

# Relationships are at the heart of banking.



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

**DhanlaxmiBank**   
established 1927

*Banking on Relationships forever*





## **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



**Sreesankar Radhakrishnan**  
Independent Director



**Dr. Nirmala Padmanabhan**  
Independent Director



**Ms. Vardhini Kalyanaraman**  
Independent Director



**D K Kashyap**  
RBI Additional Director



**Nageswara Rao Chatrathi**  
RBI Additional Director



**Dr. Jineesh Nath C K**  
Additional Director

## 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

### Chief Financial Officer

**Kavitha T A**

### Company Secretary & Secretary to the Board

**Venkatesh H**

### Secretarial Auditors

**M/s. V Suresh Associates,**  
Practising Company Secretaries, First Floor,  
No.28, Ganapathy Colony  
Illrd Street, Teynampet, Chennai-600018

### Statutory Auditors

**Krishnamoorthy & Krishnamoorthy,**  
Chartered Accountants,  
Paliyam Road, Cochin.

### Sagar and Associates,

Chartered Accountants,  
Hyderabad

### 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** (Formerly 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

## SENIOR MANAGEMENT

### GENERAL MANAGER

**John Varughese**

### DEPUTY GENERAL MANAGERS

<b>Santoy John</b>	<b>Binoy B S</b>
<b>Satheesan V</b>	<b>Suresh M Nair</b>
<b>Sreekumar M P</b>	<b>Balasubramanian A D</b>
<b>Sunny George</b>	<b>Arvind Kanagasabai</b>
<b>Rajan Sreeba</b>	

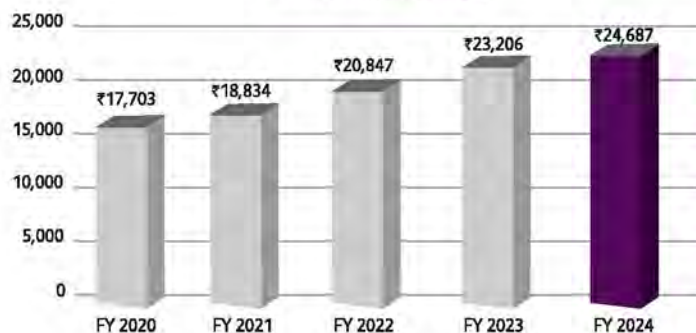
### ASSISTANT GENERAL MANAGERS

<b>Rajesh P</b>	<b>Ranjith P</b>
<b>Ramakrishnan S</b>	<b>Sunil Kumar A</b>
<b>Kavitha T A</b>	<b>Abhilash R</b>
<b>Bijukumar P H</b>	<b>Sijo Joseph</b>
<b>Anup Nair</b>	<b>Abhiram Unni M</b>
<b>Arun Somanathan Nair</b>	<b>Raghunath R</b>

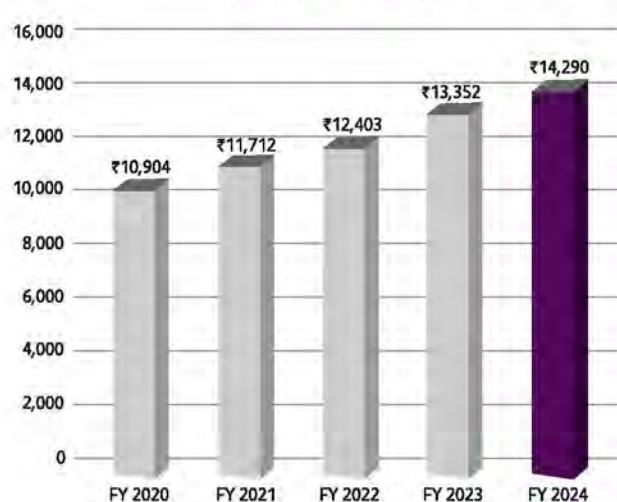


# PERFORMANCE DASHBOARD

Total Business (Value in Cr.)



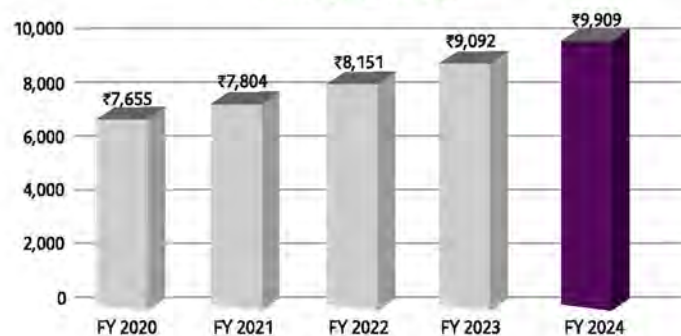
Total Deposit (Value in Cr.)



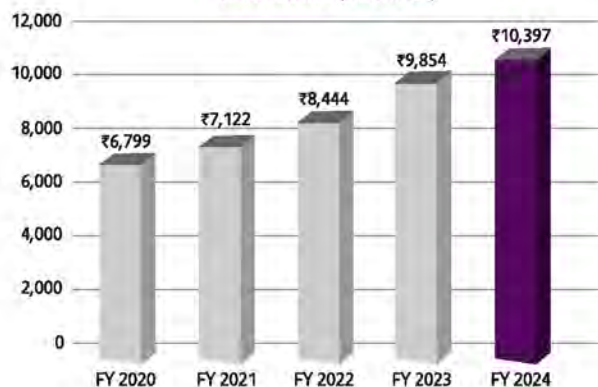
CASA (Value in Cr.)



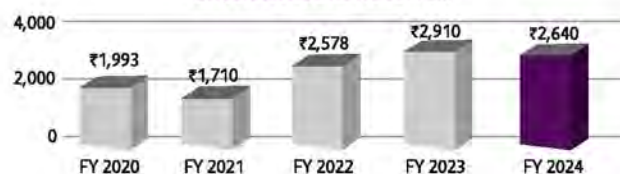
Term Deposit (Value in Cr.)



Gross advance (Value in Cr.)



Corporate Advance (Value in Cr.)



# PERFORMANCE DASHBOARD

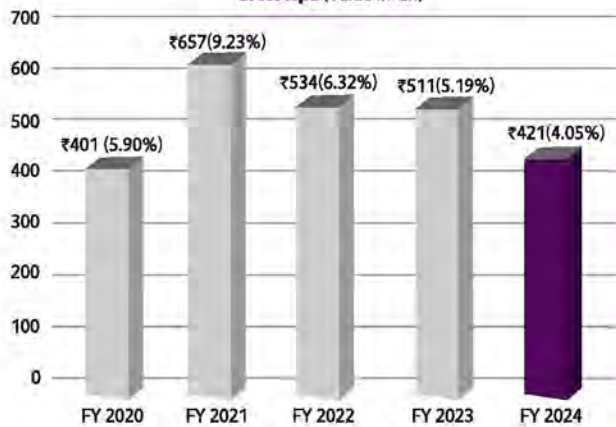
**Retail Advance** (Excl. Gold - Value in Cr.)



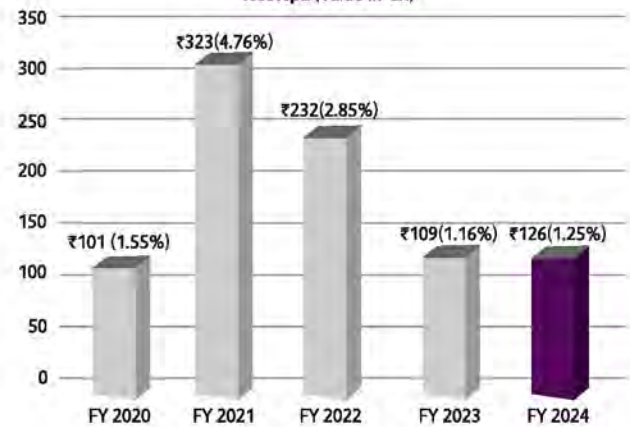
**Gold Loan** (Value in Cr.)



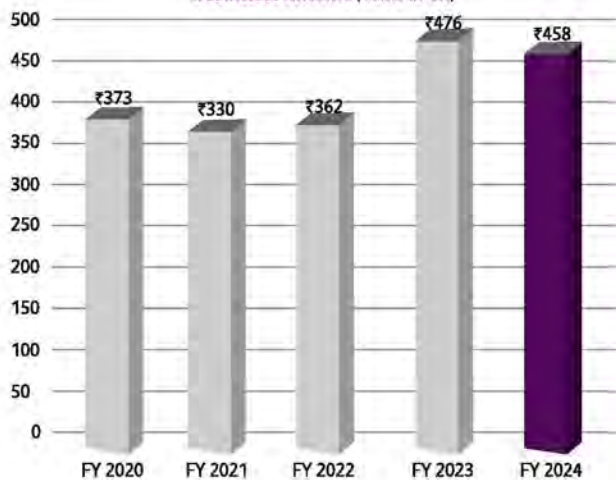
**Gross Npa** (Value in Cr.)



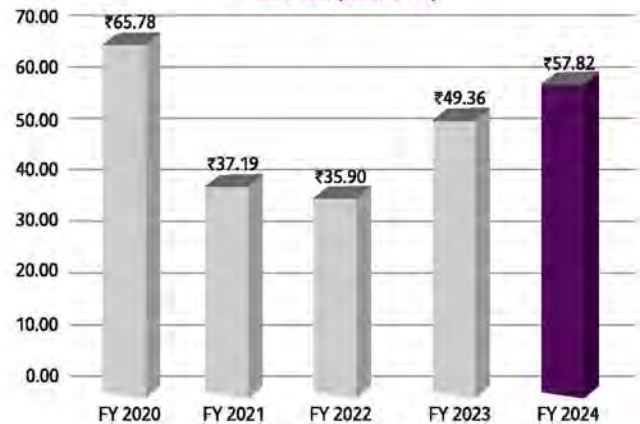
**Net Npa** (Value in Cr.)



**Net Interest Income** (Value in Cr.)



**Net Profit** (Value in Cr.)





## CHAIRMAN'S MESSAGE

Dear Respected Shareholders,

It gives me great pleasure to address you in this annual report of our esteemed bank, a cornerstone of trust and stability in the Indian banking sector. As we reflect on the past year, we take pride in our achievements amidst a backdrop of dynamic challenges and promising opportunities.

Throughout the year, we have diligently expanded our footprint into previously untouched regions, reinforcing our commitment to serve a broader spectrum of customers across the country. This strategic expansion not only enhances our geographical reach but also underscores our dedication to inclusive growth and financial empowerment.

May I highlight our robust performance in key segments. Leveraging decades-old strong relationships, we achieved considerable growth in our gold loan portfolio and secured retail loan book. This growth is a testament to the unwavering trust our customers place in us, and our ability to meet their evolving financial needs with tailored solutions.

In tandem with our traditional strengths, we remain at the forefront of technological innovation. Embracing the latest advancements, we continue to enhance our service delivery and operational efficiencies. Looking ahead, we are enthusiastic about our plans to further integrate fintech solutions, explore new verticals, and bolster our capabilities through strategic capital infusion.

These initiatives are poised to not only drive growth but also ensure that we remain agile and competitive in a rapidly evolving financial landscape. In light of the changing scenario and to cope up with the current technology advancements so as to be at par with the industry, the Bank has made considerable investments in IT.

As we navigate the opportunities and challenges that lie ahead, our commitment to excellence, integrity, and customer-centricity remains steadfast. I extend my sincere gratitude to our shareholders, Regulators, customers, employees, and all other stakeholders for their unwavering support. Together, we all will continue to build on our legacy of trust and innovation, delivering sustainable value and prosperity for all.

Thank you for your continued confidence in Dhanlaxmi Bank.

With warm regards,  
Chairman





Dear Shareholders,

It is with great pleasure that I present to you the annual report for the fiscal year 2023-24, a year of considerable achievements and strategic advancements for our esteemed bank. As we review our performance, I am pleased to report that we have made notable strides across key metrics, positioning us strongly for continued growth and resilience in the years ahead.

**Performance Highlights:**

In FY 2023-24, our bank has delivered a robust financial performance amidst a challenging economic landscape. We have witnessed moderate growth across our core business segments, underscoring our resilience and ability to adapt to dynamic market conditions.

Our retail loans portfolio has expanded impressively, driven by our deep-seated relationships with customers and our acute understanding of their financial needs. Through innovative and tailored product offerings, we have effectively met the diverse requirements of our retail clientele, thereby strengthening customer satisfaction and loyalty.

Furthermore, our gold loans segment has demonstrated robust growth, reflecting our agility in seizing market opportunities and leveraging our strong customer relationships. This segment continues to be a valuable contributor to our diversified loan portfolio strategy.

**Strategic Initiatives for FY 2024-25:**

Looking ahead, our strategic agenda for FY 2024-25 will center on improving our position in CASA, retail loans, MSME and Gold loans. Leveraging our decades-old relationships and trusted reputation, we will intensify efforts to expand our customer base and deepen engagement through personalized service and innovative solutions.

In line with our commitment to innovation, we will pursue strategic fintech partnerships aimed at enhancing operational efficiencies, enriching customer experiences, and introducing cutting-edge financial products. These collaborations will reinforce our position at the forefront of digital banking transformation.

Exploring new verticals remains a key priority as we seek to diversify revenue streams and capitalize on emerging market opportunities. By expanding our product offerings strategically, we aim to meet evolving customer preferences and seize growth potentials in untapped segments.

Moreover, I am pleased to announce that the Board has decided to infuse additional capital to support our growth trajectory. This capital injection underscores our commitment to fortifying our financial strength and providing the necessary resources to execute our strategic initiatives effectively. It reflects the confidence of our investors and stakeholders in our long-term vision and potential.

**Conclusion:**

In conclusion, I extend my sincere gratitude to our shareholders for their steadfast support, to our customers for their continued trust, and to our dedicated team for their unwavering dedication. Together, we have achieved significant milestones and established a resilient foundation for sustained success.

As we navigate the opportunities and challenges ahead, we remain steadfast in our commitment to operational excellence, innovation, and customer-centricity. With a clear strategic roadmap focused on CASA, retail loans, MSME and gold loans, coupled with our initiatives in fintech and new verticals, I am confident in our ability to deliver sustainable value and drive long-term growth.

Thank you once again for your trust and confidence in Dhanlaxmi Bank.

Warm regards,  
Managing Director & CEO

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# Directors' Report

## Dear Shareholders,

It gives the Board pleasure to present the highlights of your Bank's performance during the financial year 2023-24. Detailed information on the achievements and initiatives undertaken by the Bank is provided in the 97<sup>th</sup> Annual Report, along with the Audited Balance Sheet as of March 31, 2024, and the Profit and Loss Account for the year ended on that date.

## Performance Highlights

Bank's performance Highlights for the financial year ended March 31, 2024 are as follows:

₹ in Crore

	March 31, 2024	March 31, 2023
Total Business	<b>24687.21</b>	23,205.38
Deposits	<b>14290.31</b>	13,351.65
Advance(Gross)	<b>10396.90</b>	9853.73
Total Income	<b>1359.55</b>	1145.75
Total Expenditure	<b>1290.29</b>	1022.55
Net Interest Income	<b>458.45</b>	475.76
Operating Profit	<b>69.26</b>	123.20
Net Profit	<b>57.82</b>	49.36
Gross NPA %	<b>4.05</b>	5.19
Net NPA%	<b>1.25</b>	1.16
Provision Coverage Ratio%	<b>88.32</b>	90.61
CRAR%	<b>12.71</b>	12.32
Return on Assets%	<b>0.38</b>	0.34
Return on Equity%	<b>5.62</b>	5.14
Earnings Per Share (in ₹)	<b>2.29</b>	1.95
Book Value Per Share(in ₹)	<b>40.70</b>	37.99

## Bank's Geographical Spread & Expansion Programme

- Bank has 261 branches as on 31st March, 2024 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.
- Bank had 272 ATMs and 17 Business Correspondents as on March 31, 2023
- During the financial year 2023-24, the bank opened 8 new branches: Kottakkal in Malappuram District, Kerala; Arasavilli in Srikakulam District and Dowleswaram (near Rajahmundry) in East Godavari District, Andhra Pradesh; Hassan and Mandya in Karnataka; Puducherry (UT); Warangal in Telangana; and Hosur in Krishnagiri District, Tamil Nadu.

## Total Business

Total business of the Bank improved by 6.39% to reach ₹24687.21 Crore as on 31.03.2024, from ₹23205.38 Crore as on 31.03.2023.

## Deposits

Deposits recorded a growth of 7.03%, reaching ₹14,290.31 Crore as of March 31, 2024, compared to ₹13,351.65 Crore as of March 31, 2023. The CASA to total deposits ratio as of March 31, 2023, was 30.66%

## Gross Advances

Gross advances stood at ₹10,396.90 Crore as of March 31, 2024, compared to ₹9,853.73 Crore as of March 31, 2023, registering a growth of 5.51%. The CD ratio as of March 31, 2024, was 72.75%

## Profitability

The total income (Interest Income + Non-Interest Income) as of March 31, 2024, was ₹1359.55 Crore, compared to ₹1145.75 Crore as of March 31, 2023, registering a growth of 18.66%. Interest income increased by 12.67% year-on-year, reaching ₹1206.99 Crore as of March 31, 2024, compared to ₹1071.24 Crore as of March 31, 2023. Similarly, non-interest income increased by 104.75% year-on-year, reaching ₹152.56 Crore as of March 31, 2024, compared to ₹74.51 Crore as of March 31, 2023

Changes in interest rates have impacted the Net Interest Income (NII) of the Bank, which has decreased by 3.64% on a year-over-year (YoY) basis. Interest expenses have increased by 25.70% YoY to ₹748.54 Crore as of March 31, 2024, from ₹595.48 Crore as of March 31, 2023. Operating expenses also increased by ₹114.68 Crore, to ₹541.75 Crore as on March 31, 2024 from ₹427.07 Crore as on March 31, 2023. The Bank has made provision for wage revision of ₹45.85 Crore during the financial year ended March 31, 2024 towards the New Bipartite Wage Settlement, which is effective from November 1, 2022, to employees under IBA stream under the head 'Payments to and Provision for Employees'.

Cost to Income Ratio as on March 31, 2024 was 88.66% against 77.61% as on March 31, 2023.

Operating profit during the year was ₹69.26 Crore as against ₹123.20 Crore during the previous year. The Bank declared a net Profit of ₹57.82 Crore during the year under report and for the previous year, the Bank had declared a net profit of ₹49.36 Crore.



## Capital and Reserves

Bank's Paid-up capital and reserves was ₹1029.76 Crore as on 31.03.2024. The capital adequacy ratio as per Basel III was 12.71% with Core CRAR of 11.36%.

## Dividend

The Board had not recommended any dividend for the financial year 2023 - 2024.

## Non - Performing Assets

Gross NPA and Net NPA percentage stood at 4.05% and 1.25% respectively as on 31.03.2024 against 5.19% and 1.16% as on 31.03.2023.

The provision coverage ratio (PCR) as on 31.3.2024 was 88.32% which was 90.61% 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.

During the financial year 2023-24, the Bank received 6032 complaints as against a total of 6101 complaints received in the previous financial year.

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

- Bank opened 8 new branches during the financial year 2023-24
- Launched new Corporate Internet Banking with the latest technology architecture and best-in-class features to provide better user experience.
- New features like Credit Card Green Pin Generation, Card Activation, Raise Dispute facility and Adaptive authentication

etc., added in retail internet banking and Mobile Banking Platform.

- Bank entered into tie-up with Kerala State Electricity Board (KSEB) for online bill payment facility
- Special Campaign "Ghar Ghar KCC Abhiyan" is conducted to saturate PM KISAN beneficiaries with KCC
- Introduced Dhan Pharma Scheme for members of All Kerala Chemists & Druggists Association- M/s.KCDA
- Re-launched Dhanam Green Loan with modified product guidelines.
- Dhanam Home Loan and Loan against Property product features have been streamlined to align with those of peer banks and have been re-launched to enhance penetration in the retail segment, thereby aiming for improved profitability and increased cross-selling opportunities.
- Dhanam Car Loan and Two wheeler loan product guidelines have been modified aiming more penetration in the retail segment.
- Introduced RERA designated accounts product set up for real estate projects.
- Revamped the tie-up with M/s. Religare Broking Ltd. (RBL) for On-line Trading Account Facility.
- Expanded the E-Kanikka/ QR code facility to more temples under Malabar Devaswom Board, Cochin Devaswom Board, Travancore Devaswom Board and other Private Temples.

## 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 2023-24.

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, spilt, 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 Rule.

## 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 all the Stock Exchanges for the financial year 2024-25.

### **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 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.

Number of complaints pending at the beginning of the financial year – Nil

Number of complaints filed during the financial year – Nil

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

### **Particulars of employees**

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.

### **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's 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.

### **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, 2024,

the Board comprised of 8 Directors including the Chairman, the Managing Director & CEO, 4 non-executive Independent Directors and 2 Additional Directors appointed by the Reserve Bank of India under Section 36AB of the Banking Regulation Act, 1949. As on the date of this Report, the Board has 9 Directors with Chairman, Managing Director & CEO, 4 non-executive Independent Directors, 1 non-executive non-independent Director and 2 Additional Directors appointed by the Reserve Bank of India. 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, 2024. 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.

The provisions of Section 152(6) of Companies Act, 2013 relating to retirement of directors by rotation do not apply considering the present composition of the Board of Directors. Independent Directors are not required to retire in terms of Section 149(13) of the said Act. MD & CEO is not liable to retire by rotation as per the terms of appointment (placed for approval of the Shareholders of the Bank vide postal ballot dated August 12, 2024). The term of Additional Director Dr. Jineesh Nath C.K, whose appointment is being placed for approval of the Shareholders in the 97th Annual General Meeting, is coterminous with the holding of the 97th Annual General Meeting and therefore he cannot be considered as a director liable to retire by rotation. Accordingly, no Director is required to retire by rotation in the 97th Annual General Meeting.

### **Changes in the Board during the year**

1. Shri K.N. Madhusoodanan, Independent Director took charge as Non-Executive Chairman of the Bank for a period of three years with effect from September 26, 2023, subsequent to the recommendation of the Board of Directors and the approval of Reserve Bank of India vide letter dated September 26, 2023.
2. Your Board of Directors regret to inform about the sad demise of Sri Gopinathan C.K., Non-Independent Director of the Bank on November 27, 2023, who was on the Board of the Bank w.e.f. August 11, 2016. He was also one of the Major Shareholders of the Bank.
3. The term of office of Sri Shivan J.K. as the Managing Director & CEO of the Bank concluded on January 29, 2024. The Board of Directors of the Bank approved a panel of candidates for the position of the MD&CEO of the Bank for submission to Reserve Bank of India. The recommendation of the Board for

extending the term of Sri Shivan J.K. as Managing Director & CEO of the Bank till his successor assumed the office was approved by the Reserve Bank of India. The term of office of Sri Shivan J.K. as the Managing Director & CEO of the Bank concluded on June 19, 2024.

4. The Board of Directors appointed Sri Ajith Kumar K.K. as Managing Director & CEO of the Bank for a period of three years, after obtaining prior approval of Reserve Bank of India, from the opening of working hours on June 20, 2024. He took charge as Managing Director & CEO w.e.f. June 20, 2024. In accordance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, his appointment has been placed for approval of the Members of the Bank through a Postal Ballot, the voting on which has commenced on August 19, 2024 and will close on September 17, 2024.
5. The Shareholders of the Bank approved the appointment of Ms. Vardhini Kalyanaraman, Additional Director on the Board of the Bank w.e.f. February 21, 2023, as Independent Director of the Bank for a period of five years with effect from May 19, 2023.
6. Sri Sridhar Kalyanasundaram, Independent Director resigned from the Board w.e.f. September 16, 2023. The letter of resignation of Sri Sridhar Kalyanasundaram, detailing his reasons for the resignation, was filed by the Bank with the Stock Exchanges on September 17, 2023 and is also available on the Bank's website in the link <https://www.dhanbank.com/pdf/Resignation-of-Director-mr-sridhar-k.pdf>.
7. In exercise of the powers conferred under Section 36AB (1) of the Banking Regulation Act, 1949, Reserve Bank of India appointed Sri C. Nageswara Rao as Additional Director on the Board of the Bank, in place of Shri Yarasi Jayakumar, for a period of two years from November 18, 2023 to November 17, 2025 or till further orders, whichever is earlier.
8. Dr. Jineesh Nath C.K. was appointed as Additional Director on the Board of the Bank w.e.f. July 31, 2024 and his appointment is being placed for the approval of the Members of the Bank in this Annual General Meeting. He is also a Major Shareholder of the Bank and holds 18970000 equity shares of the Bank (7.49%) as on the date of this Report.

#### **Composition of Audit Committee**

As on March 31, 2024, 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 Sreesankar Radhakrishnan as its Chairperson and Sri G. Rajagopalan Nair, Ms. Vardhini Kalyanaraman, Sri D.K Kashyap and Sri C. Nageswara Rao as the other Members. As on the date of this Report, the composition of the Committee remains the same. The Committee was constituted in accordance with regulatory requirements. The terms of reference

of the Committee are in accordance with the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and RBI guidelines.

#### **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 by the 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 by RBI along with the provisions of the Companies Act, 2013, 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.

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 Whole-time Directors/MD & CEO is subject to prior approval of the Reserve Bank of India (RBI). Therefore, the remuneration or any revision in remuneration to Whole-time Directors/MD & CEO 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, 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 2023-24 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 [http://www.dhanbank.com/investor\\_relations/inv\\_stat\\_policy.aspx](http://www.dhanbank.com/investor_relations/inv_stat_policy.aspx).

### 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 Performance evaluation for the Independent Directors and the Board for the FY 2023-2024 was done during FY 2024-2025. A meeting of the Independent Directors held during Financial Year 2023-2024, conducted the Evaluation of the Board / Committees / Directors. 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

### Changes in Key Managerial Personnel (KMP)

There were no changes in Key Managerial Personnel (KMP) in the financial year 2023-24.

Sri Ajith Kumar K.K. took charge as Managing Director & CEO of the Bank for a period of three years from the opening of working hours on June 20, 2024, in place of Sri Shivan J.K.

### **Secretarial Auditors and Secretarial Audit Report**

Pursuant to Section 204 of the Companies Act, 2013, the Board of Directors of the Bank appointed M/s. V. Suresh Associates, Practicing Company Secretaries, Chennai as the Secretarial Auditors to conduct the Secretarial Audit of the Bank for the financial year 2023-24. 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 2023-24 does not contain any qualification.

### **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

### **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.

### **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/investor\\_relations/inv\\_financials.aspx](https://www.dhanbank.com/investor_relations/inv_financials.aspx).

### **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 [www.dhanbank.com/investor\\_relations/inv\\_stat\\_policy.aspx](http://www.dhanbank.com/investor_relations/inv_stat_policy.aspx).

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 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.

### **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, 2024 and the date of Directors' Report, i.e., September 05, 2024.

### **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 2023-24, three cases (with gross value of ₹43.64 Crore) against corporate debtors and five cases (with gross value of ₹37.83 Crore) against individual guarantors of the corporate debtors.

### **Deposits**

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

subsection (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 except as disclosed in the Secretarial Audit Report. 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.

#### **Corporate Social Responsibility**

The regulatory provisions relating to the Corporate Social Responsibility are not applicable to the Bank for the financial year ended March 31, 2024.

