



## DIRECTOR'S REPORT

Dear Members,

Your Board of Directors have pleasure in presenting the Twentieth Annual Report on the developments of **Vinayak Local Area Bank Limited** together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2020.

## FINANCIAL HIGHLIGHTS & ITS REVIEW

The financial performance for the fiscal 2020 is summarized in the table below: ( *In Rupees & '000s*)

	Fiscal 2020	Fiscal 2019
Net Interest and Other Income	3,621.38	3,438.35
Interest Expenditure	17.04	11.172
Operating Expenses	3,262.99	3,064.64
Provisions & Contingencies*	7,276.23	6,178.38
Loss before Tax	6,934.88	5,815.84
Provision for Tax	102.012	94.26
Net Loss	7,036.89	5,910.10

*\*Provisions & Contingencies exclude Provision for Tax.*

During the year under review, the Bank did not carry any Banking business due to arbitrary cancellation of the banking license except the follow up action for recovery of Non-Performing Assets of the Bank. The main source of Income was from Interest on Fixed deposits maintained with other Scheduled Banks together with other decisions as taken by the Board of Directors in the best interest of all the stakeholders to earn higher interest than fixed deposits offers. After taking into account, the operating expenses, Provisions & Contingencies that mainly includes huge provision in respect of Non-Performing Assets, Bank incurred losses amounting to Rs. 70.36/- Lakhs during the reporting financial year as compared to the loss of Rs. 59.10/- Lakhs in the last year. Your Directors assure you of ensuring deeper efforts for restoration of banking license and commencement of business activities in the forthcoming years.



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## DIVIDEND

In view of losses and absence of banking business during the year, the Board of your Company, after considering holistically the relevant circumstances and keeping in view other relevant aspects, has decided that it would be prudent, not to recommend any Dividend for the year under review.

## TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The provisions of Section 125(2) of the Companies Act, 2013 do not apply to the Company for the year under review.

## DEPOSITS

Your bank had accepted Rs. 65.96/- Lakhs as deposits by the end of 29<sup>th</sup> September, 2001, which were fully repaid in compliance of RBI's direction and sufficient balance as directed by the Reserve Bank of India is duly maintained with State Bank of India for the unclaimed deposits.

## APPROPRIATIONS

During the year the losses amounting to Rs. 70.36/- Lakhs was charged to Reserves and Surplus of the Company.

## MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, which affect the financial position of the company which have occurred between the end of the financial year and date of this Director's Report.

## SHARE CAPITAL

The Authorized Equity Share Capital is Rs. 8,50,00,000/- (Rupees Eight Crores and Fifty Lakhs Only) & Paid-up Equity Share Capital as on 31<sup>st</sup> March, 2020 is Rs. 51,107,000/- (Rupees Five Crores and Eleven Lakhs Seven Thousand Only). During the year under review, the Company has not issued shares with differential voting right nor granted stock option nor sweat equity.

Further, as per amendments in Companies Act, 2013 read with relevant rules, your Board of Directors has decided to appoint National Securities Depository Limited ("NSDL") as depository of the Bank subsequently the bank has secured ISIN **INE05MU01011** for fully paid-up equity shares of the Bank. Furthermore the Board also approved to appoint NSDL Database Management Limited ("NDML") as Registrar and Transfer Agent ("RTA") for facilitating service request regarding to conversion of physical securities in





DEMAT form. Therefore, Your Board of Directors wishes to request all the members kindly arrange to convert the physically held shares into DEMAT form.

#### **EFFORTS FOR RESTORATION OF LICENCE**

As we all are aware, Hon'ble Appellate Authority, Ministry of Finance, Central Government by passing an order on 14<sup>th</sup> September, 2004 declared that:

1. The License of our Bank has been cancelled by RBI on wrong appreciation of facts.
2. Bank should be given a reasonable opportunity to resume its banking business.
3. The License of the bank should be immediately restored and bank should immediately scrupulously follow all the guidelines by RBI.
4. RBI is directed to restore the license immediately.

