



KBS Bank
Krishna Bhima Samruddhi Local Area Bank

26th ANNUAL REPORT 2025



Reaching the Unreached



CASA campaign by Aland branch staff



Mr Balachandra Desai, Branch Head and field staff helping the formation of a new Joint Liability Group at Kalaburagi



Post Sanction Visit to a dairy unit at Narayanpet



Mr Ramakrishna Branch Head Chirala conveying greetings to a valued customer on Doctor's day



Opening of Kodangal Branch new premises
Mr Durga Prasad, MD addressing Customers present



Mr Anand Solanki Branch Head,
with Mahabubnagar staff at National Lok Adalat



Pre-sanction visit by Mrs Vandana CM of Corporate Office & Mr. Rudra Goud, Branch Head & Field staff of leeja branch



Four wheeler loan disbursed by Chowdapur branch



Nationwide intensive awareness campaign of RBI by Deodurg Branch - Mr Amaresh, Branch Head, speaking to the gathering



Customer meet at Kodangal Branch – Mr Buchi Reddy, Branch Head explaining the Social welfare schemes viz., PMJJBY/PMSBY to the attendees



Dairy unit visit by Mr T. Narasimha, Branch Head Vikarabad



Mr L Ram Mohan GM & COO and Mr Anand Solanki AGM - C & BO with Executive team of C-Edge at Mumbai.



Auto loan (3 wheeler) disbursed by Aland Branch



Mr Mahantesh Branch Head Aland speaking on Bank products at Senior Citizens's forum



Mr TRV Satyanarayana ED & Mr L Ram Mohan Rao GM & COO jointly leading a group discussion topic in Strategy meet



Recovery Drive by Kalaburagi Branch Staff



Door to door deposit campaign by
Mr. Chandrakanth, Branch Head Manvi Branch with field staff



Post-sanction visit of Dairy Unit by
Mr. IK Satish, Branch Head & field staff, Ongole Branch



Onboarding of a fruit vendor by Deodurg Staff



Finance to Ladies Emporium by
Yeragera Branch



Door step collection by Shahapur Branch Staff



Recovery camp by Kodangal Branch



NPA Recovery by Sindhanur Branch Branch Head & Staff



Post Sanction Unit Visit by Kodangal Branch
Mr. Rakesh Reddy, Branch Head & Mr. Anand, AGM from Corporate Office



Post-disbursement visit of a Housing Loan by
Mr Satish Kumar Reddy, Branch Head, Wanaparthy



Finance to a Shoe Mart by Kothur Branch



Gadwal staff on door step recovery



Post disbursement visit by
GMs and Branch Head Jadcherla

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Corporate Information

Board of Directors :

Mr. Syed Mohammad Farooque Shahab	Part Time Chairman & Independent Director
Mr. Durga Prasad Donepudi	Managing Director & CEO
Mr. V Narsi Reddy	Independent Director
Mr. V Jaganmohan	Non Executive Director (up to August14,2025)
Mr. D Indu Sekhar	Independent Director
Mrs. B. Vijayalakshmi	Independent Director
Mrs. Geetha Mikkilineni	Independent Director

Key Managerial Personnel

Mr. Durga Prasad Donepudi	Managing Director & Chief Executive Officer
Mr. J. Murali Krishna	Chief General Manager & Chief Financial Officer
Mr. Subir Boity	Company Secretary & Chief Compliance Officer

Senior Management Personnel

Mr. T.R.V. Satyanarayana	Executive Director
Mr. B Sudhakar	General Manager & Chief Credit Officer
Mr. L. Ram Mohan Rao	General Manager & Chief Operating Officer

Statutory Auditors:

KVSRY & Associates
Chartered Accountants
Hyderabad
Firm Regn No. 08169S

Registrar and Transfer Agent:

M/s. Bigshare Services Pvt. Ltd
306, Right Wing,
3rd Floor Amrutha Ville,
Opp. Yashoda Hospital,
Somajiguda, Rajbhavan Rd
Hyderabad - 500082
Tel: 040-40144582
Email: bsshyd1@bigshareonline.com

Corp & Regd. Off:

1-98/8 to 11/FC/501
and 1-98/8 to 11/FC/502, 5th Floor,
Fortune Chambers,
Image Garden Function Hall Lane,
Silicon Valley, Madhapur, Hyderabad -500 081
Tel: 040-4192 3047 | www.kbsbankindia.com

About Us

Overview

Established in 2001, Krishna Bhima Samruddhi Local Area Bank (KBS Bank) stands as one of only two Local Area Banks currently operating in India. With a robust presence across 13 (thirteen) districts in 3 (three) states—Telangana (Jogulamba Gadwal, Mahabubnagar, Medchal-Malkajgiri, Nagarkurnool, Narayanpet, Ranga Reddy, Vikarabad, and Wanaparthy), Andhra Pradesh (Prakasam and Bapatla), and Karnataka (Kalaburagi, Raichur, and Yadgir)—KBS Bank serves 1768 villages. The Bank operates through a network of 29 branches, 14 Business Correspondent outlets, and 35 Customer Service Points, ensuring widespread access to financial services. Its Registered and Corporate Office is strategically located in Madhapur, Hyderabad, Ranga Reddy District, Telangana.

Business Model and Commitment to Financial Inclusion

KBS Bank distinguishes itself through a business model centered on financial inclusion, a principle that sets it apart as a pioneer among commercial banks in India. The Bank's core objective is to deliver microcredit, ensuring accessible and tailored financial solutions for underserved and unserved communities. Since its inception, KBS Bank has remained steadfast in its mission to be a sustainable, community-based institution, providing essential financial services to those often excluded from mainstream banking systems.

Mission

To be a trusted partner in the progress of our customers by:

- Delivering simple, dependable, and innovative banking services.
- Leveraging technology to ensure cost-effective operations.
- Proactively understanding and addressing customers' needs and preferences.
- Bridging the last mile to bring banking services to customers' doorsteps.

Vision

To create transformative value for underserved and unserved customers, fostering meaningful change through inclusive financial solutions.

Customer-Centric Products and Services

KBS Bank offers a diverse portfolio of savings and credit products, customized to meet the unique needs of its clientele. By providing doorstep banking services for both deposits and credit, the Bank ensures accessibility and convenience to its customers. The average deposit account balance of ₹17,707/- (Rupees Seventeen thousand seven hundred and seven only) and the average outstanding loan amount of ₹71,416/- (Rupees Seventy one thousand four hundred and sixteen only) reflect KBS Bank's commitment to serving customers who face barriers in accessing traditional banking services.

The Bank's credit offerings cater to a wide range of economic activities, with a focus on non-farm micro-enterprises, small and marginal farmers, and agricultural and dairy farming. Notably, the Sukshma Loan product, with a Maximum loan amount of ₹25,000/- (Rupees Twenty-five thousand only) is designed primarily for women customers in remote areas, facilitated through Customer Service Points, reinforcing the Bank's dedication to empowering under served communities.

Technological Innovation

KBS Bank has embraced technology to enhance operational efficiency and customer experience. Since 2010, the Bank has operated on a Core Banking Solution (CBS), utilizing B@ncs24, a robust CBS platform provided by C-Edge Technologies Pvt Ltd, a joint venture of TCS and SBI, under an Application Service Provider (ASP) model. The Bank offers a suite of alternate delivery channels, including ATMs, Mobile Banking, IMPS, NEFT, RTGS, UPI, and POS terminals, ensuring seamless access to financial services.

To extend its reach to remote areas, KBS Bank has established a network of Customer Service Points equipped with handheld devices, enabling services such as Aadhaar-enabled Payment System (AePS) and account openings through Business Correspondents. The Bank has also received approval from UIDAI for e-KYC functionality and AePS payments, further strengthening its technological capabilities. For more details, visit www.kbsbankindia.com.

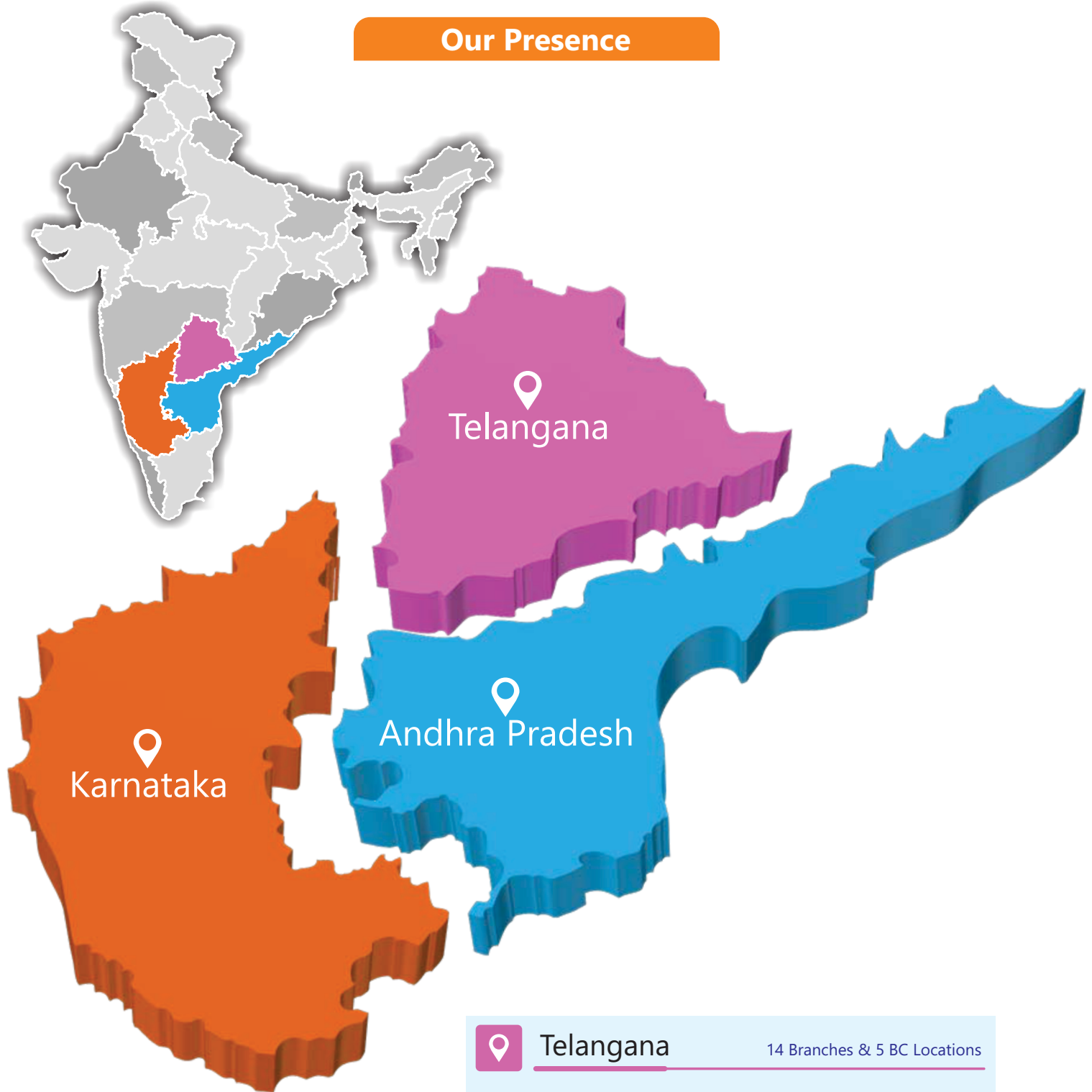
Commitment to Sustainable Growth

KBS Bank remains dedicated to its founding principles of financial inclusion and community empowerment. By combining innovative financial products, advanced technology, and a customer-first approach, the Bank continues to make a meaningful difference in the lives of its customers, fostering sustainable progress across the regions it serves.

More details on the website of the Bank www.kbsbankindia.com



Our Presence



Telangana

14 Branches & 5 BC Locations



Karnataka

13 Branches & 9 BC Locations



Andhra Pradesh

2 Branches

*** Maps are for representation purpose only*

Board of Directors



Mr. S.M. Farooque Shahab

Part Time Chairman & Independent Director



Mr. Durga Prasad Donepudi

Managing Director & CEO



Mr. V. Narsi Reddy

Independent Director



Mr. V. Jagan Mohan

**Non Executive Director
(Professional)**



Mr. D. Indu Sekhar

Independent Director



Mrs. B. Vijayalakshmi

Independent Director



Mrs. Geetha Mikkilineni

Independent Director

Director's Profile

Mr. Syed Mohammad Farooque Shahab

Part Time Chairman of the Board & Independent Director



Mr. SM Farooque Shahab, is a professional Banker with more than 39 years of experience in Banking. He retired as Chief General Manager (Internal Audit) in State Bank of India on 31st March 2021. During his service in State Bank of India, he served in various positions and assignments in India and foreign countries such as Chief General Manager, (Internal Audit), Chief General Manager, SBI, Bangalore Circle, Regional Head & CEO, SBI Middle-East & North Africa, General Manager, SME Business Unit, General Manager, North East Circle, General Manager, Hyderabad Circle, CEO, SBI Retail Banking, Bahrain and Asst. General Manager (Credit-CEE & MENA), SBI, International Banking Group etc.

Mr. Durga Prasad Donepudi

Managing Director & CEO



Mr. Durga Prasad Donepudi, is a veteran Banker with rich experience of over 48 years in various fields such as Priority Sector Lending, Financial Inclusion, Government Business, Corporate Banking and Retail Banking etc.

During his career with Andhra Bank, he served in various positions with last position held as General Manager.

Post superannuation, he was also an Advisor to the then Andhra Bank. He was the Convenor of State Level Bankers Committee of combined Andhra Pradesh.

Director's Profile



Mr. V. Narsi Reddy
Independent Director

Mr. V Narsi Reddy, M.Sc. (Agriculture), is a professional Banker with more than 30 years of experience in Banking. He Retired as General Manager in State Bank of India in June 2019. In his career in State Bank Of India, he had worked in different areas of Agriculture Finance, General Banking, MSME, Mid-Corporate, Corporate Finance, Information Technology, Digital Banking, Risk Management, Audit, Human Resource Management etc.,

He was also the Chairman of Andhra Pradesh Grameena Vikas Bank (APGVB) for above 54 months on deputation from SBI as General Manager.



Mr. V. Jaganmohan
Non Executive Director (Professional)

Mr. V. Jaganmohan, holds a Master's Degree in Business Administration from Osmania University. He is a professional banker with more than 28 years of experience with State Bank of India in various capacities and locations. He has served as the Managing Director of AP State Cooperative Bank Ltd, Hyderabad, and of Coastal Local Area Bank Ltd, Vijayawada. He was also the Chairman and CEO of Kakatiya Grameen Bank, Warangal. He joined the Bank's Board in October 2022.



Mrs. B. Vijayalakshmi
Independent Director

Mrs. B. Vijayalakshmi, is a professional Banker with more than 39 years of experience in Banking. She retired as General Manager in the then Andhra Bank in June 2019. During her career in Andhra Bank, she had worked in various cadres like Clerk, Asst. Manager, Branch Manager, Senior Manager, Chief Manager, Assistant General Manager, Deputy General Manager, Zonal Manager and General Manager.

Director's Profile

Mr. D. Indu Sekhar

Independent Director



Mr. Dantu Indu Sekhar, is a Professional Banker with 39 years of experience in Banking. Retired as General manager from State Bank of India in June-2019. He had rich experience in all verticals of Banking viz; SME, Corporate Finance, Retail, Agri/Micro Finance, Audit and Treasury. During his tenure in State Bank of India, he served as General Manager (Management Audit), General Manager, Chennai Circle, General Manager, Corporate Centre, Mumbai, Deputy General Manager, Goa, Vice President (Treasury and Investments), SBI Capital Markets Ltd, Mumbai. He was Convener of the State Level Bankers Committee, State of Goa. He is also a Qualified Resolution Professional. He joined the Bank's Board in October 2022.

Mrs. Geetha Mikkilineni

Independent Director



Mrs. Geetha Mikkilineni, is a Chartered Accountant by Profession. Her qualifications are ICAI, ICWAI, IIMU - MDP. She started her career in PWC in the field of Statutory Audits. During this period, she conducted and lead the teams in Statutory Audits in various industries, and moved to EY, Hyderabad to pursue Management Assurance Services. She also worked as a partner in M/s. Basha & Narasimhan, a firm of Chartered Accountants, for almost 12 years. The above firm of Chartered Accountants is in practice for more than 27 years having offices at Hyderabad, Visakhapatnam and Chennai.

Management Profile



Mr. T.R.V. Satyanarayana

Executive Director

He has more than 48 years of experience in various fields of Banking viz., Corporate Credit/Rural /Retail/Micro finance.

Wide exposure in Business development, Budgeting, Data analysis, Data mining. Has rich experience in Cash Management Services/MIS–its analysis and in Receivable Monitoring & Administration. He was a member of Standing Committee on Currency Management (SCCM) and Nodal Officer for FATCA & CRS of earlier employer viz. State Bank of India.

A seasoned banker in the Administration of large offices and a Subject Matter Expert in Operations/Credit Management.

A tech savvy Banker with domain expertise. He also has faculty experience of 8 years in APEX colleges/Institutions of SBI.



Mr. J. Murali Krishna

Chief General Manager & Chief Financial Officer

He is a fellow member of the Institute of Chartered Accountants of India (ICAI). He has about four decades of Banking experience in Credit, Retail Banking, Audit & Inspection apart from rich experience in overall administration.

During his career with Andhra Bank, he served in various capacities with last position held as Deputy General Manager, Corporate Credit Department at the Head Office.



Mr. B.Sudhakar

General Manager & Chief Credit Officer

He is a Commerce Graduate and Insolvency Professional, worked in SBI, retired as DGM. He has 38 years of banking experience in various fields of Banking viz., Corporate Credit/ SME Credit / Controller / Stressed Asset Management/ HR areas.

He has Exposure in Business development, Audit Compliances and Risk Management.

Exposure in Recovery Mechanism of large advances, including SARFAESI, DRT, Compromise, NCLT process.

He has Rich experience in Banking as Branch Head, Regional Manager, Department Head. He is also having experience in Transaction Banking and Digital products.

Management Profile



Mr. L. Ram Mohan Rao

General Manager & Chief Operating Officer

Mr. Ram Mohan Rao, a Post-Graduate in Geology and a Certified Associate of Indian Institution of Bankers, has over 38 years of experience in financial sector, including 20 years in State Bank of India and 3 years in KBS Local Area Bank. While in SBI, he worked in different areas of Banking – Rural & Agricultural, MSME & Trade Advances, Retail Finance, Debt Markets. In KBSLAB, he worked as Assistant General Manager from 2007-10 and managed Bank's Business and Operations at that time.

Later, he worked as a Team Leader and Senior Consultant for 7 years in Global Microfinance Promotion programmes in various countries, including in Ethiopia, Cameroon, Mozambique, Kenya, Bhutan, Timor Leste etc., implemented by International Development Agencies – UNCDF and SDC for the development of Inclusive Finance sector in Least Developed Countries.

From 2018 till March 2022, he worked first as Chief Executive Officer and later as Offsite Consultant of Gang-Jong Development Finance, a regulated financial institution set up by the Tibetan Government in exile in India exclusively for the Tibetan Migrant Community in India. He rejoined KBS Bank as GM & COO in Feb'2025



Mr. S. Kishan Rao

DGM & Chief Technology Officer

Mr. S. Kishan Rao, graduated from Nagarjuna University and holds internationally accredited certifications such as CISA, CISM, and CEH.

He has over 39 years of extensive experience in the banking sector, with a focus on IT operations and cybersecurity.

Possesses significant expertise in IT Applications and played a pivotal role in the digital transformation of banking operations, including branch automation and implementation of Core Banking Solution.

Served as Head of the Cyber Security Centre of Excellence, Head of CSOC, and Chief Information Security Officer (CISO) in a public sector bank.



Mr. M. Raj Sekhar

Head - Internal Audit

Having 39 years of rich experience in Banking in various fields and the main domain being Operations, Audit, HR and Administration. During his career in State Bank of India, has rich experience and exposure by heading the Branches.

Having experience in Administration by handling different departments in various offices in the State Bank of India.

Having experience in Human Resources Department in various offices in the State Bank of India.

Having wide exposure in Audit and compliances and guiding the Branches.

Management Profile



Mrs. R. Anuradha

Chief Manager & Head -HR

A Postgraduate in Commerce as well as in Business Administration (M.Com& MBA) from Nagarjuna University. Has over 23 years of experience in Banking and financial services.

She has handled various assignments in KBS Bank including:

Accounts, Finance, Treasury Management, Branch Banking, Operations, Human Resource Management and Administration Functions of the Bank.

She heads Human Resource Department of the Bank.