#### **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, 2024, 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 2023-24 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, 2024 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

#### **Business Responsibility Report**

The regulatory provisions relating to the Business Responsibility Reporting are not applicable to the Bank for the financial year ended March 31, 2024

#### **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. Krishnamoorthy & Krishnamoorthy, Chartered Accountants, Ernakulam and M/s. Sagar & Associates, Chartered Accountants, Hyderabad, Joint Statutory Central Auditors of the Bank, and M/s. V. Suresh Associates, Practising Company Secretaries, Chennai, who are 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 : September 05, 2024



## Annexure to Directors' Report for the year ended March 31, 2024

### 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 2023-24
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 - 6. 78: 1 We have paid ₹78.00 lakhs (includes variable pay of ₹24.00 lakhs for FY 2021-22)
II	The percentage increase in remuneration of each director, CFO, CEO, CS in financial year	<b>MD &amp; CEO</b>
		Sri Shivan J. K. 44.44%*
		<b>Chief Financial Officer</b>
		Ms. Kavitha T. A. 5.64%
		<b>Company Secretary &amp; Secretary to the Board</b>
Sri Venkatesh H. 16.22%		
III	The percentage increase in the median remuneration of employees in the financial year	9.81%
IV	The number of permanent employees on the rolls of the Bank	1686
V	Average percentile increase 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	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 2024. The percentage increase in remuneration is only due to the normal annual increments, changes in IBA pay scales and increase in dearness allowance.
2. Remuneration of MD and CEO is regulated by RBI guidelines.

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**For the Financial Year 2023-24**

[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**

We 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 Bank)**. Secretarial Audit was conducted in a manner that provided to us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **DHANLAXMI BANK LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India. We hereby report that in our opinion, the Bank has, during the audit period covering the financial year ended 31<sup>st</sup> March 2024, complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. DHANLAXMI BANK LIMITED** ("the Bank") for the financial year ended on 31<sup>st</sup> March 2024 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 there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – **(Not applicable to the Bank during the audit period)**
- (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 amendments from time to time; **(Not applicable to the Bank during the audit period)**
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not applicable to the Bank during the audit period)**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021; **(Not applicable to the Bank during the audit period)**.
  - (f) 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; **(Not applicable)**.
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Bank during the audit period)**.
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2021; **(Not applicable to the Bank during the audit period)**.

Other Laws specifically applicable to this Bank is as follows:

- (vi) The Reserve Bank of India Act, 1934
- (vi) The Banking Regulation Act, 1949

- (vii) The Banking Companies Regulation (Companies Rules), 1949
- (viii) The Banking Companies (Period of preservation of Records) Rules, 1985
- (ix) Prevention of Money Laundering Act, 2002
- (x) Credit Information Companies (Regulation) Act, 2005
- (xi) The Deposit Insurance and Credit Guarantee Corporation Act, 1961
- (xii) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments from time to time.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to 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.

Majority decision is carried through while the dissenting member's views are captured and recorded as part of the minutes.

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

**For V Suresh Associates**  
Practising Company Secretaries

**V Suresh**  
Senior Partner  
FCS No.: 2969  
C.P.No.: 6032  
Peer Review Cert. No.: 667/2020  
UDIN: F002969F001140336

Place : Chennai  
Date : September 05,2024



## ANNEXURE TO SECRETARIAL AUDIT REPORT

To,  
The Members  
**Dhanlaxmi Bank Limited**

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

1. Maintenance of secretarial records is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We 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. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. Where ever required, we 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. Our examination was limited to the verification of procedures on test basis.
6. Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

**For V Suresh Associates**  
Practising Company Secretaries

Place : Chennai  
Date : September 05,2024

**V Suresh**  
Senior Partner  
FCS No.: 2969  
C.P.No.: 6032  
Peer Review Cert. No.: 667/2020  
UDIN: F002969F001140336

# Management Discussion and Analysis Report

## 1. Global Economy

The global economy had to tread a complex landscape in the financial year 2023-24 but remains resilient with steady growth. The economy was slowly starting to recover from the effects of COVID-19, Russia-Ukraine war started, resulting in rising inflation. At first there were fears of a global recession, but as of now, it seems that most countries have fared better than first feared, and consumer confidence has been increasing. However, Hamas' attack on Israel in October 2023 and the resulting war in Gaza has further spurred global uncertainties, and attacks by the Houthis militia based in Yemen on ships travelling through the Red Sea has disrupted international trade routes. Global economy went through supply chain disruptions in the aftermath of the pandemic, an energy and food crisis triggered by Russia- Ukraine war, a considerable surge in inflation, followed by a globally synchronised monetary policy tightening.

**Recovery from Pandemic:** The global economy is expected to continue its recovery from the COVID-19 pandemic, with growth rates varying across regions.

**Inflation Concerns:** Rising inflation rates, particularly in the US and Europe, had impact on consumer spending and business investment. Policy tightening to reduce inflation is expected to cool economic activity going forward.

**Trade Tensions:** The global economy faces challenges such as escalating trade tensions, increased policy uncertainty, and the impact of different wars across globe. Ongoing trade tensions between major economies, such as the US-China trade war had effect on global trade flows.

**Digital Transformation:** The acceleration of digital transformation across industries has driven productivity growth and innovation.

**Sustainability and Climate Change:** Growing focus on sustainability and climate change lead to increased investments in renewable energy and green technologies.

**Regional divergences:** Regional divergences in growth prospects pose a challenge to returning to pre-pandemic output trends.

**Geopolitical instability:** Geopolitical instability and conflicts are cited as a top threat to economic growth.

The global economy is growing at a rate of 3.2 percent in 2024, which is in line with the projected forecast. The global economy is expected to be marked by a mix of growth

opportunities and challenges. Businesses and investors must remain vigilant and adapt to the evolving landscape to navigate these complexities successfully. Understanding the global economy is crucial for businesses, policy makers and individuals to make informed decisions and navigate the complexities of international economic interactions.

## 2. Indian Economy

Indian economy is a mixed economy with a combination of government owned and private businesses. It is the fifth-largest economy in the world, with a GDP of over \$3.94 trillion with a growth rate of over 7%.

India's economy is driven by several key sectors, including Service sector which includes industries such as IT, business process outsourcing, and tourism, which account for over 50% of India's GDP, Agriculture Sector, employing over 50% of the workforce and contributing around 15% to GDP, Manufacturing Sector, with a focus on industries such as textiles, automobiles, and pharmaceuticals and Infrastructure sector, including transportation networks, energy systems and telecommunications.

**Economic Recovery:** India's economy is expected to continue its recovery from the COVID-19 pandemic. Strong domestic demand for consumption and investment, along with government emphasis on capital expenditure, are seen as key drivers of GDP growth.

**Inflation Risks:** Rising inflation, particularly in food and energy prices, may impact consumer spending and business margins.

**Fiscal Discipline:** The government is likely to maintain its focus on fiscal discipline, with an emphasis on reducing the fiscal deficit. Escalating trade wars and protectionism may affect India's export-oriented sectors.

**Monetary Policy:** The Reserve Bank of India (RBI) adopted a cautious approach to monetary policy, balancing growth concerns with inflation risks.

**Digital India:** The government's push for digitalization is expected to continue, driving growth in sectors like fintech, e-commerce, and IT and is expected to support economic growth.

**Sustainable Development:** India is likely to emphasize sustainable development, with a focus on renewable energy, green infrastructure, and climate change mitigation.

The Indian economy is anticipated to grow consistently with around 7 % growth rates in the coming years. This growth trend is attributed to stable and robust domestic demand, expanding private consumption and investments and structural reforms.

### 3. Kerala Economy:

Kerala's economy is a significant contributor to India's GDP and is known for its high human development indices. Here's an overview of the state's economy:

**Service Sector:** Kerala's services sector is the largest contributor to its GDP, with a focus on tourism, IT and ITES, Healthcare and Education.

**Agriculture Sector:** Agriculture is a significant sector in Kerala, with a focus on Spices, Tea, Coffee, Rubber and Coconut.

**Infrastructure Sector:** Kerala has invested heavily in infrastructure development, including Transportation, Energy and Telecommunications. Kerala's start-up ecosystem is expected to flourish, driven by government initiatives and a growing pool of entrepreneurs.

Overall, Kerala's economy is diverse and has potential for growth, but the state needs to address its fiscal stress, dependence on remittances, and climate change vulnerabilities to ensure sustainable growth.

**Fiscal Stress:** Kerala's high debt-to-GDP ratio and revenue expenditure may impact its fiscal health.

**Dependence on Remittances:** The state's economy is significantly dependent on remittances from the Middle East, which may be affected by global economic uncertainties.

**Climate Change:** Kerala is vulnerable to climate change, which may impact its agricultural productivity and infrastructure.

The Gross State Domestic Product (GSDP) of Kerala for 2024-25 is projected to grow at 11.7% over 2023-24. The government of Kerala has announced Amnesty 2024 Scheme to resolve tax arrears related to transactions conducted before implementation of GST. Under this scheme, arrears with tax amounts up to ₹50,000 will be fully waived off, and for larger amounts, a proportion of the total arrears will be waived off. A new project to enhance the climate resilience of agriculture value chains named Kerala Climate Resilient Agri Value Chain Modernisation Project will be launched with assistance from the World Bank and is estimated to spend ₹2,365 Crore on the project over five years.

### 4. 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.

### 5. Financial Performance of Bank

The Bank declared a net profit of ₹57.82 Crore for the year ended March 31, 2024 as against ₹49.36 Crore during the previous year. Total business of the Bank as on 31.03.2024 stood at ₹24687.21 Crore as against ₹23205.38 Crore as on 31.03.2023. The total deposits of the Bank stood at ₹14290.31 Crore and gross advance stood at ₹10396.90 Crore as on 31.03.2024. Gross NPA and Net NPA percentage stood at 4.05% and 1.25% respectively in the current year against 5.19% and 1.16 % respectively in the previous year. CRAR as on 31<sup>st</sup> March, 2024 was at 12.71% against 12.32% as on 31<sup>st</sup> March, 2023. Book Value of the Shares as on March 31, 2024 improved to ₹40.70 from ₹37.99 as on 31<sup>st</sup> March, 2023.

In terms of compliance with the SEBI (Listing Obligations & Disclosure Requirements) (Amendment) Regulations 2018, following ratios have changed by more than 25%, as per details given below :

Ratios	Mar-24	Mar-23	Variance In %
Operating Profit Margin (Note 1)	5.09%	10.75%	-52.65%
Operating Profit as a percentage to Working Funds (%) (Note 1)	0.43%	0.82%	-47.56%
Debt Equity Ratio (in times) (Note 2)	Nil	0.21	-100%
Non-interest income as a percentage to Working Funds (%) (Note 3)	0.95%	0.50%	90%
Return on Net worth (Note 4)	7.13%	6.83%	4.39%

#### Notes:

- Operating Profit Margin and Operating Profit as a percentage to Working Funds : Even though the total income registered a growth of 18.66% (from ₹1145.75 Crore in FY 2023 to ₹1359.55 Crore in FY 24), Operating profit reduced from ₹123.20 Crore in FY 2023 to ₹69.26 Crore in FY 2024. Reduction in Operating profit is mainly due to decline in Net



Interest Income from ₹475.76 Crore in FY 2023 to ₹458.45 Crore in FY 2024 and increase in Operating Expenses from ₹427.07 Crore in FY 2023 to ₹541.75 Crore in FY 2024.

2. Debt Equity Ratio: The Tier 2 Bonds of ₹150 Crore is maturing on March 29, 2025. Hence, there was no debt with residual maturity of more than one year as on 31st March 2024 and the ratio is Nil as on that date.
3. Non-interest income registered growth of 104.75% (increased from ₹74.51 Crore in FY 2023 to ₹152.56 Crore in FY 2024). Major components of this increase are recovery from written off accounts and write back of depreciation accounted on trading book of investment portfolio.
4. As per SEBI (LODR) (Amendment) Regulations 2018, details of any change in Return on Net Worth as compared to the immediately previous financial year along with a detailed explanation has to be disclosed. Return on net worth has increased due to increase in Net Profit from ₹49.36 Crore in FY 2023 to ₹57.82 Crore in FY 2024.

#### 5. 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.

Our strategic themes 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: -

The 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, the Bank would focus on following to improve profitability and there by stakeholder value.

- Focusing on retail and MSME 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

Different functions of Bank are as follows:

#### Business Development and Planning

Business Development and Planning function plays a crucial role in driving growth, expanding market presence, and ensuring strategic alignment with organizational goals.

Bank conducts thorough market analysis to identify opportunities for growth. By studying customer needs, competitor strategies, and industry trends. The Bank develops comprehensive business strategies to capitalize on emerging opportunities.

Bank drives innovation by identifying gaps in the market and conceptualizing new financial products and services that meet customer demands and enhance competitiveness. Forming

strategic partnerships and alliances with other businesses, fintech firms, and service providers is key to expanding service offerings and reaching new customer segments. The department negotiates and manages these relationships to maximize mutual benefits.

Bank monitors sales performance, identifies opportunities for upselling and cross-selling, and implements measures to achieve revenue targets. Developing effective sales strategies and campaigns to promote banking products and services is a core responsibility. While pursuing growth opportunities, the department conducts rigorous risk assessments to mitigate potential threats and maintain regulatory compliance.

Bank prepares and manages budgets aligned with business objectives working closely with finance teams and monitor financial performance, analyse variances, and adjust strategies as needed to ensure financial 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.

Bank has associated 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 327 Financial Literacy awareness campaigns during the financial year 2023-24, to provide basic banking knowledge to people across various parts of the Society.

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. Bank is also actively involved in promoting the Sovereign Gold Bond Scheme of Government of India. 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, 2024, Bank has opened 30156 PMJDY accounts

Bank has received Award of Excellence in APY "Mission Upgrade FY 2023-24" Campaign.

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.

The Bank has opened 158854 BSBD accounts as on March 31, 2024 with an outstanding balance of ₹66.47 Crore.

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

Bank has established healthy business network with strong, viable and sustainable Non-Governmental Organisation (NGOs) to provide micro credit for economically weaker strata, especially women. The association enables the Bank to create a profitable lending platform with wide outreach and acceptance. As on March 31, 2024, the Bank had 685 JLG loans with outstanding of ₹9.03 Crore and 14799 SHG loans with outstanding of ₹753.08 Crore.

### 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

A comprehensive Credit Policy has been put in place in the Bank with the following broad objectives:

- Onboard and maintain quality loan assets of acceptable risk profile.
- Secure adequate return on the assets.
- Achieve proper sectoral/geographical distribution of assets.
- Comply with regulatory norms in respect of exposure caps, IRAC guidelines, targeted credit etc.
- Ensure transparency in the process of sanctions.

Bank is adopting a careful assessment of risk-return trade-off, which is critical to its success. Industry best practices is ensured at all levels of processing. Bank is committed to meet its social responsibility goals. The bank aims to be a banking partner to its clients in providing sustainable competitive advantage in the medium to long term. Further, in a rapidly changing environment, need for responding promptly to emerging market trends and opportunities is also emphasized.

### Credit Administration & Monitoring

In order to ensure safety and quality of credit portfolio, Credit Administration & Monitoring function plays a key role in the post sanction credit process such as, timely and orderly dispensation of credit, security creation, account management, monitoring the conduct of the assets, ensuring quality of asset portfolio, safeguarding securities charged to the Bank, reporting of

irregularities and adherence to terms of sanction through continuous liaison with the branches. Remedial measures are taken proactively to prevent slippages. All Management Information systems are in place and the data automation and tools are deployed. There was a significant reduction in the SMA position of the Bank as on 31.03.2024 compared to the previous financial year FY 2022-23. The total SMA of the Bank reduced from ₹223.54 Crore to ₹177.04 Crore marking a reduction of 20.80%.

### Non-Performing Assets Management

During the financial year, the Bank has made notable progress in managing its Non-Performing Assets. The Bank's Board-approved Recovery Policy, which was updated to align with changing economic conditions and regulatory requirements. Due to the strategic efforts taken, the Gross NPA was reduced from ₹511.15 Crore on March 31, 2023 to ₹421.21 Crore by March 31, 2024. This progress is also reflected in the Gross NPA ratio, which improved from 5.19% to 4.05%. The Bank's total cash recovery for the year was ₹183.35 Crore, which included ₹34.80 Crore from written-off accounts and ₹148.55 Crore from NPAs in books. Of the amount recovered from NPAs, ₹86.10 Crore was appropriated towards Gross NPA, while ₹62.45 Crore was allocated towards charges and interest income. The Bank's focused efforts on recovery and proactive measures to limit new NPAs have established a strong foundation for managing NPAs in the future. This positive trend underscores the Bank's commitment to sound financial practices and effective risk management.

### Finance & Accounts

Finance and Accounts function is responsible for compliance with accounting and financial standards, consolidation of financial data and preparation of Profit & Loss Account and Balance Sheet of the Bank. Bank follows centralised booking of expenditure. The expenses are booked after ensuring that the same is within the Board approved delegation of financial powers entrusted to various functionaries.

### Treasury

The Bank's gross Investment portfolio as on 31 March 2024 was ₹4,095.07 Crore consisting of ₹3455.67 Crore SLR instruments and ₹639.40 Crore non SLR instruments. In domestic treasury operation, the yield of investment portfolio was 7.19 %. During the year ended 31.03.2024, investments for Face Value of ₹75.00 Crore were sold from Held to Maturity (HTM) category, booking a profit of ₹0.35 Crore. Due to adverse market condition, Treasury booked a trading loss of ₹2.29 Crore during the Financial Year. Aggregate profit for Treasury for the financial year was ₹33.64 Crore.

### Infrastructure Management

Infrastructure function 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 2023-24 are as follows:

- Eight new branches were opened at various locations during the financial year.
- Shifted 14 branches to new premises, bringing more facility and visibility to branches.
- Entire branch Refurbishment undertaken in 11 branches to have more convenience for employees and customers.
- "Swachhata Drive 2023" undertaken during October to December 2023 towards cleanliness drive and upkeep of premises with active participation of all branches.

## Operations

Operations function ensures better efficiencies, control and integrity of data, bank with following sub-functions:

### 1. Cash Management and Currency Chests

Manages Cash at Branches and Currency Chests by maintaining at adequate levels.

### 2. Regional Processing Centers

Gives regional level support in account opening and cheque truncation to branches.

### 3. Central Processing Centre

Manages electronic Payments & Settlements like RTGS, NEFT, NACH, DBT, Account opening for both liabilities and asset products.

### 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 branches, Circulars/ SOPs/Desk Cards / Learning series, etc are issued on 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 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 is functioning 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

We are currently living in a time where the technology advancements have completely transformed our financial journey. The banks advancements in state-of-the-art technologies and IT infrastructure have allowed us to deliver safe customer interactions, streamline our operations and adapt to the changing digital environment.

Throughout the year the Bank has made strides in enhancing its banking strategy with a strong emphasis, on modernizing its core functions, redesigning customer experiences and forming collaborations, within various ecosystems. The key highlights include the launch of digital pathways for microlending, integrations with government payment platforms and various other digital platforms.

With the enhancements in digital platforms such as internet banking, mobile banking, banking services become more convenient, accessible, and secure to deliver a world-class

service to our customers. The volume of digital transactions of the Bank scaled to 80.77% of the total transactions during the FY 2023-24.

We have migrated a large number of paper-based services to digital at the corporate office through our online platform to minimise the paper usage and reduce the manual efforts. The introduction of digital services has notably reduced turnaround times and streamlined documentation processes, resulting in increased customer satisfaction.

Proactive measures using analytics have been adopted to increase operational effectiveness and efficiency. This involves the deployment of several dashboards— in addition to the automation of manual workflows— as well as improvements to digital products that allow real-time tracking of key business statistics.

Awards & Recognitions on Technology front:

- **'Mobility Mavens by Samsung'** at the CIO 100 Symposium and Awards 2023.
- **'India's most agile Chief Digital Officer -2023'** for pioneering agile transformation in the Bank, organized by M/s. Saphire Connect.
- **'Disruptive 100 Awards 2023'** for disrupting the Status Quo to achieve Technology Excellence and Business Leadership with transformative, innovative projects in 2023 presented by M/s FOUNDRY, India

Key Initiatives Implemented in FY 2023-24; Continuing our commitment to optimize business growth and delivering industry-leading services to our valued customers, the Bank has introduced a variety of products and services in the financial year 2023-24, as detailed below:

- Credit card activation through Mobile Banking and Retail Net Banking, which allows customers to activate their newly issued credit cards quickly and securely.
- Enabled the Credit card Green PIN activation in mobile banking and retail net banking.
- Revamped Corporate Internet Banking application launched with new features and enhanced security.
- IMPS credit to NRE account has been enabled.
- New payment gateways enabled in Corporate Net banking.
- The loan module is enabled for Corporate Internet Banking customers.
- A facility to raise dispute related to online transaction is enabled in Net Banking and Mobile Banking and Bank's website.
- Infrastructure of UPI Application has been upgraded to ensure high redundancy, reliability and scalability.

- Adaptive Authentication is implemented in Retail Internet Banking and Mobile Banking for initiating and processing secure financial transaction.
- Bank has entered into a strategic partnership with fintech companies for Micro Lending, Operations Management and Technology Services under priority sector lending. (Implementation of automated micro loan disbursement system)
- Bank has integrated into the Centralised Web Portal, UDGM (Unclaimed Deposits – Gateway to Access information) to search the unclaimed deposits for the customers. We were one among the seven banks associated with the regulator for implementing this facility to the general public.
- Bank has been authorized by Reserve Bank of India, for collection of Direct and Indirect Taxes, on behalf of CBDT and CBIC. Bank has extended the online customs duty payment and indirect tax payment in the retail and corporate net banking during this financial year.
- Centralized Information Management Systems (CIMS) – a platform for statutory report submission to RBI.
- Digidocs – A paperless Correspondence Management Solution
- New Customer Care Management Software - CCMS Plus, developed Inhouse
- UPI sound box integration for QR code merchants
- Introduction of OTP based credit card user activation
- Inhouse application for Kissan Credit Card Claim data submission to the Ministry of Agriculture
- Upgrade of EBRC (Electronic Bank Realization Certificate) application. Enabled direct transmission of Inward/Outward remittance messages in DGFT [Director General of Foreign Trade] portal.

#### Alternate Channels

- The revamped handset of MICRO ATM solution was launched.
- International facility in the RuPay variant card was introduced. Two new card variants were launched - RuPay Classic International DI debit card and RuPay Platinum International DI debit card
- 3D Secure 2.0 (3DS 2.0) for VISA debit cards, the latest update of the 3D Secure authentication protocol, which is a security protocol that enables merchants to safeguard online transactions, as well as comply with the EU Revised Directive on Payment Services' (PSD2) strong customer authentication standard.
- URL Redirection 2.0 in BEPG (Bharath e- Payment Gateway) for E-Commerce transactions using RuPay cards -enables enhanced transaction security and superior customer

experience and supports sending the merchant's name and amount to cardholder in the OTP notification

- "Sound Box" providing Audio confirmation for UPI QR payments Introduced.
- 17 ATM's relocated as part of the branch shifting.
- 3 offsite ATM's closed and moved as onsite ATM to reduce the cost.
- 10 new ATM's installed along with new branch openings.

### 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 experience, during the current fiscal, Bank has introduced value-added services which includes complimentary airport lounge access, additional reward points during festival seasons, exclusive offers by joining with renowned hospitality chains and attractive EMI options. A robust credit card management system with international standards is put in place for the Bank's credit card operations.

### 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 year, following measures are implemented to strengthen our cybersecurity posture, including:

- Conducting regular vulnerability assessments and penetration testing to identify and remediate potential security risk
- 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, Bank has formulated Cyber Security Policy, Information Security Policy, Digital Payment Security Policy, Business Continuity 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. The Bank was certified with ISO/IEC 27001:2013, for Information Security Management System. This certification is the

assurance that our Bank is in line with the cyber security standards.

Bank has also established a robust incident response plan to ensure prompt and effective response to any security incidents. 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.

### 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. External training has been provided to all internal auditors and audit staff in premium training institute such as Southern India Bank Staff Training College.

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

Vigilance function of the Bank aims to attain high levels 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 2023**

In connection with the observance of Vigilance Awareness Week 2023, Bank had initiated various activities to create awareness among staff members as well as general Public. Our bank has started observing Vigilance Awareness Week from this year onwards, with an integrity pledge taken by all the staff members at Head office, Regional offices & branches on 30.10.2023, on the same day itself our Bank in association with Vigilance Forum of Kerala based Banks had successfully organised an Essay writing competition on the theme "Say No to corruption, commit to the Nation". Students from leading colleges in Thrissur district have participated and winners were rewarded.

On 03.11.2023, Vigilance Dept. had conducted valedictory function on the theme "Say no to Corruption, commit to the Nation" at our Corporate Office and Mr. P A Mohammed Arif (Superintendent of Police & Asst. Director Kerala Police Academy, Thrissur) was invited as Chief Guest who had given the key note address during the function.

The Vigilance Forum of Kerala based Banks (Dhanlaxmi Bank, South Indian Bank, CSB, Federal Bank & ESAF Small Finance Bank) had organised a seminar on the theme "Say No to corruption, commit to the Nation" on 04.11.2023 and event was inaugurated by MD & CEO of Dhanlaxmi Bank. The chief guest of the function Dr. Alexander Jacob, retired IPS officer had given a lecture on the theme and explained how corruption free society will help us to build a strong economy and development in the country. On the last day of Vigilance Awareness Week, the Vigilance forum of Kerala based Banks had successfully conducted a walkathon on 05.11.2023 at Thrissur Swaraj Round, there was an

overwhelming participation from all the member Banks and more than 300 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 function 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 to 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.

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

Bank's Know Your Customer (KYC) and Anti Money Laundering (AML) Policy and its guidelines are based on the RBI Master Direction on KYC, Prevention of Money Laundering Act (PMLA) 2002 and PMLA Rules of FIU\_INDIA (Financial Intelligence Unit under Ministry of Finance) which was mainly recommended by Financial Action Task Force (FATF), an intergovernmental organization founded in 1989 on the initiative of the G7 Countries to develop policies to combat money laundering and has advised banks to follow certain customer identification procedure for opening of accounts and monitoring transactions of suspicious nature for the purpose of reporting it to appropriate authority.

The AML function assesses customers' identities and financial activities to detect suspicious behavior that might indicate money laundering or other illicit financial activities. This assessment is based on various factors, including the nature of transactions. Bank has implemented a well-defined AML application to analyze transaction data and identify any potentially suspicious patterns or activities.

By diligently implementing AML measures, the Bank fulfils its responsibilities under the Prevention of Money Laundering Act, a



legal framework to combat money laundering and related financial crimes.

### **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 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. 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. 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.

**Fraud Risk Management:** Bank has deployed EFRM (Enterprise Fraud Risk Management) Solutions. The 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 or through our Customer Care/Branches or through National Cyber Crime Reporting Portal (NCCRP Portal

by MHA), by escalating it with the Beneficiary Bank/Merchants to block/refund the amount.

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 helps to ensure the effective monitoring and co-ordination of the compliance functions in the Bank. The policy is reviewed periodically and suitable changes are made to fall 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 branches/ 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 thematic reviews. 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**

The Bank's employee strength was 1686 as on March 31, 2024 against 1767 as on March 31, 2023. Bank had recruited 12 employees in the FY 2023-24.

During the year, 1672 employees were trained through 253 programs. Bank has imparted special thrust on Credit, Information Security & Cyber Security, Compliance, Preventive Vigilance, Fraud Awareness, Digital Banking, Trade Finance, Selling Skills and other programs related to regulatory guidelines.

### **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. The regulatory provisions relating to the Corporate Social Responsibility are not applicable to the Bank for the financial year ended March 31, 2024.