In furtherance to the order issued by the Appellate Authority, the Hon'ble President of India vide letter dated 13.09.2011; had directed to Sh. D.K.Mittal, Secretary of Department of Financial Services, Ministry of Finance; to examine the matter personally for an early solution of the long pending issue especially since the Government was in the direction of achieving Financial Inclusion in a much wider sense. The Hon'ble President further added that "Even though the said order of the Appellate Authority was issued on 14.09.2004, it appears that the RBI has not yet taken any positive action to restore the license of VLAB.

The Bank has already filed the S.B.Civil Writ petition No. 8006/2007 in the Hon'ble Court of judicature for Rajasthan at Jaipur Bench on 1<sup>st</sup> June, 2007 on merit in the interest of the justice for the restoration of bank. Our writ petition is pending before the Hon'ble High Court, Rajasthan, Jaipur Bench, for consideration of our prayer on merits.

Subsequently, Sh. Phul Singh Ola (a renowned Social Worker) filed Public Interest Litigation (Writ Petition Civil) No. 354/2013 before the Hon'ble Supreme Court in the matter to allow the Vinayak Local Area Bank, Sikar (Rajasthan) to resume its banking operations prayed to direct the respondents to restore the banking license. Hon'ble Supreme Court passed an order dated 12<sup>th</sup> June, 2013 as follows:

***"We see no reason to go into the merits of the matter under the existing facts and circumstances. But, in view of the fact that the time to consider the representation is due to expire on 1.7.2013, we deem it just, equitable and proper to permit the concerned Bank – Vinayak Local Area Bank to file a representation before the Reserve Bank of India raising all the pleas and if such an application is filed, the same be considered on its own merits.***

***The writ petition is disposed of accordingly."***

The Board of Directors in consultation with Senior Advocate Sh. H.C. Ganeshia decided to file a representation before the Reserve Bank of India in compliance of the order passed by the Hon'ble Supreme Court for the revival of the Bank in the interest of justice for the welfare of the poor people and urge to allow the banking services in the backward areas under the scheme of financial inclusion in order to support the industry and economic growth of the country.





RBI was not able to reply for the representation filed by the Bank. The Hon'ble High Court of Rajasthan, Jaipur Bench has in SB Writ Petition No 8006 of 2007 filed by Vinayak Local Area Bank Against Reserve Bank of India and others passed an order dated September 18, 2013. In the Said order, the Hon'ble High Court intervened and directed the Reserve Bank As under:

*"It has transpired during the course of argument that as per direction of the Hon'ble Supreme Court, the petitioner has already submitted a representation before the Reserve Bank of India.*

*Therefore, It is deemed just and proper that before proceeding further to adjudicate the matter, the representation filed by the petitioner be decided by Reserve Bank of India. Looking to the fact that the instant dispute is pending since the year 2007, the respondent Reserve Bank of India is directed to decide the said representation before 31.10.2013."*

In compliance of the order passed by the Hon'ble Supreme court of India and Hon'ble High Court, Rajasthan at Jaipur Bench and reply to the representation filed by us, RBI had issued an order dated 23<sup>rd</sup> October, 2013 ignoring the merits of representation; bluntly said that there are no merits in the case thus, the representation filed by the bank is rejected.

False statements were knowingly made without honest belief in its truth by RBI in their order dated 23<sup>rd</sup> October, 2013. Bank has taken up this matter with the Ministry of Finance, Government of India through Shri Sumedhanand Saraswati M.P. Sikar for revival of Bank in the interest of General public of Sikar, Churu and Jhunjhunu specially to serve rural & Suburban people residing in the above notified backward districts of Rajasthan. It was apprised that one side RBI is issuing licenses for setting up of new small Finance Banks and payment Banks in the Private Sector and on other side bank's license was cancelled on wrong appreciation of facts and Vinayak Bank was being always deprived of an ample opportunity to revive its banking operations. Whereas Local Area Banks are pretty much included in the eligibility criteria to convert itself into a Small Finance Bank but respite in any form has always been declined by Reserve Bank of India.