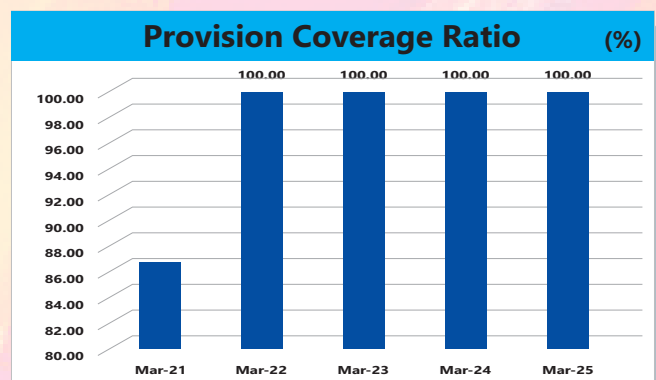
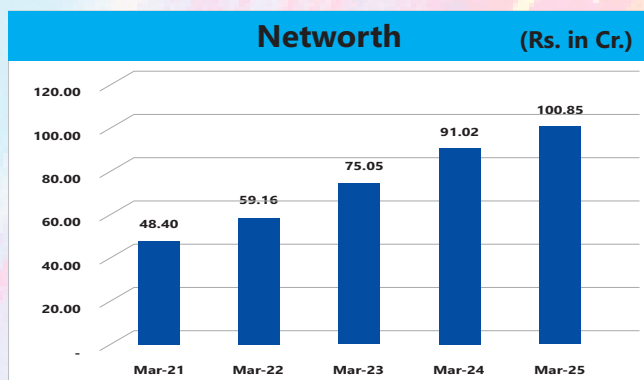
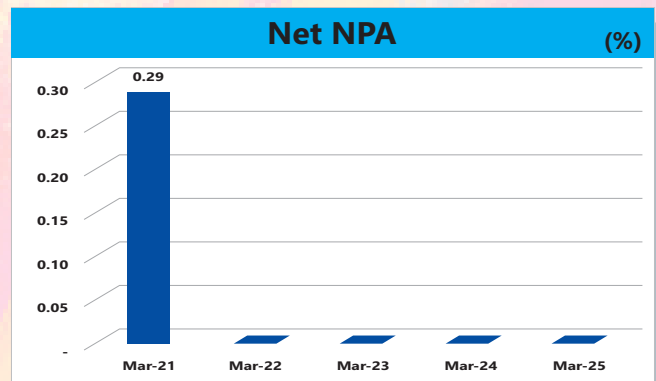
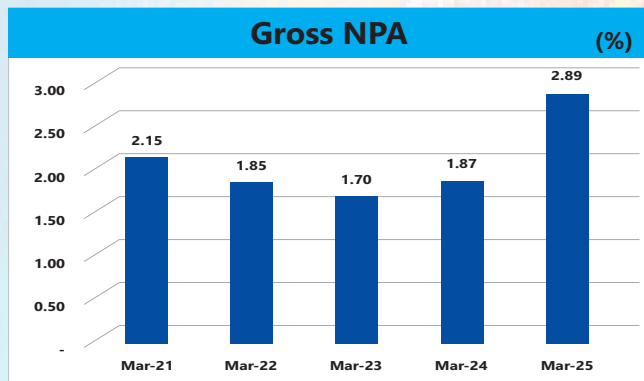
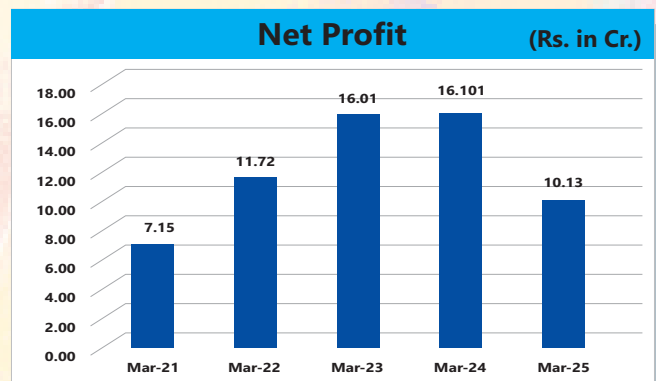
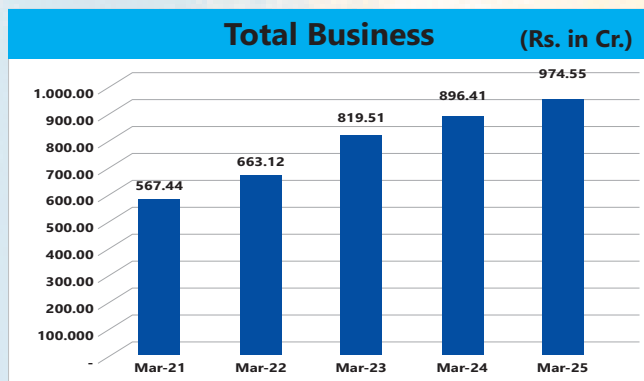
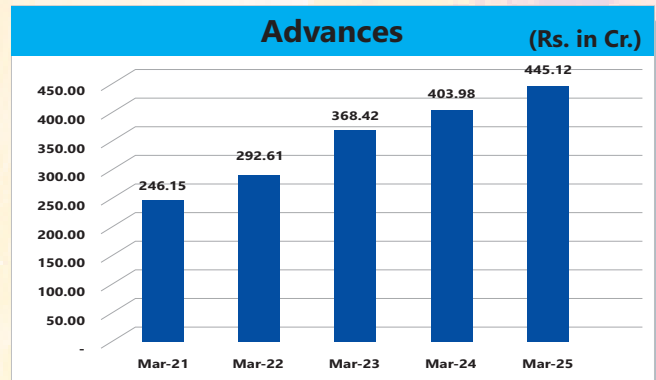
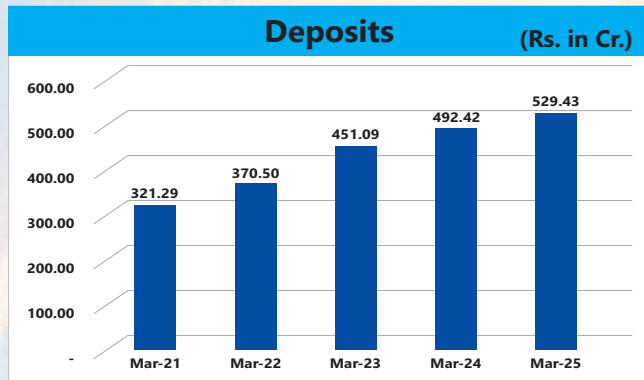


Mr. Subir Boity

Company Secretary & Chief Compliance Officer

He is a Member of the Institute of Company Secretaries of India (ICSI), with over 15 years of extensive experience in corporate secretarial and listing compliance. His professional strengths include corporate governance, SEBI and listing regulations, rights issues, private placements, QIP and the end-to-end management of Board and Committee meetings, as well as shareholders' meetings. He has successfully managed complex regulatory and corporate matters, including National Company Law Tribunal (NCLT) proceedings, corporate restructuring and arbitration.

Performance at a glance



Delivery Channels and Services

Information Technology - new initiatives and enhancements:

AI powered HRMS module:

The Bank has implemented an AI-powered Human Resource Management System (HRMS) a globally recognized HCM platform provided by a leading technology provider M/s Darwinbox Digital Solutions Pvt Ltd. This initiative is aimed to enhance efficiency in HR operations and reduce administrative and operational costs.

Advances Hub:

To expedite loan processing and ensure timely credit support to the customers, the Bank proposes to introduce the concept of Advances Hubs. These hubs are proposed to establish in the key locations across Telangana and Karnataka to enhance efficiency and uniformity in credit appraisals and operations.

Loan Originating System (LOS):

A Loan Origination System has been procured from a reputed IT solutions provider M/s Vibho Technologies, with expertise in banking technology. This system enables seamless, end-to-end processing of both micro credit and secured loans, considerably improving turnaround time at the Advances Hubs/Branches.

NACH e-Mandate:

The Bank has on-boarded the National Automated Clearing House (NACH) of NPCI for collecting mandates from the customers to facilitate automated collections for recurring payments like loan instalments. The adoption of e-Mandates further eliminates the need for physical mandates, offering a streamlined and paperless experience for customers.

UPI transaction limits:

The Bank recorded a significant year-on-year growth of nearly 30% in UPI transactions, reaching approximately 49 lakh transactions during the year. To meet the evolving customer needs, the daily UPI transaction limit has been increased to ₹1.00 lakh, with a per-transaction cap of ₹25,000.

Locker automation Module:

To automate and streamline locker services, the Bank is implementing Locker Module in its Core Banking Solution software. This enables efficient locker operations, including automated collection of annual locker rents.

Single Window Concept:

In a move to improve customer service at branch counters, the Bank has implemented a Single Window facility. This allows quick processing of cash receipts and payments up to a prescribed limit without the need for higher-level approvals.

ISO Certification:

The ISO 9001:2015 certification by M/s TUV SUD for the Bank's Corporate Office has been renewed, recognizing its adherence to established processes, regulatory compliance, and a culture of continuous improvement.

Regulatory compliance:

MNRL (mobile number revocation list):

In line with TRAI guidelines, the Bank has adopted the Mobile Number Revocation List (MNRL) guidelines to prevent misuse of deactivated numbers in financial transactions. Standard Operating Procedure (SOP) has been circulated to branches for effective implementation of the regulatory guidelines.

RTGS/NEFT Beneficiary Name Lookup:

The Bank is operating as a sub-member, has been handling RTGS/NEFT transactions through a sponsor Bank. As per the regulatory guidelines, the Bank has initiated name lookup feature for the beneficiary account, which enables the remitter to verify beneficiary name before completing a transaction in line with the existing UPI and IMPS systems.

RBI direction on ATM dispensation of Rs.100/- and Rs.200/- denominations:

The Bank has complied with the directive of the regulator to ensure dispensation of Rs.100/- or Rs.200/- denomination notes through Bank's ATMs. All the ATMs of the Bank dispenses Rs.100/- denomination notes through one cassette.



Overview of Deposit and Loan products

Deposit Products

Samruddhi Amrit Kalash (SAK)

To remain competitive in the deposit market, the Bank introduced the “Samruddhi Amrit Kalash” (SAK) scheme with effect from May 1, 2024. This special term deposit is designed for customers, including senior citizens, looking to invest larger sums at attractive rates. Key features include:

- Tenure: 777 days
- Interest Rates: 8.65% p.a. for general customers; 9.65% p.a. for senior citizens
- Deposit Limits: Minimum of ₹5,000 and maximum of ₹10 crore
- Additional Benefits: Loan facility available against the deposit; premature withdrawals are permitted but will attract a penalty.

This product evinced good interest among Bank's deposit products and has garnered 3,615 Accounts and Rs127.87 Crore in amount by 31st March 2025. In the process of rationalization of interest rates to be in sync with the market rates, the interest rate on this product is reduced by 50 bps with effect from 5th June 2025.

Dwi Dashabdi Deposit (DDD) & Dhana Vriddhi Deposit (DVD)

The above two (2) deposit products, which were launched with effect from 15.02.2021, to commemorate the completion of 20 years of Bank's functioning, have been withdrawn with effect from 5th June 2025, in view of their high cost and low take off. The outstanding under both the deposit products in aggregate was Rs.5.23 Cr (254 accounts) on the date of withdrawal as above.

Loan Products

Sampoorna Saral Credit for Small Business and Micro Enterprises:

Small business units, small industries in the tiny sector, retail traders, professionals and self- employed persons, who are in need of working capital are very often unable to provide the elaborate financial data sought by Banks from time to time for assessing their credit needs. In order to obviate this difficulty faced by the small units, in Small Scale Industries (SSI) sector & Small Business Finance (SBF) sectors, the Bank has designed this product based on a simple scoring model for assessment of loan application. Working capital facility or Term loan up to Rs.10 lacs to meet any kind of credit requirement including purchase of shop/shutter etc is granted under Sampoorna Saral Credit with 3 years tenure.

Samruddhi Sukshma Loan (SSL):

SSL is a product specifically designed for self-employed women and it has proved instrumental to women empowerment.

Women engaged in an activity/occupation, retailers and service providers, either in farm or non-farm Sectors, having business experience of at least one year are granted SSL facility for productive/consumption purposes/ to meet requirement of working funds for their business/activity. The loan amount ranges from minimum Rs.10,000/- to maximum Rs.25,000/-for a period of one year.

The loan is sanctioned through Loan Origination Application by the field staff at the doorstep of customer using Handheld Device with minimum KYC documentation. The whole process is Digitised with less paperwork.

Samruddhi Auto Loan (SAL):

The transport system of a country plays an integral role in its growth for a multitude of reasons. Quick and easy movement of raw materials, machinery, finished goods, etc, benefit the industry by providing ultimate benefit to our rural folk. This also helps in providing employment to the local villagers and helps in improving their socio-economic standards.

To support improving transportation facilities, either be it in carrying the goods or passengers in the rural, semi-urban or urban areas in our operational districts, to ease out passenger traffic and also to improve transportation facility of our rural folk, Bank has introduced Samruddhi Auto Loan (SAL) under SME sector, for purchasing new or used three and four wheeler vehicles under "Goods and Passenger" carriers category for an amount up to Rs.25 lacs.

Samruddhi Housing Loan:

Recognizing the credit needs of people in rural and semi-urban areas, who have limited or difficult access to mainstream housing loan markets, the Bank has designed its housing loan product with flexible terms and conditions regarding tenure and loan amounts. Typically, individuals in rural areas struggle to obtain small loans from mainstream Banks and must rely on Government schemes or loans from unorganized sectors for housing purposes. In this context, the Bank's flexible housing loan product is highly beneficial, accommodating customers in rural areas with small loan requirements as low as Rs.15 to Rs.20 lakhs, as well as those needing larger loans up to Rs.200 lakhs. The loan tenure ranges from 15 to 25 years and can be used for various purposes such as renovating or repairing existing houses, extending or expanding current houses, or purchasing new or old houses.

Samruddhi House Plot Purchase Scheme:

To provide extended support to its customers, the Bank had introduced a new scheme under the Housing Loan for purchase of plot for construction of Residential House. Under the scheme, Bank provides loans for purchase of plots at lower rates in approved layouts or areas with all necessary approvals, intended for the construction of residential houses, within a maximum period of 48 months from sanction. It also includes purchases of plots or land located in metro, urban, or semi-urban areas from Government Bodies, Development Authorities, and reputed builders for building residential houses.

Control Mechanism

Risk Management Framework

The Bank's risk management philosophy is centred on achieving an optimal balance between risk and return, ensuring that all operations align with the Board-approved risk appetite statement. Over recent years, KBS Bank has made significant strides in bolstering its risk management capabilities, strengthening operational risk frameworks, and transitioning into a technology-driven institution. To support this transformation, the Bank has strategically invested in advanced technology and robust processes, further fortifying its risk management architecture.

A comprehensive Risk Management Framework has been established, underpinned by well-defined policies and procedures to address diverse risk categories. The Risk Management Committee (RMC) of the Board diligently oversees the implementation of credit and operational risk policies. Functional heads are entrusted with the daily responsibility of monitoring and mitigating credit, operational, and market risks, ensuring proactive risk management across all levels.

The Bank's approach to risk management encompasses a wide array of measures designed to mitigate risks while optimizing the returns from its diverse banking products and services. This includes rigorous monitoring and reporting to ensure that operations remain within defined parameters, adherence to anti-money laundering (AML) and know-your-customer (KYC) protocols, and the issuance of internal circulars that comply with regulatory and internal guidelines. The credit underwriting process is structured and standardized, supported by a methodical credit appraisal and documentation system. All credit facilities and material amendments require approval from the appropriate authority level, with the internal risk rating system serving as the cornerstone of objective and standardized credit assessments.

Internal Financial Controls, Audit, and Compliance

Internal financial controls, audit, and compliance form the bedrock of KBS Bank's governance framework, ensuring adherence to regulatory and statutory requirements while upholding transparency, integrity, and accountability across all operations.

The Bank's internal financial controls are meticulously designed to provide reasonable assurance of reliable financial reporting and accurate preparation of financial statements. These controls are instrumental in preventing and detecting errors and fraud, safeguarding assets, and ensuring timely and accurate financial reporting. Comprehensive mechanisms, including segregation of duties, approval workflows, and periodic reconciliations, have been instituted to maintain the highest standards of financial integrity.

The Internal Audit Department and Compliance Department operate independently to evaluate the adequacy of internal controls, ensuring that the Bank's operations align with established processes, regulatory mandates, and legal requirements. The Compliance Department plays a pivotal role in managing compliance risk, fostering a culture of adherence to guidelines issued by the Reserve Bank of India (RBI) and other statutory authorities. By implementing robust AML and KYC protocols, the department safeguards the Bank against legal and reputational risks, reinforcing its commitment to ethical banking practices.

The Board and Senior Management lead by example, cultivating a strong compliance culture that permeates all levels of the organization. The Compliance Department supports this vision by ensuring that business operations strictly adhere to RBI guidelines, statutory provisions, and internal standards, thereby upholding KBS Bank's reputation as a responsible and compliant financial institution.

Community Engagement (CSR Activity)



Donation of 51 Seater Bus to a School managed by Sahayatha Trust in Amboth Thanda on 22nd February 2025

Community Engagement (CSR Activity)

Commitment to Social Impact

KBS Bank's Corporate Social Responsibility (CSR) initiatives are guided by its vision statement: "Make a difference by creating value for the under-served and un-served customers." The Bank views CSR not merely as a statutory obligation but as a meaningful opportunity to serve society, particularly in areas of critical need. By aligning its efforts with its motto of reaching the unreached, the Bank focuses on addressing essential societal requirements such as healthcare, education, and access to clean drinking water. Through these initiatives, KBS Bank has earned the respect and trust of communities in its operational areas while fulfilling its statutory responsibilities.

CSR Expenditure and Compliance

During the financial year 2024-25, KBS Bank fully complied with the provisions of Section 135 of the Companies Act, 2013, pertaining to Corporate Social Responsibility. The Bank allocated and spent ₹39,38,330/- (Rupees Thirty-nine Lakh Thirty-eight Thousand Three Hundred Thirty only), exceeding its statutory obligation. This expenditure was directed towards promoting education, especially among children and supporting infrastructure development for educational institutions.

Key CSR Initiatives in FY 2024-25

School Bus for Underprivileged Children

In a significant step towards enhancing access to education, KBS Bank purchased and donated a school bus to a school serving children from the underprivileged Lambada tribe. The school, located in Ambboth Thanda Village, Manchal Mandal, Ranga Reddy District, Telangana, is managed by Sahayata Trust, Hyderabad. This initiative ensures safe and reliable transportation for students, enabling them to access quality education and fostering opportunities for a brighter future.

Multi-Purpose Shed for Government Junior College

The Bank extended its support to the Government Junior College in Gadwal, Jogulamba-Gadwal District, Telangana, by funding the construction of a multi-purpose shed. This infrastructure development enhances the college's ability to conduct various educational and extracurricular activities, creating a conducive environment for learning and community engagement.

Looking Ahead

KBS Bank remains steadfast in its commitment to creating sustainable, positive change in the communities it serves. By prioritizing the needs of the under-served and un-served, the Bank continues to uphold its ethos of social responsibility, ensuring that its CSR initiatives leave a lasting impact on society.

DIRECTORS' REPORT: FY 2024-25

The Directors of your Bank are pleased to present the 26th Annual Report of the Bank together with the Audited Statement of Accounts and the report on business & operations of the Bank for the financial year ended March 31, 2025.

Economic Synopsis and way forward:

The global macroeconomic environment during the latter half of FY 2024-25 remained challenging, marked by a downward revision in global growth projections. According to the International Monetary Fund's (IMF) World Economic Outlook released in April 2025, the global GDP growth forecast for 2025 has been revised to 2.8%, a decrease of 30 basis points from its January 2025 update. Geopolitical and trade-related uncertainties, particularly involving major economies, have contributed to this moderation in global economic activity. However, recent developments including a truce in the US-China trade standoff offer potential for renewed stability, which, if sustained, could lead to an upside in global growth beyond current projections.

In contrast, the Indian economy exhibited resilience amid global headwinds. Economic momentum was underpinned by sustained public capital expenditure, strengthening performance in the manufacturing and services sectors, improved business confidence, and overall healthy corporate and financial sector balance sheets. The IMF has maintained its forecast for India's GDP growth at 6.3% for FY 2025-26. The World Bank, while revising its projection slightly downward to 6.3% from 6.7%, continues to position India as the fastest-growing major economy. The recently concluded Free Trade Agreement with the United Kingdom and the ongoing negotiations with the United States are expected to bolster export activity and overall economic growth. The Reserve Bank of India (RBI) has projected India's real GDP growth at 6.5% for FY 2025-26. The outlook indicates sustained momentum across agriculture, industry, and services with continued government focus on capital expenditure and robust macro-economic fundamentals. The RBI has lowered its forecast for retail inflation to 3.7% for FY 2025-26, revised from its earlier estimate of 4%. The revision is attributed to improved food supply dynamics, sustained moderation in core inflation, and broadly favourable economic conditions, though the RBI notes the need to remain vigilant regarding weather and global uncertainties.

Banking Sector Review

The domestic banking sector continued to benefit from a favourable macroeconomic environment, which supported healthy credit growth during the year. However, tight systemic liquidity prevailed for a significant part of FY25 due to the RBI's policy stance aimed at aligning inflation with its medium-term target. A lag in deposit growth relative to credit growth exerted pressure on banking system liquidity and impacted net interest margins across the industry. In response to evolving macro-financial conditions, the RBI initiated an easing cycle in February 2025 with a 25-basis points reduction in the policy repo rate, followed by an additional 25 basis points cut in April 2025. In a notable policy move, the RBI also committed to maintaining a system-wide liquidity surplus of 1% of Net Demand and Time Liabilities (NDTL), providing a supportive environment for financial intermediation. Benign inflationary conditions and the introduction of bond forwards contributed to stable yields in both Central and State Government securities.

The Indian banking sector displayed sustained resilience and robust performance throughout FY 2024-25, overcoming global and domestic headwinds. The year was marked by improved profitability, enhanced asset quality, continued digital transformation, and proactive regulatory measures. Key highlights of the Banking Industry included:

Profitability:

- Return on Assets (RoA): Moderated to 1.3% for the year-end, indicating sustained operational efficiency and profitability.
- Return on Equity (RoE): Registered at 14.3%, maintaining strong shareholder returns and reflecting improved capital utilization.

