

## NOTICE OF 5<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the Fifth (5th) Annual General Meeting ("AGM") of the Members of **Shivalik Small Finance Bank Limited** ("Bank" or "Company") will be held on **Saturday, the 19<sup>th</sup> day of July 2025 at 10:00 A.M.** at the Registered Office of the Company situated at 501, Salcon Aurum, Jasola District Centre, New Delhi -110 025 to transact the following business:

### Ordinary Business

**Item No. 1:** To adopt the Audited Financial Statements of the Bank for financial year ended on 31<sup>st</sup> March 2025 including the Audited Balance Sheet and Profit and Loss account as on 31<sup>st</sup> March 2025 along with Cash Flow Statement on that date together with the reports of the Board of Directors and Auditors thereon.

**Item No. 2:** To appoint a director in place of Mr. Dinesh Kumar Mittal (DIN: 00040000), who retires by rotation and being eligible, has offered himself for re-appointment.

### Special Business:

**Item No. 3:** To re-appoint Mr. Dinesh Kumar Mittal (DIN: 00040000) as a non-executive Director on the Board of the Bank for a second term.

To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the rules made thereunder (including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force), the applicable provisions of the Banking Regulation Act, 1949, and the guidelines/circulars issued by the Reserve Bank of India (RBI) from time to time, and in accordance with the Articles of Association of the Company, the approval of the members of the Company be and is hereby accorded for the re-appointment of Mr. Dinesh Kumar Mittal (DIN: 00040000), as Non-Executive Director, who was appointed as an Additional Director on the Board of Directors of the Company with effect from 6<sup>th</sup> August 2022 in terms of Section 161(1) of the Companies Act, 2013 and was thereafter regularised as a Director by the members at Annual General Meeting held on 19<sup>th</sup> September 2022, and in respect of whom the Company has received a notice in writing under Section 160 of the Act proposing his candidature for the office of Director, as a Non-Executive Director of the Company to hold office for a second term commencing from 6<sup>th</sup> August 2025 and up to the completion of his 75 years of age i.e. up to 24<sup>th</sup> January 2028 subject to the approval of the members in the ensuing General Meeting and shall be liable to retire by rotation.

**RESOLVED FURTHER THAT** any Directors or Company Secretary of the Company be and are hereby severally authorized to sign and execute all such documents and papers (including appointment letter

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etc.) as may be required for the purpose and file necessary e-form with the Registrar of Companies and to do all such acts, deeds and things as may be considered expedient and necessary in this regard.

**Item No: 4** To consider and approve the reclassification of the Bank's authorised share capital by converting preference share portion into equity share capital.

To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** (i) pursuant to the provisions of sections 61 and 64 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, (ii) applicable provisions of the Articles of Association of the company, and (iii) subject to any other approvals as may be necessary, consent of the members of the Company be and is hereby accorded to reclassify the authorised share capital of the Company by converting the existing authorised 2,00,00,000 (Two Crore) preference shares of ₹10/- (Rupees Ten) each aggregating to ₹20,00,00,000/- (Rupees Twenty Crore only) into 2,00,00,000 (Two Crore) equity shares of ₹10/- (Rupees Ten) each aggregating to ₹20,00,00,000/- (Rupees Twenty Crore only).

**RESOLVED FURTHER THAT** upon the reclassification, the authorised share capital of the Company shall be ₹2,00,00,00,000/- (Rupees Two Hundred Crore only) divided into 20,00,00,000 (Twenty Crore) equity shares of ₹10/- (Rupees Ten) each.

**RESOLVED FURTHER THAT** Clause V of the Memorandum of Association of the Company be and is hereby proposed to be substituted with the following Clause V:

**V. The Authorised Share Capital of the Company is ₹2,00,00,00,000/- (Rupees Two Hundred Crore only) divided into 20,00,00,000 (Twenty Crore) equity shares of ₹10/- (Rupees Ten) each.**

**RESOLVED FURTHER THAT** Board of Directors of the Company and Company Secretary be and is hereby authorized severally to do all such acts, deed and things necessary to bring into effect the above resolution."

**Item No: 5** To authorize the Board of Directors to Borrow money in excess of paid-up capital, free reserves, and securities premium of the Bank u/s section 180(1)(C) of the Companies Act, 2013.