We had also filed an Appeal on 19<sup>th</sup> December, 2014 addressed to the Hon'ble Appellate Authority. The Bank has also requested to the Hon'ble Appellate Authority, Government of India, Ministry of Finance, and Department of Economic Affairs Banking Division New Delhi to issue their Judicial cum executive order for implementation of their order dated 14<sup>th</sup> September, 2004 for restoration of License of the Bank in public interest.

The Reserve Bank of India was kind to provide the Bank an opportunity for a personal hearing on 13th May, 2016, accordingly Bank handed over a letter dated 11<sup>th</sup> May, 2016 (booklet) with the details showing our strength and capacity for operation of the Bank since the Bank have already necessary infrastructure branch premises/furniture/fixture, Hi tech facilities ATM, staff etc right now. The Hon'ble Shri R. Gandhi, Dy. Governor Reserve Bank of India was very kind to hear our sufferings caused due to closure of Bank for the last 14 years. Hon'ble Dy. Governor expressed inability for restoration of



*20/10/2019*

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License of the Bank since RBI has no legal judicial executive power to consider Bank's request.

Recently vide order dated 10.01.2017 of Hon'ble High Court of Jaipur directed RBI to conduct inspection to ascertain availability of infrastructure as claimed by the Bank. Following Judgment was passed by Justice Dinesh Mehta ji as reiterated below:

*"Without observing anything on the merit and subject to final outcome of the adjudication of rights of the parties, the Reserve Bank of India may ascertain as to whether the infrastructure as claimed by the petitioner is available or not."*

In compliance of the order of the High Court RBI through its authorized representatives Sh. Shivkant Sharma (Assistant General Manager) & Sh. Hari Om Pandey (Assistant Manager) conducted inspection on 21<sup>st</sup> February, 2017. The Infrastructure and staff maintained by the Bank since its inception found in place and order. Bank provided all the assistance and information which was being asked for during the inspection. Thereafter RBI filed its inspection report before the Hon'ble High Court and was found satisfactory by the Court that infrastructure and staff is maintained till date. Further Bank is hoping to get the relief from the Hon'ble High Court for the commencement of the operations of the bank at the earliest.

Thereafter, Learned Senior Counsel of the bank has filed synopsis in connection with events happened from inception to till date and prayed for quick resolution for long pending matter.

Further, due to ill health conditions Learned Senior Counsel Sh. G.K. Garg expressed his inability to represent our Writ Petition before Hon'ble High Court Rajasthan at Jaipur Bench Thus the management of Bank approached various learned senior counsel available at Jaipur to represent our Writ Petition. Followed by in person discussion bank has appointed renowned Advocate Sh. K.K. Sharma ji as our Senior Counsel to represent our Writ Petition before Hon'ble High Court Rajasthan at Jaipur Bench.

Whereas in previous financial year an application to amend the Writ Petition along with amended writ petition was filed before the Hon'ble High Court at Jaipur bench to challenge the first review order dated 23.12.2003 passed by Appellate Authority, Central Government thereafter Hon'ble High Court accepted application for amendment & chose to proceed further. But on other hand RBI is showing its illicit intentions to further delay the long pending matter and on every scheduled hearing date their Senior Counsel either remains absent or pray for next hearing date. Resultantly, no prominent order was passed by Hon'ble High Court to restore our banking license.

Learned counsel for RBI raised objection to accept the amendment as it is hit by latches. Thereafter Hon'ble High Court passed an order on 08<sup>th</sup> January, 2018 that the issue of latches would come in regard to the prayer if amendment is allowed thus while accepting the application to amend the writ petition, the respondents is given right to file a reply and therein to raise issue of delay for challenge to the order on first review petition and directed to file amended writ petition within a week. Thereupon, the respondents may file reply within a period of four weeks.





