



## RATING RATIONALE

9 Oct 2020

### Dhanlaxmi Bank Limited

**Brickwork Ratings has placed its 'BWR BB+' rating for Basel III Tier II bonds of Dhanlaxmi Bank Limited on Credit Watch with Developing Implications.**

#### Particulars:

Instruments	Amount (Rs. Crs.)		Tenure	Rating*	
	Previous	Present		Previous (Mar, 2020)	Present
Basel III Tier II Bonds (Series XV-B)	150.00	150.00	Long Term	BWR BB+ / Stable	BWR BB+ Credit Watch with Developing Implication
<b>Total</b>	<b>150.00</b>	<b>150.00</b>	<b>Rupees One Hundred Fifty-Five Crores Only/-</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for the definition of the ratings

\*\* Details of NCD are provided in Annexure-I

#### RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) has placed the 'BWR BB+' rating on the Basel III Tier II bonds of Dhanlaxmi Bank Limited (DBL or Bank) under Credit Watch with Developing Implication. The rating has been placed on credit watch on account of the voting out of the managing director and chief executive officer (MD & CEO) of the bank, by its shareholders on 30 September 2020. Subsequently, the Reserve Bank of India appointed a committee of directors (CoD) and authorised it to exercise the powers of MD & CEO, until the bank finds a suitable replacement for the post. BWR shall resolve the credit watch once it gets clarity on the appointment of a new MD & CEO for the bank, and also upon being satisfied that the recent events have no adverse impact on the operational and financial performance of the bank in the near term.

The BWR BB+ rating for the bank continues to factor in, inter alia, the comfortable capitalization and steady growth in the business upto 30 June 2020. The bank's total capital to risk weighted assets ratio (CRAR) was 13.94% and Tier -I CAR was 10.71% as on 30 June 2020. The rating is, however, constrained by a moderate asset quality and weak market environment due to COVID impact.

For the previous detailed rationale of the bank, kindly refer to the link below:

[www.brickworkratings.com/Admin/PressRelease/Dhanlaxmi-Bank-17Mar2020.pdf](http://www.brickworkratings.com/Admin/PressRelease/Dhanlaxmi-Bank-17Mar2020.pdf)

#### COMPLEXITY LEVELS OF THE INSTRUMENTS



For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY:NA**

**RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]**

Instrument	Current Rating (2020)			Rating History			
	Tenure	Amount (Rs.Crs.)	Rating	17 Mar 20	08 Mar 19	14 Mar 18	04 Dec 17
Basel III Tier II Bonds	Long Term	150	BWR BB+ Credit Watch with Developing Implication	BWR BB+/Stable	BWR BB/Stable	BWR BB/Stable	BWR BB/Stable
Basel II Lower Tier II Bonds	Long Term	-	-	Withdrawn	BWR BB/Stable	BWR BB/Stable	-
<b>Total</b>		<b>150</b>	<b>Rupees One Hundred Fifty Crores only/-</b>				

### COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

#### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Bank & Financial Institution](#)
- [Basel III Compliant Instruments](#)

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**ANNEXURE I**  
**INSTRUMENT (NCDs) DETAILS**

<b>Instrument</b>	<b>Issue Date</b>	<b>Amount Rs. Crs.</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>ISIN Particulars</b>
Basel III Tier II (Series XV-B)	29-Mar-18	150	11.00%	29-Mar-25	INE680A08081

**Total Rupees One Hundred and Fifty Crores Only /-**

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**DISCLAIMER** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.