Asset Quality:

- Gross Non-Performing Assets (GNPA): SCBs' GNPA ratio fell to a 15-year low of 2.3%, while public sector banks reduced theirs to 2.58%, highlighting effective recovery efforts and strong credit risk management.
- Credit & Deposit Growth: The banking sector posted 11.1% YoY growth in deposits and sustained double-digit expansion in credit, despite some moderation post regulatory tightening on personal and NBFC loans. Credit to MSMEs grew robustly at 13% YoY as of November 2024, outpacing lending to large enterprises (6.1%).

Sectoral Participation:

- Agricultural credit grew moderately at 5.1%, while industrial credit rose by 4.4%.
- Rural financial institutions, particularly Regional Rural Banks, saw improved performance metrics with higher profitability and sustained capital adequacy.
- Technology & Innovation: Banks rapidly advanced digital capabilities, driving record adoption of mobile and digital banking. Artificial Intelligence (AI) and Machine Learning (ML) applications deepened, optimizing risk management, fraud detection, and customer engagement.
- Regulatory & Risk Management: The Reserve Bank of India (RBI) maintained a balanced monetary stance, keeping policy rates steady through most of FY 2024-25. Regulatory focus intensified on IT governance, cyber-risk mitigation, and operational resilience, in response to rising threats from digital crime and data breaches. Banks strengthened frameworks for ALM (Asset-Liability Management), customer protection, and ESG compliance, aligning with evolving RBI and SEBI guidelines.
- Green & Sustainable Finance: The sector amplified green lending and sustainable finance initiatives, supporting India's energy transition and net zero targets.

The situation in the Microfinance Sector in the country, however, was completely different during the year.

FY2024-25 witnessed a severe crisis in India's microfinance sector, with wide-ranging repercussions on the Indian financial system, notably on business growth, credit quality, and regulatory approaches, especially in the States of Karnataka and Tamil Nadu.

1. Magnitude and Context

- GNPA Surge: The gross NPA ratio for the microfinance sector escalated to 16% by March 2025, nearly doubling from the previous year's 8.8%. In absolute terms, NPAs ballooned to approximately ₹61,000 crore.
- Portfolio Contraction: The cumulative gross loan portfolio of microfinance lenders contracted by about 7% as lenders tightened credit in response to rising delinquencies.
- Breakdown of Lending Model: The traditional Joint Liability Group (JLG) model, a pillar of microfinance, weakened due to changing borrower profiles, eroded group discipline, and rising individual defaults.

2. Impact on the Indian Financial System

a. Business Growth

- Sharp Slowdown in Microcredit Disbursement: Lenders, especially small finance banks and NBFC-MFIs, reduced disbursements, halting growth that previously contributed strongly to financial inclusion.
- Unmet Credit Demand: Lower-income households reverted to informal credit sources, as regulated MFIs adopted risk-averse stance after increased NPAs and tighter supervision.

b. Credit Quality

- Spike in Microloan Defaults: Small finance banks, with 22% of their microfinance portfolios classified as NPAs, and universal banks with 17.5% NPA in microloan books, bore the brunt of the crisis. Even NBFC-MFIs recorded double-digit delinquency rates.
- Sector Spillovers: Rising stress in microfinance portfolios spilled over into retail loan books of several Banks, adversely affecting their overall asset quality.
- Cautious Approach by Banks: Some Banks circumscribed microfinance exposure, fearing contagion, further dampening sectoral credit growth.

3. Ripple Effects on Indian Banking System

- Overall Credit Growth: While aggregate bank loans to MSMEs and retail segments initially recorded double-digit growth, the microfinance crisis led to a temporary pullback in new microloans by banks and NBFC-MFIs, particularly in the affected States.
- Asset Quality: Sector-wide asset quality outside of microfinance remained strong (with GNPA for all Scheduled Commercial Banks at a 15-year low of 2.3%), but microfinance-related stress pockets appeared in the books of Banks with large microfinance exposures.
- Increased Supervision: The RBI and major Banks institute enhanced risk screening for microloans and imposed stricter loan origination standards.

4. Regulatory Interventions in Karnataka

- Ordinance for Regulation: The State Government of Karnataka promulgated the "Karnataka Micro Loan and Small Loan (Prevention of Coercive Actions) Ordinance, 2025" to tackle complaints of harassment and abusive recovery by unregulated lenders.
- Key provisions: Registration requirement for all microfinance lenders (excluding RBI-registered Banks/NBFCs), ban on coercive loan recovery, and penalties including imprisonment for harassment.
- Business Impact: Lenders cut down disbursements in Karnataka amid regulatory uncertainty and anticipated compliance hurdles.
- Borrower Relief: The ordinance provided debt waiver for loans taken by vulnerable groups from unregulated lenders.

Performance of the Bank during FY 2024-25:

Due to the Bank's business model and the predominant share of micro-credit portfolio, the prevailing microfinance situation as described in the preceding paragraphs had a telling impact on Bank's business performance and profitability.

Total Business:

The Bank achieved 8.72% growth in Total Business, which stood at Rs.974.55 crore as on March 31, 2025, compared to Rs.896.41 crore in the previous year. This growth, though moderate in comparison to the Business Plan expectations, reflects a good achievement in comparison to other players in the micro credit market. It shows the Bank's expanding footprint and increasing customer confidence.

Deposits

Total Deposits rose to Rs. 529.43 crore, marking a 7.51% increase over the previous year. This growth demonstrates the Bank's ability to attract and retain customer savings, underpinned by its wide range of deposit products and reliable service.

Advances:

The advances increased by a modest 10.18% during the year to Rs.445.12 Cr. The monthly average disbursement was Rs.30.24 crore during the current financial year against the average monthly disbursals of Rs.25.70 crore in 2023-24.

As far as KBS Bank is concerned, the unfortunate events in Micro finance lending in the State of Karnataka have impacted the disbursements in general since beginning of October 2024. Further, to improve the asset quality in JLG sector, Bank has put some restrictions on financing to JL groups, which also impacted the disbursals during the second half of the current financial year.

(Rs in crs)		
Particulars	Mar-25	Mar-24
Deposits	529.43	492.42
Advances	445.12	403.99
Total Business	974.55	896.41

Asset Base:

The Bank's total assets increased by 8.43%, rising from Rs.625.98 crore to Rs.678.72 crore.

Capital Structure:

The Authorized capital of the Bank stood at Rs.25 crore comprising 2.50 crore Equity shares of Rs.10.00 each. The paid-up capital of the Bank stood at Rs.13,42,22,620/- comprising 1,34,22,262 Equity shares of Rs.10.00 each, as on March 31, 2025. There is no change in the Capital structure during the year.

Reserves:**(Rs in Lakh)**

Reserves	2024-25	2023-24	Transfer to the reserve during the year
Statutory Reserves	1808	1606	202
Capital Reserves	28	28	-
Share Premium	304	304	-
Investment Fluctuation Reserve	95	95	-
Revenue Reserve	5	5	-
Balance carried forward to Balance sheet	6557	5777	780

During the year, an amount of Rs.202 lakhs has been transferred to statutory reserves. The Bank has Rs.304 lakhs in the Share Premium Account and Rs.28 lakhs as Capital Reserve, Rs.95 lakhs in Investment Fluctuation Reserve, Rs.5 lakhs as Revenue Reserve as on March 31, 2025. A sum of Rs.7.80 Crore has been carried forward to the Balance Sheet for the year ended March 31, 2025. A notable achievement during the year was the increase in Bank's Net Worth to Rs.100.85 Crore from Rs.91.56 Crore as on March 31, 2024.

The Capital Adequacy Ratio, i.e. Capital to Risk Weighted Assets Ratio stood at 24.74% as on March 31, 2025, as compared to 23.63% as on March 31, 2024.

Profitability:**(Rs in Lakh)**

Particulars	31-Mar-2025	31-Mar-2024
Interest Earned	8,166	7,773
Other Income	1,152	1,177
Total Income	9,318	8,951
Interest Expended	3,797	3,313
Operating Expenses	3,283	3,224
Provisions & Contingencies	760	269
Total Expenditure	7,840	6,806
Operating Profit	2,238	2,415
Profit Before Tax	1,478	2,145
Provision for Income Tax	465	535
Net Profit	1,013	1,610

The Profit after Tax (PAT) of the Bank for the year 2024-25 is Rs.10.13 Crore compared to Rs.16.10 Crore, for the year 2023-24. The total income increased by 4.11% and at the same time the aggregate of Interest expenses and Operating Expenses increased by 8.32%. The Return on Equity (ROE) stood at 10.5% as on March 31, 2025, and the Return on Assets (ROA) stood at 1.56%.

Priority Sector Advances:

Priority Sector Advances stood at Rs.240.36 Crore as on March 31, 2025, constituting 54% of the total loan book of Rs.445.12 Crore, i.e. a healthy 14% above the RBI prescribed benchmark of 40%. Bank has sold PSLCs relating to marginal and small farmers aggregating to Rs.55 crs during the year and earned a commission of Rs.1.06 crore, higher by 25.59% over the commission earned of Rs.84.40 lakh during 2023-24.

Non- performing Assets:

The Gross NPAs have increased by Rs.5.31 Cr during the year and reached a level of Rs.12.85 crore as on 31.03.2025, mainly due to the crisis in the MFI sector as described in the preceding paragraphs.

Provision Coverage Ratio:

The Bank maintained a sound PCR throughout the year. Your Bank maintained PCR of 100 % as on March 31, 2025, similar to the last 3 financial years. A high Provision coverage ratio indicates the capacity of the Bank to withstand unforeseeable future losses.

Investment Portfolio:

In addition to the investments in SLR securities as per the mandatory requirements, the Bank also invests the surplus funds in non-SLR securities and Fixed Deposits in a few approved Banks. The Bank's Investment portfolio increased by Rs.7.23 Crore and was at Rs.125.00 Crore as of March 2025 against Rs.117.77 Crore as on March 2024. The yield on Investments has gone up on y-o-y basis from 6.90% to 7.22% during the review period. It is to be noted that the growth in yield on Investments is despite amortization of Rs.17.53 lakhs during the current FY. In terms of RBI guidelines, this amortization amount shall be deducted from the interest earned on Investments.

Dividend:

The Bank has not proposed/declared any dividend for the financial year 2024-25.

Performance Highlights and Key Indicators at a glance:**(Rs in Lakh)**

Sl. No	Parameters	31-Mar-2025	31-Mar-2024
1.	Deposits	52,943	49,242
2.	Advances	44,512	40,398
3.	Total Business (Deposits + Advances)	97,455	89,640
4.	Non SLR Investments	NIL	NIL
5.	SLR Investments	12,500	11,777
6.	Capital & Reserves	10,085	9,102
7.	CRAR %	24.74	23.63
8.	CASA%	14.54	15.75
9.	Priority Sector Loan %	54.00	64.12
10.	Gross NPA %	2.89	1.87
11.	Net NPA %	0	0
12.	Other Income to Total Income %	12.36	13.15
13.	Operating Cost to Total Income %	35.24	36.01
14.	Staff Cost to Total Income %	17.41	18.09
15.	Cost of Deposits%	7.55	7.22
16.	Yield on Advances%	16.45	17.57
17.	Interest Spread%	6.15	7.90
18.	CD Ratio%	84.08	82.04
19.	Cost of Funds%	7.55	7.22
20.	Return on Assets%	1.56	2.75
21.	Return on Equity%	10.50	19.27
22.	Earnings Per Share	7.55	11.99
23.	Net worth	10,085	9,102
24.	Book Value per share	75.14	67.81
25.	Cost/Income Ratio	59.47	57.18
26.	Yield on Investments	7.22	6.90
27.	No of Employees	343	349
28.	Average age of employee in Year	40	40
29.	Business per Employee (Rs. In lacs)	284.12	256.85
30.	Profit per Employee (Rs. in Lacs)	2.95	4.61
31.	Net Interest Margin%	6.72	7.62

The Human Resource (HR):

The Bank is into its 25th year of operations and has a track record of continuous growth in business and profits. This growth is driven by the development and enrichment by all the stakeholders, including the Bank's employees. In the service industry, human resources are essential for the Bank's existence and growth. With a forward-thinking approach, the Bank remains committed to enhancing the capabilities of its employees, ensuring that they are equipped to handle future challenges while staying updated with banking knowledge. The Bank focuses on employee development through training, mentoring, role enrichment, and assigning challenging responsibilities. Various initiatives are undertaken to meet the career progression needs of employees and to improve their efficiency.

A Management level committee oversees HR functions within its terms of reference, with the Human Resource Development Committee of the Board reviewing HR policy and supervising HR functions. This committee provides guidance and necessary amendments to adapt to changing needs. The HRD Committee meets biannually and as needed. As of March 31, 2025, the Bank employs 343 individuals, with an average employee age of 40 years.

In addition to a comprehensive compensation policy, the Bank offers various financial and non-financial benefits to boost employee morale and loyalty. These benefits include interest-free festival advance, concessionary interest rates on housing and vehicle loans, and an overdraft facility with liberalized terms and conditions.

Prevention of Sexual Harassment:

Prevention of sexual harassment at the workplace is a critical issue that requires robust mechanism and proactive measures. The Vishakha Guidelines, established by the Supreme Court of India in 1997, laid the foundation for addressing sexual harassment at the workplace. These guidelines were further reinforced by the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Reserve Bank of India (RBI) issued a circular mandating all Banks and financial institutions to implement these guidelines and ensure a safe working environment for women. In compliance with this circular, your Bank has constituted an Internal Complaints Committee (ICC) to address complaints of sexual harassment. The committee, comprising of senior staff members and an external expert, is dedicated for preventing and redressing incidents of harassment, ensuring confidentiality and fairness in the investigation process. Regular awareness programs and training sessions are conducted to sensitize employees about appropriate workplace behaviour and the consequences of harassment, thereby fostering a respectful and inclusive workplace culture. To sum up, the Bank has complied with the provision relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. MCA Companies (Accounts) Second Amendment Rules, 2025 through its notification dated 14 July 2025 mandated providing following details under Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Particulars	Remarks
Number of complaints of sexual harassment received in the year	Nil
Number of complaints disposed of during the year	NA
Number of cases pending for more than ninety days	NA

A statement by the company with respect to the compliance of the provisions relating to the Maternity Benefit Act 1961

Married women employees with up to two living children are eligible for 26 weeks of paid maternity leave; those with more than two children are eligible for 12 weeks of paid leave. In cases of miscarriage or MTP, leave up to 6 weeks shall be granted based on medical advice, extendable in exceptional cases, subject to a maximum of 6 months in the entire service. Leave requests must be supported by a medical certificate and approved by the Reporting Manager with HR intimation. Maternity leave may be combined with other leave types, and full salary is paid during the approved paid leave period.

Information Technology and IT-enabled Services

The operations of the Bank are computerised since inception. Your Bank is a strong proponent of leveraging information technology to reach the “un-reached” and “under-served” segments and deliver digital products that are convenient to its customers. Towards this end, the Bank has embarked upon technology upgradation for better customer service over the years.

During the year, the Bank made significant progress in enhancing its digital payment infrastructure. Membership Application for the RBI's Centralized Payment System (CPS) has been submitted with all the necessary information & documents, and the response from RBI is awaited. After approval of the membership request by the RBI, the Bank will no longer need to depend on other Banks for the RTGS, NEFT and Cheque clearing transactions of the customers.

In parallel, the Bank has initiated the onboarding process for the NPCI's e-Mandate facility via the National Automated Clearing House (NACH), including Host-to-Host integration. This will enable seamless, automatic recurring payments for individuals and businesses, further strengthening our digital offerings and customer convenience.

The Bank has 25 on-site and 3 off-site ATMs. The Handheld Devices used by the field staff of the Bank for transactions at the field are enabled with GPRS and now the transactions are happening in real-time.

The Bank provides locker facilities across its 26 branches and is in the process of integrating the current offline locker system with the CBS to ensure timely rent collection and accurate tracking.

On par with bigger Banks, your Bank is providing the Mobile Banking facility with RTGS/ NEFT/IMPS /UPI facility to all its customers.

To modernize and streamline the HR operations, which are currently managed manually, your Bank evaluated several HRMS solutions. After a thorough review, 'M/s Darwinbox Digital Solutions Private Ltd' was identified as the preferred partner for their AI-powered, end-to-end Human Capital Management platform. Trusted by leading Banks and enterprises globally, Darwinbox offers advanced features such as recruitment, onboarding, payroll, performance management, and people analytics. The solution aligns with our vision to enhance efficiency and reduce administrative overheads. Based on a comprehensive cost-benefit analysis, your Bank has decided to proceed with its implementation.

Internal Control Mechanism

The banking business involves various types of risks, which need to be managed in a proactive way. Risks are managed by putting adequate and effective control mechanisms. Your Bank has robust system of Internal Controls, with adequate focus on identifying and managing various classes of Risks, emanating from business and operations and ensuring Compliance with rules and regulations to manage risks, with a view to keeping it aligned to the Bank's risk appetite. Bank has developed a suitable Risk Appetite Framework, which contains benchmarks/ ceilings/ranges for various Ratios and parameters. The Ratios and parameters are monitored by the Management on a monthly and quarterly basis. Corrective / remedial measures are



taken up for deviations. The internal control mechanism and various control returns are periodically reviewed by the management and the various committees of the Board.

Risk Management

During FY 2024-25, the Bank further enhanced its comprehensive risk management framework to proactively identify, assess, and mitigate risks across all areas of operation. The Risk Management Department of your Bank comprehensively addresses all types of risks, including Credit, Liquidity, Operational, Reputational, Market risk etc. In alignment with regulatory guidelines and global best practices, the Bank strengthened its risk governance structure, which includes robust oversight by the Board and dedicated risk committees. The Risk Management Committee of the Board periodically meets to keep itself updated of any change in the risk profile of the Bank and sets guidelines to meet emerging changes in the risk space to keep it within the Bank's Risk Appetite Framework (RAF). The RAF is also dynamic and is fine-tuned, as and when needed, with the approval of the Risk Management Committee and Board. The Asset Liability Management & Investment Committee (ALMICO) of the management looks into the management of Liquidity and Market risks and ensures adherence to the prudential limits. The Asset Liability Management and Investment Committee of the Board oversees the Liquidity Risk and Investment Risk. As the investments of the Bank were made only in Government securities, the Investment Risk of the Bank is negligible. The non SLR investments are in the form of Liquid Mutual Funds where the Risk is minimum compared to other similar options. The ALMI Committee of the Board reviews the investment portfolio. The investment operation of the Bank is subject to internal Audit as well as Statutory Audit. The Asset Liability Management Policy of the Bank stipulates a broad framework and parameters for liquidity risk management to ensure that the Bank is able to meet its daily liquidity obligations as well as to withstand a period of liquidity stress while maintaining the required CRR and SLR levels. The liquidity profile of the Bank is analyzed on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios and conduct of liquidity stress tests periodically.

Compliance Functions

During FY 2024-25, the Bank maintained a robust and proactive compliance framework, ensuring full adherence to all applicable statutory, regulatory, and internal policy requirements. The Compliance function operated under the direct supervision of the Board and its dedicated committees, facilitating stringent oversight of evolving regulations issued by the Reserve Bank of India (RBI), and other authorities.

Key initiatives included:

- Regular Policy Updates: Timely review and revision of compliance policies and procedures to reflect the latest regulatory developments and industry best practices.
- Training & Awareness: Comprehensive training programs for staff at all levels, fostering a strong compliance culture and heightened awareness of legal and regulatory obligations.
- Internal Audits & Reviews: Periodic compliance audits and risk assessments were conducted to validate adherence, identify potential gaps, and recommend improvements.
- Regulatory Disclosures & Reporting: All regulatory submissions and disclosures were carried out within the prescribed timelines, ensuring transparency and integrity in communication.
- Whistleblower Mechanism: An effective whistleblower and grievance redressal mechanism was in place, empowering employees to report concerns without fear of retaliation.

The Bank's compliance team coordinates closely with business and operational units to promote a risk-aware environment and uphold the highest standards of ethical and responsible conduct. These measures contributed materially to maintain the trust of regulators, customers, and stakeholders, and supported the Bank's reputation for sound governance and sustainable growth.

The Compliance department in your bank, for its size, degree of complexity in products and operations, is adequately staffed and has a reporting line which is insulated from business and operations, to avoid conflict of interest. Statutory ratios like SLR, CRR, Liquidity Coverage Ratio, etc. are closely monitored and have been above the stipulated limits, all through. Your Bank is also compliant with the RBI stipulations with regards to Priority Sector Lending, IRAC norms, NPA Provisioning norms, without any deviations.

Internal Audit:

The Bank's Internal Audit department functions and reports independently to the Audit Committee of the Board on the quality and effectiveness of the Bank's internal controls, risk management, governance systems and processes on an ongoing basis, thereby ensuring that the Bank complies with both internal and regulatory guidelines.

The department also carries out the Concurrent Audit function with the support of outsourced retired bankers from Nationalized Banks. The Internal Audit Policy is drawn up based on RBI's guidelines on Risk Based Supervision (RBS) through Risk Based Internal Audit (RBIA) and Concurrent Audit System like in any other Commercial Bank. The Audit Committee of the Board comprises of three non-executive independent Directors and is chaired by a Director who is a qualified member of Institute of Chartered Accountants of India. The Audit Policy of the Bank is reviewed periodically. The Management of the Bank recommends changes in policy and procedures from time to time based on the emerging scenarios and evolving regulatory guidelines, which the Audit Committee of the Board reviews and recommends to the Board for approval. The Executive Summary of the internal audit and concurrent audit reports are placed before the Audit Committee for review. The Board reviews the efficacy of the internal audit function, effectiveness of controls laid down by the Bank. The Internal Audit team is well staffed and equipped with relevant expertise and tools for efficient Audit function. The internal audit and control functions are always fully geared up to safeguard the assets and interest of the Bank and timely identification of the risks for initiating remedial measures.

