

SH: 55 / 2025-26

September 06, 2025

The General Manager Department of Corporate Services <b>BSE Limited</b> I Floor, New Trading Ring Rotunda Building, P J Towers Dalal Street Fort, Mumbai – 400 001	The Manager, Listing Department, <b>National Stock Exchange of India Limited</b> ‘Exchange Plaza’, Bandra - Kurla Complex Bandra (E), Mumbai – 400 051
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Dear Sir,

**Sub: Annual Report for the Financial Year 2024-25**

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Further to our letter nos SH:51/2025-26 dated August 26, 2025 and SH: 54 /2025-26 dated September 06, 2025 and pursuant to Regulation 34(1) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report of the Bank for the financial year 2024-25.

The Annual Report will also be hosted on the website of the Bank [www.dhanbank.com](http://www.dhanbank.com) in the link “Investor Relations > 98<sup>th</sup> Annual General Meeting”.

Please take the same on record.

Thanking you,

Yours faithfully,

**Venkatesh.H**  
**Company Secretary & Secretary to the Board**

[www.dhanbank.com](http://www.dhanbank.com)

**98 YEARS**  
**BANKING ON**  
**RELATIONSHIPS**  
**SINCE 1927.**

**Growth is a process.  
Trust in it, invest in it....**



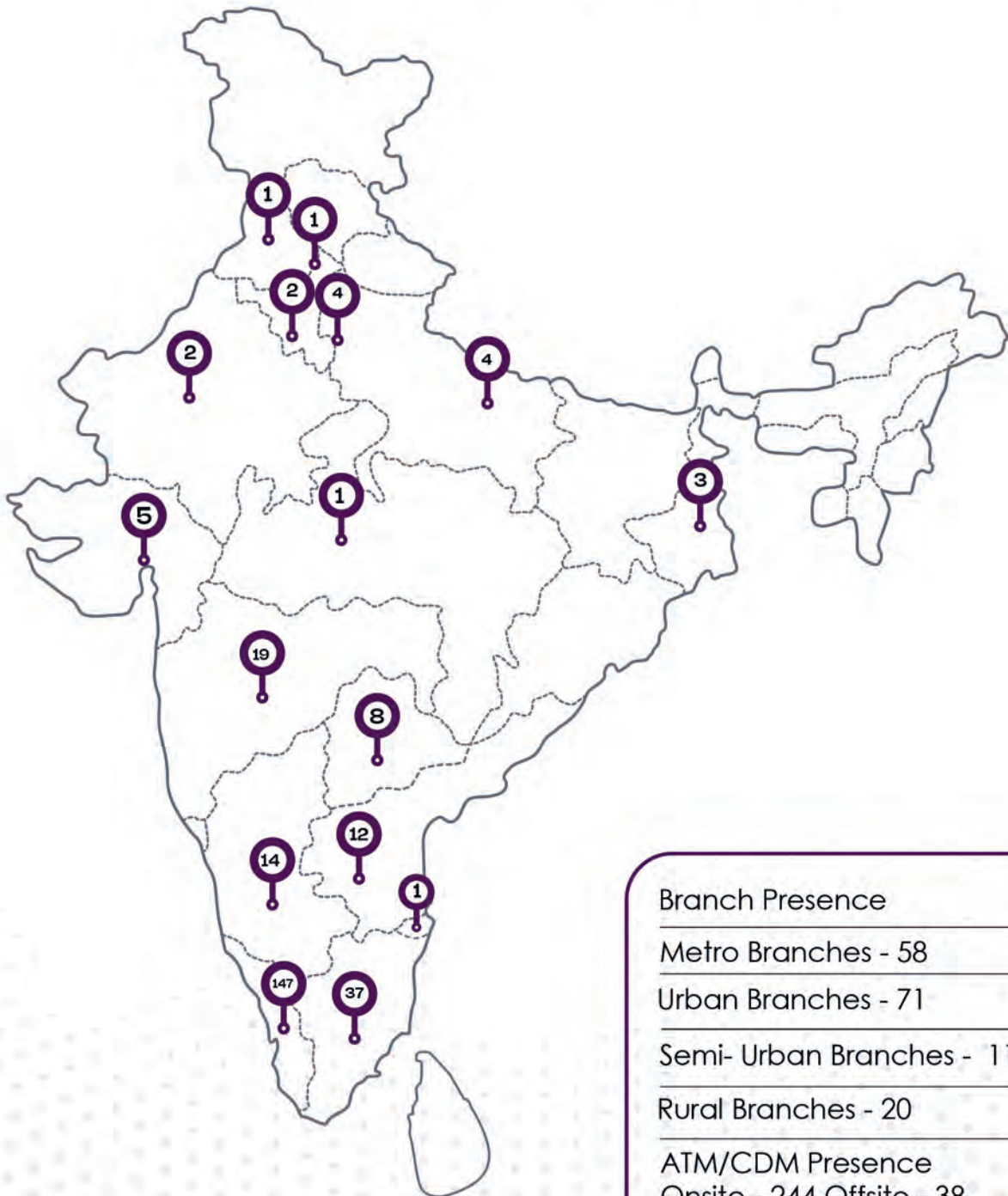
# **ANNUAL REPORT**

## **2024 - 2025**

**DhanlaxmiBank**   
established 1927  
*Banking on Relationships forever*



**Over 560 customer touch points including  
261 branches, 282 ATMs and 17 BCs**



**Branch Presence**

Metro Branches - 58

Urban Branches - 71

Semi- Urban Branches - 112

Rural Branches - 20

**ATM/CDM Presence**

Onsite - 244 Offsite - 38



#### VISION

Banking on Relationships forever



#### MISSION

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



## BOARD OF DIRECTORS



**K N Madhusoodanan**  
Chairman



**Ajith Kumar K K**  
Managing Director & CEO



**G Rajagopalan Nair**  
Independent Director



**Dr. Nirmala Padmanabhan**  
Independent Director



**Ms. Vardhini Kalyanaraman**  
Independent Director



**Dr. Jineesh Nath C K**  
Director



**Ashutosh Khajuria**  
Independent Director



**P Suriaraj**  
Executive Director

## RBI ADDITIONAL DIRECTORS



**D K Kashyap**



**C Nageswara Rao**

# CORPORATE INFORMATION

## Registered Office

Dhanlaxmi Bank Limited, P.B No.9,  
Dhanalakshmi Buildings,  
Naickanal, Thrissur - 680001

## Corporate Office

Dhanlaxmi Bank Limited,  
Punkunnam, Thrissur - 680002

Kindly refer the website for other offices

## Secretarial Auditors

Sri M. Vasudevan F.C.S.,  
Practicing Company Secretary,  
Soorya Gardens Apartments,  
Paliyam Road, Thrissur - 680001

## Statutory Auditors

Sagar and Associates,  
Chartered Accountants,  
Hyderabad

Abraham & Jose  
Chartered Accountants,  
Mission Quaters Road, Thrissur

## Legal Advisors

M/s Menon & Pai, Ernakulam  
M/s . B S Krishnan Associates, Ernakulam  
M/s. C K Karunakaran & Associates,  
Ernakulam

## Stock Exchanges

National Stock Exchange of India Limited (NSE)  
BSE Limited (Formely Known as  
Bombay Stock Exchange Limited)

## Registrar & Transfer Agents

M/s.KFin Technologies Limited  
(Previously known as M/s.Karvy Fintech Private Limited)  
"Selenium Tower B", Plot No.31 & 32, Financial District  
Nanakramguda, Serilingampally, Hyderabad-500 032

## Chief Financial Officer

Kavitha T A

## Company Secretary & Secretary to the Board

Venkatesh H

## GENERAL MANAGERS

John Varughese  
Balasubramanian R  
Satheesan V

Santoy John  
Santhosh Kumar R

## DEPUTY GENERAL MANAGERS

Sreekumar M P  
Sunny George  
Rajan Sreeba  
Kavitha T A  
Biju Kumar P H  
Arun Somanathan Nair

Binoy B S  
Balasubramanian A D  
Rajesh P  
Abhilash R  
Sijo Joseph  
Ranjith P

## ASSISTANT GENERAL MANAGERS

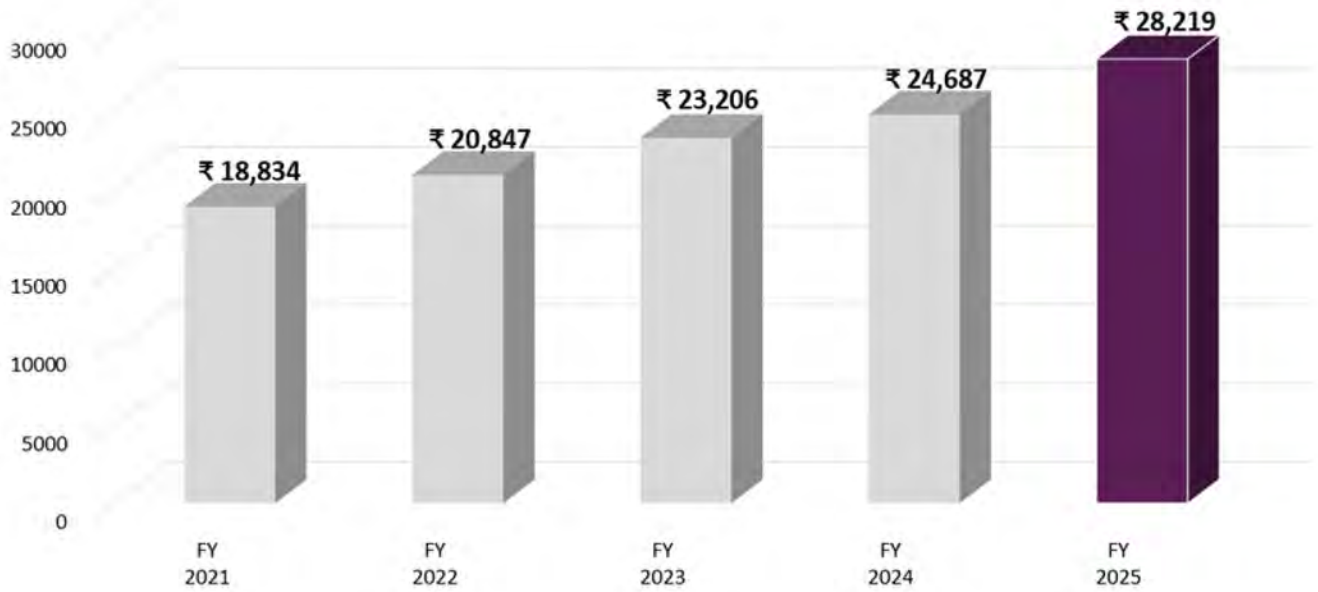
Sunil Kumar A  
Anup Nair  
Raghunath R  
Krishnakumar A  
Aneesh S  
Vikram Baranwal  
Pradeep A  
Suresh Kumar P V  
Jerry Thanangadan

Ramakrishnan S  
Abhiram Unni M  
Sunil K  
Manoj S J  
Jimmy P  
Sreekanth V V  
Venkatesh H  
Binoy V G

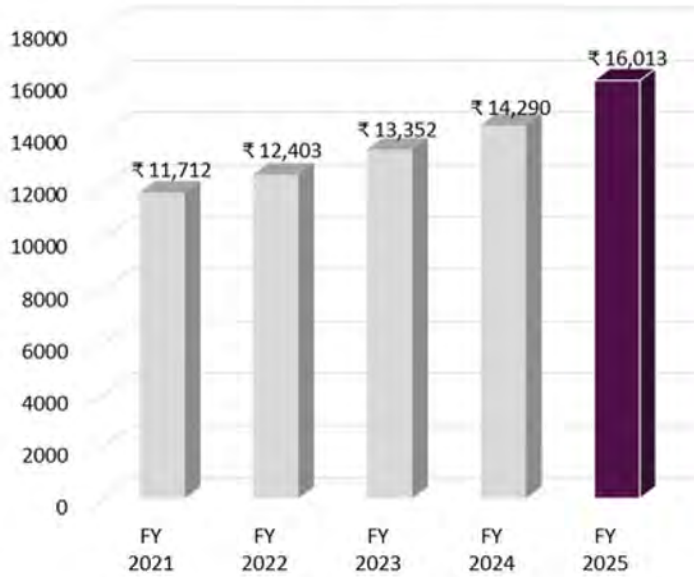
## PERFORMANCE DASHBOARD

(Value in Cr.)

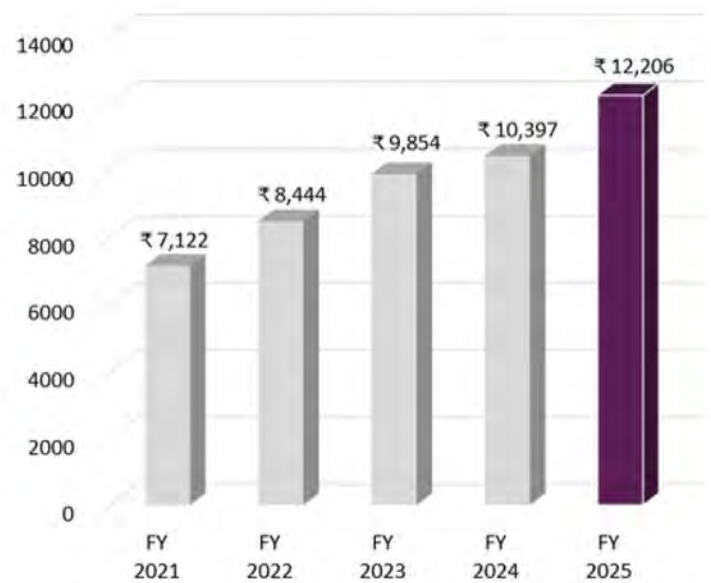
### Total Business



### Total Deposits



### Gross Advance



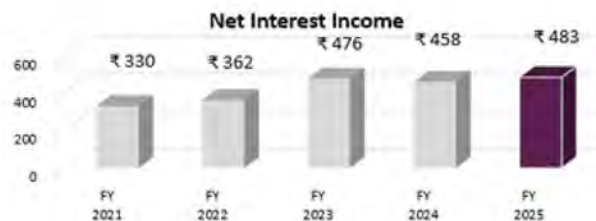
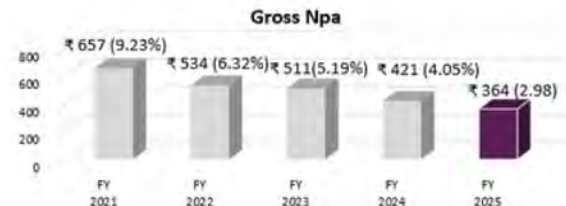


## PERFORMANCE DASHBOARD

(Value in Cr.)

### Deposit Composition

### Advance Composition







## Chairman's Message

Dear Shareholders,

It is with great pleasure we are placing the Annual Report of our Bank for the FY 2024-25 before you, which shows the efforts to keep up the promises towards all the stakeholders of our Bank. I would like to inform you that the Bank adapted all the necessary measures to face the challenges of the time, remaining steadfast towards the goals. The collective efforts of the stakeholders set the Bank on a journey of growth and relationship. The Bank has initiated all possible actions towards strengthening the processes and controls of the activities. Further, we have succeeded in accelerating the growth momentum and improving the key operating metrics.

During the fiscal, the Bank witnessed record figures in deposits and advances and focused on granularity across businesses. The Rights Issue became a resounding success. Balance sheet remains resilient as we continued our prudent stance towards provisioning. We made significant investments in building digital capabilities for reaching out to the customers and to meet their futuristic expectations.

Our unwavering commitment to customer centricity continues to drive our vision and strategy. We have simplified and strengthened various processes to deliver superlative customer experience. Quality in performance, consistency in relationships and relentlessness in the efforts continue to be the driving forces in our journey.

The phenomenal growth in all the critical spheres of business reflected your Bank's ability to foresee the changing requirements of customers. We were successful in staying at the vanguard of change in an ever-evolving financial landscape.

The financial diaspora is evolving at a challenging pace and we are well equipped to embrace the opportunities ahead. We will continue to enhance our services, ensuring that we remain a relevant and trusted partner for the years to come.

We remain grateful for the trust and confidence bestowed on the Bank by the regulators, customers, employees, partners and shareholders. We will uphold the legacy of trust and move towards an era of innovation and long-term success, hand in hand.

With warm regards,

**Chairman**





## MD & CEO'S MESSAGE

Dear Shareholders,

Founded on November 14, 1927, our Bank is nearing its centennial. From a small and humble beginning, we have grown steadily in stature keeping intact the core values of our forefathers. This is an occasion for taking stock and it is my privilege to present the annual report for the financial year 2024-25, a year marked by significant achievements and strategic progress for our Bank. Despite a challenging economic environment, we have been able to deliver strong results across key metrics, positioning us for sustainable growth and long-term resilience.

Indian economy exhibited remarkable resilience in the face of global geopolitical tensions and grew by 6.5 % in the period under review. There was overall stability in the operating environment with brief episodes of volatility in stock exchanges. Against this backdrop, our Bank's business forged ahead at a faster pace of 14.31 % showcasing our ability and agility to capitalize on the finest.

Throughout our journey, we were cautious not to compromise on our brand promise of integrity and social responsibility. Our reputation for 'banking on relationships forever' solidified during this period.

We could deliver record-setting results and effectively strengthen our asset quality. Efficacious pricing strategy backed us in withstanding the pressures on Net Interest Margin.

Our Gold Loan business saw strong growth, driven by our proactive approach in identifying market opportunities and leveraging our established relationships. While a growth of 33.81 % in Gold Loan portfolio, improvement in Provision Coverage Ratio to 88.84 % and reduction in Net NPA to 0.99 % were major milestones, the oversubscription of the Rights Issue by 1.65 times was a watershed moment in our journey to excellence reaffirming your trust in the Bank. Bank's CRAR under Basel III has significantly improved from 12.71 % to 16.12 %.

The focus on digital transformation has paid off with a notable increase in online transactions. Our digital transformation agenda continues to remain as a key priority. The retail and MSME segments have driven the credit growth. We could also ensure strict regulatory compliance with a robust risk management framework.

Looking ahead, we will continue to focus on expanding our market share in CASA (Current and Savings Accounts), Retail Loans, MSME (Micro, Small and Medium Enterprises) and Gold Loans. Product innovation and building a strong liability franchise will be the key to our conquest. We will leverage our reputation for trust and strong customer relationships, while deepening these connections through personalized service and innovative approach. We are well positioned to generate enduring value for all our stakeholders. We are focusing on enhancing productivity, investing more in technology and leveraging on it, branch expansion and upskilling of employees. Investing in human resources and developing their core competencies will be a key growth driver as we move forward. In the next two years, the Bank is planning to add more branches in Tier 2 and Tier 3 locations, subject to regulatory approvals.

I extend my deepest gratitude to our Shareholders, customers and employees for their continued trust and confidence in us. All our achievements are attributed to the strategic vision, seamless execution and lively sense of duty evinced by the members of the Board of Directors and our esteemed partners and patrons. I am grateful to the Central and State Governments, Reserve Bank of India, the SEBI, the Registrar of Companies and the Stock Exchanges for their continued support and guidance.

Together we have treaded the paths of glory, together we will navigate through the challenges ahead and together we will augment on our success and build a more robust, resilient, future ready Dhanlaxmi Bank.

Thank you for your unwavering support.

Warm regards,

**Ajith Kumar K K**  
Managing Director & CEO



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# Directors' Report

## Dear Shareholders,

The Board of Directors takes great pleasure to present the 98th Annual Report on the business and operations of Dhanlaxmi Bank Limited ("the Bank"), together with the audited accounts for the financial year ended March 31, 2025. The Report highlights the performance and achievements of the Bank during the year along with the new initiatives undertaken by the Bank.

## Performance Highlights

The Bank's performance Highlights for the financial year ended March 31, 2025 are as follows:

	March 31, 2025	March 31, 2024
Total Business	<b>28219.11</b>	24687.21
Deposits	<b>16013.45</b>	14290.31
Advance (Gross)	<b>12205.66</b>	10396.90
Total Income	<b>1489.08</b>	1359.55
Total Expenditure	<b>1393.98</b>	1290.29
Net Interest Income	<b>483.29</b>	458.45
Operating Profit	<b>95.10</b>	69.26
Net Profit	<b>66.64</b>	57.82
Gross NPA %	<b>2.98</b>	4.05
Net NPA%	<b>0.99</b>	1.25
Provision Coverage Ratio%	<b>88.84</b>	88.32
CRAR%	<b>16.12</b>	12.71
Return on Assets%	<b>0.41</b>	0.38
Return on Equity%	<b>4.78</b>	5.62
Earnings Per Share (in ₹)	<b>2.37</b>	2.21

## Bank's Geographical Spread & Expansion Programme

- The Bank has 261 branches as on 31<sup>st</sup> March, 2025 spread across 14 States and 2 Union Territories.
- Out of 261 branches, 20 branches are in rural category, 112 in Semi Urban, 71 in Urban and 58 in Metropolitan Category.
- The Bank had 282 ATMs/CRMs and 17 Business Correspondents as on March 31, 2025.

## Total Business

Total business of the Bank improved by 14.31% to reach ₹28219.11 Crore as on 31.03.2025, from ₹24687.21 Crore as on 31.03.2024.

## Deposits

Deposits recorded a growth of 12.06%, reaching ₹16,013.45 Crore as of March 31, 2025, compared to ₹14290.31 Crore as

of March 31, 2024. The CASA to total deposits ratio as of March 31, 2025, was 29.02%.

## Gross Advances

Gross advances stood at ₹12,205.66 Crore as of March 31, 2025, compared to ₹10396.90 Crore as of March 31, 2024, registering a growth of 17.40%. The CD ratio as of March 31, 2025, was 76.22%.

## Profitability

The total income (Interest Income + Non-Interest Income) as of March 31, 2025, was ₹1489.09 Crore, compared to ₹1359.55 Crore as of March 31, 2024, registering a growth of 9.53%. Interest income increased by 9.35% year-on-year, reaching ₹1319.88 Crore as of March 31, 2025, compared to ₹1206.99 Crore as of March 31, 2024. Similarly, non-interest income increased by 10.91% year-on-year, reaching ₹169.20 Crore as of March 31, 2025, compared to ₹152.56 Crore as of March 31, 2024.

Changes in interest rates have impacted the Net Interest Income (NII) of the Bank, which has increased by 5.42% on a year-over-year (YoY) basis. Interest expenses have increased by 11.76% YoY to ₹836.59 Crore as of March 31, 2025, from ₹748.54 Crore as of March 31, 2024. Operating expenses also increased by ₹15.64 Crore, to ₹557.39 Crore as on March 31, 2025 from ₹541.75 Crore as on March 31, 2024.

Cost to Income Ratio as on March 31, 2025 was 85.42% against 88.66% as on March 31, 2024.

Operating profit during the year was ₹95.10 Crore as against ₹69.26 Crore during the previous year. The Bank declared a net Profit of ₹66.64 Crore during the year under report and for the previous year, the Bank had declared a net profit of ₹57.82 Crore.

## Capital and Reserves

Bank's Paid-up capital and reserves was ₹1395.29 Crore as on 31.03.2025. The capital adequacy ratio as per Basel III was 16.12% with Core CRAR of 15.24%.

## Capital Market Activities During FY 2024–25

During the financial year 2024–25, the Bank undertook the following fund-raising activities aimed at building up its financial strength, improving regulatory compliance, and supporting future growth strategies. These initiatives underscore the Bank's commitment to disciplined capital management and proactive stakeholder engagement.

The Bank successfully concluded a Rights Issue, thereby raising ₹297.54 Crore through the allotment of 14,16,86,767 equity shares. Offered at ₹21 per equity share, the issue provided eligible shareholders an entitlement of 14 shares for every 25 held as on the record date, i.e., December 27, 2024. The Rights Issue was open from January 8 to January 28, 2025, and it received an enthusiastic response from investors, resulting in a massive oversubscription of 1.64 times of upto ₹487.96 Crore. The primary objective of this capital-raising initiative was to enhance the Bank's Tier-I capital and to finance its future growth plans, particularly in lending and investment activities.

The Bank completed the full redemption of its Series XV Basel III compliant subordinated Lower Tier II Bonds (ISIN: INE680A08081) of ₹150.00 Crore on March 29, 2025, which was the scheduled maturity date.

The shareholders of the Bank had, at the Extraordinary General Meeting held on March 18, 2025, approved the resolution authorizing the Board of Directors to issue Redeemable Secured and/or Unsecured Non-Convertible Debentures (NCDs), including but not limited to subordinated debentures, bonds, Basel III compliant Tier 2 Bonds, and other eligible debt securities, up to an aggregate limit of ₹300 Crore, in one or more tranches, within a period of one year from the date of approval of the resolution. Subsequently, the Bank issued and allotted 150 redeemable, non-convertible unsecured debentures (Basel III compliant Tier II Bonds) (ISIN: INE680A08099) aggregating to ₹150 Crore on private placement basis. The proceeds of the issue will be utilized by the Bank for its regular business activities and for augmenting Tier 2 Capital and over all capital for strengthening its capital adequacy and for enhancing its long-term resources.

The Board expresses its gratitude to the shareholders and other stakeholders for their continued trust and participation in the above capital-raising exercise. The Board also extends its sincere thanks to the Merchant Bankers, Legal Counsels, Trustees to the Bond Issue, Registrar and Transfer Agents, the Bankers to the Issue and the Bank's Central Statutory Auditors for the successful completion of the above issue of securities. The Board also acknowledges the support and guidance of all the Regulators and the Stock Exchanges. The details of the issue of equity shares as well as issue of bonds are included in the Report on Corporate Governance forming part of the Directors' Report.

#### **Dividend**

The Board of Directors of the Bank has not recommended any dividend for the financial year 2024-2025.

#### **Non-Performing Assets**

Gross NPA and Net NPA percentage stood at 2.98% and 0.99% respectively as on 31.03.2025 against 4.05% and 1.25% as on 31.03.2024.

The provision coverage ratio (PCR) as on 31.3.2025 was 88.84% which was 88.32% in the previous year.

#### **Vision & Mission**

**Our Vision:** "Banking on Relationships forever".

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

#### **Customer Service**

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

The Customer Service Committees comprising of Bank personnel as well as our constituents monitor the implementation of customer service measures periodically. Customer Service Committee of the Board has been formed at the apex level and committees at branches for monitoring service quality and bringing about improvements in this area on an ongoing basis. The Bank has a 24 x 7 Phone Banking Call Centre at Chennai to cater to customer needs across the country.

In the financial year 2024–25, the Bank registered 13,538 complaints, as against 6,032 complaints in 2023–24. The rise in the number of complaints is attributable to a change in reporting methodology, wherein complaints resolved within the next working day were also included in the complaint statement.

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

- Introduced of Goods and Service Tax (GST) payments through Online and offline modes.
- Introduced Direct Tax Payments through online and offline modes.
- Introduced Non-Callable Term Deposit products with higher returns.
- Introduced New NRE Savings Bank Account Product Dhanam Global Connect, to increase the HNI-NRI portfolio.
- Release of upgraded version of account opening software DCAMS 2.0 resulting in instant account opening.
- Launched a new Fee Management System, Pay Smart 2, to facilitate the smooth processing of fees and related transactions for our educational institution customers, in partnership with Career Book, a leading provider of school and college fee management ERP solutions.
- Re-launched Dhanam Term Loan Against Digital Receivables with modified product guidelines.
- Lead Generation & Monitoring System (LGMS) upgraded with Automated Sanction Note Generation, to reduce the work load at branches and sanctioning offices.
- Re-Introduced Mobile Banking application "Dhan Smart" with UPI features.

- Introduced Loan repayment facility using Corporate Internet Banking facility and Unified Payments Interface (UPI).
- Introduced new features in retail net banking and mobile banking platforms: Home Loan Interest Certificates, TDS Certificates, Credit Card Auto Debit register, TD & RD Deposit Calculator, EMI Calculator, E statement Subscription, etc.

### Listing on Stock Exchanges

The Equity shares of the Bank are listed on BSE Ltd. and National Stock Exchange of India Ltd. The Bank confirms that it has paid the listing fees to the Stock Exchanges for the financial year 2025-26.

### Green Initiatives in Corporate Governance

The Bank supports and pursues the 'Green Initiative' of the Ministry of Corporate Affairs. All the documents including the notice and explanatory statement of Annual General Meeting, Audited Financial Statements, Directors' Report and Auditors' Report are being sent electronically to all shareholders who have registered their e-mail addresses with their Depository Participants or with the Bank / Registrar & Transfer Agents. Shareholders holding shares in electronic form are requested to update their e-mail addresses in their respective DP accounts. Shareholders holding shares in physical form are requested to update their e-mail addresses with Bank's Registrar and Transfer Agents by a written request for enabling the Bank to ensure electronic dispatch the aforesaid documents. A letter providing the web-link, including the exact path, where complete details of the Annual Report is available is also being sent to those shareholder(s) who have not so registered their e-mail addresses in their addresses registered with the Bank / Registrar & Transfer Agents / Depository Participants.

### Directors

The composition of the Board of Directors of the Bank is in accordance with the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Banking Regulation Act, 1949, guidelines issued by the Reserve Bank of India and the best practices of Corporate Governance. As on March 31, 2025, the Board of Bank comprised of 10 Directors including the Chairman, Managing Director & CEO, Executive Director, 4 non-executive Independent Directors, one non-executive non-independent Director and 2 Additional Directors appointed by the Reserve Bank of India under Section 36AB of the Banking Regulation Act, 1949. Our Chairman is also an Independent Non-Executive Director.

All the Directors have rich experience and specialized knowledge in various sectors like banking, risk management, agriculture & rural economy, small scale industry, information technology, economics, accountancy, etc. The remuneration / sitting fees paid to the Directors during the year are disclosed in the Report on Corporate Governance.

There were 5 independent Directors on the Board of the Bank as on March 31, 2025. Declarations have been taken from all the Independent Directors as required under the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and RBI guidelines.

In the opinion of the Board, the Independent Directors possess the requisite expertise and experience and are the persons of high integrity and repute. They fulfil the conditions specified in the Act and the Rules made thereunder and are independent of the Management.

There is no change in any of the above information from March 31, 2025 to the date of this Report.

Detailed profiles of all the Board Members are available on the Bank's website at <https://www.dhanbank.com/board-of-directors>.

### Change in the Board during the year 2024-2025

1. Sri Ajith Kumar K.K. took charge as Managing Director & CEO of the Bank for a period of three years with effect from June 20, 2024, subsequent to the approval of Reserve Bank of India, and the appointment was approved by the Shareholders of the Bank vide postal ballot on September 17, 2024.
2. The term of office of Shri Shivan J.K. as Managing Director & CEO of the Bank concluded on June 19, 2024.
3. Dr. Jineesh Nath C.K. was appointed as Additional Director on the Board of the Bank w.e.f. July 31, 2024 and appointed as Non-Independent Director liable to retire by rotation by the Shareholders at the 97th Annual General Meeting (AGM) of the Bank held on September 30, 2024. The Board of Directors of the Bank has placed the proposal for re-appointment of Dr. Jineesh Nath C.K. as Non-Independent Director liable to retire by rotation for approval of the Shareholders at the 98th Annual General Meeting (AGM) of the Bank to be held on Monday, September 29, 2025.
4. The term of office of Sri D.K. Kashyap was extended by Reserve Bank of India for a further period of two years from September 28, 2024 to September 27, 2026 or till further orders, whichever is earlier.
5. Sri P. Suriaraj took charge as Executive Director of the Bank for a period of three years with effect from January 20, 2025, subsequent to the approval of Reserve Bank of India, and the appointment was approved by the Shareholders of the Bank in the Extra-Ordinary General Meeting of the Bank held on March 18, 2025.
6. Sri Ashutosh Khajuria was appointed as Director (Non-Executive Independent) on the Board of the Bank w.e.f. March 22, 2025 and his appointment as Independent Director for a period of 5 years w.e.f. March 22, 2025 was approved by the Shareholders of the Bank vide postal ballot on June 16, 2025.



7. Sri Sreesankar Radhakrishnan, who was an Independent Director, resigned from the Board of the Bank w.e.f. March 03, 2025 due to personal reasons. Sri Sreesankar Radhakrishnan has vide e-mail dated March 10, 2025 confirmed to the Bank that there are no material reasons for resignation other than his pre occupation with his current professional assignments which required more attention and time from him. The letter of resignation tendered by Sri Sreesankar Radhakrishnan and the subsequent confirmation were shared by the Bank promptly to the Stock Exchanges for dissemination to the public.

### **Composition of Audit Committee**

As on March 31, 2025, the Bank had a 5-member Audit Committee of the Board (including 2 RBI Additional Directors). All the five members of the Committee were non-executive Directors, with Sri G. Rajagopalan Nair, Ms. Vardhini Kalyanaraman, Sri Jineesh Nath C.K., Sri D.K. Kashyap and Sri C. Nageswara Rao as the Members of the committee. As Sri Sreesankar Radhakrishnan, who was the Chair of the Committee, had resigned from the Board on March 03, 2025, the Committee did not have a permanent Chairperson till May 09, 2025, when Ms. Vardhini Kalyanaraman was appointed by the Board as the Chairperson of the Committee. As on the date of this Report, the composition of the Committee remains the same with the only change being the appointment of Ms. Vardhini Kalyanaraman as Chairperson of the Committee. The composition as well as the terms of reference of the Committee are in accordance with the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, the Banking Regulation Act, 1949 and the guidelines issued by Reserve Bank of India.

### **Declaration by Independent Directors**

The Bank has duly obtained necessary declarations from each independent Director under Section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence as laid down in the Section 149(6) of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The Bank has also obtained the 'Fit & Proper' declarations from all Directors as prescribed under the guidelines issued by Reserve Bank of India. Pursuant to the notification of the Ministry of Corporate Affairs dated October 22, 2019, an online data bank for the independent directors ("Data Bank") has been rolled out by the Indian Institute of Corporate Affairs. All the Independent Directors of the Bank have registered themselves in the Data Bank.

### **Policy on appointment and remuneration of Directors**

The Nomination & Remuneration Committee recommends the appointment / reappointment / continuation of Directors to the Board after conducting due diligence of the Directors on the

basis of the "fit & proper" criteria prescribed under the guidelines issued by Reserve Bank of India along with the provisions of the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Nomination Policy approved by the Board. The Board will take the appropriate action based on the recommendations of the Nomination & Remuneration Committee of the Board.

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

- Ensuring that the appointment / re-appointment / continuation is in conformity with the provisions of the Banking Regulation Act, 1949, RBI guidelines, Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Ensuring that the criteria for independence of Directors as stated in the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is complied with, in case of independent Directors.
- Ensuring that the person does not attract any disqualification as per the Banking Regulation Act, 1949, RBI guidelines, Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Special knowledge or practical experience in various fields as enumerated in Section 10A(2)(a) of the Banking Regulation Act, 1949 or any other field which may be useful to the Bank;
- Professional knowledge and experience;
- Experience in the field of banking / finance sectors;
- Interest in NBFCs and other entities;
- Relatives connected with the Bank;
- Fund and non-fund facilities availed from the Bank;
- Defaults, if any, by the Director or interested entities with respect to the credit facilities availed from any Bank;
- Professional achievements relevant to the office of Directorship;
- Prosecution, if any, pending or commenced or resulting in conviction in the past against the director and / or against any of the interested entities for violation of economic laws and regulations;
- Criminal prosecution, if any, pending or commenced or resulting in conviction in the past against the Director;
- Any other factors as the Nomination & Remuneration Committee may think fit for the purpose of considering the appointment / re-appointment / continuation as Director.

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

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

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

The non-executive Directors are paid sitting fees for attending each meeting of the Board of Directors or any Committee thereof as approved by the Board, within the permissible limit prescribed under the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other regulatory guidelines, as amended from time to time. The Board while recommending any change in the sitting fees considers various factors like size and complexity of organization, comparison with the peer banks and regulatory guidelines as applicable. Apart from sitting fees, the Bank does not pay any other remuneration to the non-executive Directors.

The total remuneration paid to MD & CEO and non-executive Directors for the financial year 2024-25 is included in the Report on Corporate Governance forming part of this Report.

The Remuneration Policy of the Bank is hosted on the website of the Bank <https://www.dhanbank.com/pdf/Nomination-and-Remuneration-Policy-8.0.pdf>.

### Board Level Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the performance evaluation of the Board as a whole, the individual Directors and various Committees of the Board are undertaken annually. The evaluation of the individual Directors is being done in the absence of the Director being evaluated. A separate meeting of independent Directors evaluates the performance of non-independent Directors, Chairman and the Board as a whole. The separate meeting of independent Directors is held once in a year. The criteria for performance evaluation

of Directors, Board and its Committees include, inter-alia, the following:

- Attendance at Board and various Committee meetings;
- Participation and contribution in Board and Committee meetings;
- Composition of the Board and its diversity;
- Roles of various Committees of the Board;
- Compliance and understanding of regulatory requirements;
- Contribution to effective corporate governance and transparency in the Bank's operations;
- Updation of Knowledge and familiarization programmes conducted for Directors;
- Appropriateness of decisions made by the Board and its Committees;
- Quality, quantity and timeliness of flow of information to the Board;
- Understanding by individual Directors for their roles and responsibilities as Director;
- Contributions towards the performance and strategies of the Bank;
- Conduct of Meetings;
- Professionalism in the Board and Committees.

### Number of Board Meetings

A total of 17 Board Meetings were held during the year. The Board meetings were held in accordance with the regulatory requirements. The details of the meetings held are provided in the Corporate Governance Report that forms part of this Annual Report.

### Changes in Key Managerial Personnel (KMP)

During the financial year 2024-25, Sri Ajith Kumar K.K. took charge as Managing Director & CEO of the Bank for a period of three years w.e.f. June 20, 2024, in place of Sri Shivan J.K.

Further, Sri P. Suriaraj took charge as the Executive Director (Whole-time Director other than MD & CEO) of the Bank w.e.f. January 20, 2025.

Except the above, there are no other changes in the Key Managerial Personnel (KMP).

### Particulars of employees

The Bank continues to uphold its commitment to building a dynamic and diverse workforce. The total number of employees of the Bank as at the closure of the financial year ended March 31, 2025 was 1756, of which:

- Number of male employees was 1042
- Number of female employees was 714
- Number of transgender employees was Nil

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

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

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

The relevant information is included in the Report on Corporate Governance forming part of the Directors' Report.

**Maternity Benefit provided by the Bank under Maternity Benefit Act, 1961**

The Bank declares that it has duly complied with the provisions of the Maternity Benefit Act, 1961. All eligible women employees have been extended the statutory benefits prescribed under the Act, including paid maternity leave, continuity of salary and service during the leave period, and post-maternity support as applicable. The Bank remains committed to fostering an inclusive and supportive work environment that upholds the rights and welfare of its women employees in accordance with applicable laws.

**Statutory Central Auditors and the Auditors' Report**

The shareholders had at the 97th Annual General Meeting of the Bank held on September 30, 2024, appointed M/s. Sagar & Associates, Chartered Accountants, Hyderabad (FRN-003510S) and M/s. Abraham & Jose, Chartered Accountants, Thrissur (FRN-000010S) for the financial year 2024-25 for their second year and first year respectively to hold office as the Joint Statutory Central Auditors of the Bank from the period commencing from the conclusion of the 97th Annual General Meeting to the conclusion of the 98th Annual General Meeting of the Bank. The Board of Directors of the Bank have placed the proposal for the appointment of M/s. Sagar & Associates and M/s. Abraham & Jose for the financial year 2025-26 for their third year and second year respectively to the Shareholders for their approval at the 98th Annual General Meeting of the Bank scheduled to be held on Monday, September 29, 2025.

A total fee of ₹50,00,000 (Rupees Fifty Lakh only) plus applicable taxes was paid to the present Statutory Central Auditors M/s. Sagar & Associates and M/s. Abraham & Jose for Audit, Certification, Quarterly Review and Tax Audit for the FY 2024-25. The travelling and out-of-pocket expenses related to the audit/review were additionally reimbursed on actual basis.

There is no qualification or adverse remark in the Auditors' Report for the financial year 2024-25.

**Secretarial Auditors and Secretarial Audit Report**

Pursuant to Section 204 of the Companies Act, 2013, the Board of Directors of the Bank appointed Mr. M. Vasudevan, Practicing Company Secretary, Thrissur as the Secretarial Auditor to conduct the Secretarial Audit of the Bank for the financial year

2024-25. The Bank has provided all assistance and facilities to the Secretarial Auditor for conducting their audit. The report of the Secretarial Auditor is annexed to this report. The Secretarial Audit Report for the financial year 2024-25 does not contain any qualification, reservation, adverse remark or disclaimer of opinion.

**Annual Return**

Pursuant to Section 92 (3) of the Companies Act, 2013 and Section 134 (3) (a), the Annual Return is hosted on the Bank's website at <https://www.dhanbank.com/pdf/33-Annual%20Return.pdf>.

**Related Party Transactions**

The Bank has adopted the "Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions" in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy is hosted on the website of the Bank at <https://www.dhanbank.com/pdf/Policy-Materiality-Related-Party-Transactions-Dealing-Related-Party-Transactions-8.0.pdf>.

During the financial year, the Bank did not enter into any related party transactions with its Directors or Key Managerial Personnel or their Relatives that would potentially conflict with and/or adversely affect the interests of the Bank. In accordance with the circular issued by Reserve Bank of India on "Disclosure in Financial Statements – 'Notes to Accounts' dated July 1, 2015 – Para 4.5 Accounting Standard 18 – Related Party Disclosures", the remuneration paid to Managing Director & CEO and the Executive Director alone qualifies for classification as Related Party Transaction, for which the Bank has taken due approvals of the Reserve Bank of India and the Shareholders of the Bank. Further, there was no related party transaction for which Form AOC-2 was applicable.

**Risk Management Policy Framework**

The Bank has a comprehensive policy framework which contains separate policies for identification, measurement and management of all material risks including but not limited to credit, market, operational, liquidity and other Pillar-II risks. The Bank has put in place integrated risk management policies which ensure independence of the risk governance structure. The required standard operating procedures also follows the Policies to ensure that all the parameters are well covered while implementing the approved policies. The details of risk management practices are provided in Management Discussion and Analysis Report annexed to the Director's Report.

**Compliance With Capital Adequacy Framework**

In compliance with regulatory guidelines on Pillar I of Basel III norms, the Bank has computed capital charge for credit risk as per the Standardized Approach, for market risk as per the



Standardized Duration Method and for operational risk as per the Basic Indicator Approach. To address Pillar II risk, the Bank has implemented ICAAP (Internal Capital Adequacy Assessment Process), to integrate capital planning with budgetary planning and to capture residual risks which are not addressed in Pillar I, like credit concentration risk, interest rate risk in the banking book, liquidity risk, earnings risk, strategic risk, reputation risk, pension obligation risk etc. The Bank has adopted a common framework for additional disclosures under Pillar III for adhering to the market discipline norms of Basel III guidelines. This requires the Bank to disclose its risk exposures, risk assessment processes and its capital adequacy to the market in a consistent and comprehensive manner.

### **Adequacy of Internal Financial Controls related to Financial Statements**

The Bank has laid down a system of internal financial controls with reference to its financial statements. The integrity and reliability of the internal control systems are achieved through clear policies and procedures, process automation, training and development of employees, and an organisation structure that segregates responsibilities. These controls are reviewed and tested by the internal audit team to ensure the accuracy and completeness of the accounting records and the preparation of reliable financial statements. The internal financial controls of the Bank with respect to the financial statements are adequate and are operating effectively.

### **Particulars Regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo (as required under Section 134 (3)(m) of the Companies Act, 2013 Read with Rule (8)(3) of The Companies (Accounts) Rules, 2014)**

To reduce its carbon footprint and enhance resource efficiency, the Bank has undertaken various energy conservation initiatives at its premises. The Bank's Mattancherry Branch is currently operating on solar energy. The Bank is also exploring the feasibility of installing solar power systems at other Bank-owned premises. Further, energy-efficient equipment is being deployed across branches and administrative offices to optimize power consumption.

The Bank continues to leverage information technology extensively to deliver quality services to its customers. It remains committed to digital transformation, with ongoing investments in analytics and paperless technologies aimed at enhancing operational efficiency and improving both internal and customer-facing processes.

In addition, the Bank actively supports the country's export efforts through its trade finance operations, thereby contributing to foreign exchange earnings.

### **Investor Education and Protection Fund**

The Bank transferred the entire pending unclaimed dividend amount to the Investor Education and Protection Fund (IEPF)

during the financial year 2018-19. There was no amount of dividend pending to be transferred to the fund in the financial year 2024-25.

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

### **Maintenance of Cost Records**

Being a Banking Company, the Bank is not required to maintain cost records as per sub-section (1) of Section 148 of the Companies Act, 2013.

### **Subsidiary Companies**

The Bank does not have any subsidiary companies.

### **Compliance to Secretarial Standards**

The relevant Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) related to the Board Meetings and General Meeting have been complied with by the Bank.

### **Confirmation with respect to Insolvency and Bankruptcy Code, 2016**

As per section 3(7) of The Insolvency and Bankruptcy Code, 2016, Corporate person does not include any financial service provider, thereby the Bank is excluded from the purview of the Code. There is no application or proceeding against the Bank under Insolvency and Bankruptcy Code, 2016 during the financial year under review. However, Bank has been filing cases in NCLT under IBC, 2016 as a financial creditor as a part of its recovery mechanism and as at the end of the financial year 2024-25, there were 2 cases against corporate debtors.

### **Disclosures relating to deposits as required under the provisions of the Companies Act, 2013 & the Rules thereunder**

Being a Banking Company, the disclosures relating to deposits as required under Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, read with Sections 73 and 74 of the Act, are not applicable to the Bank.

### **Details in respect of frauds reported by auditors**

There is no fraud reported by auditors under subsection (12) of Section 143 of the Companies Act, 2013 other than those which are reportable to the Central Government.

### Particulars of Loans, Guarantees or Investments

Pursuant to Section 186 (11) of the Companies Act, 2013, the provisions of section 186 of Companies Act, 2013, except sub-section (1), do not apply to a loan made, guarantee given or security provided or investment made by a banking company in the ordinary course of business.

### Strictures and Penalties

During the last three years, there were no penalties or strictures imposed on the Bank by the Stock exchanges(s) and/or SEBI and/or any other statutory authorities on matters relating to capital market. There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Bank or the future operations of the Bank.

### Management Discussion and Analysis Report

This has been dealt with in a separate section in the Annual Report.

### Report on Corporate Governance

A separate report on Corporate Governance as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and certificate from Sri V. Suresh, Practicing Company Secretary certifying compliance with the conditions of Corporate Governance are annexed to this report.

### Corporate Social Responsibility

In compliance with the provisions of Section 135 of the Companies Act, 2013, the Bank has constituted a Corporate Social Responsibility Committee of the Board and has formulated a Corporate Social Responsibility Policy approved by the Board. Due to losses incurred by the Bank from FY 2013 to 2018, in compliance with the provision outlined in Section 198, these losses were offset against profits in subsequent years. Consequently, no profits were available under Section 198 of the Companies Act, for Corporate Social Responsibility purposes. Therefore, the Bank did not undertake any projects under Corporate Social Responsibility for the financial year 2024-25.

### Business Responsibility and Sustainability Report

The regulatory provisions relating to the Business Responsibility and Sustainability Reporting are not applicable to the Bank for the financial year ended March 31, 2025.

### Material Changes and Commitments affecting Financial Position of the Bank

There are no material changes and commitments affecting the financial position of the Bank which has occurred between the end of the financial year, i.e., March 31, 2025 and the date of Directors' Report, i.e., August 26, 2025.

### Directors' Responsibility Statement

Pursuant to the provisions of Section 134 (5) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the financial year ended March 31, 2025, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) 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 Bank at the end of the financial year 2024-25 and of the profit and loss of the Bank for that period;
- (iii) 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 Bank and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the annual accounts for the financial year ended March 31, 2025 on a going concern basis;
- (v) the Directors had laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and
- (vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Acknowledgements

The Board of Directors places on record its gratitude to the Government of India, the governments of various States, the Reserve Bank of India, the Securities and Exchange Board of India, the Registrar of Companies, other regulatory bodies and the Stock Exchanges, where the Bank's shares are listed, for their support and guidance. The Board also places on record its gratitude to the Bank's customers, shareholders, other stakeholders and well-wishers for their valued patronage. The Board further places on record its appreciation for the valuable services rendered by M/s. Sagar & Associates, and M/s. Abraham & Jose who were the Joint Statutory Central Auditors of the Bank, and Mr. M. Vasudevan, the Secretarial Auditors of the Bank. The Board expresses its sincere appreciation for the dedicated services rendered by officers and employees of the Bank at all levels.

By Order of the Board

Sd/-

**K.N. Madhusoodanan**  
Chairman

Place : Thrissur  
Date : August 26, 2025

## Annexure to Directors' Report for the year ended March 31, 2025

### PARTICULARS PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sl. No.	Requirements	Disclosure to be given in Annual Report of 2024-25																		
I	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year	Sri Shivan J.K., Managing Director & CEO - 1.08: 1 Sri Ajith Kumar K.K., Managing Director & CEO - 3.63:1 Sri P Suriaraj, Executive Director - 0.48:1																		
II	The percentage increase in remuneration of each director, CFO, CEO, CS in financial year	<table><tr><th colspan="2">MD &amp; CEO</th></tr><tr><td>Sri Shivan J.K.</td><td>Not Applicable – Term ended on 19-06-2024</td></tr><tr><td>Sri Ajith Kumar K.K.</td><td>Not Applicable – Joined on 20-06-2024</td></tr><tr><th colspan="2">Executive Director</th></tr><tr><td>Sri P. Suriaraj</td><td>Not Applicable – Joined on 20-01-2025</td></tr><tr><th colspan="2">Chief Financial Officer</th></tr><tr><td>Smt. Kavitha T.A.</td><td>9.63%</td></tr><tr><th colspan="2">Company Secretary &amp; Secretary to the Board</th></tr><tr><td>Sri Venkatesh H.</td><td>20.60%</td></tr></table>	MD & CEO		Sri Shivan J.K.	Not Applicable – Term ended on 19-06-2024	Sri Ajith Kumar K.K.	Not Applicable – Joined on 20-06-2024	Executive Director		Sri P. Suriaraj	Not Applicable – Joined on 20-01-2025	Chief Financial Officer		Smt. Kavitha T.A.	9.63%	Company Secretary & Secretary to the Board		Sri Venkatesh H.	20.60%
MD & CEO																				
Sri Shivan J.K.	Not Applicable – Term ended on 19-06-2024																			
Sri Ajith Kumar K.K.	Not Applicable – Joined on 20-06-2024																			
Executive Director																				
Sri P. Suriaraj	Not Applicable – Joined on 20-01-2025																			
Chief Financial Officer																				
Smt. Kavitha T.A.	9.63%																			
Company Secretary & Secretary to the Board																				
Sri Venkatesh H.	20.60%																			
III	The percentage increase in the median remuneration of employees in the financial year	6.57%																		
IV	The number of permanent employees on the rolls of the Bank	1756																		
V	Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Salary revision along with normal annual increments and increase in dearness allowance (linked to customer price index) was also paid to employees.																		
VI	Affirmation that the remuneration is as per the remuneration policy of the Bank	Yes, it is confirmed.																		

#### Notes:

1. The median salary of the staff members is arrived by taking gross salary for the month of March 2025. The percentage increase in remuneration is only due to the normal annual increments, changes in IBA pay scales and increase in dearness allowance.
2. The Remuneration of the MD & CEO and Executive Director is regulated by RBI guidelines.



**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

**For the financial year ended 31st March, 2025**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
**Dhanlaxmi Bank Limited**  
Dhanalakshmi Bank Building,  
Naickanal, Trichur, Kerala, India, 680001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Dhanlaxmi Bank Limited (hereinafter called the "company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information, explanations and clarifications provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2025 complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2025 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the amendments from time to time;
  - d) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
  - g) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;
  - h) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi. The other laws applicable specifically to the company are as follows:
  - a) The Reserve Bank of India Act, 1934
  - b) The Banking Regulation Act, 1949
  - c) The Banking Companies Regulation (Companies Rules), 1949
  - d) The Banking Companies (Period of preservation of Records) Rules, 1985
  - e) Prevention of Money Laundering Act, 2002

- f) Credit Information Companies (Regulation) Act, 2005
- g) The Deposit Insurance and Credit Guarantee Corporation Act, 1961
- h) The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
- i) Insurance Regulatory and Development Authority Act, 1999

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreement entered into by the company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### **I further report that**

The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. In respect of meetings held at shorter notice, the fact has been recorded in the notice of the Meeting as well as the minutes.

Resolutions at the meetings of the Board of Directors of the Company and Committees thereof are generally carried through on the basis of unanimous decisions. If and when decisions are carried through on the basis of majority, the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period the company has made the following specific events / actions having a major bearing on the company's affairs in pursuance of the rules, regulations, guidelines, standards, etc. referred to above:

- i. The company has allotted 141686767 equity shares on a right basis to the eligible equity shareholders and these shares have been listed on NSE and BSE after allotment. Further, the company's paid-up share capital has increased from ₹2,53,01,20,840 to ₹ 3,94,69,88,510 through this right issue.
- ii. The Company completed the full redemption of its Series XV Basel III compliant subordinated Lower Tier II Bonds (ISIN: INE680A08081) of ₹150.00 Crore on March 29, 2025, which was the scheduled maturity date.
- iii. In the Extra Ordinary General Meeting of the company held on March 18, 2025 through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM"), the shareholders have accorded consent to the Board of Directors of the company to make offer(s) or invitation(s) to issue redeemable secured/unsecured non-convertible debentures (NCDs) including but not limited to subordinated debentures, bonds, Basel III compliant Tier 2 bonds and/or other debt securities subject to an aggregate limit of ₹300 Crore (Rupees Three Hundred Crore only) within a period of one year from the date of approval of the resolution. Subsequent to the approval of the shareholders, the Board of Directors of the Company, at its meeting held on March 19, 2025, approved the proposal for issue of unsecured non-convertible debentures in the form of Basel III compliant Tier-II Bonds of ₹1,00,00,000/- (One Crore) each with a tenure of 10 years upto a maximum of ₹150 Crore (Rupees One Hundred and Fifty Crore only). Later, all the related processes were undertaken and the allotment of the said securities was completed on April 07, 2025 (ISIN: INE680A08099) followed by listing on NSE.

Signature:

**Name of Company Secretary in practice:**

**M Vasudevan**

(FCS No.: 4177 C P No.: 2437)

Peer Review Number: 2935/2023

UDIN: F004177G001089437

Place : Thrissur  
Date : August 26, 2025

**ANNEXURE TO SECRETARIAL AUDIT REPORT ISSUED BY  
COMPANY SECRETARY IN PRACTICE**

To,  
The Members,  
**Dhanlaxmi Bank Limited**  
Dhanalakshmi Bank Building,  
Naickanal, Trichur, Kerala,  
India, 680001

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Signature:

**Name of Company Secretary in practice:**

**M Vasudevan**

(FCS No.: 4177 C P No.: 2437)

Peer Review Number: 2935/2023

UDIN: F004177G001089437

Place : Thrissur

Date : August 26, 2025



# Management Discussion and Analysis Report

## Global Economy

The global economy in FY 2024-25 witnessed a phase of cautious recovery amid lingering macroeconomic and geopolitical challenges. While growth remained moderate, signs of stability began to emerge across major economies.

**Moderate Global Growth:** The global economy expanded at an estimated 3.2%, reflecting resilience despite tight monetary conditions and geopolitical headwinds. Growth was led primarily by emerging markets and developing economies (EMDEs).

**Divergent Regional Performance:** Advance Economies experienced subdued growth (1.5% approx.) due to high interest rates, slowing consumer demand and residual inflationary pressures.

EMDEs registered stronger performance (4.1% approx.), supported by robust domestic demand and investment momentum in economies like India and China.

India remained the fastest growing major economy, with estimated GDP growth of (6.5-7% approx.), driven by strong private consumption, infrastructure investment, and services exports.

China posted a moderate recovery (5% approx.), supported by policy stimulus and industrial output, despite structural challenges in the real estate sector.

**Inflation Moderation:** Global inflation showed signs of easing across regions, aided by softer commodity prices and tightening measures taken in prior fiscal years. However, inflation in many economies remained above central bank targets.

**Monetary Policy Shifts:** Major central banks, including the US Federal Reserve and the European Central Bank, signaled a transition from aggressive rate hikes to a more accommodative stance in the latter half of FY 2024-25, as inflation came under control.

**Trade and Supply Chains:** International trade volumes recovered modestly. Global supply chains continued to stabilize, although strategic realignments such as "China+1" and regional sourcing gained momentum.

