093.46	-218.88
TOTAL LIQUID ASSETS	2894.17	3019.5	-125.33
LESS : LIABILITIES			
Deposits	1498.2	1474.29	23.91
Other Liabilities & Provisions	146.09	170.17	-24.08
BALANCE LIQUID ASSETS	1249.88	1375.04	-125.16

9) Lending to Sensitive Sector

9.1 Exposure to Real Estate Sector

(Rs. In Lakh)

Category	March 20	March 19
a) Direct exposure		
(i) Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; ss(Individual housing loans up to Rs.15 lakh may be shown separately)	9.13	26.29
(ii) Commercial Real Estate – Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	0.00	0.00
(iv) Investments in Mortgage Backed Securities (MBS) and other securitized exposures – a. Residential, b. Commercial Real Estate.		
b) Indirect Exposure		
1. Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	0.00	0.00
	0.00	0.00

- 9.ii) Loan Assets subjected to Restructuring / Rescheduled
The bank has not rescheduled/ restructured any loan either during the current year or during the previous year.
- 9.iii) Details of financial assets sold to Securitization / Reconstruction Company
The bank has not sold any financial assets to Securitization / Reconstruction Company during current year or the previous year.
- 9.iv) The bank has neither sold nor purchased any non-performing financial assets during the current year or previous year.

- 9.v) Exposure to Capital Market
The bank has not made any investment in capital market.
- 9.vi) Risk category wise Country Exposure
The bank does not have any overseas operations; hence there is no risk of country exposure.
- 9.vii) Details of Single Borrower Limit / Group Borrower Limit exceeded
The bank has not exceeded the prudential exposure limit in the case of single borrower or Group borrower during the current year / previous year.

10.a) Sector wise Bifurcation of Loans & Advances as on March 31, 2020

		31 st March 2020			31 st March 2019		
Sr No	Sector	Outstanding Total Advances	Gross NPA	% of Gross NPA to Total Advances in that sector	Outstanding Total Advances	Gross NPA	% of Gross NPA to Total advances in that sector
A	Priority Sector						
1	Agriculture and allied activities	120.54	21.08	17.58%	122.27	12.23	10.00%
2	Advances to industries sector eligible as priority sector lending	17.76			1.12	-	-
3	Services				-	-	-
4	Personal Loan	52.50	8.77	49.94%	22.31	-	-
	Sub Total (A)	190.80	29.85	15.64%	145.70	12.23	8.39%
B	Non-Priority Sector						
1	Agriculture and allied activities				-	-	-
2	Industry				-	-	-
3	Services	35.05			-	-	-
4	Personal Loan	164.60	19.65	11.94%	92.40	2.07	2.24%
	Sub-Total (B)	199.65	19.65	9.84%	92.40	2.07	-
	Total (A+B)	390.45	49.50	12.68%	238.10	14.30	6.00%

10.b) Disclosure regarding Unsecured loans & Advances

An Unsecured loan is a loan that is not backed by any security, either primary or collateral. It is a loan that is issued and supported only by the borrower's creditworthiness, Joint Liability, Group Pressure, etc., rather than by some sort of collateral.

The unsecured advances breakup is as under:

(Rs. in Lakh)

Sr.No.	Particulars	March 2020	March 2019
1	Total advances	390.46	238.10
2	Unsecured Advances out of total advances	54.82	19.36
3	Percentage of unsecured Advances to total advances	14.04%	8.13%

11) DISCLOSURE FOR CUSTOMER COMPLAINTS/ UNIMPLEMENTED AWARDS OF BANKING OMBUDSMAN

Particulars	2019-20	2018-2019
(a) No. of complaints pending at the beginning of the year	NIL	NIL
(b) No. of complaints received during the year	NIL	NIL
(c) No. of complaints redressed during the year	NIL	NIL
(d) No. of complaints pending at the end of the year	NIL	NIL
Particulars: Awards passed by Banking Ombudsmen	2019-20	2018-2019
(a) No. of unimplemented awards at the beginning of the year -	NIL	NIL
(b) No. of Awards passed by the Banking Ombudsmen during the year	NIL	NIL
(c) No. of Awards implemented during the year	NIL	NIL
(d) No. of unimplemented Awards at the end of the year	NIL	NIL

12. Amount of Provisions made for Income tax during the year;

(Rs. in Lakh)

Particulars	March 2020	March 2019
Provision for Income Tax	Nil	Nil
Provision for DTL/(Deferred Tax Asset recognized)	0.00	(226.78)
Short Provision of Income tax earlier year	0.00	17.88

a.