The performance of the Internal and Concurrent Auditors is reviewed periodically for their effectiveness and strengthening the control mechanism with reference to Internal Audit.

The team of Internal and Concurrent Auditors educates the operating staff at the Branches and appraises them about the common irregularities observed in their day-to-day operations/ functions. The Auditors conduct staff meetings on the day of concluding the Audit in the Branches and appraise the irregularities noticed and steps to be taken for rectifications and avoid recurrence in future.

For further effectiveness, SPOT Audits and SNAP Audits are also being conducted at Branches and reviewed frequently. The Bank is also ensuring the Compliance Audit for verification of the replies submitted by the Branches for various Audits concluded at the Branches. Invariably all the Documentary evidence are checked during the Compliance Audit.

The Internal Audit Department's mission is to inculcate the habit of First time doing right to save Time to all Staff working in our Branches.

Corporate Social Responsibility (CSR)

CSR is an integration of business operations and values, whereby interests of all stakeholders including investors, customers, employees, the community and environment is reflected in company's policies and actions. During the FY 2024-25, the Bank has complied with the provisions of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility. The Report as required under Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 on CSR activities is set out as Annexure forming part of the Board's Report and the Policy has been uploaded on the Company's website at www.kbsbankindia.com. As per the provisions of the Companies Act, 2013, Bank is not required to constitute any CSR committee as the CSR related matters are being taken care by the Board.



Vigilance Mechanism:

The Bank has established a Vigilance mechanism inline with the provisions of Section 177 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014. The Vigilance mechanism functions under the direct supervision of the Audit Committee of the Board. The Vigilance Policy of the Bank is periodically reviewed and suitably amended whenever needed with the approval of the Board. All the vigilance/fraud cases are reported to the Audit Committee of the Board and to the Board for their review and are dealt with as per the guidelines under the Vigilance Policy of the Bank and guidelines of the Reserve Bank of India. They are also reported to the RBI.

Your Bank also has a whistle blower policy for dealing with the “protected disclosures” made by the whistle blowers. The Bank has put in place the Board approved Disciplinary Action Procedure for investigation and Disciplinary Action against staff alleged to be involved in fraud or embezzlement cases based on Principles of natural justice.

Customer Service:

Customer service stands as the cornerstone of the Bank's ethos, with an unwavering commitment to ensuring unparalleled customer satisfaction across both digital and in-branch interactions. The Bank takes care to locate/relocate the branches and the Banking outlets in strategic locations convenient to the customers. The Bank embarks on an ongoing process of refurbishing branch premises, imbuing them with a sense of grandeur, spaciousness, and refined ambiance replete with superior amenities. Paramount facets of branch aesthetics encompass effortless accessibility, generous spatial design, meticulously crafted internal layouts to accommodate the visiting customers, and the provision of essential amenities such as drinking water, restrooms, and comprehensive air conditioning.

The Bank has a toll-free number for customer service and complaint redressal. The Bank has declared the 15th day of every month as Customers Day. Each Branch has a “May I Help You” counter to assist and educate the customers in transacting at the Branch.

The Bank has established Customer Service Committees at the branch level and a Standing Committee of Customer Service at the Corporate Office level. These Committees hold meetings periodically to oversee the execution of customer service mandates at branches and Business Correspondent (BC) locations, ensuring continuous amelioration of any deficiencies. The Customer Service Committee of the Board, an august body comprising of four members, including two Non-Executive Independent Directors. This Committee reviews the comments/suggestions of the Bank's Standing Committee on Customer Service. Adhering to the stringent parameters set forth by the Reserve Bank of India (RBI) in the realm of customer service, the Bank diligently examines and implements customer suggestions when deemed suitable and beneficial.

The Bank's pioneering doorstep service model stands as a unique testament to its industry leadership. Customer Service Representatives, Business Development Executives, and Micro Saving Agents extend banking services such as deposit collection and loan instalment recovery directly at the customer's doorstep, issue receipts akin to the “charge slips” of POS machines. Additionally, the Bank operates 14 Business Correspondent locations that provide essential banking services to remote villages within the operating area, alleviating the need for customers to travel to branch locations for major transactions. This includes cash withdrawals, deposits, and electronic fund transfers, all of which can be conducted at BC locations. Customer complaints, including those related to ATMs, are resolved within stipulated time frames. Furthermore, the Bank boasts of a dedicated team for the reconciliation of RTGS, NEFT, ATM, IMPS, UPI, and POS transactions, ensuring daily CTS clearing, thereby upholding its commitment to exceptional service standards.

The Bank's ATM network is well maintained, earning a distinguished reputation within its operational area for ensuring that “KBS ATMs always have cash.” The Bank expresses its gratitude to the Regional Office of the Reserve Bank of India, other Banks and currency chests for consistently supplying adequate cash throughout the year to help the Bank maintain near 100% uptime across all ATMs.

The Bank offers robust Mobile Banking Services, with Immediate Payment Service (IMPS) via the mobile banking platform gaining widespread acceptance among customers. Since 2020, the Bank has also introduced the Unified Payments Interface (UPI) facility. 43,901 customers have been using Mobile Banking Services as at the end of March 2025. The number of IMPS transactions jumped by 20.21% during the year from 84,385 as on 31st March 2024 to 101,445 as on 31.03.2025. The adoption of digital modes of banking has significantly benefited customers, enabling them to conduct transactions without physical presence during both the pre- and post-pandemic periods.

Customer Complaints Redressal:

The Bank recognizes that an effective grievance redressal mechanism is vital for operational excellence, customer satisfaction, and mitigating operational, reputational, and compliance risks. To this end, the Bank has established a robust three-tier Grievance Redressal framework:

1. Branch Level Customer Service Committees:

Operating at all branches, these committees meet monthly, providing a platform where customers are encouraged to interact directly with branch staff to resolve their concerns promptly.

2. Management Level – Standing Committee on Customer Service:

This committee is convened quarterly to review the functioning of branch-level grievance mechanisms and deliberate on suggestions aimed at enhancing customer service.

3. Customer Service Committee at the Board Level:

Meeting bi-annually, the Board-level committee receives minutes and recommendations from the lower committees to provide oversight and steer strategic improvements in the Bank's customer service policies.

Additionally, the Bank has designated a senior official as the Customer Grievance Redressal Officer, whose contact details are prominently displayed at all business locations and on the Bank's website, ensuring accessibility for all customers.

Customer complaints received via phone, email, written communication, or in-person are accorded utmost priority, handled strictly within prescribed regulatory guidelines. To facilitate ease of access, complaint and suggestion boxes are strategically placed at all branches, and ATM-related grievances can be reported through help-line numbers displayed on the ATMs and at the base branches.

In compliance with RBI directives, the Bank regularly publishes an analysis of customer complaints and other key customer service information on its website, maintaining transparency and a commitment to continuous improvement.

This comprehensive grievance redressal framework reflects the Bank's dedication to responsive, transparent, and customer-centric service delivery.

Government Schemes and Program:

The Bank participates in eligible Government Schemes. The Bank has now a customer base of around 3,03,772 Customers spread over 1,768 villages in the operating Districts. Basic Banking Accounts, with no minimum balance requirement, have been opened to the eligible customers to help them receive the eligible transfers/subsidies under the DBTL scheme.

Bank has entered into Memorandum of Understanding with New India Assurance Company (NIAC) for participating in the Pradhan Mantri Suraksha Bima Yojana (PMSBY) and with Life Insurance Corporation (LIC) to provide the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY). During the Financial year 2024-25 the Bank has issued/renewed 62,853 insurance policies under the Pradhan Mantri Suraksha Bima Yojana and 43,103 policies under the Pradhan Mantri Jeevan Jyoti Bima Yojana. The Bank has settled 14 insurance claims under PMSBY and 113 under PMJJBY to the nominees of the deceased customers under the schemes. During the year the claim settlement ratio under PMSBY and PMJJBY was 87.50% and 98.26 % respectively.



Insurance Services:

The Bank, in partnership with insurance companies, has been providing both Life and Asset Insurance services to its customers. The overall insurance process and procedures are guided by the guidelines issued by the IRDA.

The Insurance Partners of the Bank include Aviva Life Insurance Company and the LIC of India in respect of life insurance and the New India Assurance Company for asset insurance.

- Life Insurance: Bank is offering Aviva Group Micro Insurance Plan (AGMIP) product which ensures coverage up to Rs.2.00 Lakh to the loan borrowers and AVIVA Group Credit Life (AGCL) is coverage above Rs.2.00 Lakh to the loan borrowers.
- Livestock: Livestock insurance covers the cattle financed by the Bank. KBS Bank finances for the milch animals, mainly buffaloes, cows and sheep and these animals are being insured.
- Micro Enterprise Shield (MES): MES insurance is to insure the stock/building of the unit financed by the Bank. This insurance is offered with a sum insured of a maximum of Rs.1.00 Crore.

Business Correspondents (BC) operations:

The Bank continues to expand its outreach and promote financial inclusion by extending banking services through Business Correspondent (BC) outlets. Our delivery model combines traditional “brick-and-mortar” branches (Model-1) with innovative “ultra-small” Customer Service Points (CSPs) (Model-2) designed to serve previously unreachable and underserved communities.

The identification and setup of CSPs—including recruitment, training, and deployment of personnel, as well as provision of digital banking equipment—are managed by M/s Gram Tarang Inclusive Development Services (GTIDS), the Bank's primary BC partner, affiliated with Centurion University. GTIDS plays a crucial role in ensuring the smooth operation and scalability of our BC network.

Under Model-1, fixed banking outlets are established at select locations, each fully equipped with Core Banking Solution (CBS – B@ncs 24) at the front office and connected to the base branch via secure Airtel RF network connectivity. During the year, Bank continued to provide services at 14 BC locations as in the previous year. Banking transactions at these 14 BC locations are managed by dedicated Transaction Assistants appointed by GTIDS, supported by Bank's CSR/Business Development Executives who facilitate various banking activities and customer engagement initiatives.

Recognizing the untapped potential in our operational areas, the Bank has initiated the Model-2 – the CSP framework, to drive deeper digital inclusion. In this model, CSPs—primarily managed by women from local villages—are set up as ultra-small banking outlets, equipped to provide a range of digital services. This initiative supports the Bank's vision of empowering local communities and extending financial services to the last mile.

Overall, the Bank's BC operations, encompassing both Model-1 and Model-2, have significantly contributed to our mission of advancing financial inclusion and expanding our service footprints across rural and semi-urban geographies.

BC Workflow:

The 14 BC locations offer services like Account opening, Remittances, and day-to-day transactions for the Bank customers. However, loan sourcing / processing is being taken care of by the Bank staff through Customer Service Representatives (CSRs),

Business Development Executives (BDX), who are on the rolls of the Bank. The BCs are now networked with 'Airtel RF' as primary connectivity and '4G MPLS' as a secondary line of connectivity. However, in the case of the Model -02, the connectivity to the devices etc., will be through GPRS and is being taken care of by GTIDS. In addition to regular transactions under Model-02, BC Agent of CSP is also required to source loans between Rs.10,000/- to Rs.25000/-. They are also responsible for recovery of loan installments. Bank Mitras will be moving from place to place in and around villages and towns for mobilization of deposits i.e. Savings A/cs, Daily/weekly collection deposits, recurring deposits and term deposits. A few of the Bank Mitras of GTIDS are also sourcing loans with limits of Rs.1.00 lakh and above.

Under the Model-02, the objective of financial inclusion will be achieved through Digital mode of services which is the order of the day viz., A@ePS, Direct Money Transfer, Bill Payments, Account opening, Micro Loans origination, EMI collection etc.

The business performance of the National BC (GTIDS staff – MSA, TA, CSP) as on 31.3.2025 stands at - CASA of Rs.13.32 Cr and Fixed Deposits of Rs.48.20 Cr, thus total deposits of Rs.61.52 Cr which is 11.62% of Bank's deposits. Similarly, BC Staff mobilized total advances of Rs.6.02 Cr which is 1.35% of Bank's advances.

Samruddhi Sukshma Loan (SSL) APP:

The small ticket loan up to Rs.25,000/- is a tailor-made loan for the bottom of the pyramid and economically active poor and is being offered through the agents of CSPs (Bank Mitras) and through field staff. The SSL loan process is through a "digital platform" right from origination to the end of pre-sanction stage through HHD by means of an 'Android' app. Now SSL loans are being done through this "App" only.

As on 31.3.2025, Bank's SSLs stood at 3625 loans with outstanding of Rs.448.12 lakhs and the NPAs are at Rs.21.02 lacs.

Auditors and Auditors Report:

M/s KVSRY Associates, Chartered Accountants (Firm Registration No.008169S), Hyderabad, were appointed as the Statutory Auditors of the Bank for a period of three consecutive years at the 25th Annual General Meeting held on September 26, 2024, subject to prior approval from the Reserve Bank of India (RBI) at the time of first appointment and for each subsequent year thereafter. As per this requirement, their appointment must be ratified by the shareholders at each Annual General Meeting, and an application for approval must be submitted to the RBI annually.

Pursuant to RBI Circular No. RBI/2021-22/25 Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, Commercial Banks (excluding RRBs) and Urban Cooperative Banks (UCBs) are required to obtain prior approval from RBI's Department of Supervision for appointment or reappointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) on an annual basis. Accordingly, the Bank is required to apply to the RBI on or before July 31 of the relevant year.

Your directors recommend the reappointment of M/s K V S R Y Associates, Chartered Accountants, as Statutory Auditors of the Bank for the second year, i.e., for the Financial Year 2025–26, subject to approval of the shareholders at this Annual General Meeting and prior approval from the Reserve Bank of India.

Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made:

There are no qualifications, reservations or adverse remarks in the Statutory audit report.

Corporate Governance:

The Bank has always adopted practices and policies to ensure a culture of good Corporate Governance. This is done through a



three-tier management structure – The Branch management, The Corporate Office supervision and thirdly the Board level supervision.

The Board has been constituted in accordance with the Banking Regulation Act, 1949. During the financial year 2024-25 the Board comprised of seven well experienced personalities from the fields of Banking, Finance, SME, agri-business and rural development, technology, education, accounts, auditing and research.

Board of Directors:

As on March 31, 2025, the Board comprises five Independent Non-executive Directors (including the Part Time Chairman), Managing Director and one Non-executive Professional Director as members. The Reserve Bank of India has approved the reappointment of Mr. SM Farooque Shahab as Part time Chairman of the Bank for the 2nd time for a tenure of three years w.e.f. December 7, 2024, with an honorarium of Rs.12.00 lakh per annum.

The term of appointment of Mr. Narsi Reddy Vangala, (DIN No. 08685359) as a Non-Executive Independent Director of the Bank, for a period of five consecutive years commencing from September 23, 2020, is due to conclude on September 22, 2025.

The Nomination and Remuneration Committee and the Board recommended the re-appointment of Mr. Narsi Reddy Vangala, (DIN No. 08685359) as a Non-Executive Independent Director of the Bank for a further term of 3 years with effect from September 23, 2025, subject to shareholders' approval.

As per RBI Circular No. DOR.HGG.GOV.REC.46/29.67.001/2023-24, dated October 25, 2023, all Banks are required to have a minimum of two Whole-Time Directors on the Board, namely the MD & CEO and at least one additional Whole-Time Director.

Brief profile of Mr. Narsi Reddy Vangala is given in notice convening the Twenty-sixth Annual General Meeting for reference of shareholders.

Change in Key Managerial Personnel:

Mr. Priti Astarag Pattnaik, Company Secretary of the Bank, resigned with effect from November 6, 2024. Consequent to his resignation, the Board appointed Mr. Subir Boity as the Company Secretary and Chief Compliance Officer of the Bank with effect from November 6, 2024. Mr. Subir Boity brings with him relevant experience and expertise to effectively discharge the responsibilities of the role.

Meetings of the Board and Attendance:

The Board of Directors have met 6 (SIX) times during the Financial Year 2024-25 on April 25, 2024, July 30, 2024, September 26, 2024, November 4, 2024, January 28, 2025, and March 19, 2025.

Attendance of directors in the Board meetings:

SI No.	Name	Number of meetings entitled to attend during FY 2024-2025	Number of Meetings attended FY 2024-20235
1	Mr. SM Farooque Shahab	6	6
2	Mr. V Narsi Reddy	6	6
3	Mr. Vedantham Jaganmohan	6	6
4	Mr. Dantu Indu Sekhar	6	6
5	Ms. B Vijayalakshmi	6	6
6	Ms. Geetha Mikkilineni	6	6
7	Mr. Durga Prasad Donepudi	6	6

The Board reviewed the matters covered under the Reserve Bank of India's circular on Calendar of Reviews issued from time to time.

The profiles of the Directors have been verified and are in compliance with the Fit and Proper criteria issued by Reserve Bank of India. The Directors have submitted the annual declarations/disclosure forms as required under section 184 and 149 of the Companies Act, 2013.

Committees of the Board:

The Bank has ten committees of Directors at the Board level. Details of the composition of the committees of Board as on March 31, 2025, and number of meetings of these committees held during FY2024-25 are furnished hereunder:

S. No	Name of the Committee	Composition of the Committee as on March 31, 2025	Designation	Date of meetings held during the FY 2024-25
1	ALMI Committee	1. Mr. SM Farooque Shahab	Chair	April 25, 2024, July 29, 2024, November 4, 2024, January 27, 2025
		2. Mr. V Jaganmohan	Member	
		3. Mrs. Geetha Mikkilineni	Member	
		4. Mr. D. Indu Sekhar	Member	
		5. Managing Director	Member	
2	Executive Committee	1. Mr. D. Indu Sekhar	Chair	June 24, 2024, July 29, 2024, November 4, 2024, January 27, 2025 March 19, 2025
		2. Mr. V. Narsi Reddy	Member	
		3. Mrs. B. Vijayalakshmi	Member	
		4. Managing Director	Member	
		5. Mr V Jaganmohan	Member	
3	Audit Committee	1. Mrs. Geetha Mikkilineni	Chair	April 25, 2024 July 30, 2024 September 26, 2024 November 4, 2024 January 27, 2025 March 19, 2025
		2. Mr. V. Narsi Reddy	Member	
		3. Mr. D. Indu Sekhar	Member	
		4. Mrs. B. Vijayalakshmi	Member	
4	Human Resource Committee	1. Mr. SM Farooque Shahab	Chair	July 29, 2024 January 28, 2025
		2. Mr. V. Jaganmohan	Member	
		3. Mr. D. Indu Sekhar	Member	
		4. Managing Director	Member	

S. No	Name of the Committee	Composition of the Committee as on March 31, 2025	Designation	Date of meetings held during the FY 2024-25
5	Customer Service Committee	1. Mrs. B. Vijayalakshmi	Chair	July 29, 2024 January 27, 2025
		2. Mr. V. Jaganmohan	Member	
		3. Mr. D. Indu Sekhar	Member	
		4. Managing Director	Member	
6	Risk Management Committee	1. Mr. V. Narsi Reddy	Chair	November 4, 2024 March 19, 2025
		2. Mr. SM Farooque Shahab	Member	
		3. Mrs. B. Vijayalakshmi	Member	
		4. Managing Director	Member	
		5. Mr. D. Indu Sekhar	Member	
7	Information and Communication Technology Committee	1. Mr. V. Jagan Mohan	Chair	April 25, 2024 July 29, 2024 October 10, 2024 January 27, 2025
		2. Mr. V. Narsi Reddy	Member	
		3. Mrs. Geetha Mikkilineni	Member	
		4. Mrs B Vijayalakshmi	Permanent Invitee	
		5. Managing Director	Permanent Invitee	
8	Share Allotment & Transfer Committee	1. Mr. V Jaganmohan	Chair	April 25, 2024
		2. Mr. SM Farooque Shahab	Member	
		3. Ms. Geetha Mikkilineni	Member	
9	Nomination and Remuneration Committee	1. Mr. D. Indu Sekhar	Chair	April 25, 2024 July 29, 2024 October 21, 2024 March 19, 2025
		2. Mr. SM Farooque Shahab	Member	
		3. Mr. V. Jagan Mohan	Member	
		4. Managing Director	Member	
10	Credit Committee	1. Mr. D. Indu Sekhar	Chair	June 24, 2024 July 29, 2024 November 4, 2024 January 28, 2025
		2. Mr. SM Farooque Shahab	Member	
		3. Mrs. B. Vijayalakshmi	Member	
		4. Mr. V. Narsi Reddy	Member	
		5. Managing Director	Member	
11	Special Committee of the Board for Monitoring and follow-up of Frauds (SCBMF)	1. Mrs. B. Vijayalakshmi	Chair	January 27, 2025
		2. Mr. SM Farooque Shahab	Member	
		3. Mr. Donepudi Durga Prasad	Member	
		4. Mr. TRV Satyanarayana	Member	
		5. Mr. M. Narendra Kumar	Member	
		6. Mr. KV Parameswara Rao	Member	

Directors Responsibility Statement under section 134(5) of the Companies Act, 2013:

Your Directors confirm that:

- In preparation of the annual accounts, applicable accounting standards have been followed along with proper explanations relating to material departures, if any.
- The accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as on March 31, 2025, and of the profit of the Bank for the year ended March 31, 2025.
- Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 and Banking Regulation Act, 1949 and other applicable laws, for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.
- That the company being unlisted, sub clause (e) of Section 134 (3) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company.
- 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.

Policy on Appointment and Remuneration of Directors:

The Bank has a Nomination and Remuneration Committee of the Board constituted in accordance with the provisions of section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014.