**Geopolitical and Climate Risks:** Geopolitical tensions in Eastern Europe and the Middle East, along with climate related disruptions, continued to pose risks to global food and energy security. These challenges underscored the need for resilience and sustainability in policy frameworks.

## Indian Economy

India continued to demonstrate strong macroeconomic fundamentals in FY 2024-25, emerging as one of the fastest growing major economies globally. Despite global uncertainties, the domestic economy remained resilient, supported by robust consumption, public investment, and a steady improvement in business sentiment.

**Strong GDP growth:** India's GDP grew at 6.5% during FY 2024-25. The growth was broad based, with notable contributions from services, manufacturing and public infrastructure spending.

**Resilient Domestic Demand:** Private consumption remained a key driver of growth, particularly in urban markets, supported by stable employment levels, improved rural demand, and rising discretionary spending.

**Infrastructure and Capital Expenditure:** Government led Capital expenditure continued to play a catalytic role in economic revival, with significant investments in roads, railways, ports, energy and digital infrastructure.

**Industrial and Manufacturing Performance:** The PLI (Production linked Incentive) schemes and supportive policy environment drove increased manufacturing activity, especially in electronics, automotive and pharmaceuticals.

**Services Sector Momentum:** The services sector, particularly IT, financial services, travel and hospitality, recorded strong performance, benefiting from both domestic and export demand.

**Inflation and Monetary Policy:** Headline Inflation remained manageable, averaging around 4.6% in FY 2024-25 aided by stable food prices and monetary tightening in prior years. The RBI maintained a cautious policy stance to balance growth and inflation control.

**External Sector Stability:** Merchandise exports saw moderate growth despite global trade headwinds.

Foreign exchange reserves remained healthy, supporting currency stability.

The current account deficit narrowed due to strong services exports and remittance inflows.

**Financial Sector Health:** The banking sector continued to strengthen, marked by improved credit growth, declining NPAs, and healthy capital adequacy ratios.

**Key Reforms and Digital Push:** Reforms in labour, taxation, digital governance, and ease of doing business continued to enhance the investment climate. India's digital economy expanded rapidly, supported by widespread fintech adoption and government backed platforms (e.g., UPI).

**Kerala Economy:**

Kerala's economy exhibited a steady recovery and expansion during FY 2024-25, supported by strong performance in services, a revival in tourism, continued remittance inflows, and public investment in infrastructure and social welfare.

**GSDP Growth:** Kerala's Gross State Domestic Product (GSDP) is estimated to have grown by 6.8% -7.2% in FY 2024-25, reflecting resilience in key sectors such as tourism, services, healthcare, and IT.

**Service Sector Dominance:** Services continued to dominate the state economy, contributing over 65% of GSDP. Growth was led by tourism revival post pandemic, aided by aggressive promotion and improved infrastructure, expansion of healthcare and education services and growth in IT and knowledge-based industries, especially in hubs like Technopark (Thiruvananthapuram) and Infopark (Kochi).

**Agriculture and Allied Sectors:** Agricultural growth remained modest due to climate related uncertainties and land constraints. However, allied sectors such as fisheries and animal husbandry showed stable performance, supported by state schemes and cooperatives.

**Industrial and Infrastructure Development:** Kerala's industrial growth was moderate, with a continued focus on MSMEs, food processing, and green industries. Major infrastructure projects such as Vizhinjam Port and urban mobility initiatives progressed during the year.

**Remittances and Consumption:** NRI remittances continued to play a crucial role in household consumption and real estate activity. The inflow of funds from the Gulf and other regions remained strong, supporting rural demand and financial liquidity.

**Social Sector Investment:** Kerala maintained high investment in public health, education, and welfare programs, reinforcing its model of inclusive development. The state also advanced its digital governance and e-governance initiatives.

**Employment and Skill Development:** Employment generation remained a focus area, with increased attention to skilling, youth entrepreneurship, and start-up support. The Kerala Knowledge Economy Mission played a key role in driving digital and freelance employment.

**Fiscal Position:** The state continued to face fiscal challenges due to high committed expenditures, but efforts were made to enhance tax collection and rationalize spending. The fiscal deficit was maintained within reasonable limits through Central support and borrowing.

**Regulatory Measures and Monetary Policies**

Bank regulation involves the development and enforcement of guidelines and restrictions by government authorities or central banks to oversee banking institutions. These regulations are designed to ensure consumer protection, operational transparency, and the overall stability of the financial system.

A robust financial system is crucial for the economic health of any country, and banks play a central role in this system. Regulations help define the boundaries within which banks operate, ensuring they function efficiently and responsibly. These rules not only govern the operations of financial institutions but also establish a framework for their regulation and supervision, contributing to a stable and trustworthy banking environment.

**Financial Performance of Bank**

The Bank declared a net profit of ₹66.64 Crore for the year ended March 31, 2025 as against ₹57.82 Crore during the previous year. Total business of the Bank as on 31.03.2025 stood at ₹28219.11 Crore as against ₹24687.21 Crore as on 31.03.2024. The total deposits of the Bank stood at ₹16013.45 Crore and gross advance stood at ₹12205.66 Crore as on 31.03.2025. Gross NPA and Net NPA percentage stood at 2.98% and 0.99% respectively in the current year against 4.05% and 1.25 % respectively in the previous year. CRAR as on 31<sup>st</sup> March, 2025 was at 16.12% against 12.71% as on 31<sup>st</sup> March, 2024.

Pursuant to Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of ratios and the details of any change in Return on Net Worth as compared to the immediately previous financial year are given below:

Ratios	Mar-24	Mar-25	Variance in %
Operating Profit Margin (Note 1)	5.09%	6.39%	25.54%
Operating Profit as a percentage to Working Funds (Note 1)	0.43%	0.56%	30.23%
Return on Net worth (Note 2)	7.13%	5.65%	-20.76%

1. Operating Profit Margin and Operating Profit as a percentage to Working Funds: The ratio improved due to higher Net Interest Income and Non-Interest income. The Bank's overall business increased by 14.31%, i.e., from ₹24687 Crore to ₹28219 Crore.
2. Return on Net worth: Although net profit for the year increased from ₹57.82 Crore to ₹66.64 Crore, the return on net worth declined due to increase in net worth by ₹368.60 Crore, primarily on account of capital infusion.

### Strategies of Bank

The Bank continues its focus on profitability, asset quality, resilient loan book focusing on robust retail liability portfolio, optimum organizational structure and technology initiatives to achieve the business goals.

### Comprehensive Product Suite and Customer-Centric Approach

Dhanlaxmi Bank offers a wide range of financial products tailored to meet customer needs at various stages of life, including home, agriculture, personal, education, gold, and vehicle loans. Its portfolio also includes Corporate and MSME loans, alongside non-financial services such as financial literacy and livelihood programs. With 98 years of experience, the Bank focuses on underbanked and underserved customers, particularly within the MSME segment. Its customer-centric strategy has fostered strong retention rates, establishing the Bank as a 'one-stop shop' for financial needs.

### Technology-Driven Operations with a Digital Edge

Dhanlaxmi Bank continuously enhances customer experience through its advanced digital platforms, offering internet and mobile banking, bill payments, Credit Cards and VISA & RuPay debit cards. The majority of banking transactions, such as remittances and utility payments, are conducted digitally. The Bank's onboarding process is largely digitalized, improving efficiency and customer engagement. Technology-driven automation in areas like credit assessment further supports accuracy and consistency.

### Streamlined Credit Assessment and Risk Management

The Bank's focus on secured lending, backed by conservative loan-to-value ratios, helps minimize delinquencies and credit losses. As the primary banker for most customers, it has comprehensive visibility into customer cash flows, enabling more accurate credit assessments. Dedicated customer relationship teams maintain close engagement with clients, improving collections and asset quality. This, combined with decentralized loan sanctioning and data analytics, supports a risk-based lending model.

### Integrated Risk and Governance Framework

Dhanlaxmi Bank's integrated risk management framework

covers key risks such as credit, operations, liquidity, market, cyber, and reputational risks. The Bank adopts a risk-based oversight model, with clear risk ownership across all functions. Supported by functional risk committees, it ensures robust management of risks. Credit decisions, particularly for unsecured loans, are automated to reduce human errors. IT systems are leveraged to control operational risk, including fraud detection.

### Experienced Leadership with Strong Industry Expertise

Dhanlaxmi Bank's Board comprises experienced professionals from diverse business backgrounds, many of whom have held senior roles in renowned financial institutions. The senior management team is skilled in scaling financial services organizations, providing strategic leadership that drives sustainable growth.

Our strategic themes and goals are as follows:

1. Capital Optimization and Conservation: Efficient utilization of capital and conserving resources to achieve sustainable growth.
2. Organizational Structure Enhancement: Strengthening our organizational structure to increase agility, improve decision-making, and enhance overall performance.
3. Business Model Optimization: Through analysis of market trends and customer needs, business model is optimised to identify areas for improvement and growth opportunities. Additionally, new products and services that align with our business strategy are introduced to improve the product mix.
4. Future-Proof Customer Profile Creation: Creating a customer profile that aligns with our business strategy and is future-proof, taking into consideration changing market trends and evolving customer needs.
5. Governance and Process Improvement: Strengthening our governance processes to evolve compliance and risk culture, improve transparency, and increase accountability.
6. Evolve Compliance and Risk Culture: Strengthening our risk management and monitoring processes to promote a culture of compliance and risk awareness throughout the organization. This will include enhancing our risk management framework, identifying and mitigating potential risks, and improving the overall resilience of our business.
7. Improved Operational Efficiency: Streamlining and optimising our operational processes to reduce costs, improve efficiency, and increase customer satisfaction.
8. Leveraging Technology to Augment Business: Leveraging technology to augment our business and create a competitive advantage by improving operational efficiency, enhancing customer experience, and unlocking new growth opportunities.
9. Environmental, Social, and Governance (ESG) Integration: Integrating ESG considerations into our business strategy, decision-making processes, and operations to promote sustainable practices, reduce our environmental impact,



and enhance our social responsibility. We will prioritize transparency in reporting, engage with stakeholders on ESG issues, and align our values with the United Nations Sustainable Development Goals. By integrating ESG considerations into our business, we aim to create long-term value for our stakeholders and contribute to a sustainable future.

### Way Ahead

Bank has several strengths, including a loyal and satisfied customer base, a stable CASA ratio, a good brand presence in South India, a robust technology setup for future expansion, and strong investor base. Leveraging on the above strengths, Bank would focus on following to improve profitability and there by stakeholder value:

- Focusing on Retail and MSME segments to mitigate impact of corporate investment slowdown and to boost interest revenue
- More Corporate relationship for a strong CASA ratio
- Business growth through digital channels
- Leveraging of Fintech opportunities
- Strengthening our risk management and governance processes to ensure compliance and accountability
- Implementation of digital learning platforms
- Leadership training and reskilling
- Strengthen internal cyber awareness programmes and enhanced governance

Different Functions of Bank are as follows:

### Business Development and Planning

The Business Development and Planning function plays a critical role in driving growth, expanding market presence, and ensuring strategic alignment with the organization's overall goals.

The Bank conducts in-depth market analyses to uncover growth opportunities by assessing customer needs, competitor strategies, and emerging industry trends. These insights inform the development of comprehensive business strategies aimed at capitalizing on identified opportunities.

Innovation is a key focus, with the Bank identifying market gaps and conceptualizing new financial products and services that address customer demands and enhance competitiveness. Strategic partnerships and alliances with fintech firms, service providers, and other businesses are actively pursued to broaden service offerings and access new customer segments. The department negotiates and manages these relationships to maximize mutual benefits.

Sales performance is continuously monitored to identify opportunities for upselling and cross-selling. The department also implements measures to achieve revenue targets, including the

development and execution of effective sales strategies and marketing campaigns to promote the Bank's products and services.

While pursuing growth, the department conducts rigorous risk assessments to mitigate potential threats and ensure regulatory compliance. Budget preparation and financial planning are conducted in close coordination with finance teams to align with business objectives. Financial performance is tracked through variance analysis, enabling strategic adjustments to maintain stability and profitability.

Bank ensures all business development activities comply with legal requirements and industry regulations, maintaining the bank's reputation and integrity adhering to regulatory guidelines and standards.

### Customer Relationships Management

Bank has implemented Customer Relationship Management strategies to enhance customer satisfaction, retention, loyalty through personalized services, targeted marketing campaigns, building and maintaining strong relationships with customers.

### Public Relations and Publicity

To connect with its customers and to create awareness regarding products and services, Bank continues its publicity and marketing efforts by way of social media, localized and regional initiatives. Bank foster relationships with key stakeholders, and decision-makers, which can lead to business opportunities and market insights with the active participation in industry events, networking forums, and community engagements.

### Government Initiatives

Bank was empanelled for conducting Government Agency Business and facilitating collection of direct and indirect Taxes.

Bank has successfully integrated with Goods and Services Tax Network (GSTN) for collection of Goods and Services Tax (GST), the Income Tax payment services through online (RIB & CIB) and offline (over the counter) modes and Customs Duty payments through online mode. The Bank became the first Kerala-based Bank to introduce GST collections through UPI mode.

Bank's association with Kerala State Welfare Corporation for Forward Communities for financing the poor and marginalized people among the forward communities of the State of Kerala. Government of Kerala empanelled the Bank for Contractors Bill discounting facility through Digital Platform.

### Financial Inclusion

Financial inclusion envisages inclusive growth by reaching the unreached, unbanked and under-banked areas. It guarantees access to basic financial products and services to all especially those in vulnerable sections of the society at an affordable cost and in a transparent manner.

Bank has engaged 4 Financial Literacy Centres in the state of Kerala and conducted 480 Financial Literacy awareness campaigns during the financial year 2024-25, to provide basic banking knowledge to people across various parts of the Society. The Department of Financial Services (DFS), under the Ministry of Finance, Government of India, has released the Score Card for the Financial Year (FY) 2024–25. In this assessment, Bank has been assigned a score of 58 marks, securing the 19th position among the evaluated Banks.

Financial Inclusion remains a key focus area of Department of Financial Services, with initiatives like the Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Atal Pension Yojana (APY) making significant strides.

Bank actively promotes APY, PMJDY, PMSBY and PMJJBY so that all sections of society have access to basic banking services, insurance, and pension schemes. APY provides Government backed pension scheme to the unorganized sector. The PMSBY scheme is a Personal Accident Insurance Scheme, offering protection against death or disability due to accident and PMJJBY schemes is a government backed insurance scheme offering ₹2 lakh life insurance cover for death due to any reason. PMJDY is a National Mission on Financial Inclusion encompassing an integrated approach to bring about comprehensive financial inclusion of all the households in the country. The plan envisages universal access to banking facilities with at least one basic banking account for every household. As on March 31, 2025, Bank has opened 116180 PMJDY accounts.

Bank engaged 16 Business Correspondents and 1 Corporate Business Correspondent for effective implementation of financial inclusion programmes, to reach the banking services in sub service areas of a branch.

#### **Micro credit (SHGs Bank linkage):**

The micro credit has emerged as cost effective and conducive platform for providing financial services to the poor people. Our bank is partnering with well accepted Non-Governmental Organization (NGO) to deliver credit assistance to SHGs and JLGs. This association has enabled the bank to drive financial inclusion programmes and priority business in rural areas. As of March 31st 2025, 11950 SHGs and 461 JLGs are being credit linked with outstanding of ₹637.49 Cr and ₹3.97 Cr respectively.

#### **Bank's Operations at Sabarimala**

The Bank has been the principal bankers to Travancore Devaswom Board since 1970s. Bank is fortunate to become the Banker to Lord Ayyappa and the temples administered by TDB in a spirit of public service. Since then, the Bank has been extending the best of services to Sabarimala and other temples under TDB. Bank opens a seasonal branch at Sabarimala to facilitate banking services at Sabarimala and handles the prasadam distribution

counters at Sannidanam and Pamba during Mandalam and Makaravilakku season and monthly poojas.

#### **Associate Products Distribution**

Associate Products Division handles distribution of third-party products, its functioning and execution. Bank has entered into agreement with leading Life Insurance, General Insurance and Mutual Fund Companies for distribution of their products. Bank has arrangement with Bajaj Allianz Life Insurance Company and Canara HSBC Life Insurance Company for Life Insurance Products, Bajaj Allianz General Insurance Company Limited and SBI General Insurance Company Limited for general insurance products and HDFC Life Insurance for insurance of SHG Members. Bank tied up with SMC Global Securities Limited and Religare Broking Limited for providing share trading facilities to the customers.

#### **Credit Sanction**

During FY 2024–25, the Credit Sanction Department played a pivotal role in strengthening the Bank's credit portfolio and asset quality. The department successfully onboarded and maintained high-quality loan assets with acceptable risk profiles, ensuring sectoral and geographical diversification in line with internal exposure norms.

A continued emphasis was placed on securing adequate returns on assets while maintaining transparency and efficiency in the sanctioning process. The department adopted a robust risk-return evaluation model, aligning with industry best practices and contributing to the Bank's objective of sustainable and responsible credit growth.

The Department also prioritized knowledge dissemination and capacity building and conducted in house training programs to enhance understanding of credit assessment techniques and due diligence practices.

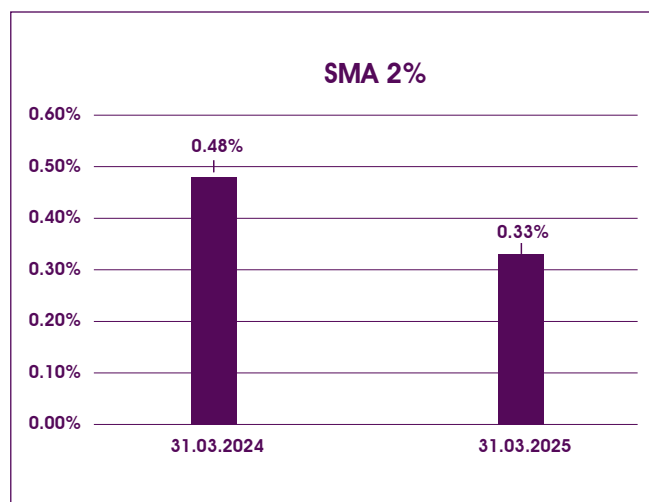
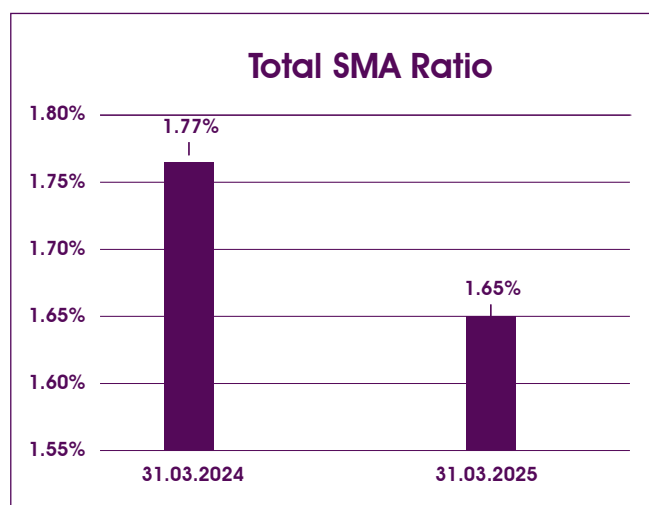
#### **Credit Administration & Monitoring**

Credit Administration & Monitoring (CAM) plays a vital role in safeguarding the Bank's credit portfolio and ensuring the quality and sustainability of sanctioned exposures. This function is central to the post-sanction credit lifecycle, encompassing the timely disbursement of loans, creation of security, and ongoing monitoring of account conduct. CAM ensures adherence to sanction terms, maintains the integrity of asset quality, safeguards securities charged to the Bank, and identifies irregularities through continuous coordination with branches.

Proactive remedial actions are undertaken to prevent potential slippages, thereby strengthening control over credit risk. As part of its risk mitigation framework, the Bank has implemented a robust Early Warning Signals (EWS) system. These signals help in the early detection of incipient stress or potential fraud in borrower accounts – allowing for timely intervention before accounts deteriorate into NPAs.

The Bank has also deployed automated tools and MIS platforms to support data-driven monitoring, enhance operational efficiency, and enable real-time insights into borrower behaviour. This includes monitoring changes in customer transaction patterns to flag and alert for potential fraudulent activities.

Over the two-year period ending 31st March 2025, the Bank has witnessed notable improvements in asset quality. The SMA ratio, as a percentage of gross advances, has improved from 1.77% to 1.65%, reflecting the effectiveness of enhanced monitoring mechanisms. More notably, SMA-2 accounts – which indicate higher credit risk and possible slippages – have declined sharply from 0.48% to 0.33%. This positive trajectory underscores the success of the Bank's proactive recovery efforts and a strengthened credit risk management framework.



### Non-Performing Assets Management

Our Bank has shown consistent improvement in NPA management in recent years, reflecting strong recovery efforts and prudent credit monitoring. During the financial year 2024–25, our Bank demonstrated significant progress in

managing its NPAs, reflecting enhanced asset quality and effective credit risk management. The Bank achieved a notable reduction in its Gross Non-Performing Assets (NPAs), bringing the figure down from ₹421.21 Crore to ₹364.11 Crore. Consequently, the Gross NPA ratio improved to **2.98%** as of March 2025, compared to **4.05%** in the previous year. The Net NPA ratio also saw a positive shift, declining to **0.99%** from **1.25%**. This achievement is particularly noteworthy as it underscores the Bank's sustained focus on asset quality, recovery efforts, and early resolution of stressed accounts—even in the face of continued macroeconomic challenges.

### Finance & Accounts

The Finance & Accounts Department is a critical component of our organization, responsible for managing financial operations and ensuring compliance with regulatory requirements. Key functions include:

- 1) Financial reporting: Preparation of Balance Sheet, Profit & Loss Account, schedules and ensuring timely reporting
- 2) Regulatory compliance: Filing returns with RBI (SLR, CRR, Audited Financials related etc.)
- 3) Taxation: Managing TDS/TCS, GST related payments and filing returns and ensuring compliance of other related requirements
- 4) Audits: Appointing Statutory Branch & Central Auditors and managing Audit processes, timely completion of audit and reporting including L FAR
- 5) Financial Transactions: Centralized Booking of Expenditures - Capex & Opex, DEA Fund transfers, DICGC Premium Payments etc.
- 6) Fixed Assets: Maintaining accurate records of Fixed assets and calculating depreciation as per extant norms
- 7) Litigation & Compliance: managing taxation related litigations of the Bank.

### Treasury

Our treasury department efficiently manages our funding position and ensures compliance with regulatory reserve requirements. Bank invest in sovereign and corporate debt instruments, equities, commercial paper, mutual funds, and other money market instruments to manage short-term liquidity. Additionally, based on our Board approved treasury management policy, Bank adhere to intra-day, overnight, and monthly gap limits, and our exposures remain within these limits. We also engage in proprietary trading, liquidity management, and booking forex forward contracts for our customers.

The Bank's Investment portfolio as on 31 March 2025 was ₹3955.15 Crore consisting of ₹3623.31 Crore SLR instruments and ₹331.84 crore non SLR instruments. In domestic treasury operation, the yield of investment portfolio was 6.23%. During the year ended 31.03.2025, there was appreciation of investment both under SLR and non SLR categories. Treasury booked a trading profit of ₹13.19 Crore during the Financial Year vis-à-vis trading loss of

₹2.29 Crore during the previous Financial Year. Aggregate profit for Treasury for the financial year was ₹49.65 Crore.

### Infrastructure Management

Infrastructure department takes care of Management of Premises, Fixed Assets, Security & communication equipment, etc., and getting infrastructure related works done. Bank has adopted various measures to curtail rental and operational expenditure. Bank has undertaken shifting of branches to new premises as a part of rent reduction and renovation as part of facelift.

Major activities undertaken during the FY 2024-25 are as follows:

- 10 branches have been successfully relocated to new premises bringing more facility and visibility to branches
- Entire branch refurbishment undertaken in 10 branches to have more convenience for employees and customers
- Emphasis has been placed on sustainability by installing a Solar Power system at one of our branches
- Various branches actively participated in the "Plant4Mother" campaign by planting saplings
- "Swachhata Drive 2024" undertaken during October to December 2024 towards cleanliness drive and upkeep of premises with active participation of all branches.

### Operations

Operations Department of the bank ensures smooth financial operations of the bank's primary activity of opening accounts and releasing of loans. It works towards better efficiencies, controls, compliance and ensures KYC guidelines are adhere to, while keeping the customers' accounts operational. The sub-functions of the operations department are as follows:

#### 1. Cash Management and Currency Chests

Manages Cash holding at Branches and Currency Chests and ensure that it is kept at adequate and optimum levels. Cash transactions are maintained in line with the bank's policies and stipulations of RBI.

#### 2. Regional Processing Centers

Bank operates Regional Processing Centers at Thrissur and Chennai, which help the branches in account opening, processing of various customer request related to their accounts with the bank. RPC - Chennai in additions undertakes cheque clearing.

#### 3. Central Processing Centre

Manages Electronic Payments & Settlements like RTGS, NEFT, NACH, DBT. The department facilitates timely opening of loan accounts. They also provide logistics for supply of cheque book, debit card etc.

#### 4. Depository Participant Operations

Bank is a depository participant of National Securities Depository Limited since last two decades. Bank handles Depository participant activities in compliance with SEBI Regulations, NSDL Bye Laws and NSDL Compliance and Operations Manuals. Insta Demat Account opening, bidding of IPO and right issue for the customers through BSE & NSE portals and Sovereign Gold Bonds related operations are also undertaken.

#### 5. Branch Banking Operations

To facilitate the smooth functioning of the branches, Circulars/ SOPs/Desk Cards / Learning series, etc are issued on need-to-need basis.

#### 6. Offsite Surveillance

Bank implemented an Offsite Surveillance System to implement an internal control system centrally to monitor the financial transactions on daily basis to analyse the exceptions and deviations. The Offsite Surveillance System also monitors other alerts and exceptions, in order to prevent and detect any type of abnormal activity carried out.

#### 7. Trade Finance Operations

Bank offers an array of Trade Finance products and services to exporters and importers through a well-equipped branch network that operates from 14 States and 2 Union Territories. The entire back-end trade finance operations are centralized. The objective is to ensure error free & TAT based processing of transactions.

#### 8. Customer Care Division

Our Bank's customer care centre functions, 24x7 with primary unit in Chennai and Business Continuity Management (BCM) unit in Thrissur. Customers can reach our customer care team for all their queries, requests and complaints related to our Bank's products and services by calling 044-42413000 / 1800 425 1747 or by mailing to [customercare@dhanbank.co.in](mailto:customercare@dhanbank.co.in). For the immediate processing of any fraudulent transactions, customers can reach the team by mailing to [support@dhanbank.co.in](mailto:support@dhanbank.co.in). All the basic facilities like account balance inquiry, account statement, cheque book requests, etc., are provided through automated IVR services also.

### Information Technology

Bank has made strides in enhancing its technology strategy with a strong emphasis on modernizing its core systems, redesigning customer experiences and forming collaborations, within various ecosystems. The volume of digital transactions of the Bank scaled to 88% of the total transactions.



Bank continues to invest in digital transformation, analytics and paper-less technologies to improve efficiency in internal and customer facing touch points.

Awards & Recognitions in Technology front:

- **“ET NOW Top 100 BFSI Tech Leaders 2025”** at ET Now Awards – Mumbai, March 2025.

Continuing our commitment to optimize business growth and delivering industry-leading services to our valued customers, the Bank has introduced a variety of technology products and services in the financial year 2024-25, as detailed below:

- Bank has integrated with eTax payment platform to make Direct Tax (Income Tax) payment for our customers. This facility is available to all Internet Banking users with transaction facility and also across the branches for walk-in customers.
- Launched new customer on-boarding application.
- Various enhancement in UPI system – UPI International, UPI Autopay, UPI Lite etc
- E-mandate enabled through Aadhaar/PAN /Customer ID
- Introduction of Online UPI Blocking Option: Through this online feature, customers can block the UPI facility by sending an SMS.
- Payments Beneficiary Name Lookup: A new feature has been introduced in Retail Net Banking, Mobile Banking Application and CBS screen to verify beneficiary details before initiating other bank fund transfers (NEFT/RTGS) by entering the account number and IFSC code. It helps to validate the beneficiary information.
- New Features implemented in RIB & MB (Android & iOS): RIB & MB platform has been enhanced with new features which includes - Home Loan Interest Certificate, Credit Card – Raise Auto Debit Register, Deposit Calculator (TD & RD), TDS Certificate, Subscription of E -Statement, Loan Repayment (Within Bank), Loan EMI Calculator, Cheque Book Details Inquiry.
- Introduction of Loan Repayment in Corporate Net Banking: Our Corporate customers can now repay Loan through Corporate Net Banking.
- Loan Repayment through UPI: Our customers can now repay their loan using the Loan Account Number and IFSC via any available UPI application, including BHIM DLB UPI / Dhan Smart and other third-party UPI apps.
- Implemented various security features in both Retail Internet Banking & Mobile Banking like beneficiary addition limit and transaction count limit.

### Alternate Channels

During the FY 2024-25, several key operational and technological initiatives were undertaken to optimize costs, enhance service delivery, and strengthen our digital payment infrastructure.

The Alternate Channels Department is responsible for the deployment, maintenance, and support of Automated Teller Machines (ATMs) and Cash Recycling Machines (CRMs). As on March 31, 2025, the Bank has deployed 282 ATMs/CRMs across the country. As part of the branch shifting exercise, seven ATMs were relocated to their respective new branch premises. This relocation ensured that customers continued to have uninterrupted access to cash withdrawal facilities at the most convenient locations aligned with branch operations. Additionally, six offsite ATMs were strategically closed and moved to onsite locations within branch premises. This decision was aimed at significantly reducing recurring rental, maintenance, and security costs associated with operating ATMs at external sites, while improving operational control. To further improve cost efficiency, the Cash Replenishment & Administration (CRA) handling of 28 ATMs was transferred to their respective branches. This decentralization allows branches to directly oversee ATM cash management, resulting in faster response times for replenishment and issue resolution, as well as reduced reliance on centralized vendor services.

On the technology front, the Debit Card Switching Platform was upgraded from SP02 to SP24 version. This upgrade enhances transaction processing speed, strengthens system security, and ensures compatibility with the latest payment industry standards, thereby improving the overall customer experience. During the financial year 2024–25, the bank recorded a total of 7,136,917 debit card transactions amounting to approximately ₹2,712 Crore.

In line with our focus on digital payments, 1,636 new Sound Box devices were installed at merchant outlets. These devices provide instant audio confirmation of successful transactions, boosting merchant confidence and reducing payment disputes. Alongside this, 428 new Point-of-Sale (POS) machines were deployed, expanding our merchant acquiring network and promoting cashless transactions.

Furthermore, the white-labelling of Payment Gateway services was implemented through partnerships with BillDesk and NTT Data. This initiative allows the bank to offer online payment solutions under its own brand, strengthening brand visibility, enhancing merchant trust, and creating new revenue opportunities in the e-commerce space.

The reconciliation process for all major digital banking channels, including UPI, IMPS, DCRS, and IBOPS, was successfully managed during the review period. This involved ensuring complete accuracy, settlement, and verification of high-volume transactions across platforms. In total, transactions amounting to over ₹40,000 Crore were reconciled, reflecting the robustness of our systems, the efficiency of our operations team, and our commitment to maintaining seamless and error-free digital payment services for customers.

Collectively, these initiatives demonstrate our commitment

to operational efficiency, technological advancement, and customer-centric service delivery.

### Credit Cards

Bank has its own credit card product branded as “**Dhan Namaste**” and is issuing globally valid Platinum VISA cards to its existing customers. To enhance the customer convenience, during the current fiscal, Bank has integrated Bharat Bill Payment System for the credit card bill payments to facilitate immediate credits of remittance. Bank has also introduced multiple billing date for customer convenience. Bank is now a PCI-DSS certified entity which ensures international security standards. Bank also extends value-added services like complimentary airport lounge access, additional reward points during festival seasons and attractive EMI options for our credit card customers.

### Information Security

The Information Security function plays a vital role in ensuring the Confidentiality, Integrity and Availability of our customer data. This responsibility is carried out by interacting with various committees and stakeholders and also by preparing plans, proposals, policies, procedures and guidelines. Education, Awareness and Promotion of Information Security initiatives across the bank are regularly done.

### During the Financial year 2024-25, Information Security following measures were implemented to strengthen our cybersecurity posture, including:

- Conducting regular Security Testing (Vulnerability assessments and Penetration testing) to identify and remediate potential security risks
- Implementing advanced security solutions to detect and prevent cyber threats
- Developing and conducting employee awareness programs to promote cybersecurity best practices
- Collaborating with law enforcement agencies to stay informed about the best practices to counter emerging cyber threats

As per the RBI guideline on Cyber Security Framework, Bank has formulated Cyber Security Policy, Information Security Policy, Digital Payment Security Policy, Business Continuity Policy, IT Outsourcing Policy and Cyber Crisis Management Plan, all of which are reviewed annually. The Bank has been implementing the guidelines from RBI on Cyber Security Framework. The Bank also conducts and participates in cyber security drills to continuously finetune its incident response mechanisms.

Bank has also established a robust incident response plan to ensure prompt and effective response to any security incidents. Endpoint Detection and Response (EDR) has been implemented to detect and react against the Ransom ware attacks. Our commitment to Information security is unwavering, and we will

continue to invest in our people, processes, and technology to ensure the security and trust of our customers’ assets.

Due to the advent of Digital Banking age, the approach of customers to avail banking services are changing at different scenarios. Presently, customers prefer to transact using the digital banking channels round the clock to perform their banking services. Diversified channels of banking like Internet banking, Mobile banking, ATM, POS pursue different types of frauds. Our Bank has implemented a Real time Fraud Monitoring mechanism to mitigate the fraud risk and reduce financial loss to bank by integrating all payment channels.

The Bank is certified with ISO/IEC 27001:2013, for Information Security Management System since 2019. This certification is the assurance that our Bank is in line with the cyber security standards. Bank has also been certified with PCI DSS which provides a commitment to the stakeholder’s on the security of sensitive cardholder data, such as credit/debit card numbers, expiration dates and security.

### Internal Audit

While the business continues to grow with the advent of emerging technology, evolving business models, dynamic regulatory environment, cyber security, data privacy and the changing needs of the customers, it is critical that a strong control framework is maintained across all functions of the Bank. Internal Audit function of the Bank plays a critical role in ensuring a strong control framework and provides vital assurance to Board and supervisors as to the quality of bank’s internal control mechanism. Internal Audit also ensures prompt reporting of Internal control deficiencies and effectiveness of risk management functions.

The Reserve Bank of India has brought about continuous changes in the Internal Audit framework so as to align it with international practices and to build robust controls to enhance governance, regulation and supervision. Bank has meticulously implemented the directives of the regulator. Internal audit function of the Bank has sufficient authority, stature, independence, thereby enabling internal auditors to carry out their assignments with objectivity. Adequate training has been provided to all internal auditors and audit staff at premium training institute such as NIBM, IIBF etc.

During FY 2024-25, 179 Branches and 7 Business Units of the Bank were covered under Risk Based Internal Audit (RBIA) by internal audit department. 57 Branches and 18 Business units were brought under concurrent audit coverage. Surprise inspections were conducted in all the Branches with a frequency of once in a quarter. Currency chest inspections were conducted on a bi-monthly basis.

The Information System Audit wing of the Bank strive for ensuring alignment of Bank’s Information Security and Information Technology Objectives with Corporate objectives with an aim to provide safe and secure Digital banking environment to all

stakeholders. During the FY 24-25, IS Audit was conducted for Data Centre, DR Site, Delivery channels, CBS and various critical applications. The officials of IS Audit wings were undergone periodic trainings to acquaint with the rapid changes in the technology and regulatory environment.

Irregularities observed in the various audits are first reviewed by the Audit Committee of Executives (ACE). Significant audit findings are reviewed by the Audit Committee of Board (ACB). The Audit Committee of the Board provides directions and advises the audit team on corrective actions. ACB also reviews the adequacy of the internal audit function, including the reports and frequency of audits, etc.

### **Vigilance Department**

Vigilance function of the Bank aims to attain high level of integrity in Systems and Procedure by creating Awareness and developing Commitment and Probity at all levels, contributing high standards of efficiency and professionalism. Vigilance function is responsible to ensure that public money is not misused by delinquent elements by using/misusing the loopholes in the systems and procedures.

Bank is having a well-defined and comprehensive Board approved Policy, being reviewed annually by the Board of the Bank. Bank is having a Whistle Blower policy with an objective to conduct the affairs of the Bank in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. 'Whistle Blower Policy' provides a mechanism for employees/ stakeholders to report the instances of corruption, misuse of Office, unethical behaviour, actual or suspected fraud or violation of the Bank's code of conduct, failure to comply with existing rules and regulations resulting in financial loss / operational risk, loss of reputation etc., detrimental to Depositors / Public Interest. The Department is responsible for conducting investigation, wherever necessary, based on the complaint/input from the Whistle Blowers'. This is in addition to the Protected Disclosure Scheme framed in tune with the RBI directions.

Bank sensitizes the officials about the need of a robust appraisal and effective credit monitoring mechanism during the entire cycle of the loan account and precaution to be taken while performing duties in day-to-day activities to avert the risk of fraud. Root Cause Analysis of Frauds reported are conducted and wherever system flaws/control weakness are identified, control measures are suggested.

Observance of Vigilance Awareness Week 2024.

In connection with the observance of Vigilance Awareness Week 2024, Bank had initiated various activities to create awareness among staff members as well as general Public. Our bank has started observing Vigilance Awareness Week by taking integrity pledge by all the staff members at Head office, Regional offices &

branches on 28.10.2024 and a Handbook on Preventive Vigilance namely "VIGIL-2024" was also released and copy of the Book was circulated among branches and controlling offices in order to handhold the staff members the need to promote concept of Vigilance in our Bank.

On 29.10.2024 we had successfully organised quiz Competition on knowledge series/fraud preventive mechanism and most of the staff members had shown their active participation and on 02.11.2024, Vigilance Dept. had conducted valedictory function on the theme "Culture of Integrity for Nation's prosperity" at our Corporate Office. The winners participated in the Quiz Competition were rewarded during the valedictory function.

On the last day of Vigilance Awareness Week, a walkathon was successfully conducted on 03.11.2024 at Thrissur Swaraj Round, there was an overwhelming participation from all the member Banks and more than 100 employees participated in the event. The main theme of the walkathon was creating awareness on cyber frauds among the general public. Staff members walked along with placards cautioning publics by displaying various cyber fraud alerts.

### **LEGAL**

Legal Department of the Bank inter-alia takes care of the following:

- ensure proper due diligence in documentation to augment the business of the Bank
- devise the ways and means to implement preventive legal measures in tune with the statutory provisions, regulatory prescriptions and judicial expositions
- minimize the legal risks in the decision-making process of the Bank and thus mitigating the legal and operational risks in a time bound manner
- follow up all litigations filed by and against the Bank through appropriate steps and continuous monitoring till its logical conclusion

The Bank has its credit a well-defined Legal Policy, which defines and support the functions of the Legal Department of the Bank.

The Bank is having a well-structured and defined Manual on Documentation to suit the loan products, updated from time to time, in tune with the statutory and regulatory changes.

Legal Dept. is capable of supporting the Bank to understand the legislative changes that may affect the operations and business.

### **KYC – "Know Your Customer" and AML – "Anti Money Laundering"**

Bank's Know Your Customer (KYC) and Anti-Money Laundering (AML) policies are aligned with the RBI Master Direction on KYC, Prevention of Money Laundering Act (PMLA), 2002, and the PMLA Rules issued by the Financial Intelligence Unit – India (FIU-IND). These regulations are broadly based on the recommendations

of the Financial Action Task Force (FATF), an intergovernmental body established by the G7 nations to formulate and promote measures to combat money laundering and terrorist financing.

The AML function within the Bank plays a critical role in safeguarding the integrity of the financial system by verifying customer identities and assessing financial activities to detect any anomalies that may be indicative of money laundering or other illicit financial conduct. This risk-based approach evaluates various factors, including transaction types, volumes, and patterns.

Bank has implemented a robust and automated AML solution capable of monitoring transactions in real time, analyzing behavioral patterns, and generating alerts for potentially suspicious activities. These alerts are reviewed and escalated as per regulatory norms. Dedicated transaction monitoring teams perform periodic reviews and ensure compliance with internal thresholds and regulatory reporting obligations.

By rigorously adhering to AML guidelines and maintaining vigilant transaction monitoring practices, the Bank ensures full compliance with the Prevention of Money Laundering Act and reinforces its commitment to preventing financial crimes and protecting the banking ecosystem.

### **Risk Management**

Bank has adopted an integrated approach for the management of risk. The Bank's risk management structure is overseen by the Board of Directors and the Risk Management Committee of the Board (RMCB) at the Board level. At the executive level, Bank has Asset Liability Management Committee (ALCO), Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC) and Market Risk Management Committee (MRMC) for Risk Management.

Bank has framed comprehensive risk management policies to manage various types of risks like ICAAP (Internal Capital Adequacy Assessment Process) Policy, Credit Risk Management Policy, Asset Liability Management Policy, Operational Risk Management Policy, Market Risk Management Policy and Integrated Risk Management Policy. The Stress testing Policy of the Bank was formulated to define different stress scenarios according to the RBI guidelines. The Bank has also developed various other risk Policies such as Stressed Industry Risk Management Policy, Fund Transfer Pricing Policy, Key Risk Indicator framework, Credit Pricing Policy and Risk Appetite Framework, etc., for better monitoring of Risk Management.

**Credit Risk:** The credit risk management aims at ensuring sustained growth of healthy credit portfolio. Exposure caps in terms of individual, group, industry / sector and segment level are defined to control risk concentrations and to ensure a fairly diversified spread of credit portfolio. Bank has developed comprehensive risk rating system that serves as a single point

indicator of diverse risk factors of counterparty and for taking credit decisions in a consistent manner. The Bank assesses the credit risk at the portfolio level as well as at the exposure or counterparty level. It has a robust credit risk management framework comprising of the three distinct building blocks namely Policy & Strategy, Organizational structure and Operations/ Systems.

Bank has a Board approved CRM Policy which deals with the various measures of Credit risks, goals to be achieved, current practices and future strategies.

The Credit Risk Management Committee of the Bank deals with issues relating to Credit Risk, which includes Rating standards and benchmarks, addressing issues in implementation of Rating, prudential limits on credit exposure, etc.

**Market Risk:** Market Risk is defined as the possibility of loss to a bank caused by changes in the market variables. Liquidity risk is the risk to a bank's earnings and capital arising from its inability to timely meet obligations when they come due without incurring unacceptable losses. The primary tool of monitoring liquidity is the mismatch/gap analysis, which is monitored over successive time bands on a static basis. Moreover, the funds readily available as a back stop to meet contingency situations are measured and analyzed on a continuous basis.

Interest Rate Risk is another major risk involved in market risk. It is the exposure of a bank to financial loss through movements in interest rates. The immediate impact of changes in interest rates is on bank's earnings due to change in Net Interest Income (NII) and long-term impact of changing interest rates is on bank's market value of equity (MVE) or Networth as the economic value of bank's assets, liabilities and off-balance sheet positions get affected due to variation in market interest rates. The Bank measures the impact on Economic Value of Equity (EVE) on a monthly basis using Duration Gap Analysis. Bank uses VaR limits in the trading portfolios to determine the potential loss on a 10 day holding period basis with a 99% confidence level.

ALCO plays an important role in deciding the business strategy of the Bank in line with the Bank's budget, Corporate Goals and risk tolerance levels decided by the Board having regard to the Capital Adequacy and Regulatory prescriptions. Bank has also a Market Risk Management Committee which is responsible for ensuring /adhering to the market risk limits set by the Board and plays a major role in devising the market risk strategy of the Bank.

**Operational Risk:** Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events. *It is impacted by numerous factors such as internal business processes, regulatory landscape, business growth, customer preferences, and even factors external to the organization. It is highly dynamic in nature where new and*



emerging forces such as breakthrough technologies, data availability, new business models, interaction with third parties, etc., continuously create new demands on Operational Risk Management Framework. The Bank has a comprehensive policy on Operational Risk Management to ensure that all the operational risks within the Bank are identified, monitored and reported in a structured manner and delivery of critical functions is ensured in the event of any disruption by strengthening Operational Resilience. The Operational Risk Management Committee consisting of the Bank's senior management including MD & CEO is responsible for the implementation of the Operational risk policy/strategy approved by the Board.

Bank had rolled out the Risk and Control Self-Assessment (RCSA) to pro-actively identify emerging risks at operational level for devising mitigants at source itself during 2010-11 and has been carrying out RCSAs in branches and other business functions. Collation of Loss Events is also being continued as a measure to move towards The Basel III Standardized Approach for capital calculation. Bank has also established a Key Risk Indicator Framework across the Bank which assists in identification, assessment, monitoring and mitigation of operational risk. Apart from these, in view of the emerging risks related to business continuity, interaction with business third parties, changing business models etc., Risk Assessments of various processes and products are carried out.

#### **Fraud Risk Management:**

Bank has deployed EFRM (Enterprise Fraud Risk Management) Solutions, covering all the Payment Channels viz; ATM/ POS, E-com, Internet Banking(RIB/CIB), Mobile Banking and UPI. The FRM cell has been monitoring all the alerted transactions through EFRM Solutions, and ascertain whether the transactions are genuine based on the Rule set. If the transaction is found suspicious, genuineness will be verified and if found fraudulent, the respective Channel will be blocked immediately.

FRM cell acts upon the cyber fraud complaints reported by our customers at our Bank, through our Customer Care or through Branches, or reported through National Cyber Crime Reporting Portal (NCCRP Portal by MHA) by analysing the complaint and taking the detailed RCA of the case reported. For the complaints reported through National Cyber Crime Reporting Portal (NCCRP Portal by MHA), the money moved details are immediately updated and escalated to the beneficiary Bank through the Portal. Further, escalating this to our Reconciliation Team for the redressal of the complaint, such as raising the charge back with the Beneficiary Bank/Merchants for refund process.

FRM Cell circulates Cyber Awareness information, as part of Cyber Jagarookta Diwas (Initiative by Ministry of Home Affairs). "Cyber Watch" is an internal own periodical, which is circulated among the workforce to give awareness on mitigating Cyber Financial Frauds, on weekly basis.

#### **Compliance**

Compliance function is the guardian to the rule books of the bank and regulator. It protects the Bank from taking excessive risks by ensuring that the business is within the regulatory parameters.

The Compliance Policy formulated by the Bank empowers the compliance function as an adequately enabled, strengthened and independent unit. The Policy reflects the Bank's commitment to maintaining high standards of regulatory compliance. It is reviewed periodically to ensure continued relevance and effectiveness. Necessary updates are made in line with the guidelines issued by the regulators from time to time.

The Compliance Manual which contains the compliance functions of each and every unit in the Bank serves as a guidance material for business units/offices. It is comprehensively updated to stay contemporary. The Bank has a well laid-down procedure and online mechanism to monitor the compliance functions. A network of compliance team is available for overseeing the compliance functions at various levels. Compliance Monitoring Officers have been nominated in all units to monitor the compliance functions and to develop a robust compliance culture in the Bank.

The Bank is focusing on employee education through circulars, frequent contact sessions, e-learning, online Tests, etc., to sensitize them on the need for a strong compliance culture and also striving to develop a robust/ dynamic compliance culture in the Bank. For all matters related to compliance, the Department is functioning as a focal point for regulators like RBI, SEBI, IRDAI, etc. The Compliance function has been further strengthened by implementation of various regulations across the Bank and proactive detection of any compliance lapses coupled with quick remediation. To ensure compliance with all regulatory aspects and robustness of the controls, the Department has strengthened the monitoring and conducted compliance testings. In addition, thematic reviews and internal assessments have been conducted to further strengthen internal controls. Further, the Bank has taken corrective steps in the areas of monetary penalties levied by Reserve Bank of India during the financial year.

#### **Human Resources**

##### **Employee Strength and Recruitment**

The Bank established consistent organizational growth during the fiscal year 2024-25, with our total employee strength reaching 1,756 personnel as of March 31, 2025, representing a significant increase from 1,686 employees recorded on March 31, 2024. This growth trajectory reflects our strategic expansion initiatives and commitment to strengthening our human capital foundation.

During the reporting period, the Bank successfully onboarded 135 new employees, demonstrating our continued investment in talent acquisition and organizational capacity building. This recruitment drive aligns with our strategic objectives of enhancing service delivery capabilities and supporting business expansion across all operational areas.

### Training and Professional Development

Bank's commitment to continuous learning and professional excellence remained firm throughout FY 2024-25. Bank implemented a comprehensive training agenda that covered 244 specialized programs, successfully trained 1,583 employees across various competency areas.

#### Key Training Focus Areas

The Bank's training initiatives were strategically designed to address critical operational requirements and regulatory compliance standards. Our specialized training programs emphasized the following priority areas:

- Credit Management and Risk Assessment: Enhancing lending practices and credit evaluation capabilities
- Information Security and Cyber Security: Strengthening digital security protocols and threat mitigation strategies
- Regulatory Compliance: Ensuring adherence to evolving banking regulations and industry standards
- Preventive Vigilance: Building proactive risk management and fraud prevention capabilities
- Know Your Customer (KYC) and Anti-Money Laundering: Reinforcing customer due diligence and compliance frameworks to adhere the regulatory guidelines
- Trade Finance Operations: Developing expertise in international banking and trade facilitation

- Sales and Customer Relationship Management: Enhancing business development and customer service skills
- Regulatory Guidelines Implementation: Ensuring seamless adoption of new regulatory mandates and best practices

### Strategic Impact

These human resource development initiatives underscore the Bank's dedication to maintain operational excellence while promoting a culture of continuous improvement and professional growth. Our investment in employee development directly contributes to enhanced service quality, regulatory compliance, and overall organizational effectiveness.

The comprehensive training approach ensures that our workforce remains well-equipped to navigate the evolving banking landscape while delivering superior value to our stakeholders and customers.

### Corporate Social Responsibility

The Bank is grateful to the society for the support and encouragement in the Bank's growth and development. The Bank believes that no organization can make sustainable development without the patronage from the society. The Bank is committed in the integration of social and environmental concerns in its business operations and also in the interactions with its stakeholders. The Bank shall continue to have among its objectives, the promotion and growth of the national economy and shall continue to be mindful of its social and moral responsibilities to customers, shareholders, employees and society. The Bank's CSR mission is to contribute to the social and economic development of the community.

# Report on Corporate Governance

(This Report is in terms of Regulation 34(3) read with part C of schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and forms part of the Directors' Report dated August 26, 2025)

The Corporate Governance philosophy of the Bank places strong emphasis on transparency, accountability and integrity in all the business activities of the Bank. The objective is to uphold transparency and integrity in all its operations, thereby optimizing shareholder value. The Bank believes that its business plans and strategies should be consistent with the above objective leading to sustained growth and long-term benefit to all. The Bank follows this principle meticulously in all its business dealings and decisions.

## 1. BOARD OF DIRECTORS

### Composition of Board

The composition of the Board of Directors of the Bank as on March 31, 2025, the category of each Director and the sector represented by them according to the Banking Regulation Act, 1949 are given below:

S. No.	Name of Director	Category of Director	Sector represented by the Director according to the Banking Regulation Act, 1949	Equity Shares held in the Bank	Directorship in other companies	Member of Committees of the Boards of other companies**
1	Sri K. N. Madhusoodanan	Chairman & Non-Executive Independent Director	Agriculture and Rural economy	3076285* (0.77% of the paid-up capital of the Bank)	Promoter & Managing Director of: - Mavanal Granites Private Limited - Mavanal Builders Private Limited - Vajra Sand and Granite Mining industries Private Limited - K N Madhusoodanan Contractors Private Limited	Nil
2	Sri Ajith Kumar K.K.	Managing Director & CEO	Banking & Agriculture and Rural Economy	Nil	Nil	NA
3	Sri P. Suriaraj	Executive Director	Banking	3000	Nil	NA
4	Sri G. Rajagopalan Nair	Non-Executive Independent Director	Information Technology	Nil	Nil	NA
5	Dr. Nirmala Padmanabhan	Non-Executive Independent Director	Economics	Nil	Director of: - BhuME Women's Collective Private Limited - Teresian Innovation and Business Incubation Council (a company registered under Section 8 of the Companies Act, 2013)	Nil

S. No.	Name of Director	Category of Director	Sector represented by the Director according to the Banking Regulation Act, 1949	Equity Shares held in the Bank	Directorship in other companies	Member of Committees of the Boards of other companies**
6	Ms. Vardhini Kalyanaraman	Non-Executive Independent Director	Accountancy	Nil	Nil	NA
7	Dr. Jineesh Nath C.K.	Non-Executive Director	Minority	29593200 (7.49% of the paid-up capital of the Bank)	Nil	NA
8	Sri Ashutosh Khajuria	Non-Executive Independent Director	Banking and Finance	Nil	Independent Director of: - Kriti Nutrients Limited, which is a listed public limited company - Clearcorp Dealing System (India) Limited which is a public limited company - SBI Mutual Fund Trustee Company Private Limited	Member of the Audit Committee of the Board of Kriti Nutrients Limited
9	Sri D.K. Kashyap	RBI Additional Director	NA	Nil	Nil	NA
10	Sri C. Nageswara Rao	RBI Additional Director	NA	Nil	Nil	NA

\*includes 933210 equity shares (0.23%) held by Mavanal Granites Private Limited, where Sri K.N. Madhusoodanan is the promoter as well as Managing Director

\*\*considering only Membership in Audit Committee of the Board & the Stakeholders' Relationship Committee across the other public limited companies where the Board Member of the Bank is a director

As on March 31, 2025, the Board of Directors of the Bank had 10 Directors comprising of the Chairman, Managing Director & CEO, Executive Director, 4 non-executive Independent Directors, one non-executive non independent Director and 2 Additional Directors appointed by the Reserve Bank of India under Section 36AB of the Banking Regulation Act, 1949. Our Chairman is also an Independent Non-Executive Director.

All the Directors have rich experience and specialized knowledge in various sectors like banking, agriculture and rural economy, economics, risk management, information technology, accountancy etc. The remuneration / sitting fees paid to the Directors during the year are disclosed in Report on Corporate Governance. Declarations have been taken from Independent Directors as required under the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and RBI guidelines. None of the Directors of the Bank are related inter-se, in terms of Section 2(77) of the Companies Act, 2013 and rules made thereunder.

There is no change in any of the above information from March 31, 2025 to the date of this Report.

Detailed profiles of all the Board Members are available on the Bank's website at <https://www.dhanbank.com/board-of-directors>.

### Board Meetings

A total of 17 Board Meetings were held during the financial year 2024-25 on 22.05.2024, 18.06.2024, 04.07.2024, 31.07.2024, 12.08.2024, 24.08.2024, 05.09.2024, 24.09.2024, 17.10.2024, 22.10.2024, 29.11.2024, 19.12.2024, 17.01.2025, 04.02.2025, 22.02.2025, 19.03.2025 and 22.03.2025.



The details of attendance of each Director at the Board meetings and at the last Annual General Meeting (AGM) held on September 30, 2024 are as follows:

Sl. No.	Name of Director	No. of Board Meetings		Attendance at last AGM
		Held during the Tenure	Attended	
1	Sri K.N. Madhusoodanan	17	17	Present
2	Sri Ajith Kumar K.K.*	15	15	Present
3	Sri P. Suriaraj**	4	4	NA
4	Sri G. Rajagopalan Nair	17	17	Present
5	Dr. Nirmala Padmanabhan	17	17	Present
6	Ms. Vardhini Kalyanaraman	17	17	Present
7	Dr. Jineesh Nath C. K	11	11	Present
8	Sri D.K Kashyap, RBI Additional Director	17	16	NA
9	Sri C. Nageswara Rao, RBI Additional Director	17	17	NA
10	Sri Ashutosh Khajuria	0	0	NA
11	Sri Shivan J.K.*	2	2	NA
12	Sri Sreesankar Radhakrishnan #	15	15	Present

\* Sri Ajith Kumar K.K. assumed charge as Managing Director & Chief Executive Officer of the Bank w.e.f. June 20, 2024 as the term of office of Sri Shivan J.K. as Managing Director & CEO of the Bank concluded on June 19, 2024.

\*\* Sri P. Suriaraj assumed charge as Executive Director of the Bank w.e.f. January 20, 2025.