13 AS 17 - Disclosure under Segment Reporting

PART A : Business Segments
SEGMENT REPORTING AS ON 31ST MARCH, 2020

(Amt. in Rs.)

PART : A BUSINESS SEGMENTS			
Sl. No.	Particulars	Year Ended 31-03-2020 (Audited)	Year Ended 31.03.2019 (Audited)
1	Segment Revenue		
	i) Treasury Operations	1 46 92 058	1 47 04 908
	ii) Corporate Banking Operations		
	iii) Retail Banking Operations	57 52 584	58 26 657
	iv) Other Banking Operations		
	Total Revenue	2 04 44 642	2 05 31 565
2	Segment Results		
	i) Treasury Operations	- 6 84 96 026	- 8 70 93 844
	ii) Corporate Banking Operations		
	iii) Retail Banking Operations	- 1 31 61 846	- 43 82 315
	iv) Other Banking Operations		
	Total	- 8 16 57 872	- 9 14 76 160
	Less: Unallocated Expenses	0	0
	Profit Before Tax	- 8 16 57 872	- 9 14 76 160
	Provision for Tax / DTL	0	- 2 08 90 253
	Net Profit / (- Loss)	- 8 16 57 872	- 7 05 85 907
3	Segment Assets		
	i) Treasury Operations	40 21 75 866	39 01 29 660
	ii) Corporate Banking Operations		
	iii) Retail Banking Operations	8 00 01 673	3 85 11 820
	iv) Other Banking Operations		
	Total Assets	48 21 77 539	42 86 41 480
4	Segment Liabilities		
	i) Treasury Operations	40 21 75 866	39 01 29 660
	ii) Corporate Banking Operations		
	iii) Retail Banking Operations	8 00 01 673	3 85 11 820
	iv) Other Banking Operations		0
	Total Liabilities	48 21 77 539	42 86 41 480

Part B: Geographic Segments

The Bank is operating in Domestic Segment only.

14) AS 18-Related Party disclosures

As per AS 18-Related Party Disclosures, the Bank's related party's transactions for the year ended March 31, 2020 are disclosed as below:

KEY MANAGERIAL PERSONNEL:

Shri Sanjay Agrawal (Managing Director and CEO) (From 05.12.2018)

The following is the significant transaction between the Bank and KMP including relatives of above mentioned KMP during the year ended March 31, 2020.

FINANCIAL YEAR 2019-20

(Rs in Lakh)

Key Management Person	Remuneration (Gross Income)	Deposit	Advances	Int Paid	Int Rec	Guarantees Given
1. Shri Sanjay Agrawal (MD and CEO)	23.50	12.68	0	0.29	0	Nil
Relatives	NA	Nil	Nil	Nil	Nil	Nil

15) LEASES

The details of maturity profile of future operating lease payments are given below:

(Rs. in Lakh)

Period	March 31, 2020	March 31, 2019
Not later than one year	4.57	13.68
Later than one year and not later than five years	148.39	277.79
Later than five years	32.25	21.25
Total	185.21	312.72
The total of minimum lease payments recognized in the Profit and loss account for the year	75.51	68.92

16) EARNING PER SHARE: -

(Amount in Rs.)