Policy on Appointment of Directors:

The appointment of Directors is subject to the possession of the prescribed experience under section 10-A of The Banking Regulation Act, 1949 by the candidate. The candidate being appointed as a director must qualify the fit and proper criteria prescribed by the Reserve Bank of India through their circulars on "'Fit and Proper' Criteria for Directors on the Boards of Banks" issued from time to time.

The Nomination and Remuneration Committee determines the 'Fit and Proper' status of the existing Directors/proposed candidates based on the broad criteria i.e. educational qualification, experience and field of expertise, track record and integrity as prescribed by the Reserve Bank of India and the Banking Regulation Act, 1949. The appointment of Managing Director is made subject to compliance to the Fit and Proper criteria guidelines and approval of the Reserve Bank of India.

The Directors do not have any pecuniary relationship with the Bank except to the extent of payment of sitting fees to the Directors for attending the Board meetings and Committees of the Board meetings and remuneration paid to the Managing Director and the honorarium paid to the part time chairman.

Policy on Remuneration to Directors:

The remuneration paid to the Managing Director is approved by the Reserve Bank of India alongside the appointment. The Honorarium paid to the Part time Chairman of the Board is approved by the Reserve Bank of India alongside the appointment. The Directors other than the Managing Director are paid sitting fees for attending the Board and Committees of the Board meetings as fixed by the Board in accordance with the provisions of Section 197 of the Companies Act, 2013 and Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

None of the other Directors are paid any remuneration other than sitting fees for attending meetings of the Board and Committees and reimbursement of eligible expenses.

Declaration by Independent Directors:

All Directors have submitted the "Fit and Proper Forms" and "Declarations" as prescribed by the Reserve Bank of India and the "Annual Disclosure Forms" for the FY 2024-25 as prescribed under section 184 of the Companies Act, 2013. The Independent Directors have furnished the "Declarations" in the format prescribed under section 149(6) for the FY 2023-24. The Independent Directors have complied with the "Code for Independent Directors" prescribed in Schedule IV to the Act.

Foreign Exchange earnings and outgo:

The business of the Bank is such that there is neither earning nor out go in Foreign Exchange.

Statutory Disclosure:

Considering the nature of activities of the Bank, the particulars required under Section 134 (3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules regarding energy conservation, Technology absorption etc., do not apply. However, the Bank is using technology commensurate to its size and requirements for the legally permitted transactions. The Bank has been operating in a fully computerized environment since inception. The Branches and Business correspondent locations operate on the Core Banking Solution. The field staff of the Bank use Handheld Devices for transactions at the field. The Bank continues its efforts to create awareness among the employees for saving power and resources, wherever possible. Pursuant to section 134(3) (a) of the Companies Act, 2013, the annual return has been placed on the website of the Bank under the download section.

Secretarial Standards:

Your Directors state that they have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operate effectively.

Details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or financial institutions along with the reasons thereof:

This provision is not applicable to the Bank.

Change in the Nature of Business, if any:

There is no change in the nature of business during the FY 2024-25.

Material changes and commitment if any affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and the Date of the Report:

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and on the date of this report.

Details of Subsidiary/Joint Ventures/ Associate Companies:

NIL

Details of Significant and Material orders passed by the Regulators, Courts and Tribunals impacting on the going concern status and the Company's operations in the future:

No significant and material orders have been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

The details of an application made or any proceeding pending under the Insolvency & Bankruptcy Code, 2016 during the year along with their status as at the end of Financial Year 2023-24 according to the Companies (Accounts) Amendment Rules, 2021:

NIL

Deposits (Rule 8(5) (V) of Companies (Accounts) Rules, 2014):

Being a Banking company, this disclosure is not applicable.

Related Party Transactions:

The particulars of contracts or arrangements or transactions with related parties as per Section 188 of the Companies Act, 2013 entered/executed by the Company during the financial year ended March 31, 2025, are stated in the notes on Accounts forming part of the Annual Report. Further there are no materially significant related party transactions during the year under review with Promoters, Directors, Key Managerial Personnel and their relatives which may have potential conflict with the interest of the company at large.

Plans for the coming year

Bank's long-term goal is to transform into a Small Finance Bank (SFB). Your Bank is working on amalgamation to meet the benchmark capital requirements as stipulated by RBI and because Adarsh Co-operative Urban Bank Ltd has competencies in MSME area which complements your Bank's long term growth strategy, Bank has signed a MoU with Adarsh Co-Operative Urban Bank Ltd for voluntary amalgamation with an ultimate aim of transiting into SFB. Your Bank also appointed GT Bharat to carry out due diligence, valuations, guidance on roadmap for voluntary amalgamation, advice on formulation of future strategies and preparation of project report & application for SFB to be submitted to the RBI. GT Bharat has completed the due diligence and there are no red flags. There is good progress in valuation and in other areas. Bank targets to submit the SFB application by the end of September 2025 after getting approval from the Board and the shareholders.

Acknowledgments:

Your Directors place on record sincere appreciation for the support and guidance that the Bank has received from the Reserve Bank of India, other regulatory authorities, other Banks and various stakeholders and organizations collaborating with the Bank in different initiatives. The Directors also place on record their appreciation of the support and the trust reposed by valued customers and solicit their continued support and cooperation. Your Directors also wish to place on record their most sincere appreciation of the commitment, support and sincere efforts put in by the staff in Customer Service as well as growth of the Bank during the year and look forward to their continued cooperation in realizing the corporate goals in the years ahead.

On behalf of the Board of Directors

Place: Hyderabad
Date: July 22, 2025

Sd/-
SM Farooque Shahab
Part Time Chairman
DIN 09214092

Sd/-
Durga Prasad Donepudi
Managing Director & CEO
DIN 07031463



Corporate Social Responsibility

(Disclosure pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014)

1. Brief outline on CSR Policy of the Company.

The CSR Policy of the Bank has been framed in line with the provisions of the Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. Under the CSR Policy the Bank is taking up one or more activities as specified in Schedule VII of the Companies Act, 2013 in the local area of operations of the Bank, apart from contribution to specified funds.

2. Composition of CSR Committee:

Pursuant to subsection (9) of Section 135, the Bank is not required to constitute CSR Committee, and the functions of the CSR Committee are being discharged by the Board of Directors.

3. Web-link to CSR Policy and CSR projects approved by the Board: <https://kbsbankindia.in/csr-policy.php>

4. Executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014: Not applicable.

5.

- a) Average net profit of the company as per sub-section (5) of section 135: Rs.19,69,01,113/-
- b) Two percent of average net profit of the Company as per sub-section (5) of section 135: Rs.39,38,022/-.
- c) Surplus arising out of the CSR projects or programs or activities of the previous financial years: NIL
- d) Amount required to be set off for the financial year, if any: Rs.44,865 (Excess spent in the year 2023-24).
- e) Total CSR obligation for the financial year [(b)+(c)-(d)] Rs.38,93,157/-.

6.

- a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): Rs. 39,38,330/-
- b) Amount Spent in Administrative overheads: NIL
- c) Amount spent on impact assessment, if applicable: Not applicable
- d) Total Amount Spent for the Financial Year [(a) + (b) + (c)]: Rs.39,38,330/-
- e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
39,38,330	NIL	NA	NA	NIL	NA

f) Excess amount for set-off, if any

Sl. No.	Particulars	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	39,38,022
(ii)	Total amount spent for the Financial Year	39,38,330
(iii)	Excess amount spent for the financial year [(ii)-(i)]	308
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	NIL
(v)	Amount available for set-off in succeeding financial years [(iii)-(iv)]	308

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs)	Deficiency, if any
					Amount (in Rs)	Date of Transfer		
1	FY-1	NIL	NIL	NIL	NIL	NA	NIL	-
2	FY-2	NIL	NIL	NIL	NIL	NA	NIL	-
3	FY-3	NIL	NIL	NIL	NIL	NA	NIL	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Yes

If yes, enter the number of Capital assets created/ acquired: One

Details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent (in Rs.)	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
1	Purchased and donated one school bus to a school meant for the children of underprivileged Lambada tribe located in Amboth Thanda Village managed by Sahayata Trust, Hyderabad	501506	18.02.2025	32,79,040	NA	Sahayata Trust, Hyderabad	Amboth Thanda Village, Manchal Mandal, Ranga Reddy District, Telangana 501506

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135: NA.

Sd/-

Managing Director and Chief Executive Officer
DIN 07031463

INDEPENDENT AUDITOR'S REPORT

To the Members
KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED
Hyderabad

Report on audit of the Standalone Financial Statements

Opinion

1. We have Audited the accompanying standalone financial statements of KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED ('the Bank'), which comprise the Balance Sheet as at 31st March 2025, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns for the year ended on that date of all 29 branches Audited by us.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 in the manner so required for banking Companies and are in conformity with the accounting principles generally accepted in India and give a true and fair view
 - a. in case of the Balance sheet, of the state of affairs of the Bank as at 31st March 2025;
 - b. its profit in case of Profit and Loss account for the year ended on that date; and
 - c. in case of statement of cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our Audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 together with the ethical requirements that are relevant to our Audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, 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 opinion.

Key Audit Matters

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



S.No.	Key Audit Matter	How our Audit addressed the Key Audit Matter
1	<p><u>Income Recognition and Asset Classification</u></p> <p>Classification of Advances and Identification of and provisioning of Non-performing Advances in accordance with the RBI guidelines</p> <p>Advances include Cash credits, Overdrafts loans repayable on demand and Term loans. These are further categorized as secured by Tangible assets (including advances against Books debts), covered by Bank / Government Guarantees and unsecured advances.</p> <p>Advances constitute 65.58% of the Bank's total assets. They are, inter-alia, governed by income recognition, asset classification and provisioning (IRAC) norms and other circulars / directives issued by the RBI from time to time which provides guidelines related to classification of Advances into performing and non-performing Advances (NPA). The Bank classifies these Advances based on IRAC norms as per its accounting policy No. 3.</p> <p>Identification of performing and non-performing advances involves establishment of proper mechanism. The Bank accounts for all the transactions related to Advances in its Information Technology System (IT System) viz. B@ncs 24X7 which also identifies whether the advances are performing or non-performing. Further, NPA provision is done manually.</p> <p>The carrying value of these advances (net of provisions) may be materially misstated if, either individually or in aggregate, the IRAC norms are not properly followed.</p> <p>Considering the nature of the transactions, regulatory requirements, existing business environment, estimation/judgment involved in valuation of securities, it is a matter of high importance for the intended users of the Standalone financial statements. Considering these aspects, we have determined this as a Key Audit Matter.</p> <p>Accordingly, our Audit was focused on income recognition, asset classification and provisioning pertaining to advance due to the materiality of the balances.</p>	<p>Our Audit approach towards advances with reference to the IRAC Norms and other related circulars / directives issued by RBI and also internal policies and procedures of the Bank includes the testing of the following:</p> <ul style="list-style-type: none"> - The accuracy of the data input in the system for income recognition, classification into performing and non-performing Advances and provisioning in accordance with the IRAC Norms in respect of the all 29 branches Audited by us; - Existence and effectiveness of monitoring mechanisms such as Internal Audit, Systems Audit and Concurrent Audit are as per the policies and procedures of the Bank; <p>We have examined the efficacy of various internal controls over advances to determine the nature, timing and extent of the substantive procedures and compliance with the observations of the various Audits conducted as per the monitoring mechanism of the Bank and RBI inspection.</p> <p>In carrying out substantive procedures at all the 29 branches Audited by us, we have examined all large advances/stressed advances while other advances have been examined on a sample basis including review of valuation reports of independent valuers provided by the Bank's management.</p> <p>We have also relied on the reports of External IT system Audit experts with respect to the business logics / parameters inbuilt in B@ncs 24X7 for tracking, identification and stamping of NPAs and provisioning is calculated manually.</p>

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

5. The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone 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, 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the audit of the Financial Statements

6. 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 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 control relevant to the Audit in order to design Audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the Audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the Audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of the misstatements in the standalone 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

7. 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.
8. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - a. we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our Audit and have found them to be satisfactory;
 - b. the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
 - c. the returns received from the offices; and branches of the Bank have been found adequate for the purposes of our Audit.
 - d. the profit and loss account shows a true balance of profit for the year then ended.

9. 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.
- c. The reports on the accounts of the branch offices of the Bank Audited under section 143(8) of the Act by us have been properly dealt with by us in preparing this report;
- d. The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flows dealt with by this report are in agreement with the books of account.
- e. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, to the extent they are not inconsistent with the accounting policies prescribed by RBI.
- f. On the basis of written representations received from the directors as on 31 March 2025 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2025 from being appointed as a director in terms of Section 164(2) of the Act.
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"
- h. With respect to the other matters to be included by the Auditor's in the Auditor's report in accordance with the requirement of section 197(16) of the Companies Act, 2013 as amended:

In our opinion and to the best of our information and according to explanation given to us, remuneration paid or payable by the company to the directors during the year is in accordance with the section 197 of the Companies Act, 2013.

- 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, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Bank does not have any pending litigations which would impact its financial position
 - ii. The Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and
 - iii. There were no amounts pending, which were 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 have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall: Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on

behalf of the Company or Provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

- b. The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

Directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or Provide any guarantee, security or the like form or on behalf of the Ultimate Beneficiaries; and

- c. Based on such Audit procedures as 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 (d) (i) and (d)(ii) contain any material mis-statement.
- v. No Dividend has been declared or paid during the year by the Company.
- vi. The Bank has used such 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 and the Audit trail feature has not been tampered with and the Audit trail has been preserved by the company as per the statutory requirements for record retention

For K V S R Y & Associates

Chartered Accountants

FR No: 08169S

Sd/-

Kari Venkateswarlu

Partner

M.No. 207068

UDIN: 25207068BMKODG9358

Date: 13-05-2025

Place: Hyderabad

“Annexure A” to the independent Auditor’s report of even date on the standalone financial statements of KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

1. We have Audited the internal financial controls over financial reporting of KRISHNA BHIMA SAMRUDDHI LOCAL AREA BANK LIMITED ('the Bank') as at 31 March 2025 in conjunction with our Audit of the standalone financial statements of the Bank for the year ended on that date.

Management’s Responsibility for Internal Financial Controls over Financial Reporting

2. The Bank’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 (“the Act”).

Auditor’s Responsibility

3. Our responsibility is to express an opinion on the Bank’s internal financial controls over financial reporting based on our Audit. We conducted our Audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, to the extent applicable to an Audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the Audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.
4. Our Audit involves performing procedures to obtain Audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our Audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the Audit evidence we have obtained is sufficient and appropriate to provide a basis for our Audit opinion on the Bank’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. A Bank’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable

detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorisations of management and directors of the Bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2025, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For K V S R Y & Associates

Chartered Accountants

FR No: 08169S

Date: 13-05-2025

Place: Hyderabad

Kari Venkateswarlu

Partner

M.No. 207068

UDIN: 25207068BMKODG9358

(Rs.)

BALANCE SHEET AS ON	Sch	31-Mar-2025	31-Mar-2024
CAPITAL AND LIABILITIES			
Capital	1	134,222,620	134,222,620
Reserves and Surplus	2	879,671,426	781,411,947
Deposits	3	5,294,252,657	4,924,238,544
Borrowings	4	-	-
Other Liabilities and Provisions	5	479,047,260	419,915,705
Total		6,787,193,963	6,259,788,816
ASSETS			
Cash and Balances with Reserve Bank of India	6	123,648,316	117,532,925
Balances with Banks and Money at Call and Short Notice	7	816,581,228	774,748,718
Investments	8	1,249,995,055	1,177,727,939
Advances	9	4,451,207,733	4,039,845,353
Fixed Assets	10	33,989,280	32,022,668
Other Assets	11	111,772,351	117,911,213
Total		6,787,193,963	6,259,788,816
Contingent Liabilities	12	6,985,311	4,760,949
Bills for Collection		-	-

The schedules referred to above form an integral part of the Balance Sheet
In terms of our report of even date

for KVSRY & Associates
Chartered Accountants
Firm Regn. No. 08169S

For and on behalf of Board of Directors

Sd/-
K. Venkateswarlu
Partner
M.No. 207068
UDIN : 25207068BMKODG9358

Sd/-
Syed Mohammad Farooque Shahab
Non Executive Independent Director
Part Time Chairman
DIN 09214092

Sd/-
Narsi Reddy Vangala
Non Executive Independent Director
DIN 08685359

Sd/-
Indusekhar Dantu
Non-Executive Independent Director
DIN 08571259

Sd/-
Durga Prasad Donepudi
Managing Director
DIN 07031463

Sd/-
J Murali Krishna
Chief General Manager & Chief Financial Officer

Sd/-
Subir Bolty
Company Secretary & Chief Compliance Officer
M.No. A27707

Place: Madhapur
Date: May 13, 2025

Audited Financial Statements as on March 31, 2025



(Rs.)

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED	Sch	31-Mar-2025	31-Mar-2024
I. INCOME			
Interest Earned	13	816,588,017	777,342,490
Other Income	14	115,214,569	117,715,205
Total		931,802,586	895,057,695
II. EXPENDITURE			
Interest Expended	15	379,702,678	331,284,939
Operating Expenses	16	328,342,225	322,354,409
Provisions and Contingencies		122,476,684	80,421,603
Total		830,521,587	734,060,951
III. PROFIT / LOSS			
Net Profit/(Loss) for the Year		101,280,999	160,996,744
Add: Profit/(Loss) Brought Forward		577,681,527	450,019,979
Total		678,962,526	611,016,723
IV. APPROPRIATIONS/TRANSFERS			
Statutory Reserve		20,270,820	32,222,589
Capital Reserve		-	-
Investment Fluctuation Reserve		-	-
Proposed Dividend		-	-
Staff Welfare Fund Reserve		3,000,000	1,250,000
Balance Carried Over to Balance Sheet		655,691,706	577,544,134
Total		678,962,526	611,016,723
Principal Accounting Policies	17		
Notes on Accounts	18		

The schedules referred to above form an integral part of the profit & loss account
In terms of our report of even date

for KVSRY & Associates
Chartered Accountants
Firm Regn. No. 08169S

For and on behalf of Board of Directors

Sd/-
K. Venkateswarlu
Partner
M.No. 207068
UDIN : 25207068BMKODG9358

Sd/-
Syed Mohammad Farooque Shahab
Non Executive Independent Director
Part Time Chairman
DIN 09214092

Sd/-
Narsi Reddy Vangala
Non Executive Independent Director
DIN 08685359

Sd/-
Indusekhar Dantu
Non-Executive Independent Director
DIN 08571259

Sd/-
Durga Prasad Donepudi
Managing Director
DIN 07031463

Sd/-
J Murali Krishna
Chief General Manager & Chief Financial Officer

Sd/-
Subir Bolty
Company Secretary & Chief Compliance Officer
M.No. A27707

Place: Madhapur
Date: May 13, 2025

Audited Financial Statements as on March 31, 2025

SCHEDULES TO BALANCE SHEET AS ON**31-Mar-2025****31-Mar-2024****SCHEDULE 1: CAPITAL**

Authorised Capital	250,000,000	250,000,000
250,00,000 Equity Shares of Rs. 10/- each		
Issued Capital		
Issued 13422262 Equity Shares of Rs. 10/- each	134,222,620	134,222,620
Subscribed & Paid-up capital		
13422262 Equity Shares of Rs. 10/- each	134,222,620	134,222,620
Total	134,222,620	134,222,620

SCHEDULE 2: RESERVES AND SURPLUS**I. Statutory Reserves**

Opening Balance	160,560,848	128,338,260
Additions during the Year	20,270,820	32,222,589
Deductions during the Year	-	-
Total	180,831,668	160,560,849

II. Capital Reserves

Opening Balance	2,768,191	2,768,191
Additions during the year	-	-
Deductions during the year	-	-
Total	2,768,191	2,768,191

III. Share Premium

Opening Balance	30,429,380	30,429,380
Additions during the year	-	-
Deductions during the year	-	-
Total	30,429,380	30,429,380

IV. Investment Fluctuation Reserve

Opening Balance	9,520,000	9,520,000
Additions during the year	-	-
Deductions during the year	-	-
Total	9,520,000	9,520,000

(Rs.)