# Sri Sreesankar Radhakrishnan resigned from the Board of the Bank w.e.f. March 03, 2025 due to personal reasons.

#### Change in Directors during the year 2024-2025

1. Sri Ajith Kumar K.K. took charge as Managing Director & CEO of the Bank for a period of three years with effect from June 20, 2024, subsequent to the approval of Reserve Bank of India, and the appointment was approved by the Shareholders of the Bank vide postal ballot on September 17, 2024.
2. The term of office of Shri Shivan J.K. as Managing Director & CEO of the Bank concluded on June 19, 2024.
3. Dr. Jineesh Nath C.K. was appointed as Additional Director on the Board of the Bank w.e.f. July 31, 2024 and appointed as Non-Independent Director liable to retire by rotation by the Shareholders at the 97th Annual General Meeting (AGM) of the Bank held on September 30, 2024. The Board of Directors of the Bank has placed the proposal for re-appointment of Dr. Jineesh Nath C.K. as Non-Independent Director liable to retire by rotation for approval of the Shareholders at the 98th Annual General Meeting (AGM) of the Bank to be held on Monday, September 29, 2025.
4. The term of office of Sri D.K. Kashyap was extended by Reserve Bank of India for a further period of two years from September 28, 2024 to September 27, 2026 or till further orders, whichever is earlier.
5. Sri P. Suriaraj took charge as Executive Director of the Bank for a period of three years with effect from January 20, 2025, subsequent to the approval of Reserve Bank of India, and the appointment was approved by the Shareholders of the Bank in the Extra-Ordinary General Meeting of the Bank held on March 18, 2025.
6. Sri Ashutosh Khajuria was appointed as Director (Non-Executive Independent) on the Board of the Bank w.e.f. March 22, 2025 and his appointment as Independent Director for a period of 5 years w.e.f. March 22, 2025 was approved by the Shareholders of the Bank vide postal ballot on June 16, 2025.
7. Sri Sreesankar Radhakrishnan, who was an Independent Director, resigned from the Board of the Bank w.e.f. March 03, 2025 due to personal reasons. Sri Sreesankar Radhakrishnan has vide e-mail dated March 10, 2025 confirmed to the Bank that there are no material reasons for resignation other than his pre occupation with his current professional assignments which required more attention and time from him. The letter of resignation tendered by Sri Sreesankar Radhakrishnan and the subsequent confirmation were shared by the Bank promptly to the Stock Exchanges for dissemination to the public.

**Position of Directors in the various Committees of the Board of the Bank as on March 31, 2025**

S. No.	Name of Director	Chairman	Member
1	Sri K.N. Madhusoodanan	<ul style="list-style-type: none"> <li>Special Committee of the Board for Monitoring and Follow-up of cases of Frauds</li> <li>Stakeholders' Relationship Committee</li> <li>Customer Service Committee</li> </ul>	<ul style="list-style-type: none"> <li>NPA Monitoring Committee</li> <li>Corporate Social Responsibility Committee</li> <li>Redressal Committee on Willful Defaulters &amp; Review Committee on Non-Cooperative Borrowers</li> </ul>
2	Sri Ajith Kumar K. K.	<ul style="list-style-type: none"> <li>Redressal Committee on Willful Defaulters &amp; Review Committee on Non-Cooperative Borrowers</li> </ul>	<ul style="list-style-type: none"> <li>Credit &amp; Business Committee of Board</li> <li>HRD Committee</li> <li>Special Committee of the Board for Monitoring and Follow-up of cases of Frauds</li> <li>NPA Monitoring Committee</li> <li>Risk Management Committee</li> <li>Stakeholders' Relationship Committee</li> <li>Corporate Social Responsibility Committee</li> <li>Customer Service Committee</li> <li>IT Strategy Committee</li> </ul>
3	Sri P. Suriaraj		<ul style="list-style-type: none"> <li>Credit &amp; Business Committee of Board</li> <li>Stakeholders' Relationship Committee</li> <li>Corporate Social Responsibility Committee</li> <li>Customer Service Committee</li> <li>Redressal Committee on Willful Defaulters &amp; Review Committee on Non-Cooperative Borrowers</li> </ul>
4	Sri G. Rajagopalan Nair	<ul style="list-style-type: none"> <li>Credit &amp; Business Committee of Board</li> <li>NPA Monitoring Committee</li> <li>IT Strategy Committee</li> </ul>	<ul style="list-style-type: none"> <li>Audit Committee</li> <li>HRD Committee</li> <li>Special Committee of the Board for Monitoring and Follow-up of cases of Frauds</li> <li>Risk Management Committee</li> <li>Nomination &amp; Remuneration Committee</li> </ul>
5	Dr. Nirmala Padmanabhan	<ul style="list-style-type: none"> <li>Corporate Social Responsibility Committee</li> <li>HRD Committee</li> <li>Nomination &amp; Remuneration Committee</li> </ul>	<ul style="list-style-type: none"> <li>Credit &amp; Business Committee of Board</li> <li>Risk Management Committee</li> <li>Customer Service Committee</li> <li>IT Strategy Committee</li> </ul>
6	Ms. Vardhini Kalyanaraman	<ul style="list-style-type: none"> <li>Risk Management Committee</li> </ul>	<ul style="list-style-type: none"> <li>Audit Committee</li> <li>Special Committee of the Board for Monitoring and Follow-up of cases of Frauds</li> <li>NPA Monitoring Committee</li> <li>Stakeholders' Relationship Committee</li> <li>IT Strategy Committee</li> <li>Redressal Committee on Willful Defaulters &amp; Review Committee on Non-Cooperative Borrowers</li> </ul>
7	Dr. Jineesh Nath C. K.	---	<ul style="list-style-type: none"> <li>Audit Committee</li> <li>Credit &amp; Business Committee of Board</li> <li>HRD Committee</li> <li>NPA Monitoring Committee</li> <li>Stakeholders' Relationship Committee</li> <li>Corporate Social Responsibility Committee</li> <li>Customer Service Committee</li> <li>Nomination &amp; Remuneration Committee</li> </ul>
8	Sri D.K. Kashyap, RBI Additional Director	---	<ul style="list-style-type: none"> <li>Audit Committee</li> </ul>
9	Sri C. Nageswara Rao, RBI Additional Director	---	<ul style="list-style-type: none"> <li>Audit Committee</li> </ul>
10	Sri Ashutosh Khajuria	---	---

**Position of Directors in the various Committees of the Board of the Bank as on the date of this Report**

S. No.	Name of Director	Chairman	Member
1	Sri K.N. Madhusoodanan	<ul style="list-style-type: none"> <li>Special Committee of the Board for Monitoring and Follow-up of cases of Frauds</li> <li>Customer Service Committee</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Social Responsibility Committee</li> <li>Nomination &amp; Remuneration Committee</li> <li>Redressal Committee on Willful Defaulters &amp; Review Committee on Non-Cooperative Borrowers</li> </ul>
2	Sri Ajith Kumar K. K.	<ul style="list-style-type: none"> <li>Redressal Committee on Willful Defaulters &amp; Review Committee on Non-Cooperative Borrowers</li> </ul>	<ul style="list-style-type: none"> <li>Credit &amp; Business Committee of Board</li> <li>HRD Committee</li> <li>Special Committee of the Board for Monitoring and Follow-up of cases of Frauds</li> <li>NPA Monitoring Committee</li> <li>Risk Management Committee</li> <li>Stakeholders' Relationship Committee</li> <li>Corporate Social Responsibility Committee</li> <li>Customer Service Committee</li> <li>IT Strategy Committee</li> </ul>
3	Sri P. Suriaraj		<ul style="list-style-type: none"> <li>Credit &amp; Business Committee of Board</li> <li>Stakeholders' Relationship Committee</li> <li>Corporate Social Responsibility Committee</li> <li>Customer Service Committee</li> <li>Redressal Committee on Willful Defaulters &amp; Review Committee on Non-Cooperative Borrowers</li> </ul>
4	Sri G. Rajagopalan Nair	<ul style="list-style-type: none"> <li>Credit &amp; Business Committee of Board</li> <li>IT Strategy Committee</li> </ul>	<ul style="list-style-type: none"> <li>Audit Committee</li> <li>HRD Committee</li> <li>NPA Monitoring Committee</li> <li>Risk Management Committee</li> <li>Nomination &amp; Remuneration Committee</li> </ul>
5	Dr. Nirmala Padmanabhan	<ul style="list-style-type: none"> <li>Corporate Social Responsibility Committee</li> <li>Nomination &amp; Remuneration Committee</li> </ul>	<ul style="list-style-type: none"> <li>Credit &amp; Business Committee of Board</li> <li>HRD Committee</li> <li>Special Committee of the Board for Monitoring and Follow-up of cases of Frauds</li> <li>Risk Management Committee</li> <li>IT Strategy Committee</li> </ul>
6	Ms. Vardhini Kalyanaraman	<ul style="list-style-type: none"> <li>Audit Committee</li> </ul>	<ul style="list-style-type: none"> <li>Special Committee of the Board for Monitoring and Follow-up of cases of Frauds</li> <li>Risk Management Committee</li> <li>Stakeholders' Relationship Committee</li> <li>IT Strategy Committee</li> <li>Nomination &amp; Remuneration Committee</li> <li>Redressal Committee on Willful Defaulters &amp; Review Committee on Non-Cooperative Borrowers</li> </ul>
7	Dr. Jineesh Nath C.K.	<ul style="list-style-type: none"> <li>HRD Committee</li> <li>NPA Monitoring Committee</li> <li>Stakeholders' Relationship Committee</li> </ul>	<ul style="list-style-type: none"> <li>Audit Committee</li> <li>Credit &amp; Business Committee of Board</li> <li>IT Strategy Committee</li> <li>Nomination &amp; Remuneration Committee</li> </ul>
8	Sri Ashutosh Khajuria	<ul style="list-style-type: none"> <li>Risk Management Committee</li> </ul>	<ul style="list-style-type: none"> <li>Credit &amp; Business Committee of Board</li> <li>HRD Committee</li> <li>Special Committee of the Board for Monitoring and Follow-up of cases of Frauds</li> <li>NPA Monitoring Committee</li> <li>Customer Service Committee</li> <li>Nomination &amp; Remuneration Committee</li> </ul>
9	Sri D.K. Kashyap, RBI Additional Director		<ul style="list-style-type: none"> <li>Audit Committee</li> </ul>
10	Sri C. Nageswara Rao, RBI Additional Director		<ul style="list-style-type: none"> <li>Audit Committee</li> </ul>



As on March 31, 2025, Sri Ashutosh Khajuria also holds directorship in the following listed/public limited companies:

- M/s. Kriti Nutrients Limited, where he is also a Member of the Audit Committee of the Board
- M/s. Clearing Corporation of India Limited

No other Director of the Bank holds directorship in any other listed/public limited company.

None of the Directors is a member of more than ten Committees or Chairperson of more than five Committees across all listed companies in which he is a director, as required under Regulation 26 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. For the purpose of determination of this limit, chairpersonship and membership of Audit Committee and Stakeholders' Relationship Committee is only taken into account.

There is no change in any of the above information from March 31, 2025 to the date of this Report.

### **Skills / Expertise / Competence of Board of Directors**

The Bank is regulated by the provisions of the Banking Regulation Act, 1949 besides the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013. In terms of Section 10A(2)(a) of the Banking Regulation Act, 1949, not less than fifty-one per cent of the total number of members of the Board of Directors shall consist of persons who shall have special knowledge or practical experience in respect of one or more of certain areas / sectors as specified in the said Act. The Board of Directors of the Bank is guided by the provisions of aforesaid regulations and the business requirements as and when any new Directors are appointed on the Board. The Bank has identified the skills/expertise/competencies as required to be possessed by its Board, in the context of its businesses and the sectors, for it to function effectively. The details of the skills/expertise/competencies possessed by the Directors, *inter-alia* in terms of Section 10A(2)(a) of the Banking Regulation Act, 1949, are as follows:

S. No	Name of Director	Skills/expertise/competencies
1	Sri K.N. Madhusoodanan	Agriculture and Rural economy
2	Sri Ajith Kumar K.K.	Banking & Agriculture and Rural Economy
3	Sri P. Suriaraj	Banking
4	Sri G. Rajagopalan Nair	Information Technology & Risk Management
5	Dr. Nirmala Padmanabhan	Economics
6	Ms. Vardhini Kalyanaraman	Accountancy
7	Sri Ashutosh Khajuria	"Banking" and "Finance"

## **2. COMMITTEES OF BOARD**

The Board has constituted various Committees of the Board in accordance with the provisions of Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Banking Regulation Act, 1949, RBI guidelines and other applicable regulations to take informed decisions in the best interests of the Bank. These Committees monitor the activities falling within their terms of reference. The terms of reference of these Committees and composition of the Committees as on March 31, 2025 and the number / dates of meetings of various Committees in the financial year 2024-25 along with the attendance of the Directors in such meetings are detailed below.

### **(A) Audit Committee**

The Board of the Bank had constituted Audit Committee with 5 Members (including RBI Additional Directors). All the Members of the Committee are non-executive Directors.

#### **(i) Composition of the Committee as on March 31, 2025\***

- Sri G. Rajagopalan Nair, Member of the Committee
- Ms. Vardhini Kalyanaraman, Member of the Committee
- Sri Jineesh Nath C.K., Member of the Committee
- Sri D.K. Kashyap, Member of the Committee
- Sri C. Nageswara Rao, Member of the Committee

\*As Sri Sreesankar Radhakrishnan, who was the Chair of the Committee, had resigned from the Board on March 03, 2025, the Committee did not have a permanent Chairperson till May 09, 2025, when Ms. Vardhini Kalyanaraman was appointed by the Board as the Chairperson of the Committee.

## **(ii) Terms of reference**

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board the appointment, reappointment, and if required, the replacement or removal of the statutory auditor and the fixation of audit fee;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing with management the annual financial statements before submission to the Board for approval with particular reference to:
  - a) Matters required to be included in the Directors Responsibility Statement to be included in the Board's report in terms of clause(C) of Sub-section 3 of section 134 of the Companies Act 2013;
  - b) Changes if any in accounting policies and practices and reasons for the same;
  - c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - d) Significant adjustment made in the financial statement arising out of audit findings;
  - e) Compliance with listing and other legal requirements relating to the financial statements;
  - f) Disclosure of any related party transactions;
  - g) Qualifications in the draft audit report.
5. Reviewing with the management the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditors independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing the performance of the statutory and internal auditors and adequacy of the internal control system with the management;
13. Reviewing the adequacy of internal audit function if any including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors regarding any significant findings and follow-up thereon;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before audit commences about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern and following up all the issues brought out in the Long Form Audit Report (LFAR) and interacting with the Statutory Auditors before finalization of the annual financial accounts and reports;
17. Following up on all the issues / concerns raised in the Annual Financial Inspection (AFI) reports of Reserve Bank of India;
18. To look into the reasons for substantial defaults in the payments to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividends) and creditors;
19. To review the function of whistle blower mechanism in case the same exists;
20. Monitoring the end use of funds raised through public offers and related matters;
21. Recommending / approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
22. Reviewing the Risk Based Internal Audit (RBIA) / audit function – the system, its quality and effectiveness in terms of follow up;
23. Reviewing the RBIA reports of all branches (First Review) and final review of branches having High, Medium and above Risk level with "Increasing" trend;

24. Review of Revenue leakage detected in RBIA / Revenue / Concurrent Audit;
25. Focusing on the follow-up of:
  - a) Reconciliation of inter-branch adjustment accounts;
  - b) Long outstanding entries in inter-bank accounts and nostro accounts;
  - c) Arrears in balancing of books at various branches;
  - d) Frauds;
  - e) Other key areas of housekeeping.
26. Reviewing half yearly reports from the Compliance Officers of the Bank;
27. Review of Concurrent Audit of Depository Department;
28. Review of dishonoured cheques of ₹1 Crore and above and cheques issued by broker entities;
29. Review of forex transactions;
30. Review of Concurrent audit of Integrated Treasury and branches (quarterly);
31. Summary of Risk Control Self-Assessment (RCSA) of functions/branches done together with open and closed issues;
32. Monthly review of the working of the Vigilance department;
33. Quarterly report on the activity of the Inspection department;
34. Review of the functioning of the meetings of Audit Committee of Executives;
35. Review of reports of inspection of Regional Offices;
36. Quarterly/Annual review of frauds.

**(iii) Number of Meetings during the year**

The Committee met 10 times during the year on 22.05.2024, 22.07.2024, 01.08.2024, 12.08.2024, 17.10.2024, 12.11.2024, 25.11.2024, 13.12.2024, 04.02.2025 and 05.03.2025.

**(iv) Details of attendance of each Director at the meetings**

S. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Sri G. Rajagopalan Nair	10	10
2	Sri D.K. Kashyap	10	8
3	Ms. Vardhini Kalyanaraman	10	10
4	Sri C. Nageswara Rao	10	10
5	Dr. Jineesh Nath C.K. (inducted to committee w.e.f. 27.09.2024)	6	6
6	Sri Sreesankar Radhakrishnan (Ceased to be on the Board w.e.f. 03.03.2025)	9	9

**(B) Credit & Business Committee of Board**

**(i) Composition of the Committee as on March 31, 2025**

- Sri G. Rajagopalan Nair, Chairperson of the Committee
- Sri Ajith Kumar K.K., Member of the Committee
- Sri P. Suriaraj, Member of the Committee
- Dr. Nirmala Padmanabhan, Member of the Committee
- Dr. Jineesh Nath C.K., Member of the Committee

**(ii) Terms of reference**

1. Consider for approval financial sanctions in individual accounts and group entities beyond the sanctioning powers of Corporate Credit Committee-1 and upto ₹100 Crore;
2. Consider recording of sanctions of Corporate Credit Committee-1;
3. Approve / review strategies / plans for business growth;



4. Review performance of regions / branches on key business parameters;
5. Review details of top 20 depositors;
6. Any other item as may be decided by the Board / Committee from time to time

**(iii) Number of Meetings during the year**

The Committee met 11 times on 06.05.2024, 13.06.2024, 28.06.2024, 30.07.2024, 25.09.2024, 12.12.2024, 25.01.2025, 11.02.2025, 24.02.2025, 15.03.2025 and 25.03.2025 during the year.

**(iv) Details of attendance of each Director at the meetings**

S. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Sri G. Rajagopalan Nair, Chairperson of the Committee	11	11
2	Sri Ajith Kumar K.K. (inducted to committee w.e.f. 20.06.2024)	9	9
3	Sri P. Suriaraj (inducted to committee w.e.f. 20.01.2025)	5	5
4	Dr. Nirmala Padmanabhan	11	11
5	Dr. Jineesh Nath C.K. (inducted to committee w.e.f. 27.09.2024)	6	6
6	Sri Shivan J.K. (Ceased to be on the Board w.e.f. 19.06.2024)	2	2

**(C) Nomination & Remuneration Committee**

**(i) Composition of the Committee as on March 31, 2025**

- Dr. Nirmala Padmanabhan, Chairperson of the Committee
- Sri G. Rajagopalan Nair, Member of the Committee
- Dr. Jineesh Nath C.K., Member of the Committee

**(ii) Terms of reference**

1. Recommending to the Board for its consideration and approval on the size and composition of the Board taking into account the available and needed diversity and balance in terms of experience, knowledge, skills and judgment of the Directors;
2. Reviewing, from time to time, possible candidates for current and potential Board vacancies, including Directors who are to retire and are eligible for re-appointment or re-election and other persons who may be recommended by the Chairman or the MD&CEO or other Directors, shareholders or others;
3. Recommending to the Board, candidates for election (including reelection) or appointment (including reappointment) to the Board;
4. Carrying out evaluation of every Director's performance;
5. Deciding on the matter of whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
6. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal; formulation of the criteria for determining qualifications, positive attributes and Independence of a Director;
7. Devising a policy on diversity of Board of Directors;
8. Recommending to the Board a policy relating to the remuneration for the Directors, key managerial personnel and other employees;
9. Formulating and determining the Bank's policies on remuneration packages payable to the Directors and key managerial personnel including performance/achievement bonus perquisites, retires, sitting fees;
10. Considering grant of Stock Options to employees;
11. Reviewing the composition of the existing Committees of the Board;
12. Formulation of criteria for performance evaluation of independent directors and the Board;
13. Validation of "fit and proper" status of all Directors on the Board of the Bank in terms of the guidelines issued by the RBI or other regulatory authorities;

14. Developing and recommending to the Board the Corporate Governance guidelines applicable to the Bank for incorporating best practices from time to time.

**(iii) Number of Meetings during the year**

The Committee met 13 times on 06.05.2024, 18.06.2024, 28.06.2024, 02.07.2024, 23.08.2024, 13.09.2024, 01.10.2024, 25.10.2024, 25.11.2024, 17.01.2025, 06.03.2025, 21.03.2025 and 25.03.2025 during the year.

**(iv) Details of attendance of each Director at the meetings**

S. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Dr. Nirmala Padmanabhan, Chairperson of the Committee	13	13
2	Sri G. Rajagopalan Nair	13	13
3	Dr. Jineesh Nath C.K. (inducted to committee w.e.f. 27.09.2024)	7	7
4	Sri Sreesankar Radhakrishnan (Ceased to be on the Board w.e.f. 03.03.2025)	10	10

**(v) Performance Evaluation of Independent Directors**

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the performance evaluation of the Board as a whole, the individual Directors including independent Directors and various Committees of the Board are undertaken annually. The evaluation of the individual Directors is being done in the absence of the Director being evaluated.

The criteria for performance evaluation of independent Directors include, *inter-alia*, the following:

- Attendance at Board and various Committee meetings and General meetings of the Bank;
- Active/constructive participation and contribution in Board and Committee meetings;
- Contribution to effective corporate governance and transparency in the Bank's operations;
- Regular updation of skills/knowledge;
- Contributions towards the performance and strategies of the Bank;
- Ensuring independence from the Bank/Management/other Directors;
- Adherence to the code of conduct for independent Directors and the terms and conditions in the letter of appointment;
- Assisting the Bank in protecting the interest of the Bank and all its stakeholders;

The Board also hereby confirms that the Independent Directors of the Bank fulfill the conditions specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, and are independent of the Management. Pursuant to the notification of the Ministry of Corporate Affairs dated October 22, 2019, an online data bank for the independent directors ("Data Bank") has been rolled out by the Indian Institute of Corporate Affairs. All the Independent Directors of the Bank have registered themselves in the Data Bank.

**(D) Risk Management Committee**

**(i) Composition of the Committee as on March 31, 2025**

- Ms. Vardhini Kalyanaraman, Chairperson of the Committee
- Sri Ajith Kumar K.K., Member of the Committee
- Sri G. Rajagopalan Nair, Member of the Committee
- Dr. Nirmala Padmanabhan, Member of the Committee

**(ii) Terms of reference**

Review the risk management framework and risk appetite of the Bank, examine the adequacy and effectiveness of the risk management policy, and ensure appropriate / adequate reporting to the Board with recommendations where required by:

1. Overseeing the development and implementation of the risk management strategy and practices by the Bank and assess the effectiveness thereof;

2. Overseeing the implementation of Risk Management guidelines prescribed by the Reserve Bank of India;
3. Ensure that the Bank has an appropriate and effective mechanism to identify, measure, control and monitor all applicable risks on a timely basis and as accurately as feasible;
4. Call for appropriate data / information to confirm the risk assessments of the past or projections for the future including development of any key performance or risk tolerance indicators;
5. Ensure that the risk management policy in force is in tune with regulatory requirements, corporate governance standards, emerging new risks and industry best practices;
6. Review major breaches in policy;
7. Appraise uncovered / residual risks to the Board;
8. Assess the capacity of the Bank to withstand major 'shocks', financial or otherwise, caused by market forces, regulatory directives, environment, any other external factors or internal upheavals;
9. Call for any studies, information, data or analyses in matters pertaining to management of risk from the officers of the Bank, issue orders for investigation on any risk related subject including constitution of any sub-committee for such purpose and seek the opinions or reports of independent experts/professionals were considered desirable or essential;
10. Review the reports of discussions of the Risk Management Committees of Executives including Asset Liability Management Committee (ALCO), Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC) and Risk Management Committee of Executives (RMCE);
11. Review of credit rating migration analysis done by the Bank;
12. Reviewing the quarterly reports on loss data collection;
13. Review of Country Risk Exposure of the Bank.

**(iii) Number of Meetings during the year**

The Committee met 6 times during the year on 11.06.2024, 27.06.2024, 24.08.2024, 25.09.2024, 19.12.2024 and 06.03.2025.

**(iv) Details of attendance of each Director at the meetings**

S. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Ms. Vardhini Kalyanaraman, Chairperson of the Committee	6	6
2	Sri Ajith Kumar K.K. (inducted to committee w.e.f. 20.06.2024)	5	5
3	Sri G. Rajagopalan Nair	6	6
4	Dr. Nirmala Padmanabhan	6	6
5	Sri Sreesankar Radhakrishnan (Ceased to be on the Board w.e.f. 03.03.2025)	5	5
6	Sri Shivan J.K. (Ceased to be on the Board w.e.f. 19.06.2024)	1	1

**(E) NPA Monitoring Committee**

**(i) Composition of the Committee as on March 31, 2025**

- Dr. Jineesh Nath C.K., Chairman of the Committee
- Sri Ajith Kumar K.K., Member of the Committee
- Sri K.N. Madhusoodanan, Member of the Committee
- Sri G. Rajagopalan Nair, Member of the Committee
- Ms. Vardhini Kalyanaraman, Member of the Committee

**(ii) Terms of reference**

1. Overview of the NPA management in the Bank;
2. Review top SMA-1 / SMA-2 and NPA accounts and suggesting steps for recovery.

**(iii) Number of Meetings during the year**

The Committee met 5 times during the year on 30.07.2024, 31.08.2024, 25.09.2024, 12.12.2024 and 18.03.2025.

**(iv) Details of attendance of each Director at the meetings**

S. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Dr. Jineesh Nath C.K., Chairman of the Committee (inducted to committee w.e.f. 27.09.2024)	2	2
2	Sri Ajith Kumar K.K. (inducted to committee w.e.f. 20.06.2024)	5	5
3	Sri G. Rajagopalan Nair	5	5
4	Sri K.N. Madhusoodanan	5	5
5	Sri Vardhini Kalyanaraman	5	5
6	Sri Sreesankar Radhakrishnan (Ceased to be on the Board w.e.f. 03.03.2025)	4	4

**(F) Special Committee of the Board for Monitoring and Follow-up of cases of Frauds (Previously known as Large Value Fraud Monitoring Committee)**

**(i) Composition of the Committee as on March 31, 2025**

- Sri K.N. Madhusoodanan, Chairperson of the Committee
- Sri Ajith Kumar K.K., Member of the Committee
- Sri G. Rajagopalan Nair, Member of the Committee
- Ms. Vardhini Kalyanaraman, Member of the Committee

**(ii) Terms of reference**

Monitor and review all the frauds of ₹1 Crore and above so as to:

1. Identify the systemic lacunae if any that facilitated perpetration of the fraud and put in place measures to plug the same;
2. Identify the reasons for delay in detection, if any, reporting to top management of the Bank and Reserve Bank of India;
3. Monitor progress of CBI/Police investigation and recovery position;
4. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time;
5. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls;
6. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds

**(iii) Number of Meetings during the year**

The Committee met 4 times during the year on 30.07.2024, 25.09.2024, 12.11.2024 and 18.03.2025.

**(iv) Details of attendance of each Director at the meetings**

S. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Sri K.N. Madhusoodanan, Chairperson of the Committee	4	4
2	Sri Ajith Kumar K.K. (inducted to committee w.e.f. 20.06.2024)	4	4
3	Sri G. Rajagopalan Nair	4	4
4	Ms. Vardhini Kalyanaraman	4	4
5	Sri Sreesankar Radhakrishnan (Ceased to be on the Board w.e.f. 03.03.2025)	3	3



**(G) Stakeholders' Relationship Committee****(i) Composition of the Committee as on March 31, 2025**

- Sri K.N. Madhusoodanan, Chairperson of the Committee
- Sri Ajith Kumar K.K., Member of the Committee
- Sri P. Suriaraj, Member of the Committee
- Ms. Vardhini Kalyanaraman, Member of the Committee
- Dr. Jineesh Nath C.K., Member of the Committee

**(ii) Terms of reference**

1. Monitor investor complaints/grievances;
2. Ensure quick redressal of investor complaints associated with transfer/ transmission of shares, non-receipt of Annual Reports, non-receipt of declared dividends and issued dividend warrants;
3. Consider and resolve the grievances of security holders of the Bank including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
4. Review measures taken for effective exercise of voting rights by shareholders;
5. Review adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent;
6. Review various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders

**(iii) Number of Meetings during the year**

The Committee met 4 times during the year on 27.06.2024, 24.09.2024, 13.12.2024 and 18.03.2025.

**(iv) Details of attendance of each Director at the meetings**

S. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Sri K.N. Madhusoodanan, Chairperson of the Committee	4	4
2	Sri Ajith Kumar K.K. (inducted to committee w.e.f. 20.06.2024)	4	4
3	Sri P. Suriaraj (inducted to committee w.e.f. 20.01.2025)	1	1
4	Ms. Vardhini Kalyanaraman	4	4
5	Dr. Jineesh Nath C.K. (inducted to committee w.e.f. 27.09.2024)	2	2

**(v) Number of investor complaints received and attended to by the Bank during the year**

Sl. No.	Nature of complaint	No. of complaints pending as on 01.04.2024	No. of complaints received	No. of complaints resolved	No. of complaints pending as on 31.03.2025
1	Transfer related Complaints	0	0	0	0
2	Dividend related Complaints	0	0	0	0
3	Others	0	1	1	0
	Total	0	0	0	0

There are no investor complaints pending as on the date of this Report in SEBI Complaints Redress System (SCORES).

**(H) Customer Service Committee****(i) Composition of the Committee as on March 31, 2025**

- Sri K.N. Madhusoodanan, Chairperson of the Committee

- Sri Ajith Kumar K.K., Member of the Committee
- Sri P. Suriaraj, Member of the Committee
- Dr. Nirmala Padmanabhan, Member of the Committee
- Dr. Jineesh Nath C.K., Member of the Committee

**(ii) Terms of reference**

1. Formulation of a comprehensive deposit policy;
2. Issues such as the treatment of death of a depositor for operations of his account;
3. Product approval process with a view to suitability and appropriateness;
4. Annual survey of depositor satisfaction;
5. Tri-ennial audit of such services;
6. Monitor the progress in bringing about improvements in the quality of service provided to customers of the Bank;
7. Monitor periodically the customer service measures and new initiatives implemented by the Bank;
8. Review the implementation of guidelines and procedures prescribed by Reserve Bank of India that have a bearing on customer service of the Bank and make suitable recommendations;
9. Examine any other issues having a bearing on the quality of customer service rendered.

**(iii) Number of Meetings during the year**

The Committee met 2 times during the year on 27.06.2024 and 12.12.2024.

**(iv) Details of attendance of each Director at the meetings**

Sl. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Sri K.N. Madhusoodanan, Chairperson of the Committee	2	2
2	Sri Ajith Kumar K.K. (inducted to committee w.e.f. 20.06.2024)	2	2
3	Dr. Nirmala Padmanabhan	2	2
4	Dr. Jineesh Nath C.K. (inducted to committee w.e.f. 27.09.2024)	1	1
5	Sri Sreesankar Radhakrishnan (Ceased to be on the Board w.e.f. 03.03.2025)	2	2
6	Sri P. Suriaraj (inducted to committee w.e.f. 20.01.2025)	0	0

**(I) Corporate Social Responsibility Committee**

**(i) Composition of the Committee as on March 31, 2025**

- Dr. Nirmala Padmanabhan, Chairperson of the Committee
- Sri Ajith Kumar K.K., Member of the Committee
- Sri P. Suriaraj, Member of the Committee
- Sri K.N. Madhusoodanan, Member of the Committee
- Dr. Jineesh Nath C.K., Member of the Committee

**(ii) Terms of reference**

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013;
2. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
3. Monitor the implementation of the Corporate Social Responsibility Policy;
4. Review the Corporate Social Responsibility Policy of the Bank from time to time.

**(iii) Number of Meetings during the year**

The Committee met during the year on 18.03.2025.

(iv) Details of attendance of each Director at the meetings

S. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Dr. Nirmala Padmanabhan, Chairperson of the Committee	1	1
2	Sri Ajith Kumar K.K. (inducted to committee w.e.f. 20.06.2024)	1	1
3	Sri K.N. Madhusoodanan	1	1
4	Sri P. Suriaraj (inducted to committee w.e.f. 20.01.2025)	1	1
5	Dr. Jineesh Nath C.K. (inducted to committee w.e.f. 27.09.2024)	1	1

(J) Redressal Committee on Willful Defaulters & Review Committee on Non-cooperative Borrowers

(i) Composition of the Committee as on March 31, 2025

- Sri Ajith Kumar K.K., Chairperson of the Committee
- Sri K.N. Madhusoodanan, Member of the Committee
- Sri P. Suriaraj, Member of the Committee
- Ms. Vardhini Kalyanaraman, Member of the Committee

(ii) Terms of reference

1. Review the willful defaulters, negotiate with them for settlement;
2. Review of the decision of Committee of higher functionaries to classify the borrower as non-cooperative borrower and confirm the same, as required.

(iii) Number of Meetings during the year

The Committee did not meet during the year.

(K) HRD Committee

(i) Composition of the Committee as on March 31, 2025

- Dr. Nirmala Padmanabhan, Chairperson of the Committee
- Sri Ajith Kumar K.K., Member of the Committee
- Sri G. Rajagopalan Nair, Member of the Committee
- Dr. Jineesh Nath C.K., Member of the Committee

(ii) Terms of reference

1. Oversee the overall manpower planning of the Bank;
2. Approve budgets for HR planning and other HR related issues;
3. Recruitment for and promotions to Scale VI and above.

(iii) Number of Meetings during the year

The Committee met 8 times during the year on 06.05.2024, 26.06.2024, 18.07.2024, 13.09.2024, 25.10.2024, 04.02.2025, 21.02.2025 and 15.03.2025.

(iv) Details of attendance of each Director at the meetings

S. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Dr. Nirmala Padmanabhan, Chairperson of the Committee	8	8
2	Sri Ajith Kumar K.K. (inducted to committee w.e.f. 20.06.2024)	7	7
3	Sri Rajagopalan Nair	8	8
4	Dr. Jineesh Nath C.K.	4	4
5	Sri Shivan J.K. (Ceased to be on the Board w.e.f. 19.06.2024)	1	1

## (L) IT Strategy Committee of the Board

### (i) Composition of the Committee as on March 31, 2025

- Sri G. Rajagopalan Nair, Chairperson of the Committee
- Sri Ajith Kumar K.K., Member of the Committee
- Dr. Nirmala Padmanabhan, Member of the Committee
- Ms. Vardhini Kalyanaraman, Member of the Committee

### (ii) Terms of reference

1. Review IT Strategy and recommend necessary action / changes, if any, to the Board;
2. Review IT organizational structure, IT risks & controls, gap analysis of IT skills and resource augmentation and recommend necessary action to the Board;
3. Review the cyber security and preparedness of the Bank;
4. Review IT related budgets and recommend the same to the Board for approval;
5. Review the status of unmitigated, critical vulnerabilities, if any, for each department / division and review mitigation plans / vulnerability reports;
6. Recommend to the Board for purchase of any IT-related hardware / software;
7. Examine other IT-related issues in the Bank and recommend necessary action to the Board.

### (iii) Number of Meetings during the year

The Committee met 7 times during the year on 09.04.2024, 30.04.2024, 30.07.2024, 24.09.2024, 12.12.2024, 04.02.2025 and 06.03.2025.

### (iv) Details of attendance of each Director at the meetings

S. No.	Name of the Director	Number of Meetings	
		Held during the tenure	Attended
1	Sri G. Rajagopalan Nair, Chairperson of the Committee	7	7
2	Dr. Ajith Kumar K.K. (inducted to committee w.e.f. 20.06.2024)	5	5
3	Dr. Nirmala Padmanabhan	7	7
4	Ms. Vardhini Kalyanaraman	7	6
5	Sri Shivan J.K. (Ceased to be on the Board w.e.f. 19.06.2024)	2	2

## 3. SEPARATE MEETING OF INDEPENDENT DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors of the Bank was held on March 18, 2025. All the Independent Directors of the Bank attended the meeting.

The agenda for the meeting included:

- a) Reviewing the performance of non-independent directors and the Board as a whole;
- b) Review the performance of the Chairperson of the Bank, taking into account the views of executive and non-executive directors;
- c) Assess the quality, quantity and timeliness of flow of information between the Bank management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## 4. SENIOR MANAGEMENT

The particulars of Senior Management of the Bank as on March 31, 2025 are as follows:

EMPLOYEE NAME	SCALE	POSITION
Sri John Varughese	General Manager	Head - IT & Digital Banking
Sri Santoy John	General Manager	Chief Compliance Officer



EMPLOYEE NAME	SCALE	POSITION
Sri Balasubramanian R.	General Manager	Head - Treasury
Sri Santhosh Kumar R.	General Manager	Chief Credit Officer
Sri Binoy B.S.	Deputy General Manager	Head – Internal Audit
Sri Satheesan V.	Deputy General Manager	Head – Legal & Head-Recovery
Sri Balasubramanian A.D.	Deputy General Manager	Chief Vigilance Officer
Sri Rajan Sleeba	Deputy General Manager	Head – Human Resources
Sri Rajesh P.	Deputy General Manager	Head – Operations
Ms. Kavitha T.A.	Deputy General Manager	Chief Financial Officer
Sri Abhilash R.	Deputy General Manager	Chief Risk Officer
Sri Bijukumar P.H.	Deputy General Manager	Head – Business Development (Assets, Liabilities & Planning)
Sri Sunil Kumar A.	Assistant General Manager	AGM – Infrastructure
Sri Abhiram Unni M.	Assistant General Manager	Head – Credit Administration & Monitoring
Sri Ranjith P.	Assistant General Manager	Chief Information Security Officer
Sri Venkatesh H.	Assistant General Manager	Company Secretary & Secretary to the Board

Changes in Senior Management during the financial year 2024-25 were as follows:

- Sri Balasubramanian R. took charge as Head - Treasury of the Bank w.e.f. December 04, 2024 in place of Sri Arvind Kanagasabai who resigned on account of personal reasons.
- Sri Santhosh Kumar R. took charge as Chief Credit Officer in place of Sri Suresh M. Nair whose tenure got completed on March 31, 2025.
- Sri Surendran A. V., Deputy General Manager retired from the services of the Bank on attaining superannuation on May 31, 2024.
- Sri Raghunath R., Assistant General Manager – Business Development & Planning took charge as Regional Head of Hyderabad Region on September 01, 2024.
- Sri Bijukumar P.H. took charge as Head – Business Development & Planning w.e.f. 26.08.2024. He was promoted to the Scale of Deputy General Manager w.e.f. October 01, 2024.
- Sri Santoy John was promoted to the Scale of General Manager w.e.f. October 01, 2024.
- Ms. Kavitha T. A. was promoted to the Scale of Deputy General Manager w.e.f. October 01, 2024.
- Sri Abhilash R. was promoted to the Scale of Deputy General Manager w.e.f. October 01, 2024.
- Sri Rajesh P. was promoted to the Scale of Deputy General Manager w.e.f. October 01, 2024.

Changes in Senior Management of the Bank during the FY 2025-26 from April 01, 2025 to the date of the report.

- Sri Satheesan V was appointed as Head - Internal Audit w.e.f. April 15, 2025. He was promoted to the Scale of General Manager w.e.f. May 09, 2025
- Sri Binoy B.S., Deputy General Manager took charge as Head – Business Development (Liabilities) w.e.f. 21.04.2025.
- Sri Ranjith P. was promoted to the Scale of Deputy General Manager w.e.f. April 01, 2025.
- Sri Sunny George, Deputy General Manager took charge as Head – Operations on April 30, 2025.
- Sri Rajesh P., Deputy General Manager took charge as Head – Credit Administration & Monitoring on April 30, 2025.
- Sri Suresh Kumar P.V., Assistant General Manager took charge as Head – Legal on April 21, 2025.
- Sri Sunil K., Assistant General Manager took charge as Head – Recovery on April 21, 2025.

## 5. DISCLOSURE OF CERTAIN TYPES OF AGREEMENTS BINDING LISTED ENTITIES

There are no agreements to be disclosed as per the provisions of clause 5A of paragraph A of Part A of Schedule III of the SEBI regulations.

## 6. REMUNERATION POLICY

### (A) Remuneration Policy for Employees of the Bank

The Bank has a Board approved Compensation Policy which deals with the compensation & benefits of the Employees of the Bank and Whole-time Directors.

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

### (B) Remuneration Policy for Directors

#### Remuneration of Executive Directors

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

#### Remuneration of Non-Executive Directors (NEDs)

The NEDs are paid sitting fees for attending each meeting of the Board of Directors or any Committee thereof as approved by the Board, within the permissible limit prescribed under the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other regulatory guidelines, as amended from time to time. The Board while recommending any change in the sitting fees considers various factors like size and complexity of organization, comparison with the peer banks and regulatory guidelines as applicable. Apart from sitting fees, the Bank does not pay any other remuneration to the non-executive Directors.

#### Remuneration paid to Directors during the year ended March 31, 2025

1. Remuneration (including perquisites) of ₹51,26,133 was paid to Sri Ajith Kumar K.K., Managing Director & CEO, ₹7,00,000 was paid to Sri P. Suriaraj, Executive Director and of ₹15,21,600 was paid to Sri Shivan J.K., former Managing Director & CEO during the financial year 2024-25.
2. The sitting fees payable to a non-executive Director for attendance at a Board / Committee Meeting attended by him / her shall be such amount as may be fixed by the Board of Directors in accordance with the provisions of the Companies Act, 2013, the Banking Regulation Act, 1949, RBI guidelines and other applicable rules and regulations. The sitting fees for attending the Meeting of each Board and each Committee is ₹40000/- and ₹30000/- respectively. The total sitting fee paid by the Bank during the financial year 2024-25 was as follows:

Sl. No.	Name of Director	Total Amount of Sitting Fees paid during the year ended March 31, 2025(₹)
1	Sri K.N. Madhusoodanan	1310000
2	Sri G. Rajagopalan Nair	2750000
3	Dr. Nirmala Padmanabhan	2270000
4	Ms. Vardhini Kalyanaraman	1880000
5	Dr. Jineesh Nath C.K.	1310000
6	Sri Sreesankar Radhakrishnan	1710000
<b>Total</b>		<b>11230000</b>

The Remuneration Policy of the Bank is hosted on the website of the Bank <https://www.dhanbank.com/pdf/Nomination-and-Remuneration-Policy-8.0.pdf> .

**7. INFORMATION ON DIRECTOR PROPOSED TO BE APPOINTED / RE-APPOINTED AT THE 98th ANNUAL GENERAL MEETING (REGULATION 36 (3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)**

**Dr. Jineesh Nath C.K.**

Date of Birth and age	December 19, 1985; 39 years
Qualifications	Post graduate in Oral and Maxillofacial Surgery
Brief Resume, Experience and Nature of expertise in specific functional areas	Dr. Jineesh Nath C.K. is a doctor by profession with specialization in Facio Maxillary Surgery, currently practicing in Moulana Hospital, Perinathalmanna. He has done his post-graduation in Oral and Maxillofacial surgery from Amrita University. He is also a Major shareholder of the Bank and holds 29593200 shares of the Bank (7.49%) as on date.
Terms and conditions of appointment/re-appointment along with details of remuneration	Dr. Jineesh Nath C.K. will be entitled to sitting fees for attending Board / Committee Meetings.
Details of Remuneration last drawn	13,10,000/-
Date of first appointment on Board	July 31, 2024
Shareholding in the Bank as on the date of this Notice	29593200 shares of the Bank (7.49%)
Relationship with other Directors, Manager and Key Managerial Personnel of the Bank	Nil
Number of Board Meetings attended during 2024-25	11
Chairman / Member of Committees of Board of Directors of the Bank as on the date of this Notice	Chairman  HRD Committee NPA Monitoring Committee Stakeholders' Relationship Committee  Member Audit Committee of the Board Credit & Business Committee of the Board IT Strategy Committee of the Board Nomination & Remuneration Committee of the Board
Directorship in other entities	Nil
Membership / Chairmanship of Committees of Boards of other listed companies as on the date of this Notice	Nil

**8. DETAILS OF LAST THREE ANNUAL GENERAL MEETINGS**

Name of Meeting	Day, Date & Time	Venue	Special Resolutions passed at the Meeting	Additional Remarks
97 <sup>th</sup> Annual General Meeting	30.09.2024, 11.00 A.M.	Through Video Conferencing	No Special Resolutions were included in the Notice of the Meeting	Nil
96 <sup>th</sup> Annual General Meeting	30.09.2023, 11.00 A.M.	Through Video Conferencing	1. To approve the Alteration of Articles of Association of the Bank 2. To Increase the Authorized Share Capital and consequent alteration to the Memorandum of Association & Articles of Association of the Bank	Nil

Name of Meeting	Day, Date & Time	Venue	Special Resolutions passed at the Meeting	Additional Remarks
95 <sup>th</sup> Annual General Meeting	30.12.2022, 11.00 A.M	Through Video Conferencing	<ol style="list-style-type: none"> <li>1. Appointment of Sri K.N. Madhusoodanan as Independent Director of the Bank</li> <li>2. Appointment of Sri Sreesankar Radhakrishnan as Independent Director of the Bank</li> <li>3. Appointment of Dr. Nirmala Padmanabhan as Independent Director of the Bank</li> <li>4. Appointment of Sri Sridhar Kalyanasundaram as Independent Director of the Bank</li> <li>5. To authorize the Board of Directors of the Bank to issue redeemable secured/unsecured non-convertible debentures (NCDs)</li> </ol>	Nil

#### 9. DETAILS OF EXTRA-ORDINARY GENERAL MEETINGS HELD DURING FY 2024-25

Name of Meeting	Day, Date & Time	Venue	Special Resolutions passed at the Meeting	Additional Remarks
Extra-Ordinary General Meeting	18.03.2025, 11.00A.M	Through Video Conferencing	<ol style="list-style-type: none"> <li>1. Appointment of Shri P. Suriaraj (DIN - 10901432) as Executive Director of the Bank</li> <li>2. To Authorize the Board of Directors of the Bank to Issue Redeemable Secured/ Unsecured Non-Convertible Debentures (NCDs)</li> </ol>	Nil

#### 10. POSTAL BALLOT

During the financial year 2024-25, the following special resolution was passed through postal ballot:

##### 1. Appointment of Shri Ajith Kumar K.K. (Din: 08504660) As Managing Director and Chief Executive Officer Of The Bank And To Approve His Terms And Conditions Of Appointment Including Remuneration

In compliance with the provisions of Section 108 and Section 110 and other applicable provisions of the Act read with the relevant Rules, for the postal ballot conducted during the FY 2024-25, the Bank had provided remote e-voting facility to all the Members. The Bank engaged the services of M/s. KFin Technologies Limited, Registrar and Share Transfer Agents (RTA) of the Bank for facilitating e-voting to enable the Members to cast their votes electronically. The Board of Directors had appointed Mr. V. Suresh, Senior Partner, M/s. V. Suresh Associates, Practising Company Secretaries (FCS 2969/ CP 6032), to act as the Scrutinizer for Postal Ballot process.

The details of the postal ballot are as below:

Pursuant to the provisions of Section 110 of the Act read with Rule 22 of Companies (Management and Administration) Rules, 2014 (Management Rules), as amended, the Bank had issued Postal Ballot Notice dated August 12, 2024 to the Members, seeking their consent for a Special Resolution for the appointment of Shri Ajith Kumar K.K. (Din: 08504660) as Managing Director and Chief Executive Officer of the Bank and to approve his terms and conditions of appointment including remuneration.

The voting period commenced on Monday, August 19, 2024 at 9:00 A.M. (IST) and ended on Tuesday, September 17, 2024 at 5:00 P.M. (IST). The cut-off date for the purpose of determining the number of Members was Friday, August 09, 2024 and the total number of Members as on cut-off date was 191529.



On September 17, 2024, after 05.00 P.M. the votes cast by the Shareholders through e-voting were unblocked in the presence of two witnesses not in the employment of the Bank by the Scrutinizer. Thereafter, the Scrutinizer's Report on the postal ballot voting was submitted to the Chairperson through the Company Secretary on September 17, 2024. The results of the voting through Postal Ballot by remote e-voting were as follows:

(i) Voted in favour of the resolution:

Number of Members voted	Number of votes cast by them	% of total number of valid votes cast
626	58911626	99.93%

(ii) Voted against the resolution:

Number of Members voted	Number of votes cast by them	% of total number of valid votes cast
58	38437	0.07

(iii) Abstained votes:

Total number of abstained members	Number of votes
16	9026

Accordingly, out of 58950063 valid votes cast through e-voting, 58911626 votes, constituting 99.93% of the votes polled, were cast assenting to the Special Resolution and 38437 votes constituting 0.07% of the votes polled, were cast dissenting to the Special Resolution.

The voting results were immediately placed to the Board of Directors of the Bank and disseminated to the Stock Exchanges and on the websites of the Bank as well as M/s. KFin Technologies Limited as per the regulatory provisions. The special resolution set out in the said Postal Ballot Notice was approved by the Members with requisite majority. The resolution was deemed to be passed on the last date specified for e-voting i.e. Tuesday, September 17, 2024. The procedure undertaken for aforesaid postal ballot was in accordance with the applicable laws and regulations.

As on the date of this Report, there is no proposal before the Bank which may require the approval of Shareholders through Postal Ballot. The Bank may consider passing resolutions including special resolutions through Postal Ballot as and when required.

## 11. CAPITAL MARKET ACTIVITIES DURING FY 2024-25

During the financial year 2024-25, the Bank undertook the following fund-raising activities aimed at building up its financial strength, improving regulatory compliance, and supporting future growth strategies. These initiatives underscore the Bank's commitment to disciplined capital management and proactive stakeholder engagement:

### Rights Issue

The Bank successfully concluded a Rights Issue, thereby raising ₹297.54 Crore through the allotment of 14,16,86,767 equity shares. Offered at ₹21 per equity share, the issue provided eligible shareholders an entitlement of 14 shares for every 25 held as on the record date, i.e., December 27, 2024. The Rights Issue was open from January 8 to January 28, 2025, and it received an enthusiastic response from investors, resulting in a massive oversubscription of 1.64 times of upto ₹487.96 Crore. The primary objective of this capital-raising initiative was to enhance the Bank's Tier-I capital and to finance its future growth plans, particularly in lending and investment activities.

The Summary, Schedule and Terms of the Issue were as follows:

Rights Equity Shares offered by the Bank	Up to 14,16,86,767 Rights Equity Shares
Rights Entitlement for the Rights Equity Shares	14 Rights Equity Share for every 25 Equity Shares held on the Record Date
Record Date	Friday, December 27, 2024
Face Value per Equity Share	₹10 each
Issue Price	₹ 21.00 per Rights Equity Share (including a premium of ₹11.00 per Rights Equity Share)
Issue Size	Up to ₹297.54 Crore

ISIN for Equity Shares	ISIN for Equity Shares: INE680A01011 BSE Code: 532180 NSE Code: DHANBANK
ISIN for Rights Entitlements	INE680A20011
Last Date for Credit of Rights Entitlements	Tuesday, January 7, 2025
Issue Opening Date	Wednesday, January 8, 2025
Last Date for On Market Renunciation of Rights Entitlements	Thursday, January 23, 2025
Issue Closing Date	Tuesday, January 28, 2025
Date of Allotment	Tuesday, February 4, 2025
Listing Approval Received for the Issued Shares on	Wednesday, February 5, 2025 (BSE Ltd.) Thursday, February 6, 2025 (NSE Ltd.)
Trading Approval Received on	Monday, February 10, 2025
Lead manager to the Issue	BOB Capital Markets Limited, Mumbai
Legal Advisor to the Bank as to Indian Law	M/s. Crawford Bayley & Co., Mumbai
Banker to the Issue	Axis Bank Limited
Registrar to the Issue	KFIN Technologies Limited, Hyderabad

#### Redemption of Series XV Lower Tier II Bonds

The Bank completed the full redemption of its Series XV Basel III compliant subordinated Lower Tier II Bonds (ISIN: INE680A08081) on March 29, 2025, which was the scheduled maturity date.

Total Redemption Amount	₹153.978 Crore (including Interest of ₹3.978 Crore)
Quantity Redeemed	1,500 Lower Tier II Bonds (in the nature of Debentures)
Outstanding Post-Redemption	Nil
Reason for Redemption	Maturity

#### Issue of Tier II Bonds

The shareholders of the Bank had, at the Extraordinary General Meeting held on March 18, 2025, approved the resolution authorizing the Board of Directors to issue Redeemable Secured and/or Unsecured Non-Convertible Debentures (NCDs), including but not limited to subordinated debentures, bonds, Basel III compliant Tier 2 Bonds, and other eligible debt securities, up to an aggregate limit of ₹300 Crore, in one or more tranches, within a period of one year from the date of approval of the resolution.

Subsequently, the Bank issued and allotted 150 redeemable, non-convertible unsecured debentures (Basel III compliant Tier II Bonds) (ISIN: INE680A08099) aggregating to ₹150 Crore on private placement basis. The proceeds of the issue will be utilized by the Bank for its regular business activities and for augmenting Tier 2 Capital and over all capital for strengthening its capital adequacy and for enhancing its long-term resources.

The Summary, Schedule and Terms of the Issue were as follows:

Face Value per Bond	₹1 Crore
Coupon Rate	10.50% p.a.
Tenure of Bonds	10 years
Date of Allotment	April 7, 2025
Maturity Date	April 6, 2035 (with a call option exercisable at the option of the Bank on the end of 5 years from the date of allotment)
Interest Schedule	Annually on April 07 every year
Listing/Trading Approval Received on	April 10, 2025 (NSE India Limited)
Trustees to the Issue	Axis Trustee Services Limited, Mumbai
Registrar to the Issue	KFIN Technologies Limited, Hyderabad
Credit Rating Agency for the Debentures	ICRA Limited

## 12. DISCLOSURES

### (A) MD & CEO / CFO Certification

The Managing Director & CEO and the Chief Financial Officer have issued certificate pursuant to the provisions of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Bank's affairs. The said certificate is annexed and forms part of the Annual Report.

### (B) Related Party Transactions

The Bank has adopted the "Policy on materiality of related party transactions and dealing with related party transactions" in accordance with the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy is hosted on the website of the Bank at <https://www.dhanbank.com/pdf/Policy-Materiality-Related-Party-Transactions-Dealing-Related-Party-Transactions-8.0.pdf>.

During the financial year, the Bank did not enter into any related party transactions with its Directors or Key Managerial Personnel or their Relatives that would potentially conflict with and/ or adversely affect the interests of the Bank. In accordance with the circular issued by Reserve Bank of India on "Disclosure in Financial Statements – 'Notes to Accounts' dated July1, 2015 – Para 4.5 Accounting Standard 18 – Related Party Disclosures", the remuneration paid to Managing Director & CEO and the Executive Director alone qualifies for classification as Related Party Transaction, for which the Bank has taken due approvals of the Reserve Bank of India and the Shareholders of the Bank. Further, there was no related party transaction for which Form AOC-2 was applicable.

### (C) Disclosure of Accounting Treatment

In the preparation of financial statements for the year ended March 31, 2025, there has been no treatment different from that prescribed in the Accounting Standard that is being followed in the preceding financial year ended March 31, 2024.

### (D) Internal Control Systems

#### Insider Trading Code

The Bank has adopted a "[Code of Conduct to Regulate, Monitor and Report Trading by Insiders](#)" and "Code of practices and procedures of Unpublished Price sensitive Information" in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and Companies Act, 2013 with a view to regulate trading in securities by the Directors and designated employees of the Bank. The Code requires pre-clearance for dealing in the Bank's shares beyond threshold limits. Further, it prohibits the purchase or sale of Bank shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Bank and during the period when the Trading Window is closed. The Directors and designated employees of the Bank have affirmed compliance with the Codes. The Codes are hosted on the website of the Bank at <https://www.dhanbank.com/pdf/code-regulate-monitor-report-trading-insiders-8.0.pdf> and <https://www.dhanbank.com/pdf/Code-of-Practices-and-procedures-for-fair-disclosure-of-UPSI-8.0.pdf>.

#### Code of Conduct

The Board of Directors has framed the "[Code of Conduct for Directors and Senior Management](#)", as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Corporate Governance. The confirmation from the Managing Director & CEO regarding compliance with the Code by all the Directors and Senior Management forms part of the Report. The Code is hosted on the website of the Bank at <https://www.dhanbank.com/pdf/Corp-Gov-code-of-conduct-Direct-Senior-Management-8.0.pdf>.