SR.NO.	PARTICULARS	2019-20	2018-19
A	Net Profit for the year attributable to Equity Shareholders (Rs.)	(8 16 57 872)	(7 05 85 906)
B	Total number of equity shares at the end of year	3 20 02 900	2 35 20 400
C	Weighted Average number of Equity shares	2 27 31 343	2 26 80 400
D	Basic Earnings per share (Rs.)	(3.59)	(3.11)
E	Diluted earnings per share (Rs.)	(3.59)	(3.11)

17) DEFERRED TAX LIABILITY/ASSETS:

On conservative basis, the Bank has not recognised excess deferred tax asset in the accounts in view of losses. However, the management has decided to continue to recognize its deferred Tax assets to the extent of deferred tax assets recognized as at 31.3.2019 on the basis of virtual certainty of realization to that an extent.

The major components of deferred tax Assets/(Liabilities) arising on account of timing differences are as follows:

(Rs. in Lakh)

Particulars	As at 31 st March 2020 Rs. in Lacs	As at 31 st March 2019 Rs. in Lacs
Deferred tax assets/(Liabilities)		
Difference between the written Down Value of assets as per books of accounts and Income Tax Act, 1961.	(59.84)	(83.20)
Business Loss for the year	1749.72	968.42
Net Deferred Tax Asset / (Liabilities)	1689.88	885.22
Deferred Tax benefit/(expense) as at year end	439.36	230.15
Prior period deferred Tax benefit recognized/DTL reversed in current year	0.00	3.37
Total Deferred Tax benefit (expense) for the year not recognized	209.21	0.00
Total Deferred Tax benefit / (expense) for the year.	0.00	226.78
Net Deferred Tax Assets as at year end 31.3.2020	230.15	230.15

18. Prior Period Items:

During the Financial Year the Bank has capitalized 50% of GST paid in respect of its Fixed Assets for the previous financial years 2017-18 and 2018-19. As a result of the same Fixed Assets have increased to the tune of Rs. 5,64,284.08 and Rs. 33,88,032.69 respectively on one hand and Profit and Loss has been Credited to the tune of Rs. 39,52,316.77 Prior period GST on Fixed Assets.

24. <u>MANAGERIAL REMUNERATION:</u>	(Rs. In Lakh)	
	31/03/2020	31/03/2019
Shri Sanjay Agrawal (Managing Director since 05.12.2018)	23.50	7.58
Shri S.S.Bhandwale (General Manager & Acting MD Up to 04.12.2018)	0.00	4.00

19. AUDITORS REMUNERATION:

(Rs. In Lakh)

	<u>31/03/2020</u>	<u>31/03/2019</u>
AS STATUTORY AUDITORS	3.00	2.00
AS TAX AUDITORS & TAX MATTERS	----	----
	----- 3.00	----- 2.00

20. EMPLOYEES BENEFIT

The company has recognized expenses of Rs.23.70 Lakh (Previous Year Rs. 24.20 lakhs) towards defined contribution plans (Provident Fund).

Banks contribution towards Provident fund, being a defined contribution scheme, is accounted for on an accrual basis and recognized in the profit and Loss account. Liability for gratuity being defined benefit retirement schemes, are determined based on an actuarial valuation as at the Balance Sheet date.

The bank provides for leave encashment liability of its employees who are eligible for encashment of accumulated leave. There is no change in accounting policy in this regard vis-à-vis previous financial year.

Bank has provided "Health Insurance Scheme" to employees of the Bank since last four years.

21 EMPLOYEES BENEFIT**Employee Stock Options (ESOP)**

In the year 2016, Shareholders of the Bank had approved a stock options scheme to be implemented in the Bank. Status of the options granted under the scheme is as under as on March 31, 2020:

	2019-20	2018-19
Total grants authorized under the Scheme	20% of the fully diluted equity share capital of the bank on the fully diluted basis, post exercise of all the options granted under the Plan.	20% of the fully diluted equity share capital of the bank on the fully diluted basis, post exercise of all the options granted under the Plan.
Number of Options outstanding at the beginning of the year	Nil	Nil
Number of Options exercised during the year	Nil	Nil
Total Number of shares arising as a result of exercise of options during the year	Nil	Nil
Options lapsed/forfeited/cancelled (nos)	Nil	Nil
Option exercise price	Not Applicable	Not Applicable
Application Money realized on first and final call on shares (Rs.)	Nil	Nil
Total Number of Options in force as on March 31, 2020	Nil	Nil

The Bank follows the adjusted Fair Value method (Average of value under Net Asset Value approach and Market Approach, discounted for size and Liquidity) for estimating the value of perquisite on account of Options exercised and there is no charge to Profit & Loss account during this year.