# 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 September 05, 2024)

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, the category of each Director, the sector represented by them according to the Banking Regulation Act, 1949 and the equity shares held by each Director in the Bank as on March 31, 2024 are given below:

S. No.	Name of Director	Category of Director	Sector represented by the Director according to the Banking Regulation Act, 1949
1.	Sri K.N. Madhusoodanan	Chairman & Non-Executive Independent Director	Agriculture & Rural economy
2.	Sri Shivan J.K.*	Managing Director & CEO	Banking
3.	Sri G. Rajagopalan Nair	Non-Executive Independent Director	Information Technology
4.	Sri Sreesankar Radhakrishnan	Non-Executive Independent Director	Minority
5.	Dr. Nirmala Padmanabhan	Non-Executive Independent Director	Economics
6.	Ms. Vardhini Kalyanaraman	Non-Executive Independent Director	Accountancy
7	Sri D.K. Kashyap	RBI Additional Director	NA
8	Sri C. Nageswara Rao	RBI Additional Director	NA

\*Shri Ajith Kumar K.K. took charge as Managing Director & CEO of the Bank w.e.f. June 20, 2024 in place of Shri Shivan J.K.

The Board of Directors of the Bank as on March 31, 2024 had 8 Directors comprising of the Chairman, Managing Director & CEO, 4 non-executive Independent Directors and 2 Additional Directors appointed by the Reserve Bank of India under Section 36AB of the Banking Regulation Act, 1949. As on the date of this Report, the Board has 9 Directors with Chairman, Managing Director & CEO, 4 non-executive Independent Directors, 1 non-executive non-independent Director and 2 Additional Directors appointed by the Reserve Bank of India. 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.

As on the date of this report, Sri K.N. Madhusoodanan, Chairman holds 511360 equity shares of the Bank (0.20%) and M/s. Mavanal Granites Private Limited, where he is the promoter as well as Managing Director, holds 433210 equity shares of the Bank (0.17%). Dr. Jineesh Nath C.K. holds 18970000 equity shares of the Bank (7.49%). No other Director holds any shares in the Bank as on date of this report. None of the Directors hold directorship in any other listed/public limited companies. Further, 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. 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 2023-24 on 01.04.2023, 17.05.2023, 22.05.2023, 26.05.2023, 06.06.2023, 31.07.2023, 04.09.2023, 05.09.2023, 29.09.2023, 27.10.2023, 09.11.2023, 12.12.2023, 21.12.2023, 30.12.2023, 02.02.2024, 22.03.2024 and 26.03.2024.

The details of attendance of each Director at the Board meetings and at the last Annual General Meeting (AGM) held on September 30, 2023 are as follows:

S. No.	Name of Director	No of Board Meetings		Attendance at last AGM
		Held during the Tenure	Attended	
1.	Sri K.N. Madhusoodanan	17	15	Present
2.	Sri Gopinathan C.K.*	11	11	Present
3.	Sri Shivan J.K.	17	17	Present
4.	Sri G. Rajagopalan Nair	17	17	Present
6.	Sri Sreesankar Radhakrishnan	17	17	Present
7.	Dr. Nirmala Padmanabhan	17	17	Present
8.	Ms. Vardhini Kalyanaraman	17	17	Present
9.	Sri D.K. Kashyap, RBI Additional Director	17	14	NA
10.	Sri C. Nageswara Rao, RBI Additional Director#	6	6	NA
11.	Sri Yarasi Jayakumar, RBI Additional Director#	11	8	NA
12.	Sri Sridhar Kalyanasundaram\$	8	8	NA

\* Expired on November 27, 2023

# Shri C. Nageswara Rao was appointed by RBI as Additional Director on the Board w.e.f. November 18, 2023 in place of Shri Yarasi Jayakumar

\$ Resigned from the Board w.e.f. September 16, 2023

## Change in Directors during the year 2023-2024

1. Shri K.N. Madhusoodanan, Independent Director took charge as Non-Executive Chairman of the Bank for a period of three years with effect from September 26, 2023, subsequent to the recommendation of the Board of Directors and the approval of Reserve Bank of India vide letter dated September 26, 2023.
2. Your Board of Directors regrets to inform about the sad demise of Sri Gopinathan C.K., Non-Independent Director of the Bank on November 27, 2023, who was on the Board of the Bank w.e.f. August 11, 2016. He was also one of the Major Shareholders of the Bank.
3. The term of office of Sri Shivan J.K. as the Managing Director & CEO of the Bank concluded on January 29, 2024. The Board of Directors of the Bank approved a panel of candidates for the position of the MD&CEO of the Bank for submission to Reserve Bank of India. The recommendation of the Board for extending the term of Sri Shivan J.K. as Managing Director & CEO of the Bank till his successor assumed the office was approved by the Reserve Bank of India. The term of office of Sri Shivan J.K. as the Managing Director & CEO of the Bank concluded on June 19, 2024.
4. The Board of Directors appointed Sri Ajith Kumar K.K. as Managing Director & CEO of the Bank for a period of three years, after obtaining prior approval of Reserve Bank of India, from the opening of working hours on June 20, 2024. He took charge as Managing Director & CEO w.e.f. June 20, 2024. In accordance with the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2025, his appointment has been placed for approval of the Members of the Bank through a Postal Ballot, the voting on which has commenced on August 19, 2024 and will close on September 17, 2024.
5. The Shareholders of the Bank approved the appointment of Ms. Vardhini Kalyanaraman, Additional Director on the Board of the Bank w.e.f. February 21, 2023, as Independent Director of the Bank for a period of five years with effect from May 19, 2023.
6. Sri Sridhar Kalyanasundaram, Independent Director resigned from the Board w.e.f. September 16, 2023. The letter of resignation of Sri Sridhar Kalyanasundaram, detailing his reasons for the resignation, was filed by the Bank with the Stock Exchanges on September 17, 2023 and is also available on the Bank's website in the link <https://www.dhanbank.com/pdf/Resignation-of-Director-mr-sridhar-k.pdf>.
7. In exercise of the powers conferred under Section 36AB (1) of the Banking Regulation Act, 1949, Reserve Bank of India appointed Sri C. Nageswara Rao as Additional Director on the Board of the Bank, in place of Shri Yarasi Jayakumar, for a period of two years from November 18, 2023 to November 17, 2025 or till further orders, whichever is earlier.
8. Dr. Jineesh Nath C.K. was appointed as Additional Director on the Board of the Bank w.e.f. July 31, 2024 and his appointment is being placed for the approval of the Members of the Bank in this Annual General Meeting. He is also a Major Shareholder of the Bank and holds 18970000 equity shares of the Bank (7.49%) as on the date of this Report.



**Committee position of Directors in the Bank as on March 31, 2024**

S. No.	Name of Director	Chairman	Member
1.	Sri K.N. Madhusoodanan	<ul style="list-style-type: none"> <li>Large Value Fraud Monitoring</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> <li>Equity Issuance Committee</li> </ul>
2.	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>Large Value Fraud Monitoring Committee</li> <li>Risk Management Committee</li> <li>Nomination &amp; Remuneration Committee</li> <li>Equity Issuance Committee</li> <li>NPA Monitoring Committee</li> </ul>
3.	Sri Shivan J.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>Large Value Fraud Monitoring Committee</li> <li>NPA Monitoring Committee</li> <li>Risk Management Committee</li> <li>HRD Committee</li> <li>Stakeholders' Relationship Committee</li> <li>Corporate Social Responsibility Committee</li> <li>Customer Service Committee</li> <li>IT Strategy Committee</li> <li>Equity Issuance Committee</li> </ul>
4.	Sri Sreesankar Radhakrishnan	<ul style="list-style-type: none"> <li>Audit Committee</li> </ul>	<ul style="list-style-type: none"> <li>Large Value Fraud Monitoring Committee</li> <li>NPA Monitoring Committee</li> <li>Risk Management Committee</li> <li>Customer Service Committee</li> <li>Nomination &amp; Remuneration Committee</li> <li>Redressal Committee on Willful Defaulters&amp; Review Committee on Non-Cooperative Borrowers</li> <li>Equity Issuance 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> <li>Equity Issuance 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>Large Value Fraud Monitoring Committee</li> <li>NPA Monitoring Committee</li> <li>Stakeholders' Relationship CommitteeIT Strategy Committee</li> <li>Redressal Committee on Willful Defaulters&amp; Review Committee on Non-Cooperative Borrowers</li> <li>Equity Issuance Committee</li> </ul>
7.	Sri D.K Kashyap, RBI Additional Director	----	<ul style="list-style-type: none"> <li>Audit Committee</li> </ul>
8.	Sri C. Nageswara Rao, RBI Additional Director	----	<ul style="list-style-type: none"> <li>Audit Committee</li> </ul>

None of the Directors hold directorship in any other listed / public limited companies. 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.

Further, none of the Directors of the Bank are related inter-se, in terms of Section 2(77) of the Companies Act, 2013 and the rules made thereunder.

### **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 were 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, as on March 31, 2024, in terms of Section 10A(2)(a) of the Banking Regulation Act, 1949, were as follows:

S. No.	Name of Director	Skills/expertise/competencies
1.	Sri K.N. Madhusoodanan	Agriculture & Rural economy
2.	Sri Shivan J.K.	Banking and Agriculture & Rural Economy
3.	Sri G. Rajagopalan Nair	Information Technology & Risk Management
4.	Dr. Nirmala Padmanabhan	Economics
5.	Ms. Vardhini Kalyanaraman	Accountancy

As on the date of this Report, the details of the skills/expertise/competencies possessed by the Directors, in terms of Section 10A(2)(a) of the Banking Regulation Act, 1949, were as follows:

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

## **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, 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, 2024 and the number / dates of meetings of various Committees in the financial year 2023-24 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, 2024**

- Sri Sreesankar Radhakrishnan, Chairperson of the Committee

- Sri G. Rajagopalan Nair, Member of the Committee
- Ms. Vardhini Kalyanaraman, Member of the Committee
- Sri D.K. Kashyap, Member of the Committee
- Sri C. Nageswara Rao, Member 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;
  - 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 11 times during the year on 17.05.2023, 22.05.2023, 26.05.2023, 31.07.2023, 04.09.2023, 05.09.2023, 09.11.2023, 18.12.2023, 02.02.2024, 11.03.2024 and 19.03.2024

**(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 Sreesankar Radhakrishnan, Chairperson of the Committee	11	11
2.	Sri G. Rajagopalan Nair	11	11
3.	Sri D.K. Kashyap	11	6
4.	Ms. Vardhini Kalyanaraman (Inducted to the committee w.e.f. 26.05.2023)	8	8
5.	Sri C. Nageswara Rao (Inducted to committee w.e.f. 18.11.2023)	4	4
6.	Sri K.N. Madhusoodanan (Ceased to be member w.e.f. 26.05.2023)	3	1
7.	Dr. Nirmala Padmanabhan (Ceased to be member w.e.f. 26.05.2023)	3	3
8.	Sri Sridhar Kalyanasundaram (Ceased to be director w.e.f. 16.09.2023)	6	6
9	Sri Gopinathan C.K. (Ceased to be director w.e.f. 27.11.2023)	7	7
10	Sri Yarasi Jayakumar (Ceased to be director w.e.f 18.11.2023)	7	4

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

**(i) Composition of the Committee as on March 31, 2024**

- Sri G. Rajagopalan Nair, Chairperson of the Committee
- Sri Shivan J.K., Member of the Committee
- Dr. Nirmala Padmanabhan, 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 9 times on 03.05.2023, 30.06.2023, 19.09.2023, 29.09.2023, 27.10.2023, 22.11.2023, 01.02.2024, 17.02.2024 and 25.03.2024 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	9	9
2.	Sri Shivan J.K.	9	9
3.	Dr. Nirmala Padmanabhan	9	9
4.	Sri Gopinathan C.K. (Ceased to be director w.e.f. 27.11.2023)	6	6
5.	Sri Sridhar Kalyanasundaram (Inducted to the committee w.e.f. 26.05.2023 and ceased to be director w.e.f. 16.09.2023)	1	1

**(C) Nomination & Remuneration Committee**

**(i) Composition of the Committee as on March 31, 2024**

- Dr. Nirmala Padmanabhan, Chairperson of the Committee
- Sri G. Rajagopalan Nair, Member of the Committee
- Sri Sreesankar Radhakrishnan, 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 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;

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

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

The Committee met 10 times on 12.04.2023, 22.05.2023, 06.06.2023, 31.07.2023, 04.09.2023, 13.10.2023, 20.12.2023, 21.01.2024, 27.02.2024 and 26.03.2024 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	10	10
2.	Sri G. Rajagopalan Nair	10	10
3.	Sri Sreesankar Radhakrishnan	10	10
4.	Sri Gopinathan C.K (Ceased to be director w.e.f. 27.11.2023)	6	6
5.	Sri K.N Madhusoodanan (Ceased to be member w.e.f. 27.10.2023)	6	6

**(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, 2024**

- Ms. Vardhini Kalyanaraman, Chairperson of the Committee
- Sri Shivan J.K, Member of the Committee
- Sri G. Rajagopalan Nair, Member of the Committee
- Sri Sreesankar Radhakrishnan, 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 where 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 29.06.2023, 20.07.2023, 27.09.2023, 22.11.2023, 19.12.2023 and 27.02.2024.

**(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 (inducted to committee w.e.f. 27.10.2023)	3	3
2.	Sri Shivan J.K.	6	6
3.	Sri G. Rajagopalan Nair	6	6
4.	Sri Sreesankar Radhakrishnan	6	6
5.	Dr. Nirmala Padmanabhan	6	6
6.	Sri Sridhar Kalyanasundaram Chairperson of the Committee (Ceased to be director w.e.f. 16.09.2023)	2	2

**(E) NPA Monitoring Committee**

**(i) Composition of the Committee as on March 31, 2024**

- Sri G. Rajagopalan Nair
- Sri Shivan J.K, Member of the Committee
- Sri K.N Madhusoodanan, Member of the Committee
- Sri Sreesankar Radhakrishnan, 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 2 times during the year on 19.12.2023 and 01.02.2024.

**(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	2	2
2.	Sri Shivan J.K.	2	2
3.	Sri K.N. Madhusoodanan	2	2
4.	Sri Vardhini Kalyanaraman (inducted to committee w.e.f. 26.05.2023)	2	2
5.	Sri Sreesankar Radhakrishnan	2	2

**(F) Large Value Fraud Monitoring Committee**

**(i) Composition of the Committee as on March 31, 2024**

- Sri K.N Madhusoodanan, Chairperson of the Committee
- Sri Shivan J.K, Member of the Committee
- Sri G. Rajagopalan Nair, Member of the Committee
- Sri Sreesankar Radhakrishnan, 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 30.06.2023, 27.09.2023, 01.02.2024 and 19.03.2024.

**(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 Shivan J.K.	4	4
3.	Sri G. Rajagopalan Nair	4	4
4.	Sri Sreesankar Radhakrishnan	4	4
5.	Ms. Vardhini Kalyanaraman (inducted to committee w.e.f. 26.05.2023)	4	4
6.	Sri Sridhar Kalyanasundaram (Ceased to be director w.e.f. 16.09.2023)	1	1



**(G) Stakeholders' Relationship Committee**

**(i) Composition of the Committee as on March 31, 2024**

- Sri K.N. Madhusoodanan, Chairperson of the Committee
- Sri Shivan J.K., Member of the Committee
- Ms. Vardhini Kalyanaraman, 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 30.06.2023, 29.09.2023, 19.12.2023 and 19.03.2024.

**(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 Shivan J.K.	4	4
3.	Ms. Vardhini Kalyanaraman (inducted to committee w.e.f. 26.05.2023)	4	4
4.	Sri Gopinathan C.K. (Ceased to be director w.e.f. 27.11.2023)	2	2
5.	Sri Sreesankar Radhakrishnan (Ceased to be member w.e.f. 27.10.2023)	2	2
6.	Dr. Nirmala Padmanabhan (Ceased to be member w.e.f. 27.10.2023)	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 01.04.2023	No. of complaints received	No. of complaints resolved	No. of complaints pending as on 31.03.2024
1.	Transfer related Complaints	0	0	0	0
2.	Dividend related Complaints	0	9	9	0
3.	Others	0	22	22	0
<b>Total</b>		<b>0</b>	<b>31</b>	<b>31</b>	<b>0</b>

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, 2024**

- Sri K.N. Madhusoodanan, Chairperson of the Committee
- Sri Shivan J.K., Member of the Committee
- Sri Sreesankar Radhakrishnan, Member of the Committee
- Dr.Nirmala Padmanabhan, 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 4 times during the year on 14.06.2023, 13.10.2023, 01.02.2024 and 25.03.2024.

**(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 Shivan J.K.	4	4
3.	Sri Sreesankar Radhakrishnan	4	4
4.	Dr. Nirmala Padmanabhan	4	4
5.	Sri Gopinathan C.K. (Ceased to be director w.e.f. 27.11.2023)	2	2

**(I) Corporate Social Responsibility Committee**

**(i) Composition of the Committee as on March 31, 2024**

- Dr. Nirmala Padmanabhan, Chairperson of the Committee
- Sri Shivan J.K., Member of the Committee
- Sri K.N Madhusoodanan, 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 25.03.2024.

**(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 Shivan J. K.	1	1
3.	Sri K. N. Madhusoodanan, (inducted to Committee w.e.f. 27.10.2023)	1	1

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

**(i) Composition of the Committee as on March 31, 2024**

- Sri Shivan J.K., Chairperson of the Committee
- Sri K.N Madhusoodanan, Member of the Committee
- Sri Sreesankar Radhakrishnan, 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, 2024**

- Dr. Nirmala Padmanabhan, Chairperson of the Committee
- Sri Shivan J.K., Member of the Committee
- Sri G. Rajagopalan Nair, 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 3 times during the year on 12.04.2023, 30.06.2023 and 01.02.2024.

**(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	3	3
2.	Sri Shivan J.K.	3	3
3.	Sri Rajagopalan Nair	3	3
4.	Sri Gopinathan C.K. (Ceased to be director on 27.11.2023)	2	2
5.	Ms. Vardhini Kalyanaraman (Inducted as member on 26.05.2023 and ceased to be member on 27.10.2023)	1	1
6.	Sri K.N. Madhusoodanan (ceased to be member on 26.05.2023)	1	1

**(L) IT Strategy Committee**

**(i) Composition of the Committee as on March 31, 2024**

- Sri G. Rajagopalan Nair, Chairperson of the Committee
- Sri Shivan J.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 5 times during the year on 03.05.2023, 27.09.2023, 13.10.2023, 19.12.2023 and 16.02.2024.

**(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	5	5
2.	Sri Shivan J.K.	5	5
3.	Dr. Nirmla Padmanabhan	5	5
4.	Ms. Vardhini Kalyanaraman (inducted as member w.e.f. 27.10.2023)	2	2
5.	Sri K.N. Madhusoodanan (Ceased to be member w. e.f. 27.10.2023)	3	2
6.	Sri Sreesankar Radhakrishnan Ceased to be member w.e.f. 27.10.2023)	3	3
7.	Sri Sridhar Kalyanasundaram (Ceased to be director w.e.f. 16.09.2023)	1	1

**(M) Equity Issuance Committee**

**(i) Composition of the Committee as on March 31, 2024**

- Sri K.N. Madhusoodanan, Member of the Committee (was later elected as Chairperson of the Committee)
- Sri G. Rajagopalan Nair, Member of the Committee
- Sri Shivan J.K., Member of the Committee
- Sri Sreesankar Radhakrishnan, Member of the Committee
- Dr. Nirmla Padmanabhan, Member of the Committee
- Ms. Vardhini Kalyanaraman, Member of the Committee

**(ii) Terms of reference**

1. Equity Issuance Committee be and is hereby authorized to approve all such acts for the purpose of organizing the proposed Rights Issue and implement completely until its full completion of the Rights issue as aforesaid

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

The Committee met 4 times during the year on 28.04.2023, 06.06.2023, 09.11.2023 and 22.11.2023.



**(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	4	4
2.	Sri Shivan J.K.	4	4
3.	Sri G. Rajagopalan Nair	4	4
4.	Sri Sreesankar Radhakrishnan	4	4
5.	Dr. Nirmala Padmanabhan (inducted to committee w.e.f. 27.10.2023)	2	2
6.	Ms. Vardhini Kalyanaraman (Inducted to Committee w.e.f. 26.05.2023)	3	3
7.	Sri Gopinathan C.K. (Ceased to be director w.e.f. 27.11.2023)	4	4
8.	Sri Sridhar Kalyanasundaram (Ceased to be director w.e.f. 16.09.2023)	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 June 07, 2023. All the Independent Directors of the Bank attended the meeting.

The agenda for the meeting included:

- Reviewing the performance of non-independent directors and the Board as a whole;
- 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, 2024 are as follows:

EMPLOYEE NAME	POSITION
Sri John Varughese	General Manager
Sri Surendran A.V.*	DGM – Wholesale Banking
Sri Rajan Sreeba	Head- Human Resources
Sri Santoy John	Chief Compliance Officer
Sri Binoy B. S.	Head – Internal Audit
Sri Satheesan V.	Head - Legal
Sri Suresh M. Nair	Chief Credit Officer
Sri Arvind Kanagasabai	Head - Treasury
Sri Balasubramanian A.D.	Chief Vigilance Officer
Sri Sunil Kumar A.	AGM – Infrastructure
Sri Bijukumar P. H.	Head – Business Development (Assets)
Sri Abhilash R.	Chief Risk Officer
Ms. Kavitha T. A.	Chief Financial Officer
Sri Abhiram Unni M.	Head - Credit Administration & Monitoring
Sri Raghunath R.	AGM - Business Development & Planning
Sri Rajesh P.	Head - Operations
Sri Ranjith P.	Chief Information Security Officer
Venkatesh H.	Company Secretary & Secretary to the Board

\*Retired from the services of the Bank on attaining superannuation on 31.05.2024

Changes in Senior Management during the financial year 2023-24 were as follows:

- Sri Chandran L. retired from the services of the Bank on attaining superannuation on February 29, 2024
- Sri Balasubramanian A.D. took charge as Chief Vigilance Officer of the Bank on May 25, 2023
- Sri Rajesh P. took charge as Head - Operations of the Bank on May 08, 2023
- Sri Arvind Kanagasabai took charge as Head - Treasury of the Bank on August 01, 2023 and Sri Rajan Sreeba took charge as Head – Human Resources of the Bank on August 11, 2023.

## 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 Whole-time Directors/MD & CEO is subject to prior approval of the Reserve Bank of India (RBI). Therefore, the remuneration or any revision in remuneration to Whole-time Directors/MD & CEO 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, 2024

1. Remuneration (including perquisites) of ₹78,00,000.00 was paid to Sri Shivan J.K., Managing Director & CEO during the financial year 2023-24. (which includes variable pay of ₹24,00,000.00 for the financial year 2021-22)
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/- ₹30000/- respectively. The total sitting fee paid by the Bank during the financial year 2023-24 was as follows:

S. No.	Name of Director	Total Amount of Sitting Fees paid during the year ended March 31, 2024 (₹)
1.	Sri K.N. Madhusoodanan	15,00,000
2.	Sri G. Rajagopalan Nair	24,20,000
3.	Sri Sreesankar Radhakrishnan	21,80,000
4.	Dr. Nirmla Padmanabhan	21,50,000
5.	Ms. Vardhini Kalyanaraman	15,20,000
6.	Sri Gopinathan C.K.	13,40,000
7.	Sri Sridhar Kalyanasundaram	7,40,000
<b>Total</b>		<b>1,18,50,000</b>

The Remuneration Policy of the Bank is hosted on the website of the Bank [http://www.dhanbank.com/investor\\_relations/inv\\_stat\\_policy.aspx](http://www.dhanbank.com/investor_relations/inv_stat_policy.aspx).

**7. INFORMATION ON DIRECTOR PROPOSED TO BE APPOINTED / RE-APPOINTED AT THE 97th 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; 38 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 18970000 shares of the Bank (7.49%) as on date. Dr. Jineesh Nath C.K. was the Director of CKG Securities and Investment Ltd.
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	40000/- (for attending one Board Meeting after he was first appointed to the Board on July 31, 2024)
Date of first appointment on Board	July 31, 2024
Shareholding in the Bank as on the date of this Notice	18970000 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 2023-24	Nil (first appointed to the Board on July 31, 2024)
Chairman / Member of Committees of Board of Directors of the Bank as on the date of this Notice	Nil
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
96th 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	Nil
95th Annual General Meeting	30.12.2022 11.00 A.M.	Through Video Conferencing	1. Appointment of Sri K.N. Madhusoodanan as Independent Director of the Bank 2. Appointment of Sri Sreesankar Radhakrishnan as Independent Director of the Bank 3. Appointment of Dr. Nirmala Padmanabhan as Independent Director of the Bank 4. Appointment of Sri Sridhar Kalyanasundaram as Independent Director of the Bank 5. To authorize the Board of Directors of the Bank to issue redeemable secured /unsecured non-convertible debentures (NCDs)	Nil

94th Annual General Meeting	29.09.2021 11.00 A.M	Through Video Conferencing	No Special Resolutions were included in the Notice of the Meeting	<p>The Meeting was not concluded and adjourned as per the Order dated 29.09.2021 of the Hon'ble High Court of Kerala in two Writ Petitions filed against the Bank, i.e, WP(C) 19758/21 and WP(C) 20425/21. Further, there was an interim Order of the Hon'ble High Court of Kerala on 09.03.2022 on the said Writ Petitions directing the Bank to refrain from holding the Annual General Body Meeting (AGM) for the purpose of appointment of the Directors which is the issue involved in this writ petition. The aforesaid Orders did not preclude the Bank from concluding the AGM as regards other issues. Therefore, the Meeting was kept adjourned after considering all the agenda items that were listed in the Notice of the 94th AGM dated 03.09.2021.</p> <p>Later, the above mentioned interim order has been set aside by a judgement dated 25th October 2022 passed by the Hon'ble High court of Kerala in Writ Appeal No.425 of 2022 and Writ Appeal No.432 of 2022 filed by the Bank, where the Writ petitions have been held to be not maintainable.</p> <p>In the above circumstances, the 94th AGM was concluded and closed.</p>
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## 9. POSTAL BALLOT

During the year the Shareholders had approved the following special resolutions through postal ballot:

- 1. Approval for appointment of Ms. Vardhini Kalyanaraman as Independent Director of the Bank**
- 2. Approval for alteration of Articles of Association of the Bank (to include enabling provisions in the Articles for appointment of Executive Director in compliance with the guidelines issued by the Reserve Bank of India)**

In compliance with the provisions of Section 108 and Section 110 and other applicable provisions of the Act read with the relevant Rules, for both the postal ballot events conducted during the FY 2023-24, 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 postal ballots conducted during the FY 2023-24 are below:**

- 1. Approval for appointment of Ms. Vardhini Kalyanaraman as Independent Director of the Bank**

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 April 17, 2023 to the Members, seeking their



consent for a Special Resolution for the appointment of Ms. Vardhini Kalyanaraman as an Independent Director of the Bank for a period of five years with effect from May 19, 2023, not to be liable to retire by rotation.

The voting period commenced on Thursday, April, 2023 at 9.00 a.m. (IST) and ended on Friday, May 19, 2023 at 5.00 p.m. (IST). The cut-off date for the purpose of determining the number of Members was Friday, April 14, 2023 and the total number of Members as on cut-off date was 110492. The report of the Scrutinizer was submitted to the Chairperson of the Board. Based on the report, the voting results on the resolutions set out in the said Postal Ballot Notice were declared on Saturday, May 20, 2023. 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 resolution set out in the said Postal Ballot Notice were approved by the Members with requisite majority. The resolutions were deemed to be passed on the last date specified for e-voting i.e. Friday, May 19, 2023.