SCHEDULES TO BALANCE SHEET AS ON**31-Mar-2025****31-Mar-2024****V. Revenue and Other Reserves**

Opening Balance	452,000	452,000
Addition During the Year	-	-
Deductions during the year	-	-

Total**452,000****452,000****VI. Balance in Profit and Loss Account**

Opening Balance	577,681,527	450,019,979
Addition During the Year	81,010,179	128,774,155
Deductions during the year	3,000,000	1,250,000
Less: Deferred Tax	21,520	137,393
Less : Depreciation relating to earlier years	-	-

Total**655,670,187****577,681,527****Total (I to VI)****879,671,426****781,411,947****SCHEDULE 3:DEPOSITS****A I. Demand Deposits**

(i) From Banks	-	-
(ii) From Others	24,168,300	27,789,430

II. Savings Bank Deposits

713,845,307 713,506,892

III. Term Deposits

(i) From Banks	-	-
(ii) From Others	4,556,239,050	4,182,942,222

Total (I, II and III)**5,294,252,657****4,924,238,544****B. I. Deposits of branches in India**

5,294,252,657 4,924,238,544

II. Deposits of branches out side India

- -

Total**5,294,252,657****4,924,238,544**

SCHEDULES TO BALANCE SHEET AS ON**31-Mar-2025****31-Mar-2024****SCHEDULE 4: BORROWINGS****I. Borrowings in India**

i Reserve Bank of India	-	-
ii Other Banks	-	-
iii Other Institutions and Agencies	-	-

II. Borrowings outside India

-	-
---	---

Total

-	-
---	---

(Secured borrowings included in I & II above)

SCHEDULE 5: OTHER LIABILITIES AND PROVISIONS

I. Bills Payable & Liabilities	-	-
II. Inter-Office adjustments (net)	-	-
III. Interest Accrued	-	-

IV. Others (including provisions)

479,047,260	419,915,705
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V. Proposed dividend (Inc Dividend Distribution tax)

-	-
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Total

479,047,260	419,915,705
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SCHEDULE 6: CASH AND BALANCES WITH RESERVE BANK OF INDIA

I. Cash in hand (including foreign currency notes)	62,713,784	67,213,393
II. Balances with Reserve Bank of India		
(i) in current Account	60,934,532	50,319,532
(ii) in other Accounts	-	-

Total - (I & II)

123,648,316	117,532,925
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SCHEDULES TO BALANCE SHEET AS ON**31-Mar-2025****31-Mar-2024****SCHEDULE 7: BALANCES WITH BANKS AND MONEY
AT CALL AND SHORT NOTICE**

I. In India		
i. Balance with banks		
a. in current accounts	229,335,494	234,318,728
b. in other deposit accounts	587,245,734	540,429,990
ii. Money at call and short notice		
a. with banks	-	-
b. with other institutions	-	-
Total	816,581,228	774,748,718
II. Outside India		
i. In current accounts		
ii. In Other deposit accounts	-	-
iii. Money at call and short notice	-	-
Total	-	-
Total - (I & II)	816,581,228	774,748,718

SCHEDULE 8: INVESTMENTS

I. Investments in India in		
i. Government Securities	1,249,995,055	1,177,727,939
ii. Other approved securities	-	-
iii. Shares	-	-
iv. Debentures and Bonds	-	-
v. Subsidiaries and/or joint ventures	-	-
vi. Others	-	-
Total	1,249,995,055	1,177,727,939
Less: Depreciation	-	-
Net Investments	1,249,995,055	1,177,727,939

SCHEDULES TO BALANCE SHEET AS ON**31-Mar-2025****31-Mar-2024****II. Investments outside India in**

- i. Government securities (including local authorities)
- ii. Subsidiaries and/or joint ventures abroad
- iii. Other investments

Total**Total - (I & II)****1,249,995,055****1,177,727,939****SCHEDULE 9: ADVANCES**

- A i) Bills purchased and discounted
- ii) Cash credits, overdrafts and loans repayable on demand

95,419,552

91,218,600

- iii) Term Loans

4,355,788,181

3,948,626,753

Total**4,451,207,733****4,039,845,353**

- B i) Secured by Tangible Assets
- ii) Covered by Bank/Government Guarantee
- iii) Unsecured

4,314,828,951

3,876,120,409

136,378,782

163,724,944

Total**4,451,207,733****4,039,845,353****C I) Advances in India**

- i) Priority Sectors
- ii) Public Sector
- iii) Banks
- iv) Others

2,403,583,065

2,590,488,451

-

-

-

-

2,047,624,668

1,449,356,902

Total**4,451,207,733****4,039,845,353****II Advances outside India**

- i) Due from Banks
- ii) Due from Others

-

-

-

-

Total

-

-

Total (C.I & II)**4,451,207,733****4,039,845,353**

SCHEDULES TO BALANCE SHEET AS ON**31-Mar-2025****31-Mar-2024****SCHEDULE 10:FIXED ASSETS**

I Premises	-	-
II Other Fixed assets (including furniture and fixtures)		
At cost as on 31st March of the preceding year	152,382,257	142,631,640
Additions during the year	14,358,680	14,595,718
Deductions during the year	6,118,581	4,845,101
Depreciation to date	126,633,076	120,359,589
Total	33,989,280	32,022,668

SCHEDULE 11:OTHER ASSETS

I. Inter-Office adjustments (net)	-	-
II. Interest accrued	40,649,485	38,185,398
III. Tax paid in advance / Tax deducted at source	42,893,504	54,352,818
IV. Stationery and stamps	1,954,365	2,673,834
V. Non-banking assets acquired in satisfaction of claims	-	-
VI. Deferred Tax Asset (Net)	5,396,343	5,417,863
VII. Others	20,878,654	17,281,299
Total	111,772,351	117,911,212

SCHEDULE 12:CONTINGENT LIABILITIES

I. Claims against the bank not acknowledged as debts	-	-
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding forward exchange contracts	-	-
IV. Guarantees given on behalf of constituents		
a. In India	-	-
b. Outside India	-	-
V. Acceptances, endorsements and other obligations	-	-
VI. Other items for which the bank is contingently liable	6,985,311	4,760,949
Total	6,985,311	4,760,949

for KVSRY & Associates
Chartered Accountants
Firm Regn. No. 08169S

For and on behalf of Board of Directors

Sd/-
K. Venkateswarlu
Partner
M.No. 207068
UDIN : 25207068BMKODG9358

Sd/-
Syed Mohammad Farooque Shahab
Non Executive Independent Director
Part Time Chairman
DIN 09214092

Sd/-
Narsi Reddy Vangala
Non Executive Independent Director
DIN 08685359

Sd/-
Indusekhar Dantu
Non-Executive Independent Director
DIN 08571259

Sd/-
Durga Prasad Donepudi
Managing Director
DIN 07031463

Sd/-
J Murali Krishna
Chief General Manager & Chief Financial Officer

Sd/-
Subir Bolty
Company Secretary & Chief Compliance Officer
M.No. A27707

Place: Madhapur
Date: May 13, 2025

Audited Financial Statements as on March 31, 2025

SCHEDULES TO PROFIT & LOSS ACCOUNT AS ON**31-Mar-2025****31-Mar-2024****SCHEDULE 13: INTEREST EARNED**

I. Interest/discount on advances/bills	691,616,268	673,622,905
II. Income on Investments	82,937,407	75,992,556
III. Interest on balances with Reserve Bank of India and other inter-bank funds	42,034,341	27,727,029
IV. Others	-	-
Total	816,588,016	777,342,490

SCHEDULE 14: OTHER INCOME

I. Profit on sale of Asset / Investments	5,848,335	2,744,098
II. Miscellaneous Income	109,366,234	114,971,107
Total	115,214,569	117,715,205

SCHEDULE 15: INTEREST EXPENDED

I. Interest on Deposits	379,683,965	331,284,939
II. Interest on Reserve Bank of India/Inter-bank borrowings	18,713	-
III. Others	-	-
Total	379,702,678	331,284,939

SCHEDULE 16: OPERATING EXPENSES

I. Payments to and provision for employees	162,234,337	161,873,011
II. Rent, taxes and lighting	31,995,976	28,052,222
III. Printing and Stationery	3,438,354	4,135,193
IV. Advertisement and publicity	464,626	660,319
V. Depreciation on bank's property	12,363,709	11,674,999
VI. Directors' fees, allowances and expenses	5,029,185	5,238,607
VII. Auditors' Fees and Expenses	1,119,951	1,169,027
VIII. Law Charges	251,200	100,000
IX. Postage, Telephones. Etc.	3,404,143	3,156,849
X. Repairs and maintenance	4,235,661	3,516,070
XI. Insurance	12,990,796	12,645,711
XII. Other expenditure	90,814,286	90,132,401
Total	328,342,224	322,354,409

PROVISIONS AND CONTINGENCIES

I. Provision for Non Performing Assets	73,980,205	32,771,329
II. Provision on Standard Assets	921,134	(6,050,000)
III. Provision for Current Tax	46,514,171	53,523,024
IV. Prov for Income Tax Prior Years	-	-
V. Provision for Depreciation on Investments	(407,600)	-
VI. Other Provisions	1,468,774	177,250
VII. General Provision	-	-
Total	122,476,684	80,421,603

SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES

1. Basis for Preparation of Financial Statements:

The financial statements of the Bank are prepared on a historical cost basis and in accordance with the accrual system of accounting, unless otherwise stated. The accounting policies applied conform with the Generally Accepted Accounting Principles in India (Indian GAAP), and are consistent with those followed in the previous year. The financial statements comply with:

- a. The provisions of the Banking Regulation Act, 1949
- b. Applicable guidelines and circulars issued by Reserve Bank of India (RBI).
- c. The Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI), as notified under the Companies (Accounting Standards) Rules, 2006.
- d. Other applicable statutes and regulations.
- e. The generally accepted banking practices prevailing in India.

This framework ensures that the financial statements reflect a true and fair view of the state of affairs of the Bank, with specific consideration for its operations in rural areas of Telangana, Karnataka, and Andhra Pradesh.

2. Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP requires the Bank's management to make estimates and assumptions that affect:

- a. The reported amounts of assets and liabilities,
- b. The disclosure of contingent liabilities, and
- c. The reported amounts of income and expenses during the reporting period.

These estimates and assumptions are based on management's best knowledge of current events, experience, and various other factors that are believed to be prudent and reasonable under the circumstances. They are reviewed on a continuous basis, and any revision to accounting estimates is recognized prospectively in the current and future periods.

3. Significant Accounting Policies:

1. Revenue Recognition:

- a. Revenue is recognized to the extent it is probable that economic benefits will flow to the Bank, and the revenue can be reliably measured.
- b. Income and expenditure are generally recognized on an accrual basis, unless stated otherwise.
- c. Income on advances classified as standard assets is recognized on an accrual basis.
- d. Income on non-performing advances (NPAs) is recognized only when realized, in accordance with Income Recognition and Asset Classification (IRAC) norms prescribed by the RBI.
- e. Interest on investments and Bank fixed deposits is accounted for on an accrual basis.
- f. Income such as commission, locker rent, exchange, and other service charges is recognized on realization, in line with conservative accounting practices.

2. Investments:

In accordance with Reserve Bank of Bank guidelines, Investments are accounted for and classified in line with RBI guidelines and include both statutory Liquidity ratio (SLR) and Non – SLR Investments.

(1) Classification: Investment are classified into the following categories

- a) Held to Maturity (HTM)
- b) Available for Sale (AFS)
- c) FVTPL
 - i. Held for Trading (HFT)
 - ii. Non -HFT

(2) Basis of Classification:

- a) Investments that the Bank intends to hold till maturity are classified under "HTM "
- b) The classification is made only at the time of acquisition in terms of RBI guidelines.
- c) Investments not classified as HTM are categorized as "AFS or HFT", based on the intended holding period and trading strategies. However, Bank does not have any securities under HFT/FVTPL categories.

(3) Valuation:

- a) HTM Investments are carried at acquisition cost. Where the acquisition cost is above face value, the premium is amortized over the remaining maturity period.
- b) AFS Investments are valued scrip-wise at market value (as per RBI guidelines), and the valuation is done classification-wise.
- c) Treasury Bills under AFS are valued at carrying cost.
- d) HFT Investments, if any, are to be valued scrip-wise at monthly intervals based on market/realizable value. Currently, the Bank does not hold any securities under the HFT category.
- e) One-time classification, valuation and shifting of securities has been done on 1st April 2024 in line with RBI guidelines.
- f) Investment Fluctuation Reserve (IFR):
 - a. As per RBI guidelines, the Bank is required to maintain an IFR of at least 2% of the portfolio classified under AFS and HFT categories. The Bank has already created an IFR of Rs.95.20 lakh in prior years. As of March 31, 2025, the Bank is not holding any AFS portfolio except Treasury Bills.

3. Advances and Provisions thereon:

- a) Classification Based on Security: Loans are categorized as secured or unsecured, considering the value of primary and or collateral security (e.g., livestock, crops, other assets, or collateral)
- b) Classification Based on Performance: Loans are labeled as Performing or Non-Performing Assets (NPAs) in line with RBI's IRAC (Income Recognition, Asset Classification) norms
- c) NPA Categories (As per RBI):
 - i. Sub-standard Assets: A loan asset that has remained non-performing for a period of less than or equal to 12 months.
 - ii. Doubtful Assets: A loan asset that has remained in the sub-standard category for a period of not less than 12 months.
 - iii. Loss Assets: A loan asset where loss has been identified, but the amount has not been fully written-off.
- d) Provisions are to be made for NPAs as per the extant guidelines prescribed by the regulatory authorities, subject to minimum provisions as prescribed below:
 - a. Sub-Substandard Assets:
 - i. Provision of 15% on the total outstanding;
 - ii. Additional provision of 10% for exposures which are unsecured;
 - b. Doubtful Assets: -

Secured portion:

- i. Upto one year – 25%
 - ii. One to three years – 40%
 - iii. More than three years – 100%
 - iv. Unsecured portion 100%
- c. Loss Assets: 100%

However, Bank has provided 100% on its Non-Performing Assets of all categories.

- e) Irrespective of the above classification, where any asset, in the opinion of the management, Auditors and Reserve Bank of India is considered irrecoverable with reasonable efforts, the same is classified as Loss Assets. However, there are no loans under this category.
- f) Provisions for Standard (Performing) Assets: In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI guidelines which are prescribed below:
- 1. Farm Credit, SMEs and Housing: 0.25%
 - 2. Commercial Real Estate (CRE): 1.00%
 - 3. CRE – Residential Housing (CRE-RH): 0.75%
 - 4. All other Loans: 0.40%

Provisions on Standard Assets are shown in Schedule 5 under “Other Liabilities & Provisions – Others.” These are not deducted from gross NPAs for arriving at Net NPAs.

4. Fixed Assets and Depreciation / Amortization:

- 4.1. Recognition: Fixed assets are stated at cost less accumulated depreciation/amortization.
- 4.2. Cost Components: Include purchase cost, taxes, duties, freight, and other incidental expenses related to acquisition and installation.
- 4.3. Intangible Assets: Computer software and licenses which are expected to provide future enduring economic benefits are capitalized at cost less accumulated amortization and impairment losses if any; tech support and annual maintenance cost for such software are charged to the Statement of Profit & Loss.
- 4.4. Depreciation Method: Depreciation on tangible assets is provided on Straight Line Method (SLM) which reflects the management's estimate of the useful life of the respective fixed assets. As per the Companies Act, 2013, Bank has reviewed and fixed the useful life of its fixed assets. Such useful Life of the fixed assets are given here under:

Asset Category	Useful Life of assets in No of Years
Assets for Own Use:	
Furniture and Fixtures	10
Office Equipment	5
Professional Equipment (Comprising of Computers, Peripherals etc)	3
Vehicles	5
Leased Premises – constructions	5

4.5. Impairment of Fixed Assets:

- a) Whenever events or changes in circumstances indicate that the carrying amount of fixed assets may be impaired, such assets are put to a test of recoverability, based on discounted cash flows expected from use or disposal thereof. If the assets are impaired, the impairment loss is recognized, which is the excess of the carrying amount over the recoverable amount.
- b) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- c) A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying amount after reversal is not increased beyond the carrying amount that would have prevailed by charging usual depreciation if there was no impairment.

5. Provisioning and Write off:

- 5.1. Provisioning in respect of Non-performing assets is made as per guidelines applicable to Banks, issued by Reserve Bank of India.
- 5.2. Bank has adopted a policy to write off selective cases, wherever 100% provision is made.

6. Pre-operative Expenditure:

The pre-operative expenditure incurred with regard to shifting of existing branches and opening of new branches are treated as revenue expenditure during the year of shifting. However, during the financial year, the Bank has not booked any pre-operative expenses.

7. Prior Period and Extra Ordinary Items:

Prior Period and Extraordinary items having material impact on the financial affairs are disclosed separately.

8. Employee Benefits:

- 8.1. **Short Term Employee Benefits:** Employees are permitted to encash 10 days' privilege leave once in two years, subject to sanction from management. For the purpose of leave encashment, Basic pay drawn in the previous month will be taken as the basis for arriving at the amount of leave encashment. The leave encashment slab for which encashment was permitted by the Bank is for 2024-26.
- 8.2. **Long Term Employee Benefits:**
 - i) **Provident Fund:** Every eligible employee shall become a member of the Provident Fund. Contribution is accounted for on actual liability basis and paid to Employees' Provident Fund Organization in accordance with the rules governing the fund in terms of the Provident Fund Act, 1952.
 - ii) **Gratuity Fund:** The amount of gratuity is payable as per Gratuity Act, 1972 in force, unless disqualified on account of certain types of disciplinary action resulting into termination or compulsory retirement.
 - iii) Gratuity is being computed as per statutory norms on actuarial valuation basis and paid in to a Trust created with and for this purpose through the group schemes of Life Insurance Corporation of India.

9. Taxes on Income:

- 9.1. Current Tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961.
- 9.2. Deferred Tax is recognized on the timing differences – being differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets subject to the consideration of prudence are recognized and carried forward only to the extent

that there is a reasonable certainty that sufficient future taxable income will be available against which, such deferred tax assets can be realized.

In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

10. Provisions, Contingent Liabilities and Contingent Assets:

- 10.1 Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events – it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation.
- 10.1. **Contingent Liabilities** are not recognized but are disclosed in the Notes.
- 10.2. **Contingent Assets** are neither recognized nor disclosed in financial statements.

11. Cash and Cash equivalents: Cash and Cash equivalents include cash in hand, balance with Reserve Bank of India, Balances with other Banks/Institutions and money at call and short notice.

12. Cash Flow Statement: Cash flows are reported using the indirect method. Under this method, profit before tax is adjusted for the effects of non-cash transactions, deferrals, and other items that relate to investing or financing activities.

13. Segment Information

The disclosure related to Segment information is in accordance with Accounting Standard 17, Segment Reporting and as per the guidelines issued by RBI. Bank has classified its business in to the following for the segment reporting:

- a) Treasury includes all investment portfolio, interest earned on investments and FDRs, profit or loss on sale of investments, profit on sale of Mutual Fund investments etc.,
- b) Retail Banking includes lending to and deposits from retail customers and identified earnings and expenses of the segment.
- c) Other Banking operations include all other operations not covered under Treasury and Retail Banking.

14. Net Profit: Net Profit is arrived at after accounting for the following "Provisions and Contingencies":

- Depreciation and amortization on Investments
- Provision for Taxation including Income Tax & Deferred Tax
- Provision for Loan losses
- Provision for Standard Assets
- Provision for NPAs
- Other usual and necessary provisions

15. Earnings per Share:

Basic and Diluted earnings per equity shares are reported in accordance with Accounting Standard – 20 – Earnings per Share notified by the Central Government under the Companies (Accounting Standards) Rules, 2006.

Basic earnings per equity share have been computed by dividing Net Profit after Tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per equity share is computed by dividing the Net profit after Tax for the year by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

SCHEDULE 18 – NOTES ON ACCOUNTS

I. REGULATORY CAPITAL :

a) Composition of Regulatory Capital

(Rs. in Lakhs)

Sl. No	Parameters	31-Mar-2025	31-Mar-2024
i)	Common Equity Tier 1 (CET 1) / paid up share capital and reserve (Net of deductions, if any)	9989.78	9006.97
ii)	Additional Tier 1 capital/ Other Tier 1 capital		
iii)	Tier 1 capital (i + ii)	9989.78	9006.97
iv)	Tier 2 capital	225.75	216.54
v)	Total capital (Tier 1+Tier 2)	10215.53	9223.51
vi)	Total Risk Weighted Assets (RWAs)	41286.85	39031.75
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs) / Paid-up share capital and reserves as percentage of RWAs	24.20	23.08
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	24.20	23.08
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	0.55	0.55
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	24.74	23.63
xi)	Leverage Ratio--		
xii)	Percentage of the shareholding of -- a) Government of India b) State Government (specify name) c) Sponsor Bank		
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-- Give list as per instrument type (perpetual non-cumulative preference shares, perpetual debt instruments, etc.). Commercial banks (excluding RRBs) shall also specify if the instruments are Basel II or Basel III compliant.		
xv)	Amount of Tier 2 capital raised during the year, of which--		
	Give list as per instrument type (perpetual non-cumulative preference shares, perpetual debt instruments, etc.). Commercial banks (excluding RRBs) shall also specify if the instruments are Basel II or Basel III compliant.		

b) Draw down from Reserves: No such cases, Bank has not drawn any from reserves during FY 2024-25

2. Asset Liability Management:

a) Maturity pattern of certain items of assets and liabilities

(Rs. in Lakhs)

Head	Next Day	2-7 days	8-14 Days	15-30 Days	31 Days and Upto 2 Months	2 Months to 3 Months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 and Upto 3 Years	Over 3 and Upto 5 Years	Over 5 Years	Total
Deposits	233.80	659.17	841.90	1,053.59	2,075.74	3,221.78	5,349.86	10,268.11	27,861.69	655.95	720.95	52,942.53
Loans & Advances	971.43	1,104.17	627.74	92.68	1,821.12	3,039.75	6,894.32	14,075.36	12,789.33	1,079.30	731.64	43,226.83
Investments & FDR	-	-	-	689.48	494.02	974.34	1,520.67	4,504.95	4,694.20	656.76	4,837.99	18,372.41
Borrowings												
Foreign Currency Assets												
Foreign Currency Liabilities												

- b) Liquidity coverage ratio (LCR): Bank has been following Basel-I framework which is applicable to Local Area Banks. Hence, Liquidity Coverage Ratio is not applicable.