22.) CAPITAL INFUSION:

By way of Right Issue

There is a capital infusion in the Bank by way of issuance and Allotment of Equity Shares under Right Issue to Existing Shareholders.

84,82,500 equity shares were allotted to existing shareholders at Rs 10/- each. Rs 8,48,25,000/- is further added to existing paid up capital of Rs. 22,68,04,000/- amounting in capital of Rs. 31,16,29,000/-.

Amount Received on Call

Also a First and Final call of Rs. 7.50/- was made on 11,20,000 shares amounting in Rs. 84,00,000/- held by Nandesh Sancheti HUF which was received on 30th March, 2020.

The Final Paid up Capital of the Bank is Rs. 32,00,29,000/-

23.) Concentration of Deposits, Advances, Exposures and NPAs

Concentration of Deposits

(Rs. in Lakh)

	2019-20	2018-19
Total deposits of top 20 depositors (Rs.)	260.39	289.79
Percentage of deposits of 20 largest depositors to total deposits (%)	17.38%	19.65%

Concentration of Advances

(Rs. in Lakh)

	2019-20	2018-19
Total Advances of top 20 borrowers (Rs.)	196.95	206.20
Percentage of advances of 20 largest borrowers to total advances (%)	50.44%	86.60%

Concentration of Exposure

(Rs. in Lakh)

	2019-20	2018-19
Total Exposure to 20 largest borrowers (Rs.)	196.95	206.20
Percentage of Exposure to 20 largest borrowers to total exposure of bank (%)	50.44%	86.60%

Working Note:-

Total Exposure of Bank

(Rs. in Lakh)

Particular	31-03-2020	31.03.2019
Funded Exposure – Cash Credit (Sanction Limit)	0.00	0.00
Term Loan (Total O/s .Amt)	390.46	238.10
A) Total	390.46	238.10
Non Funded Exposure – Bank Guarantee (BG)	0.00	10.65
Letter of Credit (LC)	0.00	0.00
B) Total	0.00	10.65
Total Exposure of Bank (A + B)	390.46	248.75

Concentration of NPAs

(Rs. in Lakh)

Particulars	2019-20	2018-19
Total Exposure to top four NPA accounts (Rs.)	31.23	10.49

24.) COMPARATIVE FIGURES:

Wherever necessary, figures for the previous year have been grouped / regrouped.

25.) DISCLOSURE REGARDING DEAF

(Rs. in Lakh)

Particulars	CURRENT YEAR 2020	PREVIOUS YEAR 2019
Opening balance of amount transferred to DEAF	6.07	3.33
Add amount transferred to DEAF during the year	0.09	2.74
Less amount reimbursed by DEAF towards claims	0.00	0.00
Closing balance of amount transferred to DEAF	6.16	6.07

26.) MSMED ACT disclosure

The company has not received information from its suppliers regarding their status under the Micro, Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid as at the year and together with interest paid / payable under this Act have not been given.

27.) Agri Debt waiver scheme of Govt. of Maharashtra.

Government of Maharashtra has announced Debt Waiver under Agriculture NPA Accounts under scheme "MJPSKY 2019".

Agriculture loan portfolio of the Bank as on 31.03.2020 was as under.

Particulars	Outstanding amount as on 31.03.2020 (Rs.)	Outstanding amount as on 31.03.2019 (Rs.)
Crop Loan	11,32,536	11,63,496
Term Loan	9,75,485	1,10,63,167
Total	21,08,021	1,22,26,663

As per prescribed norms of the debt waiver scheme, eligible and benefitted borrowers of the Bank are as under.