## **2. Approval for alteration of Articles of Association of the Bank (to include enabling provisions in the Articles for appointment of Executive Director in compliance with the guidelines issued by the Reserve Bank of India)**

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 February 19, 2024 to the Members seeking their consent for a Special Resolution for the approval for alteration of Articles of Association of the Bank.

The voting period commenced on Thursday, February 22, 2024 at 9.00 a.m. (IST) and ended on Friday, March 22, 2024 at 5.00 p.m. (IST). The cut-off date for the purpose of determining the number of Members was Friday, February 16, 2024 and the total number of Members as on cut-off date was 194360. The report of the Scrutinizer was submitted to the Chairperson of the Board. Based on the report, the voting results on the resolutions set out in the said Postal Ballot Notice were declared on Saturday, March 23, 2024. 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 resolution set out in the said Postal Ballot Notice were approved by the Members with requisite majority. The resolutions were deemed to be passed on the last date specified for e-voting i.e. Friday, March 22, 2024.

## **10. 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 [http://www.dhanbank.com/investor\\_relations/inv\\_stat\\_policy.aspx](http://www.dhanbank.com/investor_relations/inv_stat_policy.aspx).

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 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, 2024, 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, 2023.

### **(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 [www.dhanbank.com/investor\\_relations/inv\\_stat\\_policy.aspx](http://www.dhanbank.com/investor_relations/inv_stat_policy.aspx).

### **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 [www.dhanbank.com/investor\\_relations/inv\\_stat\\_policy.aspx](http://www.dhanbank.com/investor_relations/inv_stat_policy.aspx).

### **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 blower) 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 <https://www.dhanbank.com/pdf/42-Whistle-Blower-Policy-Version-6.0-.pdf>. It is affirmed that no personnel has 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:

- Programme for Board Members of Commercial Banks on Interest Rate Risk in Banking Book (IRRBB) and Liquidity Risk Management on 4<sup>th</sup> and 5<sup>th</sup> of March 2024.
- Program on Risk Management & Governance issues, Information Security Governance, ESG in Banking – Board Level Commitment on 30<sup>th</sup> March 2024.

The details of familiarization programmes are displayed on the website of the Bank [www.dhanbank.com/investor\\_relations/inv\\_stat\\_policy.aspx](http://www.dhanbank.com/investor_relations/inv_stat_policy.aspx).

### **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, 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 2023-24, 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 2023-24, 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 except as disclosed in the Secretarial Audit Report. 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**

Total fee of ₹49,00,000 (Rupees Forty-Nine Lakh only) plus applicable taxes was paid to the present Statutory Central Auditors M/s Krishnamoorthy & Krishnamoorthy and M/s Sagar & Associates for Audit, Certification, Quarterly Review and Tax Audit for the FY 2023-24. The travelling and out- of pocket expenses related to the audit/review were additionally reimbursed on actual basis

**(I) Credit Ratings**

During the FY 2023-24, the credit ratings on the outstanding debt instruments of the Bank were reaffirmed as under:

- CARE BB + (Outlook: Stable) for Lower Tier II Bonds from CARE Ratings 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**

No complaints were received during the FY 2023-24 under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and there were no complaints pending to be disposed of under the Act as on March 31, 2024.

**11. 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 [www.dhanbank.com/investor\\_relations/inv\\_financials.aspx](http://www.dhanbank.com/investor_relations/inv_financials.aspx).

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.

## 11. GENERAL SHAREHOLDER INFORMATION

97th Annual General Meeting	<b>Date</b>	<b>September 30, 2024 (Monday)</b>
	<b>Time</b>	<b>11.00 A.M. (IST)</b>
	<b>Venue</b>	<b>Through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")</b>
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: investors@dhanbank.co.in	
Financial Year	2023-24	
Date of Book Closure	<b>Wednesday, September 25, 2024 to Monday, September 30, 2024 (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)	M/s. KFin Technologies Unit: Dhanlaxmi Bank "Selenium Tower B", Plot No.31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032 Tel : +91-40-67162222 Fax: 040-2300 1153 Toll Free No: 1800 3094001 E-mail: einward.ris@kfintech.com Website: www.kfintech.com Contact Person Sri Raj Kumar Kale, Assistant Vice president E-mail: rajkumar.kale@kfintech.com Tel : +91-40-67161736	
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	

## 12. 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. (Stock Code: DHANBANK)**

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. (Stock Code: 532180)

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001

Tel No: (022) 22721 233/4, Fax: (022) 22721919

The listing fees payable to the Stock Exchanges for the financial year 2024-25 have already been remitted.

The Lower Tier-II bonds of ₹150 Crore issued by the Bank on March 20, 2018 are listed on the 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, 2<sup>nd</sup> Floor, Wadla International Centre

Panduranga Budhakarmarg

Worli, Mumbai- 400 025

Phone: 022-2425 5000

Fax: 022 4325 3000

## (B) Market Price Data of Bank's Shares

The monthly high and low prices of the Bank's shares traded in The National Stock Exchange of India Ltd. (NSE) and BSE Ltd. during the financial year are as under:

Month	NSE		BSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2023	17.75	14.50	17.80	14.55
May 2023	18.15	16.20	18.15	16.15
June 2023	17.70	16.50	17.69	16.48
July 2023	23.40	17.35	23.39	17.40
August 2023	25.85	20.50	25.86	20.57
September 2023	33.80	22.35	33.83	22.31
October 2023	34.10	26.25	34.08	26.16
November 2023	31.50	27.80	31.42	27.81
December 2023	32.75	28.25	32.78	28.25
January 2024	59.00	29.90	58.70	29.91
February 2024	56.65	39.70	56.70	39.70
March 2024	49.00	38.80	49.25	38.77

## (C) Distribution of shareholding as on March 31, 2024

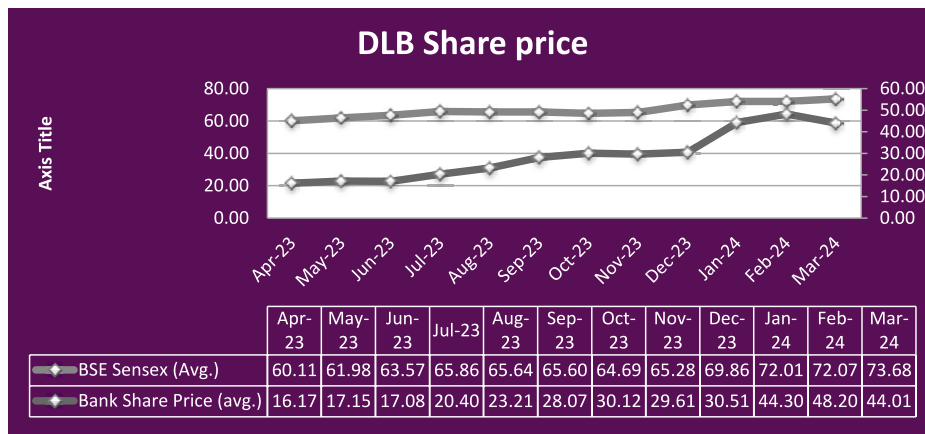
Category (No. of Shares)	Cases	% of cases	Shares	% of Shares
1-5000	175983	81.32	23904134	9.44
5001-10000	20568	9.50	17013549	6.72
10001-20000	10283	4.75	15783761	6.24
20001-30000	3458	1.60	8885128	3.50
30001-40000	1439	0.67	5252419	2.10
40001-50000	1433	0.66	6873354	2.71
50001-100000	1882	0.87	14374972	5.69
100001 & above	1345	0.62	160924767	63.60
<b>Total</b>	<b>216391</b>	<b>100</b>	<b>253012084</b>	<b>100</b>



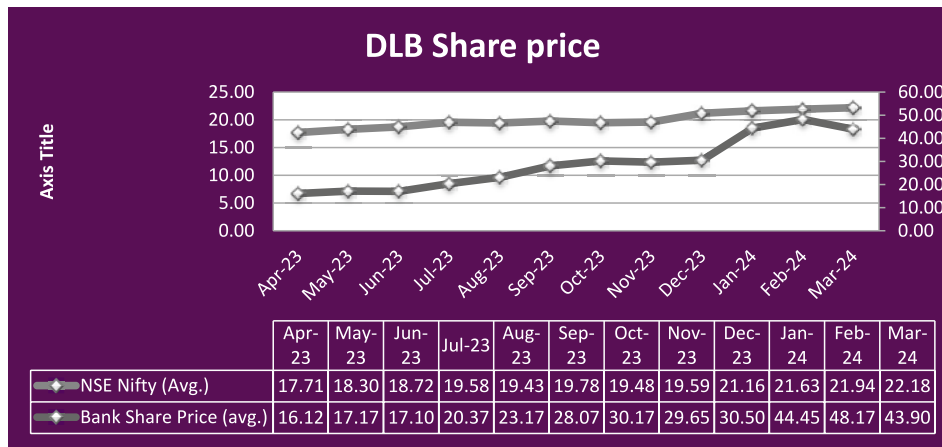
(D) Category – wise distribution of shareholding as on March 31, 2024

Sl. No.	Description	Cases	Shares	% Equity
1	Clearing Members	5	401	0.00
2	Directors	2	511910	0.20
3	Foreign Portfolio Investors	18	15422357	6.09
4	H U F	1986	3804422	1.50
6	Insurance Companies	1	180986	0.07
7	Bodies Corporates	471	13643260	5.39
8	NBFC	2	5300	0.00
9	Non Resident Indians	962	21817564	8.62
10	NRI Non- Repatriation	616	26239008	10.37
11	Resident Individuals	212324	170017853	67.19
12	Trusts	3	26300	0.01
13	IEPF	1	1342723	0.53
<b>Total</b>		<b>216391</b>	<b>253012084</b>	<b>100</b>

(E) Performance of the Bank's Equity Shares relative to BSE Sensex



(F) Performance of the Bank's Equity shares relative to NSE Nifty



### **(G) 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, 2024, 20,08,560 shares constituting 0.80% of the paid-up capital and 25,10,03,524 shares constituting 99.20% 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 (previously known as M/s. KFin Technologies Private Limited / M/s. Karvy Fintech Private Limited) as its Registrar & Share Transfer Agents (RTA) and accordingly, processing of share transfer/dematerialisation/rematerialisation and allied activities were being done by them.

As required under Regulation 7(3) of the Listing Regulations, the Bank files, on yearly basis, certificate issued by RTA and compliance officer of the company certifying that all activities in relation to both physical and electronic share transfer facility are maintained by RTA. 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.

The Bank obtains, from a company secretary in practice, yearly certificate of compliance with the share transfer/ transmission or transposition of securities formalities as required under Regulation 40(9) of the Listing Regulations, and the Bank files a copy of the same with the Stock Exchanges. 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, IFS code) (e) Specimen signature. The forms are made available in Bank's website <https://www.dhanbank.co.in> 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.co.in> in the section Investor Relations>>> Investor Service Request Forms.

SEBI vide its circular dated May 30, 2022 has prescribed Standard Operating Procedures for dispute resolution under the Stock Exchange arbitration mechanism for a dispute between a Listed Company and/or RTA and its Shareholders(s)/investor(s). The same is made available in the Bank's website <https://www.dhanbank.co.in> in the section Investor Relations>>> Investor Grievance / Complaints Redressal Mechanism along with the communication to investors under SEBI Circular No. SEBI/HO/OIAE/ 2023/03394 dated January 27, 2023.

### **13. 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 or the fund for the dividend amount of that year. 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.

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

The Board of Directors of the Bank as on March 31, 2024 had 8 Directors comprising of the Chairman, who is independent director, Managing Director & CEO, 4 independent non-executive Directors 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 2023-24 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 [www.dhanbank.com](http://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.

#### **15. 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

Place : Thrissur  
Date : September 05, 2024

Sd/-  
**Ajith Kumar K.K.**  
Managing Director & CEO

**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**

We have examined the compliance of Corporate Governance by Dhanlaxmi Bank Limited, for the year ended 31<sup>st</sup> March 2024, as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.

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 : September 05, 2024

**V Suresh**  
Senior Partner  
FCS No.: 2969  
C.P.No.: 6032  
Peer Review Cert. No.: 667/2020  
UDIN: F002969F001140446

## 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, 2024 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. Jenemejayan Kamalam Shivan	09008166	30.01.2021
2.	Mr. Gangadharan Nair Rajagopalan	08845540	17.08.2020
3.	Mr. Dwijendra Kumar Kashyap	08911524	28.09.2020
4.	Mr. Madhusoodanan Kannimel Narayana Panicker	00396796	09.11.2022
5.	Mr. Sreesankar Radhakrishnan	02128417	09.11.2022
6.	Ms. Nirmala Padmanabhan	09455116	09.11.2022
7.	Ms. Vardhini Kalyanaraman	09730053	21.02.2023
8.	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

Peer Review Cert. No.: 667/2020

UDIN: F002969F001140413

Place : Chennai

Date : September 05, 2024



## CEO / CFO Certification

We, Shivan J 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, 2024 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

**Shivan J K**  
Managing Director & CEO  
(DIN: 09008166)

**Kavitha T A**  
Chief Financial Officer

Place : Thrissur  
Date : May 22nd, 2024

# 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, 2024, 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, 2024, 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 of the financial statements.

## Emphasis of Matter

We draw attention to Note No. 14(i) of Schedule 18 to the financial statements regarding amortization of additional liability on account of revision in family pension amounting to ₹14.29 Crores. As stated therein, the bank has charged an amount of ₹8.57 Crores to the profit and loss account for the financial year ended March 31, 2024. With this, the entire amount of family pension stands amortized.

We draw attention to Note No. 1.2(a) of Schedule 18 to the financial statements regarding the treatment of application software as an intangible asset and its deduction in the computation of net worth until September 30, 2023. However, during the quarter ended December 31, 2023, the bank changed its approach and treated the application software as a fixed asset, consequently not deducting it in the computation of net worth from the quarter ended December 31, 2023, onwards. The consequential positive impact on the Capital to Risk Weighted Assets Ratio for the year ended March 31, 2024 is 41 basis points.

Our opinion is not modified in respect of these matters.

## 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 31.03.2024. 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
<b>1. Classification of Advances, Identification of Non-Performing Advances, Income Recognition and Provision on Advances</b>	
<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>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>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> <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>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>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 non-performing investments and provisioning related to investments.</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 NPLs as per the RBI guidelines and recomputed the provision to be maintained in accordance with the RBI Circular for those selected sample of NPLs;</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 NPLs and corresponding reversal of income and creation of provision.</p>
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### Other Matters

We did not audit the financial statements of 236 branches and processing centres included in the financial statements of the Bank whose financial statements reflect total assets of ₹6594.03 Crores as at 31st March 2024 and total revenue of ₹652.43 Crores for the year ended on that date, as considered in the financial statements. These branches and processing centres cover 63.20% of gross advances, 82.07% of deposits and 57.61% of non-performing assets as at 31st March 2024 and 47.99% of revenue for the year ended 31st March 2024. 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.

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

### 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, 2024 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March, 2024 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

- 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.

As provision to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For **Krishnamoorthy & Krishnamoorthy**  
Chartered Accountants  
Firm Registration No.: 001488S

**K.J. Narayanan**  
Partner  
Membership No.: 202844  
UDIN: 24202844BKBHF6209

Place : Thrissur  
Date : 22.05.2024

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

**B Aruna**  
Partner  
Membership No.: 216454  
UDIN: 24216454BKDAVL1895

Place : Thrissur  
Date : 22.05.2024

## 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, 2024 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 2024, 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 unauthorised acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal financial controls 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 **Krishnamoorthy & Krishnamoorthy**  
Chartered Accountants  
Firm Registration No. 001488S

**K.J. Narayanan**  
Partner  
Membership No: 202844  
UDIN: 24202844BKBEHF6209

Place : Thrissur  
Date : 22.05.2024

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

**B. Aruna**  
Partner  
Membership No: 216454  
UDIN: 24216454BKDAVL1895

Place : Thrissur  
Date : 22.05.2024

# Balance Sheet

As at March 31, 2024

(₹ in '000)

	Schedule No.	As at March 31, 2024	As at March 31, 2023
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	25,30,121	25,30,121
Reserves and Surplus	2	77,67,501	70,81,385
Deposits	3	14,29,03,085	13,35,16,494
Borrowings	4	29,90,350	49,23,785
Other Liabilities and Provisions	5	34,27,831	32,69,540
<b>TOTAL</b>		<b>15,96,18,888</b>	<b>15,13,21,325</b>
<b>ASSETS</b>			
Cash and Balances with Reserve Bank of India	6	76,00,328	83,63,373
Balances with Banks and Money at call and short notice	7	21,45,919	1,02,896
Investments	8	3,94,23,992	3,88,86,427
Advances	9	10,10,21,561	9,45,15,216
Fixed Assets	10	27,43,353	25,75,741
Other Assets	11	66,83,735	68,77,672
<b>TOTAL</b>		<b>15,96,18,888</b>	<b>15,13,21,325</b>
Contingent Liabilities	12	66,58,074	66,81,838
Bills for Collection		30,83,430	30,02,642
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

**K. N. Madhusoodanan**  
Part-Time Chairman

**D. K. Kashyap**  
Director

**Dr. Nirmala Padmanabhan**  
Director

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

**Shivan J. K.**  
Managing Director & CEO

**C. Nageswara Rao**  
Director

**Vardhini Kalyanaraman**  
Director

**Venkatesh H.**  
Company Secretary

**G. Rajagopalan Nair**  
Director

**Sreesankar Radhakrishnan**  
Director

**John Varughese**  
General Manager

As per our Report of even Date  
For **Krishnamoorthy & Krishnamoorthy**,  
Chartered Accountants,  
Firm Registration No. 0014885

**CA. K. J. Narayanan**,  
Partner  
Membership No. 202844

For **Sagar & Associates**,  
Chartered Accountants,  
Firm Registration No. 0035105

**CA. B. Aruna**,  
Partner  
Membership No. 216454

Place : Thrissur  
Date : 22nd May 2024

# Profit & Loss Account

for the year ended March 31, 2024

(₹ in '000)

	Schedule No.	Year ended March 31, 2024	Year ended March 31, 2023
<b>INCOME</b>			
Interest Earned	13	1,20,69,906	1,07,12,371
Other Income	14	15,25,595	7,45,170
<b>Total</b>		<b>1,35,95,501</b>	<b>1,14,57,541</b>
<b>EXPENDITURE</b>			
Interest expended	15	74,85,389	59,54,838
Operating Expenses	16	54,17,495	42,70,666
Provisions and Contingencies		1,14,398	7,38,412
<b>Total</b>		<b>1,30,17,282</b>	<b>1,09,63,916</b>
<b>Profit/Loss</b>			
Net Profit/(Loss) for the year		5,78,219	4,93,625
Profit/(Loss) brought forward		(78,87,965)	(82,57,840)
<b>Total</b>		<b>(73,09,746)</b>	<b>(77,64,215)</b>
<b>Appropriations</b>			
Transfer to Statutory Reserve		1,44,560	1,23,750
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		(76,12,278)	(78,87,965)
<b>Total</b>		<b>(73,09,746)</b>	<b>(77,64,215)</b>
<b>Earnings Per Share (in Rupees)</b>			
Basic EPS		<b>2.29</b>	<b>1.95</b>
Diluted EPS		<b>2.29</b>	<b>1.95</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

**K. N. Madhusoodanan**  
Part-Time Chairman

**D. K. Kashyap**  
Director

**Dr. Nirmala Padmanabhan**  
Director

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

**Shivan J. K.**  
Managing Director & CEO

**C. Nageswara Rao**  
Director

**Vardhini Kalyanaraman**  
Director

**Venkatesh H.**  
Company Secretary

**G. Rajagopalan Nair**  
Director

**Sreesankar Radhakrishnan**  
Director

**John Varughese**  
General Manager

As per our Report of even Date  
For **Krishnamoorthy & Krishnamoorthy**,  
Chartered Accountants,  
Firm Registration No. 001488S

**CA. K. J. Narayanan**,  
Partner  
Membership No. 202844

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

**CA. B. Aruna**,  
Partner  
Membership No. 216454

Place : Thrissur  
Date : 22nd May 2024



# Cash Flow Statement

for the year ended March 31, 2024

(₹ in '000)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Cash flow from operating activities</b>		
Net profit before Income Tax	7,04,777	3,16,135
<b>Adjustments for :</b>		
Depreciation on fixed assets net of reversal of revaluation reserve	2,50,769	2,11,074
Depreciation on Investments	(2,13,146)	4,00,772
Amortization of premia on investments	2,07,341	2,03,554
Amortization of Deferred Employee Benefits	85,756	28,585
Loan Loss provisions including write off	(1,07,899)	9,45,679
Provision against standard assets	37,800	48,400
Provision for NPA (Investments)	2,60,072	(35,007)
Provision for restructured assets	(1,99,327)	(61,715)
Provision for fraud	-	11,621
(Profit)/Loss on sale of fixed assets	(2,524)	(7,669)
Provision for unhedged Forex Exposure	9,605	(433)
<b>Adjustments for :</b>		
(Increase)/Decrease in Investments (excluding Held to Maturity Investments)	(23,14,742)	16,97,536
(Increase)/Decrease in Advances	(60,91,222)	(1,40,87,241)
Increase/(Decrease) in Borrowings	(19,33,435)	34,23,785
Increase/(Decrease) in Deposits	93,86,591	94,87,594
(Increase)/Decrease in Other assets	52,110	(2,01,217)
Increase/(Decrease) in Other Liabilities and Provisions	1,10,886	(2,18,757)
Direct taxes paid (net of refunds)	(70,487)	1,260
<b>Net cash flow from/(used in) operating activities</b>	<b>1,72,925</b>	<b>21,63,956</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(4,19,051)	(3,51,927)
Proceeds from sale of fixed assets	3,194	8,533
(Increase)/Decrease in Held to Maturity Investments	15,22,910	(7,12,700)
<b>Net cash flow from/(used in) investing activities</b>	<b>11,07,053</b>	<b>(10,56,094)</b>

(₹ in '000)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Cash flows from financing activities</b>	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>12,79,978</b>	<b>11,07,862</b>
Cash and cash equivalents at the beginning of the period	84,66,269	73,58,407
Cash and cash equivalents as at the end of the period	97,46,247	84,66,269
<b>Note:</b>		
<b>Components of Cash and Cash Equivalents as at:</b>	<b>31.03.2024</b>	<b>31.03.2023</b>
Cash and Balance with Reserve Bank of India (RBI)	76,00,328	83,63,373
Balances with Banks and Money at Call and Short Notice	21,45,919	1,02,896
<b>Total</b>	<b>97,46,247</b>	<b>84,66,269</b>

**For and on behalf of Board of Directors****K. N. Madhusoodanan**

Part-Time Chairman

**D. K. Kashyap**

Director

**Dr. Nirmala Padmanabhan**

Director

**Kavitha T. A.**

Chief Financial Officer

**Shivan J. K.**

Managing Director &amp; CEO

**C. Nageswara Rao**

Director

**Vardhini Kalyanaraman**

Director

**Venkatesh H.**

Company Secretary

**G. Rajagopalan Nair**

Director

**Sreesankar Radhakrishnan**

Director

**John Varughese**

General Manager

As per our Report of even Date  
For **Krishnamoorthy & Krishnamoorthy**,  
Chartered Accountants,  
Firm Registration No. 001488S

**CA. K. J. Narayanan,**

Partner

Membership No. 202844

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

**CA. B. Aruna,**

Partner

Membership No. 216454

Place : Thrissur

Date : 22nd May 2024

# Schedules to the Financial Statements

As at March 31, 2024

(₹ in '000)

	As at March 31, 2024	As at March 31, 2023
<b>SCHEDULE 1 - CAPITAL</b>		
<b>Authorised Capital</b>		
50,00,00,000 Equity Shares of ₹10 each (Previous Year 40,00,00,000 Equity Shares of ₹10 each)	50,00,000	40,00,000
<b>Issued, Subscribed and Paid up Capital</b>		
253012084 Equity Shares of ₹10 each (Previous Year 253012084 Equity Shares of ₹10 each)	25,30,121	25,30,121
<b>Total</b>	<b>25,30,121</b>	<b>25,30,121</b>
<b>SCHEDULE 2 - RESERVES AND SURPLUS</b>		
<b>I. STATUTORY RESERVES</b>		
Opening Balance	13,03,814	11,80,064
Additions during the year	1,44,560	1,23,750
<b>Total</b>	<b>14,48,374</b>	<b>13,03,814</b>
<b>II. CAPITAL RESERVES</b>		
a) Revaluation Reserve		
Opening Balance	16,01,036	13,80,676
Additions during the Year	-	2,25,751
Deductions during the year	(7,354)	(5,391)
<b>Sub total</b>	<b>15,93,682</b>	<b>16,01,036</b>
b) Capital Reserve		
Opening Balance	7,32,661	7,32,661
Additions during the year	2,136	-
<b>Sub total</b>	<b>7,34,797</b>	<b>7,32,661</b>
<b>Total (a + b)</b>	<b>23,28,479</b>	<b>23,33,697</b>
<b>III. SHARE PREMIUM ACCOUNT</b>		
Opening Balance	1,00,54,482	1,00,54,482
Additions during the year	-	-
<b>Total</b>	<b>1,00,54,482</b>	<b>1,00,54,482</b>
<b>IV. REVENUE AND OTHER RESERVES</b>		
a) Revenue Reserve		
Opening Balance	8,09,724	9,12,230
Transfer of depreciation on revaluation	7,354	5,391
Deferred provision for fraud accounts	1,07,897	(1,07,897)
<b>Sub total</b>	<b>9,24,975</b>	<b>8,09,724</b>

(₹ in '000)

	As at March 31, 2024	As at March 31, 2023
b) Investment Fluctuation Reserve		
Opening Balance	2,50,390	2,50,390
Additions during the year	28,122	-
<b>Sub total</b>	<b>2,78,512</b>	<b>2,50,390</b>
c) Investment Reserve		
Opening Balance	1,57,386	1,57,386
Additions during the year	1,27,714	-
<b>Sub total</b>	<b>2,85,100</b>	<b>1,57,386</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>
<b>Total (a+b+c+d)</b>	<b>15,48,444</b>	<b>12,77,357</b>
<b>V. BALANCE IN PROFIT AND LOSS ACCOUNT</b>	<b>(76,12,278)</b>	<b>(78,87,965)</b>
<b>Grand Total</b>	<b>77,67,501</b>	<b>70,81,385</b>

**SCHEDULE 3 - DEPOSITS**

<b>A. I. Demand Deposits</b>		
(i) From Banks	51,021	60,108
(ii) From Others	84,32,779	75,82,117
	<b>84,83,800</b>	<b>76,42,225</b>
<b>II. Savings Bank Deposits</b>	<b>3,53,30,581</b>	<b>3,49,54,159</b>
<b>III. Term Deposits</b>		
(i) From Banks	72,518	70,000
(ii) From Others	9,90,16,186	9,08,50,109
	<b>9,90,88,704</b>	<b>9,09,20,109</b>
<b>Total</b>	<b>14,29,03,085</b>	<b>13,35,16,494</b>
<b>B. I. Deposits of Branches in India</b>	14,29,03,085	13,35,16,494
<b>II. Deposits of Branches outside India</b>	-	-
<b>Total</b>	<b>14,29,03,085</b>	<b>13,35,16,494</b>

**SCHEDULE 4 - BORROWINGS**

<b>I. Borrowings in India</b>		
(i) Reserve Bank of India	-	-
(ii) Other Banks	-	-
(iii) Other Institutions and Agencies*	14,90,350	34,23,785
(iv) Capital Instruments		
(a) Upper Tier II bonds	-	-
(b) Lower Tier II bonds	15,00,000	15,00,000
<b>Total</b>	<b>29,90,350</b>	<b>49,23,785</b>
<b>II. Borrowings Outside India</b>	-	-
	-	-
<b>Total</b>	<b>29,90,350</b>	<b>49,23,785</b>
*Secured borrowings under Triparty repo, market repurchase with financial institutions included above	14,90,350	34,23,785