Bank has also made an application to allow VLAB to start its banking operations on provisional basis and whatever terms & conditions imposed by Hon'ble High Court and RBI. But after considering the application Hon'ble Justice Sh. S.P. Sharma ordered as reiterated below:

*"Application has been moved for passing appropriate directions to allow petitioner to operate the bank during the pendency of this writ petition.*

*I have considered the contents of the application and find that prayer made in the application amounts to allowing the main writ petition itself which cannot be done in interregnum stage. The application is dismissed.*

*Let the writ petition itself now be listed for arguments and final disposal at this stage on 24<sup>th</sup> April, 2018."*

During the period under review the case was listed on various dates for hearing but due to court proceedings and reasons beyond control, no lengthy argument held consequently no prominent order has been passed in connection with pending writ petition. Further, due to roster at Hon'ble High Court Rajasthan the case was shifted before the various benches of Hon'ble Justices and remained listed only.

Furthermore, Learned Senior Counsel of the Bank has suggested to file a rejoinder against the reply of Reserve Bank of India in connection with application for amending writ petition to challenge order dated 23.12.2003. Subsequently a rejoinder has been filed followed by acceptance of Hon'ble High Court. On 02<sup>nd</sup> January, 2019 Hon'ble Mr. Justice Inderjeet Singh has passed an order reiterated as below:

*"Heard counsel for the parties.*

*Admit.*

*Since respondents are duly served, fresh notices are not required to be issued."*

*List on 19.02.2019 for hearing.*

Then the case remain unheard for continuously scheduled listing dates. Thus the matter has been discussed with Learned Counsel of the Bank and it was suggested to file an application for early hearing before the Hon'ble High Court. Consequently the same has been filed and order dated 13<sup>th</sup> May, 2019 has been passed by Hon'ble Mr. Justice Veerendr Singh Siradhana reiterated as below:

*"Matter comes up on an application (I.A. No. 32084/2019) for early hearing of the writ application.*

*For the reasons detailed out in the memo of the application for early hearing of the writ application and having regard to the nature of controversy involved in the matter, the application for early hearing merits acceptance.*

*Consequently, the application(I.A. No. 32084/2019) for early hearing is allowed.*





*Registry is directed to list the matter for hearing in the daily cause list in the week commencing from 27<sup>th</sup> May, 2019."*

Furthermore during the year under review many requests have been made to Reserve Bank of India for consideration and early resolution of long pending matter but Reserve Bank of India bluntly rejected requests on the basis of the past order dated 23<sup>rd</sup> October, 2013, which was being passed on fabricated and flimsy grounds. It was also informed that the matter is still sub-judice thus RBI cannot do anything with it.

In a bid to achieve financial inclusion in deeper sense, the Reserve Bank of India during financial year 2019-20 has issued guidelines for on tap banking licenses for setting up Small Finance Banks in the country. Wherein the existing Local Area Banks are also authorized for the conversion into small finance bank subject to the fulfillment of terms & conditions as set out in the guidelines. Thereafter in view of the aforesaid guidelines the bank has requested for restoration of banking license and grant of appropriate time to comply with terms & conditions as prescribed by the Reserve Bank of India for the conversion into small finance bank. But all the requests have been rejected on the basis of past orders based on factual errors and no respite was provided.

That during the reporting year Hon'ble High Court Rajasthan at Jaipur Bench has duly accepted our application for early hearing subsequently the case was listed for numerous time before the different benches but remained unheard on most of the scheduled hearing dates. Though the management and learned counsels were proactively engaged in early resolution of the pending writ petition but it is noteworthy that resolution cannot be achieved without arguments on the facts.

As we all are aware that outbreak of global pandemic COVI-19 has troubled every sector in the world. Further Government of India has announced complete lockdown throughout the country to contain the further spread of global pandemic COVID-19. Therefore Hon'ble High Court Rajasthan also remained closed during the lockdown period further when the lockdown lifted only virtual hearings in respect of urgent matters were take up by Hon'ble High Court, therefore our case remained unlisted and no major order was passed.