#### Whistle Blower Policy

The Bank has formulated a Whistle Blower Policy with a view to provide a mechanism for any person/employees of the Bank to report to the Chief Vigilance Officer/ Chairman of the Audit Committee of the Board (ACB), in case they observe any unethical and improper practices or any other alleged wrongful conduct in the Bank. The Bank will keep the identity of the complainant/ customer/other person (whistle bower) secret. All the disclosures reported under this policy will be thoroughly investigated by the Chief Vigilance Officer/ Chairman of the Audit Committee of the Board. The investigation is to be normally completed within 180 days of receipt of the protected disclosure. The Policy is hosted on the website of the Bank at <https://www.dhanbank.com/pdf/Whistle-Blower-Policy-Version-7.0-2024.pdf>. It is affirmed that no personnel have been denied access to the Audit Committee.

### **Familiarization Programmes**

The Bank conducts various sessions to familiarize Directors, including independent Directors, with their roles, rights, responsibilities in the Bank, nature of the banking industry, business position of the Bank, business model, risk management system and technology architecture of the Bank. The following training programs were attended by the Members of the Bank's Board:

- Training Programmes for the Directors on the Board's Legal Environment: Duties, Responsibilities & Liabilities of a Director, Corporate Governance vis-à-vis Liabilities and Corporate Strategy conducted on March 20, 2025

The details of familiarization programmes are displayed on the website of the Bank [https://www.dhanbank.com/pdf/trainingprograms\\_directors-24-25.pdf](https://www.dhanbank.com/pdf/trainingprograms_directors-24-25.pdf).

### **Information supplied to the Board**

The Board is regularly presented with all information under the following heads, in accordance with the provisions of Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Banking Regulation Act, 1949, RBI guidelines and other statutory provisions, whenever applicable and materially significant. These are submitted either as a part of the agenda papers well in advance of the Board/Committee Meetings or are tabled in course of the Board/Committee Meetings.

Besides, all periodical returns and statements as prescribed by RBI are placed before the Board. All the policy documents relating to different aspects of Bank's functioning are also placed before the Board for their approval.

Among others, the following information is also furnished to the Board:

1. Review of annual operating plans of business, capital budgets, updates;
2. Quarterly results of the Bank and its operating divisions or business segments;
3. Minutes of meetings of Audit Committee and all other Committees;
4. Any materially relevant default in financial obligations to and by the Bank;
5. Significant developments in human resources and industrial relations fronts;
6. Non-compliance of any regulatory or statutory provision or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer;
7. Materially important show cause, demand, prosecution and penalty notices.

The Bank has adhered to all the mandatory requirements of Corporate Governance norms as prescribed by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable to the Bank.

### **(E) Utilization of funds raised through Preferential Allotment or Qualified Institutions Placement**

During the FY 2024-25, no funds were raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of Listing Regulations.

### **(F) Recommendations of Committee(s) of the Board of Directors**

During the FY 2024-25, all recommendations of Committee(s) of the Board of Directors, which are mandatorily required, were accepted by the Board.

### **(G) Strictures and Penalties**

During the last three years, there were no penalties or strictures imposed on the Bank by the Stock exchanges(s) and/or SEBI and/or any other statutory authorities on matters relating to capital market. There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Bank or the future operations of the Bank.

### **(H) Fees paid to Statutory Auditors**

A total fee of ₹50,00,000 (Rupees Fifty Lakh only) plus applicable taxes was paid to the present Statutory Central Auditors M/s Sagar & Associates and M/s. Abraham & Jose for Audit, Certification, Quarterly Review and Tax Audit for the FY 2024-25. The travelling and out-of-pocket expenses related to the audit/review were additionally reimbursed on actual basis.

### **(I) Credit Ratings**

During the FY 2024-25, the Bank had outstanding debt instruments (Lower Tier-II Bonds) of ₹150 Crore which were redeemed on



29.03.2025 on maturity. The credit ratings on the said debt instruments of the Bank were reaffirmed as CARE BB + (Outlook: Stable) from CARE Ratings Limited.

Further, the Bank later issued new debt instruments (Lower Tier-II Bonds) of ₹150 Crore which were allotted on 07.04.2025. The credit ratings on the new debt instruments of the Bank were affirmed as ICRA BBB - (Outlook: Stable) from ICRA Limited.

#### **(J) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities**

The Foreign Exchange Risk arising out of Forex positions of the Bank is monitored by the Treasury Mid Office, which is part of Integrated Risk Management Department (IRMD). Various risk limits such as Daylight Limit, NOOPL, AGL and Forex VAR are defined in the Market Risk Management Policy of the Bank and are closely monitored by IRMD. The Treasury Management Policy of the Bank with respect to Investment, Forex and Derivative operations lays out the operative guidelines for Foreign Exchange operations. The Foreign Currency Assets and Liability gap is ascertained by Treasury Department and is managed using hedging tools such as swaps, wherever found necessary. The Bank is not involved in Commodity Price Risk hedging activities.

#### **(K) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Bank has zero tolerance approach towards any action on the part of any executive / employee which may fall under the ambit of "Sexual Harassment" at work place, and is fully committed to uphold and maintain the dignity of woman staff working in the Bank. The policy provides for protection against sexual harassment of women at work place, prevention and redressal of such complaints. All the employees (permanent, contractual, temporary, trainees) are covered under this policy. The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Number of complaints pending at the beginning of the financial year - 0

Number of complaints filed during the financial year - 1

Number of complaints pending at the end of the financial year – 0

#### **(L) Subsidiary Companies**

The Bank does not have any subsidiary companies and therefore disclosures w.r.t. 'material' subsidiary are not applicable.

### **13. MEANS OF COMMUNICATION**

The unaudited/audited quarterly/half yearly/annual financial results of the Bank are forwarded to the BSE Ltd. and National Stock Exchange of India Ltd. immediately after the Board meeting. The same were also published in leading national and vernacular newspapers. The results, Annual Report and Notice of Annual General Meeting are displayed on the Bank's website at <https://www.dhanbank.com/statutory-reports/> under the heads "Financial Results", "Annual Reports" and "98th Annual General Meeting" respectively.

Documents like Notices, Annual Report etc. are sent to the shareholders at their email address, as registered with their Depository Participants/ Bank/ Registrar and Transfer Agent (RTA). This helps in prompt delivery of document, reduce paper consumption and avoid loss of documents in transit. Members who have not yet registered their email id (including those who wish to change their already registered email id) may get the same registered/updated either with their depositories or by writing to the Bank/ RTA.

The Bank has disclosed on its website all information as required under Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) and other applicable rules and regulations.

All compliances like Financial Results, Shareholding Pattern and Corporate Governance Report, etc. are filed electronically on NEAPS/ BSE Listing centre, which are the platforms provided by NSE and BSE for online filing of information.

Further, the Securities Exchange Board of India (SEBI) has the SEBI online complaints redressal system (SCORES) to process investor complaints online in a centralized manner. Through this system a shareholder can lodge an investor related complaint against a Company. The Company uploads the action taken on the complaint which can be viewed by the shareholder. The Company and shareholder can seek and provide clarifications online through SCORES. The new version of the same, SCORES 2.0, was launched in April 01, 2024. This strives to strengthen the investor complaint redress mechanism in the securities market by making the process more efficient through auto-routing, auto-escalation, monitoring by the Designated Bodies, reducing the timelines and making it more user-friendly.

SEBI has vide Master Circular No. SEBI/HO/OIAE/OIAE\_IAD-3/P/CIR/2023/195 dated July 31, 2023 also introduced a common Online Dispute Resolution Portal (ODR Portal) that facilitates online conciliation and arbitration for resolving disputes arising in the

Indian securities market. The framework encompasses various stakeholders, including Recognized Stock Exchanges, Clearing Corporations, Depositories, Stock Brokers, Depository Participants, Listed Companies, and SEBI Registered Intermediaries. The same is made available in the Bank's website <https://www.dhanbank.com/> in the section Investor Relations>>> Investor Grievance / Complaints Redressal Mechanism along with the aforesaid SEBI Master Circular.

#### 14. GENERAL SHAREHOLDER INFORMATION

98th Annual General Meeting	<b>Date</b> <b>September 29, 2025 (Monday)</b> <b>Time</b> <b>11.00 A.M. (IST)</b> <b>Venue</b> Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")
Name and other details regarding Compliance Officer	<b>Sri Venkatesh H.</b> Company Secretary & Secretary to the Board Dhanlaxmi Bank Ltd. Dhanalakshmi Buildings, Naickanal, Thrissur – 680001 Phone: 0487-2999711 Fax: 0487-2335367 E-mail: <a href="mailto:investors@dhanbank.co.in">investors@dhanbank.co.in</a>
Financial Year	2024-25
Date of Book Closure	<b>September 24, 2025 (Wednesday) to September 29, 2025 (Monday) (both days inclusive)</b>
Dividend Payment Date	Not Applicable
Listing on Stock Exchanges	The equity shares of the Bank are listed on - 1. BSE Ltd. 2. National Stock Exchange of India Ltd.
Stock Code – Equity Shares	1. BSE Ltd. - 532180 2. National Stock Exchange of India Ltd. - DHANBANK
Registrar and Transfer Agents (RTA)	Name: KFIN Technologies Limited Address: Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddy, Telangana, India - 500 032. Contact Person: Mr. S R Ramesh, Deputy Vice President - Corporate Registry Email ID: <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a> Toll Free / Phone Number: 1800 309 4001 WhatsApp Number: (91) 910 009 4099 Investor Support Centre: <a href="https://kprism.kfintech.com/">https://kprism.kfintech.com/</a> KFINTECH Corporate Website: <a href="https://www.kfintech.com">https://www.kfintech.com</a> RTA Website: <a href="https://ris.kfintech.com">https://ris.kfintech.com</a> KPRISM (Mobile Application): <a href="https://kprism.kfintech.com/signup">https://kprism.kfintech.com/signup</a>
Registered Office and Address for Correspondence	Dhanlaxmi Bank Ltd., P.B. No. 9, Dhanalakshmi Buildings, Naickanal, Thrissur – 680 001
Corporate Office	Dhanlaxmi Bank Ltd., Punkunnam, Thrissur – 680 002
Corporate Identity Number (CIN)	L65191KL1927PLC000307

#### 15. LISTING OF THE BANK'S EQUITY SHARES

**(A)** The Bank's shares are listed on the following Stock Exchanges in India and their Stock Codes are as under:

**1. The National Stock Exchange of India Ltd.**

Exchange Plaza, Plot no. C/1, G Block,  
Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051  
Tel No: (022) 26598100 - 8114, Fax No: (022) 26598120

## 2. The BSE Ltd.

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001

Tel No: (022) 22721233/4, Fax: (022) 22721919

The Bank confirms that it has paid the listing fees to the Stock Exchanges for the financial year 2025-26.

The Lower Tier-II bonds of ₹150 Crore issued by the Bank on April 07, 2025 are listed on the National Stock Exchange of India Ltd. The contact details of the Trustees for the bonds are given below:

### Axis Trustee Services Limited

Axis House, P B Marg,

Worli, Prabhadevi

Mumbai – 400025

Maharashtra

Phone: 022-6230 0451, 022-6226 0050/54

The Lower Tier-II bonds of ₹150 Crore issued by the Bank on March 20, 2018 were redeemed on March 29, 2025 on maturity.

## (B) Distribution of shareholding as on March 31, 2025

Category (No. of Shares)	Cases	% of cases	Shares	% of Shares
1-5000	1,47,961	78.57	1,96,47,360	4.98
5001-10000	18,454	9.80	1,48,79,922	3.77
10001-20000	10,828	5.75	1,64,70,026	4.17
20001-30000	3,692	1.97	93,62,530	2.38
30001-40000	1,935	1.02	68,68,057	1.74
40001-50000	1,469	0.79	69,24,314	1.75
50001-100000	2,153	1.14	1,59,65,291	4.04
100001 & above	1,821	0.96	30,45,81,351	77.17
<b>Total</b>	<b>1,88,313</b>	<b>100.00</b>	<b>39,46,98,851</b>	<b>100.00</b>

## (C) Category – wise distribution of shareholding as on March 31, 2025

Sl. No.	Description	Cases	Shares	% Equity
1	Clearing Members	1	4	0.00
2	Directors	2	31736275	8.04
3	Foreign Portfolio Investors	28	60239955	15.27
4	H U F	1860	4921562	1.25
6	Insurance Companies	1	180986	0.04
7	Bodies Corporates	439	60377759	15.30
8	NBFC	2	5300	0.00
9	Non-Resident Indians	927	28548132	7.23
10	NRI Non-Repatriation	691	40620733	10.30
11	Resident Individuals	184354	166691211	42.23
12	Trusts	4	31300	0.00
13	IEPF	1	1341023	0.34
<b>Total</b>		<b>188313</b>	<b>394698851</b>	<b>100</b>

## (D) Share Transfer System & Dematerialisation of Shares and Liquidity & General Information to Shareholders

The Equity shares of the Bank have been allotted International Securities Identification Number (ISIN) INE 680A01011. As on March 31, 2025, 19,12,757 shares constituting 0.49% of the paid-up capital and 39,27,86,094 shares constituting 99.51% of the paid-up capital were held in physical and electronic mode respectively.

As per SEBI directives, the trading of the Bank's shares is to be compulsorily done in dematerialised form. The Bank has also brought to the notice of all the shareholders the amendments in SEBI (Listing Obligations and Disclosure Requirements), 2015 stipulating transfer of securities in dematerialised form only with effect from April 1, 2019. As per SEBI circular nos. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 03, 2021 and SEBI/HO/MIRSD/MIRSD\_PoD\_1/PCIR/2023/37 dated March 16, 2023, the Bank has sent notices to all the Shareholders holding shares in the physical form for updating their KYC and other mandatory details in their respective folios. The KYC forms are also updated on the website of the Bank.

The Bank had appointed M/s. KFin Technologies Limited as its Registrar & Share Transfer Agents (RTA) and accordingly, processing of share transfer/dematerialisation/rematerialisation and allied activities were being done by them.

The Bank's equity shares which are in compulsory dematerialized form are transferable through the depository system. Shares in physical form are processed by the RTA and approved by the Stakeholders' Relationship Committee of the Bank. Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with effect from April 1, 2019, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository. All share transfers are completed within statutory time limit from the date of receipt, provided the documents meet the stipulated requirement of statutory provisions in all respects.

An independent firm of Practicing Company Secretary carries out the Reconciliation of Share Capital Audit as mandated by SEBI, and reports on the reconciliation of total issued and listed Capital with that of total share capital admitted / held in dematerialized form with NSDL and CDSL and those held in physical form. This audit is carried out on quarterly basis and the report thereof is submitted to the Stock Exchanges, where the Bank's shares are listed.

In compliance with SEBI Master Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 for Registrars to an Issue and Share Transfer Agents, Section V – Investor's Service Request, Para 19 on Common and Simplified Norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC details and Nomination, and read with SEBI Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2023/181 dated November 17, 2023, it shall be mandatory for all holders of physical securities in listed companies to furnish PAN, Nomination, Contact details, Bank A/c details and Specimen signature for their corresponding folio numbers. Therefore shareholders are requested to Mandatorily furnish (a) PAN and KYC details, (b) Nomination (Either Nomination through Form SH-13 or cancellation or variation in nomination through Form SH-14 as provided in the Rules 19 of Companies (Shares capital and debenture) Rules, 2014 or 'Declaration to Opt-out', as per Form ISR-3), (c) Contact details: Postal address with PIN, Mobile number, E-mail address (d) Bank account details (bank name and branch, bank account number, IFSC code) (e) Specimen signature. The forms are made available in Bank's website <https://www.dhanbank.com/> in the section Investor Relations>>> Investor Service Request Forms.

The formats for Nomination and updation of KYC details in accordance with the SEBI Circular are available on the website of the RTA (<https://ris.kfintech.com/clientservices/isc/isrforms.aspx>) and in Bank's website <https://www.dhanbank.com/> in the section Investor Relations>>> Investor Service Request Forms.

#### **Online application for Investor Query:**

Members are hereby notified that our RTA, KFin Technologies Limited, basis the SEBI Circular (SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/72) dated Jun 08, 2023, have launched an online application which can be accessed at <https://ris.kfintech.com/default.aspx#>InvestorServices>InvestorSupport>. Members are requested to register / signup, using the Name , PAN , Mobile and email ID. Post registration, user can login via OTP and execute activities like, raising Service Request , Query , Complaints , check for status, KYC details, Dividend, Interest, Redemptions, e-Meeting and e-Voting details.

Quick link to access the signup page: <https://kprism.kfintech.com/signup>

#### **Senior Citizens - Investor Support**

As part of the initiative, our RTA in order to enhance the investor experience for Senior Citizens, a Senior Citizens investor cell has been newly formed to assist exclusively the Senior Citizens in redressing their grievances, complaints and queries. The special cell closely monitors the complaints coming from Senior Citizens through this channel and handholds them at every stage of the service request till closure of the grievance.

Senior Citizens wishing to avail this service can send the communication with the below details to the email id, [senior.citizen@kfintech.com](mailto:senior.citizen@kfintech.com). Senior Citizens (above 60 years of age) have to provide the following details:

1. ID proof showing Date of Birth
2. Folio Number



3. Company Name
4. Nature of Grievance

A dedicated Toll-free number for Senior Citizens can also be accessed at 1-800-309-4006 for any queries or information.

#### **KPRISM Mobile App:**

Mobile application for all users to review their portfolio being managed by KFINTECH is available in Play store and App Store. User are requested to download the application and register with the PAN number. Post verification, user can use functionalities like – Check portfolio / holding, check IPO status / Demat / Remat , Track general meeting schedules, download ISR forms , view the live streaming of AGM and contact the RTA with service request, grievance, and query.

Pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSD-POD/P/CIR/2025/97 dated July 2, 2025, a Special Window has been opened for all Shareholders for a period of six months, from July 7, 2025 to January 6, 2026 to facilitate re-lodgement of transfer requests of physical shares. This facility is available for the Investors who had lodged their Transfer deeds prior to the deadline of April 01, 2019 and which were rejected, returned, or not attended to due to deficiencies in documents/process/or otherwise. The aforesaid investors are now encouraged to take advantage of this opportunity by furnishing the necessary documents to the Bank's Registrar and Transfer Agent i.e. KFin Technologies Limited, Selenium Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad-500032, Contact Person: G.Vasantha Rao Chowdari, Ph:1800 3094 001, Email ID: einward.ris@kfintech.com. With a view to informing the same to the Shareholders, the Bank has also published advertisements regarding the same in one English newspaper and in one Malayalam newspaper and placed the information on the social media platforms and website of the Bank.

#### **16. UNCLAIMED / UNPAID DIVIDEND**

All dividends remaining unclaimed or unpaid including the balance in Dividend Account upto and including financial year 1993-94 have been transferred to the General Reserve Account of the Central Government. Any claim in respect of transferred amounts shall be made to the Registrar Of Companies, Kerala Company Law Bhavan, Bharath Matha College, P.O., Kochi-682021.

In terms of Section 125 of the Companies Act, 2013, the amount which has remained unclaimed/unpaid for a period of 7 years from the date of transfer to the unpaid/ unclaimed Dividend Account has to be transferred to the "Investors' Education and Protection Fund" and thereafter, no claim can be made by any shareholder against the Bank for the dividend amount of that year. Upon transfer of such shares to IEPF account, all benefits (eg. bonus, split, etc.), if any, accruing on such shares shall also be credited to the IEPF Demat Account and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. The members/claimants whose shares, unclaimed dividend etc. have been transferred to IEPF may claim the shares or apply for refund by making an application to IEPF Authority as per the procedure prescribed in the IEPF Rules. The unpaid dividend for the financial year 2010-11 was transferred to this fund in the financial year 2018-19. Consequently, all dividends remaining unclaimed or unpaid have been transferred to this fund.

In accordance with the Investor Education Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, notified by MCA, the Bank is required to transfer all unclaimed/unpaid shares in respect of which dividends have remained unclaimed for the last seven years continuously to the IEPF suspense account. The Bank has transferred all shares on which dividends have remained unclaimed / unpaid for the last seven years to the said account after giving due notice to the shareholders as prescribed under the Companies Act, 2013 and the rules made thereunder.

#### **17. DISCLOSURE WITH RESPECT TO SUSPENSE ESCROW DEMAT ACCOUNT**

In compliance with schedule V Clause F of SEBI LODR Regulations, 2015 and further to SEBI Circulars issued with respect to Issuance of Securities in dematerialized form in case of Investor Service Requests, the Bank has opened a suspense escrow account to transfer the non-dematerialised shares which are pending for dematerialisation by the securities holder/claimant within 120 days of the date of Letter of Confirmation issued by the Bank/ RTA. The details of shares in the said account are as follows:

- (a) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year (01.04.2024) - Nil
- (b) Aggregate Number of shareholders and the outstanding shares transferred during the financial year 2024-25 to Unclaimed Suspense Account - Nil
- (c) Number of shareholders who approached listed entity for transfer of shares from suspense account during the year 2024-25 - Nil
- (d) Number of shareholders to whom shares were transferred from suspense account during the year 2024-25 - Nil

- (e) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year (31.03.2025)  
– Nil

Further, the Bank has opened a separate demat suspense escrow account for crediting Rights Entitlements on the basis of the Equity Shares in cases where the Bank was unable to credit Rights Entitlements for varied reasons (Allotments under Rights Issue was completed on 04.02.2025). Such credit has been done as per the Regulatory provisions. The details of shares in the said account are as follows:

- (a) Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 14.02.2025 – 8 holders with 66430 shares
- (b) Aggregate Number of shareholders and the outstanding shares transferred during the financial year 2024-25 to Unclaimed Suspense Account - 4 holders with 65464 shares
- (c) Number of shareholders who approached listed entity for transfer of shares from suspense account during the year 2024-25 – 4 holders
- (d) Number of shareholders to whom shares were transferred from suspense account during the year 2024-25 – 4 holders
- (e) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year (31.03.2025)  
– 4 holders with 966 shares

The Bank has complied with all the Regulatory requirements in this regard.

## **18. COMPLIANCE OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

The Board of Directors of the Bank as on March 31, 2025 had 10 Directors comprising of the Chairman, who is independent non-executive director, Managing Director & CEO, one executive Director, 4 independent non-executive Directors, one non-executive Director and 2 additional Directors appointed by the Reserve Bank of India under Section 36AB of the Banking Regulation Act, 1949.

The Bank has complied with all mandatory recommendations prescribed in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. A certificate to this effect from Mr. V Suresh Associates, Practicing Company Secretary is annexed as Annexure II to this report.

The Bank has complied with the following discretionary requirements stipulated under Part E of Schedule-II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- (A) Modified opinion(s) in Audit Report  
The auditor's report on the Bank's audited financial statements for the FY 2024-25 contains unmodified opinion on the financial statements and the Bank wishes to continue with a regime of financial statements with unmodified audit opinion.
- (B) Shareholder Rights  
The Bank discloses its financial results of every quarter to the Stock Exchanges within the prescribed timeline and the same is available on the websites of the Stock Exchanges. The results are also available on the Bank's website at <https://www.dhanbank.com/> which is accessible to the public. The results are published in an English newspaper having wide circulation and a Malayalam newspaper having wide circulation in Kerala.
- (C) Separate posts of Chairperson and Chief Executive Officer  
The Bank already has separate posts for the Chairperson and the Managing Director & Chief Executive Officer. The Chairperson will always be a non-executive independent Director. Chairperson is unrelated to Managing Director & Chief Executive Officer, which has been the position earlier also.

## **19. AFFIRMATION OF COMPLIANCE WITH CODE OF CONDUCT**

I, Ajith Kumar K.K., Managing Director & CEO hereby confirm that all Directors and Members of the Senior Management have affirmed compliance with Dhanlaxmi Bank Code of Conduct for Directors and Senior Management.

By and on behalf of the Board

Sd/-

**Ajith Kumar K.K.**

Managing Director & CEO

Place: Thrissur  
Date: August 26, 2025

**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER SECURITIES AND  
EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To the Members of

**Dhanlaxmi Bank Limited**

1. We have examined the compliance of Corporate Governance by Dhanlaxmi Bank Limited ('the Company') for the year ended 31.03.2025, as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of Regulation 46(2) and para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').
2. The compliance of conditions of Corporate Governance with respect to Regulations 17 to 27 of Listing Regulations is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance with respect to the said Listing Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have carried out an examination of the relevant records of the Company in accordance with the certification of Corporate Governance as per the Listing Regulations.

**Opinion**

4. Based on our examination of the relevant records and according to the information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of Regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations during the year ended March 31, 2025.
5. We further state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by it.
6. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For V Suresh Associates**  
Practising Company Secretaries

Place : Chennai  
Date : August 26, 2025

**V Suresh**  
Senior Partner  
FCS No. 2969  
C.P. No. 6032  
Peer Review Cert. No.: 6366/2025  
UDIN: F002969G001089395

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,

**The Members of**

Dhanlaxmi Bank Limited  
Dhanalakshmi Bank Building, Naickanal  
Trichur, Kerala - 680001.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Dhanlaxmi Bank Limited having CIN:L65191KL1927PLC000307 and having registered office at Dhanalakshmi Bank Building, Naickanal, Trichur, Kerala 680001 (hereinafter referred to as 'the Bank'), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Bank & its officers, We hereby certify that none of the Directors on the Board of the Bank as stated below for the Financial Year ended on 31<sup>st</sup> March, 2025 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority

Sr. No.	Name of Director	DIN	Date of appointment in Bank
1	Mr. Kunhi Krishnan Ajithkumar	08504660	20.06.2024
2	Mr. Dwijendra Kumar Kashyap	08911524	28.09.2020
3	Mr. Madhusoodanan Kannimel Narayana Panicker	00396796	09.11.2022
4	Ms. Nirmala Padmanabhan	09455116	09.11.2022
5	Mr. Gangadharan Nair Rajagopalan	08845540	17.08.2020
6	Ms. Vardhini Kalyanaraman	09730053	21.02.2023
7	Mr. Ashutosh Khajuria	05154975	22.03.2025
8	Mr. Purusothaman Suriaraj	10901432	20.01.2025
9	Mr. Chittilangatt Kalam Jineesh Nath	01476775	31.07.2024
10	Mr. Nageswara Rao Chatradi	10398566	18.11.2023

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

**For V Suresh Associates**  
Practising Company Secretaries

**V Suresh**  
Senior Partner  
FCS No. 2969  
C.P. No. 6032

Place : Chennai  
Date : August 26, 2025

Peer Review Cert. No.: 6366/2025  
UDIN: F002969G001089384

## CEO / CFO Certification

We, Ajith Kumar K.K., Managing Director and CEO and Kavitha T. A., Chief Financial Officer, of Dhanlaxmi Bank Limited hereby certify that:

- 1) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2025 and that to the best of our knowledge and belief:
  - 1) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
  - 2) these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violation of the Bank's Code of Conduct.
- 3) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- 4) We have indicated, to the Auditors and the Audit Committee:
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in Bank's internal control system over financial reporting.

Yours Faithfully

**Ajith Kumar K.K.**  
Managing Director & CEO  
(DIN : 08504660)

**Kavitha T. A.**  
Chief Financial Officer

Place: Thrissur  
Date: May 09, 2025



# Independent Auditor's Report

To

**The Members of Dhanlaxmi Bank Limited**  
**Report on the Audit of the Financial Statements**

## Opinion

We have audited the accompanying financial statements of Dhanlaxmi Bank Limited ("the Bank"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2025, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information in which are included the Returns for the year ended on that date audited by the branch auditors of the Bank's branches located across India.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with the Principal Accounting Policies and Notes appended thereto give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 (the "Act") in the manner so required for banking companies and are in conformity with accounting principles generally accepted in India and give a true and fair view of the state of affairs of the Bank as at 31<sup>st</sup> March, 2025, its profit and its cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit of the financial statements 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the 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.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the year ended 31.03.2025. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><b>1. Classification of Advances, Identification of Non-Performing Advances, Income Recognition and Provision on Advances</b></p> <p>Refer Note No. 4 of Schedule 18 to the financial statements relating to Asset Quality in respect of movement of Non-Performing Assets (NPAs) and related provisions.</p> <p>Advances constitute a significant portion of the Bank's total assets. They are, inter alia, governed by income recognition, asset classification, and provisioning (IRAC) norms, as well as other circulars and directives issued by the RBI from time to time, which provide guidelines related to the classification of Advances into performing and non-performing Advances (NPA) and the recognition of provisions.</p> <p>The identification of performing and non-performing advances involves the establishment of a proper mechanism, and the Bank is required to apply a significant degree of judgment to identify and determine the amount of provision required against each non-performing asset (NPA), applying both quantitative and qualitative factors prescribed by the regulations.</p>	<p>Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of income recognition, asset classification and provisioning pertaining to advances.</p> <p>We have evaluated and understood the Bank's internal control system in adhering to the relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances.</p> <p>We evaluated the design, implementation and operating effectiveness of key internal controls over the valuation of securities for NPAs and Special Mention Accounts ('SMA').</p> <p>We checked the minutes of credit and business committee meetings and enquired with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a loan account or any product.</p>

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>The management of the bank relies on the CBS (Core Banking Solutions) along with other allied IT systems accompanied by various estimates, prudent judgement relating to performance of borrowers, determination of security value, manual interventions including services of experts &amp; professionals for asset classification, Income recognition and provisioning thereon.</p> <p>Compliance of relevant prudential norms issued by the Reserve Bank of India (RBI) in respect of income recognition, asset classification and provisioning pertaining to advances is a key audit matter due to its high degree of complexity and materiality involved. Bank has significant exposure to a large number of borrowers across various sectors, products and industries and there is a high degree of complexity, uncertainty and judgment involved in recoverability of advances, nature of transactions, estimation of provisions thereon.</p>	<p>We have test checked advances to examine the validity of the recorded amounts, loan documentation, examined the statement of accounts, indicators of impairment, impairment provision for non-performing assets and compliance with income recognition, asset classification and provisioning pertaining to advances in terms of applicable RBI guidelines.</p> <p>We have reviewed the CBS and other related &amp; allied systems for compliance with the prudential norms issued by Reserve Bank of India.</p> <p>We considered the Internal Audit, Systems Audit, Credit Audit and Concurrent Audit reports.</p> <p>We considered the RBI Annual Financial Inspection report on the Bank, the bank's response to the observations and other communication with RBI during the year.</p>
<b>2. Valuation of Investments, Identification of and provisioning for Non-Performing Investments</b>	
<p>Refer Note No. 3 of Schedule 18 to the financial statements with respect to Investments and related Provisions. Investments include investments made by the Bank in various Government Securities, Bonds, Debentures, Shares, Security receipts and other approved securities. These are governed by the circulars and directives of the RBI. These directions of RBI, inter-alia, cover valuation of investments, classification of investments, identification of non-performing investments, non-recognition of income and provisioning against non-performing investments.</p> <p>Considering the complexities and extent of judgement involved in the valuation, volume of transactions, investments on hand and degree of regulatory focus, this has been determined as a Key Audit Matter. Accordingly, our audit was focused on valuation of investments, classification, identification of nonperforming investments and provisioning related to investments.</p>	<p>Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of valuation, classification, identification of non-performing investments (NPIs) and provisioning/depreciation related to Investments.</p> <p>We tested the accuracy and compliance with the RBI Master Circulars and directions by re-performing valuation for each category of the security on sample basis.</p> <p>We assessed and evaluated the process adopted for collection of information from various sources for determining market value of the investments.</p> <p>We carried out substantive audit procedures to recompute independently the provision to be maintained in accordance with the circulars and directives of the RBI. Accordingly, we selected samples from the investments of each category and tested for NPIs as per the RBI guidelines and recomputed the provision to be maintained in accordance with the RBI Circular for those selected sample of NPIs.</p> <p>We tested the mapping of investments between the Investment application software and the financial statement preparation software to ensure compliance with the presentation and disclosure requirements as per the aforesaid RBI Circular/directions.</p> <p>We assessed and evaluated the process of identification of NPIs and corresponding reversal of income and creation of provision.</p>

#### Other Matters

1. We did not audit the financial statements of branches and processing centres included in the financial statements of the Bank whose financial statements reflect total assets of ₹10176.98 Crores as at 31<sup>st</sup> March 2025 and total revenue of ₹822.58 Crores for the year ended on that date, as

considered in the financial statements. These branches and processing centres cover 62.86% of gross advances, 84.92% of deposits and 62.54% of non-performing assets as at 31<sup>st</sup> March 2025 and 55.24% of revenue for the year ended 31<sup>st</sup> March 2025. The financial statements of these branches have been audited by the branch auditors whose

reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.

2. The financial statements for the year ended 31 March 2024 were jointly audited by Sagar & Associates, Chartered Accountants and Krishnamoorthy and Krishnamoorthy, Chartered Accountants, who have expressed an unmodified opinion on those statements vide their audit report dated 22 May 2024, whose report has been furnished to and have been relied upon by Abraham & Jose, Chartered Accountants for the purpose of the audit of financial statements.

Our opinion is not modified in respect of the above matters.

#### **Information other than the Financial Statements and Auditor's Report thereon**

The Bank's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Bank's annual report is expected to be made available to us after the date of this auditor's report.

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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the Bank's annual report, if we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance.

#### **Responsibilities of Management and those charged with governance for the Financial Statements**

The Bank's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act 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 relevant rules issued thereunder, in so far as they apply to the Bank 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 of 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 the design, implementation and maintenance of adequate internal financial control 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 and Board of Directors are 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 and Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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 scepticism 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 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 with reference to financial statements 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 and Board of Directors.
- Conclude on the appropriateness of management and Board of Directors 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 the misstatements in the financial statements that, individually or 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 of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement 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

The Balance Sheet and the Profit and 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 relevant rules issued thereunder.

1. 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 purpose of our audit;
  - d) the profit and loss account shows a true balance of profit for the year then ended.
2. Further, as required by section 143(3) of the Act, 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 purpose 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 and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
  - c) The reports on the accounts of the branch offices of the Bank audited by branch auditors under Section 143(8) of the Act have been forwarded to us and have been properly dealt with by us in preparing this report;
  - d) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us;
  - e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
  - f) On the basis of written representations received from the directors as on 31 March, 2025 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March, 2025 from being appointed as a director in terms of Section 164(2) of the Act;
  - g) With respect to the adequacy of the internal financial controls with reference to the financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended;

The Bank is a Banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of Act do not apply;

- i) 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, as amended, 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 - Refer Schedule 12 and Note No. 16(d) of Schedule 18 to the financial statements;
  - ii) The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note No 16(f) of Schedule 18 to the financial statements;
  - iii) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Bank.
  - iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Bank from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v) The bank has not declared or paid any dividend during the year and hence the compliance of Section 123 of the Act is not applicable.
- vi) Based on our examination which included test checks, the Bank has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the Bank as per the statutory requirements for record retention.

For **Sagar & Associates**  
Chartered Accountants  
Firm Registration No.: 003510S

**D. Manohar**  
Partner  
Membership No.: 029644  
UDIN: 25029644BMIBVL6834

Place : Kochi  
Date : 09.05.2025

For **Abraham & Jose**  
Chartered Accountants  
Firm Registration No.: 000010S

**Mukesh K.P.**  
Partner  
Membership No.: 214773  
UDIN: 25214773BMLCOF7787

Place : Kochi  
Date : 09.05.2025



**ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT**  
**(Referred to in Paragraph 2(g) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date)**

**Independent Auditor's Report on the Internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

**Opinion**

We have audited the internal financial controls with reference to financial statements of Dhanlaxmi Bank Limited ("the Bank") as of 31 March, 2025 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2025, based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**Management's Responsibility for Internal Financial Controls**

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the 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 with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

**Meaning of Internal financial controls with reference to financial statements**

A bank's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 authorizations of management and Directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **Sagar & Associates**  
Chartered Accountants  
Firm Registration No.003510S

**D. Manohar**  
Partner  
Membership No.: 029644  
UDIN: 25029644BMIBVL6834

Place : Kochi  
Date : 09.05.2025

For **Abraham & Jose**  
Chartered Accountants  
Firm Registration No. 000010S

**Mukesh K.P.**  
Partner  
Membership No.: 214773  
UDIN: 25214773BMLCOF7787

Place : Kochi  
Date : 09.05.2025

# Balance Sheet

As at March 31, 2025

(₹ in '000)

	Schedule No	As at March 31, 2025	As at March 31, 2024
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	39,46,989	25,30,121
Reserves and Surplus	2	1,00,05,867	77,67,501
Deposits	3	16,01,34,513	14,29,03,085
Borrowings	4	20,00,000	29,90,350
Other Liabilities and Provisions	5	32,82,004	34,27,831
<b>TOTAL</b>		<b>17,93,69,373</b>	<b>15,96,18,888</b>
<b>ASSETS</b>			
Cash and Balances with Reserve Bank of India	6	99,23,952	76,00,328
Balances with Banks and Money at call and short notice	7	8,74,279	21,45,919
Investments	8	3,95,51,519	3,94,23,992
Advances	9	11,95,94,899	10,10,21,561
Fixed Assets	10	28,15,576	27,43,353
Other Assets	11	66,09,148	66,83,735
<b>TOTAL</b>		<b>17,93,69,373</b>	<b>15,96,18,888</b>
Contingent Liabilities	12	60,80,480	66,58,074
Bills for collection		30,80,930	30,83,430
Significant Accounting Policies	17		
Notes to financial Statements	18		
Schedules referred to above form an integral part of the Balance Sheet			

## For and on behalf of Board of Directors

**Kavitha T A**  
Chief Financial Officer

**Venkatesh H**  
Company Secretary

**K.N Madhusoodanan**  
Chairman

**Ajith Kumar K.K**  
MD & CEO

As per our Report of even Date  
**For Sagar & Associates,**  
Chartered Accountants,  
Firm Registration No. 003510S

**For Abraham & Jose,**  
Chartered Accountants,  
Firm Registration No. 000010S

**P. Suriaraj**  
Executive Director

**G. Rajagopalan Nair**  
Director

**Dr. Nirmala Padmanabhan**  
Director

**Vardhini Kalyanaraman**  
Director

**CA. Manohar D,**  
Partner  
Membership No. 029644

**CA. Mukesh K P,**  
Partner  
Membership No. 214773

**Jineesh Nath C.K.**  
Director

**Ashutosh Khajuria**  
Director

**D.K.Kashyap**  
Director

**C Nageswara Rao**  
Director

Place: Kochi

Date : 9th May, 2025

# Profit & Loss Account

for the year ended March 31, 2025

(₹ in '000)

	Schedule No	Year ended March 31, 2025	Year ended March 31, 2024
<b>INCOME</b>			
Interest Earned	13	1,31,98,772	1,20,69,906
Other Income	14	16,92,072	15,25,595
<b>Total</b>		<b>1,48,90,844</b>	<b>1,35,95,501</b>
<b>EXPENDITURE</b>			
Interest expended	15	83,65,919	74,85,389
Operating Expenses	16	55,73,883	54,17,495
Provisions and Contingencies		2,84,628	1,14,398
<b>Total</b>		<b>1,42,24,430</b>	<b>1,30,17,282</b>
<b>Profit/Loss</b>			
Net Profit/(Loss) for the year		6,66,414	5,78,219
Profit /(Loss)brought forward		(76,12,278)	(78,87,965)
<b>Total</b>		<b>(69,45,864)</b>	<b>(73,09,746)</b>
<b>Appropriations</b>			
Transfer to Statutory Reserve		1,66,610	1,44,560
Transfer to Capital Reserve		-	2,136
Transfer to Investment Reserve Account		-	1,27,714
Transfer to Investment Fluctuation Reserve Account		-	28,122
Balance carried over to Balance Sheet		(71,12,474)	(76,12,278)
<b>Total</b>		<b>(69,45,864)</b>	<b>(73,09,746)</b>
Earnings Per Share (in Rupees)		<b>2.37</b>	<b>2.21</b>
Basic EPS			
Diluted EPS		<b>2.37</b>	<b>2.21</b>
Face value per Share		<b>10.00</b>	<b>10.00</b>
Significant Accounting Policies	17		
Notes to financial Statements	18		
Schedules referred to above form an integral part of the Profit and Loss account			

## For and on behalf of Board of Directors

**Kavitha T A**  
Chief Financial Officer

**Venkatesh H**  
Company Secretary

**K.N Madhusoodanan**  
Chairman

**Ajith Kumar K.K**  
MD & CEO

As per our Report of even Date

**For Sagar & Associates,**  
Chartered Accountants,  
Firm Registration No. 003510S

**For Abraham & Jose,**  
Chartered Accountants,  
Firm Registration No. 000010S

**P. Suriaraj**  
Executive Director

**G. Rajagopalan Nair**  
Director

**Dr. Nirmala Padmanabhan**  
Director

**Vardhini Kalyanaraman**  
Director

**CA. Manohar D,**  
Partner  
Membership No. 029644

**CA. Mukesh K P,**  
Partner  
Membership No. 214773

**Jineesh Nath C.K.**  
Director

**Ashutosh Khajuria**  
Director

**D.K.Kashyap**  
Director

**C Nageswara Rao**  
Director

Place: Kochi

Date : 9th May, 2025

# Cash Flow Statement

for the year ended March 31, 2025

(₹ in '000)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
<b>Cash flow from operating activities</b>		
Net profit before taxes	7,16,224	7,04,777
<b>Adjustments for :</b>		
Depreciation on fixed assets net of reversal of revaluation reserve	2,53,266	2,50,769
Depreciation on Investments	-	(2,13,146)
Amortization of premium/ discount on investments	(7,624)	2,07,341
Amortization of Deferred Employee Benefits	-	85,756
Loan Loss provisions including write off	1,79,668	(1,07,899)
Provision against standard assets	83,200	37,800
Provision for NPA (Investments)	13,277	2,60,072
Provision for restructured assets	(37,391)	(1,99,327)
Provision for fraud	500	-
(Profit)/ Loss on sale of fixed assets	(2,426)	(2,524)
Provision for unhedged Forex Exposure	(685)	9,605
<b>Adjustments for :</b>		
(Increase)/ Decrease in Investments (excluding Held to Maturity Investments)	(67,283)	(23,14,742)
(Increase)/ Decrease in Advances	(1,87,15,615)	(60,91,222)
Increase / (Decrease) in Borrowings	5,09,650	(19,33,435)
Increase/ (Decrease) in Deposits	1,72,31,428	93,86,591
(Increase) / Decrease in Other assets	(69,063)	52,110
Increase/ (Decrease) in Other liabilities and provisions	(2,28,842)	1,10,886
Direct taxes paid (net of refunds)	93,840	(70,487)
<b>Net cash flow from/ (used in) operating activities</b>	<b>(47,876)</b>	<b>1,72,925</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed Assets/ Capital Work in Progress	(3,26,216)	(4,19,051)
Proceeds from sale of Fixed Assets	3,153	3,194
(Purchase)/ Sale of Investments (Held to Maturity)	-	15,22,910
<b>Net cash flow from/ (used in) investing activities</b>	<b>(3,23,063)</b>	<b>11,07,053</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of Share Capital	14,16,868	-
Proceeds from Share Premium (Net of share issue expenses)	15,06,056	-
Proceeds / (Repayment) of Tier II capital instruments net of repayment	(15,00,000)	-
<b>Net cash generated from/ (used in) financing activities</b>	<b>14,22,923</b>	<b>-</b>

(₹ in '000)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>10,51,984</b>	<b>12,79,978</b>
Cash and cash equivalents at the beginning of the year	97,46,247	84,66,269
Cash and cash equivalents as at the end of the year (Refer note below)	1,07,98,231	97,46,247
<b>Note:</b>		
<b>Components of Cash and Cash Equivalents as at:</b>	<b>31.03.25</b>	<b>31.03.24</b>
Cash and Balance with Reserve Bank of India (RBI)	99,23,952	76,00,328
Balances with Banks and Money at Call and Short Notice	8,74,279	21,45,919
<b>Total</b>	<b>1,07,98,231</b>	<b>97,46,247</b>

**For and on behalf of Board of Directors**

**Kavitha T A**  
Chief Financial Officer

As per our Report of even Date

**For Sagar & Associates,**  
Chartered Accountants,  
Firm Registration No. 003510S

**CA. Manohar D,**  
Partner  
Membership No. 029644

**Venkatesh H**  
Company Secretary

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**CA. Mukesh K P,**  
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Director

**D.K.Kashyap**  
Director

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MD & CEO

**G. Rajagopalan Nair**  
Director

**Vardhini Kalyanaraman**  
Director

**Ashutosh Khajuria**  
Director

**C Nageswara Rao**  
Director

Place: Kochi

Date : 9th May, 2025



# Schedules to the Financial Statements

As at March 31, 2025

	As at March 31, 2025	As at March 31, 2024
<b>(₹ in '000)</b>		
<b>SCHEDULE 1 - CAPITAL</b>		
<b>Authorised Capital</b>		
50,00,00,000 Equity Shares of ₹10 each (Previous Year 50,00,00,000 Equity Shares of ₹10 each)	50,00,000	50,00,000
<b>Issued, Subscribed and Paid up Capital</b>		
394698851 Equity Shares of ₹10 each (Previous Year 253012084 Equity Shares of ₹10 each)	39,46,989	25,30,121
<b>Total</b>	<b>39,46,989</b>	<b>25,30,121</b>
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
<b>I. STATUTORY RESERVES</b>		
Opening Balance	14,48,374	13,03,814
Additions during the year	1,66,610	1,44,560
<b>Total</b>	<b>16,14,984</b>	<b>14,48,374</b>
<b>II. CAPITAL RESERVES</b>		
a) Revaluation Reserve		
Opening Balance	15,93,682	16,01,036
Additions during the Year	-	-
Deductions during the year	(7,301)	(7,354)
<b>Sub total</b>	<b>15,86,381</b>	<b>15,93,682</b>
b) Capital Reserve		
Opening Balance	7,34,797	7,32,661
Additions during the year	(6,394)	2,136
<b>Sub total</b>	<b>-</b>	<b>-</b>
<b>Sub total</b>	<b>7,28,403</b>	<b>7,34,797</b>
<b>Total (a + b)</b>	<b>23,14,783</b>	<b>23,28,479</b>
<b>III SHARE PREMIUM ACCOUNT</b>		
Opening Balance	1,00,54,482	1,00,54,482
Additions during the year	15,06,056	-
<b>Total</b>	<b>1,15,60,538</b>	<b>1,00,54,482</b>
<b>IV REVENUE AND OTHER RESERVES</b>		
a) Revenue Reserve		
Opening Balance	9,24,975	8,09,724
Additions during the year	4,56,376	7,354
Deferred provision for fraud accounts	-	1,07,897
<b>Sub total</b>	<b>13,81,351</b>	<b>9,24,975</b>
b) Investment Fluctuation Reserve		
Opening Balance	2,78,512	2,50,390
Additions during the year	-	28,122
<b>Sub total</b>	<b>2,78,512</b>	<b>2,78,512</b>

(₹ in '000)

	As at March 31, 2025	As at March 31, 2024
c) Investment Reserve		
Opening Balance	2,85,100	1,57,386
Additions during the year	(2,85,100)	1,27,714
<b>Sub total</b>	<b>-</b>	<b>2,85,100</b>
d) Special Reserve U/s 36(1)(viii) of Income Tax Act , 1961		
Opening Balance	59,857	59,857
Additions during the year	-	-
<b>Sub total</b>	<b>59,857</b>	<b>59,857</b>
e) AFS Reserve		
Opening Balance	-	-
Additions during the year	(91,684)	-
<b>Sub total</b>	<b>(91,684)</b>	<b>-</b>
<b>Total (a+b+c+d+e)</b>	<b>16,28,036</b>	<b>15,48,444</b>
<b>V BALANCE IN PROFIT AND LOSS ACCOUNT</b>	<b>(71,12,474)</b>	<b>(76,12,278)</b>
<b>Grand Total</b>	<b>1,00,05,867</b>	<b>77,67,501</b>

**SCHEDULE 3 - DEPOSITS**

<b>A I. Demand Deposits</b>		
(i) From Banks	50,712	51,021
(ii) From Others	92,05,760	84,32,779
	<b>92,56,472</b>	<b>84,83,800</b>
<b>II. Savings Bank Deposits</b>	<b>3,72,12,888</b>	<b>3,53,30,581</b>
<b>III. Term Deposits</b>		
(i) From Banks	1,50,000	72,518
(ii) From Others	11,35,15,153	9,90,16,186
	<b>11,36,65,153</b>	<b>9,90,88,704</b>
<b>Total</b>	<b>16,01,34,513</b>	<b>14,29,03,085</b>
<b>B I. Deposits of Branches in India</b>	16,01,34,513	14,29,03,085
<b>II. Deposits of Branches outside India</b>	-	-
<b>Total</b>	<b>16,01,34,513</b>	<b>14,29,03,085</b>
The amount of Deposits against which lien is marked	28,06,659	19,64,547

**SCHEDULE 4 - BORROWINGS**

<b>I. Borrowings in India</b>		
(i) Reserve Bank of India*	20,00,000	-
(ii) Other Banks	-	-
(iii) Other Institutions and Agencies*	-	14,90,350
(iv) Capital Instruments		
(a) Upper Tier II bonds	-	-
(b) Lower Tier II bonds	-	15,00,000
<b>Total</b>	<b>20,00,000</b>	<b>29,90,350</b>
<b>II. Borrowings Outside India</b>	-	-
<b>Total</b>	<b>20,00,000</b>	<b>29,90,350</b>
*Secured borrowings under Term Repo with RBI, Bank Repo/Triparty repo with financial institutions.	20,00,000	14,90,350

(₹ in '000)

	As at March 31, 2025	As at March 31, 2024
<b>SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS</b>		
I. Bills Payable	2,67,753	1,73,000
II. Inter Office Adjustments (Net)		-
III. Interest accrued	2,42,823	2,63,462
IV. Others (including Provisions)*	27,71,429	29,91,369
*Includes prudential provision for standard assets of ₹464395 thousands (Previous Year ₹430693 thousands)		
<b>Total</b>	<b>32,82,004</b>	<b>34,27,831</b>
<b>SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>		
I. Cash on Hand (including foreign currency notes)	9,60,710	10,60,649
II. Balances with Reserve Bank of India		
(a) In current accounts	63,43,242	65,39,679
(b) In other accounts	26,20,000	-
	<b>89,63,242</b>	<b>65,39,679</b>
<b>Total</b>	<b>99,23,952</b>	<b>76,00,328</b>
<b>SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE</b>		
<b>I. In India</b>		
(i) Balances with Banks :		
(a) In current accounts	10,890	25,534
(b) In other deposit accounts	2,53,974	-
	<b>2,64,864</b>	<b>25,534</b>
(ii) Money at Call and Short Notice		
(a) With banks	-	-
(b) With other institutions	4,99,970	19,99,975
	4,99,970	19,99,975
<b>Total</b>	<b>7,64,834</b>	<b>20,25,509</b>
<b>II. Outside India</b>		
(i) In current account	1,09,445	1,20,410
(ii) In other deposit accounts	-	-
(iii) Money at Call and Short Notice	-	-
<b>Total</b>	<b>1,09,445</b>	<b>1,20,410</b>
<b>Grand Total (I and II)</b>	<b>8,74,279</b>	<b>21,45,919</b>
<b>SCHEDULE 8 - INVESTMENTS</b>		
<b>A Investments in India in</b>		
(i) Government Securities	3,62,33,111	3,44,52,553
(ii) Other Approved securities	-	-
(iii) Shares	1,98,292	1,87,048
(iv) Debentures and Bonds	31,20,116	45,26,068
(v) Subsidiaries and/or Joint Ventures	-	-
(vi) Others @	-	2,58,324
<b>Total</b>	<b>3,95,51,519</b>	<b>3,94,23,993</b>

(₹ in '000)

	As at March 31, 2025	As at March 31, 2024
<b>B Investments outside India</b>	-	-
<b>Grand Total (A + B)</b>	<b>3,95,51,519</b>	<b>3,94,23,993</b>
<b>C (i) Gross Value of Investments</b>		
(a) In India	3,95,51,519	4,09,50,723
(b) Outside India	-	-
<b>Total</b>	<b>3,95,51,519</b>	<b>4,09,50,723</b>
<b>(ii) Depreciation/Provision for Investments</b>		
(a) In India	-	15,26,731
(b) Outside India	-	-
<b>Total</b>	<b>-</b>	<b>15,26,731</b>
<b>(iii) Net Value of Investments</b>		
(a) In India	3,95,51,519	3,94,23,992
(b) Outside India	-	-
<b>Total</b>	<b>3,95,51,519</b>	<b>3,94,23,992</b>
<b>@ Comprises of</b>		
<b>Particulars</b>		
Security Receipts	-	13,277
Certificate of Deposits	-	2,45,046
	<b>-</b>	<b>2,58,324</b>
<b>SCHEDULE 9 - ADVANCES</b>		
<b>A (i) Bills Purchased and discounted</b>	9,10,289	9,99,707
(ii) Cash Credits, Overdrafts and Loans repayable on Demand	1,10,00,571	1,13,59,283
(iii) Term Loans	10,76,84,039	8,86,62,571
<b>Total</b>	<b>11,95,94,899</b>	<b>10,10,21,561</b>
<b>B (i) Secured by Tangible assets</b> (Includes advances against book debts)	11,41,51,417	9,62,69,558
(ii) Covered by Bank/Govt Guarantee	9,70,362	8,00,708
(iii) Unsecured	44,73,120	39,51,295
<b>Total</b>	<b>11,95,94,899</b>	<b>10,10,21,561</b>
<b>C I. ADVANCES IN INDIA</b>		
(i) Priority sectors	6,67,82,868	5,28,76,899
(ii) Public Sector	46,84,349	41,40,411
(iii) Banks	-	-
(iv) Others	4,81,27,682	4,40,04,251
<b>Total</b>	<b>11,95,94,899</b>	<b>10,10,21,561</b>
<b>II ADVANCES OUTSIDE INDIA</b>	-	-
<b>Grand Total (C I and C II )</b>	<b>11,95,94,899</b>	<b>10,10,21,561</b>
<b>SCHEDULE 10 - FIXED ASSETS</b>		
<b>A Premises</b>		
<b>Gross Block</b>		
As at the beginning of the year	22,57,135	22,57,135
Additions/Adjustments during the year	-	-
Deductions during the year	-	-
At the end of the year	<b>22,57,135</b>	<b>22,57,135</b>

(₹ in '000)

	As at March 31, 2025	As at March 31, 2024
<b>Depreciation</b>		
As at the beginning of the year	4,25,791	4,13,429
Charge for the year	12,305	12,362
Deductions during the year	-	-
Depreciation to date	4,38,096	4,25,791
<b>Net Block</b>	<b>18,19,039</b>	<b>18,31,344</b>
<b>B Other Fixed Assets</b> (includes Furniture and Fixture and Computers)		
<b>Gross Block</b>		
As at the beginning of the year	31,13,763	27,43,265
Additions/Adjustments during the year	2,53,014	4,07,980
Deductions during the year	1,30,743	37,482
At the end of the year	<b>32,36,034</b>	<b>31,13,763</b>
<b>Depreciation</b>		
As at the beginning of the year	22,79,978	20,78,383
Charge for the year	2,40,961	2,38,407
Deductions during the year	1,30,016	36,812
Depreciation to date	23,90,923	22,79,978
<b>Net Block</b>	<b>8,45,111</b>	<b>8,33,785</b>
<b>C Capital Work In progress</b>	<b>1,51,426</b>	<b>78,224</b>
<b>Total (A+B+C)</b>	<b>28,15,576</b>	<b>27,43,353</b>

**SCHEDULE 11 - OTHER ASSETS**

I. Inter Office Adjustments (Net)	6,395	5,816
II. Interest Accrued	23,96,582	20,37,048
III. Tax paid in advance and Tax Deducted at Source (net of provisions)	5,71,328	5,97,363
IV. Deferred Tax Asset (Net)	5,71,475	5,77,199
V. Stationery and stamps	9,215	6,719
VI. Non Banking Assets acquired in satisfaction of claims	5,839	11,228
VII. Others*	30,48,314	34,48,362
<b>Total</b>	<b>66,09,148</b>	<b>66,83,735</b>

\*Includes deposits placed with NABARD, SIDBI, NHB and Mudra amounting to ₹1778678 thousands (Previous year ₹2369082 thousands)

**SCHEDULE 12 - CONTINGENT LIABILITIES**

I. Claims against the bank not acknowledged as debts	3,88,882	3,87,724
II. Liabilities on account of outstanding forward exchange contracts	12,47,033	11,86,044
III. Guarantees given on behalf of constituents in India	29,39,497	38,21,382
IV. Acceptance endorsements and other obligations	97,697	53,882
V. Liability on account of interest rate swaps		
V. Other items for which Bank is contingently liable	14,07,371	12,09,042
i) Amount transferred to DEAF	9,87,822	8,76,735
ii) Disputed Tax Liability	2,37,797	2,04,824
iii) Estimated amount of contracts remaining to be executed on capital account and not provided for	1,81,752	1,27,483
<b>Total</b>	<b>60,80,480</b>	<b>66,58,074</b>



(₹ in '000)

	Year ended March 31, 2025	Year ended March 31, 2024
<b>SCHEDULE 13 - INTEREST EARNED</b>		
I. Interest/Discount on Advances/bills	1,06,29,013	96,24,500
II. Income on Investments	22,62,479	22,06,214
III. Interest on balance with Reserve Bank of India and other inter Bank funds	1,46,178	72,645
IV. Others	1,61,102	1,66,547
<b>Total</b>	<b>1,31,98,772</b>	<b>1,20,69,906</b>
<b>SCHEDULE 14 - OTHER INCOME</b>		
I. Commission, Exchange and Brokerage	1,31,865	1,23,629
II. Profit/(Loss) on sale of Investments (Net)	1,31,899	(22,899)
III. Profit/ (Loss) on revaluation of Investments	-	2,13,146
IV. Profit/(Loss) on sale of land, building and other Assets (Net)	2,426	2,524
V. Profit /(Loss) on exchange transactions (Net)	6933	10132
VI. Income from Insurance	1,32,432	1,22,354
VII. Miscellaneous Income*	12,86,517	10,76,710
<b>Total</b>	<b>16,92,072</b>	<b>15,25,595</b>
<i>*Includes</i>		
<i>Processing Charges</i>	<i>2,73,720</i>	<i>1,87,290</i>
<i>Amount written off since recovered</i>	<i>1,67,016</i>	<i>3,01,815</i>
<i>Income from ATM</i>	<i>88,541</i>	<i>1,09,609</i>
<b>SCHEDULE 15 - INTEREST EXPENDED</b>		
I. Interest on Deposits	81,73,818	72,59,011
II. Interest on Reserve Bank of India/Inter bank borrowings	28,457	60,926
III. Others	1,63,644	1,65,452
<b>Total</b>	<b>83,65,919</b>	<b>74,85,389</b>
<b>SCHEDULE 16 - OPERATING EXPENSES</b>		
I. Payments to and Provisions for Employees	31,36,389	33,11,996
II. Rent, Taxes and Lighting	5,60,982	4,97,097
III. Printing and Stationery	23,522	28,957
IV. Advertisement and Publicity	12,075	11,489
V. Depreciation to Bank's property	2,53,266	2,50,769
VI. Directors Fees, Allowances and Expenses	12,071	13,529
VII. Auditors' Fees and Expenses (including Branch Auditors)	13,520	13,152
VIII Law charges	18,314	21,664
IX Postages,Telegrams,Telephones etc	58,466	60,997
X. Repairs and Maintenance	4,57,097	2,95,432
XI. Insurance	2,32,046	2,16,165
XII. Other Expenditure	7,96,135	6,96,248
	<b>55,73,883</b>	<b>54,17,495</b>

## SCHEDULE 17- SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Corporate Information and Background

Dhanlaxmi Bank Limited ('DBL' or the 'Bank') is a private sector Bank incorporated in the year 1927. Dhanlaxmi Bank Limited is a publicly held bank engaged in providing a wide range of banking and financial services. Dhanlaxmi Bank Limited is a banking company governed by the Banking Regulation Act, 1949 and the Companies Act, 2013. 58% of the branches of the Bank are in Kerala.