(₹ in '000)

	As at March 31, 2024	As at March 31, 2023
<b>SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS</b>		
I. Bills Payable	1,73,000	2,70,374
II. Inter Office Adjustments (Net)	-	-
III. Interest accrued	2,63,462	2,78,684
IV. Others (including Provisions)*	29,91,369	27,20,481
*Includes prudential provision for standard assets of ₹430693 thousands (Previous Year ₹589462 thousands)		
<b>Total</b>	<b>34,27,831</b>	<b>32,69,540</b>
<b>SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>		
I. Cash on Hand (including foreign currency notes)	10,60,649	10,51,031
II. Balances with Reserve Bank of India		
(a) In current accounts	65,39,679	64,12,342
(b) In other accounts	-	9,00,000
	<b>65,39,679</b>	<b>73,12,342</b>
<b>Total</b>	<b>76,00,328</b>	<b>83,63,373</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	25,534	27,601
(b) In other deposit accounts	-	-
	<b>25,534</b>	<b>27,601</b>
(ii) Money at Call and Short Notice		
(a) With banks	-	-
(b) With other institutions	19,99,975	-
	19,99,975	-
<b>Total</b>	<b>20,25,509</b>	<b>27,601</b>
<b>II. Outside India</b>		
(i) In current account	1,20,410	75,295
(ii) In other deposit accounts	-	-
(iii) Money at Call and Short Notice	-	-
<b>Total</b>	<b>1,20,410</b>	<b>75,295</b>
<b>Grand Total (I and II)</b>	<b>21,45,919</b>	<b>1,02,896</b>
<b>SCHEDULE 8 - INVESTMENTS</b>		
<b>A. Investments in India in</b>		
(i) Government Securities	3,44,52,553	3,31,65,184
(ii) Other Approved securities	-	-
(iii) Shares	1,87,048	1,99,812
(iv) Debentures and Bonds	45,26,068	55,08,153
(v) Subsidiaries and/or Joint Ventures	-	-
(vi) Others @	2,58,323	13,277
<b>Total</b>	<b>3,94,23,992</b>	<b>3,88,86,427</b>



(₹ in '000)

	As at March 31, 2024	As at March 31, 2023
<b>B. Investments outside India</b>	-	-
<b>Grand Total (A + B)</b>	<b>3,94,23,992</b>	<b>3,88,86,427</b>
<b>C. (i) Gross Value of Investments</b>		
(a) In India	4,09,50,723	4,03,66,231
(b) Outside India	-	-
<b>Total</b>	<b>4,09,50,723</b>	<b>4,03,66,231</b>
<b>(ii) Depreciation/Provision for Investments</b>		
(a) In India	15,26,731	14,79,804
(b) Outside India	-	-
<b>Total</b>	<b>15,26,731</b>	<b>14,79,804</b>
<b>(iii) Net Value of Investments</b>		
(a) In India	3,94,23,992	3,88,86,427
(b) Outside India	-	-
<b>Total</b>	<b>3,94,23,992</b>	<b>3,88,86,427</b>
<b>@ Comprises of</b>		
Particulars		
Security Receipts	13,277	13,277
Certificate of Deposits	2,45,045	-
	<b>2,58,323</b>	<b>13,277</b>

**SCHEDULE 9 - ADVANCES**

<b>A.</b>	(i) Bills Purchased and discounted	9,99,707	4,19,086
	(ii) Cash Credits, Overdrafts and Loans repayable on Demand	1,13,59,283	1,20,33,431
	(iii) Term Loans	8,86,62,571	8,20,62,699
	<b>Total</b>	<b>10,10,21,561</b>	<b>9,45,15,216</b>
<b>B.</b>	(i) Secured by Tangible assets (Includes advances against book debts)	9,70,72,612	9,11,91,704
	(ii) Covered by Bank/Govt Guarantee	-	-
	(iii) Unsecured	39,48,949	33,23,512
	<b>Total</b>	<b>10,10,21,561</b>	<b>9,45,15,216</b>
<b>C.</b>	<b>I. ADVANCES IN INDIA</b>		
	(i) Priority sectors	5,28,76,899	4,80,45,063
	(ii) Public Sector	41,40,411	55,49,380
	(iii) Banks	-	-
	(iv) Others	4,40,04,251	4,09,20,773
	<b>Total</b>	<b>10,10,21,561</b>	<b>9,45,15,216</b>
	<b>II. ADVANCES OUTSIDE INDIA</b>	-	-
	<b>Grand Total (C I and C II)</b>	<b>10,10,21,561</b>	<b>9,45,15,216</b>

**SCHEDULE 10 - FIXED ASSETS**

<b>A. Premises</b>		
<b>Gross Block</b>		
As at the beginning of the year	22,57,135	19,96,905
Additions during the year due to revaluation of Premises		2,58,998
Additions/Adjustments during the year	-	1,232
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, 2024	As at March 31, 2023
<b>Depreciation</b>		
As at the beginning of the year	4,13,429	3,69,756
Additions during the year due to revaluation of Premises	-	33,248
Charge for the year	12,362	10,425
Deductions during the year	-	-
Depreciation to date	4,25,791	4,13,429
<b>Net Block</b>	<b>18,31,344</b>	<b>18,43,706</b>
<b>B. Other Fixed Assets</b> (includes Furniture and Fixture and Computers)		
<b>Gross Block</b>		
As at the beginning of the year	27,43,265	25,38,561
Additions/Adjustments during the year	4,07,980	2,83,542
Deductions during the year	37,482	78,838
At the end of the year	<b>31,13,763</b>	<b>27,43,265</b>
<b>Depreciation</b>		
As at the beginning of the year	20,78,383	19,55,709
Charge for the year	2,38,407	2,00,649
Deductions during the year	36,812	77,975
Depreciation to date	22,79,978	20,78,383
<b>Net Block</b>	<b>8,33,785</b>	<b>6,64,882</b>
<b>C. Capital Work In progress</b>	<b>78,224</b>	<b>67,153</b>
<b>Total (A+B+C)</b>	<b>27,43,353</b>	<b>25,75,741</b>

#### SCHEDULE 11 - OTHER ASSETS

I. Inter Office Adjustments (Net)	5,816	5,894
II. Interest Accrued	20,37,048	18,37,920
III. Tax paid in advance and Tax Deducted at Source (net of provisions)	5,97,363	5,14,313
IV. Deferred Tax Asset	5,77,199	6,91,194
V. Stationery and stamps	6,719	5,392
VI. Non Banking Assets acquired in satisfaction of claims	11,228	11,228
VII. Others*	34,48,362	38,11,731
<b>Total</b>	<b>66,83,735</b>	<b>68,77,672</b>

\*Includes deposits placed with NABARD, SIDBI, NHB and Mudra amounting to ₹2369082 thousands (Previous year ₹2553645 thousands)

#### SCHEDULE 12 - CONTINGENT LIABILITIES

I. Claims against the bank not acknowledged as debts	3,87,724	3,84,796
II. Liabilities on account of outstanding forward exchange contracts	11,86,044	12,80,314
III. Guarantees given on behalf of constituents in India	38,21,382	39,03,799
IV. Acceptance endorsements and other obligations	53,882	49,780
V. Other items for which Bank is contingently liable	12,09,042	10,63,149
i) Amount transferred to DEAF	8,76,735	7,91,954
ii) Disputed Tax Liability	2,04,824	2,17,362
iii) Estimated amount of contracts remaining to be executed on capital account and not provided for	1,27,483	53,833
<b>Total</b>	<b>66,58,074</b>	<b>66,81,838</b>

(₹ in '000)

	As at March 31, 2024	As at March 31, 2023
<b>SCHEDULE 13 - INTEREST EARNED</b>		
I. Interest/Discount on Advances/bills	96,24,500	82,54,236
II. Income on Investments	22,06,214	23,51,049
III. Interest on balance with Reserve Bank of India and other inter Bank funds	72,645	25,228
IV. Others	1,66,547	81,858
<b>Total</b>	<b>1,20,69,906</b>	<b>1,07,12,371</b>
<b>SCHEDULE 14 - OTHER INCOME</b>		
I. Commission, Exchange and Brokerage	69,720	63,898
II. Profit/(Loss) on sale of Investments (Net)	(22,899)	(23,550)
III. Profit/ (Loss) on revaluation of Investments	2,13,146	(4,00,772)
IV. Profit/(Loss) on sale of land, building and other Assets (Net)	2,524	7,669
V. Profit /(Loss) on exchange transactions (Net)	10132	26207
VI. Income from Insurance	1,22,354	1,54,188
VII. Miscellaneous Income*	11,30,618	9,17,530
<b>Total</b>	<b>15,25,595</b>	<b>7,45,170</b>
<i>*Includes</i>		
<i>Processing Charges</i>	<i>1,87,290</i>	<i>1,78,787</i>
<i>Amount written off since recovered</i>	<i>3,01,815</i>	<i>1,39,416</i>
<i>Income from ATM</i>	<i>1,09,609</i>	<i>1,14,684</i>
<b>SCHEDULE 15 - INTEREST EXPENDED</b>		
I. Interest on Deposits	72,59,011	56,81,576
II. Interest on Reserve Bank of India/Inter bank borrowings	60,926	1,08,262
III. Others	1,65,452	1,65,000
<b>Total</b>	<b>74,85,389</b>	<b>59,54,838</b>
<b>SCHEDULE 16 - OPERATING EXPENSES</b>		
I. Payments to and Provisions for Employees	33,11,996	24,72,537
II. Rent, Taxes and Lighting	4,97,097	4,68,393
III. Printing and Stationery	28,957	24,436
IV. Advertisement and Publicity	11,489	9,537
V. Depreciation to Bank's property	2,50,769	2,11,074
VI. Directors Fees, Allowances and Expenses	13,529	6,979
VII. Auditors' Fees and Expenses (including Branch Auditors)	13,152	11,216
VIII. Law charges	21,664	28,524
IX. Postages, Telegrams, Telephones etc	60,997	53,241
X. Repairs and Maintenance	2,95,432	2,34,824
XI. Insurance	2,16,165	1,93,467
XII. Other Expenditure	6,96,248	5,56,438
<b>Total</b>	<b>54,17,495</b>	<b>42,70,666</b>

## **SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS, MARCH 31, 2024**

### **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.
- Interest/ discount/ other charges 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.
- The recoveries made from NPAs are apportioned in the order of suspended outgoings, penal interest, normal interest and principal. But in the case of recoveries out of One Time Settlement, the apportionment is first made to principal amount and there after to charges and interest.
- Overdue Interest on Investments and Bills discounted are accounted on realization.
- Profit or Loss on sale of Investment is recognized in the Profit and Loss Account. However, an amount equal to the profit on sale of investments in the Held to Maturity (HTM) category is appropriated to Capital Reserve Account, net of applicable taxes.
- Profit or loss on revaluation of investments as well as provision for depreciation (or reversal of excess depreciation) is recognized in the Profit and Loss Account.
- Income (other than interest) on investments in the "Held to Maturity (HTM)" category acquired at a Discount to Face Value, is recognized as follows:
  - i) On interest bearing securities, it is recognized only at the time of sale/redemption.
  - ii) On Zero coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.
- 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".
- Dividend on investments in shares and units of mutual funds are accounted on accrual basis when the bank's right to receive the dividend is established.
- Insurance claims, Commission from Distribution of Mutual Fund products and Commission from Depository services are accounted on receipt basis.
- Interest on income tax refund is recognized in the year of receipt of Assessment Orders.
- Locker Rent is accounted on receipt basis without spreading it over the remaining lease period.
- 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.
- Commission on distribution of Insurance products is accounted on accrual basis.
- 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.
- Unpaid funded interest on term loans is accounted on realization as per the guidelines of RBI.
- 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.
- In compromise settlement cases, sacrifice on settlement is accounted upfront.

## 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 for 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. 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) 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.

#### d) 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 year in which they occur.

#### e) Compensation for absence on Privilege/Sick/Casual Leave

The employees of the Bank are entitled to compensated absence on account of privilege/ sick/ casual 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.

#### f) 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.

#### g) 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. The Bank measures compensation cost relating to employee stock options using the intrinsic value method. Compensation cost is measured by the excess, if any, of the fair market price of the underlying stock (i.e., the last closing price on the stock exchange on the day preceding the date of grant of stock options) over the exercise price. If the exercise price of the Bank's stock option is the last closing price on the stock exchange on the day preceding the date of grant of stock options and accordingly there is no compensation cost under the intrinsic value method.

#### h) Compensation of Whole time Directors/Chief Executive officers

As per the guidelines of RBI, the joining/sign-on bonus should be in the form of share-linked instruments only. Such bonus will neither be considered part of fixed pay nor part of variable pay. Subject to regulatory compliance, bank can allot shares at face value with a lock in period of 1 year from the date of grant as guaranteed bonus.

The variable pay can be in the form of share-linked instruments, or a mix of cash and share-linked instruments. Variable compensation is fixed based on organizational performance. Organization's performance is charted based on performance score card which takes into account various indicators such as business growth, Asset quality, Return on Assets, Reduction in Cost to Income Ratio, Return on Investment and Divergence in provisioning & asset classification.

Share-linked instruments should be fair valued on the date of grant by the bank using Black-Scholes model. The fair value thus arrived at should be recognized as an expense beginning with the accounting period for which approval has been granted.

**C) Other Operating Expenses:** Other operating expenses are generally accounted on accrual basis.

## III. Net profit

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

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



#### IV. Advances

##### A) Valuation/M 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 Non-Performing advances 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. In respect of loans and advances accounts subjected to restructuring, the account is upgraded to standard only after the specified period, 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. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.
- f) Loss on sale of assets to Asset Reconstruction Companies: - The 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.
- g) In respect of non-performing assets acquired from other banks/ FIs and NBFCs, collections in excess of the consideration paid at each asset level or portfolio level is treated as income in accordance with RBI guidelines and clarifications.

##### 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 exposure. The provision is reflected in Schedule -5 of the Balance Sheet under "Other liabilities and Provisions- Others".

#### VII. Investments

##### i. Classification

- (a) In accordance with the RBI guidelines, investments are categorized in to "Held for Trading" (HFT), "Available for Sale" (AFS) and "Held to Maturity" (HTM) and are further classified under six groups;
  - i. Government Securities,
  - ii. Other Approved Securities,
  - iii. Shares,
  - iv. Debentures and Bonds,
  - v. Subsidiaries/Joint Ventures and
  - vi. Other investments for the purposes of disclosure in the Balance Sheet.

- (b) Investments which are Held for sale within 90 days from the date of purchase are classified as "Held for Trading" (HFT). As per RBI guidelines, HFT Securities which remain unsold for a period of 90 days are classified as AFS Securities on that date.
- (c) Investments which the bank intends to hold till maturity are classified as "Held to Maturity".
- (d) Investments which are not classified in either of the above two categories are classified as "Available for Sale".

## ii. Valuation

The valuation of investments is made in accordance with the RBI Guidelines:

- i) Held for Trading/ Available for Sale (HFT/AFS): - Investments classified under the AFS and HFT categories are marked-to-market. The market/fair value of quoted investments included in the 'AFS' and 'HFT' categories is measured with respect to the Market Price of the Scrip as available from the trades/ quotes on the stock exchanges, SGL account transactions, pricelist of RBI or prices declared by Financial Benchmark India Pvt Limited (FBIL) jointly with Fixed Income Money Market and Derivative Associations of India ('FIMMDA'), periodically. Net depreciation, if any, within each category of investment classification is recognized in Profit and Loss Account. The net appreciation, if any, under each category of Investment is ignored. Except in cases where provision for diminution other than temporary is created, the Book value of individual securities is not changed consequent to the periodic valuation of Investments.
- ii) Held to Maturity (HTM): - These are carried at their acquisition cost. Any premium on acquisition of debt instruments is amortized over the remaining maturity of the security. Any diminution, other than temporary, in the value of such securities is provided for each investment individually.
- iii) Treasury Bills, Commercial Papers and Certificate of Deposits being discounted instruments are valued at carrying cost
- iv) Units of Mutual Funds are valued at the latest repurchase price/net asset value declared by Mutual Fund.
- v) Market value of investments where current quotations are not available, is determined as per the norms prescribed by the RBI as under:
  - in case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e., not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by FIMMDA/ FBIL and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit ratings along with residual maturity issued by FIMMDA are adopted for this purpose;
  - in case of bonds and debentures (including Pass Through Certificates or PTCs) where interest is not received regularly (i.e., overdue beyond 90 days), the valuation is in accordance with prudential norms for provisioning as prescribed by RBI;
  - equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at breakup value (without considering revaluation reserves, if any) which is ascertained from the company's latest Balance Sheet. In case the latest Balance Sheet is not available, the shares are valued at ₹1/- per company.
  - Investment in security receipts is valued as per the Net Asset Value (NAV) obtained from the issuing Reconstruction Company / Securitization Company.
  - Non-Performing Investments are identified and valued based on RBI guidelines.

## iii. 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.

## iv. 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.

## v. Non-Performing Investments

In respect of securities included in any of the three categories of investments where interest / principal is in arrears, for more than 90 days, income is not recognized and appropriate provision for the depreciation in the value of the investments is made, as per prudential norms applicable to non-performing advances. Debentures / Bonds in the nature of advances are subjected to usual prudential norms applicable to advances.

## vi. Transfer Between Categories

Classification of investments under Held to Maturity (HTM), Held for Trading (HFT) and Available for Sale (AFS) is done at the time of purchase and subsequent shifting amongst categories is done in conformity with the regulatory guidelines. Transfer

between categories is done at the lower of the acquisition cost/ book value/ market value on the date of the transfer and the depreciation, if any, on such transfer is fully provided for. Transfer of securities from/ to Held to Maturity category is done as per guidelines issued by RBI from time to time.

**vii. Acquisition Cost**

In determining the acquisition cost of the Investment:

- Transaction costs including brokerage and commission pertaining to acquisition of Investments are charged to the Profit and Loss Account.
- Broken period interest is charged to the Profit and Loss Account.
- Cost of investments is computed based on the weighted average cost method.

**viii. Disposal of Investments**

- Held for Trading and Available for Sale – Profit or loss on sale/redemption is recognized in the Profit and Loss account.
- Held to Maturity - Profit or Loss on Sale/ Redemption of Investments is recognized in the Profit and Loss account. In case of Profits, the same is appropriated to Capital Reserve, after adjustments for tax and transfer to statutory reserve.

**VIII. Fixed Assets (Land, Premises, Property, Plant & Equipment and intangibles) and depreciation/ amortization**

- An item of fixed asset 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 fixed assets.
- Property, Plant and Equipment (other than land and premises) following 'Cost Model' are carried at Cost less any accumulated depreciation/amortization and any accumulated impairment losses.
- 'Revaluation Model' is followed for land and premises and 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 "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 in respect of an asset 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 based on the estimated useful life of the asset on straight-line basis 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".
- 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.
- 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 5 years on straight-line basis.
- 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.N.	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).

#### 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 fulfil 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 is 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 is 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.

#### **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, 1961. 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, when reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are measured using tax rates under tax laws that have been enacted as on reporting 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. Deferred tax asset is reviewed at each balance sheet date for their realisability.

#### **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 Share Premium Account in terms of Section 52 of the Companies Act, 2013.

#### **XX. Corporate Social Responsibility**

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013 are recognized in the Profit and Loss Account.

#### **XXI. Cash Flow**

Cash flow statement has been prepared under the indirect method.

#### **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'.



**SCHEDULE 18 - NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024****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, 2024 are denominated in Rupees Crore to conform to extant RBI guidelines except, where stated otherwise.

**1. CAPITAL****1.1 Capital Infusion**

a) During the year ended March, 31, 2024 there was no infusion of capital.

**Paid-up Capital**

(₹ in Crore)

Particulars	March 31,2024	March 31,2023
Opening Balance	253.01	253.01
Addition during the year	-	-
Closing Balance	253.01	253.01

**Share Premium**

(₹ in Crore)

Particulars	March 31,2024	March 31,2023
Opening Balance	1005.45	1005.45
Addition during the year	-	-
Closing Balance	1005.45	1005.45

**Tier II Capital**

During the year ended March 31, 2024, the Bank has lower Tier II Bonds (ISIN-INE680A09022) of ₹150.00 crore.

(₹ in Crore)

Particulars	March 31,2024	March 31,2023
Opening Balance as on April 1 <sup>st</sup>	150.00	150.00
Redemption of Bonds	-	-
Closing Balance as on March 31 <sup>st</sup>	150.00	150.00

**1.2 Regulatory Capital**

The Bank is subject to the Basel-III Capital Regulations stipulated by Reserve Bank of India (RBI) effective from April 1, 2013. Transition to the Basel-III Capital Regulations was in a phased manner. Bank has to comply with the regulatory limits and minima as prescribed under Basel III capital regulations, on an ongoing basis.

As per the Reserve Bank of India (RBI) guidelines, the total regulatory capital consists of sum of the following;

## 1) Tier-1 Capital (Going Concern Capital\*)

- Common Equity Tier-1(CET-1)
- Additional Tier-1

## 2) Tier-2 Capital (Gone Concern Capital\*\*)

\* From Regulatory perspective, Going Concern Capital is the Capital, which can absorb losses without triggering bankruptcy of the Bank.

\*\* From Regulatory perspective, Gone Concern Capital is the Capital, which will absorb losses only in a situation of liquidation of the Bank.

The Minimum Capital Requirement under Basel-III is as follows:

Sl. No.	Regulatory Capital	As a % to Risk Weighted Assets (RWAs)
(i)	Minimum Common Equity Tier-1 (CET-1)	5.50
(ii)	Capital Conservation Buffer (CCB)	2.50
(iii)	Minimum Common Equity Tier-1 (CET-1) + Capital Conservation Buffer (CCB) [(i)+(ii)]	8.0
(iv)	Additional Tier 1 Capital	1.50
(v)	Minimum Tier-1 Capital [(i) +(iv)]	7.00
(vi)	Tier 2 Capital	2.00
(vii)	Minimum Total Capital Ratio [ (v)+(vi)]	9.00
(viii)	Minimum Total Capital Ratio + Capital Conservation Buffer (CCB) [(vii)+(ii)]	11.50

Basel-III guidelines require the Bank to maintain a minimum capital to risk weighted assets ratio (CRAR) of 9% with minimum CET-1 CRAR of 5.5%, Minimum Tier-1 CRAR of 7% and Capital Conservation Buffer (CCB) of 2.5%.

#### a) Composition of Regulatory Capital

The following table sets forth, for the period indicated, computation of capital adequacy as per Basel-III framework:

(₹ in Crore)

Sr. No.	Items	March 31, 2024	March 31, 2023
(i)	Common Equity Tier 1 capital (CET 1) (net of deductions, if any)	847.61	756.83
(ii)	Additional Tier 1 capital	-	-
(iii)	Tier 1 capital (i + ii)	847.61	756.83
(iv)	Tier 2 capital	100.51	127.01
(v)	Total capital (Tier 1 +Tier 2)	948.12	883.85
(vi)	Total Risk Weighted Assets (RWAs)	7462.44	7173.79
(vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	11.36%	10.55%
(viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	11.36%	10.55%
(ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	1.35%	1.77%
(x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	12.71%	12.32%
(xi)	Leverage Ratio	5.14%	4.87%
(xii)	Percentage of the shareholding of		
	a) Government of India	-	-
(xiii)	Amount of paid-up equity capital raised during the year	-	-
(xiv)	Amount of non-equity Tier 1 capital raised during the year, of which:		
	a) Basel III compliant Perpetual Non-Cumulative Preference Shares (PNCPS)		
	b) Basel III compliant Perpetual Debt Instruments (PD)	-	-
(xv)	Amount of Tier 2 capital raised during the year, of which		
	a) Basel III compliant Debt Capital Instrument		
	b) Basel III compliant Preference Share Capital Instruments	-	-

The Bank had been computing Net worth considering application Software as an intangible asset up to the quarter ended September 30, 2023. However, the Bank has changed its approach with respect to the treatment of application software for the computation of net worth. Consequently, the Bank has not deducted application Software from Net worth from the quarter ended Dec 31, 2023 onwards. Comparative figures for net worth are also restated accordingly. The consequential positive impact on Capital to Risk Weighted Assets Ratio for the year ended March 31, 2024 is 41 basis points.

### 1.3 Reserves and Surplus

#### Statutory Reserve

During the year ended March 31, 2024, the Bank had appropriated ₹14.46 Crore (previous year: ₹12.38 Crore) out of profits for the year ended March 31, 2024 to the Statutory Reserve in terms of sections 17 of the Banking Regulation Act, 1949 and RBI guidelines.

### Capital Reserve

It is the reserve created from Capital profit. Profit on sale of investments in the Held to Maturity category is 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). Amount transferred to Capital Reserve during the year was ₹0.21 Crores (Previous year Nil)

### Investment Reserve (IRA)

When provisions created on account of depreciation in the 'AFS' or 'HFT' categories are found to be in excess of the required amount in any year, the excess shall be credited to the Profit & Loss Account and an equivalent amount (net of taxes, if any and net of transfer to Statutory Reserves as applicable to such excess provision) shall be appropriated to an IRA. During the year, transfer to Investment Reserve Account is ₹12.77 Crores (Previous year Nil).

### Investment Fluctuation Reserve (IFR)

Investment fluctuation reserve (IFR) is to be 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 HFT and AFS portfolio, on a continuing basis. During the year, Bank has transferred ₹2.81 Crores amount (Previous year Nil) to Investment Fluctuation Reserve Account with a view to building up of adequate reserves to protect against increase in yields in future.

### Draw down from reserves

The draw down from the reserves for the year ended March 31, 2024 are as follows:

The Bank has not undertaken any drawdown from reserves during the years ended March 31, 2024 and March 31, 2023, except:

1. Nil (Previous year ₹10.79 Crore) is drawn from revenue reserves being the remaining unprovided amount of one fraud account as permitted by the RBI DBR No.BPBC.92/21.04.048/2015-16 dated April 18, 2016.
2. An amount of ₹0.74 crore (previous year ₹0.54 crore) draw down from revaluation reserves was made and credited to revenue reserves, being depreciation on the revalued assets.

### Credit to Reserve

3. Bank credited back ₹10.79 Crore (Previous year Nil) drawn down from revenue and other reserves relating to unamortized amount of one fraud account as permitted by the RBI DBR No.BPBC.92/21.04.048/2015-16 dated April 18, 2016.

## 2. ASSET LIABILITY MANAGEMENT

### a) Maturity pattern of Assets and Liabilities

Disclosure format of maturity pattern has been revised by RBI vide circular DBR.BPBC.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, 2024:

(₹ in Crore)

Particulars	Day 1	2 to 7 Days	8 to 14 Days	15 to 30 Days	31 days up to 2 months	Over 2 months up to 3 months	Over 3 months and upto 6 months	Over 6 months and up to 1 year	Over 1 year and upto 3 years	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

ii) **Maturity Pattern of certain assets and liabilities as at March 31, 2023:** (₹ 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	56.08	226.62	342.85	665.80	651.97	415.56	1460.92	2849.57	6347.01	263.56	71.71	13351.65
Advances (Net)	223.47	43.28	89.78	386.45	492.60	557.83	1,264.09	1,777.64	1,788.63	1,153.31	1,674.43	9,451.52
Investments (Gross)					15.02	65.17	22.66	226.80	1564.90	1332.11	809.97	4036.62
Borrowings		342.38							150.00			492.38
Foreign currency Assets	35.39	3.08	0.42	4.20	8.40	23.29	11.87	75.88	-	-		162.54
Foreign currency Liabilities	22.61	6.17		5.13	6.83	4.71	7.78	51.33	14.47	24.82	0.04	143.89

b) **Liquidity Coverage Ratio (LCR)**

i) **Quantitative Disclosure**

Below mentioned is a position of Liquidity Coverage Ratio computed based on Simple Average of daily observations of the 4 quarters for the year ended March 31, 2024.