3. INVESTMENTS

a) Investment Portfolio as at 31- March- 2025

(Rs. in Lakhs)

Particulars	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local Authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Held to Maturity												
Gross	9,568.99	-	-	-	-	-	-	-	-	-	-	9,568.99
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	9,568.99	-	-	-	-	-	-	-	-	-	-	9,568.99
Available for Sale (T Bills)	-	-	-	-	-	-	-	-	-	-	-	-
Gross	2,930.96	-	-	-	-	-	-	-	-	-	-	2,930.96
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	2,930.96	-	-	-	-	-	-	-	-	-	-	2,930.96
Held for Trading												
Gross	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-	-
Total Investments	12,499.95	-	-	-	-	-	-	-	-	-	-	12,499.95
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	12,499.95	-	-	-	-	-	-	-	-	-	-	12,499.95

Investment Portfolio as at 31- March- 2024

(Rs. in Lakhs)

Particulars	Investments in India							Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local Authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Held to Maturity												
Gross	7,732.30	-	-	-	-	-	-	-	-	-	-	7,732.30
Less: Provision for non-performing	-	-	-	-	-	-	-	-	-	-	-	-
Net	7,732.30	-	-	-	-	-	-	-	-	-	-	7,732.30
Available for Sale(Including T Bills)												
Gross	4,044.98	-	-	-	-	-	-	-	-	-	-	4,044.98
Less: Provision for depreciation and NPI												-
Net	4,044.98	-	-	-	-	-	-	-	-	-	-	4,044.98
Held for Trading												
Gross	4,044.98	-	-	-	-	-	-	-	-	-	-	4,044.98
Less: Provision for depreciation and NPI												-
Net	4,044.98	-	-	-	-	-	-	-	-	-	-	4,044.98
Total Investments	11,777.28	-	-	-	-	-	-	-	-	-	-	11,777.28
Less: Provision for non-performing	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	11,777.28	-	-	-	-	-	-	-	-	-	-	11,777.28

b) Net gains/ (losses) on Level financial instruments recognized in AFS-Reserve and Profit and Loss Account

(Rs. in Lakhs)

Particulars	Current Year	Previous Year
Recognized in AFS-Reserve	-	-
Recognized in Profit and Loss Account	-	-

c) Details of sales made out of HTM

Sl.No	Particulars	Current Year	Previous Year
A	Opening carrying value of securities in HTM	-	-
B	Carrying value of all HTM securities sold during the year	-	-
C	Less: Carrying values of securities sold under situations exempted from regulatory limit	-	-
D	Carrying value of securities sold (D=B-C)	-	-
E	Securities sold as a percentage of opening carrying value of securities in HTM (E=D÷A)	-	-
	Amount transferred to Capital Reserve in respect of HTM securities which were sold at a gain	-	-

d) Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(Rs. in Lakhs)

S.No.	Particulars	Current Year	Previous Year
i)	Movement of provisions held towards depreciation on investments		
a)	Opening balance	-	-
b)	Add: Provisions made during the year	-	-
c)	Less: Write off /write backof excess provisions during the year	4.08	-
d)	Closing balance	-	-
ii)	Movement of Investment Fluctuation Reserve		
a)	Opening balance	95.20	95.20
b)	Add: Amount transferred during the year	-	-
c)	Less: Drawdown	-	-
d)	Closing balance	95.20	95.20
iii)	Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	-	-

e) Sale and transfers to/from HTM category/ Permanent category: During the Financial year, On 1st April 2024, the Bank has shifted securities having aggregate book value of Rs.16.31 Crore (Face value of Rs.1623 lakh) from AFS category to HTM category with due approval from the Board, as allowed by RBI vide its circular RBI/DOR/2023-24/104DOR.MRG.36/21.04.141/2023-24, dated 12th September 2023.

(Amount in Rupees)

S.No	Date of purchase	Name of Security	ISIN	Category	Units	Purchase Price	Face Value	Purchase Value	Net Book Value	Date of Maturity	Market Value	Profit
1	9-Mar-06	7.40% GOI 2035	IN0020050012	AFS	23000	96.2	23,00,000	22,12,600	22,12,600	9/9/2035	102.33	1,41,075
2	19-Aug-16	7.85% AP SDL 2026	IN1020160033	AFS	1000000	102.28	10,00,00,000	10,22,80,000	10,06,85,157	13-07-2026	101.06	3,71,543
3	11-Mar-19	8.35% GJ SDL 2029	IN1520180317	AFS	50000	100.5	50,00,000	50,25,000	50,11,940	6/3/2029	104.08	1,91,980
4	2-May-19	8.09% AP SDL 2026	IN1020150158	AFS	50000	100.4	50,00,000	50,20,000	50,07,474	23-03-2026	101.37	61,061
5	2-Feb-23	7.57% MH SGS 2031	IN2220220155	AFS	300000	100.4	3,00,00,000	3,01,20,000	3,01,13,921	25-01-2031	101.05	2,01,079
6	6-Feb-23	7.65% HAR SGS 2033	IN1620220385	AFS	200000	100.6	2,00,00,000	2,01,20,000	2,01,15,354	25-01-2033	101.41	1,66,926
							16,23,00,000	16,47,77,600	16,31,46,446			11,33,664

Face value of the above securities held in AFS category and shifted to HTM category under one time shifting permitted by RBI was Rs.16.23 crore against their net book value of Rs.16.31 crs as on 31st March 2024.

f) Non SLR Investment Portfolio:

(Rs. in Lakhs)			
S.No.	Particulars	Current Year	Previous Year
a)	Opening balance	-	-
b)	Additions during the year	4800.00	3480.00
c)	Reductions during the above period	4800.00	3480.00
d)	Closing balance	-	-
e)	Total provisions held	-	-

g) Issuer composition of non-SLR investments:

(Rs. in Lakhs)											
S.No.	Issuer Particulars	Amount		Extant of Private Placement		Extant of 'Below' Investment Grade 'Securities'		Extant of "Unrated" Securities		Extant of "Unlisted" Securities	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
a)	PSUs										
b)	Fis										
c)	Banks										
d)	Private Placements										
e)	Subsidiaries / Joint Ventures										
f)	Others (Liquid Fund)	4800	3480								
g)	Provision held towards depreciation										
	Total	4800	3480								

h) Repo transactions (in face value and market value terms): Bank does not deal in any repo transactions

i) Government Security Lending (GSL) transactions: NA

4. ASSET QUALITY

a) Classification of advances and provisions held

(Rs. in Lakhs)

Particulars	Standard	Non-Performing			Total
	Total Standard Advances	Sub- standard	Doubtful	Loss	Total Non-Performing Advances
Gross Standard Advances and NPAs					
Opening Balance	39,644.45	448.28	305.72	-	754
Add: Additions during the year	28,531.49	1,498.67	4.16	-	1,502.83
Less: Reductions during the year	24,949.11	742.19	229.4	-	971.59
Less: Change of Category from Sub-standard to Doubtful	-	314.08	314.08		
Closing balance	43,226.83	890.68	394.57	-	1,285.25
*Reductions in Gross NPAs due to:					
i) Upgradation	-	584.47	40.73		625.21
ii) Recoveries (excluding recoveries from upgraded accounts)	-	57.24	1.18		58.42
iii) Technical/ Prudential ²⁶ Write-offs	-	-	133.18		133.18
iv) Write-offs other than those under (iii) above	-	100.47	54.31		154.79
v) change in Category					
Provisions (excluding Floating Provisions)					
Opening balance of provisions held	121.34	448.28	305.72		754
Add: Fresh provisions made during the year	9.21	1,334.81	362.68		1,697.49
Less: Excess provision reversed/ Write-off loans	-	892.41	273.84		1,166.24
Closing balance of provisions held	130.55	890.68	394.57	-	1,285.25
Net NPAs					
Opening Balance		-	-		-
Add: Fresh additions during the year		163.87	-44.43		119.43
Less: Reductions during the year		163.87	-44.43		119.43
Closing Balance		-	-		-
Floating Provisions					
Opening Balance					
Add: Additional provisions made during the year					
<u>Less: Amount drawn down²⁶ during the year</u>					
Closing balance of floating provisions					
Technical write-offs and the recoveries made thereon					
Opening balance of Technical/ Prudential written-off accounts			1,067.81		1,067.81
Add: Technical/ Prudential write-offs during the year			133.18		133.18
Less: Recoveries made from previously technical/ prudential written-off accounts during the year			16.29		16.29
Closing balance			1,184.70		1,184.70

S.No.	Ratios (in percent)	Current Year	Previous Year
1	Gross NPA to Gross Advances	2.89	1.87
2	Net NPA to Net Advances	-	-
3	Provision coverage ratio	100%	100%

b) Sector-wise Advances and Gross NPAs
(Rs. in Lakhs)

		2024-25			2023-24		
S.No.	SECTOR	Outstanding Total Advance	Gross NPA	% of Gross NPA to Total Advances in that sector	Outstanding Total Advance	Gross NPA	% of Gross NPA to Total Advances in that sector
A	Priority Sector						
1	Agriculture & allied activities	7,917.99	294.14	2.19	8,104.14	175.35	1.32
2	Advances to industries sector eligible as priority sector lending	14,685.06	891.79	6.07	16,692.54	485.33	2.91
3	Services	1,432.78	21.02	1.47	1,108.20	8.61	0.78
4	Personal Loans	-	-	-	-	-	-
	Sub Total -(A)	24,035.83	1,206.96	5.02	25,904.88	669.29	2.58
B	Non-Priority Sector						
1	Agriculture & allied activities	5,500.00	-	-	5200	-	-
2	Industry	-	-	-			-
3	Services	14,952.54	78.29	0.52	9,273.29	84.71	0.91
4	Personal Loans	23.70	-	-	20.28	-	-
	Sub Total -(B)	20,476.25	78.29	0.38	14,493.57	84.71	0.91
	Total (A) + (B)	44,512.08	1,285.25	2.89	40,398.45	754.00	1.87

c) Overseas assets, NPAs and revenue: The Bank does not have any overseas operations.

d) Particulars of resolution plan and restructuring:

The Bank has not rescheduled /restructured any loan either during the current year or during the previous year

1. Particulars of resolution plan: Not applicable

2. Details of accounts subjected to restructuring: NIL

e) **Divergence in Asset Classification and Provisioning for NPAs**

(Rs. in Lakhs)

S.No.	Particulars	Amount
1	Gross NPAs as on March 31, 2024 as reported by the Bank	754.00
2	Gross NPAs as on March 31, 2024 as assessed by RBI	-
3	Divergence in Gross NPAs (2-1)	-
4	Net NPAs as on March 31, 2024 as reported by the Bank	-
5	Net NPAs as on March 31, 2024 as assessed by RBI	-
6	Divergence in Net NPAs (5-4)	-
7	Provisions for NPAs as on March 31, 2024 as reported by the Bank	754.00
8	Provisions for NPAs as on March 31, 2024 as assessed by RBI	-
9	Divergence in provisioning (8-7)	-
10	Reported Profit before Provisions and Contingencies for the year ended March 31,2024	2414.18
11	Reported Net Profit after Tax (PAT) for the year ended March 31,2024	1609.97
12	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2024 after taking into account the divergence in provisioning	-

f) Disclosure of transfer of loan exposures: The Bank has neither sold nor purchased any non-performing financial assets during the current year or previous year.

g) Fraud accounts:

(Rs. in Lakhs)

Particulars	Current Year	Previous Year
Number of frauds reported	5	2
Amount involved in fraud	42.36	9.82
Amount of provision made during the year for such frauds (*)	25.55	1.78
Amount of Unamortised provision debited from 'other reserves' as at the end of the year	-	-

(*) Outstanding provision as on 31.03.2025 is Rs.14.69 lakhs after partial recovery.

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

In line with the regulatory relief measures announced by the Reserve Bank of India (RBI) through various circulars during March to August 2020, the Bank extended the following support to eligible borrowers to mitigate the financial stress arising from the COVID-19 pandemic:

- Moratorium of six months on repayment of instalments of term loans
- Deferment of interest on working capital limits

Present status of these accounts is as under:

(Rs. in Lakhs)

S.No.	Particulars	Accounts	Amount
1	Total Active Loan accounts	273	234.60
2	NPA	237	36.62
3	Regular	36	197.98

The Bank Continues to monitor these accounts and take appropriate recovery or resolution as per regulatory guidelines

5. Exposures:

- a) **Exposure to real estate sector:** The Bank has provided housing loans, which are fully secured by mortgage on residential property that is or will be occupied by the borrowers or that is rented and are classified under priority sector. The loan given to commercial real estate is classified as Non-priority sector loans.

(Rs. in Lakhs)

Sl. No	Category	31-Mar-2025	31-Mar-2024
a)	Direct exposure		
i.	Residential Mortgages		
	Priority Sector	953.15	626.74
	Non-Priority Sector	786.45	557.29
ii.	Commercial Real Estate		
	Priority Sector	-	88.13
	Non Priority Sector	147.25	137.13
iii.	Investments in Mortgage Backed Securities (MBS) and other securitized exposures :	-	-
	a. Residential		
	b. Commercial Real Estate.		
	c. Indirect Exposure		
	Total Exposure to Real Estate Sector	1886.85	1321.16

- b) **Exposure to capital market:** The Bank has not made any investments in capital market.
- c) **Risk category-wise country exposure:** The Bank does not have any overseas operations; hence there is no country risk.
- d) **Unsecured advances:** An unsecured loan is a loan that is not backed by any security, either primary or collateral. It is a loan that is issued and supported only by the borrower's creditworthiness, Joint Liability, Group Pressure, etc., rather than by some sort of tangible security. The unsecured advances breakup is as under:

(Rs. in Lakhs)

Particulars	31 March 25	31 Mar 24
General Purpose Loans	413.39	629.81
Personal loan to staff	-	-
Festival advance loan to Staff	23.70	20.28
Staff Clean overdraft	478.58	516.43
Samruddhi Sukshma Loan	448.12	470.73
Total	1363.79	1637.25

- e) **Factoring exposures:** Bank has not made any Factoring transactions
- f) **Intra-group exposures:** Bank has no intra-group exposure
- g) **Unhedged foreign currency exposure:** Not Applicable
- g) **Exposure of RCBs:** Not Applicable



6. Concentration of deposits, advances, exposures and NPAs

a) Concentration of deposits:

Particulars	31-Mar-25	31-Mar-24
Total Deposits of twenty largest depositors (Rs in Lakhs)	3997.25	4448.84
Percentage of Deposits of twenty largest depositors to Total Deposits	7.55%	9.03%

b) Concentration of Advances:

Particulars	31-Mar-25	31-Mar-24
Total Advances of twenty largest borrowers (Rs in Lakhs)	885.01	780.94
Percentage of Advances of twenty largest borrowers to Total Advances	1.99%	1.93%

c) Concentration of exposures:

Particulars	31-Mar-25	31-Mar-24
Total Exposure of twenty largest borrowers (Rs in Lakhs)	1123.46	805.90
Percentage of Exposures of twenty largest borrowers/customers to Total Exposure on borrowers/customers	1.70%	1.34%

d) Concentration of NPAs:

(Rs. in Lakhs)

Particulars	31-Mar-25	31-Mar-24
Total Exposure to the top twenty NPA accounts (Rs in Lakhs)	50.50	110.90
Percentage of exposures to the twenty largest NPA exposures to Gross NPAs.	3.93%	14.71%

7. Derivatives:

- a) Details of derivative portfolio: The Bank does not deal with any derivatives products
- b) Forward rate agreement/Interest rate swap: Not Applicable
- c) Exchange traded interest rate derivatives: Not Applicable
- d) Disclosures on risk exposure in derivatives: Not Applicable
- e) Credit default swaps: The Bank does not deal in Credit default swaps

8. Disclosures relating to securitization: The Bank has not sold any financial assets to Securitization/Reconstruction Company during the current year or during the previous year.

9. Off balance sheet SPVs sponsored: Not applicable

10. Transfers to Depositor Education and Awareness Fund (DEA Fund)

(Rs. in Lakhs)

S.No.	Particulars	Current Year	Previous Year
i)	Opening balance of amounts transferred to DEA Fund	47.61	27.01
ii)	Add: Amounts transferred to DEA Fund during the year	22.24	20.60
iii)	Less: Amounts reimbursed by DEA Fund towards claims	-	-
iv)	Closing balance of amounts transferred to DEA Fund	69.85	47.61

11. Disclosure of Complaints

a) Summary information on complaints received by the Bank from customers

S.No.	Complaints	Current Year		Previous Year	
		ATM	Others	ATM	Others
	Complaints received by the Bank from its customers.				
1	Number of complaints pending at beginning of the year	Nil	Nil	Nil	Nil
2	Number of complaints received during the year	75	Nil	149	2
3	Number of complaints disposed during the year	74	Nil	149	2
3.1	Of which, number of complaints rejected by the Bank	NA	NA	NA	NA
4	Number of complaints pending at the end of the year	1	Nil	Nil	Nil
	Maintainable complaints received by the Bank from Office of Ombudsman.	Nil	Nil	Nil	Nil
5	Number of maintainable complaints received by the Bank from Office of Ombudsman	NA	NA	NA	NA
5.1	Of 5, number of complaints resolved in favour of the Bank by Office of Ombudsman	NA	NA	NA	NA
5.2	Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by Office of Ombudsman	NA	NA	NA	NA
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the bank	NA	NA	NA	NA
6.	Number of Awards unimplemented within the stipulated time (other than those appealed)	NA	NA	NA	NA

b) Top five complaints received by the Bank from customers
(Rs. in Lakhs)

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
Ground – 1	Nil	75	(-)49.66 %	1	Nil
Ground – 2					
Ground – 3					
Ground – 4					
Ground – 5					
Total	Nil	75	(-) 49.66%	1	Nil
			Previous Year		
Ground – 1	Nil	149	(+) 65.55 %	Nil	NA
Ground – 2					
Ground – 3					
Ground – 4					
Ground – 5					
Total	Nil	149	(+) 65.55%	Nil	NA

Bank, being a non-scheduled Bank, does not come under the purview of Banking Ombudsman.

12. Disclosure of penalties imposed by the Reserve Bank of India: RBI has not levied any penalties on the Bank

13. Disclosures on remuneration

S.No.	Particulars		Remarks
1	Qualitative disclosures	a. Information relating to the composition and mandate of the Remuneration Committee.	The Bank has Human Resource Development Committee and Nomination and Remuneration Committee of the Directors. The HRD Committee consists of four directors and the Nomination and Remuneration Committee consists of four directors.
		b. Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	<p>Scope of the HRD Committee:</p> <p>The Committee oversees/directs Manpower Planning, Recruitment and assesses Training needs to the staff. The Committee oversees the framing and implementation of compensation policy of the Bank on behalf of the Board.</p> <p>Scope of the Nomination and Remuneration Committee:</p> <p>Lays down a framework for assessing “fit and proper” criteria in tune with the RBI Guidelines and ensures its implementation by doing due diligence.</p>

S.No.	Particulars		Remarks
1			<p>The Committee determines the 'fit and proper' status of the existing and proposed Directors and evaluates the performance of each director.</p> <p>Identifies and recommends to the Board for appointment and fixing the remuneration to Key Managerial Personnel such as the Managing Director, Chief Financial Officer and the Company Secretary.</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>The Bank aims at providing a compensation policy based on sound principles for effective alignment of compensation with prudent risk taking for all employees including whole time director/Chief Executive officer and conduct annual review thereof.</p> <p>The objective of the policy is to have a comprehensive compensation policy for WTD/CEO effective alignment of compensation with prudent risk taking; for all types of risk; symmetric with risk outcomes and to the time horizon of the risk and to conduct annual review thereof.</p>
	d. Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.		<p>The parameters to be used by the Board of Directors for evaluation of performance, the determination of quantum of performance-linked Cash and Non-Cash Variable Pay, and the timeline (upfront and deferral) for the payment / vesting of the Variable are as follows:</p> <p>The Nomination & Remuneration Committee, and the Board of Directors, shall determine the quantum of Cash and Non-Cash components of the variable pay, and the timeline for their payment / vesting (upfront/deferred) at the end of each financial year on the basis of actual performance during the financial year compared with past performance trends, approved business plan for the financial year, and in the context of materially significant market, macro-economic and other conditions that prevailed in the external environment that impacted on operations of the bank during the year, and such determination shall be submitted by the Board of Directors to the Reserve Bank of India for prior approval before being acted upon.</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>A minimum of 60% of the total variable pay must invariably be under deferral arrangements.</p> <p>If cash component is part of variable pay, at least 50% of the cash component should also be deferred</p> <p>The deferral period should be for a minimum period of three years and such first deferral payment will be paid after completion of one year and so on and so forth.</p>

S.No.	Particulars		Remarks		
		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>The variable pay may be in the form of share-linked instruments or a mix of cash and share-linked instruments.</p> <p>There should be proper balance between the cash and share-linked components in the variable pay. A substantial portion of compensation, i.e., at least 50% should be variable and a minimum of 50% of the variable pay should be paid by means of non-cash instruments.</p>		
2	Quantitative disclosures. (The quantitative disclosures should only cover Whole Time Directors/ Chief Executive Officer/ Material Risk Takers)	g. (i) Number of meetings held by the Human Resource Development Committee and Nomination and Remuneration Committee during the financial year and (ii) remuneration paid to its members (sitting fees)	Name of Committee	Current Year	Previous Year
			HRD Committee	2	2
			Nomination and Remuneration Committee	4	3
				W.e.f July 30 2024 Rs.10,000/- per Committee meeting	W.e.f October 20, 2022, Rs.15,000/- per standalone Committee meeting when no Board meeting is held.
		h. (i) Number of employees having received a variable remuneration award during the financial year. (ii) Number and total amount of sign-on/joining bonus made during the financial year. (iii) Details of severance pay, in addition to accrued benefits, if any.		1	1
				NA	NA
				NA	NA
		i (i) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms. (ii) Total amount of deferred remuneration paid out in the financial year.		NA	NA
				NA	NA

S.No.	Particulars		Remarks		
		j. Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.		MD- Rs.48,29,955 Variable Rs.11,61,000 Fixed Rs. 36,68,955	MD-Rs.44,27,502 Variable: Rs.11,00,000 Fixed : Rs. 33,27,502
		k. (i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.		NA	NA
				NA	NA
		(ii) Total amount of reductions during the financial year due to ex post explicit adjustments. (iii) Total amount of reductions during the financial year due to ex post implicit adjustments.		NA	NA
		l. Number of MRTs identified		3	3
		m. (i) Number of cases where malus has been exercised.		NIL	NIL
		(ii) Number of cases where clawback has been exercised.		NIL	NIL
		(iii) Number of cases where both malus and clawback have been exercised.		NIL	NIL
3	General Quantitative Disclosure	n. The mean pay for the bank as a whole (excluding sub-staff) and		Current Year	Previous Year
		Deviation of the pay of WTDs from the mean pay for the Bank – MD & CEO		Rs.4,52,383 Rs. 43,77,572	Rs.4,48,260 Rs. 39,79,242

DISCLOSURE ON REMUNERATION TO NON-EXECUTIVE DIRECTORS:

The Non-Executive Directors are paid sitting fees for attending meetings of the Board and its Committees. Till July 30, 2024, the Directors were paid a sitting fee of Rs.75,000/- for attending standalone Board meetings or otherwise for each Board meeting apart from Rs.15,000/- for each of the Committee meetings. Effective July 30, 2024, the sitting fees have been revised to Rs.10,000/- for each of the Committees and Rs.75,000/- for the Board meeting.