### 1.2 Basis of Preparation

The Standalone financial statements have been prepared in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the Banking Regulation Act, 1949. The accounting and reporting policies of the bank used in the preparation of these financial statements conform in all material aspects to Generally Accepted Accounting Principles in India ("Indian GAAP"), the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time and the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, (as amended) and the relevant provisions of the Companies Act, 2013 ("the Act"), and current practices prevailing within the banking industry in India. The Bank follows the historical cost convention and accrual method of accounting in the preparation of the financial statements, except where otherwise stated. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

### 1.3 Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles, requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to the accounting estimates is recognized prospectively in the current and future periods.

### 1.4 Significant Accounting Policies

#### I. Revenue Recognition

- Revenue is recognized to the extent it is probable that the economic benefits will flow to the Bank and revenue can be reliably measured under AS-9 "Revenue Recognition as prescribed under section 133 of the Companies Act, 2013 and as specified by RBI guidelines.
- **Income on Advances**  
Interest income from loans and advances, investments (including deposits placed with banks and other institutions) are recognized over the period of the loans and advances, Investments, Deposits etc., on accrual basis. However, interest accrued and other dues in the nature of non-interest income relating to Advances/ Investments, classified as Non-performing Advances/ Investments under RBI guidelines, are recognized only on realization.
- **Income on Investments**
  - Profit or loss on revaluation of Fair Value through Profit and Loss (FVTPL) investments is recognized in the Profit and Loss Account.
  - Broken period interest received and paid should be treated as item of Income and expenditure under 'Income on Investments' in Schedule 13 of Profit and Loss account.
  - The discount or premium on acquisition of debt securities are amortized over the remaining life of the instrument and such amortized amount in case of HTM, AFS and FVTPL investments should be reflected in the financial statements under item II 'Income on Investments' of Schedule 13: 'Interest Earned' with a contra in Schedule 8: 'Investments'.
  - The net appreciation or depreciation in case of AFS investments shall be credited or debited to a reserve named 'AFS-Reserve' without routing through the Profit and Loss account.
  - Upon sale or maturity of a debt instrument in AFS category, the accumulated gain/loss for that security in the AFS-Reserve should be transferred from AFS-Reserve and recognized in the Profit and Loss account under item II Profit on sale of investments under Schedule 14 – Other Income.
  - Sale of investments in HTM should be recognized in the Profit and Loss Account under item II of Schedule 14: 'Other Income'. This shall be appropriated below the line from the Profit and Loss account to the 'Capital Reserve Account'.
  - Upon sale of securities in HFT under FVTPL, profit /loss should be credited / debited to Profit and Loss account.
  - Dividend on Equity Shares, Preference Shares and on Mutual Funds is recognized as Income when the right to receive the dividend is established.
- **Other Income**
  - Interest on income tax refund is recognized in the year of receipt of Assessment Orders
  - Commission on ATM interchange fees are recognized as they accrue.
  - Upfront fees on restructured accounts are apportioned over the restructured period.
  - Profit earned from the sale of gold/silver bullion, if any, (i.e., the difference between the sale price and the purchase price) is included under "Other Income".

- o Insurance claims, Commission from Distribution of Mutual Fund products and Commission from Depository services are accounted on receipt basis.
- o The recoveries made from NPA accounts are appropriated based on the order of demand applicable to borrowers' accounts as per Recovery policy.
- o Locker Rent is accounted on receipt basis without spreading it over the remaining lease period. However, locker rent is also accounted on accrual basis, in respect of advance remittances by the customers.
- o Commission income on issuance of Bank Guarantee/ Letter of Credit and Discount on Bill Discounted is collected upfront and is recognized over the period of the underlying liability.
- o Commission on distribution of Insurance products is accounted on accrual basis.
- o Processing fee/ upfront fee, handling charges or income of similar nature collected at the time of sanctioning or renewal of loan/ facility is recognized in the year of receipt without spreading it over the period of loan/ facility.
- o Unpaid funded interest on term loans is accounted on realization as per the guidelines of RBI.
- o All other amounts collected from customers as non-interest income or recovery of expenses towards provision of various services/ facilities are accounted/ recognized on receipt basis.

## **II. Expenses recognition**

### **A) Interest Expenses**

All interest expenses relating to deposits accepted and borrowings are recognized on accrual basis. Interest on unclaimed matured deposits is provided as per RBI directives.

### **B) Employee benefits**

#### **a) Provident Fund:**

The contribution made by the bank to Dhanlaxmi Bank Ltd Employees Provident Fund, administered by the trustees is charged to Profit & Loss account. Provident Fund is a Defined Contribution Plan in which both the employee and the Bank contribute monthly at a pre-determined rate. Employers' contribution to provident fund is recognized as expense as and when the services are rendered. The Bank has no liability for future provident fund benefits other than its annual contribution.

#### **b) Pension Fund**

The contribution towards Dhanlaxmi Bank Ltd Employees' Pension Fund, managed by trustees, is determined on actuarial basis on projected unit credit method as on the Balance Sheet date and is recognized in the accounts. The actuarial gain or loss arising during the year is recognized in the Profit and Loss Account.

#### **c) Expenditure on account of enhancement in family pension of employees**

The expenditure on account of enhancement of family pension, if not fully charged to profit and loss account, be amortized over a period of 5 years, subject to a minimum of 1/5<sup>th</sup> of the total amount involved being expensed every year. This is as per the RBI Circular DOR.ACC.REC.57/21.04.018/ 2021-22 dated October 4, 2021 and will be applicable up to March 31, 2026.

#### **d) New Pension Scheme (NPS)**

Employees who had joined the services of the Bank with effect from April 01, 2010 are covered under Defined Contributory Pension Scheme (DCPS). In respect of such employees the bank contributes 14% of the Basic Pay plus Dearness Allowance and the expenditure thereof is charged to Profit and Loss account and the Bank has no further liability beyond the contribution to the fund on this account.

#### **e) Gratuity:**

The Bank makes annual contribution to Dhanlaxmi Bank Ltd Employees' Gratuity Trust Fund administered and managed by the trustees. The cost of providing such benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in the Profit and Loss Account in the period in which they occur. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

#### **f) Compensation for absence on Privilege/ Sick Leave**

The employees of the Bank are entitled to compensated absence on account of privilege/ sick leave as per the leave rules. The bank measures the long term expected cost of compensated absence as a result of the unused entitlement that has accumulated at the balance sheet date based on actuarial valuation and such costs are recognized in the accounts.

#### **g) Other Employee Benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employee is recognized during the period when the employee renders the service.

#### **h) Employee Stock Compensation Cost**

Measurement of the employee share-based payment plans is done in accordance with the Guidance Note on

Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India (ICAI) and SEBI (Share Based Employee Benefits) Regulations, 2014.

In accordance with the clarification on Guidelines issued by RBI on Compensation of Whole Time Directors/Chief Executive Officers /Material Risk Takers and Control Function Staff on 30 August, 2021, share-linked instruments are fair valued on the date of grant using Black-Scholes model. The fair value of options computed using the Black-Scholes model, without reducing estimated forfeitures, are recognized as compensation expense over the vesting period. Options are granted at an exercise price, which is equal to the fair market price of the underlying equity shares at the date of the grant or at such a discount as may be approved by NRC/Board from time to time. The fair market price being the closing price of stock exchange which recorded the highest trading volumes in equity shares of the Bank and trading day immediately preceding the date on which the grant of options was approved and recommended to Board by Nomination and Remuneration Committee of Board.

The share linked payments will be governed by Bank's Scheme for Employee Stock Option Plan, once approved and implemented.

**C) Other Operating Expenses:**

Other operating expenses are generally accounted on accrual basis. In the case of Rent, where rent agreement is expired, rent is accounted on the basis of expired agreement till the new rent agreement is signed.

**III. Net profit**

Net Profit is arrived at after provisions for contingencies, which inter alia, include Provision for:

- i) Standard Assets, Restructured Advances and NPAs and NPLs;
- ii) Fraud and unhedged foreign currency exposure.
- iii) Taxation in accordance with statutory requirements.

**IV. Advances**

**A) Valuation/ Measurement**

- a) Advances are classified into performing assets (Standard) and non-performing assets ('NPAs') as per the RBI guidelines and are stated net of specific provisions made towards NPAs, sacrifice provisions on restructured advances and unrealized interest on NPAs. Interest on NPAs is transferred to an unrealized interest account and not recognized in profit and loss account until received. Further, NPAs are classified into substandard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made at the minimum required level as per the guidelines of the RBI on matters relating to prudential norms.
- b) Amounts recovered against debts written off are recognized in the profit and loss account and included under "Other Income".
- c) For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by the RBI, which requires the diminution in the fair value of the assets to be provided at the time of restructuring. In respect of loans and advances accounts subjected to restructuring, the account is upgraded to standard only after the specified period i.e., a period of one year after the date when first payment of interest or of principal, whichever is later, falls due, subject to satisfactory performance of the account during the period.
- d) For entities with Un-hedged Foreign Currency Exposure (UFCE), provision is made in accordance with the guidelines issued by RBI, which requires to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of un-hedged position. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.
- e) The Bank maintains general provision for standard assets including credit exposures computed as per the current marked-to-market values of foreign exchange derivative contracts, in accordance with the guidelines and at levels stipulated by RBI from time to time – direct advances to sectors agricultural, Individual housing loans and SME at 0.25%, Commercial Real Estate at 1%, restructured advances at 5%, teaser rate housing loans at 2%, commercial real estate residential housing at 0.75% and for other sectors at 0.40%.
- f) Bank makes additional provision on incremental exposure to borrowers identified as per large exposure framework; on relevant restructuring schemes announced by RBI, borrowers classified as fraud, etc., as per RBI norms.
- g) Loss on sale of assets to Asset Reconstruction Companies: RBI issued Master Direction- Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 on September 24, 2021. In accordance with these guidelines, when the stressed loan is transferred to ARC at a price below the Net Book Value (NBV) at the time of transfer, lenders shall debit the shortfall to the profit and loss account for the year in which the transfer has taken place. when the stressed loan is transferred to an ARC for a value higher than the NBV at the time of transfer, lenders shall reverse the excess provision on transfer to the profit and loss account in the year the amounts are received and only when the sum of cash received by way of initial consideration and / or redemption or transfer of Security Receipts (SR) / Pass Through Certificates (PTCs)/ other securities issued by ARCs is higher than the NBV of the loan at the time of transfer. Further, such reversal shall be limited to the extent to which cash received exceeds the NBV of the loan at the time of transfer.

## **B) Recording/ Presentation**

Provisions created against individual accounts as per RBI guidelines are not netted in the individual account. For presentation in financial statements, provision created for NPA is netted against gross amount of advance without adjusting the same at individual account level. Provision held against an individual account is adjusted against individual account's balance only at the time of write off of the account.

## **V. Floating Provisions**

The Bank has a policy for creation and utilization of floating provisions separately for advances, investments and general purposes. The quantum of floating provisions to be created is assessed at the end of the financial year. The floating provisions are utilized only for contingencies under extraordinary circumstances specified in the policy after obtaining the approval of Board of Directors of the Bank and with prior permission of Reserve Bank of India.

## **VI. Country Risk**

In addition to the provisions required to be held according to the asset classification status, provisions are held for individual country exposure (other than for home country). The countries are categorized into seven risk categories namely insignificant, low, moderate, high, very high, restricted and off-credit as per Export Credit Guarantee Corporation of India Limited ("ECGC") guidelines and provision is made on exposures exceeding 180 days on a graded scale ranging from 0.25% to 100%. For exposures with contractual maturity of less than 180 days, 25% of the normal provision requirement is held. If the country exposure (net) of the Bank in respect of each country does not exceed 1% of the total funded assets, no provision is maintained on such country. The provision is reflected in Schedule -5 of the Balance Sheet under "Other liabilities and Provisions- Others".

## **VII. Investments**

### **i) Classification**

In accordance with the RBI guidelines the separation of the total investment portfolio is made on the basis of investment objectives and by type of investment. When the investment objectives are taken into consideration, Investments are separated as:

- a. Held to Maturity (HTM)
- b. Available for Sale (AFS)
- c. Fair Value Through Profit & Loss (FVPTL)

Held for Trading (HFT) shall be a separate investment sub-category within FVPTL

The category of the investment shall be decided by the Bank before or at the time of acquisition and the decision shall be properly documented.

The Bank shall continue to present the investments in the Balance Sheet as set out in The Third Schedule to the BR Act (Form A, Schedule 8 - Investments) as under:

i) Government securities; (ii) Other approved securities; (iii) Shares; (iv) Debentures & Bonds; (v) Subsidiaries and / or joint ventures and (vi) Others (to be specified)

### **a) Held To Maturity**

Securities that fulfil the following conditions shall be classified under HTM:

- (i) The security is acquired with the intention and objective of holding it to maturity, i.e., the financial assets are held with an objective to collect the contractual cash flows; and
- (ii) the contractual terms of the security give rise to cash flows that are solely payments of principal and interest on principal outstanding ('SPPI criterion') on specified dates.

### **b) AFS**

Securities that meet the following conditions shall be classified under AFS:

- (i) The security is acquired with an objective that is achieved by both collecting contractual cash flows and selling securities; and
- (ii) The contractual terms of the security give rise to cash flows that are solely payments of principal and interest on principal outstanding on specified dates.

### **c) FVTPL**

Securities that do not qualify for inclusion in HTM or AFS are classified under FVTPL.

### **ii) Initial recognition**

All investments shall be measured at fair value on initial recognition. Unless facts and circumstances suggest that the fair value is materially different from the acquisition cost, it shall be presumed that the acquisition cost is the fair value.

### **iii) Subsequent Measurement**

#### **HTM**

- a) Securities held in HTM shall be carried at cost and shall not be marked to market (MTM) after initial recognition. However, they shall be subject to income recognition, asset classification and provisioning norms.
- b) Any discount or premium on the securities under HTM shall be amortized over the remaining life of the instrument. The amortized amount shall be reflected in the financial statements under item II 'Income on Investments' of Schedule 13: 'Interest Earned' with a contra in Schedule 8: 'Investments'



#### **AFS**

- a) The securities held in AFS shall be fair valued at least on a quarterly basis, if not more frequently. Any discount or premium on the acquisition of debt securities under AFS shall be amortized over the remaining life of the instrument. The amortized amount shall be reflected in the financial statements under item II 'Income on Investments' of Schedule 13: 'Interest Earned' with a contra in Schedule 8: 'Investments'.
- b) The valuation gains and losses across all performing investments, irrespective of classification (i.e., Government securities, Other approved securities, Bonds and Debentures, etc.), held under AFS shall be aggregated. The net appreciation or depreciation shall be directly credited or debited to a reserve named AFS Reserve without routing through the Profit & Loss Account.
- c) Upon sale or maturity of a debt instrument in AFS category, the accumulated gain/ loss for that security in the AFS-Reserve shall be transferred from the AFS Reserve and recognized in the Profit and Loss Account under item II Profit on sale of investments under Schedule 14-Other Income.
- d) In the case of equity instruments designated under AFS at the time of initial recognition, any gain or loss on sale of such investments shall be transferred from AFS-Reserve to the Capital Reserve.

#### **FVTPL**

- (a) The securities held in FVTPL shall be fair valued and the net gain or loss arising on such valuation shall be directly credited or debited to the Profit and Loss Account. Securities that are classified under the HFT sub-category within FVTPL shall be fair valued on a daily basis, whereas other securities in FVTPL shall be fair valued at least on a quarterly, if not on a more frequent basis.
- (b) Any discount or premium on the acquisition of debt securities under FVTPL shall be amortized over the remaining life of the instrument. The amortized amount shall be reflected in the financial statements under item II 'Income on Investments' of Schedule 13: 'Interest Earned' with a contra in Schedule 8: 'Investments'.
- c) Securities under FVTPL shall be subject to income recognition, asset classification and provisioning norms.

#### **iv) Reclassifications between categories**

Re-classification after transitioning would be permitted only exceptional circumstances. Such re-classification would require a prior approval of the Board of Directors and the Department of supervision of RBI. Re-classification should be applied prospectively from the re-classification date and banks must disclose the details of such reclassification (including the re-classification adjustments) in the notes to the financial statements. The accounting treatment for reclassifications done if any, is covered under Para 5.3 of Treasury Management Policy.

#### **Accounting treatment on re -classification**

##### **From HTM to AFS**

- The fair value measured at the re-classification date shall be the revised carrying value
- Any gain or loss arising from a difference between the revised carrying value and the previous carrying value shall be recognized in AFS -Reserve

##### **From HTM to FVTPL**

- The fair value measured at the re-classification date shall be the revised carrying value
- Any gain or loss arising from a difference between the revised carrying value and the previous carrying value of the investments shall be recognized in the Profit and Loss account under item III: 'Profit on revaluation of investments' under Schedule 14: 'Other Income'

##### **From AFS to HTM**

- The investments are re -classified at its fair value at the reclassification date. However, the cumulative gain / loss previously recognized in the AFS - Reserve shall be withdrawn therefrom and adjusted against the fair value of the investments at the reclassification date to arrive at the revised carrying value. Thus, the revised carrying value shall be the same as if the bank had classified the investment in HTM ab initio itself.

##### **From AFS to FVTPL**

- The investments shall continue to be measured at fair value. The cumulative gain or loss previously recognized in AFS -Reserve shall be withdrawn therefrom and recognized in the Profit and Loss Account, under item III: 'Profit on revaluation of investments' under Schedule 14: 'Other Income'.

##### **From FVTPL to HTM or AFS**

- The carrying amount representing the fair value at the reclassification date remains unchanged

#### **v) Sale of investments from HTM**

Any profit or loss on the sale of investments in HTM shall be recognized in the Profit and Loss Account under Item II of Schedule 14: 'Other Income'. The profit on sale of an investment in HTM shall be appropriated below the line from the Profit

and Loss Account to the 'Capital Reserve Account'. The amount so appropriated shall be net of taxes and the amount required to be transferred to Statutory Reserve.

**vi) Valuation of Investments**

The fair value for the purpose of initial recognition and periodical valuation of investments shall be determined as per the valuation norms. The valuation norms are also covered under Para 5.4 of Treasury Management Policy.

**a. Quoted Securities**

The fair value for the quoted securities shall be the prices declared by the Financial Benchmarks India Private Ltd. (FBIL) in accordance with the RBI circular FMRD.DIRD.7/14.03.025/2017-18 dtd. March 31, 2018, as amended from time to time. For securities whose prices are not published by FBIL, the fair value of the quoted security shall be based upon quoted price as available from trades / quotes on recognized stock exchanges, reporting platforms or trading platforms authorized by RBI / SEBI or prices declared by the Fixed Income Money Market and Derivatives Association of India (FIMMDA).

**b. Unquoted SLR Securities**

- i) Treasury Bills shall be valued at carrying cost.
- ii) Unquoted Central / State Government securities shall be valued on the basis of the prices / YTM rates published by the FBIL.
- iii) Other approved securities shall be valued applying the YTM method by marking them up by 25 basis points above the yields of the Central Government securities of equivalent maturity put out by FBIL.

**c. Unquoted Non-SLR securities**

**3.1 Unquoted debentures and bonds**

- a) Valued by applying the appropriate mark -up over the YTM rates for Central Government Securities as put out by FBIL / FIMMDA subject to the following:  
The mark-up applied shall be determined based on the ratings assigned to the debenture / bonds by the credit rating agencies and shall be subject to the following:
  - i) The mark up shall be at least 50 basis points above the rate applicable to a Central Government security of equivalent maturity for rated debentures / bonds.
  - ii) The mark-up for unrated debentures or bonds shall not be less than the mark-up applicable to rated debentures or bonds of equivalent maturity.Provided that the mark -up for the unrated debentures or bonds should appropriately reflect the credit risk borne by the bank.
- b) Where the debentures / bonds are quoted and there have been transactions within 15 days prior to the valuation date, the value adopted shall not be higher than the rate at which the transaction has been recorded on the Exchanges / trading platforms / reporting platforms authorized by RBI / SEBI
- c) Ujjwal DISCOM Assurance Yojana (UDAY) bonds and bonds issued by state distribution companies (DISCOMs) under financial restructuring plan.
  - i) UDAY bonds shall be valued on basis of prices / yields published by FBIL.
  - ii) State Government guaranteed bonds issued and serviced by DISCOM shall be valued by applying a mark -up of 75 basis points on YTM rates for Central Government Securities of equivalent maturities as published by FBIL.
  - iii) other bonds issued and serviced by DISCOMs shall be valued by applying a mark-up of 100 basis points on YTM rates for Central Government Securities of equivalent maturities as published by FBIL.
  - iv) Bonds issued and serviced by the State Government shall be valued by applying a mark-up of 50 basis points on YTM rates for Central Government Securities of equivalent maturities as published by FBIL.
- d) Special securities, which are directly issued by Government of India, and which do not carry SLR status shall be valued at a spread of 25 basis points above the corresponding yield on Central Government securities of equivalent maturity.
- e) Zero Coupon Bonds (ZCBs): In the absence of market value, the ZCBs shall be marked to market with reference to the present value of the ZCB. The fair value so determined should be compared with the carrying cost to determine valuation gain or loss.

**3.2 Preference shares**

- a) When a preference share has been traded on exchange within 15 days prior to the valuation date, the value shall not be higher than the price at which the share was traded.
- b) The valuation of unquoted preference shares shall be done on YTM basis with appropriate mark-up over the YTM rates for Central Government Securities of equivalent maturity put out by the FBIL subject to such preference share not being valued above its redemption value. The mark -up shall be graded according to

the rating assigned to the preference shares by the rating agencies and shall be subject to the following:

- i. The mark-up cannot be negative. i.e., the YTM rate shall not be lower than the coupon rate / YTM for a Central Government India security of equivalent maturity.
  - ii. The rate used for the YTM for unrated preference shares shall not be less than the rate applicable to rated preference shares of equivalent maturity and shall appropriately reflect the credit risk borne by the bank.
  - iii. Where the investment in preference shares is made as part of a resolution, the mark-up shall not be lower than 1.5 percentage points.
- c) Where preference dividends / coupons are in arrears, no credit should be taken for accrued dividends / coupons and the value determined as above on YTM basis should be discounted further by at least 15 per cent if arrears are for one year, 25 per cent if arrears are for two years, so on and so forth (ie. With 10 per cent increments). The overarching principle should be that valuation shall be based on conservative assessment of cash flows with appropriate discount rates to reflect the risk.
- d) Investments in preference shares as part of the project finance shall be valued at par for a period of two years after commencement of production or five years after subscription whichever is earlier.

### 3.3 Equity Shares

Equity shares for which current quotations are not available i.e., which are classified as illiquid or which are not listed on a recognized exchange, the fair value shall be the break-up value (without considering 'revaluation reserves', if any) which is to be ascertained from the company's latest audited balance sheet. The date as on which the latest balance sheet is drawn up shall not precede the date of valuation by more than 18 months. In case the latest audited balance sheet is not available or is more than 18 months old, the shares shall be valued at ₹1 per company. Before Half an hour average (BHAV) price on the BSE and in absence of trading in BSE, BHAV price of NSE for the day / previous trading day shall be taken for valuation of equity and if BSE/NSE quotes are not available, quotes of other exchange /s may be taken. Equity shares for which current quotations are not available or where the shares are not quoted on the stock exchanges should be valued at break-up value which is to be ascertained from the company's latest balance sheet (which should not be more than 18 months prior to the date of valuation). In case the latest balance sheet is not available the shares are to be valued at Re.1 per company.

### 3.4 Mutual Funds Unit (MF Units)

- a) Investment in unquoted MF units shall be valued on the basis of the latest re-purchase price declared by the MF in respect of each scheme.
- b) In case of funds with lock -in period or any other Mutual fund, where repurchase price / market quote is not available, units shall be valued at Net Asset Value (NAV) of the scheme. If NAV is not available, these shall be valued at cost, till the end of the lock -in-period.

### 3.5 Commercial Paper

Commercial paper shall be valued at the carrying cost.

### 3.6. Investment in Security Receipts (SRs) and other instruments issued by an Asset Reconstruction Company (ARC)

In respect of investments in SRs and other instruments issued by ARCs, the requirements as per the Transfer of Loan Exposures Directions, 2021, as amended from time to time, should be followed

#### vii) Non-Performing Investments (NPI)

The criterion used to classify an asset as Non-Performing Asset (NPA) as per the extant Prudential Norms on Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to Advances shall be used to classify an investment as a Non-Performing Investment (NPI). Similarly, an NPI shall only be upgraded to standard when it meets the criteria specified in the IRACP norms.

#### viii) Transitional Provisions

The balance in provision for depreciation, as at March 31, 2024, shall be reversed into the Revenue/ General Reserve. The balances in Investment Reserve Account (IRA), if any, as of March 31, 2024, shall be transferred to the Revenue/ General Reserve if the bank meets the minimum regulatory requirements of IFR. If the bank does not meet the minimum IFR requirements, the balances in IRA shall be transferred to IFR. The accounting treatment for transition from the previous to the revised framework is given in the table below:

Previous Frame work	Revised Frame work	Opening Accounting Adjustments on April 1, 2024
HTM	HTM	The acquisition cost adjusted for any premium/ discount amortized between date of acquisition and March 31, 2024, shall be the revised carrying value. The difference between the revised carrying value and the previous carrying value shall be adjusted in any Revenue/General Reserve.

AFS	AFS/ FVTPL	The fair value as at March 31, 2024 shall be the revised carrying value. The difference between the revised carrying value and the previous carrying value shall be adjusted in AFS Reserve in the case of AFS portfolio and to any Revenue/ General Reserves in the case of FVTPL.
	HTM	The acquisition cost adjusted for any premium/ discount amortized between date of acquisition and March 31, 2024 shall be the revised carrying value. The difference between the revised carrying value and the previous carrying value shall be adjusted in Revenue/ General Reserve
	AFS/ FVTPL	The fair value of the investment as at March 31, 2024 shall be the revised carrying value. The difference between the revised carrying value and the previous carrying value shall be adjusted in AFS Reserve in the case of AFS portfolio and to any Revenue/ General Reserves in the case of FVTPL.
HFT	HTM	The acquisition cost adjusted for any premium/ discount amortized between date of acquisition and March 31, 2024 shall be the revised carrying value. The difference between the revised carrying value and the previous carrying value shall be adjusted in Revenue/ General Reserve
	AFS/ FVTPL	The fair value as at March 31, 2024 shall be the revised carrying value. The difference between the revised carrying value and the previous carrying value shall be adjusted in AFS Reserve in the case of AFS portfolio and to any Revenue/ General Reserves in the case of FVTPL.

**ix) Repurchase (REPO) and Reverse Repurchase (Reverse REPO) transactions**

The securities sold and purchased under Repo/ Reverse Repo (including transactions conducted under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) with RBI) are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/ purchase transactions and such movement of securities is reflected using the Repo/Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/income, as the case may be. Balance in Repo Account is classified under Schedule 4 (Borrowings).

All type of reverse repos with the Reserve Bank including those under Liquidity Adjustment Facility shall be presented under sub-item (ii) 'In Other Accounts' of item (II) 'Balances with Reserve Bank of India' under Schedule 6 'Cash and balances with Reserve Bank of India'. Reverse repos with banks and other institutions having original tenors up to and inclusive of 14 days shall be classified under item (ii) 'Money at call and short notice' under Schedule 7 'Balances with banks and money at call and short notice'. Reverse Repo of original tenors more than 14 days shall be classified under Schedule 9 – Advances.

**x) Short Sales**

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short position is reflected as the amount received on sale and is classified under 'Other Liabilities'. The short position is marked to market and resultant mark-to-market gain/losses are accounted for as per the relevant RBI guidelines for valuation of investments.

**VIII. Property, Plant and Equipment/ Fixed Assets**

- An item of property, plant and equipment (PPE) that qualify for recognition as an asset are initially recognized and measured at cost.
- After initial recognition, the Bank chooses 'Cost Model' or 'Revaluation Model' for subsequent measurement as its accounting policy and applies that policy to entire class of PPE.
- PPE following 'Cost Model' are carried at Cost less any accumulated depreciation/ amortization and any accumulated impairment losses.
- PPE following 'Revaluation Model' are carried at Revalued Amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation/ amortization and any accumulated impairment losses.
- Revaluations are done with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value.
- An increase in the carrying amount of an asset arising on revaluation is credited to owners' interest under "Revaluation Reserve". However, the increase is recognized in the statement of profit and loss to the extent that it reverses a decrease in the revaluation of same asset previously recognized in the profit and loss account. A decrease in the carrying amount of an item of an asset arising on revaluation is charged to the statement of profit and loss. However, the decrease is debited directly to owners' interest under the heading "Revaluation Surplus" to the extent of any credit balance existing in

the Revaluation Reserve in respect of that asset.

- Revaluation Surplus included in owners' interest in respect of an item of PPE is transferred to "Revenue Reserves" when the asset is retired or disposed off. The difference between the depreciation based on the revalued carrying amount and the depreciation based on original cost is also transferred to "Revenue Reserves" from "Revaluation Reserve". However, such transfers from "Revaluation Reserve" to "Revenue Reserve" are not made through the statement of profit or loss.
- Cost of an item of PPE includes a) purchase price, including freight, duties and taxes and incidental expenses, after deducting trade discounts and rebates; (b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management viz. cost of employee benefits (as defined in AS-15 'Employee Benefits') arising directly from the construction or acquisition of the item of property, plant and equipment, cost of site preparation, initial delivery and handling costs, installation and assembly costs, professional fees, cost of testing whether the asset is functioning properly; (c) Taxes like GST paid on fixed assets wherever eligible are availed as ITC as per GST rules. (d) the initial estimate of the cost of dismantling, removing the item and restoring the site on which it is located, referred to as 'decommissioning, restoration and similar liabilities'
- Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future economic benefit/ functional capability from/ of such assets.
- Depreciation on fixed assets is charged on a pro rata basis on a straight-line method on the estimated useful life of the asset in compliance with the Schedule II of the Companies Act, 2013. Depreciable amount of an asset is allocated on a systematic basis over the useful life of the asset.
- Residual value and useful life of the asset is reviewed at least at each financial year end, and if expectations differ from previous estimates, such changes are accounted for as a change in accounting estimate in accordance with "AS-5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies".
- Method of depreciation used is assessed and reviewed at each financial year end and if there is a significant change in the pattern of consumption of the future economic benefits embodied in the asset, the method of depreciation is changed to reflect the changed pattern and such a change is accounted for and disclosed as a change in Accounting Estimate in accordance with "AS-5" Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies".
- Amount expended towards acquisition of Software is capitalized where it is reasonably estimated that the software has an enduring useful life. Software is amortized over an estimated useful life of 3 to 5 years on straight-line basis.
- Land and premises owned by the Bank are valued under 'Revaluation Model' and other Fixed Assets are valued under 'Cost Model'.
- Grant related to Specific Fixed Assets – Grant received from the Government/ other agencies related to depreciable assets are treated as deferred income which is recognized in the profit and loss statement on a systematic and rational basis over the useful life of the asset.
- Capital Work in progress includes cost of fixed assets that are not ready for their intended use and includes advance paid to vendors to acquire the fixed assets.
- The fixed assets are depreciated at straight-line method based on useful life of the assets stated as under:

S.No.	Description of Fixed Assets	Useful life for Depreciation
1	Computer Software	3 to 5 Years
2	Server	6 years
3	Computer Hardware- desktops, laptops etc.	3 years
4	Electrical installations and equipment	10 years
5	Furniture and Fittings	10 years
6	Premises (Buildings)	60 years
7	Motor Vehicles	8 years

#### IX. Non-Banking Assets

Non-Banking Assets acquired in settlement of debts/dues are accounted at the lower of their cost or net realizable value.

#### X. Cash and Cash Equivalents

Cash and Cash Equivalents include cash in hand, balances with RBI and Balances with other banks/ institutions and money at call and short notice (including effects of changes in exchange rates on cash and cash equivalents in foreign currency). Cash flow statement has been prepared under the indirect method.

#### XI. Transactions involving foreign exchange

- 1 Foreign Currency transactions are recorded on initial recognition in the reporting currency by applying the foreign currency amount, the exchange rate between the reporting currency and the foreign currency on the date of the transaction.
- 2 Foreign Currency Monetary items at balance sheet date are reported using the Foreign Exchange Dealers Association of India (FEDAI) closing (spot/forward) rates.
- 3 Foreign Currency Non-Monetary items, which are carried at historical cost, are reported using the exchange rate on the date of the transaction.



- 4 Contingent Liabilities denominated in foreign currency are revalued using the exchange rate notified by FEDAI at the balance sheet date.
- 5 Outstanding foreign exchange spot and forward contracts held for trading at balance sheet date are revalued at the exchange rate notified by FEDAI for specified maturities and the resulting profit or loss is recognized in the statement of profit and loss.
- 6 Foreign Exchange forward contracts which are not intended for trading and are outstanding on the Balance sheet date, are revalued at the closing spot rate. The premium or discount arising at the inception of such contracts is amortized as expense or income over the life of the contract.
- 7 Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognized as income or as expense in the period in which they arise.
- 8 Gains/Losses on account of changes in exchange rates of open position in currency futures trades are settled with the exchange clearing house on daily basis and such gains/losses are recognized in the statement of profit and loss.

## **XII. Derivative Transactions**

The Bank recognizes all derivative contracts at fair value, on the date on which the derivative contracts are entered into and are measured at fair value as at the Balance Sheet or reporting dates. Derivatives are classified as assets when the fair value is positive (Positive marked-to-market) or as liabilities when the fair value is negative (negative marked-to-market). Changes in the fair value of derivatives other than those designated as hedges are recognized in the Profit and Loss Account.

## **XIII. Segment Information**

The disclosure relating to segment information is in accordance with the guidelines issued by RBI. The disclosure relating to segment information is in accordance with Accounting Standard 17 - "Segment Reporting" and as per RBI Master Direction on Financial Statements-Presentation and Disclosures dated August 30, 2021. As per the Master Direction, the reportable segments are identified as 'Treasury', 'Corporate / Wholesale Banking', 'Retail Banking' and 'Other banking operations'.

- Treasury' includes the entire investment portfolio of the Bank.
- Retail Banking include exposures which fulfill the four criteria of orientation, product, granularity, and low value of individual exposures for retail exposures laid down in Master Directions on Basel III: Capital Regulations. Individual housing loans also form part of Retail Banking segment. Further, 'Digital Banking' has been identified as a sub-segment of the existing 'Retail Banking' segment as per Reserve Bank of India (RBI) guidelines.
- Corporate / Wholesale Banking include all advances to trusts, partnership firms, companies, and statutory bodies, which are not included under 'Retail Banking'.
- Other Banking Business includes all other banking operations not covered under 'Treasury', 'Wholesale Banking' and 'Retail Banking' segments. It also includes all other residual operations such as para banking transactions / activities.

## **XIV. Earnings per Share**

The Bank reports basic and diluted earnings per share in accordance with AS 20, Earnings per Share, as prescribed under Section 133 of the Companies Act, 2013. Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end.

## **XV. Operating Lease**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease payments for assets taken on operating lease are recognized as an expense in the Profit and Loss Account as per the lease terms.

## **XVI. Impairment of Assets**

The carrying values of assets at each balance sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceeds the estimated recoverable amount, impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Profit and Loss Account, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a reduction in revaluation to the extent a revaluation reserve is available for that asset. When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account. In case of revalued assets such reversal is not recognized.

Impairment of an item of property, plant and equipment is determined by applying the Accounting Standard 28. Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in the statement of profit and loss when the compensation becomes receivable.

#### **XVII. Taxes on income**

The income tax expense comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences, being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax asset is recognized subject to prudence and judgment that realization is more likely than not. Deferred tax assets and liabilities are measured using tax rates under tax laws that have been enacted before the balance sheet date. Changes in deferred tax assets/ liabilities on account of changes in enacted tax rates are given effect to in the profit and loss account in the period of the change.

#### **XVIII. Provisions, Contingent Liabilities and Contingent Assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Bank creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. No provision is recognized, and a disclosure of contingent liability is made when there is:

- i. a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- ii. a present obligation arising from a past event which is not recognized because:
  - it is not probable that an outflow of resources will be required to settle the obligation; or
  - a reliable estimate of the amount of the obligation cannot be made. The Bank does not expect the outcome of these contingencies to have a materially adverse effect on its financial results.

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. If a favourable Judgement/ Order is already there in respect of disputed items of taxation, no provisions or disclosures would be made in the books, in respect of such matters. Bank do not create provision for the cases pending at first appellate authority and where there are no adverse judgements decided on such disputed matters by the High Court/Supreme Court/ Income Tax Appellate Tribunal/ or other such Appellate Authorities.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

#### **XIX. Share Issue Expenses**

Share issue expenses are adjusted from the Share Premium Account in accordance with Section 52 of the Companies Act, 2013.

#### **XX. Corporate Social Responsibility**

Spends towards corporate social responsibility, in accordance with Companies Act, 2013 are recognized in the Profit and Loss Account.

#### **XXI. Priority Sector Lending Certificates (PSLC)**

The fee paid for purchase of the PSLC would be treated as an 'Expense' and the fee received for the sale of PSLCs would be treated as 'Miscellaneous Income'.

##### **1. Approval and Modification of Accounting Policy**

Any amendments or new provisions stipulated by RBI/ Regulatory authorities shall automatically become part of the Policy.

##### **2. Compliance and Reporting requirements**

The above policies are in the nature of general principles adopted by the Bank for recognizing, recording, and summarizing the financial transactions of the bank. Banking services are extended from various offices of the bank spread across India. For proper accounting, accounting aspects of such events/ services are first recorded at such offices from where these transactions/ services/ events become measurable in monetary terms. Transactions thus generated are further compiled at Head Office to prepare the financial statements of the bank. Detailed rules covering procedural aspects of accounting, including accounting controls, of various products/ services at branches and Head Office are included in the policies, Manuals/SOP and circulars issued from time to time.

##### **3. Consequences of Non-Compliance**

Any qualifications in the financial statements of banks for non-compliance with any Accounting Standard will be viewed seriously by the Reserve Bank of India. Bank to ensure strict compliance with Accounting Policy.

**SCHEDULE 18 - NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2025****1. DISCLOSURE REQUIREMENTS AS PER RBI'S MASTER DIRECTION ON FINANCIAL STATEMENTS – PRESENTATION AND DISCLOSURES**

Amount in notes forming part of the financial statements for the year ended March 31, 2025 are denominated in Rupees Crore to conform to extant Reserve Bank of India (RBI) guidelines except, where stated otherwise.

**1. Capital****1.1 Capital Infusion**

The Bank, vide its Letter of Offer dated December 19, 2024, offered upto 14,16,86,767 equity shares of face value of ₹10 each at a price of ₹21.00 per equity share (including a premium of ₹11.00 per equity share) for an amount aggregating to ₹297.54 Crore on a rights basis to the eligible equity shareholders of the bank in the ratio of 14 rights equity shares for every 25 fully paid-up equity shares held by the eligible equity shareholders of the Bank on the record date, i.e., on December 27, 2024. The issue was fully subscribed and Bank has allotted 14,16,86,767 equity shares on February 4, 2025. Accordingly, share capital increased by ₹141.69 Crore (Previous Year ₹ Nil) and share premium increased by ₹150.60 Crore (Previous Year ₹ Nil).

**Paid-up Capital**

(₹ in Crore)

Particulars	March 31, 2025	March 31, 2024
Opening Balance	253.01	253.01
Addition during the year	141.69	-
Closing Balance	394.70	253.01

**Share Premium**

(₹ in Crore)

Particulars	March 31, 2025	March 31, 2024
Opening Balance	1005.45	1005.45
Addition during the year	150.60	-
Closing Balance	1156.05	1005.45

**Tier II Capital**

During the year ended March 31, 2025, the Bank has redeemed lower Tier II Bonds (ISIN-INE680A09022) of ₹150.00 Crore.

(₹ in Crore)

Particulars	March 31, 2025	March 31, 2024
Opening Balance as on April 1 <sup>st</sup>	150.00	150.00
Redemption of Bonds	150.00	-
Closing Balance as on March 31 <sup>st</sup>	0.00	150.00

**1.2 Regulatory Capital**

The Bank is subject to the Basel-III Capital Regulations stipulated by RBI which are based on the framework of the Basel Committee on Banking Supervision, effective from April 1, 2013. Bank has to comply with the regulatory limits and minima as prescribed under Basel III capital regulations, on an ongoing basis. As per the guidelines, the Bank is required to maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 9% (11.5% including Capital Conservation Buffer [CCB]), with minimum Common Equity Tier I (CET1) of 5.5% (8% including CCB). These guidelines on Basel III have been implemented completely. The minimum CRAR required to be maintained by the Bank as on 31st March 2025 is 11.50%.

**Composition of Regulatory Capital**

The computation of capital adequacy as per Basel-III framework is furnished below:

(₹ in Crore )

Sr. No.	Items	March 31, 2025	March 31, 2024
(i)	Common Equity Tier 1 capital (CET 1) (net of deductions, if any)	1243.37	847.61
(ii)	Additional Tier 1 capital	-	-
(iii)	Tier 1 capital (i + ii)	1243.37	847.61
(iv)	Tier 2 capital	71.65	100.51
(v)	Total capital (Tier 1 + Tier 2)	1315.03	948.12
(vi)	Total Risk Weighted Assets (RWAs)	8155.45	7462.44
(vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	15.24%	11.36%
(viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	15.24%	11.36%

Sr. No.	Items	March 31, 2025	March 31, 2024
(ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	0.88%	1.35%
(x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	16.12%	12.71%
(xi)	Leverage Ratio	6.76%	5.14%
(xii)	Percentage of the shareholding of Government of India	-	-
(xiii)	Amount of paid-up equity capital raised during the year (including share premium) through: Rights Issue	292.29	-
(xiv)	Amount of non-equity Tier 1 capital raised during the year	-	-
(xv)	Amount of Tier 2 capital raised during the year	-	-

### 1.3 Reserves and Surplus

#### Statutory Reserve

During the year ended March 31, 2025, the Bank had appropriated ₹16.66 Crore (previous year: ₹14.46 Crore) out of profits for the year ended March 31, 2025 to the Statutory Reserve in terms of section 17 of the Banking Regulation Act, 1949 and RBI guidelines.

#### Capital Reserve

In the case of equity instruments designated under AFS at the time of initial recognition, any gain or loss on sale of such investments shall be transferred from AFS-Reserve to the Capital Reserve. During the year an amount of ₹0.64 Crore (Previous year Nil) was transferred to Capital Reserve as loss on sale of such Equity instruments. Profit on sale of investments in the Held to Maturity category were credited to the Profit and Loss Account and thereafter appropriated to capital reserve (net of taxes and the amount required to be transferred to Statutory Reserves) during the year is Nil (Previous year ₹0.21 Crore)

#### Investment Reserve (IRA)

Since the Bank has complied with minimum regulatory requirements of IFR, the balance in Investment Reserve Account as of March, 31, 2024 amounting to ₹28.51 Crore was transferred to General Reserve, in compliance with RBI Master Direction-Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023 dated Sept 12, 2023, w.e. April 01, 2024. During the previous year, there was transfer to Investment Reserve Account amounting to ₹12.77 Crore.

#### Investment Fluctuation Reserve (IFR)

Investment fluctuation reserve (IFR) is created with an amount not less than lower of net profit on sale of investments during the year or net profit for the year less mandatory appropriations until the amount of IFR is at least 2 percent of the AFS and FVTPL portfolio (including HFT), on a continuing basis. During the year, Bank has not transferred any amount (previous year ₹2.81 Crore) to Investment Fluctuation Reserve Account as the Bank already hold adequate reserves in line with regulatory prescriptions.

#### AFS Reserve

The valuation gains and losses across all performing investments, irrespective of classification (i.e., Government securities, Other approved securities, Bonds and Debentures, etc.), held under AFS shall be aggregated and net appreciation or depreciation shall be directly credited or debited to AFS reserve without routing through the Profit & Loss Account. At the time of initial recognition, the Bank has transferred the loss on account of transitional adjustment due to fair valuation of equity instruments amounting to ₹13.38 Crore. After making subsequent adjustments for gain/ loss in the AFS portfolio during the year, the loss stands at ₹9.17 Crore (net of taxes) (Previous year: Nil) in the AFS reserve.

#### Revenue Reserve:

In compliance with RBI's Master Direction on classification, Valuation and Operation of Investment Portfolio of commercial Banks (Directions) 2023 dated 12<sup>th</sup> September 2023, the investments of the Bank have been reclassified, wherever required and valued in accordance with the above-mentioned RBI direction. Transitional adjustment on account of reclassification of securities has been credited to General Reserve to the extent of ₹44.91 crore, which includes reversal of provision for depreciation of ₹13.74 Crore, amortization of discount on HTM securities of ₹2.66 Crore (net of taxes) and transfer of investment reserve of ₹ 28.51 crore. An amount of ₹0.73 Crore (previous year ₹0.74 Crore) was credited to revenue reserves, being depreciation on the revalued assets.

During the year 2023-2024, Bank had credited back ₹10.79 Crore drawn down from revenue and other reserves, which relates to unamortized amount of one fraud account as permitted by the RBI vide DBR No.BRBC.92/21.04.048/2015-16 dated April 18, 2016. There was no such credit back to revenue and other reserves during the year 2024-2025.

#### Draw down from reserves

The draw down from the reserves for the year ended March 31, 2025 are as follows:

The Bank has not undertaken any drawdown from reserves during the year ended March 31, 2025 and March 31, 2024, except:

1. An amount of ₹0.73 Crore (previous year ₹0.74 Crore) was drawn from revaluation reserves and credited to revenue reserves, being depreciation on the revalued assets.
2. In Financial year 2024-25, Bank had adjusted the share issue expenses of ₹5.25 Crore, incurred for the equity raised through the Right Issue during the year ended March 31, 2025, against the share premium account in terms of Section 52 of the Companies Act, 2013 and Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions dated August 30, 2021 as amended.

## 2. ASSET LIABILITY MANAGEMENT

### a) Maturity pattern of Assets and Liabilities

Disclosure format of maturity pattern has been revised by RBI vide circular DBR.BP.BC.No. 86/ 21.04.098/2015-16 dated March 23, 2016. In compiling the information of maturity pattern, estimates and assumptions have been made by the management and have been relied upon by the auditors.

### i) Maturity Pattern of certain assets and liabilities as at March 31, 2025:

(₹ in Crore)

Particulars	Day 1	2 to 7 Days	8 to 14 Days	15 to 30 Days	31 days upto 2 months	Over 2 months upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 years	Total
Deposits	66.46	364.87	657.06	727.55	756.45	570.36	2322.13	4099.55	6200.18	209.34	39.51	16013.45
Advances (Net)	199.35	46.40	47.01	509.56	511.71	714.70	2,607.98	1,989.91	1,950.18	895.21	2,487.48	11,959.49
Investments (Net)*	0.00	0.00	19.99	0.00	129.67	265.93	448.86	793.49	1117.99	256.49	922.73	3955.15
Borrowings	0.00	200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	200.00
Foreign currency Assets	40.82	1.28	-	1.88	17.95	8.52	21.82	47.16	0	0	0	139.43
Foreign currency Liabilities	23.33	0.04	0.12	2.10	2.45	3.96	9.71	55.52	20.80	0.78	0	118.80

\*As per Master Direction-Classification, Valuation and Operation of Investment Portfolio of Commercial banks (Directions),2023 dated September 12,2023, investments are shown in books at fair value.

### ii) Maturity Pattern of certain assets and liabilities as at March 31, 2024: (₹. in Crore)

Particulars	Day 1	2 to 7 Days	8 to 14 Days	15 to 30 Days	31 days upto 2 months	Over 2 Months upto 3 months	Over 3 months and upto 6 Months	Over 6 Months and upto 1 year	Over 1 year and upto 3 year	Over 3 year and upto 5 years	Over 5 years	Total
Deposits	67.35	235.05	460.00	438.18	693.65	621.85	2491.92	3390.50	5647.64	180.12	64.06	14290.31
Advances (Net)	268.81	112.40	86.19	556.11	530.82	697.40	1581.04	1744.81	1819.12	734.93	1970.51	10102.16
Investments (Gross)	1.33	0.00	0.00	0.00	24.50	2.50	275.55	157.27	2113.27	929.54	591.11	4095.07
Borrowings	0.00	149.04	0.00	0.00	0.00	0.00	0.00	150.00	0.00	0.00	0.00	299.04
Foreign currency Assets	35.60	4.73	1.98	0.64	6.57	24.75	11.20	58.64	8.47	0	0	152.58
Foreign currency Liabilities	25.54	4.71	1.88	2.51	8.22	9.73	4.90	33.12	12.87	26.83	-	130.30



**b) Liquidity Coverage Ratio (LCR)**

**i) Quantitative Disclosure**

Position of Liquidity Coverage Ratio computed based on Simple Average of daily observations of the 4 quarters for the year ended March 31, 2025 is furnished below:

(₹ In Crore)

	Quarter ended 30.06.24		Quarter ended 30.09.24		Quarter ended 31.12.24		Quarter ended 31.03.25	
	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>								
1 <b>Total High-Quality Liquid Assets (HQLA)</b>		<b>3604.33</b>		<b>3440.47</b>		<b>3039.76</b>		<b>3764.55</b>
<b>Cash Outflows</b>								
2 Retail deposits and deposits from small business customers, of which:	10855.43	956.93	10653.51	935.46	11191.93	974.03	11173.97	984.92
i) Stable Deposits	2572.18	128.61	2597.76	129.89	2633.08	130.60	2649.58	132.48
ii) Less stable deposits	8283.25	828.32	8055.75	805.57	8558.85	843.43	8524.38	852.44
3 Unsecured wholesale funding, of which:	3238.53	1751.17	3014.02	1706.43	1981.80	1381.54	2017.22	1498.80
i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
ii) Non-operational deposits (all counterparties)	3238.53	1751.17	3014.02	1706.43	1981.80	1381.54	2017.22	1498.80
iii) Unsecured debt								
4 Secured wholesale funding								
5 Additional requirements, of which	576.30	122.14	605.89	98.48	617.94	110.33	555.91	105.05
i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
Credit and liquidity facilities	576.30	122.14	605.89	98.48	617.94	110.33	555.91	105.05
6 Other contractual funding obligations	102.28	102.28	106.44	106.44	139.41	131.13	192.40	192.40
7 Other contingent funding obligations	374.99	11.25	355.49	10.66	350.43	10.88	313.98	9.42
8 <b>Total Cash Outflows</b>		<b>2943.78</b>		<b>2857.48</b>		<b>2607.90</b>		<b>2790.58</b>
<b>Cash Inflows</b>								
9 Secured lending (e.g. reverse repos)	35.77	35.77	-	-	-	-	196.47	196.47
10 Inflows from fully performing exposures	450.57	225.28	469.03	234.52	534.75	236.22	470.09	235.04
11 Other cash inflows	-	-	95.44	95.44	350.00	320.81	-	-
12 <b>Total Cash Inflows</b>	<b>486.34</b>	<b>261.06</b>	<b>564.47</b>	<b>329.96</b>	<b>884.75</b>	<b>557.03</b>	<b>666.56</b>	<b>431.52</b>
	<b>Total adj Value</b>		<b>Total adj Value</b>		<b>Total adj Value</b>		<b>Total adj Value</b>	
13 <b>Total HQLA</b>		<b>3604.33</b>		<b>3440.47</b>		<b>3039.76</b>		<b>3764.55</b>
14 <b>Total Net Cash Outflows</b>		<b>2682.72</b>		<b>2527.53</b>		<b>2050.88</b>		<b>2359.07</b>
15 <b>Liquidity Coverage Ratio (%)</b>		<b>134.35%</b>		<b>136.12%</b>		<b>148.22%</b>		<b>159.58%</b>

Position of Liquidity Coverage Ratio computed based on Simple Average of daily observations of the 4 quarters for the year ended March 31, 2024 is furnished below:

	Quarter ended 30.06.23		Quarter ended 30.09.23		Quarter ended 31.12.23		Quarter ended 31.03.24	
	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)	Total Un-weighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>								
1 <b>Total High-Quality Liquid Assets (HQLA)</b>		<b>3176</b>		<b>3286.23</b>		<b>3378.17</b>		<b>3639.74</b>
<b>Cash Outflows</b>								
2 Retail deposits and deposits from small business customers, of which:	10267.82	912.18	10489.45	931.60	10690.51	947.01	10864.77	960.77
i) Stable Deposits	2292.02	114.60	2346.83	117.34	2440.91	122.05	2514.17	125.71
ii) Less stable deposits	7975.80	797.58	8142.62	814.26	8249.59	824.96	8350.60	835.06
3 Unsecured wholesale funding, of which:	1044.64	766.32	1309.47	1085.99	1365.10	1152.43	4160.36	1436.97
i) Operational deposits (all counterparties)			-	-	-	-	-	-
ii) Non-operational deposits (all counterparties)	1044.64	766.32	1309.47	1085.99	1365.10	1152.43	4160.36	1436.97
iii) Unsecured debt								
4 Secured wholesale funding	-	-		-				
5 Additional requirements, of which	492.66	102.80	521.52	91.00	540.34	102.88	632.87	134.63
i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-				
ii) Outflows related to loss of funding on debt products	-	-	-	-				
iii) Credit and liquidity facilities	492.66	102.80	521.52	91.00	540.34	102.88	632.87	134.63
6 Other contractual funding obligations	0.00	0.00	0.00	0.00	540.34	102.88	83.84	83.84
7 Other contingent funding obligations	393.68	11.81	381.48	11.44	392.90	11.79	393.57	11.81
8 <b>Total Cash Outflows</b>		<b>1793.12</b>		<b>2120.04</b>		<b>2214.10</b>		<b>2627.52</b>
<b>Cash Inflows</b>								
9 Secured lending (e.g. reverse repos)	3.62	3.62	77.08	77.08	77.01	77.01	136.65	136.65
10 Inflows from fully performing exposures	418.11	209.05	496.64	248.32	733.12	366.56	540.38	270.19
11 Other cash inflows	-	-	-	-	-	-	-	-
12 <b>Total Cash Inflows</b>	<b>421.72</b>	<b>212.67</b>	<b>573.72</b>	<b>325.40</b>	<b>810.13</b>	<b>443.57</b>	<b>677.04</b>	<b>406.85</b>
		<b>Total adj Value</b>		<b>Total adj Value</b>		<b>Total adj Value</b>		<b>Total adj Value</b>
13 <b>Total HQLA</b>		<b>3176</b>		<b>3286.23</b>		<b>3378.17</b>		<b>3639.47</b>
14 <b>Total Net Cash Outflows</b>		<b>1580.45</b>		<b>1794.64</b>		<b>1770.53</b>		<b>2220.68</b>
15 <b>Liquidity Coverage Ratio (%)</b>		<b>200.96%</b>		<b>183.11%</b>		<b>190.80%</b>		<b>163.89%</b>

**ii) Qualitative Disclosure**

The Bank measures and monitors the LCR in line with the Reserve Bank of India's circular dated June 09, 2014 on "Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and LCR Disclosure Standards" as amended for "Prudential Guidelines on Capital Adequacy and Liquidity Standards" dated March 31, 2015. The LCR guidelines aim to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30-calendar day time horizon under a significantly severe liquidity stress scenario. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken. Banks are required to maintain HQLA of a minimum of 100% of its Net Cash Outflows. The adequacy in the LCR maintenance is an outcome of a conscious strategy of the Bank towards complying with LCR mandate ahead of the stipulated timelines. The maintenance of LCR, both on end of period and on an average basis, has been on account of multiple factors viz, increases in excess SLR, existing eligibility in corporate bond investments, increase in retail deposits and increase in non-callable deposits. Unweighted values are calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows) except where otherwise mentioned in the circular and LCR template. Weighted values are calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows). Board of Directors of the Bank has empowered ALCO (Senior Management Executive Committee) to monitor and strategize the Balance Sheet profile of the Bank.