The Board, Employees and the members associated with the bank are continuously making efforts for the restoration of banking license and revival of the bank for the welfare of the people of Shekhawati region in order to support the socio economic growth of the region and contribute towards the complete financial inclusion of the Nation. The Board of Directors if given the opportunity are willing to revive banking operations of the bank with immediate effect and adhere to comply with conditions required to be met for obtaining Small Finance Bank License in suitable timelines given by the department.

The Board of Directors gives assurance for putting concrete efforts for the revival of Bank and restoration of banking license in the forthcoming years.

*27/05/2019*





## FUTURE OUTLOOK

As we enter the New Year with a lot of optimism, dedication and commitment. Banking industry is witnessing broader opportunities due to steps taken by Government of India. The Management is making concerted efforts to restart Banking activities to serve the society whilst providing banking services and contribute to achieve the goal of digitalization and less cash economy.

Financial Inclusion is seen as one of the means for overall economic development of the nation. The growth of the rural banking industry fosters financial inclusion by providing financial products and services to the people in the farthest reaches of the country. Our Motherland still lacks access to basic financial services. However the recent policies of the government like PradhanMantri Jan DhanYojna and others, have led to a commendable growth in the industry.

In previous financial year due to demonetization and to become a cashless economy need of Banking Sector is tremendously increased. In our country still most of the rural area and farmers is still out of reach to avail banking services. Whereas digitalization and less cash economy will lead this sector to reach every citizen of the country and make them able to deal with digital mode.

The issue of rural retail banking is extremely topical. Over the past few decades, while urban retail banking has seen a lot of growth, rural areas have continued to suffer from insufficient access to financial services. This is mainly due to the requirement of asset deeds, identity and income proofs among other documents by banks and FIs and absence of enough branches in these areas. The high cost of conventional banking is an additional impediment to the realization of financial inclusion.

Whereas recent Banking Scams lead to focus on neat and clean availability of banking services and good corporate governance at the center of a banking company. Your Bank is always committed to provide transparent and impartial banking services to outreach every corner of its area of operations along with high standards of corporate governance.

Vinayak Bank is striving continuously to get its banking license restored at the earliest and looking forward to serve the society with hi-tech, innovative and reliable banking services and to contribute towards the Govt. of India vision of less cash and digital economy along with to endure entrepreneurship.

## EXTRACT OF ANNUAL RETURN

The extract of Annual Return pursuant to the provisions of Section 92(3) of The Companies Act, 2013 together with other applicable provisions, if any and read with Rule 12 of the Companies (Management and administration) Rules, 2014 in the prescribed Form MGT-9 is furnished in **Annexure I**.

Further the extract of Annual Return of the company has been placed on the website of the Company and can be accessed at <https://www.vlabl.com>.



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### LOANS, GUARANTEES AND INVESTMENTS IN SECURITIES BY THE COMPANY

The provisions relating to Section 134(3)(g) of the Companies Act, 2013 on particulars of loans, guarantees and investments are not applicable to a Banking Company, as such no disclosure is being made, in this regard. However, the particulars of investments made by the Bank are disclosed in Schedule 8 of the Financial Statements as per the applicable provisions of Banking Regulation Act, 1949.

### RELATED PARTY TRANSACTIONS

During the year, the bank has not entered into any materially significant transactions with its Promoters, Directors, Management, Subsidiaries or Relative of the Directors/Management, which could lead to potential conflict of interest between the Bank and these parties, other than transactions entered into in the ordinary course of its business. Thus, there were no transactions with related parties, which were not in normal course of the business of the Bank, nor any transactions with related parties or others, which were not on an arm's length basis.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review the Board of Directors in their meeting dated 29<sup>th</sup> July, 2019 has appointed Dr. Dheer Singh (DIN:08516102) as an additional director of the Company. Subsequently in the Annual General Meeting held on 30<sup>th</sup> August, 2019 Dr. Dheer Singh (DIN:08516102) was appointed as an independent director for a term of five year i.e. until the conclusion of twenty fourth Annual General Meeting of the Company.