14. Other Disclosures

a) Business ratios

(Figures in %)

S.No.	Particulars	Current Year	Previous Year
i)	Interest Income as a percentage to Average Working Funds	13.55	14.39
ii)	Non-interest income to Average Working Funds	1.91	2.18
iii)	Cost of Deposits	7.55	7.22
iv)	Net Interest Margin	6.72	7.62
v)	Operating Profit to Average Working Funds	3.71	4.47
vi)	Return on Assets	1.56	2.75
vii)	Business (deposits plus advances) per employee (in lakh)	284.12	256.85
viii)	Profit per employee (in Lakh)	2.95	4.61

- b) Bancassurance business: Bank has not undertaken any Bancassurance business
- c) Marketing and distribution: Not applicable
- d) Disclosures regarding Priority Sector Lending Certificates (PSLCs): The Bank enters into transactions of sale or purchase of priority sector lending certificate (PSLC). During FY 2024-25, the Bank sold Priority Sector Lending Certificate (PSLC) for a value of Rs.55.00 crore against Rs.52.00 crore in FY 2023-24 and Bank earned a commission of Rs.106.15 lakh in FY 2024-25 against a commission of Rs.84.40 lakh earned in FY 2023-24.
- e) Provisions and contingencies

(Rupees in Lakhs)

S.No.	Particulars	Current Year	Previous Year
i)	Provisions for NPI	-	-
ii)	Provision towards NPA	739.80	327.71
iii)	Provision made towards Income tax	465.14	535.23
iv)	Provision for Standard Assets	9.21	(-) 60.50
v)	Provision for depreciation on Investment	(-) 4.08	-
vi)	Other Provisions	14.69	1.77
	Total	1,224.77	804.22

- f) Implementation of IFRS converged Indian Accounting Standards (Ind AS) : Not applicable to LABs
- g) Payment of DICGC Insurance Premium:

(Rupees in Lakhs)

S.No.	Particulars	Current Year	Previous Year
i)	Payment of DICGC Insurance Premium	73.74	66.41
ii)	Arrears in payment of DICGC premium	-	-

- h) Disclosure of facilities granted to directors and their relatives: Bank has not sanctioned any facilities to its directors or their relatives.
- i) Disclosure on amortization of expenditure on account of enhancement in family pension of employees of banks: Nil
- j) Disclosure of Letters of Comfort (LoCs) issued by Banks: The Bank has not issued any Letter of Comfort (LOCs) during the current financial year
- k) Portfolio-level information on the use of funds raised from green deposits: Not Applicable

15. Disclosure Requirements as per Accounting Standards:

1. Accounting Standard 5: Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies: There are no changes in Accounting Policies during the previous year and the current financial year.
2. Accounting Standard – 9: Revenue Recognition: Revenue and Expenditure have been generally accounted for on Accrual Basis.
3. Accounting Standard 11: The Effects of Changes in Foreign Exchange Rates: Not Applicable
4. Accounting Standard– 15: Employee Benefits:

Provision has been made for employee benefits viz. Gratuity (as applicable to the Bank) in accordance with the Revised Accounting Standard – 15. The liability of Gratuity was considered as per the statutory norms based on actuarial valuation and paid into a Trust created for this purpose, through the group schemes of Life Insurance Corporation of India.

This is in compliance with the Revised Accounting Standard–15 on Employee Benefits notified by the Institute of Chartered Accountants of India.

5) Accounting Standard – 17: Segment Reporting:

Part A: Business segments:

(Rs. in Lakhs)

Business Segments	Treasury		Corporate/ Whole sale Banking		Retail Banking		Other Banking Operations		TOTAL	
Particulars	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue	1,291.70	1,063.25	-	-	6,916.16	6,736.23	1,110.16	1,151.09	9,318.03	8,950.58
Result										
Unallocated Expenses									7,080.45	6,536.39
Operating Profit									2,237.58	2,414.18
Provisions and										
Contingencies (excluding tax)					759.63	268.99			759.63	268.99
Income Tax									465.14	535.23
Deferred Tax liability /Asset										
Net Profit									1,012.81	1,609.97
Other Information										
Segment Assets	18,372.41	17,181.58			44,512.08	40,398.45			62,884.49	57,580.03
Unallocated Assets									4,987.45	5,017.86
Total Assets									67,871.94	62,597.89
Segment Liabilities					52,942.53	49,242.39			52,942.53	49,242.39
Un allocated Liabilities									14,929.41	13,355.50
Total Liabilities									67,871.94	62,597.89

Part B: Geographic segments

(Rs. in Lakhs)

SECTOR	DOMESTIC		INTERNATIONAL		TOTAL	
Particulars	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue	9,318.03	8,950.58	-	-	9,318.03	8,950.58
Assets	67,871.94	62,597.89	-	-	67,871.94	62,597.89

6) Accounting Standard – 18: Related Party Disclosures

(Rs. in Lakhs)

Items / Related Party	Parent (As per Ownership or control)	Subsidiaries	Associates / Joint ventures	Key Management Personnel @	Relatives of Key Management Personnel	Total
Rendering of Services				87.78		87.78
Deposits held by						
Mr Donepudi Durga Prasad				30.49		30.49
Mr J Murali Krishna				52.63		52.63

The details of remuneration of Key Management Persons of the Bank are appended hereunder: **(Rs. in Lakhs)**

S.No.	Name	Date of Joining	Designation	Remuneration paid	
				Current Year	Previous Year
1	Mr Donepudi Durga Prasad	06-07-2017	Managing Director	48.61	44.27
2	Mr J Murali Krishna	06-06-2019	Chief General Manager & Chief Financial Officer	21.53	19.42
3	Mr P A Patnaik	01-01-2011	Company Secretary	11.63	18.58
4	Mr Subir Boity	12-10-2024	Company Secretary & Chief Compliance Officer	6.01	-
			Total	87.78	82.27

7) Accounting Standard – 21: Consolidated Financial Statements:

The Bank does not have any Subsidiaries, Joint Ventures or Associates. Hence, Consolidated Financial Statements are not prepared.

8) Accounting Standard - 22: Accounting for Taxes on Income:

Deferred tax Asset arising on account of timing difference between financial statements and taxation statements have been recognized as per the procedure prescribed in Accounting Standard -22 issued by ICAI. The details of components of Deferred Tax Asset / (Liability) are shown below for the Year ended 31.03.2025

(Rs. in Lakhs)

Particulars	Amount
Opening Balance of Deferred Tax Asset/DTL	54.17
Less: Current year Deferred Tax	0.21
Closing Balance Deferred Tax Asset/DTL	53.96

9. Accounting Standard -23: Accounting for Investments in Associates in Consolidated Financial Statements:

This Accounting Standard is not applicable since the Bank has no Associates

10. Accounting Standard -24: Discontinuing Operations

This accounting Standard is not applicable since the Bank did not close any of its branches/activities during the year.

11. Accounting Standard 25: Interim Financial Reporting : Since Bank is not a listed entity, this is not applicable

12. Accounting Standard 26 – Intangible asset: Bank does not have Intangible assets on 31.03.2025.

13. Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures: Bank does not have any joint ventures on 31.03.2025

14. Accounting Standard – 28: Impairment of Assets

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

15. Accounting Standard – 29: Description of Contingent Liabilities:

1. Claims against the Bank not acknowledged as debts – NIL

2. Other items – An Amount of Rs.69.85 Lacs is transferred to Depositor Education and Awareness Fund (DEAF) of which Rs.22.24 lacs pertain to the financial year 2024-25.

The previous year's figures have been re-grouped / re-classified wherever necessary to make them comparable with the current year's figures.

Wherever certain items are not relevant or applicable to the Bank, the same have been omitted.

Other Disclosures:**A. Shareholding pattern**

S.No	Particulars	% of holding - Current Year	% of holding - Previous Year
1	Corporates	21.65	24.67
2	Individuals	78.35	75.33
	Total	100.00	100.00

b) Business Correspondent Operations

The Bank renewed the appointment of M/s. Gram Tarang Inclusive Development Services Pvt Ltd as Business Correspondent with effect from 01-03-2022 with the approval of the Board in the meeting held on 20-01-2022 for continuing as Business Correspondent for the FYs 2022-27. The details of business procured through the BC are as follows:

Particulars	Current Year	Previous Year
Deposits (Rs in Lakhs)	6825.13	6143.90
Advances (Rs in Lakhs)	609.64	395.32
NPA (Rs in Lakhs)	5.07	0.92
Percentage to total Deposits	12.89%	12.47%
Percentage to total Advances	1.35%	0.98%
Number of BC Locations	14	14

b) Net NPAs under the prescribed asset classification categories as on March 31, 2025.**(Rs. in Lakhs)**

Category	Gross NPA	Provision	Net NPA	Provision % of Gross NPA
Sub-standard	890.68	890.68	-	100%
Doubtful – 1	316.90	316.90	-	100%
Doubtful – 2	77.66	77.66	-	100%
Grand Total	1285.24	1285.24	-	100%

c) Schedule 5 – Details of Other Liabilities and Provisions

(Rs. in Crore)

Particulars	Current Year	Previous Year
Other Liabilities and Provisions		
Interest payable on Deposits	23.80	23.11
Other Liabilities	2.89	3.32
Employee Welfare Fund	1.54	1.32
Non- KYC Compliant Accounts	0.77	0.00
Provision for Standard Asset	1.30	1.21
Provision for NPA	12.85	7.54
Provision for Taxation	4.65	5.36
Other Provisions	0.10	0.13
Total	47.90	41.99

d) Schedule 11- Details of Other Assets

(Rs. in Crore)

Particulars	Current Year	Previous Year
Advance tax for Income Tax	4.29	5.44
Interest Accrued on Investment, FDRs and Loans	4.06	3.82
Deferred Tax Asset	0.54	0.54
Deposit for Premises and Telephone	0.76	0.68
Stock of Stationery	0.20	0.27
Un-Claimed deposits receivable	0.70	0.48
Other Assets	0.63	0.56
Total	11.18	11.79

e) Schedule 14 – Details of Other Income

(Rs. in Crore)

Particulars	Current Year	Previous Year
Profit on sale of Assets/Investments/MF	0.58	0.27
Loan Processing Fees	3.58	4.71
ATM Charges	0.62	0.77
Service Charges and Others	6.74	6.02
Total	11.52	11.77

f) Schedule 16 – Other Expenses
(Rs. in Crore)

Particulars	Current Year	Previous Year
Fee paid to Software vendor, Consultant, Rating Agencies etc	3.97	3.92
Fee for Business Correspondence operations	1.29	1.22
Staff petrol, Travel, Boarding and Local Conveyance	2.02	1.94
Office Maintenance	0.82	0.92
Other Expenses	0.58	0.70
Donation	0.00	0.02
Corporate Social Responsibility Exp	0.40	0.32
Total	9.08	9.01

CASH FLOWS STATEMENT
(Amount in Rs.)

S.No.	Particulars	31-Mar-25		31-Mar-24	
A	Cash Flow from Operating activities		12,52,03,149		32,18,17,645
B	Cash Flow from Investing activities		(7,42,33,728)		(18,52,62,733)
C	Cash Flow from Financial activities		(30,21,520)		(11,12,607)
	Net Change in Cash & Cash Equivalents		4,79,47,900		13,54,42,305
D	Cash & Cash Equivalents at the beginning of the year		89,22,81,644		75,68,39,339
E	Cash & Cash Equivalents at the end of the year		94,02,29,544		89,22,81,644
	Net Change in Cash & Cash Equivalents		4,79,47,900		13,54,42,305
A	CASH FLOW FROM OPERATING ACTIVITIES				
I	Net Profit after Taxes	10,12,80,999		16,09,96,744	
	Add : Tax Provision	4,65,14,171		5,35,23,024	
	Sub Total		14,77,95,170		21,45,19,768
	Less : Amount Transferred to Provision for leave encashment	-	-	-	74,800
	Sub Total	-	14,77,95,170	-	21,44,44,968
	Adjustments :-				
I	Depreciation on Fixed Assets		1,23,63,709		1,16,74,999
Ii	Provision for NPAs		7,39,80,205		3,27,71,329
Iii	Provision for Standard Assets		9,21,134		(60,50,000)
Iv	Depreciation on Investments		(4,07,600)		-
V	Interest paid on Subordinated Debts		-		-
Vi	Other Provisions				
	Provision for Restructured accounts (interest sacrifice)	-		-	
	Provision for Retired employee's Medical Bills	-		-	

S.No.	Particulars	31-Mar-25		31-Mar-24	
	Ad hoc provision for loan loss & Miscellaneous Items	-		-	
	Provision for Contingent Liabilities	-		-	
	Floating Provision for Loan Losses	-		-	
	Deferred Tax asset for Current year / DTL	-	-	-	-
	Sub Total		23,46,52,618		25,28,41,296
	Less : Direct Taxes (Actual advance Tax paid)		4,25,00,000		5,25,00,000
	Sub Total		19,21,52,618		20,03,41,296
I	Increase in Deposits	37,00,14,114		41,33,59,442	
II	Increase /Decrease in Borrowings	-		-	
III	Increase in Advances	(41,13,62,380)		(35,56,33,151)	
IV	Increase in Other Liabilities & Provisions	(7,42,40,064)		1,07,68,157	
V	Increase/ Decrease in Other Assets	4,86,38,861		5,29,81,900	
	Sub Total		(6,69,49,469)		12,14,76,349
	Net Cash Flow from Operating Activities		12,52,03,149		32,18,17,645
B	CASH FLOW FROM INVESTING ACTIVITIES				
I	Investment in subsidiaries and /or Joint Ventures	-		-	
II	Income Earned on Such Investment	-		-	
III	Increase in Investments	(7,22,67,116)		(18,23,42,014)	
III	Fixed Assets				
	Additions during the year	(80,85,193)		(77,65,820)	
	Deductions during the year	61,18,581		48,45,101	
	Net Cash used in Investing Activities	-	(7,42,33,728)	-	(18,52,62,733)
C	CASH FLOW FROM FINANCING ACTIVITIES				
I	Share Capital	-		-	
II	Share Premium	-		-	
III	Subordinated Bonds	-		-	
IV	Redemption of Bonds	-		-	
V	Interest paid on Subordinated Bonds	-		-	
VI	Dividend paid	-		-	
VII	Other Reserves	(30,21,520)		(11,12,607)	
	Net Cash Provided by (used in) Financing Activities		(30,21,520)		(11,12,607)
D	Cash & Cash Equivalents at the Beginning of The Year				
I	Cash in Hand	6,72,13,393		6,63,65,621	

S.No.	Particulars	31-Mar-25		31-Mar-24	
II	Balance with Reserve Bank of India	5,03,19,532		4,18,79,532	
III	Balance with Banks and Money at call & short Notice	77,47,48,718		64,85,94,186	
	Total :		89,22,81,644		75,68,39,339
E	Cash & Cash Equivalents at the End of The Year				
I	Cash in Hand(including Foreign Currency Notes)	6,27,13,784		6,72,13,393	
II	Balance with Reserve Bank of India	6,09,34,532		5,03,19,532	
III	Balance with Banks and Money at call and short Notice	81,65,81,228		77,47,48,718	
	Total:		94,02,29,544		89,22,81,644

for KVSRY & Associates

Chartered Accountants

Firm Regn. No. 08169S

Sd/-

K. Venkateswarlu

Partner

M.No. 207068

UDIN : 25207068BMKODG9358

For and on behalf of Board of Directors

Sd/-

Syed Mohammad Farooque Shahab

Non Executive Independent Director

Part Time Chairman

DIN 09214092

Sd/-

Durga Prasad Donepudi

Managing Director

DIN 07031463

Sd/-

Narsi Reddy Vangala

Non Executive

Independent Director

DIN 08685359

Sd/-

J Murali Krishna

**Chief General Manager &
and Chief Financial Officer**

Sd/-

Indusekhar Dantu

Non-Executive

Independent Director

DIN 08571259

Sd/-

Subir Bolty

**Company Secretary &
Chief Compliance Officer**

M.No. A27707

Place: Madhapur

Date: May 13, 2025

Audited Financial Statements as on March 31, 2025

Financial Highlights for the previous five years

(Rs. in Crores)

Particulars	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25
Deposits Outstanding	321.29	370.50	451.09	492.42	529.43
Advances Outstanding	246.15	292.61	368.42	403.98	445.12
Income	55.22	64.90	79.06	89.50	93.18
Expenditure	41.65	46.98	55.20	65.36	70.80
Operating Profit (Profit before prov& contingencies)	13.57	17.92	23.86	24.14	22.38
Profit Before Tax (PBT)	10.68	15.77	21.88	21.45	14.78
Profit After Tax (PAT)	7.15	11.72	16.01	16.10	10.13
Equity (Capital + Reserves)	48.40	59.42	75.58	91.56	101.39
Total Assets at the end of the period	395.50	466.52	558.39	625.98	678.72
No Of Employees	341	336	335	349	343
KEY FINANCIAL INDICATORS					
Particulars	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24	31-Mar-25
Return on Equity	15.87	21.73	23.72	19.27	10.50
Return on Avg. Assets	2.06	2.74	3.16	2.75	1.56
Cost of Deposits	7.24	6.85	6.61	7.22	7.55
Cost to Income Ratio	61.82	57.10	54.92	57.18	59.47
Yield on Advances	17.75	17.96	18.09	17.57	16.45
Average Yield on Assets	15.52	15.30	15.64	15.13	13.69
Gross NPAs to Advances	2.15	1.85	1.70	1.87	2.89
Net NPAs to Net Advances	0.29	0.00	0.00	0.00	0.00
Provision Coverage Ratio	86.82	100.00	100.00	100.00	100.00
Credit-Deposit Ratio	76.61	78.98	81.67	82.04	84.08
Capital Adequacy Ratio - Tier-I Capital	20.42	20.41	20.80	23.08	24.20
Capital Adequacy Ratio - including Tier-II Capital	20.84	21.27	21.58	23.63	24.74
Business per Employee (Rs.in 000s)	16,640.45	19735.67	24462.96	25685.05	28412.42
Operating Profit per Employee (Rs.in 000s)	397.81	533.20	712.36	691.74	652.35
Net Profit per Employee (Rs.in 000s)	209.66	348.71	477.88	461.31	295.28



Financial literacy campaign by Atmakur Branch staff



Post-Sanction visit to a dairy unit by Mr. Krishnaiah Branch Head Jadcherla Branch.



Village meeting by Mr. Anand Solanki Branch Head, Mahabubnagar during adoption of a new village – Serivenkatapur



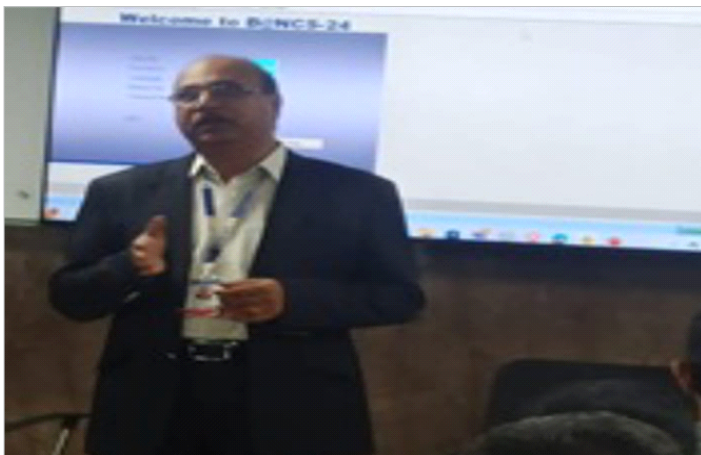
Grounding of a micro loan in a Village under Ieeja Operating area



Mr Vishnuvardhan, Branch Head Nagarkurnool on a post sanction visit to a dairy unit



Post -sanction visit by Mrs Vandana Chief Manager of Corporate Office & Mr. Rudra Goud, Branch Head Ieeja branch



Mr Durga Prasad MD , inaugurating the Office in Charge Programme in the in-house Training Hall



Pre-dinner talk on Wealth Management by
Mr Rajendra Prasad –Subject Matter Expert



Mr. TRV Satyanarayana, ED leading the session in
Credit Management Training Programme to BDX staff



Workshop on Soft skills



Business Review meeting



Corporate & Registered Office :

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