The Bank has been maintaining HQLA primarily in the form of SLR investments over and above mandatory requirement; Certificate of Deposits issued by Banks with rating A1+ and above apart from regulatory dispensation allowed in the form of borrowing limit available through Marginal Standing Facility (MSF) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR). Average LCR for the Quarter ended March 31, 2025 is 159.58% (Quarter ended March 31, 2024: 163.89%), which is comfortably above RBI prescribed minimum requirement of 100%.

**c) Net Stable Funding Ratio (NSFR)**

**i) Quantitative Disclosure**

The following table sets out the unweighted and weighted value of the NSFR components of the Dhanlaxmi Bank at March 31, 2025 (i.e., quarter-end observation).

(₹ in Crore)

Net Stable Funding Ratio- March 31, 2025					
(₹ in Crore)	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Items					
1 Capital: (2+3)	1285.61	-	-	27.70	1313.31
2 Regulatory capital	1285.61	-	-	-	1285.61
3 Other capital instruments	-	-	-	27.70	27.70
4 Retail deposits and deposits from small business customers: (5+6)	4249.00	1800.09	2472.88	2906.55	10420.15
5 Stable deposits	984.79	671.70	562.33	470.57	2554.92
6 Less stable deposits	3264.21	1128.40	1910.55	2435.98	7865.22
7 Wholesale funding: (8+9)	397.94	2485.04	1438.52	235.73	1937.52
8 Operational deposits					
9 Other wholesale funding	397.94	2485.04	1438.52	235.73	1937.52
10 Other liabilities: (11+12)	637.87				-
11 NSFR derivative liabilities					-
12 All other liabilities and equity not included in the above categories	637.87	-	-	-	-
13 Total ASF (1+4+7+10)	6570.42	4285.14	3911.40	3169.98	13670.98

Net Stable Funding Ratio- March 31, 2025						
(₹ in Crore)	Unweighted value by residual maturity				Weighted value	
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr		
RSF Items						
14	Total NSFR high-quality liquid assets (HQLA)	992.39	739.93	715.08	2317.56	203.55
15	Deposits held at other financial institutions for operational purposes	87.43	-	-	-	43.72
16	Performing loans and securities: (17+18+19+20+21+23)	-	4572.95	1978.93	3966.18	6296.06
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	395.24	312.26	-	215.42
19	Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs of which:	-	4177.55	1665.84	2803.32	5277.58
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	134.70	87.56
21	Performing residential mortgages, of which:	-	0.16	0.83	1064.67	719.61
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	0.16	0.83	985.90	640.84
23	Securities that are not in default and do not qualify as HQLA, including exchange traded equities	-	-	-	98.19	83.46
24	Other assets: (sum of rows 25 to 29)	-	0.27	2.73	2563.49	2567.48
25	Physical traded commodities, including gold					
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
27	NSFR derivative assets					
28	NSFR derivative liabilities before deduction of variation margin posted					
29	All other assets not included in the above categories	-	0.27	2.73	2563.49	2567.48
30	Off-balance sheet items				879.51	37.90
31	<b>Total RSF (14+15+16+24+30)</b>	<b>1079.82</b>	<b>5313.15</b>	<b>2696.74</b>	<b>9726.74</b>	<b>9148.71</b>
32	<b>Net Stable Funding Ratio (%)</b>					<b>149.43%</b>

Bank has complied with the regulatory requirements w.r.t NSFR.

The NSFR calculation of Dec 31, 2024 (i.e., Quarter end observation) is shown below:

(₹ in Crore)

Net Stable Funding Ratio December 31, 2024						
(₹ in Cr)		Unweighted value by residual maturity				Weighted Value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Items						
1	Capital: (2+3)	924.83	-	-	36.45	961.28
2	Regulatory Capital	924.83				924.83
3	Other capital instruments				36.45	36.45
4	Retail deposits and deposits from small business customers: (5+6)	4151.27	1981.03	2079.02	2943.52	10169.16

Net Stable Funding Ratio December 31, 2024					
(₹ in Cr)	Unweighted value by residual maturity				Weighted Value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
5 Stable deposits	952.47	616.36	472.70	554.36	2466.19
6 Less stable deposits	3198.70	1364.67	1606.31	2389.16	7702.97
7 Wholesale funding: (8+9)	450.94	1225.25	1920.86	279.54	1808.49
8 Operational deposits					
9 Other wholesale funding	450.94	1225.25	1920.86	279.54	1808.49
10 Other liabilities: (11+12)	641.11	-	-	-	-
11 NSFR derivative liabilities					
12 All other liabilities and equity not included in the above categories	641.11			-	-
<b>13 Total ASF (1+4+7+10)</b>	<b>6168.15</b>	<b>3206.28</b>	<b>3999.88</b>	<b>3259.51</b>	<b>12938.92</b>
<b>RSF Items</b>					
14 Total NSFR high-quality liquid assets (HQLA)	728.76	570.50	316.72	2379.52	175.34
15 Deposits held at other financial institutions for operational purposes	375.43	-	-	-	187.72
16 Performing loans and securities: (17+18+19+21+23)		4239.81	1914.29	3890.42	6071.82
17 Performing loans to financial institutions secured by Level 1 HQLA					
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions		273.36	448.56		265.28
19 Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:		3966.30	1465.09	2817.42	5081.35
20 With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk				145.75	94.74
21 Performing residential mortgages, of which:		0.15	0.64	961.06	630.04
22 With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk				948.04	616.23
23 Securities that are not in default and do not qualify as HQLA, including exchange traded equities				111.94	95.15
24 Other assets: (sum of rows 25 to 29)		2.33	0.43	2215.61	2218.37
25 Physical traded commodities, including gold					
26 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
27 NSFR derivative assets					
28 NSFR derivative liabilities before deduction of variation margin posted					
29 All other assets not included in the above categories		2.33	0.43	2215.61	2218.37
30 Off-balance sheet items				968.37	41.41
<b>31 Total RSF (14+15+16+24+30)</b>	<b>1104.19</b>	<b>4812.64</b>	<b>2231.44</b>	<b>9453.92</b>	<b>8694.65</b>
<b>32 Net Stable Funding Ratio (%)</b>					<b>148.81%</b>



Net Stable Funding Ratio September 30, 2024						
(₹ in Cr)	Unweighted value by residual maturity				Weighted Value	
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr		
ASF Items						
1	Capital: (2+3)	917.06	-	-	36.50	953.56
2	Regulatory Capital	917.06				917.06
3	Other capital instruments				36.50	36.50
4	Retail deposits and deposits from small business customers: (5+6)	4300.08	2464.58	2046.14	2534.20	10341.49
5	Stable deposits	991.46	614.73	456.68	556.92	2488.80
6	Less stable deposits	3308.62	1849.85	1589.46	1977.28	7852.69
7	Wholesale funding: (8+9)	332.81	1325.45	1405.77	185.94	1532.19
8	Operational deposits					
9	Other wholesale funding	332.81	1325.45	1405.77	185.94	1532.19
10	Other liabilities: (11+12)	600.92	-	-	-	-
11	NSFR derivative liabilities					
12	All other liabilities and equity not included in the above categories	600.92			-	-
13	<b>Total ASF (1+4+7+10)</b>	<b>6150.87</b>	<b>3790.04</b>	<b>3451.91</b>	<b>2756.64</b>	<b>12827.24</b>
RSF Items						
14	Total NSFR high-quality liquid assets (HQLA)	890.31	241.90	405.15	2346.79	171.25
15	Deposits held at other financial institutions for operational purposes	351.36	-	-	-	175.68
16	Performing loans and securities: (17+18+19+21+23)		4303.93	1747.17	3807.44	5856.07
17	Performing loans to financial institutions secured by Level 1 HQLA					
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions		559.82	157.51		162.73
19	Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:		3743.96	1589.02	2596.79	4844.30
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk				147.29	95.74
21	Performing residential mortgages, of which:		0.15	0.64	961.06	636.89
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk				928.46	603.50
23	Securities that are not in default and do not qualify as HQLA, including exchange traded equities				249.59	212.15
24	Other assets: (sum of rows 25 to 29)		1.24	1.46	2052.71	2055.41
25	Physical traded commodities, including gold					
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
27	NSFR derivative assets					
28	NSFR derivative liabilities before deduction of variation margin posted					
29	All other assets not included in the above categories		1.24	1.46	2052.71	2055.41
30	Off-balance sheet items				1022.62	43.83
31	<b>Total RSF (14+15+16+24+30)</b>	<b>1241.67</b>	<b>4547.07</b>	<b>2153.78</b>	<b>9229.56</b>	<b>8302.24</b>
32	<b>Net Stable Funding Ratio (%)</b>					<b>154.50%</b>

Net Stable Funding Ratio June 30, 2024					
(₹ in Cr)	Unweighted value by residual maturity				Weighted Value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Items					
1 Capital: (2+3)	907.30	-	-	36.43	943.73
2 Regulatory Capital	907.30			0	907.30
3 Other capital instruments				36.43	36.43
4 Retail deposits and deposits from small business customers: (5+6)	4181.67	2909.77	1860.76	2167.78	10137.97
5 Stable deposits	958.69	655.58	452.06	533.28	2469.63
6 Less stable deposits	3222.98	2254.19	1408.71	1634.50	7668.34
7 Wholesale funding: (8+9)	322.77	1937.81	859.36	164.38	1541.14
8 Operational deposits					
9 Other wholesale funding	322.77	1937.81	859.36	164.38	1541.14
10 Other liabilities: (11+12)	572.15	-	-	-	-
11 NSFR derivative liabilities					
12 All other liabilities and equity not included in the above categories	572.15			-	-
13 Total ASF (1+4+7+10)	5983.89	4847.58	2720.12	2368.59	12622.83
RSF Items					
14 Total NSFR high-quality liquid assets (HQLA)	882.07	339.34	394.13	2764.72	196.23
15 Deposits held at other financial institutions for operational purposes	15.24	-	-	-	7.62
16 Performing loans and securities: (17+18+19+21+23)		4218.15	1576.54	3616.55	5568.11
17 Performing loans to financial institutions secured by Level 1 HQLA					
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions		565.27	104.37		136.98
19 Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:		3652.73	1471.53	2510.74	4664.35
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk				159.57	103.72
21 Performing residential mortgages, of which:		0.15	0.64	961.06	643.75
22 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		0.15	0.64	906.06	589.29
23 Securities that are not in default and do not qualify as HQLA, including exchange traded equities				144.75	123.04
24 Other assets: (sum of rows 25 to 29)		8.75	4.69	2100.00	2114.23
25 Physical traded commodities, including gold					
26 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
27 NSFR derivative assets					
28 NSFR derivative liabilities before deduction of variation margin posted					
29 All other assets not included in the above categories		8.75	4.69	2100.00	2114.23
30 Off-balance sheet items				1018.00	43.67
31 Total RSF (14+15+16+24+30)	897.31	4566.24	1975.36	9499.27	7929.85
32 Net Stable Funding Ratio (%)					159.18%

The NSFR calculation at March 31, 2024 (i.e., quarter end observation) is shown below:

(₹ in Crore)

Net Stable Funding Ratio- March 31, 2024						
(₹ in Crore)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Items						
1	Capital and other liabilities above 1 year: (2+3)	882.01	-	-	36.51	918.52
2	Regulatory capital	882.01	-	-	-	882.01
3	Other capital instruments and other liabilities with residual maturity above 1 year	-	-	-	36.51	36.51
4	Retail deposits and deposits from small business customers: (5+6)	4149.44	2686.86	2069.08	2037.73	9977.10
5	Stable deposits	962.52	622.42	458.39	522.78	2437.80
6	Less stable deposits	3186.92	2064.44	1610.69	1514.95	7539.29
7	Wholesale funding: (8+9)	232.00	1712.92	1156.19	209.58	1485.42
8	Operational deposits					
9	Other wholesale funding	232.00	1712.92	1156.19	209.58	1485.42
10	Other liabilities: (11+12)	789.57	-	-	-	-
11	NSFR derivative liabilities					
12	All other liabilities and equity not included in the above categories	789.57	-	-	-	-
13	<b>Total ASF (1+4+7+10)</b>	<b>6053.02</b>	<b>4399.78</b>	<b>3225.27</b>	<b>2283.82</b>	<b>12381.04</b>
RSF Items						
14	Total NSFR high-quality liquid assets (HQLA)	760.03	465.55	94.56	3186.05	198.56
15	Deposits held at other financial institutions for operational purposes	14.59	-	-	-	7.30
16	Performing loans and securities: (17+18+19+21+23)	-	3518.85	1958.28	3718.44	5592.44
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	303.27	439.73	-	265.36
19	Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs of which	-	3215.43	1517.91	2473.39	4436.60
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	162.24	105.46
21	Performing residential mortgages, of which:	-	0.15	0.64	961.06	649.09
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		0.15	0.64	891.34	579.37
23	Securities that are not in default and do not qualify as HQLA, including exchange traded equities				283.99	241.39
24	Other assets: (sum of rows 25 to 29)		2.69	13.64	2229.21	2246.33
25	Physical traded commodities, including gold					
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
27	NSFR derivative assets					
28	NSFR derivative liabilities before deduction of variation margin posted					
29	All other assets not included in the above categories		2.69	13.64	2229.21	2246.33
30	Off-balance sheet items				1058.52	45.18
31	<b>Total RSF (14+15+16+24+30)</b>	<b>774.62</b>	<b>3987.09</b>	<b>2066.48</b>	<b>10192.22</b>	<b>8089.80</b>
32	<b>Net Stable Funding Ratio (%)</b>					<b>153.05%</b>

ii) **Qualitative Disclosure**

The Net Stable Funding Ratio (NSFR) is one of Basel Committee's key reforms to promote a more resilient banking sector. The NSFR will require banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on- and off-balance sheet items, and promotes funding stability. The Bank is required to maintain the NSFR on an ongoing basis on a standalone Bank level and on a Group level. The minimum NSFR requirement set out in the RBI guideline for the standalone Bank and for Group effective October 1, 2021 is 100%. The Bank has complied with the regulatory requirements with respect to NSFR as of 31 March 2025.

NSFR Calculation Methodology	RBI prescribed minimum NSFR	Bank's NSFR for the Quarter ended March 31, 2025
NSFR = (Available amount of Stable funding) / (Required amount of Stable funding)	100%	149.43%

Bank has complied with regulatory requirements with respect to NSFR for all the Quarters for FY2024-25 and FY 2023-24.

**3. INVESTMENTS**

a) **Composition of Investment Portfolio**

i) **As on 31.03.2025**

(₹ in Crore)

Particulars	Investments in India						Total investments in India
	Govt. Securities	Other approved securities	Shares	Debentures and Bonds	Subsidiaries and / or joint ventures	Others	
<b>Held to Maturity (HTM)</b>							
Gross	2942.86	-	-	-	-	-	2942.86
Less: Provision for NPI	0.00	-	-	-	-	-	-
<b>Net</b>	2942.86	-	-	-	-	-	2942.86
<b>Available for Sale (AFS)</b>							
Gross	626.37	-	19.41	312.01	-	-	957.79
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-
<b>Net</b>	626.37	-	19.41	312.01	-	-	957.79
<b>Held for Trading (HFT)</b>							
Gross	54.08	-	0.42	-	-	-	54.50
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-
<b>Net</b>	54.08	-	0.42	-	-	-	54.50
<b>Total Investments</b>	<b>3623.31</b>	<b>-</b>	<b>19.83</b>	<b>312.01</b>	<b>-</b>	<b>-</b>	<b>3955.15</b>
Less: Provision for NPI	0.00	-	-	-	-	-	-
Less: Provision for depreciation and NPI	0.00	-	-	-	-	-	-
<b>Net</b>	3623.31	-	19.83	312.01	-	-	3955.15

Bank has no investment outside India.

ii) **As on 31.03.2024**

(₹ in Crore)

Particulars	Investments in India						Total investments in India
	Govt. Securities	Other approved securities	Shares	Debentures and Bonds	Subsidiaries and / or joint ventures	Others	
<b>Held to Maturity (HTM)</b>							
Gross	2549.84	0.00	0.00	0.00	0.00	0.00	2549.84
Less: Provision for NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net</b>	2549.84	0.00	0.00	0.00	0.00	0.00	2549.84

Particulars	Investments in India						Total investments in India
	Govt. Securities	Other approved securities	Shares	Debentures and Bonds	Subsidiaries and / or joint ventures	Others	
Available for Sale (AFS)							
Gross	905.83	0.00	36.44	520.74	0.00	82.21	1545.23
Less: Provision for depreciation and NPI	10.41	0.00	17.74	68.14	0.00	56.38	152.67
Net	895.42	0.00	18.70	452.61	0.00	25.83	1392.56
Held for Trading (HFT)							
Gross	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Provision for depreciation and NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Investments	3455.68	0.00	36.44	520.74	0.00	82.21	4095.07
Less: Provision for NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Provision for depreciation and NPI	10.41	0.00	17.74	68.14	0.00	56.38	152.67
Net	3445.27	0.00	18.70	452.60	0.00	25.83	3942.40

Bank has no investment outside India.

**iii) Other disclosures on Investments:**

- On 1st April 2024, the Bank has reclassified the investment portfolio, as per the directions laid down in Chapter III of RBI Directions-DOR.MRG.36/21.04.141/2023-24 dated 12<sup>th</sup> September 2023 on Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023. The adjustments made in terms of revised framework on the transition are:
  - ₹44.91 Crore, the net gain (net of tax) on reclassification of portfolio credited to the General Reserve
  - ₹13.38 Crore, the net loss (net of tax) on reclassification of portfolio debited to the AFS Reserve.
- Securities of a face value of ₹214 Crore (Previous Year ₹193.87 Crore) are kept as margin with Clearing Corporation of India Limited towards Securities Settlement as on 31.03.2025.

**b) Movement of Provisions for Depreciation and Investment Fluctuation Reserve**

(₹ in Crore)

Particulars	31 <sup>st</sup> March 2025	31 <sup>st</sup> March 2024
1) Movement of Provisions held towards depreciation on Investments		
a) Opening Balance	36.71	58.02
b) Add: Provisions made during the year	0.00	-
c) Less: Write Off/ write back of excess provisions during the year.	36.71	21.31
d) Closing balance	0.00	36.71
2) Movement of provisions for Non-performing Investments (NPIs)		
a) Opening Balance	115.97	89.96
b) Add: Provisions made during the year	1.33	26.01
c) Less: Write off / (Write back) of excess provision during the year	117.30	-
d) Closing balance	0.00	115.97
3) Movement of Investment Fluctuation Reserve		
a) Opening balance	27.85	25.04
b) Add: Amount Transferred during the year	0.00	2.81
c) Closing Balance	27.85	27.85
4) Closing balance in IFR as a percentage of closing balance of Investments* in AFS and HFT/Current category	2.75%	2.00%

\*The carrying value less net depreciation i.e., the net amount reflected in Balance Sheet



**c) i) Sale and Transfers to / from HTM Category FY 2024-25**

Particulars	Classification	Book Value
1 Shifting from AFS to HTM	G SEC & SDL	Nil
2 Shifting from HTM to AFS	G SEC & SDL	Nil
3 Sale from HTM	G SEC	Nil
4 Sale from HTM	SDL	Nil
Total sale in regular market attracting 5% cap (3+4)		Nil
<b>Sale in terms of % to 31/03/2024 position</b>		<b>0.00</b>

During the year ended March 31, 2025, the bank has not sold /Transferred to/from Held to Maturity category.

**ii) Sale and Transfers to/ from HTM Category during FY 2023-24**

(₹ in Crore)

Particulars	Classification	Book Value
1 Shifting from AFS to HTM	G SEC & SDL	74.92
2 Shifting from HTM to AFS	G SEC & SDL	-
3 Sale from HTM	G SEC	71.27
4 Sale from HTM	SDL	-
Total sale in regular market attracting 5% cap (3+4)		71.27
<b>Sale in terms of % to 31/03/2023 position</b>		<b>0.03</b>

During the year ended March 31, 2024, the aggregate book value of investments sold from HTM category was within the prescribed limit of 5% (2.69% - Total ₹71.27 Crores) of the book value of investments held in HTM category at the beginning of the year (₹2,651 Crores). The market value of investments held in HTM category as on 31<sup>st</sup> March 2024 was ₹2,482.53 Crores against the book value of ₹2,549.84 Crores. The Bank has not provided for excess of book value over market value i.e., ₹67.31 Crores.

In accordance with RBI guidelines, sale from, and transfer to/from HTM category excludes;

- One-time transfer of securities to /from HTM category permitted to be undertaken by banks at the beginning of the accounting year with the approval of the Board of Directors;
- Direct sales from HTM for bringing down SLR holdings in HTM category consequent to a downward revision in SLR requirements by RBI.
- Sale to the Reserve Bank of India (RBI) under liquidity management Operations of RBI like Open Market Operation (OMO) and the Government Securities Acquisition Program. (GSAP)
- Repurchase of Government securities by Government of India from Banks under buyback/ switch operations
- Repurchase of State Development loans by respective State Governments under buyback/ switch operations.
- Additional shifting of securities explicitly permitted by the Reserve Bank of India

**d) Non SLR Investment Portfolio**

**i) Non-Performing Non SLR Investments**

(₹ in Crore)

Particulars	March 31, 2025*	March 31, 2024
Opening Balance	115.97	89.96
Additions during the year	1.33	26.01
Reductions during the year	117.30	0.00
Closing balance	0.00	115.97
<b>Total provision held</b>	<b>0.00</b>	<b>115.97</b>

\*Book value of all the NPI investments was brought down to ₹1/- as per the new RBI Master direction on Classification, Valuation and Operation of Investments.

**ii) Issuer-wise composition of Non SLR investments- March 31, 2025**

(₹ in Crore)

Sl. No.	Issuer	Amount @	Extent of Private Placement #	Extent of 'Below Investment Grade' Securities #	Extent of Unrated Securities #*	Extent of Unlisted Securities #**
(i)	Public Sector Undertakings	188.58	188.58	-	-	-
(ii)	Financial Institutions	84.08	84.08	-	-	-
(iii)	Banks	39.35	39.35	-	-	-
(iv)	Private Corporates	19.83	19.41	-	14.83	19.41
(v)	Subsidiaries/Joint Ventures	-	-	-	-	-
(vi)	Others (Security Receipts & PTC)	-	-	-	-	-
(vii)	Less: Provision held towards Depreciation & NPI	-	-	-	-	-
<b>Total</b>		<b>331.84</b>	<b>331.42</b>		<b>14.83</b>	<b>19.41</b>

**Issuer-wise composition of Non SLR investments - March 31, 2024**

(₹ in Crore)

Sl. No.	Issuer	Amount @	Extent of Private Placement #	Extent of 'Below Investment Grade' Securities #	Extent of Unrated Securities #*	Extent of Unlisted Securities #**
(i)	Public Sector Undertakings	270.50	259.80	-	-	0.10
(ii)	Financial Institutions	154.97	154.97	-	-	-
(iii)	Banks	71.97	71.97	5.00	5.00	5.00
(iv)	Private Corporates	84.25	82.71	52.68	51.87	83.39
(v)	Subsidiaries/Joint Ventures	-	-	-	-	-
(vi)	Others (Security Receipts & PTC)	57.71	57.71	57.71	2.10	57.71
			0.00	0.00	0.00	0.00
(vii)	Less: Provision held towards Depreciation & NPI	142.26	0.00	0.00	0.00	0.00
<b>Total</b>		<b>497.16</b>	<b>627.17</b>	<b>115.39</b>	<b>58.97</b>	<b>146.19</b>

➤ @The Total under column no: 1 is the total of investments included under the following categories in Schedule- 8 to the Balance Sheet;

- i. Shares
- ii. Debentures and Bonds
- iii. Subsidiaries/Joint Ventures
- iv. Others

➤ # Amounts reported under the columns 2, 3, 4 and 5 above are not mutually exclusive.

➤ \* Excludes investments in equity shares and units of equity oriented mutual funds in line with extant RBI guidelines.

➤ \*\* Excludes investments in equity shares and units of equity oriented mutual funds in line with extant RBI guidelines.

e) i) Repo Transactions (in Face Value Terms & Market Value)

Particulars	Minimum Outstanding during the year ended March 31		Maximum Outstanding during the year ended March 31		Daily Average outstanding during the year ended March 31		Outstanding as on March 31, 2025	
	FV	MV	FV	MV	FV	MV	FV	MV
<b>Securities sold under repos</b>								
a. Govt. Securities								
b. Corporate Debt Securities	10.00	9.69	78.83	75.28	51.63	50.27	-	-
c. Other Securities								
<b>Securities purchased under reverse repos</b>								
a. Govt. Securities								
b. Corporate Debt Securities	9.67	9.74	312.43	320.04	148.64	151.43	47.17	48.54
c. Other Securities								

Note: As per RBI/2024-25/126 DOR.ACC.REC. No.66/21.04.018/2024-25 dt. March 20,2025 it is clarified that disclosures on repo/ reverse repo transactions shall be done in market value terms as well as face value terms

ii) Outstanding Repo / Reverse Repo Transactions with RBI under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF)

(₹ in Crore)

Particulars	March 31, 2025	March 31, 2024
Repo under LAF / MSF	200.00	0.00
Reverse Repo under LAF / MSF	0.00	0.00

f) Government Security Lending (GSL) transactions (in market value terms) As at 31.03.2025

As at 31.03.2025- Nil (Previous Year-Nil)

g) Investments kept as margin (in face value terms)

(₹ in Crore)

Particulars	March 31, 2025	March 31, 2024
Collateralized Borrowing and Lending Obligation (CBLO)	150.30	150.17
Clearing of Securities	60.70	40.70
Forex forward segment – Default Fund with Clearing Corporation of India Limited	3.00	3.00
National Securities Clearing Corporation of India Ltd.	0.00	0.00
MCX-SX Clearing Corporation Ltd.	0.00	0.00
Real Time Gross Settlement System (RTGS)	250.00	250.00
<b>Total</b>	<b>464.00</b>	<b>443.87</b>

h) Triparty Repo (TREPS) Transactions

Triparty Repo (TREPS) is a repo contract where a third entity (apart from the borrower and lender), called a Triparty Agent, acts as an intermediary between the two parties to the repo to facilitate services like collateral selection, payment and settlement, custody and management during the life of the transaction.

Particulars	March 31, 2025	March 31, 2024
Outstanding TREPS Borrowing	0.00	64.44
Outstanding TREPS Lending	0.00	0.00
Amortized Book Value of securities given as collateral to CCIL	0.00	64.84

i) Details of Book Value of Investments in Security Receipts

Particulars	March 31, 2025	March 31, 2024
Backed by NPAs sold by the bank as underlying	0.00*	62.15
Backed by NPAs sold by the other Banks / Financial institutions / NBFC as underlying	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>62.15</b>

\*Three NPI Security Receipts are outstanding as on 31.03.2025 with a book value of ₹1/- each

4. ASSET QUALITY

a) i) Classification of Advances and provisions held as on March 31, 2025

(₹ in Crore)

Particulars	Standard	Non-Performing			Total Non-Performing Advances	Total
	Total Standard advances	Sub standard	Doubtful	Loss		
Gross Standard Advances and NPAs						
Opening Balance	9975.69	104.61	185.3	131.30	421.21	10396.91
Add: Additions during the year					152.26	152.26
Less: reductions during the year					209.36	209.36
Closing Balance	11841.55	104.49	160.69	98.93	364.11	12205.66
Reductions in Gross NPA due to						
i) Up gradation					44.72	44.72
ii) Recoveries (excluding recoveries from upgraded accounts)					96.85	96.85
iii) Technical/ Prudential write off loans					52.42	52.42
iv) Write off other than those under (iii) above.					15.37	15.37
Provisions (Excluding Floating Provisions)						
Opening balance of Provisions held@	43.07	21.97	137.25	130.18	292.37	335.44
Add: Fresh Provisions made during the year					94.20	94.20
Less: Excess provision reversed/ Write-off loans					144.33	144.33
Closing Balance of provisions held@	46.44	31.92	109.89	97.47	242.25	288.69
@ Counter Cyclical Provision of ₹2.97 Crore is factored in Total NPAs/Total columns under opening /closing balance only.						
Net NPAs						
Opening Balance#		82.51	47.60	0	126.47	126.47
Add: Fresh additions during the year					124.19	124.19
Less: reductions during the year					132.72	132.72
Closing Balance#		71.00	50.58	0	117.94	117.94
# General provision of ₹ 3.64 Crore (Counter Cyclical Provision of ₹ 2.97 Crore and floating provision of ₹0.67 Crore) is factored in Total NPAs/Total columns under opening /closing balance only.						
Floating Provisions						
Opening Balance						0.67
Add: Additional provisions made during the year						0.00
Less: Amount draw down during the year						0.00
Closing Balance						0.67
Technical Write off and the recoveries made thereon:						
Opening Balance						661.47
Add: Technical/Prudential write offs during the year						52.42
Less: Recoveries made from previously technical/ prudential written off accounts during the year						21.42
Closing Balance						692.47

ii) Classification of Advances and provisions held as on March 31, 2024

(₹ in Crore)

Particulars	Standard	Non-Performing			Total Non-Performing Advances	Total
	Total Standard advances	Sub standard	Doubtful	Loss		
Gross standard Advances and NPAs						
Opening Balance	9342.58	46.05	228.08	237.02	511.15	9853.73
Add: Additions during the year					152.24	152.24
Less: reductions during the year					242.18	242.18
Closing Balance	9975.69	104.61	185.30	131.30	421.21	10396.91
Reductions in Gross NPA due to						
i) Up gradation					65.55	65.55
ii) Recoveries (excluding recoveries from upgraded accounts)					86.10	86.10
iii) Technical/ Prudential write off loans					52.10	52.10
iv) Write off other than those under (iii) above.					38.43	38.43
Provisions (Excluding Floating Provisions)						
Opening balance of Provisions held@	58.95	8.52	152.21	236.08	399.79	458.74
Add: Fresh Provisions made during the year					87.85	87.85
Less: Excess provision reversed/ Write-off loans					195.27	195.27
Closing Balance of provisions held@		21.97	137.25	130.18	292.37	
@ Counter Cyclical Provision of ₹2.97 Crores is factored in Total NPAs/Total columns under opening /closing balance only.						
Net NPAs						
Opening Balance#		37.50	75.34	0.00	109.20	109.20
Add: Fresh additions during the year					124.33	124.33
Less: reductions during the year					107.06	107.06
Closing Balance#		82.51	47.60	0.00	126.47	126.47
# General provision of ₹ 3.64 Crore (Counter Cyclical Provision of ₹2.97 Crore and floating provision of ₹0.67 Crore) is factored in Total NPAs/Total columns under opening /closing balance only.						
Floating Provisions						
Opening Balance						0.67
Add: Additional provisions made during the year						0.00
Less: Amount draw down during the year						0.00
Closing Balance						0.67
Technical Write off and the recoveries made thereon:						
Opening Balance						651.20
Add: Technical/ Prudential write offs during the year						52.10
Less: Recoveries made from previously technical/ prudential written off accounts during the year						41.83
Closing Balance						661.47

iii) Ratios (in Percentage)	31 <sup>st</sup> March 2025	31 <sup>st</sup> March 2024
Gross NPA to Gross Advances	2.98%	4.05%
Net NPA to Net Advances	0.99%	1.25%
Provision Coverage Ratio	88.84%	88.32%



## b) Sector-wise advances and Gross NPAs

(₹ in crores)

Sl. No.	Sector	March 31, 2025			March 31, 2024		
		Out-standing Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector	Out-standing Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
A Priority Sector							
1	Agriculture and allied activities	2749.75	11.36	0.41	3085.39	16.47	0.53
2	Advances to industries sector eligible as priority sector lending	565.50	131.87	23.32	608.83	84.06	13.81
3	Services	1065.11	116.18	10.91	964.58	134.08	13.90
4	Personal loans (Other than above)	1540.00	33.24	2.16	804.83	35.01	4.35
	Sub-total (A)	5920.36	292.65	4.94	5463.63	269.62	4.93
B Non-Priority Sector							
1	Agriculture and allied activities	-	-	-	-	-	-
2	Industry	1277.56	4.40	0.34	1173.71	6.80	0.58
3	Services	3881.32	26.87	0.69	3394.63	86.35	2.54
4	Personal loans (Other than above)	1126.42	40.19	3.57	364.94	58.44	16.01
	Sub-total (B)	6285.30	71.46	1.14	4933.27	151.59	3.07
	Total (A+B)	12205.66	364.11	2.98	10396.90	421.21	4.05

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system and has been furnished by the management, which has been relied upon by the auditors. The above priority sector advance figure is excluding the investment in RIDF with NABARD and other regulators.

## c) Overseas assets, NPAs and revenue- NIL

## d) Particulars of Resolution Plan and Restructuring

## i) Particulars of Resolution Plan

During the FY 2024-25, the Bank has restructured advances under the following schemes:

- Prudential Framework for Resolution of Stressed Assets issued by RBI vide circular DBR.No.BP:BC.45/21.04.048/2018-19 dated June 7, 2019
- Education Loans under IBA circular No. CIR/RB-ELS/1713 dt. 26.12.2016.
- There were no accounts subjected to restructuring during the year which included an acquisition of shares due to conversion of debt to equity during a restructuring process on account of June 7, 2019 RBI circular.

## ii) Details of borrowers subjected to restructuring under various schemes

(₹ in Crore)

Category	Details	Agriculture and allied activities		Corporates (excluding MSME)		Micro, Small and Medium Enterprises		Retail (excluding agriculture and MSME)		Total	
		31.03.25	31.03.24	31.03.25	31.03.24	31.03.25	31.03.24	31.03.25	31.03.24	31.03.25	31.03.24
Standard	Number of borrowers	-	-	-	-	2	2	39	44	41	46
	Gross Amount	-	-	-	-	3.05	3.70	1.76	1.60	4.81	5.30
	Provision held*	-	-	-	-	3.05	0.03	0.18	0.16	3.23	0.19
Sub-standard	Number of borrowers	-	-	-	-	2	1	5	6	7	7
	Gross Amount	-	-	-	-	56.99	9.36	0.17	0.57	57.16	9.93
	Provision held	-	-	-	-	24.28	2.58	0.05	0.12	24.33	2.70

Category	Details	Agriculture and allied activities		Corporates (excluding MSME)		Micro, Small and Medium Enterprises		Retail (excluding agriculture and MSME)		Total	
		31.03.25	31.03.24	31.03.25	31.03.24	31.03.25	31.03.24	31.03.25	31.03.24	31.03.25	31.03.24
Doubt ful	Number of borrowers	-	-	-	-	1	3	9	8	10	11
	Gross Amount	-	-	-	-	1.16	22.51	2.33	2.33	3.49	24.84
	Provision held	-	-	-	-	1.16	13.90	1.71	1.59	2.88	15.49
Loss	Number of borrowers	1	1	-	-	5	5	52	69	58	75
	Gross Amount	0.02	0.02	-	-	3.93	6.08	1.90	2.26	5.85	8.36
	Provision held	0.02	0.02	-	-	3.92	6.08	1.90	2.26	5.83	8.36
Total	Number of borrowers	1	1	-	-	10	11	105	127	116	139
	Gross Amount	0.02	0.02	-	-	65.13	41.66	6.16	6.76	71.31	48.44
	Provision held	0.02	0.02	-	-	32.41	22.59	3.84	4.13	36.27	26.74

\*Inclusive of diminution in fair value.

Note: Excluding the accounts restructured under One-time Restructuring Scheme for MSME accounts and RFCS 1.0 (I&S), RFCS 2.0(I&S) and RFCS 2.0 (MSME).

**iii) Details of Micro, Small and Medium Enterprises (MSME) Sector accounts restructured under the One Time Restructuring Scheme for MSME accounts as on 31.03.2025**

Details of MSME accounts restructured as per RBI Circular DBR.No.BPBC.18/21.04.048/2018-19 dated January 1, 2019, RBI/2019-20/160.DOR.No.BPBC.34/21.04.048/2019-20 dt. February 11, 2020 and RBI/2020-21/17 DOR. No. BP BC/4/21.04.048/2020-21 dt. August 06, 2020, RBI/2021-22/32 DOR.STR. REC.12/21.04.048/2021-22 dated May 05, 2021 and RBI/2021-22/47 DOR.STR. REC. 12/ 21.04.048/ 2021-22 dated June 4, 2021 are as given below:

No. of borrowers restructured	Amount (₹ in Crore) *
8	13.22

\*Excludes other facilities to the borrowers which have not been restructured but considered as part of residual debt.

**e) Disclosure of Divergence in the Asset Classification and Provisioning**

In terms of RBI guidelines, banks are required to disclose the divergences in asset classification and provisioning consequent to RBI's annual supervisory process in their notes to accounts to the financial statements. The disclosure is required if either or both of the following conditions are satisfied: (i) the additional provisioning for NPAs assessed by RBI as part of its supervisory process exceeds 5% of the reported profit before provisions and contingencies for the reference period and (ii) the additional Gross NPAs identified by RBI as part of its supervisory process exceed 5% of the published incremental Gross NPAs for the reference period ended 31 March, 2024 and 31 March, 2023.

Based on the above, no disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's annual supervisory process for the year ended 31 March, 2024 and 31 March, 2023.

**f) Disclosure of transfer of loan exposures**

During the year 2024-2025 and previous year 2023-2024:

- The Bank has not transferred any Non-Performing Assets.
- The Bank has not transferred any special mention accounts & Loan not in default.
- The bank has not transferred any loans in default acquired through assignment.
- The Bank has not acquired any loans from SCBs, RRBs, Co-operative Banks, AIFs, SFBs and NBFCs including Housing Finance Companies (HFCs) or ARCs.

**g) Fraud Accounts**

RBI vide DoS. CO. FMG. No. S332/23.04.001/2022-23 dtd.13th January, 2023 has advised all member Banks to report all the Digital Payment related Financial Fraud incidents to RBI through FMR, which includes the instances where either the credentials have been compromised by customers themselves, or no loss has been caused to the Bank. In compliance of the above, Bank has started reporting all cyber fraud incidents to RBI through FMR, from 1st January 2023 onwards.

However as per revised RBI Master Directions on Fraud Risk Management in Commercial Banks (including Regional Rural Banks) and All India Financial Institutions issued on 15th July 2024, it is clarified that all payment related fraud need not be reported to RBI through FMR application and payment related fraud if concluded as fraud committed on bank, only to be reported to RBI through FMR application.

Out of the total 155 numbers of fraud incidents reported to RBI during the year 2024-2025, 146 numbers are cyber frauds, amounting to ₹1.63 Crores, where frauds had happened due to the compromise of confidential customer credentials by customers themselves/customer negligence and in these cases, there is no loss to the Bank. During the FY 2024-2025, material Fraud cases of 9 numbers amounting to ₹3.43 crores occurred and reported, out of which, ₹1.64 crores was recovered.

Particulars	March 31, 2025	March 31, 2024
No. of frauds reported during the year	155	421
Amount involved in fraud (₹. in Cr)	5.06	5.72
Amount involved in fraud net of recoveries which requires provision (₹. in Cr)	1.79	3.91
Amount of Provision made for such Frauds (₹. in Cr)	1.79	3.91
Amount of unamortized provision debited from "other reserves" as at the end of the year (₹. in Cr) (See note below)	Nil	Nil

**h) Disclosure under Resolution framework for COVID-19- related Stress:**

- 1) Details of resolution plan implemented under Resolution framework for Covid -19 related stress as per RBI Circular dated August 6, 2020 (Resolution framework 1.0) and as per RBI circular dated May 5, 2021 (Resolution Framework 2.0) "Covid-19 related Stress of Individuals and small business" are given below:

(₹ in Crore)

Type of borrower	(A) Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of previous half year (A) 30.09.2024	(B) Of (A), aggregate debt that slipped into NPA during the half year ended Mar 2025	(C) Of (A) amount written off during the half year	(D) Of (A) amount paid by the borrowers during the half year ended Mar 2025	(E) Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of year 31.03.25*
Personal Loans	13.41	0.48	0.00	1.65	12.24
Others	11.86	0.60	0.00	1.33	3.52
Corporate Persons (all are MSME loans)	7.09	0.00	0.00	0.85	6.39
Total under RFCS	32.36	1.08	0.00	3.83	22.15

\*Excludes other facilities to the borrowers which have not been restructured but considered as part of residual debt.

- 2) Number of borrower accounts where modifications were sanctioned and implemented in terms of Clause 22 of Circular No. RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 dt. May 5, 2021, 'Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses' are NIL as on March 31, 2025

**i) Provision on accounts covered under the provisions of Insolvency and Bankruptcy Code**

The bank is holding 100% provision against the total outstanding on the accounts covered under the provisions of Insolvency and Bankruptcy Code.

**5. EXPOSURES**

The Bank has lending to sectors, which are sensitive to asset price fluctuations. Such sectors include capital market and real estate.

**a) Exposure to Real Estate Sector**

The exposure, representing the higher of funded and non-funded limits sanctioned or outstanding to real estate sector, is given in the table below: (₹ in Crore)

Category	March 31, 2025	March 31, 2024
<b>a) Direct exposure</b>		
<b>(i) Residential Mortgages –</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; <b>(A)</b>	1241.23	1139.55
Of Which individual Housing loan eligible for inclusion in Priority Sector Advances	642.69	654.56
<b>(ii) Commercial Real Estate –</b>		
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; <b>(B)</b>	321.73	301.86
<b>(iii) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures –</b>		
a. Residential,	Nil	Nil
b. Commercial Real Estate,	Nil	Nil
<b>b) Indirect Exposure</b>		
Fund based and non-fund-based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) <b>(C)</b>	261.47	288.09
<b>Total Exposure to Real Estate Sector (A+B+C)</b>	<b>1824.43</b>	<b>1729.50</b>

**b) Exposure to Capital Market**

The exposure, representing the higher of funded and non-funded limits sanctioned or outstanding to capital market sector, is given in the table below: (₹ in Crore)

Particulars	March 31, 2025	March 31, 2024
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	19.83	36.44
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	Nil
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e., where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	Nil	Nil
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi) Loans sanctioned to corporate against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil

Particulars	March 31, 2025	March 31, 2024
(vii) Bridge loans to companies against expected equity flows/issues;	Nil	Nil
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	Nil	Nil
(ix) Financing to stockbrokers for margin trading;	Nil	Nil
(x) All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
<b>Total Exposure to Capital Market</b>	<b>19.83</b>	<b>36.44</b>

Capital market exposure is reported in line with Para 2.3 of RBI's Master Circular on Exposure Norms dated July 1, 2015 (DBR. No. Dir. BC. 12/13.03.00/2015-16).

**c) Risk Category wise Country exposure**

(₹. In Crore)

Risk Category	Exposure (net) as at March 31, 2025	Provision held as at March 31, 2025	Exposure (net) as at March 31, 2024	Provision held as at March 31, 2024
Insignificant	0.35	Nil	Nil	Nil
Low	Nil	Nil	0.19	Nil
Moderately Low	Nil	Nil	0.19	Nil
Moderate	Nil	Nil	Nil	Nil
Moderately High	Nil	Nil	Nil	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
<b>Total</b>	<b>0.35</b>	<b>Nil</b>	<b>0.38</b>	<b>Nil</b>

As the Bank's exposure for the year in respect of risk Category-wise Country Exposure (Foreign Exchange Transactions) is less than 1% of total assets of the Bank, no provision is considered necessary.

**d) Unsecured Advances**

Following are the details of unsecured advances for which intangible securities have been taken.

(₹ in Crores)

Particulars	March 31, 2025	March 31, 2024
Total Unsecured advances of the Bank	524.86	502.94
Of which, amount of advances outstanding against charge over intangible securities such as rights, Licenses, authority etc.	Nil	Nil
The estimated value of such intangible security as in (i) above	Nil	Nil

**e) Factoring Exposures: NIL**

**f) Intra-Group Exposures: Bank does not have any group entities.**

**g) Unhedged Foreign Currency Exposure**

The Bank has a policy on managing credit risk arising out of foreign currency exposure of its borrowers. In line with the policy, assessment of unhedged foreign currency exposure is a part of assessment of borrowers and is undertaken while proposing limits or at the review stage. The Bank has fixed a maximum limit on unhedged position on borrowers, while sanctioning limits for all clients. The unhedged portion of foreign currency credit exposure of large corporate/SMEs are monitored and reviewed on a monthly basis. Any sanction of fresh loans/ adhoc loans/ renewal of loans to new/ existing borrowers is done after obtaining/ sharing necessary information. The Bank also maintains incremental provision towards the unhedged foreign currency exposure of its borrowers in line with the extant RBI guidelines. The Bank has maintained a provision of ₹1.01 crore (previous year – ₹0.96 crore), additional risk weighted assets of ₹0.35 crore (previous year-₹1.81 crore) and capital charge of ₹0.04 crore (Previous year ₹0.21 crore) as on 31.03.2025.

## 6. Concentration of Deposits, Advances, Exposures and NPAs

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system and has been furnished by the management, which has been relied upon by the auditors.

### a) Concentration of Deposits

Particulars	March 31, 2025	March 31, 2024
Total Deposits of twenty largest depositors (₹ In crore)	3923.83	3179.70
Percentage of Deposits of twenty largest depositors to total Deposits of the Bank	24.50%	22.25%

### b) Concentration of Advances

Particulars	March 31, 2025	March 31, 2024
Total Advances to twenty largest borrowers (₹ In crore)	1758.85	1,556.67
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	14.41%	14.97%

Note: Advance is computed as per the definition of Credit Exposure in RBI Master Circular on Exposure Norms DBR. No. Dir. BC.12/13.03.00/2015-16 dated July 1, 2015.

### c) Concentration of Exposures

Particulars	March 31, 2025	March 31, 2024
Total Exposure to twenty largest borrowers/customers (₹. In crore)	1830.70	1691.32
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the bank on borrowers /customers	14.39%	14.36%

Note: Exposure is computed as per the definition of Credit and Investment Exposure in RBI Master Circular on Exposure Norms DBR. No. Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

### d) Concentration of NPAs

Particulars	March 31, 2025	March 31, 2024
Total Exposure to top twenty NPA accounts (₹ in Crore)	216.94	251.83
Percentage of exposures to the twenty largest NPA exposures to total Gross NPAs.	59.58%	59.79%

## 7. DERIVATIVES

### a. Forward Rate Agreement (FRA) / Interest Rate Swaps (IRS)

The Bank has not entered into Forward Rate Agreement (FRA) and Interest Rate Swap (IRS) during FY 2024-25. The bank had NIL outstanding FRA and IRS position at the end of March 2025.

### b. Exchange traded Interest Rate Derivatives

Sl. No.	Particulars	March 31, 2025	March 31, 2024
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	NIL	NIL
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March (instrument-wise)	NIL	NIL
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument- wise)	NIL	NIL
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument- wise)	NIL	NIL

### c. Disclosures on risk exposure in Derivatives

#### i) Qualitative disclosure

Structure and Organization for Management of risk in derivatives trading: Operations in the Treasury are segregated into three functional areas, namely Front office, Mid office and Back-office, equipped with necessary infrastructure and trained



officers, whose responsibilities are well defined. The Bank enters into plain vanilla forward forex contracts only to backup / cover customer transactions as also for proprietary trading purpose. The Bank also enter in to foreign exchange swaps with other banks for hedging own balance sheet items like FCNR/ EEFC etc. The Treasury Management Policy of the Bank clearly lays down the scope of usages, approval process as also the limits like the open position limits, deal size limits and stop loss limits for trading. The Mid Office is handled by Risk Management Department. Daily report is generated by Risk Management Department for appraisal of the risk profile to the senior management for Asset and Liability management.

- Scope and nature of risk measurement, risk reporting and risk monitoring systems: Outstanding forward contracts are monitored by Risk Management Department against the limits (Counterparty, Stop Loss, Open Position, VaR, Aggregate Gap) fixed by the Board and approved by RBI (wherever applicable) and exceeding, if any, are reported to the appropriate authority / Board for ratification.
- 1. Policies for hedging and / or mitigating and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants: The Bank's policy lays down that the transactions with the corporate clients are to be undertaken only after the inherent credit exposures are quantified and approved for customer appropriateness and suitability and necessary documents like ISDA agreements etc. are duly executed. The Bank adopts Current Exposure Method for monitoring the credit exposures. While sanctioning the limits, the competent authority stipulates condition of obtaining collaterals / margin as deemed appropriate. The derivative limits are reviewed periodically along with other credit limits.
- 2. Accounting policy for recording the hedge and non-hedge transactions, recognition of Income premiums and discounts, valuation of outstanding contracts, provisioning, collateral and credit risk mitigation: Valuation of outstanding forward contracts are done as per FEDAI guidelines in force. Marked to market profit & loss are taken to Profit & Loss account. MTM profit & loss calculated as per Current Exposure method are taken into account while sanctioning forward contract limits to customers and collaterals / cash margins are prescribed for credit and market risks. The Bank undertakes foreign exchange forward contracts for its customers and hedges them with other banks. The credit exposure on account of forward contracts is also considered while arriving at the total exposure of each customer / borrower and counter party banker. The Bank also deals with other banks in proprietary trading duly adhering to risk limits permitted by RBI, set in the policy and is monitored by mid office. The Marked to Market values are monitored on daily basis for foreign exchange forward contracts. The credit equivalent is computed under current exposure method. The operations are conducted in terms of the policy guidelines issued by Reserve Bank of India from time to time and as approved by the Board of the Bank.

## ii) Quantitative Disclosure

(₹ in Crore)

Sl. No	Particulars	March 31, 2025		March 31, 2024	
		Currency Derivatives	Interest rate derivatives	Currency Derivatives	Interest rate derivatives
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging	Nil	Nil	Nil	Nil
	b) For trading	Nil	Nil	Nil	Nil
(ii)	Marked to Market Positions [1]				
	a) Asset (+)	1.87	Nil	4.28	Nil
	b) Liability (-)	Nil	Nil	Nil	Nil
(iii)	Credit Exposure [2]	Nil	Nil	Nil	Nil
(iv)	Likely impact of one percentage change in interest rate (100*PV01)	Nil	Nil	Nil	Nil
	a) on hedging derivatives	Nil	Nil	Nil	Nil
	b) on trading derivatives				
(v)	Maximum and Minimum of 100*PV01 observed during the year	Nil	Nil		
	a) on hedging	Nil	Nil	Nil	Nil
	b) on trading	Nil	Nil	Nil	Nil

**d) Credit Default Swaps**

The bank has not undertaken any transactions in Credit Default Swaps (CDS) during the year March 31, 2025 and March 31, 2024.

**e) OIS (Overnight Index Swap) position**

The Bank has not entered into OIS (Overnight Index Swap) during FY 2024-25. The bank had NIL outstanding OIS position at the end of March 2025 and March 2024.

**f) Un-hedged / uncovered foreign currency exposure of the Bank**

The Bank's foreign currency exposures as at March 31, 2025 that are not hedged/ covered by either derivative instruments or otherwise are within the Net Overnight Open Position limit (NOOP) and the Aggregate Gap limit, as approved by the Board. NOOP limit is ₹15.00 Crore and actual position as on March 31, 2025 was ₹1.92 Crore. AGL limit is USD 80 Mio and actual position as on March 31, 2025 was USD 14.12 Million.

**g) Currency Futures**

The Bank does not deal in exchange traded currency futures during the current and previous Financial Years.

**8. Securitization Transactions**

The Bank has not undertaken any securitisation transactions during the year ended March 31, 2025 and March 31, 2024.

**9. Off-balance sheet SPVs sponsored**

There are no SPVs sponsored by the Bank as at March 31, 2025 and March 31, 2024.

**10. Transfers to Depositor Education and Awareness Fund (DEA Fund)**

In accordance with the guidelines issued by RBI, the Bank transfers the amount to the credit of any account which has not been operated upon for a period of 10 years or any deposit or any amount remaining unclaimed for more than 10 years to the DEA Fund. Details of amount transferred to DEA Fund are as follows: (₹ in Crore)

Particulars	March 31, 2025	March 31, 2024
Opening balance of amounts transferred to DEA Fund	87.68	79.20
Add: Amounts transferred to DEA Fund during the year	12.25	10.94
Less: Amounts reimbursed by DEA Fund towards claims	1.15	2.46
Closing balance of amounts transferred to DEA Fund	98.78	87.68

The closing balance of the amount transferred to Depositors Education and Awareness Fund as disclosed above, is included under 'Schedule 12- Contingent Liabilities - Other items for which the bank is contingently liable'.

**11. Disclosure of Complaints**

**a) Summary information on complaints received by the bank from customers and from the office of Banking Ombudsman**

S. N.	Particulars	March 31, 2025	March 31, 2024
	Complaints received by the bank from its customers		
1	Number of complaints pending at beginning of the year	94	75
2	Number of complaints received during the year	13538	6032
3	Number of complaints disposed during the year	13431	6013
3.1	Of which, number of complaints rejected by the bank	321	217
4	Number of complaints pending at the end of the year	201	94
	Maintainable complaints received by the bank from Office of Ombudsman		
5	Number of maintainable complaints received by the bank from Office of Ombudsman	20	25
5.1	Of 5, number of complaints resolved in favor of the bank by Office of Ombudsman	9	12
5.2	Of 5, number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	11	13
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the bank	0	0
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil
Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Banking Ombudsman Scheme, 2006) and covered within the ambit of the Scheme.			

Complaints resolved within the next working day need not be included in the statement of complaints. Hence, such complaints were not included for last two years. However, during RBI audit it was suggested to include complaints closed within the next working day (0-1 day). Hence, from FY 2025 all complaints irrespective of closure days are being reported and hence increase is seen.

**b) Top five grounds of complaints received by the bank from customers**

Grounds of complaints, (i.e., complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
<b>Financial Year 2024-25</b>					
ATM/Debit Cards	20	3310	40	43	1
Internet/Mobile/Electronic Banking	47	8349	217	94	2
Account opening/ difficulty in operation of accounts	4	702	33	1	0
Credit Cards	4	280	86	1	1
Loans and Advances	2	218	651	9	1
Others	17	679	110	53	4
Total	94	13538	124	201	9
<b>Financial Year 2023-24</b>					
ATM/Debit Cards	27	2372	-20	20	0
Internet/Mobile/Electronic Banking	35	2632	6	47	0
Account opening/ difficulty in operation of accounts	5	527	42	4	0
Credit Cards	1	150	-3	4	0
Loans and Advances	1	29	26	2	0
Others	6	322	225	17	0
Total	75	6032		94	0

**12. Penalties Levied by the Reserve Bank of India**

During the FY 2024-25, Reserve Bank of India levied penalty on the Bank as detailed below:

(Amount in ₹)

Penalty imposed under	Nature of the breach	Number of instances of default	Quantum of penalty imposed
Banking Regulation Act 1949	1. Deficiency observed during inspection of Currency Chests by RBI.	2	₹10,100/-
	2. Deficiency in Soiled Note Remittance (Both penalties are levied as per RBI Master Direction – Scheme of Penalties for bank branches and Currency Chests for deficiency in rendering customer service to the members of public)	3	₹1,150/-

There were no instances of penalty imposed under Payment and Settlement Systems Act, 2007 and Government Securities Act, 2006 (for bouncing of SGL). There were no instances of penalty levied by RBI for default in reverse repo transactions.