Sr. No.	Particulars	No. of Accounts	Amount Rs.
1	Waiver	4	1,66,074
2	OTS	Nil	Nil
3	Incentive	Nil	Nil
	Total	4	1,66,074

Out of above, benefit is transferred to borrowers as under.

Sr. No.	Particulars	No. of Accounts	Amount Rs.
1	Waiver	2	49,711
2	OTS	Nil	Nil
3	Incentive	Nil	Nil
	Total	2	49,711

Amount as per below mentioned details is yet to be received by the Bank:

Sr. No.	Particulars	No. of Accounts	Amount Rs.
1	Waiver	2	1,16,363
2	OTS	Nil	Nil
3	Incentive	Nil	Nil
	Total	2	1,16,363

28.)Details of Priority Sector Lending Certificates (PSLC)

Priority Sector Lending Certificates bought during the year:

(Rs. in Lakh)

Sl.No.	Type of PSLCs	For the year ended March 31,2020	For the year ended March 31, 2019
1	PSLC-Agriculture	--	--
2	PSLC- SF/MF	400	350
3	PSLC –Micro Enterprises	100	375
4	PSLC-General	--	00
	Total	500	725

29). Disclosure of Penalties imposed by RBI

The Reserve Bank of India has not levied any penalty during the FY 2019-20 (Previous year: Nil)

30.) Floating Provisions

(Rs. in Lakh)

Particulars	Current year	Previous year
(a) Opening balance in the floating provisions account	20	20
(b) The quantum of floating provisions made in the accounting year	0	0
(c) Amount of draw down made during the accounting year	0	0
(d) Closing balance in the floating provisions account	20	20

As on March 31, 2020, the Bank has netted off a sum of Rs. 20.00 Lakhs of floating provision from gross NPAs to arrive at disclosure of net NPAs and **NIL** amount of floating provision of is treated as part of Tier II capital within the overall ceiling of 1.25% of total risk weighted assets for computation of CRAR

31) Disclosures on Remuneration

Quantitative disclosures

Sr. No.	Subject	March 31, 2020	March 31, 2019
(a)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	Number of meetings: 5 Remuneration paid: (Sitting fees to Non-executive Directors)	Number of meetings: 7 Remuneration paid:Nil.....
1	Mr Pankaj Bhansali (Independent Director)	43,500	-
2	Mr Shantanu Ghosh (Professional Director)	43,500	-
3	Mr Suhas Sahakari (Independent Director)	43,500	-
4	Mr Vijay Puranik (Independent Director)	-	-

Note on Remuneration/Sitting Fees

In previous Financial Year there was no provision for payment of Sitting Fees. In Board Meeting dated 05.09.2019 it was decided to pay sitting fees of Rs. 20,000/- per member for Board Meeting and Rs 15,000/- per committee meeting maximum upto 2 committee meetings in a day.

32.) Disclosures relating to Securitization

The bank has not sponsored any SPV. The Bank has also not done any securitization transaction.

33.) 'COVID-19 Regulatory Package'

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The RBI on March 27, 2020 and April 17, 2020 announced 'COVID-19 Regulatory Package' on asset classification and provisioning.

There were no accounts in default where provisions of RBI Circular regarding COVID19 Regulatory Package - Asset Classification and Provisioning were applicable, and asset classification benefit extended. Hence, there was no requirement to make general provisions of not less than 10 per cent of the total outstanding of such accounts. Accordingly, there was no impact on asset classification and provisioning. As at March 31, 2020 the Bank holds 'NIL' provision against accounts covered under COVID-19 Regulatory Package.

CA. Ummed Jain
Partner
M. No.070863

Mr. Sanjay Agrawal
Managing Director and CEO
DIN: 07696823

Mr Shantanu Ghosh
Director
DIN: 00041435

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors

Mr. Suhas Sahakari
Director
DIN: 08168414

For and on behalf of the Board of Directors

Mr. Pankaj Bhansali
Director
DIN: 03154793

For and on behalf of the Board of Directors

Mr. Vijay Puranik
Director
DIN: 08622116

For and on behalf of the Board of Directors

Mr. S.S.Bhandwale
General Manager

CA. P G Joshi
CFO

Mr. Himanshu Katare
Company Secretary

Dated : 25th June, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Subhadra Local Area Bank Limited Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Subhadra Local Area Bank Limited** ("the Bank"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss and the Cash Flow statement for the year ended on that date, and Notes to the Financial Statements including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulations Act, 1949 as well as the Companies Act, 2013 in the manner so required for banking companies and are in conformity with the accounting principles generally accepted in India and give a true and fair view of the state of affairs of the Bank as at March 31, 2020, the Loss and its cash flows for the year ended on that date.