(₹ in Crore)

		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>		3176		3286.23		3378.17		3639.74
<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

	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)
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
<b>8 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	-	-	-	-	-	-	-	-
<b>12 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>
	Total adj Value		Total adj Value		Total adj Value		Total adj Value	
<b>13 Total HQLA</b>	<b>3176</b>		<b>3286.23</b>		<b>3378.17</b>		<b>3639.47</b>	
<b>14 Total Net Cash Outflows</b>	<b>1580.45</b>		<b>1794.64</b>		<b>1770.53</b>		<b>2220.68</b>	
<b>15 Liquidity Coverage Ratio (%)</b>	<b>200.96%</b>		<b>183.11%</b>		<b>190.80%</b>		<b>163.89%</b>	

Below mentioned is a position of Liquidity Coverage Ratio computed based on Simple Average of daily observations of the 4 quarters for the year ended March 31, 2023.

		Quarter ended 30.06.22		Quarter ended 30.09.22		Quarter ended 31.12.22		Quarter ended 31.03.23	
		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)
High Quality Liquid Assets									
1	Total High-Quality Liquid Assets (HQLA)	3602.64		3580.01		3565.71		3539.41	
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:	7828.74	448.49	7817.80	444.91	7788.92	441.96	7819.35	445.97
	i) Stable Deposits	6687.61	334.38	6737.37	336.87	6738.65	336.93	6719.33	335.97
	ii) Less stable deposits	1141.13	114.11	1080.43	108.04	1050.27	105.03	1100.02	110.00
3	Unsecured wholesale funding, of which:	1376.52	319.91	1615.64	506.56	1913.44	738.31	1924.66	667.99
	i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-



		Quarter ended 30.06.22		Quarter ended 30.09.22		Quarter ended 31.12.22		Quarter ended 31.03.23	
		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)
	ii) Non-operational deposits (all counterparties)	1376.52	319.91	1615.64	506.56	1913.44	738.31	1924.66	667.99
	iii) Unsecured debt	-	-	-	-	-	-	-	-
4	Secured wholesale funding		177.73		283.86		203.49		63.47
5	Additional requirements, of which	-	-	-	-	-	-	-	-
	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	-	-			-	-	-	-
6	Other contractual funding obligations	413.43	74.19	545.02	117.50	546.44	105.99	489.54	103.71
7	Other contingent funding obligations	289.20	8.68	329.64	9.89	342.60	10.28	393.33	11.80
8	Total Cash Outflows		1029.00		1362.72		1500.03		1292.94
<b>Cash Inflows</b>									
9	Secured lending (e.g. reverse repos)	12.82	12.82	14.78	14.78	9.04	22.52	20.12	17.35
10	Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11	Other cash inflows	-	-	-	-	-	-	-	-
12	Total Cash Inflows	12.82	12.82	14.78	14.78	9.04	22.52	20.12	17.35
		<b>Total adj Value</b>		<b>Total adj Value</b>		<b>Total adj Value</b>		<b>Total adj Value</b>	
13	Total HQLA		3602.64		3580.01		3565.71		3539.41
14	Total Net Cash Outflows		1016.18		1347.94		1477.51		1275.60
15	Liquidity Coverage Ratio (%)		354.53%		265.59%		241.33%		277.47%

## 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 High Quality Liquid Assets 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, 2024 is 163.89% (Quarter ended March 31, 2023: 277.47%), 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, 2024 (i.e., quarter-end observation).

(₹ 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: (2+3)	882.01	-	-	36.51	918.52
2	Regulatory capital	882.01	-	-	-	882.01
3	Other capital instruments	-	-	-	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	Total ASF (1+4+7+10)					12381.04
RSF Items						
14	Total NSFR high-quality liquid assets (HQLA)					198.56
15	Deposits held at other financial institutions for operational purposes	14.59	-	-	-	7.30
16	Performing loans and securities: (17+18+19+20+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					

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	
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>	774.62	3987.09	2066.48	10192.22	8089.80
32 <b>Net Stable Funding Ratio (%)</b>					<b>153.05%</b>

Bank has complied with the regulatory requirements w.r.t NSFR.

The NSFR calculation at December 31, 2023 (i.e., quarter end observation) is shown below:

(₹ in Crore)

Net Stable Funding Ratio -December 31, 2023						
(₹ in Crore)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Items						
1	Capital: (2+3)	839.67	0	0	150.00	989.67
2	Regulatory capital	839.67			30.00	869.67
3	Other capital instruments				120.00	120.00
4	Retail deposits and deposits from small business customers: (5+6)	4082.52	2191.84	2523.10	2103.76	9927.69
5	Stable deposits	869.98	532.66	458.49	470.79	2215.32
6	Less stable deposits	3212.54	1659.18	2064.61	1632.97	7712.37
7	Wholesale funding: (8+9)	370.52	1111.67	1787.15	161.67	1562.99
8	Operational deposits					
9	Other wholesale funding	370.52	1111.67	1787.15	161.67	1562.99
10	Other liabilities: (11+12)	520.08	0	0	0	0
11	NSFR derivative liabilities					
12	All other liabilities and equity not included in the above categories	520.08			0	0
13	Total ASF (1+4+7+10)					12480.36
RSF Items						
14	Total NSFR high-quality liquid assets (HQLA)					192.49
15	Deposits held at other financial institutions for operational purposes	264.18	-	-	-	132.09
16	Performing loans and securities: (17+18+19+21+23)		3806.48	1447.72	3658.34	5412.94
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		306.81	323.99		208.02
19	Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:		3499.67	1123.73	2525.22	4420.02
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk				190.61	123.90

Net Stable Funding Ratio -December 31, 2023						
(₹ in Crore)	Unweighted value by residual maturity				Weighted value	
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr		
21 Performing residential mortgages, of which:				891.23	579.30	
22 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk				891.23	579.30	
23 Securities that are not in default and do not qualify as HQLA, including exchange traded equities				241.89	205.61	
24 Other assets: (sum of rows 25 to 29)				2335.87	2335.87	
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				2335.87	2335.87	
30 Off-balance sheet items				1001.08	42.05	
31 <b>Total RSF(14+15+16+24+30)</b>	1038.68	3972.48	1678.17	10154.12	<b>8115.43</b>	
32 <b>Net Stable Funding Ratio (%)</b>					<b>153.79%</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 2024.

NSFR Calculation Methodology	RBI prescribed minimum NSFR	Bank's NSFR for the Quarter ended March 31, 2024
NSFR= (Available amount of Stable funding) / (Required amount of Stable funding)	100%	153.05%

Bank has complied with regulatory requirements with respect to NSFR

## 3 INVESTMENTS

### a) Composition of Investment Portfolio

#### i) 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	
Held to Maturity (HTM)							
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
Net	2549.84	0.00	0.00	0.00	0.00	0.00	2549.84
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

Particulars	Investments in India						Total investments in India
	Govt. Securities	Other approved securities	Shares	Debentures and Bonds	Subsidiaries and / or joint ventures	Others	
<b>Net</b>	895.42	0.00	18.70	452.61	0.00	25.83	1392.56
<b>Held for Trading (HFT)</b>							
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
<b>Net</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Investments</b>	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
<b>Net</b>	3445.27	0.00	18.70	452.60	0.00	25.83	3942.40

Bank has no investment outside India.

ii) **As on 31.03.2023**

(₹ 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	2651.00	0.00	0.00	0.00	0.00	0.00	2651.00
Less: Provision for NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net</b>	2651.00	0.00	0.00	0.00	0.00	0.00	2651.00
<b>Available for Sale (AFS)</b>							
Gross	688.13	0.00	37.11	602.68	0.00	57.71	1385.63
Less: Provision for depreciation and NPI	22.61	0.00	17.12	51.87	0.00	56.38	147.98
<b>Net</b>	665.52	0.00	19.98	550.82	0.00	1.33	1237.64
<b>Held for Trading (HFT)</b>							
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
<b>Net</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Investments</b>	3339.13	0.00	37.11	602.68	0.00	57.71	4036.62
Less: Provision for NPI	0.00	0.00	0.00	0.00	0.00	-	-
Less: Provision for depreciation and NPI	22.61	0.00	17.12	51.87	0.00	56.38	147.98
<b>Net</b>	3316.52	0.00	19.98	550.82	0.00	1.33	3888.64

Bank has no investment outside India

**b) Movement of Provisions for Depreciation and Investment Fluctuation Reserve**

(₹ in Crore)

Particulars	31 <sup>st</sup> March 2024	31 <sup>st</sup> March 2023
1) Movement of Provisions held towards depreciation on Investments		
a) Opening Balance	58.02	17.95
b) Add: Provisions made during the year	-	40.07
c) Less: Write Off/ write back of excess provisions during the year.	21.31	-
d) Closing balance	36.71	58.02

Particulars	31 <sup>st</sup> March 2024	31 <sup>st</sup> March 2023
2) Movement of provisions for Non-performing Investments (NPIs)		
a) Opening Balance	89.96	93.46
b) Add: Provisions made during the year	26.01	-
c) Less: Write off / (Write back) of excess provision during the year	-	(3.50)
d) Closing balance	115.97	89.96
3) Movement of Investment Fluctuation Reserve		
a) Opening balance	25.04	25.04
b) Add: Amount Transferred during the year	2.81	-
c) Closing Balance	27.85	25.04
4) Closing balance in IFR as a percentage of closing balance of Investments* in AFS and HFT/Current category	2.00%	2.02%

\*The carrying value less net depreciation (ignoring net appreciation) i.e., the net amount reflected in Balance Sheet

c) **i) Sale and Transfers to / from HTM Category 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 Held to Maturity (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.

ii) **Sale and Transfers to / from HTM Category during FY 2022-23**

During the year ended March 31, 2023, there was no sales and transfer of securities from HTM Category. Hence no disclosure is required.

In accordance with Reserve Bank of India (RBI) guidelines, sale from, and transfer to/from Held to Maturity (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, 2024	March 31, 2023
Opening Balance	89.96	93.46
Additions during the year	26.01	0.00
Reductions during the year	0.00	3.50
Closing balance	115.96	89.96
<b>Total provision held</b>	<b>115.96</b>	<b>89.96</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	0.00
			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
		0.00	0.00	0.00	0.00	0.00
<b>Total</b>		497.16	627.17	115.39	58.97	146.19

**Issuer-wise composition of Non SLR investments March 31, 2023**

(₹ 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	271.29	259.80	-	-	0.10
(ii)	Financial Institutions	240.10	240.10	-	-	-
(iii)	Banks	47.64	47.47	5.00	5.00	5.00
(iv)	Private Corporates	80.77	78.71	26.68	26.68	57.38
(v)	Subsidiaries/Joint Ventures	-	-	-	-	-
(vi)	Others (Security Receipts & PTC)	57.71	57.71	57.71	0.00	57.71
(vii)	Less: Provision held towards Depreciation & NPI	125.37	0.00	0.00	0.00	0.00
<b>Total</b>		572.12	683.79	89.39	31.68	120.19

➤@The Total under column no: 1 is the total of investments included under the following categories in Schedule- 8 to the Balance Sheet;

- Shares
- Debentures and Bonds
- Subsidiaries/Joint Ventures
- 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)

(₹ in Crore)

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, 2024	Outstanding as on March 31, 2023
	2024	2023	2024	2023	2024	2023		
Securities sold under repos								
Govt. Securities	5.00	8.00	374.21	609.77	58.91	177.27	149.04	342.38
Corporate Debt Securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Securities purchased under reverse repos								
Govt. Securities	9.99	19.99	374.94	100.14	36.53	5.45	200.00	0.00
Corporate Debt Securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Note: As per RBI/2018-2019/24 FMRD.DIRD.01/14.03.038/2018-19 dt. July 24, 2018 only Market repo & Market reverse repo Transactions have been taken into Account; Repo/Reverse repo Transactions conducted under Liquidity Adjustment Facility (LAF) with RBI have not been counted								

ii) Outstanding Repo / Reverse Repo Transactions with Reserve Bank of India (RBI) under Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF)

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Repo under Liquidity Adjustment Facility (LAF) / Marginal Standing Facility (MSF)	0.00	0.00
Reverse Repo under Liquidity Adjustment Facility (LAF) / Marginal Standing Facility (MSF)	0.00	0.00

f) Investments kept as margin (in face value terms)

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Collateralized Borrowing and Lending Obligation (CBLO)	150.17	150.17
Clearing of Securities	40.70	35.70
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>443.87</b>	<b>438.87</b>

g) 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.

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Outstanding TREPS Borrowing	64.44	64.96
Outstanding TREPS Lending	0.00	0.00
Amortized Book Value of securities given as collateral to CCIL	64.84	64.49

Details of Book Value of Investments in Security Receipts

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Backed by NPAs sold by the bank as underlying	62.15	57.71
Backed by NPAs sold by the other Banks / Financial institutions / NBFC as underlying	0.00	0.00
<b>Total</b>	<b>62.15</b>	<b>57.71</b>

#### 4. ASSET QUALITY

##### a i) Classification of Advances and provisions held as on March 31, 2024

(₹. in crore)

Particulars	Standard Total Standard advances	Non-Performing			Total Non- Performing Advances	Total
		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 ₹2.97Crores 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 Crores and floating provision of ₹0.67 crores) 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

## ii) Classification of Advances and provisions held as on March 31, 2023

(₹ in Crore)

Particulars	Standard Total Standard advances	Non-Performing			Total Non- Performing Advances	Total
		Sub standard	Doubtful	Loss		
Gross standard Advances and NPAs						
Opening Balance	7910.04	47.51	413.38	2.64	533.54	8443.58
Add: Additions during the year					100.11	100.11
Less: reductions during the year					122.50	122.50
Closing Balance	9342.58	46.05	228.08	237.02	511.15	9853.73
Reductions in Gross NPA due to						
i) Up gradation					33.69	33.69
ii) Recoveries (excluding recoveries from upgraded accounts)					84.08	84.08
iii) Technical/ Prudential write off loans					0.00	0.00
iv) Write off other than those under (iii) above.					4.73	4.73
Provisions (Excluding Floating Provisions)						
Opening balance of Provisions held@	60.24	6.90	217.81	71.48	299.17	359.41
Add: Fresh Provisions made during the year					152.33	152.33
Less: Excess provision reversed/ Write-off loans					51.71	51.71
Closing Balance of provisions held@	58.95	8.52	152.21	236.08	399.79	458.74
@ Counter Cyclical Provision of ₹2.97Crores is factored in Total NPAs/Total columns under opening /closing balance only.						
Net NPAs						
Opening Balance		33.01	201.70	1.09	232.16	
Add: Fresh additions during the year					71.27	
Less: reductions during the year					194.23	
Closing Balance#		37.50	75.34	0.00	109.20	109.20
# General provision of ₹3.64 Crore (Counter Cyclical Provision of ₹2.97Crores and floating provision of ₹0.67 crores) 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						665.46
Add: Technical/Prudential write offs during the year						0.00
Less: Recoveries made from previously technical/ prudential written off accounts during the year						14.26
Closing Balance						651.20
Ratios (in Percentage)						
				31 <sup>st</sup> March 2024	31 <sup>st</sup> March 2023	
Gross NPA to Gross Advances				4.05%	5.19%	
Net NPA to Net Advances				1.25%	1.16%	
Provision Coverage Ratio				88.32%	90.61%	

**b) Sector-wise advances and Gross NPAs**

(₹ in Crores)

Sl. No.	Sector	March 31, 2024			March 31, 2023		
		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	3085.39	16.47	0.53	2547.34	24.29	0.95
2	Advances to industries sector eligible as priority sector lending	608.83	84.06	13.81	649.36	35.86	5.52
3	Services	964.58	134.08	13.90	1082.18	137.85	12.74
4	Personal loans (Other than above)	804.83	35.01	4.35	673.13	31.59	4.69
	Sub-total (A)	5463.63	269.62	4.93	4952.02	229.59	4.64
B	Non-Priority Sector						
1	Agriculture and allied activities	0.00	0.00	0.00	0.00	0.00	0.00
2	Industry	1173.71	6.80	0.58	582.92	30.15	5.17
3	Services	3394.63	86.35	2.54	2764.01	214.17	7.75
4	Personal loans (Other than above)	364.94	58.44	16.01	1554.78	37.24	2.40
	Sub-total (B)	4933.27	151.59	3.07	4901.71	281.56	5.74
	Total (A+B)	10396.90	421.21	4.05	9853.73	511.15	5.19

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 2023-24, 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, as on March 31, 2024.**

(₹ in Crore)

		Agriculture and allied activities	Corporates (excluding MSME)	Micro, Small and Medium Enterprises	Retail (excluding agriculture and MSME)	Total
Standard	Number of borrowers	-	-	2	44	46
	Gross Amount	-	-	3.70	1.60	5.30
	Provision held*	-	-	0.03	0.16	0.19
Sub- standard	Number of borrowers	-	-	1	6	7
	Gross Amount	-	-	9.36	0.57	9.93
	Provision held	-	-	2.58	0.12	2.70
Doubtful	Number of borrowers	-	-	3	8	11
	Gross Amount	-	-	22.51	2.33	24.84
	Provision held	-	-	13.90	1.59	15.49

		Agriculture and allied activities	Corporates (excluding MSME)	Micro, Small and Medium Enterprises	Retail (excluding agriculture and MSME)	Total
	Number of borrowers	1		5	69	75
Loss	Gross Amount	0.02	-	6.08	2.26	8.36
	Provision held	0.02	-	6.08	2.26	8.36
	<b>Number of borrowers</b>	1	-	11	127	139
<b>Total</b>	<b>Gross Amount</b>	0.02	-	41.66	6.76	48.44
	<b>Provision held</b>	0.02	-	22.59	4.13	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).

**Details of borrowers subjected to restructuring under various schemes, as on March 31, 2023.**

(₹ in Crore)

		Agriculture and allied activities	Corporates (excluding MSME)	Micro, Small and Medium Enterprises	Retail (excluding agriculture and MSME)	Total
Standard	Number of borrowers	Nil	Nil	3	41	44
	Gross Amount		-	38.23	2.97	41.20
	Provision held*	-	-	1.79	0.22	2.01
Sub- standard	Number of borrowers	Nil	Nil	2	6	8
	Gross Amount	-	-	2.08	0.49	2.57
	Provision held	-	-	0.32	0.11	0.43
Doubtful	Number of borrowers	Nil	Nil	4	9	13
	Gross Amount	-	-	17.24	2.31	19.55
	Provision held	-	-	7.60	1.00	8.60
Loss	Number of borrowers	2	Nil	6	86	94
	Gross Amount	0.04	-	6.20	2.76	9.00
	Provision held	0.04	-	6.20	2.76	9.00
<b>Total</b>	Number of borrowers	2	Nil	15	142	159
	Gross Amount	0.04	-	63.75	8.53	72.32
	Provision held	0.04	-	15.91	4.09	20.04

\*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 31.03.2024**

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/2020-21/17DOR.No.BPBC/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) *
34	86.21

\*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**

The divergence observed by RBI for the financial years 2022-23 and 2021-22 in respect of the Bank's asset classification and provisioning under the extant prudential norms on income recognition, asset classification and provisioning are below the regulatory requirement for disclosure and hence the disclosure as required under RBI Master Direction on 'Financial Statements- Presentation and Disclosures' on 'Divergence in the asset classification and provisioning', is not required to be made.

**f) Disclosure of transfer of loan exposures**

During the year 2023-2024 and previous year 2022-2023:

- The Bank has not transferred any Non-Performing Assets (NPAs).
- The Bank has not transferred any special mention accounts (SMA) & 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, AIFIs, SFBs and NBFCs including Housing Finance Companies (HFCs) or ARC.

**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.

Out of the total 421 numbers of fraud incidents reported to RBI during the year 2023-2024, 415 numbers are cyber frauds, amounting to ₹1.61 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 2023-2024, material Fraud cases of 6 numbers amounting to ₹4.11 crores occurred and reported, out of which in one account, full amount of ₹0.20 crores was recovered.

	March 31, 2024	March 31, 2023
No. of frauds reported during the year	421	61
Amount involved in fraud (₹ in Cr.)	5.72	161.03
Amount involved in fraud net of recoveries which requires provision (₹ in Cr.)	3.91	155.68
Amount of Provision made for such Frauds (₹ in Cr.)	3.91	144.89
Amount of unamortized provision debited from "other reserves" as at the end of the year (₹ in Cr.) (See note below)	Nil	10.79

**h) Disclosure under Resolution framework for COVID-19- related Stress:**

- 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) 30.09.2023	(B) Of (A), aggregate debt that slipped into NPA during the half year ended Mar 2024	(C) Of (A) amount written off during the half year	(D) Of (A) amount paid by the borrowers during the half year ended Mar 2024	(E) Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of year 31.03.24*
Personal Loans	18.58	0.74	0.00	2.77	15.93
Others	27.64	1.12	0.00	6.70	19.62
Corporate Persons (all are MSME loans)	11.16	0.00	0.00	3.03	7.78
Total under RFCS	57.38	1.86	0.00	12.50	43.33

\*Excludes other facilities to the borrowers which have not been restructured but considered as part of residual debt.

- ii) 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 as follows;

No. of Accounts	Nil
Aggregate Exposure as on March 31, 2024 (₹ in Crore)	Nil

## 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, 2024	March 31, 2023
<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>	1139.55	963.49
Of Which individual Housing loan eligible for inclusion in Priority Sector Advances	654.56	572.03
<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>	301.86	261.45
<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>	288.09	399.00
<b>Total Exposure to Real Estate Sector (A+B+C)</b>	<b>1729.50</b>	<b>1623.94</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, 2024	March 31, 2023
(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;	36.44	64.57
(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, 2024	March 31, 2023
(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>36.44</b>	<b>64.57</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, 2024	Provision held as at March 31, 2024	Exposure (net) as at March 31, 2023	Provision held as at March 31, 2023
Insignificant	Nil	Nil	4.67	Nil
Low	0.19	Nil	4.71	Nil
Moderately Low	0.19	Nil	Nil	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>0.38</b>	Nil	<b>9.38</b>	Nil

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, 2024	March 31, 2023
Total Unsecured advances of the Bank	502.94	355.41
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**

Bank has no factoring Exposures

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 ₹0.96 (previous year – ₹0.12 crore) and no additional capital on account of unhedged foreign currency exposure of its borrowers as at March 31, 2024.

## 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, 2024	March 31, 2023
Total Deposits of twenty largest depositors (₹ in Crore)	3179.70	3027.15
Percentage of Deposits of twenty largest depositors to total Deposits of the Bank	22.25%	22.67%

### b) Concentration of Advances

Particulars	March 31, 2024	March 31, 2023
Total Advances to twenty largest borrowers (₹ in Crore)	1,556.67	1759.99
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	14.97%	17.86%

**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, 2024	March 31, 2023
Total Exposure to twenty largest borrowers/customers (₹ in Crore)	1691.32	1824.43
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the bank on borrowers /customers	14.36%	17.63%

**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, 2024	March 31, 2023
Total Exposure to top twenty NPA accounts (₹ in Crore)	251.83	302.45
Percentage of exposures to the twenty largest NPA exposures to total Gross NPAs.	59.79%	59.17%

## 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 2023-24. The bank had NIL outstanding FRA and IRS position at the end of March 2024.

### b. Exchange traded Interest Rate Derivatives

Sl. No.	Particulars	March 31, 2024	March 31, 2023
(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.

1. 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.
2. 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.

3. 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

Sl. No.	Particulars	March 31, 2024		March 31, 2023	
		Currency Derivatives	Interest rate derivatives	Currency Derivatives	Interest rate derivatives
	Derivatives (Notional Principal Amount)				
(i)	a) For hedging	Nil	Nil	Nil	Nil
	b) For trading	Nil	Nil	Nil	Nil
	Marked to Market Positions [1]				
(ii)	a) Asset (+)	4.28	Nil	3.46	Nil
	b) Liability (-)	Nil	Nil	Nil	Nil
(iii)	Credit Exposure [2]	Nil	Nil	Nil	Nil
	Likely impact of one percentage change in interest rate (100*PV01)	Nil	Nil	Nil	Nil
(iv)	a) on hedging derivatives	Nil	Nil	Nil	Nil
	b) on trading derivatives	Nil	Nil	Nil	Nil
	Maximum and Minimum of 100*PV01 observed during the year				
(v)	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, 2024 and March 31, 2023.

## e. OIS (Overnight Index Swap) position

The Bank has not entered into OIS (Overnight Index Swap) during FY 2023-24. The bank had NIL outstanding OIS position at the end of March 2024 and March 2023.

## f) Un-hedged / uncovered foreign currency exposure of the Bank

The Bank's foreign currency exposures as at March 31, 2024 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 ₹10.00 Crore and actual position as on March 31, 2024 was ₹1.30 Crore. AGL limit is USD 89 Mio and actual position as on March 31, 2024 was USD 20.61 Million.

**g) Currency Futures**

The Bank does not deal in exchange traded currency futures during the current and previous Financial Years.

**8. Securitization Transactions**

Sl. No.	Particulars	March 31, 2024	March 31, 2023
i	No of SPEs holding assets for securitization transactions originated by the originator (only the SPVs relating to outstanding securitization exposures to be reported here)	Nil	Nil
ii	Total amount of securitized assets as per books of the SPEs	Nil	Nil
iii	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet	Nil	Nil
iv	a) Off-balance sheet exposures <ul style="list-style-type: none"> <li>• First loss</li> <li>• Others</li> </ul> b) On-balance sheet exposures <ul style="list-style-type: none"> <li>• First loss</li> <li>• Others</li> </ul> Amount of exposures to securitisation transactions other than MRR	Nil	Nil
	a) Off-balance sheet exposures <ul style="list-style-type: none"> <li>• First loss</li> <li>• Others</li> </ul> b) On-balance sheet exposures <ul style="list-style-type: none"> <li>• First loss</li> <li>• Others</li> </ul> b) On-balance sheet exposures <ul style="list-style-type: none"> <li>i) Exposure to own securitisations <ul style="list-style-type: none"> <li>• First loss</li> <li>• Others</li> </ul> </li> <li>ii) Exposure to third party securitisations <ul style="list-style-type: none"> <li>• First loss</li> <li>• Others</li> </ul> </li> </ul>	Nil	Nil
v.	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	Nil	Nil
vi.	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	Nil	Nil
vii.	Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided. (a) Amount paid (b) Repayment received (c) Outstanding amount	Nil	Nil
viii.	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc.	Nil	Nil
	Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e., RMBS, Vehicle Loans, etc.	Nil	Nil
	Investor complaints (a) Directly/Indirectly received and; (b) Complaints outstanding	Nil	Nil



**9. Off-balance sheet SPVs sponsored** (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	
Domestic	Overseas
Nil	Nil

**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 set out below:

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Opening balance of amounts transferred to DEA Fund	79.20	67.51
Add: Amounts transferred to DEA Fund during the year	10.94	12.66
Less: Amounts reimbursed by DEA Fund towards claims	2.46	0.97
Closing balance of amounts transferred to DEA Fund	87.68	79.20

**11. Disclosure of Complaints**

**a) Summary information on complaints received by the bank from customers and from the office of Banking Ombudsman**

Sl. No.	Particulars	March 31, 2024	March 31, 2023
	Complaints received by the bank from its customers		
1	Number of complaints pending at beginning of the year	75	113
2	Number of complaints received during the year	6032	6101
3	Number of complaints disposed during the year	6013	6139
3.1	Of which, number of complaints rejected by the bank	217	34
4	Number of complaints pending at the end of the year	94	75
	Maintainable complaints received by the bank from Office of Ombudsman		
5	Number of maintainable complaints received by the bank from Office of Ombudsman	25	32
5.1	Of 5, number of complaints resolved in favor of the bank by Office of Ombudsman	12	16*
5.2	Of 5, number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	13	16*
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)	NA	NA
	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.		