During the year 2023-24, Reserve Bank of India levied penalty on the Bank as detailed below:

(Amount in ₹)

Penalty imposed under	Nature of the breach	Number of instances of default	Quantum of penalty imposed
Banking Regulation Act 1949	1. Deficiency in soiled note remittance to RBI.	15	₹4,850/-
	2. Delay in conducting weekly concurrent audit at one of the currency chests.	1	₹5,000/-
	3. Violation of 'Loans and Advances – Statutory and other Restrictions ', 'Reserve Bank of India Know Your Customer (KYC) Directions, 2016', and 'Reserve Bank of India (Interest Rate on Deposits) Directions 2016'	4	₹1,20,47,000/-

There were no instances of penalty imposed under Payment and Settlement Systems Act, 2007 and Government Securities Act, 2006 (for bouncing of SGL). There were no instances of penalty levied by RBI for default in reverse repo transactions.

### 13. Disclosures on Remuneration

#### i) Qualitative Disclosures

##### a. Information relating to the composition and mandate of the Nomination and Remuneration Committee.

##### Composition (as on 31/03/2025)

1. Dr. Nirmala Padmanabhan, Chairperson
2. Shri G. Rajagopalan Nair
3. Dr. Jineeshnath C.K

##### Terms of Reference

1. Recommending to the Board for its consideration and approval on the size and composition of the Board taking into account the available and needed diversity and balance in terms of experience, knowledge, skills and judgment of the Directors;
2. Reviewing, from time to time, possible candidates for current and potential Board vacancies, including Directors who are to retire and are eligible for re- appointment or re-election and other persons who may be recommended by the Chairman or the MD&CEO or other Directors, shareholders or others;
3. Recommending to the Board, candidates for election (including reelection) or appointment (including reappointment) to the Board;
4. Carrying out evaluation of every Director's performance;
5. Deciding on the matter of whether to extent or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
6. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal; formulation of the criteria for determining qualifications, positive attributes and Independence of a Director;
7. Devising a policy on diversity of Board of Directors;
8. Recommending to the Board a policy relating to the remuneration for the Directors, key managerial personnel and other employees;  
[The committee shall ensure the following while formulating the policy on the aforesaid matters:  
a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, key managerial personnel and senior management of the quality required to run the Bank successfully;  
b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;  
c) Remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Bank and its goals.]
9. Formulating and determining the Bank's policies on remuneration packages payable to the Directors and key managerial personnel including performance / achievement bonus, perquisites, retinals, sitting fees.
10. Considering grant of Stock Options to employees.
11. Reviewing the composition of the existing Committees of the Board.
12. Formulation of criteria for performance evaluation of independent directors and the Board;
13. Validation of "fit and proper" status of all Directors on the Board of the Bank in terms of the guidelines issued by the RBI or other regulatory authorities;
14. Developing and recommending to the Board the Corporate Governance guidelines applicable to the Bank for incorporating best practices from time to time
15. Periodicity of Meetings: At least once in a year; however, the Committee should meet as and when new Directors are proposed to be appointed and when existing Directors are proposed to be re- appointed

**b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.**

In compliance with standards of corporate governance as well as regulatory reforms put forth by Reserve Bank of India, Bank has in place 'Compensation Policy of Whole time Directors (WTD), Chief Executive Officers, Material Risk Takers (MRTs) and Control Function Staff.

For employees who do not fall under the purview of above, we also have a 'Compensation Policy' clearly defining the compensation design in line with banking industry benchmarks, under two streams of employment viz. IBA and CTC.

**c) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.**

Based on the Financial Stability Board (FSB) principles for sound compensation practices which also formed a part of regulatory reforms circulated by RBI vide DOR. Appt. BC. No.23/ 29.67.001/2019-20 dated 04.11.2019, effective alignment of compensation with prudent risk taking while ensuring that compensation covers all types of risks including difficult to measure risks is already envisaged in 'Compensation Policy of WTDs, Chief Executive Officers, MRTs and Control Function Staff'.

The Policy also touches upon the sensitivity of payout schedule to the time horizon of risks.

In order to analyze the long-term consequences viz-a-viz risk appetite, our policy objective is to align regulatory guidelines with prevailing trends / practices in the industry to achieve a balanced scenario wherein

1. compensation is adjusted for all types of risks
2. compensation outcomes are symmetric with risk outcomes
3. compensation payouts are sensitive to the time horizon of risks and
4. mix of cash, equity and other forms of compensation are consistent with risk alignment.

Regarding the employees who are not covered under 'Compensation Policy of WTDs, Chief Executive Officers, MRTs and Control Function Staff', the payout falls under either IBA or CTC pattern.

The former is periodically revised by bi-partite settlements/ joint notes while the latter is linked to bank's performance and the individual's performance, complying with the statutory guidelines and the yardsticks approved by competent authorities.

**d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.**

Compensation structure for the personnel covered under 'Compensation Policy of WTDs, Chief Executive Officers, MRTs and Control Function Staff' is a mix of fixed pay and variable pay with the latter proportionate to the responsibility/ seniority.

Bank will devise scoring model with specific parameters in tandem with the rules and authorities handled by the respective positions. The Board will review and finalize the score for each senior management position based on the audited figures of the previous financial year.

For employees coming under IBA pattern, the compensation shall be revised once in five years as decided by the bi-partite settlements/ joint notes, subject to granting of bank's mandate.

Under CTC pattern the increments shall be linked to bank's performance based on year-on-year yardsticks fixed by the Bank.

**e) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.**

Norms for grant of share linked instruments shall be in conformity with the provisions of Securities & Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. Share linked instruments shall be fair valued on the date of grant by the bank using Black-Scholes Model.

Deferral of Variable Pay

In adherence to FSB implementation standards, a minimum of 60% of total Variable Pay shall be under deferral arrangement with further guidelines on cash component as follows:

- 1) If cash component is part of Variable Pay, at least 50% of the cash bonus shall be under deferral arrangement.
- 2) If cash component of Variable Pay is under ₹0.25 Crore, deferral payment for cash portion would not be necessary.

Period of Deferral Arrangement

Deferral Period shall be fixed as three years applicable to both cash and non-cash components of the Variable Pay. In order to ensure a proper assessment of risks before the application of ex-post adjustments, following guidelines shall be ensured for vesting.

- 1) Deferred portion of Variable Pay shall be spread out on a pro-rata basis, i.e., not more than 33.33% of the total deferred Variable Pay shall vest at the end of first year. Further, not more than 33.33% of total deferred Variable Pay shall vest at the end of second year.
- 2) The first such vesting shall not be before one year from the commencement of the deferral period.

Retention Period

There shall be a Retention Period (Lock-in period) of one year for Share-linked instruments forming part of Variable Pay, during which they cannot be sold or accessed.

**f) Description of the different forms of variable remuneration (i.e., cash and types of share-linked instruments) that the bank utilizes and the rationale for using these different forms.**

Variable pay shall consist of cash/ non-cash compensation by way of share linked instruments assessed on the basis of adequately measured performance of individual/ business unit.

Limits on Variable Pay:

- 1) Total Variable Pay, inclusive of cash and non-cash components for all positions other than Whole Time Directors and MD & CEO shall be 100% of the Fixed Pay (i.e., 50% of total remuneration).
- 2) For WTDs and MD & CEO, total Variable Pay shall not be less than 100% (i.e., 50% of total remuneration) and shall be limited to a maximum of 300% of the Fixed Pay.
- 3) If Variable Pay is up to 200% of Fixed Pay, a minimum of 50% of such variable pay shall be in the form of non-cash instruments.
- 4) If Variable Pay is over and above 200% of Fixed Pay, a minimum of 67% of such variable pay shall be in the form of non-cash instruments.
- 5) If grant of share-linked instruments is barred by statute or regulation, Variable Pay would be capped at 150% of the Fixed Pay with a lower base of 50%.

**ii) Quantitative Disclosures**

(₹ in Crore)

Quantitative Disclosures	March 31, 2025	March 31, 2024																					
Number of meetings held by the Nomination and Remuneration Committee during the financial year and remuneration paid to its members.	Number of meetings: 13 Sitting fee – ₹0.13	Number of Meetings: 10 Sitting fee – ₹0.13																					
(i) Number of employees having received a variable remuneration award during the financial year.	Nil	1																					
(ii) Number and total amount of sign-on/joining bonus made during the financial year.	Nil	Nil																					
(iii) Details of severance pay, in addition to accrued benefits, if any.	Nil	Nil																					
(i) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms.	₹1.56*	₹1.56#																					
(ii) Total amount of deferred remuneration paid out in the financial year.	Nil	₹0.24 **																					
Breakdown of amount of remuneration (pro rata) awards for the financial year to show fixed and variable, deferred and non-deferred.	<table border="1"> <thead> <tr> <th></th><th>Fixed Pay</th><th>Variable Pay</th></tr> </thead> <tbody> <tr> <td>MD &amp; CEO</td><td>0.67</td><td>**</td></tr> <tr> <td>Executive Director</td><td>0.07</td><td>**</td></tr> <tr> <td>MRTs</td><td>0.65</td><td>Nil</td></tr> </tbody> </table>		Fixed Pay	Variable Pay	MD & CEO	0.67	**	Executive Director	0.07	**	MRTs	0.65	Nil	<table border="1"> <thead> <tr> <th></th><th>Fixed Pay</th><th>Variable Pay</th></tr> </thead> <tbody> <tr> <td>MD &amp; CEO</td><td>0.60</td><td>0.60</td></tr> <tr> <td>MRTs</td><td>1.35</td><td>Nil</td></tr> </tbody> </table>		Fixed Pay	Variable Pay	MD & CEO	0.60	0.60	MRTs	1.35	Nil
	Fixed Pay	Variable Pay																					
MD & CEO	0.67	**																					
Executive Director	0.07	**																					
MRTs	0.65	Nil																					
	Fixed Pay	Variable Pay																					
MD & CEO	0.60	0.60																					
MRTs	1.35	Nil																					
(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.																							
(ii) Total amount of reductions during the financial year due to ex post explicit adjustments.	Nil	Nil																					
(iii) Total amount of reductions during the financial year due to ex post implicit adjustments.																							
Number of MRTs identified.	<b>4</b> (1. MD & CEO, 2. Executive Director, 3. Chief Credit Officer & 4. Head – Treasury)	<b>4</b> (1. MD & CEO, 2. Head- Business Development, 3. Chief Credit Officer & 4. Head – Treasury)																					



Quantitative Disclosures	March 31, 2025	March 31, 2024
(i) Number of cases where malus has been exercised.		
(ii) Number of cases where claw back has been exercised.	Nil	Nil
(iii) Number of cases where both malus and claw back have been exercised.		
The mean pays for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.		
1) The mean pay for the Bank as a whole (excluding sub staff) ***	₹0.012	₹0.010
2) The deviation of the pay (pro rata) of each of its WTDs from the mean pay		
• MD & CEO	₹0.658	₹0.590
• ED	₹0.058	NA

\* FY 2021 – 22 ₹ 0.36 Crore; FY 2022 – 23 ₹ 0.60 Crore; FY 2023 – 24 ₹ 0.60 Crore

\*\*Variable Pay may be decided by the Board of Directors based on the recommendations of the Nomination & Remuneration Committee and subject to the approval of RBI and determined in accordance with the RBI Guidelines on Compensation for Whole Time Directors/Chief Executive Officers/Risk Takers and Control Function Staff, etc. issued by the RBI on November 4, 2019 ("RBI Guidelines") as amended from time to time and the Compensation Policy of the Bank framed in line with the aforesaid RBI Guidelines. As per the RBI guidelines, the total variable pay shall be limited to a maximum of 300% of the fixed pay. Further the variable pay, as per the RBI Guidelines, shall be inclusive of Cash as well as any Share-linked instruments.

\*\*\* Mean pay is computed on annual fixed pay that includes basic salary, other allowance, and other performance linked incentive/exgratia paid to the employees along with the value of perquisites

### iii) Remuneration to Non-Executive Directors

The non-executive directors are paid remuneration by way of sitting fees for attending the meetings of the Board and Committee. Sitting Fees were paid at the rate of ₹25000 for Board Meeting and ₹15000 for meetings of the Board Committees till 31/01/2023. The Board at its meeting held on 31.01.2023 has revised the sitting fees of Board and Board Committees to ₹40,000/- and ₹ 30,000/- respectively. Details of sitting fees paid are given below:

(₹ in Crore)

Particulars	March 31, 2025	March 31, 2024
Sitting Fees paid to Non-Executive Directors	1.13	1.19

## 14. OTHER DISCLOSURES

### a. BUSINESS RATIOS

S.N.	Particulars	March 31, 2025	March 31, 2024
(i)	Interest Income as a percentage to Working Funds (%)*	7.79	7.49
(ii)	Non-interest income as a percentage to Working Funds (%)*	1.00	0.95
(iii)	Cost of Deposits (%)	5.58	5.30
(iv)	Net Interest margin (%)	3.25	3.22
(v)	Operating Profit as a percentage to Working Funds (%)*	0.56	0.43
(vi)	Return on Assets (%)*	0.39	0.36
(vii)	Business (Deposits plus net advances) per employee – ₹ in Crore #	16.07	14.64
(viii)	Profit/(Loss) per employee – ₹ in Crore #	0.04	0.03

\* Working funds represents the average of total assets as reported in Return Form X to RBI under Section 27 of the Banking Regulation Act, 1949 during the 12 months of the financial year.

# For the purpose of computation of business per employee (deposits plus advances), interbank deposits have been excluded.

### b. Bancassurance Business

Details of income earned from bancassurance business:

(₹ in Crore)

S.N.	Nature of Income	March 31, 2025	March 31, 2024
1.	For selling non-life insurance policies	0.99	0.88
2.	For selling Life insurance policies	12.25	11.36
	<b>Total</b>	<b>13.24</b>	<b>12.24</b>

**c. Marketing and Distribution**

Banks has received following fees/remuneration in respect of the marketing and distribution function (excluding Bancassurance business) undertaken by the bank. (₹ in Crore)

S.N.	Particulars	March 31, 2025	March 31, 2024
1.	APY	0.14	0.10
2.	Demat	0.05	0.06
3.	Mutual Funds	2.02	1.54
4.	ASBA	0.009	0.001
5.	SGB	-	0.53
6.	PMJJBY	0.02	0.01
	<b>Total</b>	<b>2.24</b>	<b>2.24</b>

**d. Priority Sector Lending Certificate (PSLC)**

The Bank purchases PSLC for meeting Priority Sector targets. The fee paid for purchase of PSLC is treated as expense and the fee received for sale of PSLC is treated as an income. (₹ in Crore)

S.N.	Type of PSLC	31.03.25		31.03.24	
		Purchase	Sale	Purchase	Sale
1.	PSLC - Agriculture	-	580.00	-	-
2.	PSLC - Small and Marginal Farmers	-	400.00	-	-
3.	PSLC - Micro Enterprises	1080.00	-	860.00	-
	<b>Total</b>	<b>1080.00</b>	<b>980.00</b>	<b>860.00</b>	<b>-</b>

**e. Provisions and Contingencies**

The breakup of Provisions and Contingencies for the year ended March 31, 2025 and March 31, 2024 are given below:

(₹ in Crore)

Particulars	March 31, 2025	March 31, 2024
Provision for NPI	1.33	26.01
Provision for Standard Assets	8.32	3.78
Provision against Fraud	0.05	Nil
Provision for NPA (including Bad Debts written off)	17.97	(10.79)
Provision for Restructured Advances	(3.74)	(19.93)
Provision for Unhedged Forex Exposure	(0.07)	0.96
Provision for Income tax	6.78	1.26
Provision for Deferred Tax	(1.80)	11.40
Other Provisions (Net)*	(0.38)	(1.24)
<b>Total</b>	<b>28.46</b>	<b>11.44</b>

\*Other provision is shown net of current year provision made against other assets and reversal of provisions made during earlier years.

**f. Implementation of IFRS converged Indian Accounting Standards (Ind AS)**

RBI vide Circular DBR.BPBC.No.29/21.07.001/2018-19 dated March 22, 2019 deferred implementation of Ind AS till further notice. However, RBI requires all banks to submit Proforma Ind AS financial statements every half year. Accordingly, Bank has been furnishing Proforma Ind AS financial statements to the RBI on half-yearly basis with the corresponding comparative financial statements as per the current framework.

**g. Payment of DICGC Insurance premium**

(₹ in Crore)

S.N.	Particulars	March 31, 2025	March 31, 2024
i)	Payment of DICGC insurance Premium (including GST)	20.53	19.29
ii)	Arrears in payment of DICGC Premium	0	0

**h. Disclosure of Letter of Comforts (LoC s) issued by the Bank**

The Bank has not issued any Letter of Comforts during the year ended March 31, 2025 and March 31, 2024.

**i. Green deposits:** Bank has not raised any green deposits during the year.

**15. DISCLOSURE AS PER ACCOUNTING STANDARDS (AS)**

**a) Net Profit or Loss for the Period, Prior Period items and changes in Accounting Policies (AS 5)**

- i) There is no change in the Significant Accounting Policies adopted during the year ended 31st March 2025 as compared to those followed in the previous financial year ended 31st March 2024 except for the following:

The changes required on account of RBI Master Direction RBI/DOR/2023-24/104 DOR.MRG.36/ 21.04. 141/ 2023- 24 dated 12th September 2023, applicable from 1st April 2024 as stated below:

- Policies on classification and valuation of investments:  
With effect from 1st April 2024, the Bank adopted the revised framework of classification and valuation of investments issued by RBI vide Master Direction No. RBI/DOR/2023-24/104 DOR.MRG.36/ 21.04.141/ 2023-24 on Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023 dated 12th September 2023. The disclosure of transition impact in terms of Para 43 of the RBI Circular is disclosed under Para 3- Investments, of Notes to Accounts.
- Method of recording the transactions on acquisition of securities:  
As per the extant Policy, the premium paid on acquisition of HTM category Investments only, was amortized over the term to maturity on a constant yield basis. In terms of the new investment framework, the Bank amortizes both, premium and discount on acquisition, across all categories of investments, on a constant yield basis.

The impact of the revised framework for the period prior to the transition date is not ascertainable. As a result, the income/profit or loss from investments for the year ended on 31st March 2025 are not comparable to figures reported for the year ended on 31st March 2024.

- Other operating expenses for the year ended 31.03.2024 include prior period item amounting to ₹1.25 Crores being correction of excess Input Tax Credit reversal of GST relating to FY 2017-18 (credit to operating expenses).

#### b) Employee Benefits (AS 15)

- Provident Fund:** Employees, who have not opted for pension plan are eligible to get benefits from provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid on retirement, death, incapacitation or termination of employment. Both the employee and the Bank contribute a specified percentage of the salary to the Dhanlaxmi Bank Employees' Provident Fund. The Bank has no obligation other than the monthly contribution. The Bank recognized ₹0.98 Crore (Previous Year: ₹0.85 Crore) for provident fund contribution in the Profit and Loss Account.
- New Pension Scheme:** As per the industry level settlement dated April 27, 2010, employees who joined the services of the Bank on or after April 1, 2010 are not eligible for the existing pension scheme whereas they will be eligible for Defined Contributory Pension Scheme (DCPS) in line with the New Pension Scheme introduced for employees of Central Government. Towards DCPS, employee shall contribute 10% of their pay components and Dearness Allowance thereon and the Bank will also make a contribution of 14%. There is no separate Provident Fund for employees joining on or after April 1, 2010. The Bank recognized ₹11.10 Crores (Previous Year: ₹9.45 Crore) for DCPS contribution in the Profit and Loss Account.
- Retirement Benefits:** The bank has recognized the following amounts in the Profit and loss account towards employee benefits as under:

(₹ in Crore)

Particulars	March 31, 2025	March 31, 2024
Pension Fund	45.09	41.54
Gratuity Fund	7.01	(0.53)
Compensation for absence on privilege/sick/casual leave	12.32	18.99

The employee benefits on account of pension, gratuity and leave have been ascertained on actuarial valuation in accordance with Accounting Standard - 15 prescribed under section 133 of the Companies Act, 2013. The summarized position of various defined benefits recognized in the profit and loss account and balance sheet along with the funded status are as under:

#### i) Defined Benefit Pension Plan and Gratuity

##### a. Changes in the present value of the defined benefit obligations

(₹ in Crore)

Particulars	Pension		Gratuity	
	2024-25	2023-24	2024-25	2023-24
Present value of obligation at the beginning of the year	171.07	173.19	80.87	82.05
Interest cost	11.20	10.57	5.67	6.02
Current Service Cost	11.44	9.12	4.26	4.08
Benefits paid	(13.65)	(53.13)	(4.81)	(5.15)
Net actuarial (gain)/loss on obligation	34.38	31.31	2.08	(6.13)
Past service cost	Nil	Nil	Nil	Nil
Settlements	Nil	Nil	Nil	Nil
Present value of the defined benefit obligation at the end of the year.	214.45	171.07	88.08	80.87

**b. Change in the fair value of plan assets:**

(₹ in Crore)

Particulars	Pension		Gratuity	
	2024-25	2023-24	2024-25	2023-24
Fair value of plan assets at the beginning of the year	133.04	139.24*	75.45	72.55*
Expected return on plan assets	10.80	9.97	5.47	5.43
Contributions by employer	47.29	37.20	5.42	3.54
Benefit paid	(13.65)	(53.13)	(4.81)	(5.15)
Settlements	Nil	Nil	Nil	Nil
Actuarial gain/(loss)	1.13	(0.50)	(0.47)	(0.93)
Fair value of plan assets at the end of the year	178.62	132.77	81.07	75.45

**c. Expenses recognized in Profit and Loss Account**

(₹ in Crore)

Particulars	Pension		Gratuity	
	2024-25	2023-24	2024-25	2023-24
Current Service Cost	11.44	9.12	4.26	4.08
Interest cost on benefit obligation	11.20	10.57	5.67	6.02
Expected return on plan assets	(10.80)	(9.97)	(5.48)	(5.43)
Net actuarial (gain)/loss recognized in the year	33.25	31.82	2.55	(5.20)
Past Service Cost	Nil	Nil	Nil	Nil
Expenses recognized in the Profit and Loss account	45.09	41.54	7.01	(0.53)

**d. The amount recognized in the Balance Sheet**

(₹ in Crore)

Particulars	Pension		Gratuity	
	2024-25	2023-24	2024-25	2023-24
Present Value of obligation at the end of the year (i)	214.45	171.07	88.08	80.87
Fair value of plan assets at the end of the year (ii)	178.62	132.77	81.07	75.45
Difference (ii)-(i)	(35.83)	(38.30)	(7.01)	(5.41)
Unrecognized past service liability	NIL	Nil	Nil	Nil
Net asset/(liability) recognized in the Balance Sheet	(35.83)	(38.30)	(7.01)	(5.41)

**\*Note:** In the valuation of Gratuity and Pension, the closing balance of Plan Assets as on 31.03.2023 was different from the respective Trust Balance Sheets' closing balance of Plan Assets. This was identified during the year 2023-2024 and the impact was adjusted in that year in the P & L Account.

**b. Details of the Plan Asset**

The details of the plan assets (at cost) are as follows:

(₹ In Crore)

Particulars	Pension		Gratuity	
	2024-25	2023-24	2024-25	2023-24
Central Government securities	12.95	16.90	-	-
State Government securities	-	-	-	-
Investment in Private Sector Undertakings	-	-	29.11	-
Others	165.67	115.87	51.96	75.45
<b>Total</b>	<b>178.62</b>	<b>132.77</b>	<b>81.07</b>	<b>75.45</b>

### c. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

Method used	Pension including family pension (wherever applicable)		Gratuity	
	Project Unit Credit Method			
	2024-25	2023-24	2024-25	2023-24
Discount rate	6.82%	7.21%	6.88%	7.23%
Expected rate of return on plan assets	7.21%	7.58%	7.23%	7.58%
Future salary increases	2.50%	2.50%	4.50%	4.50%

### d. Pension Plan

Particulars	March 31,2025	March 31,2024	March 31,2023	March 31,2022	March 31,2021	March 31,2020
Defined Benefit Obligations	214.45	171.07	173.19	169.16	156.88	147.18
Plan Assets	178.62	132.77	140.84	147.62	124.02	114.73
Surplus/(Deficit)	35.83	38.30	32.35	21.54	32.86	32.45

### e. Gratuity Plan

Particulars	March 31,2025	March 31,2024	March 31,2023	March 31,2022	March 31,2021	March 31,2020
Defined Benefit Obligations	88.08	80.87	82.05	73.08	69.83	62.11
Plan Assets	81.07	75.45	78.50	56.94	60.15	62.29
Surplus/(Deficit)	7.01	5.42	3.55	16.14	9.68	-0.18

#### ii) Leave encashment benefits (unfunded obligation)

Leave encashment benefits of employees are provided on an actuarial basis and is unfunded

#### a) Expenses recognized in Profit and Loss Account

(₹ in Crore)

Particulars	Privilege Leave		Sick Leave	
	2024-25	2023-24	2024-25	2023-24
<b>Changes in the present value of the defined benefit obligations</b>				
Present value of obligation at the beginning of the year	48.69	43.42	4.50	3.93
Interest cost	3.25	2.79	0.33	0.29
Current Service Cost	3.59	3.33	0.43	0.39
Benefits paid	(7.30)	(13.15)	Nil	Nil
Net actuarial (gain)/loss on obligation	5.08	12.29	(0.36)	(0.11)
Past service cost	Nil	Nil	Nil	Nil
Settlements	Nil	Nil	Nil	Nil
Present value of the defined benefit obligation at the end of the year.	53.31	48.69	4.91	4.50
<b>Expenses recognized in Profit and Loss Account</b>				
Current Service Cost	3.59	3.33	0.43	0.39
Interest cost on benefit obligation	3.25	2.79	0.33	0.29
Expected return on plan assets	Nil	Nil	Nil	Nil
Net actuarial (gain)/loss recognized in the year	5.08	12.29	(0.36)	(0.11)
Past Service Cost	Nil	Nil	Nil	Nil
Excess provision held in books	Nil	Nil	Nil	Nil
Expenses recognized in the Profit and Loss account	11.92	18.42	0.40	0.57
<b>The amount recognized in the Balance Sheet</b>				
Present Value of obligation at the end of the year (i)	53.31	48.69	4.91	4.50
Fair value of plan assets at the end of the year (ii)	Nil	Nil	Nil	Nil
Difference (ii)-(i)	(53.31)	(48.69)	(4.91)	(4.50)
Unrecognized past service liability	Nil	Nil	Nil	Nil
Net asset/(liability) recognized in the Balance Sheet	(53.31)	(48.69)	(4.91)	(4.50)

**b) Actuarial Assumptions**

Principal assumptions used for actuarial valuation are:

Method used	Privilege Leave		Sick Leave	
	Projected Unit Credit Method			
	2024-25	2023-24	2024-25	2023-24
Discount rate	6.88%	7.22%	6.88%	7.22%
Future salary increases	4.50%	4.50%	4.50%	4.50%

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors. Such estimates are very long term and it is expected that under such very long term, consistent high salary growth rates are not possible. The said estimates and assumptions have been relied upon by the auditors.

**c) Segment Reporting (AS 17)**

The Bank has recognized Business segments as primary reporting segment and Geographical segments as secondary segment in line with RBI guidelines on compliance with Accounting Standard 17.

I. Primary Segments: Business segments.

- (a) Treasury Operations
- (b) Corporate / Wholesale Banking
- (c) Retail banking
- (d) Other banking business operations

II. Secondary Segments: Geographical segments.

Since the Bank is having domestic operations only, no reporting does arise under this segment.

RBI's Master Direction on Financial Statements-Presentation and Disclosures, requires to sub-divide 'Retail banking' into (a) Digital Banking (as defined in RBI Circular on Establishment of Digital Banking Units dated April 07, 2022) and (b) Other Retail Banking segment. Bank has not set up separate 'Digital Banking Unit' (DBU) as on 31st March 2025 as per RBI circular No. RBI/2022-23/19 DOR AUT.REC.12/22.01.001/2022-23 dated April 7 2022 and existing digital banking products are forming part of 'Retail Banking' segment only.

**Segment Reporting**

(₹ in Crore)

Business Segments	Treasury		Retail Banking		Corporate / Wholesale Banking		Other Banking Operations		Unallocated		Total	
	31.03.25	31.03.24	31.03.25	31.03.24	31.03.25	31.03.24	31.03.25	31.03.24	31.03.25	31.03.24	31.03.25	31.03.24
Revenue	256.73	248.24	819.15	724.30	397.94	373.22	15.27	13.78	Nil	Nil	1489.09	1359.55
Results	49.65	33.64	52.77	35.32	(22.58)	(13.48)	15.27	13.78	Nil	Nil	95.11	69.26
Unallocated Expenses	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Operating Profit	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	95.11	69.26
Total provisions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	23.48	(1.22)
Tax Expenses	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	4.98	12.66
Extra ordinary items	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Profit After Tax	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	66.64	57.82
Other Information	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Segment Assets	4278.61	4331.81	8741.68	7375.68	4808.08	4139.83	Nil	Nil	Nil	Nil	17828.37	15847.32
Unallocated Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	108.56	114.57	108.56	114.57
Total Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	17936.93	15961.89
Segment Liabilities	3969.71	4123.10	8117.71	6923.17	4454.24	3885.85	Nil	Nil	Nil	Nil	16541.66	14932.12
Unallocated Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1395.27	1029.77
Total Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	17936.93	15961.89



**d) Related Party Disclosures (AS 18)**

Key Management Personnel	From	To
Sri Shivan J K, MD & CEO	01.04.2024	19.06.2024
Sri Ajith Kumar K K, MD & CEO	20.06.2024	31.03.2025
Sri P Suriaraj, Executive Director	20.01.2025	31.03.2025

Key Management Personnel	Nature of Transaction	2024-25
Sri Shivan J K, MD & CEO	Salary Payment	0.12
Sri Shivan J K, MD & CEO	Fixed Pay - Other Perquisites - Reimbursement of House Keeping expenses FY 2021-22, 2022-23, 2023-24, 2024-25	0.02
Sri Shivan J K, MD & CEO	Rent+ Maintenance charge	0.01
Sri Ajith Kumar K K, MD & CEO*	Salary Payment	0.47
Sri Ajith Kumar K K, MD & CEO	Rent+ Maintenance charge	0.04
Sri P Suriaraj, Executive Director	Salary Payment	0.06
Sri P Suriaraj, Executive Director	Rent+ Maintenance charge	0.008

\*Mr. Ajith Kumar K K, MD & CEO is eligible for variable pay with cash and non-cash components up to a maximum of ₹0.59 crore based on audited figures for FY 2024-25. Suitable provision made for the same.

Calculation of variable pay for Mr. Ajith Kumar K K MD & CEO is as follows:

The maximum eligibility for Variable Pay for FY 2024-25 : ₹75,00,000/-

Pro rata eligible amount for FY 2024-25 : ₹75,00,000/-\*285/365 = 58.56 Lakhs.

(Date of Joining 20-06-2024)

**e) Operating Leases (AS 19)**

Operating Leases primarily comprise office premises, staff residences, which are renewable at the option of the Bank. Lease Payments recognized in the Profit and Loss Account are given below:

(₹ in Crore)

Particulars	March 31, 2025	March 31, 2024
Operating Lease Payments	31.92	31.30

The Bank has certain non-cancellable outsourcing contracts for branches on rent. The future minimum lease liabilities for such non-cancellable operating leases are given below:

(₹ in Crore)

Particulars	March 31, 2025	March 31, 2024
Not later than one year	31.79	27.56
Later than one year and not later than five years	93.85	77.91
Later than five years	38.87	29.77
<b>Total</b>	<b>164.52</b>	<b>136.24</b>

The above information is as certified by the Management and relied upon by the auditors.

**f) Earnings Per Share (AS 20)**

Particulars	March 31, 2025	March 31, 2024
Net Profit/ (Loss) after tax (₹ in Crore)	66.64	57.82
Weighted average number of equity shares for Basic EPS	280808754	261394472
Weighted average number of equity shares for Diluted EPS	280808754	261394472
Earnings per share (Basic) in ₹	2.37	2.21
Earnings per share (Diluted) in ₹	2.37	2.21

Pursuant to the rights issue, earnings per share (EPS) in respect of previous year/ periods has been restated as per AS 20- Earnings Per Share, prescribed under Section 133 of the Companies Act, 2013.

**g) Accounting for Taxes on Income (AS 22)**

Bank has made the provision for taxes for the financial year ended 31st March 2025 and 31st March 2024 as given below:

(₹ in Crore)

Particulars	March 31, 2025	March 31, 2024
Income Tax (prior years)	6.78	1.26
Deferred Tax	(1.80)	11.40

Bank has recognized the provision for Income Tax by exercising the option permitted under Section 115BAA of the Income Tax Act, 1961. The existing Deferred Tax Asset (DTA) recognized on 31st March 2024 amounting to ₹57.72 crore has been reviewed and re measured and the DTA has been recognized as on 31st March 2025 at ₹57.15 crore. The components of Deferred Tax Assets and Liabilities are shown:

(₹ in Crore)

Particulars	March 31, 2025	March 31, 2024
<b>Deferred Tax Asset</b>		
Provision for Loans/Investment/Others	27.51	25.26
Depreciation on Fixed Assets	4.83	5.29
Carry forward loss/Depreciation	28.68	28.68
<b>Total (A)</b>	<b>61.02</b>	<b>59.23</b>
<b>Deferred Tax Liability</b>		
Special Reserve u/s 36(1)(viii)	1.51	1.51
Gain transferred to Reserves	2.36	0.00
<b>Total (B)</b>	<b>3.87</b>	<b>1.51</b>
<b>Net Deferred Tax Asset (A-B)</b>	<b>57.15</b>	<b>57.72</b>

**h) Intangible Assets (AS 26)**

Computer software's which are carried at cost of acquisition less accumulated amortization i.e., amortized on a Straight-Line Method basis over the estimated useful lives of 3 to 5 years on a pro rata basis, is accounted under Fixed Assets.

**i) Impairment of Assets (AS 28)**

The bank has assessed the carrying value of non-banking assets acquired in satisfaction of claims. Based on this review, an impairment provision of ₹0.54 crore has been recognized during the year. The total carrying amount of these assets, net of impairment, stood at ₹0.58 crore as of March 31, 2025. In the opinion of the Bank's management, there is no further indication of impairment to the assets during the year under review, as per the requirements of Accounting Standard 28 "Impairment of Assets".

**16 ADDITIONAL DISCLOSURES**

**a) Additional Disclosure of Material items**

- i) Miscellaneous Income exceeding 1% of Total Income ₹ In Crore

Particulars	2024-25	2023-24
Processing Charges	27.37	18.73
Recovery from Technical written off accounts	16.70	30.18
Income from ATM	8.85	10.96

- ii) Other Expenditure exceeding 1% of total expenses Nil (Previous Year Nil)  
iii) Other liabilities and Provision- Others exceeding 1% of total assets Nil (Previous Year Nil)  
iv) Other Assets

₹. In Crore

Particulars	2024-25	2023-24
Priority Sector Shortfall Deposits	177.87	236.91

**b) Details of single Borrower limit, Group Borrower Limit**

The bank had taken single borrower exposure and Group exposure within the prudential limit prescribed by RBI.

**c) Description of Contingent Liabilities & Capital Commitments**

**i) Contingent Liabilities**

Sr. No.	Particulars*	Brief Description
1	Claims against the Bank not acknowledged as debts	The Bank is a party to various legal proceedings in the normal course of business. In all those cases, bank has not acknowledged the claims raised against the Bank and is defending. Hence the Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows
2	Liability on account of forward exchange and derivative contracts	The Bank enters into foreign exchange contracts and currency swaps with interbank participants and customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate.
3	Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities the Bank issued documentary credit of credit, enhance the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations.
4	Other items for which the Bank is contingently liable	Includes Disputed Tax, amount deposited with RBI under Depositor Education Awareness Fund and capital commitments

\*Refer Schedule 12 for amounts relating to Contingent Liability

The Bank's pending litigations comprise of claims against the Bank by the clients and proceedings pending with Income Tax authorities/GST/VAT/Service Tax Authorities. The Bank has reviewed all its pending litigations and proceedings and has adequately provided for such liabilities where provisions are required and disclosed the contingent liabilities wherever applicable (other than SCN's), in its financial statements. The Management believes that the possibility of outflow of resources embodying economic benefits in these cases is possible but not probable and hence no provision is required in these cases. However, the contingent liability has been disclosed with respect to the cases, as found required.

**ii) Capital commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for are as follows

(₹ In Crore)

March 31, 2025	March 31, 2024
18.17	12.75

**Dues to Micro, Small and Medium Enterprises**

There have been no reported cases of delayed payments of the principal amount or interest due thereon to Micro, Small and Medium Enterprises.

**e) Provision for Long Term Contracts**

The Bank has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Bank has reviewed and recorded adequate provision as required under any law / accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts), if any, in the books of account and disclosed the same under the relevant notes in the financial statements.

**f) Investor Education and Protection Fund**

There was no pending amount to be transferred to the Investor Education and Protection Fund by the Bank in the FY 2024-25.

**g) Inter-Bank Participation Certificates with Risk Sharing**

There was no purchase or sale of Inter Bank Participation Certificate with risk sharing by bank during year ended March 31, 2025 and March 31, 2024.

**h) Fixed Assets**

**i) Software Capitalized under Fixed Assets**

The Bank has capitalized software under Fixed Asset amounting to ₹21.45 Crore and ₹8.00 Crore during the financial year ended March 31, 2024 and March 31, 2025 respectively, as given below:

(₹ in Crore)

Particulars	March 31, 2025	March 31, 2024
At cost at March 31st of the preceding year	129.90	108.45
Additions during the year	8.00	21.45
Deductions during the year	0.00	0.00
Depreciation to date	107.33	95.31
<b>Net Block</b>	<b>30.57</b>	<b>34.59</b>

**ii) Revaluation Reserve**

There has been no revaluation of assets during the year ended March 31, 2025 and March 31, 2024.

**i) Corporate Social Responsibility (CSR)**

Due to losses incurred by the Bank from FY 2013 to 2018, in compliance with the provision outlined in Section 198, these losses were offset against profits in subsequent years. Consequently, no profits were available under Section 198 of the Companies Act, for Corporate Social Responsibility purposes. Therefore, the Bank did not undertake any projects under Corporate Social Responsibility for the financial year 2024-25 and 2023-24.

**j) Inter Office Accounts:**

Inter Office Accounts between branches, controlling offices, Corporate Office etc., are being reconciled on an ongoing basis and there is no material effect on the profit and loss account of the current year.

**17. Comparative Figures**

Previous year figures have been re-grouped/ re-classified wherever considered necessary to conform to current year's classification.

**18. Disclosure as to Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014**

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(s), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the intermediary shall lend or invest in party identified by or on behalf of the Bank ("Ultimate Beneficiaries"). The Bank has not received any fund from any party(s) (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Signatories to Schedule 1 to 18

**For and on behalf of Board of Directors**

**Kavitha T A**  
Chief Financial Officer

**Venkatesh H**  
Company Secretary

**K.N Madhusoodanan**  
Chairman

**Ajith Kumar K.K**  
MD & CEO

As per our Report of even Date

**For Sagar & Associates,**  
Chartered Accountants,  
Firm Registration No. 003510S

**For Abraham & Jose,**  
Chartered Accountants,  
Firm Registration No. 000010S

**P. Suriaraj**  
Executive Director

**G. Rajagopalan Nair**  
Director

**Dr. Nirmala Padmanabhan**  
Director

**Vardhini Kalyanaraman**  
Director

**CA. Manohar D,**  
Partner  
Membership No. 029644

**CA. Mukesh K P,**  
Partner  
Membership No. 214773

**Jineesh Nath C.K.**  
Director

**Ashutosh Khajuria**  
Director

**D.K.Kashyap**  
Director

**C Nageswara Rao**  
Director

Place: Kochi

Date : 9th May, 2025

# PILLAR III DISCLOSURE REQUIREMENTS AS OF 31<sup>st</sup> March 2025

## 1. Scope of Application and Capital Adequacy

Dhanlaxmi Bank is a Commercial Bank, which was incorporated on November 14, 1927 in Thrissur, Kerala. The Bank does not have any subsidiary/ Associate companies under its Management.

**Table DF 1 – SCOPE OF APPLICATION**

Name of the head of the banking group to which the framework applies: Dhanlaxmi Bank Ltd

Bank has no subsidiaries

Name of the entity / Country of incorporation	Whether the entity is included under accounting scope of consolidation (yes / no)	Explain the method of consolidation	Whether the entity is included under regulatory scope of consolidation (yes / no)	Explain the method of consolidation	Explain the reasons for difference in the method of consolidation	Explain the reasons if consolidated under only one of the scopes of consolidation
Dhanlaxmi Bank Ltd, India	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

### (i) Qualitative Disclosures:

- List of group entities considered for consolidation: Nil
- List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation

Name of the entity / country of incorporation	Principle activity of the entity	Total balance sheet equity (as stated in the accounting balance sheet of the legal entity)	% Of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets (as stated in the accounting balance sheet of the legal entity)
Nil					

Any restrictions or impediments on transfer of funds or regulatory capital within the banking group: Nil

### (ii) Quantitative Disclosure: Nil

**TABLE DF 2 - CAPITAL ADEQUACY**

#### Qualitative disclosures:

#### Basel - III guidelines issued by RBI

Reserve Bank of India had issued Guidelines based on the Basel III reforms on capital regulation in May 2012, to the extent applicable to Banks operating in India. The Basel III capital regulation has been implemented from April 1, 2013 in India and the Bank is subject to the compliance with the regulatory limits and minimum CRAR prescribed under Basel III Capital Regulation on an ongoing basis. The Basel III Capital Regulations have been consolidated in Master Circular RBI/2024-25/08 DOR.CAP.REC.4/21.06.201/2024-25 – Master Circular- Basel III Capital Regulations dated April 01, 2024.

Basel III Capital regulations continue to be based on 3 mutually reinforcing Pillars viz, Minimum Capital requirements (Pillar I), Supervisory Review and Evaluation Process (Pillar II) and Market Discipline (Pillar III). The circular also prescribes the risk weights, for the Balance Sheet assets, non-funded items and other off Balance Sheet exposures and the minimum Capital Funds to be maintained as a ratio to the aggregate of the Risk Weighted Assets (RWA) and other exposures, as also, capital requirements in the Trading book, on an ongoing basis and Operational risk. The Basel-III norms mainly seek to:

- Raise the quality of capital to ensure that the Banks are capable to absorb losses on both as going concern and as gone concern basis,
- Increase the risk coverage of the capital framework
- Introduce Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Leverage Ratio to serve as a backstop to the risk-based capital measure.
- Raise the standards for the Supervisory Review and Evaluation Process and Public Disclosures etc.

The macro prudential aspects of Basel III are largely enshrined in the capital buffers, viz., Capital Conservation Buffer and Counter Cyclical Capital Buffer. Both the buffers are intended to protect the Banking sector from stress situations and business cycles. The Capital Conservation Buffer requirements started from March 31, 2016 and are fully implemented by October 1, 2021.

## Summary

### (i) Tier I Capital: Tier I capital of the Bank includes

- Equity Share Capital
- Reserves & Surpluses comprising of
  - ✓ Statutory Reserves,
  - ✓ Capital Reserves,
  - ✓ Share Premium and
  - ✓ Balance in P&L Account
  - ✓ Revaluation Reserves
  - ✓ Special Reserves

#### (a) Common Equity Tier I

The Bank has authorized share capital of ₹500 Crore, comprising 50 Crore equity shares of ₹10/- each. As on March 31, 2025, the Bank has Issued, Subscribed and Paid-up capital of ₹394,69,88,510/-, constituting 39,46,98,851 Equity shares of ₹10/- each. The Bank's shares are listed on the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE).

#### (b) Additional Tier I Capital

As on March 31, 2025 the Bank does not have Additional Tier I Capital.

### (ii) Tier 2 Capital includes Investment Fluctuation Reserves, Standard Asset Provisions, Provision for Restructured Standard Assets & Advances and Tier II Bonds.

#### Debt Capital Instruments:

The Bank has been raising capital funds by means of issuance of Upper Tier 2 Bonds and Subordinated Bonds. The details of eligible Upper Tier 2 and Subordinated Debt (Unsecured Redeemable Non-Convertible Subordinated Bonds in the nature of Promissory Notes/ Debentures) issued by the Bank and outstanding as on March 31, 2025, are given below. The Bonds considered in computation of Tier 2 Capital is as per the criteria for inclusion of Debt Capital Instruments as Tier 2 Capital detailed in the Basel III Master Circular.

(₹ in Crore)

Series	Coupon (%)	Date of Allotment	Maturity Date	Amount of Issue *
NIL				

#### Quantitative Disclosures:

##### Risk exposure and assessment

Besides computing CRAR under the Pillar I requirement, the Bank also periodically undertakes Stress Testing in various risk areas to assess the impact of stressed scenario or plausible events on asset quality, liquidity, profitability and capital adequacy. The Bank conducts Internal Capital Adequacy Assessment Process (ICAAP) on annual basis to assess the sufficiency of its capital funds to cover the risks specified under Pillar II of Basel guidelines. The adequacy of Bank's capital funds to meet the future business growth is also assessed in the ICAAP Document. Capital requirement for current business levels and framework for assessing capital requirement for future business levels has been made. Capital requirement and Capital optimization are monitored periodically by the Committee of Senior Management (ALCO). The Senior Management deliberates on various options available for capital augmentation in tune with business growth. Based on these reports submitted by Senior Management, the Board of Directors evaluates the available capital sources, forecasts the capital requirements and capital adequacy of the Bank and ensures that the capital available for the Bank at all times is in line with the Risk Appetite of the Bank.

#### Composition of Capital as on 31.03.2025

Items	₹ in Million
Paid-up Share Capital	3946.99
Reserves	16021.62
Common Equity Tier 1 Capital before deductions	19968.61
Less amounts deducted from Tier I capital (Accumulated losses, DTA, Intangible Assets, AFS reserves, Unrealized Gain on Level 3 Instruments included in Reserves and Valuation Adjustments on Illiquid securities).	7534.87
<b>(a) Common Equity Tier 1 Capital</b>	<b>12433.74</b>
<b>(b) Additional Tier-I Capital</b>	<b>0.00</b>
<b>(c) Total Tier-I Capital (a)+(b)</b>	<b>12433.74</b>
Directly issued Tier II capital instruments subject to phase out	0.00
General Provisions /Provision for Restructured Standard Advances/Provision for Unhedged Currency Exposure/ Investment Fluctuation Reserves	716.52
<b>(d) Total Tier 2 Capital</b>	<b>716.52</b>
<b>Total Eligible Capital (c)+(d)</b>	<b>13150.26</b>

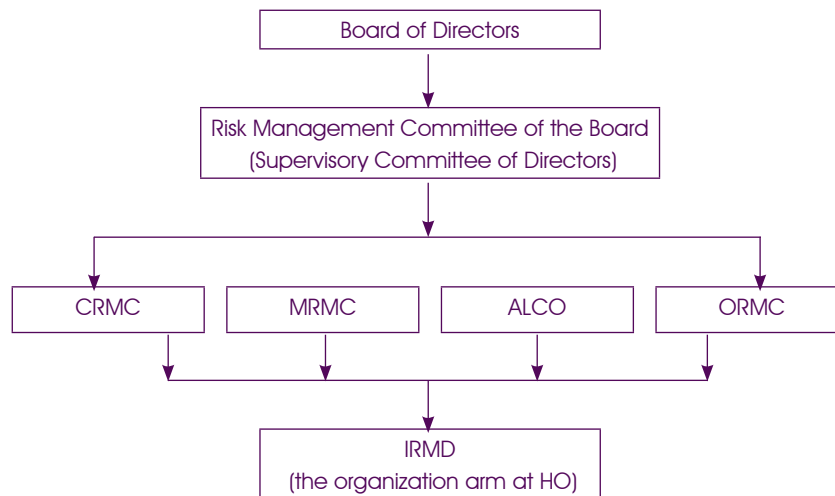


The Bank is following Standardised Approach, Standardised Duration Approach and Basic Indicator Approach for measurement of capital charge in respect of Credit Risk, Market Risk and Operational Risk respectively. The Capital requirements for Credit Risk, Market Risk and Operational Risk and the Common Equity Tier 1, Tier 2 and Total Capital Ratios are given below:

(₹ in Crore)

Items	31.03.2025
<b>(a) Capital requirements for Credit risk</b>	
Portfolios subject to Standardised Approach (11.50%)	803.21
Securitization exposures	
<b>(b) Capital requirements for Market risk- Standardised Duration approach</b>	<b>2.33</b>
Interest rate risk	0.68
Foreign exchange risk (including gold)	1.49
Equity position risk	0.17
<b>(c) Capital requirements for Operational risk</b>	<b>91.35</b>
Basic Indicator Approach	91.35
<b>Total Capital Funds Required @ 11.50% [(a)+(b)+(c)]</b>	<b>89689</b>
<b>Total Capital Funds Available</b>	<b>1315.03</b>
<b>Total Risk Weighted Assets</b>	<b>8155.45</b>
<b>(d) Common Equity Tier 1, Tier 2 and Total Capital Ratios</b>	
Common Equity Tier 1 CRAR (%)	15.24%
Tier 2 CRAR (%)	0.88%
<b>Total CRAR % for the Bank</b>	<b>16.12%</b>

#### Structure and Organisation of the Risk Management function in the Bank



#### Risk exposure and assessment

The Bank has adopted an integrated approach for the management of risk. The Bank's Integrated Risk Management Department (IRMD) is the organisational arm for risk management functions. The Bank has developed a comprehensive risk rating system that serves as a single point indicator of diverse risk factors of counterparty and for taking credit decisions in a consistent manner. Major initiatives of IRMD are –

- ✓ Risk rating system is drawn up in a structured manner incorporating the parameters from the 5 main risk areas 1) Financial Risk, 2) Industry/ Market Risk, 3) Business Risk, 4) Management Risk, and 5) Facility risk
- ✓ Risk rating system is made applicable for loan accounts with total limits of ₹.2 lakhs and above.
- ✓ Different Rating Models are used for different types of exposures, for eg. Traders, SME, NBFC, Corporate, Small Loans, Retail Loans etc.
- ✓ IRMD validates the ratings of all exposures of ₹100 lakhs and above.
- ✓ An independent analysis is carried out of the various risks attached to the credit proposals including industry analysis.

- ✓ Rating Migration analysis covering all exposures of ₹5 Cr and above is conducted on quarterly basis and migration analysis of exposures of ₹1 Cr & above is conducted on a half yearly basis. Rating Migration analysis covering all exposures of ₹25 lakhs and above is conducted on annual basis; Evaluates the asset quality by tracking the delinquencies and migration of borrower from one rating scale to another.

Credit facilities are sanctioned at various levels in accordance with the delegation approved by the Board. The Bank has in place the following hierarchical functionaries with delegated powers for credit sanction and administration:

- Branch Head with Branch Operational Manager, jointly,
- Regional Credit Committee (RCC)
- Corporate Credit Committee (CCC)
- Corporate Credit Committee (CCC1)
- Credit and Business Committee of the Board (CBCB)
- Board of Directors

#### **Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants**

The Bank has put in place a Board approved Policy on Credit Risk Mitigation Techniques and Collateral Management, covering the Credit Risk mitigation techniques used by the Bank for both risk management and capital computation purposes. Apart from the Basel defined collateral, the Bank ensures securities by way of inventories, Book Debts, Plant & Machineries, Land & Buildings and other moveable/ immovable assets/ properties. The Bank also accepts Personal/ Corporate guarantee as an additional comfort for Credit Risk mitigation. The securities are subjected to proper valuation as prescribed in the Credit Policy of the Bank.

Bank has laid down detailed guidelines on documentation to ensure legal certainty of Bank's charge on collaterals. In order to ensure that documents are properly executed, the function has been brought under the purview of Credit Officers. The Credit Officers at branches ensure documentation, ground level follow up, collection of feedback, closer monitoring of accounts, quality of asset portfolios, statistical analyses, reporting of irregularities, providing guidelines, compliance with policy prescriptions and adherence to terms of sanction.

The Bank has an exclusive set up for Credit Monitoring functions in order to have greater thrust on post sanction monitoring of loans and strengthen administering the various tools available under the Bank's policies on loan review mechanism. For effective loan review, the Bank has the following in place: -

- On site monitoring tools like Inspection of Assets/ Books/ Stock of the borrower, Stock audit, Operations in the account, Payment of statutory dues etc.
- Recording of loan sanctioned by each sanctioning authority by the next higher authority.
- Offsite monitoring tools like Financial Follow-up Reports, verification of various statutory returns, Audit Reports etc.

#### **TABLE DF 3 – CREDIT RISK: GENERAL DISCLOSURES**

##### **Qualitative disclosures:**

##### **(a) General: -**

##### **Definitions of Past Due and Impaired (for accounting purposes)**

The Bank has adopted the definition of the Past Due and Impaired (for accounting purposes) as defined by the Regulator for income recognition and these asset classification norms are furnished below: -

##### **1. Non-Performing Assets**

An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank.

A non-performing asset (NPA) is a loan or an advance where;

- a) interest and/ or installment of principal remains overdue for a period of more than 90 days in respect of a term loan,
- b) the account remains 'out of order' as indicated at paragraph 2 below, in respect of an Overdraft/ Cash Credit (OD/ CC),
- c) the bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted,
- d) the installment of principal or interest thereon remains overdue for two crop seasons for short duration crops,
- e) the installment of principal or interest thereon remains overdue for one crop season for long duration crops,
- f) the amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitisation transaction undertaken in terms of the Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021.
- g) in respect of derivative transactions, the overdue receivables representing positive mark-to-market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment.

In addition, an account may also be classified as NPA in terms of any temporary deficiencies as defined by the Regulator.

2. **'Out of Order' status:** An account is treated as 'Out of Order' if the outstanding balance in the CC/OD account remains continuously in excess of the sanctioned limit/drawing power for 90 days, or the outstanding balance in the CC/ OD account is less than the sanctioned limit/drawing power but there are no credits continuously for 90 days, or the outstanding balance in the CC/ OD account is less than the sanctioned limit/ drawing power but credits are not enough to cover the interest debited during the previous 90 days period.

3. **'Overdue':**

Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank. The borrower accounts shall be flagged as overdue by the banks as part of their day-end processes for the due date, irrespective of the time of running such processes.

### Strategies and Processes for Credit Risk Management

Credit Risk Management Committee (CRMC) headed by MD & CEO is the highest-level executive committee for Credit Risk management. The committee considers and takes decisions necessary to manage and control Credit Risk within overall quantitative prudential limit set up by Board. The committee is entrusted with the job of recommending to the Board for its approval, clear policies on standards for presentation of credit proposals, fine-tuning required in various rating models based on feedbacks or change in market scenario, approval of any other action necessary to comply with requirements set forth in Credit Risk Management Policy/ RBI guidelines or otherwise required for managing credit risk.