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Emphasis of Matter

3. We draw attention to Notes to the Financial Statement Point No - 33, which describes the extent to which the COVID-19 pandemic will impact the Bank's operations and its financial metrics which are dependent on uncertain future developments.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Information Other than the Financial Statements and Auditor's Report Thereon

5. The Bank's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management discussion and Analysis, Board's Report including its annexures, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

6. The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013 with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

8. The Balance Sheet and the Profit & Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
9. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - (b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
 - (c) the returns received from the offices; and branches of the Bank have been found adequate for the purposes of our audit.
10. As required by Section 143(3) of the Companies Act, 2013, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by RBI.
 - e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "**Annexure-A**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Bank's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements;
 - ii. The Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

for **UMMED JAIN & CO.**

Chartered Accountants,

FRN : 119250W

[**CA U.M. JAIN**]

Partner

M.No.070863

Place: Jaipur

Date: 25th June 2020

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 10(f) under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Subhadra Local Area Bank Limited for the year ended March 31, 2020 on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013)

We have audited the internal financial controls over financial reporting of Subhadra Local Area Bank Limited ("the Bank") as of March 31, 2020 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A Bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **UMMED JAIN & CO.**
Chartered Accountants

FRN: 119250W

Place: Jaipur

Date : 25th June, 2020

[**CA U.M. JAIN**]
Partner

M.No.070863

SUBHADRA LOCAL AREA BANK LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST March 2020

			(Amount in Rs)
	PARTICULARS	Year ended 31.03.2020	Year ended 31.03.2019
A.	Cash Flow from Operating Activities :		
	Net Profit before taxes	- 8 16 57 871.98	- 9 14 76 158.69
	Adjustments for :		
	Depreciation on fixed assets	1 71 08 955.41	81 16 207.00
	Depreciation/Provision on investments	0.00	40 72 174.00
	Provision for non-performing assets	19 17 039.00	5 85 000.00
	Loss on sale of fixed assets		1 98 882.00
	(Profit)/Loss on sale of fixed assets	- 26 413.87	- 68 100.00
	Sub-total	- 6 26 58 291.44	- 7 85 71 995.69
	Less: Direct Tax Paid	0	- 32 27 496.00
		- 6 26 58 291.44	- 8 17 99 491.69
	Adjustments for :		
	(Increase)/Decrease in investments	1 66 63 751.51	5 70 58 132.00
	(Increase)/Decrease in advances	- 1 58 21 084.44	1 91 10 429.00
	(Increase)/Decrease in other assets	- 15 25 731.29	1 53 41 121.00
	Increase/(Decrease) in deposits	23 91 490.94	- 2 03 57 604.00
	Increase/(Decrease) in other liabilities & provisions	3 95 77 440.95	- 19 55 335.00
	Net Cash Flow from Operating Activities (A)	- 2 13 72 423.77	- 1 26 02 748.69
B.	Cash Flow from Investing Activities :		
	Purchase of fixed assets	- 73 59 434.89	- 3 73 62 836.17
	Sale/disposal of fixed assets	1 50 841.00	6 21 22 679.00
	Net Cash Flow from Investing Activities (B)	- 72 08 593.89	2 47 59 842.83
	Cash Flow from Financing Activities :		
	Preferential allotment of Equity Shares	9 32 25 000.00	0
C.	Net Cash Flow from Financing Activities (C)	9 32 25 000.00	0