\*Points 5.1 & 5.2 were wrongly updated by oversight in the Annual Report FY 2022-2023 which is corrected in this report.

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 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
<b>Total</b>	<b>75</b>	<b>6032</b>		<b>94</b>	<b>0</b>
<b>Financial Year 2022-23</b>					
ATM/Debit Cards	76	2972	-58	27	0
Internet/Mobile/Electronic Banking	33	2483	-60	35	0
Account opening/ difficulty in operation of accounts	1	370	-12	5	0
Credit Cards	2	154	18	1	0
Loans and Advances	1	23	-50	1	0
Others	0	99	-52	6	0
<b>Total</b>	<b>113</b>	<b>6101</b>		<b>75</b>	<b>0</b>

**12. Penalties Levied by the Reserve Bank of India (Amount in ₹)**

During the year 2023-24, Reserve Bank of India levied penalty on the Bank as detailed below:

Particulars	Banking Regulation Act 1949	Payment and Settlement Systems Act, 2007	Government Securities Act, 2006 (for bouncing of SGL)
Nature of the breach	1. Deficiency in soiled note remittance to RBI. 2. Delay in conducting weekly concurrent audit at one of the currency chests. 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'	Nil	Nil
Number of instances of default	1. 15 2. 1 3. 4	Nil	Nil
Quantum of penalty imposed	1. ₹4,850 2. ₹5,000 3. ₹1,20,47,000	Nil	Nil

During the year 2022-23, Reserve Bank of India levied penalty on the Bank as detailed below:

1) Soiled Notes Remittance. Details are given below:

Particulars	Banking Regulation Act 1949	Payment and Settlement Systems Act, 2007	Government Securities Act, 2006 (for bouncing of SGL)
Nature of the breach	Scheme of penalties for bank branches including currency chests for deficiency in rendering customer service to the members of public – deficiency in soiled notes remittance to RBI	Nil	Nil
Number of instances of default	5	Nil	Nil
Quantum of Penalty imposed.	₹2,300	Nil	Nil

Penalties levied by Reserve Bank of India – In the case of default in reverse repo transaction

Particulars	FY 2023-24
Number of instances of default	Nil
Quantum of Penalty paid to RBI	Nil

### 13. Disclosures on Remuneration

#### a. Qualitative Disclosures

- a. Information relating to the composition and mandate of the Nomination and Remuneration Committee.

#### Composition

1. Dr. Nirmala Padmanabhan, Chairperson
2. Shri G. Rajagopalan Nair
3. Shri Sreesankar Radhakrishnan

#### 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;

	<p>b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;</p> <p>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.]</p> <p>9. Formulating and determining the Bank's policies on remuneration packages payable to the Directors and key managerial personnel including performance / achievement bonus, perquisites, retirements, sitting fees.</p> <p>10. Considering grant of Stock Options to employees.</p> <p>11. Reviewing the composition of the existing Committees of the Board.</p> <p>12. Formulation of criteria for performance evaluation of independent directors and the Board;</p> <p>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;</p> <p>14. Developing and recommending to the Board the Corporate Governance guidelines applicable to the Bank for incorporating best practices from time to time.</p> <p><b>Periodicity of Meetings</b></p> <p>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</p>
b. Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	<p>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.</p> <p>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.</p>
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.	<p>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'.</p> <p>The Policy also touches upon the sensitivity of payout schedule to the time horizon of risks.</p> <p>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</p> <ol style="list-style-type: none"> <li>1. compensation is adjusted for all types of risks</li> <li>2. compensation outcomes are symmetric with risk outcomes</li> <li>3. compensation payouts are sensitive to the time horizon of risks and</li> <li>4. mix of cash, equity and other forms of compensation are consistent with risk alignment.</li> </ol> <p>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.</p> <p>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.</p>

<p>d. Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.</p>	<p>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.</p> <p>Bank will device 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.</p> <p>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.</p> <p>Under CTC pattern the increments shall be linked to bank's performance as well as the employees' performance based on year-on-year yardsticks fixed at the sole discretion of the competent authority.</p>
<p>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.</p>	<p>Norms for grant of share linked instruments shall be in conformity with the provisions of Securities &amp; 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.</p> <p><u>Deferral of Variable Pay</u></p> <p>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:</p> <ol style="list-style-type: none"> <li>1) If cash component is part of Variable Pay, at least 50% of the cash bonus shall be under deferral arrangement.</li> <li>2) If cash component of Variable Pay is under ` 0.25Crore, deferral payment for cash portion would not be necessary.</li> </ol> <p><u>Period of Deferral Arrangement</u></p> <p>Deferral Period shall be fixed as three years applicable to both cash and non-cash components of the Variable Pay.</p> <p>In order to ensure a proper assessment of risks before the application of ex-post adjustments, following guidelines shall be ensured for vesting.</p> <ol style="list-style-type: none"> <li>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.</li> <li>2) The first such vesting shall not be before one year from the commencement of the deferral period.</li> </ol> <p><u>Retention Period</u></p> <p>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.</p>
<p>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.</p>	<p>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.</p> <p><u>Limits on Variable Pay:</u></p> <ol style="list-style-type: none"> <li>1) Total Variable Pay, inclusive of cash and non-cash components for all positions other than Whole Time Directors and MD &amp; CEO shall be 100% of the Fixed Pay (i.e., 50% of total remuneration).</li> <li>2) For WTDs and MD &amp; 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.</li> <li>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.</li> <li>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.</li> <li>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%.</li> </ol>

**b. Quantitative Disclosures**

(₹ in Crore)

Quantitative Disclosures	March 31, 2024		March 31, 2023	
Number of meetings held by the Nomination and Remuneration Committee during the financial year and remuneration paid to its members.	10		8	
	Sitting fee – ₹ 0.126		Sitting fee – ₹ 0.075	
(i) Number of employees having received a variable remuneration award during the financial year.	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			
(i) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms.	1.56#		1.20	
(ii) Total amount of deferred remuneration paid out in the financial year.	0.24 **		NIL	
Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	<b>Fixed Pay</b>	<b>Variable Pay</b>	<b>Fixed Pay</b>	<b>Variable Pay</b>
	MD & CEO	0.60	MD & CEO	0.60*
	MRTs	1.35	MRTs	2.75
		Nil		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>		<b>11</b>	
	(1 MD & CEO, 2. Head- Business Development, 3. Chief Credit Officer 4. Head – Treasury)		MD & CEO, 1 General Manager & 9 Deputy General Manager (excluding Banking Ombudsman)	
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.	Nil		Nil	
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) ***	0.010		0.009	
2) The deviation of the pay of each of its WTDs from the mean pay				
• MD & CEO	0.590		0.591	

\*As per the terms of appointment approved by Board of Directors, the Managing Director & CEO is eligible for Variable Pay with cash and non-cash components aggregating to ₹.0.60 Crore in a year upon satisfying specific parameters as per audited figures of the relevant financial year. The actual amount of variable pay can be quantified based on audited figures for FY 2023-24 only.

\*\* Variable Pay of ₹ 24 Lakhs for FY 2021-22 paid to MD & CEO in the Financial Year 2023-24.

# FY 2021 – 22 ₹ 0.36 Crs

FY 2022 – 23 ₹ 0.60 Crs

FY 2023 – 24 ₹ 0.60 Crs

\*\*\* 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

**c. 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, 2024	March 31, 2023
Sitting Fees paid to Non-Executive Directors	1.188	0.675



#### 14. Other Disclosures

##### a. BUSINESS RATIOS

(₹ in Crore)

S.N.	Particulars	March 31, 2024	March 31, 2023
(i)	Interest Income as a percentage to Working Funds (%) *	7.49	7.13
(ii)	Non-interest income as a percentage to Working Funds (%) *	0.95	0.50
(iii)	Cost of Deposits (%)	5.30	4.48
(iv)	Net Interest margin (%)	3.22	3.60
(v)	Operating Profit as a percentage to Working Funds (%) *	0.43	0.82
(vi)	Return on Assets (%) *	0.36	0.34
(vii)	Business (Deposits plus net advances) per employee – ₹ in Crore #	14.64	13.13
(viii)	Profit/(Loss) per employee - ₹ in Crore #	0.03	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, 2024	March 31, 2023
1.	For selling non-life insurance policies	0.88	1.12
2.	For selling Life insurance policies	11.36	14.29
	<b>Total</b>	<b>12.24</b>	<b>15.41</b>

##### c. Marketing and Distribution

Bank is not undertaking marketing and distribution function except bancassurance business.

##### 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.

- There was no sale of PSLC by bank during year ended March 31, 2024 and March 31, 2023
- There was purchase of PSLC of ₹860 Cr. by the bank during year ended March 31, 2024 and there was purchase of PSLC of ₹75 Cr. during March 31, 2023.

##### e. Provisions and Contingencies

The breakup of Provisions and Contingencies for the year ended March 31, 2024 and March 31, 2023 are given below:

(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Provision for NPI	26.01	(3.50)
Provision for Standard Assets	3.78	4.84
Provision against Fraud	Nil	1.16
Provision for NPA (including Bad Debts written off)	(10.79)	94.57
Provision for Restructured Advances	(19.93)	(6.17)
Provision for Unhedged Forex Exposure	0.96	(0.04)
Provision for Income tax	1.26	1.24
Provision for Deferred Tax	11.40	(18.99)
Other Provisions (Net)*	(1.24)	0.73
<b>Total</b>	<b>11.44</b>	<b>73.84</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)

As per the Road Map of Ministry of Corporate Affairs (MCA) in the Press Release Dated January 18, 2016, Banks shall comply with the Ind AS for the financial statements for the accounting periods beginning from April 01, 2018 onwards with the comparatives for the period ending March 31, 2018. RBI had issued necessary instructions to Banks to take steps to assess the impact of transition to Ind AS, adopt strategies for the effective implementation of Ind AS including disclosure of the strategies adopted and the process made in the Annual Report.

Complying with the RBI direction to achieve the MCA Roadmap of Ind AS implementation, Bank had constituted Steering Committee headed by Managing Director & CEO, comprising members from cross functional areas to oversee the progress of Ind AS implementation. The Bank has also constituted sub-committee comprising members of junior/middle level management for Ind AS implementation and adopted three phased approaches for meeting the deadline.

As advised by RBI, 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.

RBI, vide circular DBR.BP.BC.No.29/21.07.001/2018-19 dated March 22, 2019, has deferred the implementation of Ind AS until further notice considering the pending legislative amendments required for Ind AS implementation as also the level of preparedness of many banks.

**g) Payment of DICGC Insurance premium** (₹ in Crore)

Sl.N.	Particulars	March 31, 2024	March 31, 2023
i)	Payment of DICGC insurance Premium (including GST)	19.29	17.83
ii)	Arrears in payment of DICGC Premium	0	0

**h) Disclosure of facilities granted to Directors and their relatives: Nil**

**i) Amortization of expenditure on account of enhancement in family pension of employees of bank**

Reserve Bank of India vide letter dated October 4, 2021 has permitted all member banks of Indian Banks' Association covered under the 11<sup>th</sup> Bipartite Settlement to amortize the additional liability on account of revision in family pension over a period not exceeding five years, beginning with the Financial Year ended March 31, 2022. The Bank has recognized the entire additional liability estimated at ₹ 14.29 Crores and opted to amortize the same over a period of five years beginning with the financial year ended March 31, 2022. However, the Bank had amortized an amount of ₹8.57 Crore during the financial year ended March 31, 2024 in respect of the said additional liability. With this, the entire amount of family pension stands amortized

**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)**

Other operating expenses 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)**

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. Expenses recognized in Profit and Loss Account** (₹ in Crore)

Particulars	Pension		Gratuity	
	2023-24	2022-23	2023-24	2022-23
<b>Changes in the present value of the defined benefit obligations</b>				
Present value of obligation at the beginning of the year	173.19	169.16	82.05	73.08
Interest cost	10.57	9.73	6.02	5.61
Current Service Cost	9.12	9.24	4.08	4.91
Benefits paid	(53.13)	(1.19)	(5.15)	3.21
Net actuarial (gain)/loss on obligation	31.31	28.66	(6.13)	(4.77)
Past service cost	Nil	Nil	Nil	Nil
Settlements	Nil	(42.41)	Nil	Nil
Present value of the defined benefit obligation at the end of the year.	171.07	173.19	80.87	82.05
<b>Change in the fair value of plan assets:</b>				
Fair value of plan assets at the beginning of the year	139.24*	147.62	72.55*	56.94
Expected return on plan assets	9.97	10.43	5.43	4.92
Contributions by employer	37.20	26.39	3.54	16.14
Benefit paid	(53.13)	(1.19)	(5.15)	3.21
Settlements	Nil	(42.41)	Nil	Nil

Particulars	Pension		Gratuity	
	2023-24	2022-23	2023-24	2022-23
Actuarial gain/(loss)	(0.50)	(0)	(0.93)	(2.71)
Fair value of plan assets at the end of the year	132.77	140.84	75.45	78.50
Total Actuarial Gain/(Loss) to be recognized immediately	**	(28.66)	**	2.05
<b>Expenses recognized in Profit and Loss Account</b>				
Current Service Cost	9.12	9.24	4.08	4.91
Interest cost on benefit obligation	10.57	9.73	6.02	5.61
Expected return on plan assets	(9.97)	(10.43)	(5.43)	(4.92)
Net actuarial (gain)/loss recognized in the year	31.82	28.66	(5.20)	(2.05)
Past Service Cost PSL- amortization	Nil	Nil	Nil	Nil
Expenses recognized in the Profit and Loss account	41.54	37.21	(0.53)	3.55
<b>The amount recognized in the Balance Sheet</b>				
Present Value of obligation at the end of the year (i)	171.07	173.19	80.87	82.05
Fair value of plan assets at the end of the year (ii)	132.77	140.84	75.45	78.50
Difference (ii)-(i)	(38.30)	(32.35)	(5.41)	(3.54)
Unrecognized past service liability	Nil	Nil	Nil	Nil
Net asset/(liability) recognized in the Balance Sheet	(38.30)	(32.35)	(5.41)	(3.54)

**\*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 and the impact is adjusted in the current year Profit & Loss Account.

**b. Details of the Plan Asset**

The details of the plan assets (at cost) are as follows:

(₹ in Crore)

Particulars	Pension		Gratuity	
	2023-24	2022-23	2023-24	2022-23
Central Government securities	16.90	16.85	-	-
State Government securities	-	-	-	-
Investment in Private Sector Undertakings	-	1.50	-	-
Others	115.87	121.04	75.45	72.62
<b>Total</b>	<b>132.77</b>	<b>139.39</b>	<b>75.45</b>	<b>72.62</b>

**c. Actuarial Assumptions**

Principal assumptions used for actuarial valuation are:

Method used	Pension including family pension (wherever applicable)		Gratuity	
	Project Unit Credit Method		Project Unit Credit Method	
	2023-24	2022-23	2023-24	2022-23
Discount rate	7.21%	7.58%	7.23%	7.58%
Expected rate of return on assets	7.58%	7.75%	7.58%	7.00%
Future salary increases	2.50%	2.50%	4.50%	5.00%
Increase in price inflation	Nil	3.50		

**d. Pension Plan**

Particulars	March 31,2024	March 31,2023	March 31,2022	March 31,2021	March 31,2020	March 31,2019
Defined Benefit Obligations	171.07	173.19	169.16	156.88	147.18	143.48
Plan Assets	132.77	140.84	147.62	124.02	114.73	144.73
Surplus/(Deficit)	38.30	32.35	21.54	32.86	32.45	-1.25

e. **Gratuity Plan**

Particulars	March 31,2024	March 31,2023	March 31,2022	March 31,2021	March 31,2020	March 31,2019
Defined Benefit Obligations	80.87	82.05	73.08	69.83	62.11	52.80
Plan Assets	75.45	78.50	56.94	60.15	62.29	46.03
Surplus/(Deficit)	5.42	3.55	16.14	9.68	-0.18	6.77

ii) **Leave encashment benefit**

a) **Expenses recognized in Profit and Loss Account**

(₹ in Crore)

Particulars	Leave		Sick Leave	
	2023-24	2022-23	2023-24	2022-23
<b>Changes in the present value of the defined benefit obligations</b>				
Present value of obligation at the beginning of the year	43.42	39.00	3.93	3.83
Interest cost	2.79	3.06	0.29	0.32
Current Service Cost	3.33	2.81	0.39	0.70
Benefits paid	(13.15)	(4.38)	Nil	Nil
Net actuarial (gain)/loss on obligation	12.29	2.93	(0.11)	(0.92)
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.	48.69	43.42	4.50	3.93
<b>Change in the fair value of plan assets:</b>				
Fair value of plan assets at the beginning of the year	Nil	Nil	Nil	Nil
Expected return on plan assets	Nil	Nil	Nil	Nil
Contributions by employer	13.15	4.38	Nil	Nil
Benefit paid	(13.15)	(4.38)	Nil	Nil
Settlements	Nil	Nil	Nil	Nil
Actuarial gain/(loss)	Nil	Nil	Nil	Nil
Fair value of plan assets at the end of the year	Nil	Nil	Nil	Nil
Total Actuarial Gain/(Loss) to be recognized immediately		(2.93)		0.92
<b>Expenses recognized in Profit and Loss Account</b>				
Current Service Cost	3.33	2.81	0.39	0.70
Interest cost on benefit obligation	2.79	3.60	0.29	0.32
Expected return on plan assets	Nil	Nil	Nil	Nil
Net actuarial (gain)/loss recognized in the year	12.29	2.93	(0.11)	(0.92)
Past Service Cost PSL- amortization	Nil	Nil	Nil	Nil
Excess provision held in books*	Nil	Nil	Nil	Nil
Expenses recognized in the Profit and Loss account	18.42	8.80	0.57	0.10
<b>The amount recognized in the Balance Sheet</b>				
Present Value of obligation at the end of the year (i)	48.69	43.42	4.50	3.93
Fair value of plan assets at the end of the year (ii)	Nil	Nil	Nil	Nil
Difference (ii)-(i)	(48.69)	(43.42)	(4.50)	(3.93)
Unrecognized past service liability	Nil	Nil	Nil	Nil
Net asset/(liability) recognized in the Balance Sheet	(48.69)	(43.42)	(4.50)	(3.93)

b) **Details of the Plan Asset**

Leave encashment benefits of employees are provided on an actuarial basis and is unfunded

**c) Actuarial Assumptions**

Principal assumptions used for actuarial valuation are:

Method used	Leave		Sick Leave	
	Projected Unit Credit Method		Projected Unit Credit Method	
	2023-24	2022-23	2023-24	2022-23
Discount rate	7.22%	7.58%	7.22%	7.58%
Expected rate of return on assets	NA	NA	NA	NA
Future salary increases	4.50%	5.00%	4.50%	5.00%

The above info except otherwise stated is as certified by the actuary and 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.

**SEGMENT REPORTING**

(₹ in Crore)

Business Segments	Treasury		Retail Banking		Corporate / Wholesale Banking		Other Banking Operations		Unallocated		Total	
	Mar 31, 2024	Mar 31, 2023	Mar 31, 2024	Mar 31, 2023	Mar 31, 2024	Mar 31, 2023	Mar 31, 2024	Mar 31, 2023	Mar 31, 2024	Mar 31, 2023	Mar 31, 2024	Mar 31, 2023
Revenue	248.24	197.95	724.30	561.86	373.22	369.03	13.78	16.91	Nil	Nil	1359.55	1145.75
Results	33.64	18.80	35.32	73.61	(13.48)	13.88	13.78	16.91	Nil	Nil	69.26	123.20
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	69.26	123.20
Total provisions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	(1.22)	91.59
Tax Expenses	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	12.66	(17.75)
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	57.82	49.36
Other Information	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Segment Assets	4331.81	4261.44	7375.68	6223.26	4139.83	4526.89	Nil	Nil	Nil	Nil	15847.32	15011.59
Unallocated Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	114.57	120.54	114.57	120.54
Total Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	15961.89	15132.13
Segment Liabilities	4123.10	4023.77	6923.17	5874.22	3885.85	4272.99	Nil	Nil	Nil	Nil	14932.12	14170.98
Unallocated Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1029.77	961.15
Total Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	15961.89	15132.13

**d) Related Party Disclosures (AS 18)**

(₹ in Crore)

Key Management Personnel	Nature of Transaction	March 31, 2024	March 31, 2023
Sri. Shivan J K, MD & CEO*	Remuneration including perquisites	0.60	0.60

Mr Shivan J K, MD & CEO is eligible for Variable pay with cash and non-cash components up to a maximum of ₹ 0.60 Crore based on audited figures for FY 2023-24. Suitable provision made for the same.

**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, 2024	March 31, 2023
Operating Lease Payments	31.30	28.77

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, 2024	March 31, 2023
Not later than one year	27.56	27.43
Later than one year and not later than five years	77.91	64.20
Later than five years	29.77	15.51
<b>Total</b>	<b>136.24</b>	<b>107.14</b>

The above information is as certified by the Management and relied upon by the auditors.

**f) Earnings per Share (AS 20)** (₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Net Profit/ (Loss) after tax (₹ in Crore)	57.82	49.36
Weighted average number of equity shares for Basic EPS	253012084	253012084
Weighted average number of equity shares for Diluted EPS	253012084	253012084
Earnings per share (Basic) in ₹	2.29	1.95
Earnings per share (Diluted) in ₹	2.29	1.95

**g) Accounting for Taxes on Income (AS 22)**

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 31<sup>st</sup> March 2023 amounting to ₹69.12 crore has been reviewed and re measured and the DTA has been recognized as on 31<sup>st</sup> March 2024 at ₹57.72 crore. The components of Deferred Tax Assets and Liabilities are shown below: (₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
<b>Deferred Tax Asset</b>		
Provision for Loans/Investment/Others	25.26	27.89
Depreciation on Fixed Assets	5.29	6.26
Carry forward loss/Depreciation	28.68	38.64
<b>Total (A)</b>	<b>59.23</b>	<b>72.79</b>
<b>Deferred Tax Liability</b>		
Special Reserve u/s 36(1)(viii)	1.51	1.51
Enhancement of Family Pension	0.00	2.16
<b>Total (B)</b>	<b>1.51</b>	<b>3.67</b>
<b>Net Deferred Tax Asset (A-B)</b>	<b>57.72</b>	<b>69.12</b>

**h) Intangible Assets (AS 26)**

Intangible assets include computer software which are carried at cost of acquisition less accumulated amortization and amortized on a Straight-Line Method (SLM) basis over the estimated useful lives of 3 to 5 years on a pro rata basis.

**i) Impairment of Assets (AS 28)**

In the opinion of the Bank's management, there is no indication of the impairment to the assets during the year to which the Accounting Standard 28 "Impairment of Assets" applies.

**16. ADDITIONAL DISCLOSURES**

**a) Additional Disclosure of Material items**

Miscellaneous Income exceeding 1% of Total Income (₹ in Crore)

Particulars	2023-24	2022-23
Processing Charges	18.73	17.88
Recovery from Technical written off accounts	30.18	13.94
Income from ATM	10.96	11.47

Other Expenditure exceeding 1% of total expenses Nil (Previous Year Nil)

Other liabilities and Provision-Others exceeding 1% of total assets Nil (Previous Year Nil)

Other Assets (₹ in Crore)

Particulars	2023-24	2022-23
Priority Sector Shortfall Deposits	236.91	255.36



**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) Disclosure of Letter of Comforts (Locs) issued by the Bank**

During the year the Bank has not issued Letter of Comforts since. RBI vide Circular No.RBI/2017-18/139 A.P (DIR Series) Circular No.20 dated March 13, 2018 has discontinued issuance of Letters of Undertaking (LoUs) and Letters of Comforts (LoCs).

**d) Description of Contingent Liabilities & Capital Commitments**

**j) 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. 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.  Currency swaps are commitments to exchange cash flows by way of interest/principal in one currency against another, based on predetermined rates.  Interest rate swaps are commitments to exchange fixed and floating interest rate cash flows.  The notional amounts of financial instruments of such foreign exchange contracts and derivatives provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market rates or prices relative to their terms. Hence the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly.
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 and guarantees on behalf of its customers. Documentary credits such as letters 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	- Disputed Tax - Amount deposited with RBI under Depositor Education Awareness Fund - Estimated amount of contracts remaining to be executed on capital account and not provided for

\*Refer Schedule 12 for amounts relating to Contingent Liability

**ii) Capital commitments**

(₹ in Crore)

March 31, 2024	March 31, 2023
12.75	5.38

**e) 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.

**f) 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.

**g) Provision for Tax**

Bank has made the provision for taxes for the financial year ended 31st March 2024 and 31st March 2023 as given below:  
(₹ in Crore)

Particulars	March 31, 2024	March 31, 2023
Income Tax	1.26	1.24
Deferred Tax	11.40	(18.99)

**h) 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 2023-24.

**i) 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, 2024 and March 31, 2023.

**k) Fixed Assets**

**i) Software Capitalized under Fixed Assets**

The Bank has capitalized software under Fixed Asset amounting to ₹9.31 Crore and ₹21.45 Crore during the financial year ended March 31, 2023 and March 31, 2024 respectively, as given below: (₹ in Crore)

Particulars	As at March 31, 2024	As at March 31, 2023
At cost at March 31st of the preceding year	108.45	99.24
Additions during the year	21.45	9.31
Deductions during the year	0.00	0.10
Depreciation to date	95.31	83.92
<b>Net Block</b>	<b>34.59</b>	<b>24.53</b>

**ii) Revaluation Reserve**

There has been no revaluation of assets during the year ended March 31, 2024. An appreciation of ₹22.58 Crore in the value of land and building consequent upon revaluation by approved valuer was credited to Revaluation Reserve during the year ended March 31, 2023.

**l) 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 2023-24.

**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**

**K. N. Madhusoodanan**  
Part-Time Chairman

**D. K. Kashyap**  
Director

**Dr. Nirmala Padmanabhan**  
Director

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

**Shivan J. K.**  
Managing Director & CEO

**C. Nageswara Rao**  
Director

**Vardhini Kalyanaraman**  
Director

**Venkatesh H.**  
Company Secretary

**G. Rajagopalan Nair**  
Director

**Sreesankar Radhakrishnan**  
Director

**John Varughese**  
General Manager

As per our Report of even Date  
For **Krishnamoorthy & Krishnamoorthy**,  
Chartered Accountants,  
Firm Registration No. 001488S

**CA. K. J. Narayanan**,  
Partner  
Membership No. 202844

Place : Thrissur  
Date : 22nd May 2024

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

**CA. B. Aruna**,  
Partner  
Membership No. 216454

# PILLAR III DISCLOSURE REQUIREMENTS AS OF 31<sup>st</sup> March 2024

## 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:

a. List of group entities considered for consolidation: Nil

b. 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

**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/2023-24/31 DOR.CAP.REC.15/21.06.201/2023-24– Basel III Capital Regulations dated May 12, 2023.

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 Cr, comprising 50 Cr. equity shares of ₹10/- each. As on March 31, 2024, the Bank has Issued, Subscribed and Paid-up capital of ₹253,01,20,840/-, constituting 25,30,12,084 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, 2024 the Bank does not have Additional Tier I Capital.