The Bank's strategies to manage the credit risks in its lending operations are as under:

- a) The Bank has a Comprehensive Board Approved Credit Risk Management Policy which is reviewed and revised annually. In addition to the above, various strategies with regard to Credit Risk management are covered under Bank's Credit Policy, Credit Monitoring Policy and Recovery Policy which are periodically reviewed by the Board.
- b) Defined segment exposures are delineated into Retail, SME and Corporates
- c) Industry wise exposure caps on aggregate lending by Bank
- d) Individual borrower wise caps on lending as well as borrower group wise lending caps linked as a percentage to the Bank's capital funds in line with RBI guidelines.
- e) Credit rating of borrowers and allowing credit exposures only to defined thresholds of risk levels
- f) A well-defined approach to sourcing and preliminary due diligence while sourcing fresh credit accounts
- g) A clear and well-defined delegation of authority within the Bank with regard to decision making, linking exposure, rating and transaction risks.
- h) Regular review of all credit structures and caps, continuously strengthening credit processes, and monitoring oversight which are regularly reviewed and duly approved by the Board of the Bank.
- i) Credit Risk Management Cell is validating the rating assigned to all individual credit exposures of ₹100 Lakh and above.
- j) Bank has an ever-improving procedures and structures with respect to Credit Approval Process, Credit Rating, Prudential Limits, Documentation, Credit Monitoring and Review Mechanism.
- k) Credit Audit System by Internal/ External Auditors has been put in place for all ₹1Cr and above advances. For all loans/ advances of aggregate sanctioned amount of ₹1 Cr and above, Credit Audit is conducted within 30 days from the date of disbursement. For Takeover accounts of ₹1 Cr and above, Credit Audit is conducted within 15 days from the date of disbursement and one more Credit Audit is conducted in the immediate succeeding year. In respect of standard accounts with fund based working capital limit of ₹3 Cr and above and in respect of standalone Term loans of ₹5 Cr and above, Credit audit is conducted every year.
- l) Legal Audit is conducted for all eligible loan accounts having an exposure of ₹1 Cr and above mandatorily. In respect of advances of ₹1 Cr and below ₹5 Cr, Legal Audit is conducted as a onetime measure and in respect of advances of ₹5 Cr and above, Legal Audit is conducted every year.
- m) The review of accounts is usually done once in a year. But in case of deterioration of the quality of advance the frequency of review is shortened to half yearly or quarterly as per the case.
- n) The Credit Officers at branch level take care of the security creation and account management
- o) Credit Monitoring Department monitors the performance of loan assets of the Bank.
- p) Bank also carries out industry study which would provide necessary information to Business line to increase/ hold/ decrease exposure under various industries. Bank has implemented a well-defined Early Warning Signal (EWS) framework for credit exposures above ₹1 Cr and above.

**Quantitative disclosures:**

- (a) Total Gross Credit exposures as on 31st March 2025: (After accounting offsets in accordance with applicable accounting regime and without taking into account the effects of credit risk mitigation techniques e.g. Collateral and Netting)

Overall credit exposure		Amount (In Cr)	Total (In Cr)
Fund Based	Loans & advances	12205.66	14109.78
	Cash, RBI and Banks	1079.82	
	Others (Fixed Assets & other Assets)	824.30	
Non-Fund Based	LC, BG etc	303.72	1058.10
	Forward Contracts/ Interest rate SWAPS	139.70	
	Others	614.68	
Investments (Banking Book only)		–	4078.52
Total of Credit Risk exposure		–	19246.40

- (b) **Geographic distribution of exposures:**

Exposures	31.03.2025 (₹ in Crore)		
	Fund based	Non-Fund Based	TOTAL
Domestic operations	18188.30	1058.10	19246.40
Overseas operations	Bank has no overseas operations		

© Industry type distribution of exposures as on 31.03.2025:

Particulars	Funded Exposures Gross advance (₹ in Crore)
A. Mining and Quarrying	2.16
B. Food Processing	80.62
C. Beverages (excluding Tea & Coffee) and Tobacco	7.33
D. Textiles	86.22
E. Leather and Leather products	7.34
F. Wood and Wood Products	7.46
G. Paper and Paper Products	9.72
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear fuels	0
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	18.23
J. Rubber, Plastic and their Products	8.45
K. Glass & Glassware	0.74
L. Cement and Cement Products	3.08
M. Basic Metal and Metal Products	17.95
N. All Engineering	22.94
O. Vehicles, Vehicle Parts and Transport Equipments	2.98
P. Gems and Jewellery	259.18
Q. Construction	201.73
R. Infrastructure	505.69
S. Other Industries	35.73
<b>All Industries (A to S)</b>	<b>1277.56</b>
<b>Residuary other advances</b>	<b>10928.10</b>
<b>Gross Advances</b>	<b>12205.66</b>

Exposures to Infrastructure (Transport, Energy, Water sanitation, Communication etc.) and Gems & Jewellery accounted for 4.14% and 2.12% of Gross Advances outstanding, respectively. The coverage of advances to the above 2 industries occupies the top 2 positions among the total industry sectors.

(₹ in Crore.)

Sl. No.	Industry	Gross Advance	Gross NPA	Provision
1.	Construction	201.73	60.32	24.45
2.	Infrastructure	505.69	38.10	20.51
3.	Food Processing	80.62	7.27	6.95
4.	Basic Metal and Metal products	17.95	6.30	3.17
5.	Textiles	86.22	3.43	1.68
<b>Total</b>		<b>892.21</b>	<b>115.42</b>	<b>56.76</b>

(d) Residual maturity breakdown of assets as on 31.03.2025:

(₹ in Crore)

Maturity Pattern Assets	Advances (Net)	Investments (Gross)	Foreign Currency Assets
Next Day	199.35	-	40.82
2 - 7 Days	46.40	-	1.28
8 - 14 Days	47.01	19.99	-
15 - 30 Days	509.56	-	1.88
31 D - 2 M	511.71	129.67	17.95
2 - 3 Months	714.70	265.93	8.52
3 - 6 Months	2,607.98	448.86	21.82
6 Months - 1 Year	1,989.91	793.49	47.16
1 Year - 3 Years	1,950.18	1,117.99	-
3 - 5 Years	895.21	256.49	-
Over 5 Years	2,487.48	922.73	-
<b>Total</b>	<b>11,959.49</b>	<b>3,955.15</b>	<b>139.43</b>

(e) Non Performing Assets:

Sl. No.	Items	Amount in ₹ in Million 31.03.2025
1	<b>Gross NPAs</b>	<b>3641.12</b>
1.1	Substandard	1044.92
1.2	Doubtful 1	715.16
1.3	Doubtful 2	175.16
1.4	Doubtful 3	716.55
1.5	Loss	989.33
2	<b>Net NPAs</b>	<b>1179.39</b>
3	<b>NPA Ratios</b>	
3.1	Gross NPAs to Gross Advances (%)	2.98%
3.2	Net NPAs to Net Advances (%)	0.99%
4	<b>Movement of NPAs (Gross)</b>	
4.1	Opening balance	4212.11
4.2	Additions	1522.62
4.3	Reductions	2093.61
4.4	Closing balance	3641.12
5	<b>Movement of provisions for NPAs</b>	
5.1	Opening balance	2934.55
5.2	Provisions made during the FY	957.67
5.3	Reductions	1446.81
5.4	Closing balance	2445.40
6	<b>Amount of Non Performing Investments (NPI)</b>	-
7	<b>Amount of provisions held for NPI</b>	-
8	<b>Movement of Provisions held for NPIs</b>	
8.1	Opening balance	1159.64
8.2	Provisions made during the period	13.27
8.3	Adjusted with General Reserve	1172.9
8.4	Closing balance	-

**Table DF 4 DISCLOSURES FOR PORTFOLIOS SUBJECT TO THE STANDARDISED APPROACH**

**Qualitative disclosures:**

**(a) For Portfolios under the Standardised Approach**

1	Names of credit rating agencies used	Bank has approved all the External Credit Rating agencies accredited by RBI for the purpose of credit risk rating of domestic borrowal accounts, i.e. ACUITE Rating & Research Ltd (Acuite), Brickwork Ratings India Private Limited, CARE Ratings Ltd, CRISIL Ratings Ltd, ICRA Limited, India Ratings and Research Pvt. Ltd. (India Ratings), INFOMERICS Valuation and Rating Ltd (INFOMERICS) and International Credit Rating agencies, i.e. FITCH, Moody's and Standard and Poor's.
2	Changes if any, since prior period disclosure in the identified rating agencies and reasons for the same.	No change
3	Types of exposure for which each agency is used	<p>The External Credit Rating assigned by an agency is considered only if it fully takes into account the credit exposure of the Bank.</p> <p>Bank is entitled to use the ratings of all the above identified Rating Agency rating for various types of exposures as follows:</p> <p>(i) For Exposure with a contractual maturity of less than or equal to one year (except Cash Credit, Overdraft and other Revolving Credits), Short -Term Rating given by ECRA will be applicable</p> <p>(ii) For Domestic Cash Credit, Overdrafts and other Revolving Credits (irrespective of the period) and/ or Term Loan exposures of over one year, Long Term Rating will be applicable.</p> <p>(iii) For Overseas exposures, irrespective of the contractual maturity, Long Term Rating given by IRAs will be applicable.</p> <p>(iv) Rating by the agencies is used for both fund based and non-fund based exposures.</p> <p>(iv) Rating assigned to one particular entity within a corporate group cannot be used to risk weight other entities within the same group.</p>
4	Description of the process used to transfer public issue rating on to comparable assets in the Banking book.	<p>Long -term Issue Specific (our own exposures or other issuance of debt by the same borrower-constituent/ counter-party) Ratings or Issuer (borrower-constituent/ counter-party) Ratings can be applied to other unrated exposures of the same borrower-constituent/ counterparty in the following cases:</p> <p>(i) If the Issue Specific Rating or Issuer Rating maps to Risk Weight equal to or higher than the unrated exposures, any other unrated exposure on the same counter-party will be assigned the same Risk Weight, if the exposure ranks paripassu or junior to the rated exposure in all aspects</p> <p>(ii) In cases where the borrower-constituent/ counter-party has issued a debt (which is not a borrowing from our Bank), the rating given to that debt may be applied to Bank's unrated exposures if the Bank's exposure ranks paripassu or senior to the specific rated debt in all respects and the maturity of unrated Bank's exposure is not later than Maturity of rated debt.</p>

**Quantitative disclosures**

Amount of Bank's outstanding in major risk buckets- under standardised approach after factoring risk mitigants (i.e., collaterals) (includes Banking Book exposure of Investments):

(₹ in Crore)

Particulars	Total
Below 100% risk weight	10841.42
100% risk weight	2373.32
More than 100% risk weight	781.99
<b>Total Net Exposure</b>	<b>13996.74</b>



**TABLE DF 5 –CREDIT RISK MITIGATION- STANDARDISED APPROACH****Qualitative Disclosure:****(a) General****Policies and processes for collateral valuation and management:**

The Bank has put in place a Board approved policy on Credit Risk Mitigation Techniques and Collateral Management, covering the Credit Risk mitigation techniques used by the Bank for both risk management and capital computation purposes.

**A description of the main types of collateral taken by the Bank**

Collateral used by the Bank as risk mitigants for capital computation under Standardised Approach comprise eligible financial collaterals namely: -

- Cash and fixed deposits of the counterparty with the Bank.
- Gold: value arrived at after notionally converting these to 99.99% purity.
- Securities issued by Central and State Governments.
- Kisan Vikas Patra and National Savings Certificates provided no lock-in period is operational and if they can be encashed within the holding period.
- Life Insurance Policies restricted to their surrender value.
- Debt securities rated by an approved Credit Rating Agency.
- Unrated Debt securities issued by Banks, listed in Stock Exchange.
- Units of Mutual Funds.

**Bank has no practice of 'On Balance Sheet' netting for Credit Risk Mitigation.**

**The main types of Guarantor Counterparty and their creditworthiness**

Bank accepts guarantees of Individuals or Corporates with adequate Net Worth, as an additional comfort for mitigation of credit risk which can be translated into a direct claim on the guarantor and are unconditional and irrevocable. Main types of guarantor counterparty as per RBI guidelines are: -

- Sovereigns (Central/ State Governments)
- Sovereign entities like ECGC, CGTMSE, CRGFTLIH, NCGTC.
- Bank and Primary Dealers with a lower risk weight than the counterparty
- Other entities rated AA (-) and above. The Guarantees has to be issued by entities with a lower risk weight than the counterparty.

**Information about risk concentrations of collaterals within the mitigation taken as on 31.03.2025:**

Financial Risk Mitigants	Outstanding Covered by Risk Mitigants (In Cr)	Risk Concentration %
Gold	3795.95	87.38%
Cash & Deposits	541.79	12.47%
KVP/ IVP/ NSC	1.38	0.03%
LIC Policy	4.83	0.11%
<b>Total</b>	<b>4343.96</b>	<b>100.00%</b>

Majority of the financial collaterals held by the Bank are by way of Gold, own Deposits, Life Insurance Policies and other approved securities. Bank does not envisage market liquidity risk in respect of financial collaterals.

Concentration on account of collateral is also relevant in the case of Land & Building. However, as Land & Building is not recognised as eligible collateral under Basel III Standardised Approach, its value is not reduced from the amount of exposure in the process of computation of capital charge. It is used only in the case of Housing Loan to individuals and Non Performing Assets to determine the appropriate risk weight. As such, there is no concentration risk on account of nature of collaterals.

**Quantitative Disclosures:**

For the disclosed Credit Risk portfolio under the Standardised Approach, the total

Exposure that is covered by:

- (i) Eligible Financial Collateral : ₹4343.96 Cr
- (ii) Other eligible Collateral (after Hair Cuts) : ₹ Nil

**TABLE DF 6- SECURITISATION – STANDARDISED APPROACH:**

**Qualitative Disclosures:**

- ❖ Bank has not securitised any of its standard assets till date.

**TABLE DF7 - MARKET RISK IN TRADING BOOK- STANDARDISED DURATION APPROACH:**

**Qualitative Disclosures:**

**(a) General : -**

**Strategies and processes**

The overall objective of Market Risk management is to maximise shareholder value by improving the Bank's competitive advantage and reducing loss from all types of market risk loss events. For effective management of Market Risk, Bank has put in place a well-established framework with the Integrated Treasury Management Policy, Market Risk Management Policy and Asset Liability Management Policy. The Asset Liability Management Committee is responsible for establishing Market Risk management and Asset Liability management in the Bank. ALCO is a decision-making unit responsible for Balance Sheet planning from risk return perspective including the strategic management of Interest Rate and Liquidity Risks. ALCO ensures adherence to the limits set by RBI as well as the Board.

**Scope and nature of risk reporting/ measurement systems**

The Bank has put in place regulatory/ internal limits for various products and business activities relating to Trading book. Various exposure limits for Market Risk management such as Overnight limit, VaR limit, Daylight limit, Aggregate/ Individual Gap limit, Investment limits etc. are in place. The reporting system ensures time lines, reasonable accuracy with automation, highlight Portfolio risk concentrations and include written analysis. The reporting formats and frequency of reporting are periodically reviewed to ensure that they suffice for risk monitoring, measuring and mitigation requirements of the Bank. Bank also subjects Non SLR investments to credit rating.

**Policies for hedging/ mitigating risk and strategies and processes for monitoring the continuing effectiveness of Hedges/ Mitigants:**

Board approved policies viz., Integrated Treasury Management Policy and Asset Liability Management Policy provides the framework for risk assessment, identification, measurement and mitigation, risk limits & triggers, risk monitoring and reporting.

Liquidity risk of the Bank is assessed through Structural Liquidity Statement which is prepared on a daily basis. The Bank also reviews various Liquidity Ratios on a monthly basis in order to control the liquidity position. On monthly basis, Interest Rate Risk is analyzed from earnings perspective using Traditional Gap Analysis and economic value perspective using Duration Gap Analysis. Stress Tests are conducted at quarterly intervals to assess the impact of various contingencies on the Bank's earnings and the capital position.

The Bank uses Standardised Duration Approach for computation of Market Risk Capital charge on the Investment Portfolio held under HFT and AFS, Gold and Forex Open positions. The Market Risk Capital charge is calculated on a daily basis and reported to ALCO.

**Quantitative Disclosures:**

Particulars	Capital requirement for market risk- Standardised Duration approach	
	31.03.2025 (₹ in Crore)	
Interest Rate Risk		0.68
Equity position risk		0.17
Foreign exchange risk		1.49

**TABLE DF 08- OPERATIONAL RISK:**

**Qualitative disclosures:**

**(a) General**

**Strategies and processes:** The Bank's strategy is to ensure that (1) the Operational risks which are inherent in Process, People and System and (2) the residual risks, are well managed by the implementation of effective Risk management techniques. Keeping this in view, the Bank has been following risk management measures which address the risks before and after implementation of a Process, Product and System. Before all new Products, Processes and Systems are cleared by the Product & Process Approval Committee (PPAC), they are risk vetted by the Operational Risk Management (ORM) cell. The ORM cell has completed Risk & Control Self-Assessment (RCSA) of thrust branches and other core functions highlighting the potential risks that can happen during the course of operations and to assess whether the controls are adequate to manage/ mitigate these risks. Risk Based Internal Audit is in place in all the Branches. The Bank has a RCSA Document approved by the Risk Management Committee of the Board (RMCB) and Board.

The framework for Operational Risk Management is well defined in the Operational Risk Management (ORM) Policy which is reviewed and revised annually. The ORM Committee at the executive level, which meets at regular intervals oversees Bank wide

implementation of Board approved policies and process in this regard. The Bank has put in place important policies like Information System Security Policy, Policy on Know Your Customer & Anti Money Laundering, Fraud Risk Management Policy, Business Continuity and Disaster Recovery Management Plan.

**Scope and nature of risk reporting/ measurement systems: -**

The Bank has adopted Operational Loss Data Reporting Format from the Loss Data Methodology Document for collection of Loss Data, which will enable the Bank to eventually ease the transition to Advanced Measurement Approach for Capital Calculation. The ORM cell has a well-built internal Loss Data collection system in place. The risk reporting consists of operational risk loss incidents/ events occurred in branches/ offices relating to people, process, technology and external events.

**Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants:**

Internal control mechanism is in place to control and minimise the operational risks. If any controls are found to be ineffective during the course of Risk & Control Self-Assessment (RCSA), corrective measures are adopted in due course. A monitoring system is also in place for tracking the corrective actions plan periodically. Bank is using insurance for mitigating operational risk. The various Board approved policies viz., Operational Risk Management Policy, Outsourcing Policy, Compliance Policy, Audit & Inspection Policy, Internet Banking Security Policy; Policy on KYC & AML; Information Systems Security Policy and Business Continuity Plans addresses issues pertaining to Operational Risk Management.

**Operational Risk Capital assessment:**

The Bank has adopted Basic Indicator Approach for calculating capital charge for Operational Risk, as stipulated by the Reserve Bank of India. The ORM Cell is focusing on the qualitative and quantitative requirements (RCSA, KRI identification, Business Line mapping etc) prescribed by the regulator and these are being adopted by the Bank to move on to the Advanced Approaches in due course.

**TABLE DF 09- INTEREST RATE RISK IN THE BANKING BOOK (IRRBB):**

**(a) Qualitative Disclosures:**

**Strategies and processes**

The Bank has put in place a comprehensive Market Risk management framework to address market risks. The Asset Liability Management Policy prescribes the measurement of the Interest Rate Risk under two perspectives – Earnings Perspective and Economic Value Perspective.

Under Earnings perspective, Bank uses the Traditional Gap Analysis method to calculate the Earnings at Risk (EaR), which is the quantity by which net income might change in the event of an adverse change in interest rate. EaR is calculated on a fortnightly basis.

Under Economic Value Perspective, Bank uses Duration Gap Analysis to assess the impact of interest rate risk. The Duration Gap Analysis monitors the impact of changes in the interest rates on the Market Value of Equity (MVE). It is calculated on a monthly basis.

The framework for managing Interest Rate Risk on the Economic Value of Equity (EVE) under Pillar II of Basel III is put in place through ICAAP Policy Document.

**Scope and nature of risk reporting/ measurement systems**

Interest Rate Risk under Duration Gap Analysis is evaluated on a monthly basis. The likely drop in Market Value of Equity for a 200-bps change in interest rates is computed. Earnings at Risk based on Traditional Gap Analysis are calculated on a fortnightly basis and adherence to tolerance limits set in this regard is monitored and reported to ALCO. Stress Tests are conducted to assess the impact of Interest Rate Risk under different stress scenarios on earnings of the Bank.

**Policies for hedging/ mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigants**

Bank has operationalised mitigating/ hedging measures prescribed by Treasury Management Policy, Asset Liability Management Policy and Stress Testing Policy. The strategy adopted by ALCO for mitigating the risk is by clearly articulating the acceptable levels of exposure to specific risk types (Interest Rate, Liquidity etc). The process for mitigating the risk is initiated by altering the mix of Asset and Liability composition and with the proper pricing of Advances and Deposits.

**Brief description of the approach used for computation of Interest Rate risk**

The traditional gap report is generated by grouping rate sensitive liabilities, assets and off-balance sheet positions into time buckets according to residual maturity or next repricing period, whichever is earlier and finding the gaps in each bucket. The gap is the difference between Rate Sensitive Assets (RSA) and Rate Sensitive Liabilities (RSL) for each time bucket. Earning at risk (EaR) is measured as the quantity by which net income might change in the event of an adverse change in interest rates.

The Interest Rate Risk (EVE) is computed through Duration Gap Analysis. The step-by-step approach for computing Modified Duration Gap is as follows:

- Identify variables such as principal amount, maturity date/ re pricing date, coupon rate, yield, frequency and basis of interest calculation for each item/ category of Rate Sensitive Asset/ Rate Sensitive Liability (RSA/ RSL).
- Plot each item/ category of RSA/ RSL under the various time buckets. For this purpose, the absolute notional amount of rate sensitive off Balance Sheet items in each time bucket are included in RSA if positive or included in RSL if negative.
- The mid-point of each time bucket is taken as a proxy for the maturity of all assets and liabilities in that time bucket.
- Determine the coupon and the yield curve for arriving at the yields based on current market yields or current replacement cost for computation of Modified Duration (MD) of RSAs and RSLs.
- Calculate the Modified Duration (MD) in each time band of each item/ category of RSA/ RSL using the maturity date, yield, coupon rate, frequency, yield and basis for interest calculation.
- Calculate the Modified Duration (MD) of each item/ category of RSA/ RSL as weighted average Modified Duration (MD) of each time band for that item.
- Calculate the weighted average Modified Duration (MD) of all RSA (MDA) and RSL (MDL) to arrive at Modified Duration Gap (MDG).

#### (b) Quantitative Disclosures

The impact on Earnings at Risk and Economic Value of Equity for notional interest rate shocks as on 31.03.2025.

##### Earnings at Risk

Change in interest rate	Change in NII (₹. in Crore)
± 25 bps	9.93
± 50 bps	19.85
± 75 bps	29.78
± 100 bps	39.71

The Bank is computing Market Value of Equity based on Duration Gap Analysis.

<b>For a 200 bps rate shock, the drop in equity value as on 31.03.2025</b>	<b>6.68%</b>
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**Table DF -10: GENERAL DISCLOSURE FOR EXPOSURE RELATED TO COUNTERPARTY CREDIT RISK**

##### Qualitative disclosures

Counterparty Credit Risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. Bank has put in place Counterparty Credit Risk limits for banks as counterparty, based on a number of financial parameters like Net worth, capital adequacy ratio, rating etc of the counterparty bank and with the approval of the Board. Counterparty exposures for other entities are subject to comprehensive exposure ceilings fixed by the Board. Capital for Counterparty Credit Risk is assessed based on the Standardised Approach

##### Quantitative disclosures

The Bank does not recognise bilateral netting. The credit equivalent amounts of derivatives that are subjected to risk weighting are calculated as per the Current Exposure Method. The derivative exposure is calculated using Current Exposure Method and the balance outstanding as on March 31, 2025 is given below.

(₹ in Million)

Particulars	Notional Amounts	Credit Equivalent
Forward Exchange Contracts	1247.03	29.45

Table DF-11: COMPOSITION OF CAPITAL

(₹ in Million)

Table DF-11 : Composition of Capital		
Part II : Template to be used during the transition period of Basel III regulatory requirements		
Basel III common disclosure template	Amounts subject to Pre-Basel III Treatment	Ref No.
<b>Common Equity Tier 1 capital: instruments and reserves (₹ in Million)</b>		
1 Directly issued qualifying common share capital plus related stock surplus (share premium)	15,507.53	
2 Retained earnings	-	
3 Accumulated other comprehensive income (and other reserves)	4,461.09	
4 Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock CET1 (only applicable to non-joint stock companies)	0	
Public sector capital injections grandfathered until January 1, 2018	0	
5 Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	0	
<b>6 Common Equity Tier 1 capital before regulatory adjustments</b>	<b>19,968.61</b>	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>		
7 Prudential valuation adjustments	135.56	
8 Goodwill (net of related tax liability)	-	
9 Intangibles other than mortgage-servicing rights (net of related tax liability) - (accumulated loss-₹7112.47 mio, and other intangible assets-Nil)	7112.47	
10 Deferred Tax assets	286.84	
11 Cash-flow hedge reserve	-	
12 Shortfall of provisions to expected losses	-	
13 Securitisation gain on sale	-	
14 Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15 Defined-benefit pension fund net assets	-	
16 Investments in own shares (if not already netted off paid- in capital on reported balance sheet)	-	
17 Reciprocal cross-holdings in common equity	-	
18 Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	
19 Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-	
20 Mortgage servicing rights (amount above 10% threshold)	NA	
21 Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	284.64	
22 Amount exceeding the 15% threshold	NA	
23 of which: significant investments in the common stock of financial entities	NA	
24 of which: mortgage servicing rights	NA	
25 of which: deferred tax assets arising from temporary differences	NA	
26 National specific regulatory adjustments (26a+26b+26c+26d)	0.00	
26a of which: Investments in the equity capital of the unconsolidated insurance subsidiaries	-	
26b of which: Investments in the equity capital of unconsolidated non-financial subsidiaries	-	

**Table DF-11 : Composition of Capital**

**Part II : Template to be used during the transition period of Basel III regulatory requirements**

<b>Basel III common disclosure template</b>		<b>Amounts subject to Pre-Basel III Treatment</b>	<b>Ref No.</b>
26c	<i>of which:</i> Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-	
26d	<i>of which:</i> Unamortized pension funds expenditures	0.00	
	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-Basel treatment	-	
	<i>of which:</i> [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealized losses on AFS debt securities (not relevant in Indian context)	-	
	<i>of which:</i> [INSERT TYPE OF ADJUSTMENT]	-	
	<i>of which:</i> [INSERT TYPE OF ADJUSTMENT]	-	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
28	<b>Total regulatory adjustments to Common equity Tier 1</b>	7534.87	
29	<b>Common Equity Tier 1 capital (CET1)</b>	<b>12,433.74</b>	
<b>Additional Tier 1 capital: instruments</b>			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31 + 32)	-	
31	<i>of which:</i> classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)	-	
32	<i>of which:</i> classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	-	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	-	
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-	
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	
36	Additional Tier 1 capital before regulatory adjustments	-	
<b>Additional Tier 1 capital: regulatory instruments</b>			
37	Investments in own Additional Tier 1 Instruments	-	
38	Reciprocal cross-holdings in Additional Tier 1 Instruments	-	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
41	National specific regulatory adjustments (41a+41b)	-	
41a	Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries	-	
41b	Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	-	
	Regulatory Adjustments Applied to Additional Tier 1 in respect of Amounts Subject to Pre-Basel III Treatment	-	
	<i>of which:</i> Deferred Tax Assets (not associated with accumulated losses) net of Deferred Tax Liabilities	-	
	<i>of which:</i> [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 1 at 50%]	-	
	<i>of which:</i> [INSERT TYPE OF ADJUSTMENT]	-	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	



Table DF-11 : Composition of Capital		
Part II : Template to be used during the transition period of Basel III regulatory requirements		
Basel III common disclosure template	Amounts subject to Pre-Basel III Treatment	Ref No.
43 Total regulatory adjustments to Additional Tier 1 capital	-	
44 Additional Tier 1 capital (AT1)	-	
44a Additional Tier 1 capital reckoned for capital adequacy		
45 <b>Tier 1 capital (T1 = CET1 + AT1) (29 + 44a)</b>	<b>12,433.74</b>	
<b>Tier 2 capital: instruments and provisions</b>		
46 Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
47 Directly issued capital instruments subject to phase out from Tier 2	00	
48 Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-	
49 of which: instruments issued by subsidiaries subject to phase out	-	
50 Provisions	716.52	
51 Tier 2 capital before regulatory adjustments	716.52	
<b>Tier 2 capital: regulatory adjustments</b>		
52 Investments in own Tier 2 instruments	-	
53 Reciprocal cross-holdings in Tier 2 instruments	-	
54 Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
55 Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56 National specific regulatory adjustments (56a+56b)	-	
56a of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	-	
56b of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	-	
Regulatory Adjustments Applied To Tier 2 in respect of Amounts Subject to Pre-Basel III Treatment	-	
of which: [INSERT TYPE OF ADJUSTMENT e.g. existing adjustments which are deducted from Tier 2 at 50%]	-	
of which: [INSERT TYPE OF ADJUSTMENT	-	
57 Total regulatory adjustments to Tier 2 capital	-	
58 <b>Tier 2 capital (T2)</b>	<b>716.52</b>	
58a <b>Tier 2 capital reckoned for capital adequacy</b>	<b>716.52</b>	
58b <b>Excess Additional Tier 1 capital reckoned as Tier 2 capital</b>	<b>0</b>	
58c <b>Total Tier 2 capital admissible for capital adequacy (58a + 58b)</b>	<b>716.52</b>	
59 <b>Total capital (TC = T1 + T2) (45 + 58c)</b>	<b>13,150.26</b>	
Risk Weighted Assets in respect of Amounts subject to Pre-Basel III Treatment	-	
of which:	-	
of which: ...	-	
60 <b>Total risk weighted assets (60a + 60b + 60c)</b>	<b>81554.46</b>	
60a of which: total credit risk weighted assets	69844.78	
60b of which: total market risk weighted assets	291.37	
60c of which: total operational risk weighted assets	11418.31	
<b>Capital ratios</b>		
61 Common Equity Tier 1 (as a percentage of risk weighted assets)	15.24%	
62 Tier 1 (as a percentage of risk weighted assets)	15.24%	

**Table DF-11 : Composition of Capital**

**Part II : Template to be used during the transition period of Basel III regulatory requirements**

Basel III common disclosure template		Amounts subject to Pre-Basel III Treatment	Ref No.
63	<b>Total capital (as a percentage of risk weighted assets)</b>	<b>16.12%</b>	
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	NA	
65	of which: capital conservation buffer requirement	NA	
66	of which: bank specific countercyclical buffer requirement	NA	
67	of which: G-SIB buffer requirement	NA	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) National minima (if different from Basel III)	-	
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.50%	
70	National Tier 1 minimum ratio (if different from Basel III minimum) - including CCB of 2.5%	9.50%	
71	National total capital minimum ratio (if different from Basel III minimum) - including CCB of 2.5%	11.50%	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72	Non-significant investments in the capital of other financial entities	-	
73	Significant investments in the common stock of financial entities	-	
74	Mortgage servicing rights (net of related tax liability)	-	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	-	
<b>Applicable caps on the inclusion of provisions in Tier 2</b>			
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	438.01	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	873.06	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings- based approach (prior to application of cap)	-	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	
<b>Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)</b>			
80	Current cap on CET1 instruments subject to phase out arrangements	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	
82	Current cap on AT1 instruments subject to phase out arrangements	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	

**Notes to Template**

Row No. of the template	Particulars	(₹ in Million)
10	Deferred tax assets associated with accumulated losses	286.84
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred Tax Liability	284.64
	Total as indicated in row 10	571.48
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	-
	of which: Increase in Common Equity Tier 1 capital	-
	of which: Increase in Additional Tier 1 capital	-
	of which: Increase in Tier 2 capital	-

Row No. of the template	Particulars	(₹ in Million)
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	-
	(i) Increase in Common Equity Tier 1 capital	-
	(ii) Increase in risk weighted assets	-
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	-
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 Capital under row 58b	-
50	Eligible Provisions included in Tier 2 capital	438.01
	Eligible Revaluation Reserves included in Tier 2 capital	-
	Total of row 50	438.01
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	-

Table DF-12: COMPOSITION OF CAPITAL - RECONCILIATION REQUIREMENT

Step 1	Balance Sheet as in financial statements	As on reporting date, 31st March 2025 (₹ in Million)
<b>A Capital &amp; Liabilities</b>		
i.	Paid-up Capital	3946.99
	Reserves & Surplus	10005.87
	Minority Interest	-
	Total Capital	13952.86
ii	Deposits	160134.51
	of which: Deposits from banks	50.71
	of which: Customer deposits	160083.80
	of which: Other deposits (pl. specify)	-
iii	Borrowings	2000.00
	of which: From RBI	2000.00
	of which: From banks	-
	of which: From other institutions & agencies	-
	of which: Others - book credit balances in foreign currency minor accounts	-
	Of which: Tier 2 Capital instruments	-
iv.	Other liabilities & provisions	3282.00
	<b>Total</b>	<b>179369.37</b>
<b>B Assets</b>		
i	Cash and balances with Reserve Bank of India	9923.95
	Balance with banks and money at call and short	874.28
ii	Investments:	39551.52
	of which: Government securities	36233.11
	of which: Other approved securities	-
	of which: Shares	198.29
	of which: Debentures & Bonds	3120.12
	of which: Subsidiaries / Joint Ventures / Associates	-
	of which: Others	-
iii	Loans and advances	119594.90
	of which: Loans and advances to banks	-764.62
	of which: Loans and advances to customers	120359.52
iv	Fixed assets	2815.58

Table DF-12: COMPOSITION OF CAPITAL - RECONCILIATION REQUIREMENT

Balance Sheet as in financial statements		As on reporting date, 31st March 2025 (₹ in Million)
Step 1		
v	Other assets	6609.15
	of which: Goodwill and intangible assets	-
	of which: Deferred tax assets	571.48
vi	Good will on consolidation	-
vii	Debit balance in Profit & Loss account	-
	<b>Total Assets</b>	<b>179369.37</b>

\*Bank has no subsidiaries

Step 2		Balance sheet under regulatory scope of consolidation As on reporting date, 31st March 2025 (₹.in million)	Ref No.
A	Capital & Liabilities		
i	Paid-up Capital	3946.99	(a)
	of which: Amount eligible for CET1	3946.99	(a) (i)
	of which: Amount eligible for AT1	-	
	Reserves & Surplus	10005.87	(b)
	of which: Amount eligible for CET1	8909.15	(b) (i)
	Statutory Reserve	1614.98	(b)(ii)
	Share Premium	11560.54	(b) (iii)
	General Reserve	1381.35	(b)(iv)
	Capital Reserve (excluding Revaluation Reserves)	728.40	(b)(v)
	Special Reserve under Section 36(i) (viii)	59.86	(b)(vi)
	Balance in P/L a/c at the end of the previous FY	(7112.47)	(b)(vii)
	Current Financial Year Profit (Not eligible)		(b)(viii)
	Revaluation Reserve (part of Tier 2 capital at a discount of 55 percentage)	676.49	(b)(ix)
	Minority Interest	-	
	<b>Total Capital</b>	<b>13952.86</b>	<b>(a) + (b)</b>
ii	Deposits	160134.51	(c )
	of which: Deposits from banks	50.71	(c )(i)
	of which: Customer deposits	160083.80	(c )(ii)
	of which: Other deposits (pl. specify)	-	
iii	Borrowings	2000.00	(d)
	of which: From RBI	2000.00	(d)(i)
	of which: From banks	-	(d)(ii)
	of which: From other institutions &	-	(d)(iii)
	of which: Others (Book Credit balances in foreign currency accounts)	-	(d)(iv)
	of which: Capital instruments -Tier 2	-	(d)(v)
iv	Other liabilities & provisions	3282.00	(e)
	of which: Standard Asset provision included under Tier 2 Capital	427.89	(e)(i)
	of which: DTLs related to goodwill	-	
	of which: Details related to intangible	-	
	<b>Total Liabilities</b>	<b>179369.37</b>	<b>(a)+(b)+(c) +(d)+(e)</b>

Step 2		Balance sheet under regulatory scope of consolidation As on reporting date, 31st March 2025 (₹.in million)	Ref No.
B	Assets		
i	Cash and balances with Reserve Bank of India	9923.95	(f)
	Balance in India with banks and money at call	874.28	(g)
ii	Investments:	39551.52	(h)
	of which: Government securities	36233.11	(h)(i)
	of which: Other approved securities	-	-
	of which: Shares	198.29	(h)(ii)
	of which: Debentures & Bonds	3120.12	(h)(iii)
	of which: Subsidiaries / Joint Ventures /	-	-
	of which: Others	-	(h)(iv)
iii	Loans and advances	119594.90	(i)
	of which: Loans and advances to banks	-	(i)(i)
	of which: Loans and advances to Customers	119594.90	(i)(ii)
iv	Fixed assets	2815.58	(j)
v	Other assets	6609.15	(k)
	of which: Goodwill and intangible assets	-	-
	Out of which :		
	Goodwill	-	-
	Other Intangibles (excluding MSRs)	-	-
	Deferred tax assets	571.48	(k)(i)
vi	Good will on consolidation	-	
vii	Debit balance in Profit & Loss account		
	Total Assets	179369.37	(f)+(g)+(h)+i)+(j)+(k)

✓ **Step 3: Table DF-12 (Part II) extract of Basel III common disclosure template (with added column)-**

Common Equity Tier 1 Capital: Instruments and reserves			
		Component of regulatory capital reported by bank	Source based on reference numbers/ letters of the balance sheet under the regulatory scope of consolidation from Step 2
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	15507.53	(a)+ (b) (iii)
2	Retained earnings	2996.34	b(ii)+b(iv)
3	Accumulated other comprehensive income (and other reserves)	728.40	b(v)
4	Directly issued capital subject to phase out from CET-1 (only applicable to non-joint stock companies)	-	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CER 1)	-	-
6	Common Equity Tier 1 capital before regulatory adjustments	19232.26	(a)+ (b)(ii)+ (b) (iii)+ (b)(iv) + (b) (v)+b(vi)+b(viii)+b(ix)
7	Prudential valuation adjustments	-	-
8	Goodwill (net of related tax liability)		-

**Table DF -13: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS– ELIGIBLE INSTRUMENTS**

Nil

**Table DF-14 FULL TERMS AND CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS (ELIGIBLE INSTRUMENTS)**

Not Applicable

**Table DF 15: DISCLOSURE REQUIREMENTS FOR REMUNERATION**

**Qualitative disclosures**

**a. Information relating to the composition and mandate of the Nomination & Remuneration Committee.**

➤ **Composition**

The Board constituted a Remuneration Committee on 29.02.2008, which was reconstituted on 27.09.2008, 06.10.2009 and 28.02.2013. The Committee was renamed/ reconstituted as Nomination & Remuneration Committee of the Board at its meeting held on 26.10.2015. The committee comprises of Dr. Nirmla Padmanabhan as Chairperson, Shri G Rajagopalan Nair and Dr. Jineesh Nath C K as on 31.03.2025.

➤ **The terms of reference of the Nomination & Remuneration Committee are as follows: -**

1. Recommending to the Board for its consideration and approval on the size and composition of the Board taking into account the available and needed diversity and balance in terms of experience, knowledge, skills and judgment of the Directors;
2. Reviewing, from time to time, possible candidates for current and potential Board vacancies, including Directors who are to retire and are eligible for re- appointment or re- election and other persons who may be recommended by the Chairman or the MD&CEO or other Directors, shareholders or others;
3. Recommending to the Board, candidates for election (including re- election) or appointment (including reappointment) to the Board;
4. Carrying out evaluation of every Director's performance;
5. Deciding on the matter of whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
6. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal; formulation of the criteria for determining qualifications, positive attributes and independence of a Director;
7. Devising a policy on diversity of Board of Directors;
8. Recommending to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
9. Formulating and determining the Bank's policies on remuneration packages payable to the Directors and Key Managerial Personnel including Performance/ Achievement Bonus, Perquisites, Retirals, Sitting fees.
10. Considering grant of Stock Options to employees.
11. Reviewing the composition of the existing Committees of the Board.
12. Formulation of criteria for performance evaluation of Independent Directors and the Board;
13. Validation of 'fit and proper' status of all Directors on the Board of the Bank in terms of the guidelines issued by the RBI or other regulatory authorities;
14. Developing and recommending to the Board the Corporate Governance guidelines applicable to the Bank for incorporating best practices from time to time.

**b. Information relating to the design and structure of remuneration processes and the key features and objectives of Remuneration Policy.**

Remuneration and other perquisites paid to the Managing Director & CEO and Executive Director are as approved by the Reserve Bank of India. Non-executive Directors are being paid sitting fees for each meeting attended by them. During the year, no remuneration, excepting sitting fees and reimbursement of actual travel and out-of-pocket expenses was paid.

The Bank has formed the Compensation Policy based on the Reserve Bank of India guidelines vide its circular DOR.Appt. BC.No.23/29.67.001/2019-20 dated 04/11/2019. The fixed remuneration and other allowances including retirement benefits of all subordinate, clerical and officers covered under IBA stream of employment is governed by the industry level wage settlement under Indian Banks Association (IBA) pattern. In respect of officers covered under Cost to the Company payment scheme, the overall salary will be pegged at 120% of IBA salary of corresponding grade. Officers appointed on contract basis are offered a fixed consolidated pay as determined by Board/ Committee/ MD & CEO on a case-to-case basis.



**c. Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.**

The Board of Directors through the Nomination and Remuneration Committee of the Board shall exercise oversight and effective governance over the framing and implementation of the Compensation policy. Human Resource Management under the guidance of MD & CEO shall administer the Compensation and Benefit structure in line with the best suited practices and statutory requirements as applicable.

**d. Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.**

The factors taken into account for the annual performance review are:

- The performance of the Bank
- The performance of the business unit
- Individual performance of the employee,
- Other risk perceptions and economic considerations

**e. A discussion of the Bank's policy on deferral and vesting of variable remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.**

- As of now Bank is not offering variable pay except for MD & CEO and Executive Director and hence no such deferral of variable pay is being offered to rest of the staff members.
- Employee Stock Option Scheme/ Employee Stock Option Plan as may be framed by the Board from time to time in conformity with relevant statutory provisions and SEBI guidelines as applicable will be excluded from the components of variable pay.

**f. Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilises and the rationale for using these different forms.**

Variable pay means the compensation as fixed by the Board on recommendation of the Committee and approved by the Reserve Bank of India, wherever required, which is based on the performance appraisal of an employee in that role, that is, how well they accomplish their goals. It may be paid as:

- Performance Linked Incentives to those employees who are eligible for incentives
- Ex-gratia for other employees who are not eligible for Performance linked Incentives.
- Bonus for those staff members who are eligible for bonus under the Payment of Bonus Act, 1965.
- Employment Stock Option Plan (ESOP) for the eligible employees as approved by the Board.

As of now, Bank is not having a variable pay structure except for MD & CEO and Executive Director.

**Quantitative disclosures**

Number of meetings held by the Nomination & Remuneration Committee during the quarter ended on March 31, 2025	4
Remuneration paid to the members of Nomination & Remuneration Committee (Sitting fees) during the Quarter ended March 31, 2025	₹ 3,90,000/-
Number of employees having received a variable remuneration award during the financial year.	NIL
Number of sign-on awards made during the financial year.	NIL
Total amount of sign-on awards made during the financial year.	NIL
Details of guaranteed bonus, if any, paid as joining / sign on bonus.	NIL
Details of severance pay, in addition to accrued benefits, if any.	NIL
Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	NIL
Total amount of deferred remuneration paid out in the financial year.	NIL
Breakdown of amount of remuneration awards for the quarter ended March 31, 2025	
Fixed	NIL
Variable	NIL

**Table DF-16: Equities – DISCLOSURE FOR BANKING BOOK POSITIONS:**

The Bank does not have Equities in Banking Book and hence not applicable.

**Table DF17- DISCLOSURE OF COMPARISON OF ACCOUNTING ASSETS VS. LEVERAGE RATIO**

**Leverage Ratio**

Leverage ratio is a non-risk-based measure of all exposures for the Tier-I capital. The Leverage ratio is calibrated to act as a credible supplementary measure to the risk-based capital requirements. The Basel III Leverage ratio is defined as the Capital measure (the numerator) divided by the Exposure measure (the denominator), with this ratio expressed as a percentage. Effective from the quarter commencing October 1, 2019, the minimum leverage ratio shall be 3.50%.

$$\text{Leverage Ratio} = \frac{\text{Capital Measure (Tier I Capital)}}{\text{Exposure Measure}}$$

**Table DF 17- Summary comparison of accounting assets vs. Leverage Ratio**

Item	(₹ in Million)
1 Total consolidated assets as per published financial statements	179369.37
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(8187.73)
3 Adjustment for fiduciary assets recognized on the Balance Sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	(286.84)
4 Adjustments for derivative financial instruments	29.45
5 Adjustment for securities financing transactions (i.e. repos and similar secured lending)	0.00
6 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	3912.09
7 Other adjustments	8971.65
8 Leverage ratio exposure	183808.00

**Table DF-18: Leverage Ratio common disclosure template**

Item	Leverage ratio framework (₹ in Million)
<b>On-Balance Sheet exposures</b>	
1 On-balance sheet items (excluding derivatives and SFTs, but including collateral)	180153.30
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	286.84
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	<b>179866.46</b>
<b>Derivative exposures</b>	
4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	4.51
5 Add-on amounts for PFE associated with all derivatives transactions	24.94
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	0
7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0
8 (Exempted CCP leg of client-cleared trade exposures)	0
9 Adjusted effective notional amount of written credit derivatives	0
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0
11 Total derivative exposures (sum of lines 4 to 10)	<b>29.45</b>
<b>Securities financing transaction exposures</b>	
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	0
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	0
14 CCR exposure for SFT assets	0
15 Agent transaction exposures	0
16 Total securities financing transaction exposures (sum of lines 12 to 15)	<b>0</b>
<b>Other off-balance sheet exposures</b>	
17 Off-balance sheet exposure at gross notional amount	3912.09
18 (Adjustments for conversion to credit equivalent amounts)	0
19 Off-balance sheet items (sum of lines 17 and 18)	<b>3912.09</b>
<b>Capital and Total exposures</b>	

	Item	Leverage ratio framework (₹ in Million)
20	Tier 1 capital	12433.74
21	Total exposures (sum of lines 3, 11, 16 and 19)	183808.00
	<b>Leverage ratio</b>	
22	Basel III leverage ratio	6.76%

#### Liquidity Coverage Ratio Disclosure as on March 31, 2025

In the backdrop of the global financial crisis that started in 2007, the Basel Committee on Banking Supervision (BCBS) proposed certain reforms to strengthen global capital and liquidity regulations with the objective of promoting a more resilient banking sector. In this regard, the Basel III rules text on liquidity – “Basel III: International framework for liquidity risk measurement, standards and monitoring” was issued in December 2010 which presented the details of global regulatory standards on liquidity. Two minimum standards viz. Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) for funding liquidity were prescribed by the Basel Committee for achieving two separate but complementary objectives.

The LCR promotes short-term resilience of banks to potential liquidity disruptions by ensuring that they have sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

#### 1. Quantitative Disclosure

##### LCR Compliance as on March 31, 2025

LCR Calculation Methodology	RBI prescribed minimum LCR	Bank's Daily Average LCR during the Quarter ended March 31, 2025
LCR = $\frac{\text{Stock of High-Quality Liquid Assets}}{\text{Total net cash outflows over the next 30 calendar days}}$	100%	159.58%

Below mentioned is a position of Liquidity Coverage Ratio computed based on daily simple average for the Quarter ended March 31, 2025

(₹ in Crore)

Particulars	Daily Average during the Quarter ended 31.03.2025 (1₹ in Crore)	
	Total Weighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>		
1 Total High Quality Liquid Assets (HQLA)		3764.55
<b>Cash Outflows</b>		
2 Retail deposits and deposits from small business customers, of which:	11173.97	984.92
(i) Stable deposits	2649.58	132.48
(ii) Less stable deposits	8524.38	852.44
3 Unsecured wholesale funding, of which:	2017.22	1498.80
(i) Operational deposits (all counterparties)	-	-
(ii) Non-operational deposits (all counterparties)	2017.22	1498.80
(iii) Unsecured debt		
4 Secured wholesale funding		-
5 Additional requirements, of which	555.91	105.05
(i) Outflows related to derivative exposures and other collateral requirements	-	-
(ii) Outflows related to loss of funding on debt products	-	-
(iii) Credit and liquidity facilities	555.91	105.05
6 Other contractual funding Obligations	192.40	192.40
7 Other contingent funding obligations	313.98	9.42
8 <b>Total Cash Outflows</b>		2790.58

Particulars	Daily Average during the Quarter ended 31.03.2025 (₹ in Crore)	
	Total Weighted Value (average)	Total Weighted Value (average)
<b>Cash Inflows</b>		
9 Secured lending (e.g., reverse repos)	196.47	196.47
10 Inflows from fully Performing exposures	470.09	235.04
11 Other cash inflows	0.00	0.00
12 <b>Total Cash Inflows</b>	666.56	<b>431.52</b>
	Total Adjusted Value	
21 <b>TOTAL HQLA</b>		<b>3764.55</b>
22 <b>Total Net Cash Outflows</b>		<b>2359.07</b>
23 <b>Liquidity Coverage Ratio (%)</b>		<b>159.58%</b>

Bank has complied with the regulatory requirements w.r.to LCR

## 2. Qualitative Disclosure

### The main drivers of HQLA:

Bank is maintaining adequate stock of High Quality Liquid Asset to survive an acute stress scenario lasting for 30 days. HQLA of the Bank includes Cash in Hand (4% of HQLA), Government securities in excess of minimum SLR requirement (7% of HQLA), Government Securities within the mandatory SLR requirement to the extent allowed by RBI under MSF (9% of HQLA),

Level 2A and Level 2B assets are well within the regulatory cap of 40% and 15% of the stock of HQLA respectively after the required haircut.

### Net Stable Funding Ratio Disclosure as on March 31, 2025

The Net Stable Funding Ratio (NSFR) is one of the Basel Committee's key reforms to promote a more resilient banking sector. The NSFR will require banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on- and off-balance sheet items, and promotes funding stability.

The Bank is required to maintain the NSFR on an ongoing basis on a standalone Bank level and on a Group level. The minimum NSFR requirement set out in the RBI guideline for the standalone Bank and for Group effective October 1, 2021 is 100%. The Bank does not have any subsidiary as on date.

NSFR Calculation Methodology	RBI prescribed minimum NSFR	Bank's NSFR for the Quarter ended March 31, 2025
NSFR = $\frac{\text{Available amount of Stable funding}}{\text{Required amount of Stable funding}}$	100%	149.43%

The following table sets out the unweighted and weighted value of the NSFR components of the Dhanlaxmi Bank at March 31, 2025 (i.e. quarter-end observation).

Net Stable Funding Ratio March 31, 2025						
(₹ in Cr)		Unweighted value by residual maturity				Weighted Value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Items						
1	Capital: (2+3)	1285.61	0	0	27.70	1313.31
2	Regulatory Capital	1285.61				1285.61
3	Other capital instruments				27.70	27.70
4	Retail deposits and deposits from small business customers: (5+6)	4249.00	1800.09	2472.88	2906.55	10420.15
5	Stable deposits	984.79	671.70	562.33	470.57	2554.92
6	Less stable deposits	3264.21	1128.40	1910.55	2435.98	7865.22
7	Wholesale funding: (8+9)	397.94	2485.04	1438.52	235.73	1937.52

Net Stable Funding Ratio March 31, 2025					
(₹ in Cr)	Unweighted value by residual maturity				Weighted Value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
8 Operational deposits					
9 Other wholesale funding	397.94	2485.04	1438.52	235.73	1937.52
10 Other liabilities: (11+12)	637.87	0	0	0	0
11 NSFR derivative liabilities					
12 All other liabilities and equity not included in the above categories	637.87			0	0
<b>13 Total ASF (1+4+7+10)</b>	<b>6570.42</b>	<b>4285.14</b>	<b>3911.40</b>	<b>3169.98</b>	<b>13670.98</b>
<b>RSF Items</b>					
14 Total NSFR high-quality liquid assets (HQLA)	992.39	739.93	715.08	2317.56	203.55
15 Deposits held at other financial institutions for operational purposes	87.43	-	-	-	43.72
16 Performing loans and securities: (17+18+19+21+23)		4572.95	1978.93	3966.18	6296.06
17 Performing loans to financial institutions secured by Level 1 HQLA					
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions		395.24	312.26		215.42
19 Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:		4177.55	1665.84	2803.32	5277.58
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk				134.70	87.56
21 Performing residential mortgages, of which:		0.16	0.83	1064.67	719.61
22 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		0.16	0.83	985.90	640.84
23 Securities that are not in default and do not qualify as HQLA, including exchange traded equities				98.19	83.46
24 Other assets: (sum of rows 25 to 29)		0.27	2.73	2563.49	2567.48
25 Physical traded commodities, including gold					
26 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs					
27 NSFR derivative assets					
28 NSFR derivative liabilities before deduction of variation margin posted					
29 All other assets not included in the above categories		0.27	2.73	2563.49	2567.48
30 Off-balance sheet items				879.51	37.90
<b>31 Total RSF (14+15+16+24+30)</b>	<b>1079.82</b>	<b>5313.15</b>	<b>2696.74</b>	<b>9726.74</b>	<b>9148.71</b>
<b>32 Net Stable Funding Ratio (%)</b>					<b>149.43%</b>

Bank has complied with the regulatory requirements w.r.to NSFR.

## Notes

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## Notes

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## AWARDS



**DHANLAXMI BANK RECOGNISED AS WINNER FOR MOST IMPACTFUL PARTNERSHIP IN FINTECH FOR THE PROJECT JLG MICRO LOANS FOR WOMEN ENTREPRENEURS**



**PCI-DSS 4.0.1 Certification Ceremony**

### **Dhanlaxmi Bank shines with 2 Awards from the Indian Chamber of Commerce**

- ★ Best Performance on Risk Management
- ★ Best Performance on Asset Quality



**CIO Perspectives: AI & Innovation - Navigating the AI Adaption Curve**



**Top 100 BFSI Tech Leaders Award Received by Shri.John Varughese, General Manager, Head IT**





## Shifted & Facelifted Branches



**Kaloor**



**Kallambalam**



**Pune**



**Kaloor Branch  
Inauguration**

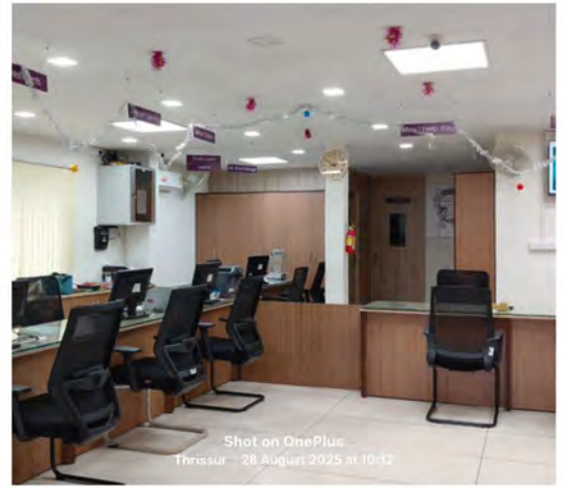
**Kaloor**



**Edappally**



## Shifted & Facelifted Branches



**Palakkal**



**Kottakad**



## Shifted & Facelifted Branches



### Adoor



Newly Appointed Director Dr.Jineesh Nath C.K Welcomed by the Board



Newly Appointed Director Shri. Ashutosh Khajuria Welcomed by the Board



## Financial Outreach Program



Self Help Group Loan Mela - Iritty



MOU with KSWCFC for Implementing Subsidy Linked Farming Projects



Loan Mela Municipality CDS - Mattannur



Self Help Group Workshop at NGO ESSS - Ernakulam



Self Help Group Workshop - Trivandrum



Self Help Group Leader's Workshop at NGO KAIROS - Kannur



Self Help Group Workshop at NGO Akshayasree - Palakkad



## Vigilance Awareness Program



## Social Initiatives



**Plant4Mother  
Campaign at Hyderabad**



**Go Green Initiatives  
at Trivandrum**



## Enabling each other





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## Dhanam Genius Savings Account

*Secure Today. Stronger Tomorrow*



## Your Future, Our Priority



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DHANAM YUVAK  
Account today.

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## Dhanam Vanitha Savings Account

*Empowering every step of her financial journey*



## Safe and Secure Financial Solution



Open your  
DHANAM PRIVILEGE  
Account today.


## Secure Your Joyful Days

Introducing the  
Dhanam Savings Account  
for Senior Citizens.



A salary account that works  
as smart as you.

## Dhanam Smart Salary Savings Account



A salary account designed around the needs of employees as well as employers -- Free services, security and convenience for employees and easy and convenient salary deposit and management processes for employers.



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- Flexible Tenure & Repayment
- Attractive Interest Rates
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Send money abroad  
easily and efficiently

**Dhanlaxmi Bank Outward Remittances  
under Liberalised Remittance Scheme (LRS)**

## GOODS & SERVICE TAX (GST)

Make easy GST payments through UPI

How?

Create Challan ➤ Choose UPI Mode of Payment ➤  
Choose Dhanlaxmi Bank ➤ Scan & Pay GST

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Corporate Office, Punkunnam,  
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Registered Office  
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Dhanalakshmi Buildings, Naikandal  
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