In a bid to further strengthen the composition of board of directors, a person who possesses expertise in priority sector lending and administration required to be appointed as director of the Company. Dr. Dheer Singh who possesses Masters and Doctorate in the concerned field and has an experience of more than two decades in the field of agriculture, administration and management, was found perfectly suitable for the admission as an independent director on the Board. He has also worked at prominent positions in various institutions, organizations etc. That, the necessary declaration with respect to independence has been received from Dr. Dheer Singh at the time of his appointment and he has complied with all the provisions provided under the Companies Act, 2013.

With deep regret, we report the sad and untimely demise of our director Sh. C. L. Agarwal (DIN: 02193204) on 14<sup>th</sup> November, 2020. Your Directors would like to place on record their highest gratitude and appreciates his valuable contribution towards the value creation of the company and firmly believes that his place on the board is irreplaceable.

There were no other changes in composition of Board of Directors and KMP of the Company during the period under review.





Sh. R.J. Gupta (DIN:00824679), Director of the Company whose period is liable to retire by rotation pursuant to Section 152 of the Companies Act, 2013 and other applicable provisions if any, at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Your Directors recommend his reappointment

#### MANAGEMENT, BOARD OF DIRECTORS & ITS MEETING

The schedule in respect of the meetings of the Board/Committee thereof to be held during the financial year and for the ensuing Annual General meeting is circulated in advance to the members of the Board. During the year under review, four meetings of the Board of Directors were held on 31<sup>st</sup> May, 2019, 29<sup>th</sup> July, 2019, 14<sup>th</sup> November, 2019 and 31<sup>st</sup> January, 2020 and the intervening gap between two consecutive meetings was within the period as prescribed under the relevant provisions of the Companies Act, 2013 read with relevant rules made thereunder and Secretarial Standards on Board Meetings as amended from time to time. The requisite quorum was present for all the meetings of the Board held during the Financial Year 2019-20. During the year under review an Extra ordinary General Meeting was also held on 25<sup>th</sup> April, 2019.

At March 31, 2020, the Board of Directors consisted of Four Directors There were no inter-se relationships between any of Directors. The name of Directors, their attendance at Board meetings during the year, attendance at the last Annual General Meeting (AGM) and the no. of other directorships and board committee memberships held by them at march, 31 2020 are set out in the following table:

Name of Director	Board Meeting attended during the year	Attendance at Last AGM (August 30, 2019)
Ram Jivan Gupta (DIN:00824679)	4/4	Present
Gajanand Gupta (DIN:01819397)	4/4	Present
Chhagan Lal Agarwal (DIN:02193204)	4/4	Present
Dheer Singh (DIN:08516102)	2/3	Present

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3)(c) read with Section 134 (5) of the Companies Act, 2013, the Board of Directors to the best of their knowledge and ability, confirm that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- The directors had 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 company for the financial year ended at 31<sup>st</sup> March, 2020 and of the profit and loss of the company for that period;



*emf* 30/12  
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- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis; and
- (e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

**EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE STATUTORY AUDITORS**

At the 19th Annual General Meeting of the shareholders of the Bank M/s Ajay Bohra and Associates, Chartered Accountants, Jaipur (Firm Registration No. 005916C), were appointed as the Statutory Auditors of the Bank to hold office as such from the conclusion of the 19th Annual General Meeting until the conclusion of 22nd Annual General Meeting at a remuneration mutually agreed upon by the board of directors and statutory auditors. The appointment tenure of the auditors' firm for the financial year 2020-21 required to be ratified.

The report given by the Auditors forms part of the Annual Report. The observations of the Statutory Auditors in the Auditors' Report together with the relevant notes to Accounts are self - explanatory and therefore do not call for any further comments. Further, pursuant to Section 143(12) of the Companies Act, 2013, the Statutory Auditors of the Company have not reported any instances of frauds committed in the Bank by its officers or employees.

**RISK MANAGEMENT POLICY**

Your Board have adopted a Risk Management Policy for running the smooth operations of the Company. The Board of Directors, review the risks, time to time, and advise appropriate measures to mitigate the same. The Board ensure the acceptance of the Policy in an inclusive manner at all levels.

**SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND OPERATIONS OF THE BANK**

No significant and material orders were passed by the Regulators, Courts or Tribunals impacting the going concern status and Company's operations in future during the year under review.



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## STATUTORY DISCLOSURES

None of the Employees of the Company was in receipt of remuneration, which was more than the limits as prescribed under Section 197 of the Companies Act, 2013 read with the Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the financial year ending on 31<sup>st</sup> March, 2020 and hence no particulars are required to be disclosed in this Report.

However, a nominal amount as sitting fees together with reimbursement of travelling expenses paid to the directors for attending the board/committee meeting. Further Sh. R.J.Gupta and Sh. C.L. Agarwal, directors of the company, received professional fees and reimbursement of travelling expenses on monthly basis for providing services under their respective professional competence.

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

### A) CONSERVATION OF ENERGY

Your Company has taken several initiatives for the conservation of Energy:

- i) Conducted Workshops for conserving Energy in the workplace;
- ii) Advocating switching off lights and AC's, turning off PC's when not in use, setting higher temperature on ACs to reduce load consumption;
- iii) Put controls on common passage lights and other electrical equipment's;
- iv) Minimising print outs to support go green initiative

### B) TECHNOLOGY ABSORPTION

- i. The efforts made towards technology absorption;
- ii. The benefits derived like product improvement, cost reduction, product development or import substitution;
- iii. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year);
- iv. The expenditure incurred on Research and Development.
  - a. The details of technology imported;
  - b. The year of import;
  - c. Whether the technology been fully absorbed;
  - d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

*Given the nature of the activities of the Company, the above is not applicable to the Company*

### C) FOREIGN EXCHANGE EARNINGS AND OUTGO





The provisions relating to Section 134(3)(m) of the Companies Act, 2013 on particulars relating to Foreign Exchange Earning and Outgo are not applicable to a Banking Company. However, there was no Foreign Exchange earnings and outgo during the Financial Year 2019-20.

#### **CORPORATE SOCIAL RESPONSIBILITY**

As Bank is not operational and it is not covered under the criteria stipulated by Companies Act, 2013 to impart CSR activities. Nothing major amount has been spent under this head. Although our Promoters and Directors actively take part to provide help and assistance for betterment of the society.

#### **DISCLOSURE UNDER THE SEXUAL HARRASEMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

There were no female employees employed in the Company. Further, the requirement to constitute Internal Complaints Committee is not applicable to the Company during the year under review.

No sexual harassment complaint has been received by the Company during the year 2019-20.

#### **BOARD EVALUATION**

The Board of Directors has carried out an annual evaluation of the Board and individual director pursuant to the provisions of the act. Whereas there is only one independent director on the board during the year under review therefore it was not possible to convene a separate meeting for the independent director. However performance of non-independent directors and independent directors evaluated, taking into account the views of all the directors such as board composition and structure, effectiveness of board processes, information and functioning etc.

#### **SECRETARIAL STANDARDS**

The Institute of Company Secretaries of India had prescribed the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2). The Company has devised proper systems to ensure compliance with its provisions and is in compliance with the same.

#### **SUBSIDIARY COMPANIES**

The Company does not have any Subsidiary.

#### **ACKNOWLEDGEMENTS**

Your Directors would like to place on record their gratitude for all the guidance and co-operation received from the Reserve Bank of India, Ministry of Corporate Affairs and

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other government and regulatory agencies. The Board also places on record its appreciation to the Shareholders of the Bank for their continued support. Your Directors would also like to take this opportunity to express their appreciation for the hard work, commitment, professionalism and dedicated efforts put in by the Bank's employees and look forward to their continued patience & patronage for the Restoration of the Banking License of the Bank. The Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic

For and on behalf of the Board of  
**Vinayak Local Area Bank Limited**

**R.J. Gupta**  
Chairman  
DIN 00824679

**Date:** 28<sup>th</sup> November, 2020  
**Place:** Sikar