##### (ii) Tier 2 Capital includes Investment Fluctuation Reserves, Standard Asset Provisions, Investment Reserves, 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, 2024, 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 Cr.				
Series	Coupon (%)	Date of Allotment	Maturity Date	Amount of Issue *
Series XV	Payable half yearly @ 11.00%	29.03.2018	29.03.2025	150.00

\*Bond is fully discounted and eligible amount is NIL for Tier 2 Capital under Basel III.

#### 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 31.03.2024

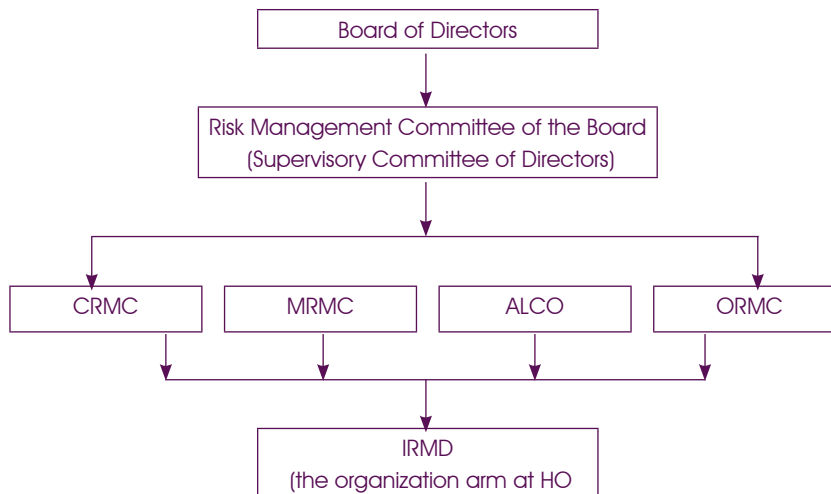
Items	₹ in Million
Paid-up Share Capital	2530.12
Reserves	13902.26
Common Equity Tier I Capital before deductions	16432.38
Less amounts deducted from Tier I capital (accumulated losses, DTA, Intangible Assets and Valuation Adjustments on Illiquid securities).	7956.25
<b>(a) Common Equity Tier I Capital</b>	<b>8476.13</b>
<b>(b) Additional Tier-I Capital</b>	<b>0.00</b>
<b>(c) Total Tier-I Capital (a)+(b)</b>	<b>8476.13</b>
Directly issued Tier II capital instruments subject to phase out	0.00
General Provisions/Investment Reserves/Investment Fluctuation Reserves	1005.11
<b>(d) Total Tier 2 Capital</b>	<b>1005.11</b>
<b>Total Eligible Capital (c)+(d)</b>	<b>9481.24</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 Cr.

Items	31.03.2024
<b>(a) Capital requirements for Credit risk</b>	
Portfolios subject to Standardised Approach (11.50%)	<b>693.33</b>
Securitization exposures	
<b>(b) Capital requirements for Market risk – Standardised Duration approach</b>	<b>30.30</b>
Interest rate risk	26.51
Foreign exchange risk (including gold)	0.90
Equity position risk	2.89
<b>(c) Capital requirements for Operational risk</b>	<b>91.60</b>
Basic Indicator Approach	91.60
<b>Total Capital Funds Required @ 11.50% [(a)+(b)+(c)]</b>	<b>815.23</b>
<b>Total Capital Funds Available</b>	<b>948.12</b>
<b>Total Risk Weighted Assets</b>	<b>7462.44</b>
<b>(d) Common Equity Tier 1, Tier 2 and Total Capital Ratios</b>	
Common Equity Tier 1 CRAR (%)	11.36%
Tier 2 CRAR (%)	1.35%
<b>Total CRAR % for the Bank</b>	<b>12.71%</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 securitization transaction undertaken in terms of the Reserve Bank of India (Securitization 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 Rs100 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 ₹1 Cr 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.

**Quantitative disclosures:**

- (a) Total Gross Credit exposures as on 31st March 2024: (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	Total (In Cr)
Fund Based	Loans & advances	10396.90	12138.33
	Cash, RBI and Banks	974.62	
	Others (Fixed Assets & other Assets)	766.80	
Non-Fund Based	LC, BG etc.	387.53	1225.90
	Forward Contracts/Interest rate SWAPS	128.60	
	Others	709.77	
Investments (Banking Book only)		2786.75	2786.75
Total of Credit Risk exposure		16150.98	16150.98

**(b) Geographic distribution of exposures:**

Exposures	31.03.2024 (₹ in Cr.)		
	Fund based	Non-Fund Based	TOTAL
Domestic operations	14925.07	1225.90	16150.98
Overseas operations	Bank has no overseas operations		

**(c) Industry type distribution of exposures as on 31.03.2024:**

Particulars	Funded Exposures Gross advance (₹ in Cr.)
A. Mining and Quarrying	1.49
B. Food Processing	91.21
C. Beverages (excluding Tea & Coffee) and Tobacco	7.83
D. Textiles	99.27
E. Leather and Leather products	5.18
F. Wood and Wood Products	7.78
G. Paper and Paper Products	10.22
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear fuels	0
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	14.54
J. Rubber, Plastic and their Products	9.14
K. Glass & Glassware	0.75
L. Cement and Cement Products	4.82
M. Basic Metal and Metal Products	24.65
N. All Engineering	18.02
O. Vehicles, Vehicle Parts and Transport Equipment's	17.78
P. Gems and Jewellery	164.17
Q. Construction	209.68
R. Infrastructure	451.38
S. Other Industries	35.80
<b>All Industries (A to S)</b>	<b>1173.71</b>
<b>Residuary other advances</b>	<b>9223.19</b>
<b>Gross Advances</b>	<b>10396.90</b>

Exposures to Infrastructure (Transport, Energy, Water sanitation, Communication etc.) and Construction accounted for 4.34% and 2.02% 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 Cr.)

Sl. No.	Industry	Gross Advance	Gross NPA	Provision
1.	Construction	209.68	37.01	11.46
2.	Infrastructure	451.38	9.80	9.26
3.	Food Processing	91.21	8.72	7.64
4.	Basic Metal and Metal products	24.65	6.25	1.15
5.	Textiles	99.27	3.78	1.47
	<b>Total</b>	<b>876.19</b>	<b>65.56</b>	<b>30.98</b>

**(d) Residual maturity breakdown of assets as on 31.03.2024:**

(₹ in Cr.)

Maturity Pattern	Advances (Net)	Investments (Gross)	Foreign Currency
Assets			Assets
Next Day	268.81	1.33	35.60
2 - 7 Days	112.40	-	4.73
8 - 14 Days	86.19	-	1.98
15 - 30 Days	556.11	-	0.64
31 D - 2 M	530.82	24.50	6.57
2 - 3 Months	697.40	2.50	24.75
3 - 6 Months	1581.04	275.55	11.20
6 Months - 1 Year	1744.81	157.27	58.64
1 Year - 3 Years	1819.12	2,113.27	8.47
3 - 5 Years	734.93	929.54	-
Over 5 Years	1970.51	591.11	-
<b>Total</b>	<b>10102.16</b>	<b>4,095.07</b>	<b>152.58</b>

**(e) Non Performing Assets:**

Sl. No.	Items	Amount in ₹ In Million
		<b>31.03.2024</b>
1	<b>Gross NPAs</b>	<b>4212.11</b>
1.1	Substandard	1046.10
1.2	Doubtful 1	155.85
1.3	Doubtful 2	1045.22
1.4	Doubtful 3	651.97
1.5	Loss	1312.97
2	<b>Net NPAs</b>	<b>1264.69</b>
3	<b>NPA Ratios</b>	
3.1	Gross NPAs to Gross Advances (%)	4.05%
3.2	Net NPA s to Net Advances (%)	1.25%
4	<b>Movement of NPAs (Gross)</b>	
4.1	Opening balance	5111.49
4.2	Additions	1522.42
4.3	Reductions	2421.81
4.4	Closing balance	4212.11
5	<b>Movement of provisions for NPAs</b>	
5.1	Opening balance	4008.92
5.2	Provisions made during the FY	886.56
5.3	Reductions	1439.93
5.4	Closing balance	3455.54
6	<b>Amount of Non Performing Investments (NPI)</b>	<b>1159.60</b>
7	<b>Amount of provisions held for NPI</b>	<b>1159.60</b>
8	<b>Movement of Provisions held for NPIs</b>	
8.1	Opening balance	899.60
8.2	Provisions made during the period	260.00
8.3	Write-off/Write back of excess provisions	0.00
8.4	Closing balance	1159.60

**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. CRISIL Ratings Ltd., CARE, India Ratings & Research Pvt. Ltd., ICRA, ACUITE rating & Research Ltd., Infomerics and International Credit Rating agencies, i.e. Standard and Poor, Moody's and FITCH.
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>(v) 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 Cr.)

Particulars	Total
Below 100% risk weight	9223.73
100% risk weight	1897.87
More than 100% risk weight	735.76
<b>Total Net Exposure</b>	<b>11857.37</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.
- Life Insurance Policies restricted to their surrender value.
- Debt securities rated by an approved 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 31.03.2024:**

Financial Risk Mitigants	Outstanding Covered by Risk Mitigants (In Cr)	Risk Concentration %
Gold	2833.49	86.84%
Cash & Deposits	423.78	12.99%
KVP/IVP/NSC	2.11	0.06%
LIC Policy	3.38	0.10%
<b>Total</b>	<b>3262.76</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 recognized as eligible collateral under Basel II Standardized 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 Standardized Approach, the total Exposure that is covered by:

- (i) Eligible Financial Collateral : ₹ 3262.76 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 31.03.2024 (₹ in Cr.)
Interest Rate Risk	26.51
Equity position risk	2.89
Foreign exchange risk	0.90

**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 operationalized 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 31.03.2024.

### Earnings at Risk

Change in interest rate	Change in NII (₹ in Cr.)
+ 25 bps	7.41
+ 50 bps	14.81
+ 75 bps	22.22
+ 100 bps	29.63

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 31.03.2024</b>	<b>5.44%</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, 2023 is given below.

(₹ in Million)		
Particulars	Notional Amounts	Credit Equivalent
Forward Exchange Contracts	1186.04	27.78

**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)	12,584.60	
2 Retained earnings	-	
3 Accumulated other comprehensive income (and other reserves)	3847.78	
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>16432.38</b>	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>		
7 Prudential valuation adjustments	39.40	
8 Goodwill (net of related tax liability)	-	
9 Intangibles other than mortgage-servicing rights (net of related tax liability) – (accumulated loss – ₹7612.28 mio, and other intangible assets – ₹17.74 mio)	7630.01	
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)	290.36	
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	-	
26c of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	-	
26d of which: Unamortised pension funds expenditures	0.00	
Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-basel treatment	-	
of which: [INSERT TYPE OF ADJUSTMENT] For example: filtering out of unrealised losses on AFS debt securities (not relevant in Indian context)	-	

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.
<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>	7956.25	
29 <b>Common Equity Tier 1 capital (CET1)</b>	<b>8476.13</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	-	
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>8476.13</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	

**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.
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	1005.11	
51	Tier 2 capital before regulatory adjustments	1005.11	
<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>	1005.11	
58a	<b>Tier 2 capital reckoned for capital adequacy</b>	1005.11	
58b	<b>Excess Additional Tier 1 capital reckoned as Tier 2 capital</b>	0	
58c	<b>Total Tier 2 capital admissible for capital adequacy (58a + 58b)</b>	1005.11	
59	<b>Total capital (TC = T1 + T2) (45 + 58c)</b>	<b>9481.24</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>74624.41</b>	
60a	of which: total credit risk weighted assets	60289.59	
60b	of which: total market risk weighted assets	3787.82	
60c	of which: total operational risk weighted assets	10547.00	
<b>Capital ratios</b>			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.36%	
62	Tier 1 (as a percentage of risk weighted assets)	11.36%	
63	<b>Total capital (as a percentage of risk weighted assets)</b>	<b>12.71%</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%	

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.
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)	726.60	
77 Cap on inclusion of provisions in Tier 2 under standardised approach	753.62	
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	290.36
	Total as indicated in row 10	577.20
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	
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	726.60
	Eligible Revaluation Reserves included in Tier 2 capital	
	Total of row 50	726.60
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**

Balance Sheet as in financial statements		
Step 1		As on reporting date, 31st March 2024 (₹ in Million)
<b>A</b>	<b>Capital &amp; Liabilities</b>	
i.	Paid-up Capital	2,530.12
	Reserves & Surplus	7767.50
	Minority Interest	-
	Total Capital	10297.62
ii	Deposits	142903.09
	of which: Deposits from banks	51.02
	of which: Customer deposits	142852.06
	of which: Other deposits (pl. specify)	-
iii	Borrowings	2990.35
	of which: From RBI	-
	of which: From banks	-
	of which: From other institutions & agencies	1490.35
	of which: Others – book credit balances in foreign currency minor accounts	-
	Of which: Tier 2 Capital instruments	1500.00
iv.	Other liabilities & provisions	3427.83
	<b>Total</b>	<b>159618.89</b>
<b>B</b>	<b>Assets</b>	
i	Cash and balances with Reserve Bank of India	7600.33
	Balance with banks and money at call and short	2145.92
ii	Investments:	39423.99
	of which: Government securities	34452.55
	of which: Other approved securities	-
	of which: Shares	187.05
	of which: Debentures & Bonds	4526.07
	of which: Subsidiaries/Joint Ventures/Associates	-
	of which: Others	258.32
iii	Loans and advances	101021.56
	of which: Loans and advances to banks	-
	of which: Loans and advances to customers	101021.56
iv	Fixed assets	2743.35
v	Other assets	6683.74
	of which: Goodwill and intangible assets	-
	of which: Deferred tax assets	577.20
vi	Good will on consolidation	-
vii	Debit balance in Profit & Loss account	-
	<b>Total Assets</b>	<b>159618.89</b>

\*Bank has no subsidiaries

Step 2		Balance sheet under regulatory scope of consolidation As on reporting date, 31st March 2024 (₹ in million)	Ref. No.
A	Capital & Liabilities		
i	Paid-up Capital	2530.12	(a)
	of which: Amount eligible for CET1	2530.12	(a) (i)
	of which: Amount eligible for AT1	-	
	Reserves & Surplus	7767.50	(b)
	of which: Amount eligible for CET1	6289.98	(b) (i)
	Statutory Reserve	1448.37	(b)(ii)
	Share Premium	10054.48	(b) (iii)
	General Reserve	924.97	(b)(iv)
	Capital Reserve (excluding Revaluation Reserves)	734.80	(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	(7612.28)	(b)(vii)
	Current Financial Year Profit(Not eligible)		(b)(viii)
	Revaluation Reserve (part of Tier 2 capital at a discount of 55 percentage)	679.78	(b)(ix)
	Minority Interest	-	
	Total Capital	10297.62	(a)+(b)
ii	Deposits	142903.09	(c )
	of which: Deposits from banks	51.02	(c )(i)
	of which: Customer deposits	142852.06	(c )(ii)
	of which: Other deposits (pl. specify)	-	
iii	Borrowings	2990.35	(d)
	of which: From RBI	-	(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)	1490.35	(d)(iv)
	of which: Capital instruments -Tier 2	1500.00	(d)(v)
iv	Other liabilities & provisions	3427.83	(e)
	of which: Standard Asset provision included under Tier 2 Capital	344.69	(e)(i)
	of which: DTLs related to goodwill	-	
	of which: Details related to intangible	-	
	Total Liabilities	159618.89	(a)+(b)+(c)+(d)+(e)
B	Assets		
i	Cash and balances with Reserve Bank of India	7600.33	(f)
	Balance in India with banks and money at call	2145.92	(g)
ii	Investments:	39423.99	(h)
	of which: Government securities	34452.55	(h)(i)
	of which: Other approved securities	-	-
	of which: Shares	187.05	(h)(ii)
	of which: Debentures & Bonds	4526.07	(h)(iii)
	of which: Subsidiaries/Joint Ventures/	-	-
	of which: Others	258.32	(h)(iv)
iii	Loans and advances	101021.56	(i)
	of which: Loans and advances to banks	-	(i)(i)
	of which: Loans and advances to Customers	101021.56	(i)(ii)
iv	Fixed assets	2743.35	(j)

Step 2		Balance sheet under regulatory scope of consolidation As on reporting date, 31st March 2024 (₹ in million)	Ref. No.
v	Other assets	6683.74	(k)
	of which: Goodwill and intangible assets	-	-
	Out of which :		
	Goodwill	-	-
	Other Intangibles (excluding MSRs)	-	-
	Deferred tax assets	577.20	(k)(i)
vi	Good will on consolidation	-	
vii	Debit balance in Profit & Loss account		
	Total Assets	159618.89	(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	12,584.60	(a)+ (b) (iii)
2	Retained earnings	2373.35	b (viii)
3	Accumulated other comprehensive income (and other reserves)	734.80	b(ii)+b(iv)+b(v)+b(vi)+b(ix)
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	15692.75	(a)+ (b)(ii)+ (b)(iii)+ (b)(iv) + (b) (v)+b(vi)+b(viii)+b(ix)
7	Prudential valuation adjustments	39.40	-
8	Goodwill (net of related tax liability)		-

**Table DF -13: MAIN FEATURES OF REGULATORY CAPITAL INSTRUMENTS– ELIGIBLE INSTRUMENTS**

Item	Particular	Equity Shares	Lower Tier II Series XV
1	Issuer	Dhanlaxmi Bank Ltd.	Dhanlaxmi Bank Ltd.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	680A01011	INE680A08081
3	Governing law(s) of the instrument. (Regulatory treatment)	Applicable Indian Statutory and Regulatory Requirements	Applicable Indian Statutory and Regulatory Requirements
4	Transitional Basel III rules	Common Equity Tier 1	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier 1	Eligible
6	Eligible at solo/group/group & solo	Solo	Solo
7	Instrument type	Common Shares	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	2530.12	1500.00
9	Par value of instrument	Shares of ₹10/each	₹ 1 Million
10	Accounting classification	Shareholder's Equity	Liability
11	Original date of issuance	Various	29.03.2018
12	Perpetual or dated	Perpetual	Dated

Item	Particular	Equity Shares	Lower Tier II Series XV
13	Original maturity date (dd/mm/yyyy)/No maturity	No maturity	28.03.2025
14	Issuer call subject to prior supervisory approval	No	Yes, Exercise of Call Option is subject to prior approval of RBI
15	Optional call date, contingent call dates and redemption amount	NA	Bank can exercise Call Option to redeem the Bonds at par at the end of 5th Year from the Deemed Date of Allotment. Optional Call Date is 29.03.2023 and redemption amount is in full.
16	Subsequent call dates, if applicable Coupons/dividends	NA	NA
17	Fixed or floating dividend/coupon	NA	Fixed
18	Coupon rate and any related index	NA	11.00%
19	Existence of a dividend stopper	No	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Non Cumulative	Non Cumulative
23	Convertible or non-convertible	Non Convertible	Non Convertible
24	If convertible, conversion trigger(s)	NA	NA
25	If convertible, fully or partially	NA	NA
26	If convertible, conversion rate	NA	NA
27	If convertible, mandatory or optional conversion	NA	NA
28	If convertible, specify instrument type convertible into	NA	NA
29	If convertible, specify issuer of instrument it converts into	NA	NA
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	NA	NA
32	If write-down, full or partial	NA	NA
33	If write-down, permanent or temporary	NA	NA
34	If temporary write-down, description of write-up mechanism	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated claim in case of liquidation	All Depositors and other Creditors of the Bank
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	NA	NA

**Table DF-14 FULL TERMS AND CONDITIONS OF REGULATORY CAPITAL INSTRUMENTS (ELIGIBLE INSTRUMENTS)**

	Series XV
Nature of Instrument	##
Amount Subscribed	₹ 1500 million
Face value of the Bond	₹1 million
Date of Allotment	29.03.2018
Date of Redemption	29.03.2025
Put and Call option (if yes, give details)	####
Coupon rate and Frequency	11.00%, Semi Annual
Listing	NSE

## Unsecured, Redeemable, Non-convertible, Subordinated Lower Tier-II Bonds in the nature of Debentures

#### The Bank reserves Call Option to redeem the bonds only after a minimum period of five years post allotment of Bonds, subject to prior approval from RBI.

**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. Nirmala Padmanabhan as Chairperson, Shri G Rajagopalan Nair, Shri Sreesankar Radhakrishnan were the members of the Committee as on 31.03.2024.

➤ **The terms of reference of the 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 reelection 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;  
[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, 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

**The roles and responsibilities of the Compensation & Remuneration Committee (CRC) are as follows:**

- To oversee the framing, review and implementation of Compensation Policy of the Bank on behalf of the Board.
- To ensure the Cost/Income Ratio of the Bank supports the remuneration package consistent with maintenance of sound Capital Adequacy Ratio.
- To determine on their behalf and on behalf of the shareholders with agreed terms of reference, the Bank's policy on specific remuneration packages for Executive Directors including Pension rights and any compensation payment.
- For determining the modalities of providing appropriate incentives to employees, including stock options (i) to foster employee commitment and a feeling of ownership (ii) to retain employees or skill groups among them (iii) attract talented professionals (iv) to instill a sense of belonging to the Bank, among employees.

**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 Chairman and Managing Director & CEO 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 no. DBOD. No.BC.72/29.67.001/2011-12 dtd. 13/01/2012 and was last reviewed on 29.08.2019.

The fixed remuneration and other allowances including retirement benefits of all subordinate, clerical and officers 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 115% 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 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 in to 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 and hence no such deferral of variable pay is being offered.
- 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, 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.

As of now, Bank is not having a variable pay structure except for MD & CEO.

**Quantitative disclosures**

Number of meetings held by the Nomination & Remuneration Committee during the quarter ended on March 31, 2024	3
Remuneration paid to the members of Nomination & Remuneration Committee (Sitting fees) during the Quarter ended March 31, 2024	₹2,70,000/-
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, 2024	
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	159618.89
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(24831.62)
3	Adjustment for fiduciary assets recognized on the Balance Sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	(304.57)
4	Adjustments for derivative financial instruments	27.78
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)	4855.16
7	Other adjustments	25552.43
8	Leverage ratio exposure	164918.07

**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)	160339.70
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	304.57
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	<b>160035.13</b>
<b>Derivative exposures</b>		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	4.06
5	Add-on amounts for PFE associated with all derivatives transactions	23.72
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>27.78</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	4855.16
18	(Adjustments for conversion to credit equivalent amounts)	0
19	Off-balance sheet items (sum of lines 17 and 18)	<b>4855.16</b>
<b>Capital and Total exposures</b>		
20	Tier 1 capital	<b>8476.13</b>
21	Total exposures (sum of lines 3, 11, 16 and 19)	<b>164918.07</b>
<b>Leverage ratio</b>		
22	Basel III leverage ratio	<b>5.14%</b>

### Liquidity Coverage Ratio Disclosure as on March 31, 2024

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.

### LCR Compliance as on March 31, 2024

LCR Calculation Methodology	RBI prescribed minimum LCR	Bank's Daily Average LCR during the Quarter ended March 31, 2024
LCR = $\frac{\text{Stock of High Quality Liquid Assets}}{\text{Total net cash outflows over the next 30 calendar days}}$	100%	163.89%

Below mentioned is a position of Liquidity Coverage Ratio computed based on daily simple average for the Quarter ended March 31, 2024

(₹ in Cr.)

Particulars	Daily Average during the Quarter ended 31.03.2024	
	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>		
1 Total High Quality Liquid Assets (HQLA)		3639.47
<b>Cash Outflows</b>		
2 Retail deposits and deposits from small business customers, of which:	10864.76	960.77
(i) Stable deposits	2514.17	125.71
(ii) Less stable deposits	8350.59	835.06
3 Unsecured wholesale funding, of which:	4160.35	1436.97
(i) Operational deposits (all counterparties)	-	-
(ii) Non-operational deposits (all counterparties)	4160.35	1436.97
(iii) Unsecured debt		
4 Secured wholesale funding		-
5 Additional requirements, of which	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	632.87	134.63
6 Other contractual funding Obligations	83.34	83.34
7 Other contingent funding obligations	393.57	11.81
8 <b>Total Cash Outflows</b>		2627.52
<b>Cash Inflows</b>		
9 Secured lending (e.g., reverse repos)	136.65	136.65
10 Inflows from fully Performing exposures	540.38	270.19
11 Other cash inflows	0	0
12 <b>Total Cash Inflows</b>	677.04	406.85
		<b>Total Adjusted Value</b>
21 <b>TOTAL HQLA</b>		3639.47
22 <b>Total Net Cash Outflows</b>		2220.68
23 <b>Liquidity Coverage Ratio (%)</b>		163.89%

Bank has complied with the regulatory requirements w.r.to LCR

### Net Stable Funding Ratio Disclosure as on March 31, 2024

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, 2024
NSFR = $\frac{\text{Available amount of Stable funding}}{\text{Required amount of Stable funding}}$	100%	153.05%

The following table sets out the unweighted and weighted value of the NSFR components of the Dhanlaxmi Bank at March 31, 2024 (i.e. quarter-end observation).

Net Stable Funding Ratio March 31, 2024						
(₹ in Cr.) No maturity		Unweighted value by residual maturity			Weighted Value	
		< 6 months	6 months to < 1yr	≥ 1yr		
ASF Items						
1	Capital: (2+3)	882.01	0	0	36.51	918.52
2	Regulatory Capital	882.01			0	882.01
3	Other capital instruments				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	0	0	0	0
11	NSFR derivative liabilities					
12	All other liabilities and equity not included in the above categories	789.57			0	0
13	Total ASF (1+4+7+10)	6053.02	4399.78	3225.27	2283.82	12381.04
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					

Net Stable Funding Ratio March 31, 2024						
	(₹ in Cr.) No maturity	Unweighted value by residual maturity			Weighted Value	
		< 6 months	6 months to < 1yr	≥ 1yr		
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>	774.62	3987.09	2066.48	10192.22	<b>8089.80</b>
32	<b>Net Stable Funding Ratio (%)</b>					<b>153.05%</b>

Bank has complied with the regulatory requirements w.r.to NSFR.

## AWARDS



Disruptive 100 Awards 2023 for disrupting Status Quo to achieve Technology Excellence and Business Leadership with Transformative, innovative Projects in 2023 Presented by M/s Foundry, India



Mobility Mavens by Samsung@ CIO 100 Symposium and awards 2023



Award of Excellence in APY from Dr. Deepak Mohanty, Chairman, PFRDA



blood checkup for customers and staff  
**BLOOD DONATION**





## NEW BRANCHES - INAUGURATION

**DhanlaxmiBank**  
established 1927

*Banking on Relationships forever*



**Arasavalli**



**Dowleswaram**



**Hassan**



**Warangal**



**Hosur**



**Puducherry**



**Kottakkal**



## SHIFTED TO NEW PREMISES

**DhanlaxmiBank**  
established 1927

*Banking on Relationships forever*



**Nanthancode Branch**



**Mannuthy Branch**



**Chevarambalam Branch**



**Vadanappally Branch**



**Kattampally Branch**



**Valanchery Branch**



**Trivandrum Fort Branch**



**Udma Branch**



# VIGILANCE AWARENESS



**Vigilance Awareness walkathon @ Thrissur swaraj Round  
on 05-11-2023**



**Seminar on the theme " Say No to corruption, commit to the  
Nation" on 04-11-2023**



## Enabling each other





*Banking on Relationships forever*

**Corporate Office**

**Dhanlaxmi Bank Ltd.**  
Corporate Office, Punkunnam  
Thrissur, Kerala 680 002.

**Registered Office**

**Dhanlaxmi Bank Ltd.**  
Dhanalakshmi Buildings, Naickanal  
Thrissur, Kerala 680 001.