	Net increase in Cash & Cash Equivalents (A+B+C)	6 46 43 982.34	1 21 57 094.14
	Adjustment for Foreign Exchange Fluctuation	0	0
	Net increase in Cash & Cash Equivalents	6 46 43 982.34	1 21 57 094.14
	Cash and Cash Equivalents as on April 1,2019 & 2018 respectively	9 26 04 331.14	8 04 47 237.00
	Cash and Cash Equivalents as on March 31,2020 & 2019 respectively	15 72 48 313.48	9 26 04 331.14
	Cash and Cash Equivalents at the beginning of the Year		
	Cash in Hand (including foreign currency notes and gold)	84 10 271.00	8 04 47 237.00
	Balance with Reserve Bank of India	0.00	0
	Balance with Banks and Money at Call and Short Notice	8 41 94 060.14	0
	Cash and Cash Equivalents at the end of the Year		
	Cash in Hand (including foreign currency notes and gold)	32 50 005.00	84 10 271.00
	Balance with Reserve Bank of India		
	Balance with Banks and Money at Call and Short Notice	15 39 98 308.48	8 41 94 060.14
		15 72 48 313.48	9 26 04 331.14

CA. Ummed Jain
Partner
M. No.070863

Mr. Sanjay Agrawal
Managing Director and CEO
DIN: 07696823

Mr Shantanu Ghosh
Director
DIN: 00041435

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors

Mr. Suhas Sahakari
Director
DIN: 08168414

Mr. Pankaj Bhansali
Director
DIN: 03154793

Mr. Vijay Puranik
Director
DIN: 08622116

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors

Mr. S.S.Bhandwale
General Manager

CA. P G Joshi
CFO

Mr. Himanshu Katare
Company Secretary

Dated : 25th June, 2020

SUBHADRA LOCAL AREA BANK LIMITED
AREAS OF OPERATION

<p>KOLHAPUR Gemstone, Raosaheb Vichare Complex, Benadikar Path New Shahpuri, Near Central Bus Stand, Talukha: Karveer Kolhapur- 416001</p>	<p>WADI RATNAGIRI Near Group Grampanchayat, Main Road, A/p Wadi Ratnagiri, Talukha: Panhala, District: Kolhapur, Wadi – 416229</p>
<p>NIPANI 690/Aashirwad Building, Near Syndicate Bank, Ashok Nagar, Talukha: Chikodi, District: Belgaum, Nipani – 591237</p>	<p>SANGLI Ashtagandha Residency, Ground Floor, Shop No. S2-S9, CS No.649, Nr. Ganpati Mandir Pethbhag, Sangli - 416416</p>
<p>KANERIWADI Plot No. R/3, Gokul Shirgaon Industrial Area, Talukha: Karveer, District: Kolhapur Kaneriwadi - 416234</p>	<p>KOROCHI Gat No. 641- 645, Aditya Building, Station Road, Talukha: Hatkanangale, District: Kolhapur, Korochoi - 416109</p>
<p>ICHALKARANJI C.S No.6997 - 7003, Patil Building, Adat Peth, Janata Chouk Ichalkaranji, Talukha: Hatkanangale, District: Kolhapur, Ichalkaranji - 416115</p>	<p>KINI Subhadra Local Area Bank Ltd. C.S No.403, Opp. Hanuman Temple, Talukha: Hatkanangale, District: Kolhapur, Kini - 416112</p>
<p>TASAWADE Near Taswade Toll Naka Post - Umbraj, Tasawade, Talukha: Karad, District: Satara, Tasawade - 415109</p>	<p>PATTANKODOLI Near Pattan Kodoli Vyapari Nagari Sahakari Patsanstha Maryadit, Talukha: Hatkanangale, District: Kolhapur, Pattan Kodoli - 416202</p>
<p>PUNE 759/61, Prabhat Road Corner, Prabhat Lodge, Near Vimalabai Garware High School, Deccan Gymkhana, Pune - 411004</p>	<p>LAXMIPURI 1407/1 A - C Ward, Gandhi Bhavan, Near FORD Corner, Laxmipuri, Kolhapur - 416003</p>