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of section 180(1)(C) and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and as per the applicable provisions of the Banking Regulation Act, 1949 and rules, guidelines and

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circulars issued by the Reserve Bank of India, from time to time, the consent of the members of the Bank be and is hereby accorded to the Board of Directors of the Bank (hereinafter referred as the "Board" which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) to borrow for the purpose of business of the Bank, such sum or sums of monies as they may deem necessary, notwithstanding the fact that the monies so borrowed and the monies to be borrowed from time to time (apart from (i) temporary loans obtained from the Bank's bankers in the ordinary course of business and (ii) acceptances of deposits of money from public repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise and/or temporary loans obtained in the ordinary course of business from banks, whether in India or outside India) will exceed the aggregate of the paid up capital of the Bank, its free reserves and securities premium, provided that the total amount so borrowed including the money already borrowed and the money to be borrowed by the Board in any manner permissible at any time shall not exceed Rs. 1,000 crores (Rupees One Thousand crores).

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters, and things as may be necessary or expedient in this regard but not limited to delegate power conferred herein to any of the committee constituted by the Bank or to any Director or to any Committee of Directors or to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole and absolute discretion deem fit and to do all such acts, deeds, matters and to seek such approval/ consent from the government departments as may be required in this regard."

**Item No. 6:** Issue of Equity Shares on Private Placement basis to Incubate Fund Asia Rising VCC (Sub-Fund-SMBC Asia Rising Fund)

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant the provisions of (i) Articles of Association of the Company, (ii) Section 42 read with Section 62(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), (iii) the Foreign Exchange Management Act, 1999, (as amended from time to time) and (iv) the regulations made thereunder, as amended, and the rules, regulations, guidelines, notifications and circulars, if any, issued by the Government of India, the Reserve Bank of India, or any other competent authority, whether in India or abroad, from time to time to the extent applicable, consent of the members of the Bank be and is hereby accorded for the issuance of 81,37,768 equity shares of the Bank to Incubate Fund Asia Rising VCC (Sub-Fund-SMBC Asia Rising Fund) at the price of INR 71.00/- (Indian Rupee Seventy one only) including premium of INR 61.00/- (Indian Rupees Sixty one only) per equity share for an aggregate subscription amount of INR

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57,77,81,528.00/- (Indian Rupees Fifty-seven crore seventy-seven lakh eighty-one thousand five hundred and twenty-eight rupees only).

**RESOLVED FURTHER THAT** pursuant to the provisions of the Companies Act, 2013, name of the Incubate Fund Asia Rising VCC (Sub-Fund-SMBC Asia Rising Fund) be recorded for the issue of invitation to subscribe to the equity shares of the Bank.

**RESOLVED FURTHER THAT** the Valuation Certificate issued by Sundae Capital Advisors Private Limited, Registered Valuer and Merchant Banker as placed before the members be and is hereby perused and noted by the members of the Bank.

**RESOLVED FURTHER THAT** the draft of the offer letter in Form PAS-4 ("Offer Letter") placed before the members be and is hereby approved and any Director or Company Secretary of the Bank be and is hereby severally authorized to issue the said Offer Letter to Incubate Fund Asia Rising VCC (Sub-Fund-SMBC Asia Rising Fund).

**RESOLVED FURTHER THAT** any Director or Company Secretary be and is hereby severally authorized to make any corrections, amendments, deletions, or additions in the Offer Letter relating to the proposed Offer and to give any information, explanation, declaration, and confirmations as may be required in accordance with applicable law.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized severally to determine, vary, modify, alter any of the terms and conditions of the issue, as it may deem expedient, in its discretion, open and close the offer of above said Shares, issuing certificates/ clarifications, effecting any modifications or changes to the foregoing (including modifications to the terms of the Issue), entering into agreements, addendums, documents in connection therewith and incidental thereto as the Board in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise regarding the offer, issue, and allotment of the securities and take all other steps and do all such deeds and actions which may be incidental, consequential, relevant or ancillary in this connection and that the decisions of the Board shall be final, binding and conclusive."

**Item No: 7** Issue of Equity Shares on Private Placement basis to Lightspeed India Partners IV, LLC.

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant the provisions of (i) Articles of Association of the Company, (ii) Section 42 read with Section 62(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), (iii) the Foreign Exchange Management Act, 1999, (as amended from time to time) and (iv) the regulations made thereunder, as amended, and the rules, regulations, guidelines, notifications and circulars, if any, issued by the Government of India, the Reserve Bank of India, or

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any other competent authority, whether in India or abroad, from time to time to the extent applicable, consent of the members of the Company be and is hereby accorded for issuance of 7,04,226 equity shares of the Bank to Lightspeed India Partners IV, LLC at the price of INR 71.00/- (Indian Rupees Seventy One only) including premium of INR 61.00/- (Indian Rupees Sixty-one only) per equity share for an aggregate subscription amount of INR 5,00,00,046.00 /- (Indian Rupees Five crore and forty-six only).

**RESOLVED FURTHER THAT** pursuant to the provisions of the Companies Act, 2013, name of the Lightspeed India Partners IV, LLC be recorded for the issue of invitation to subscribe to the equity shares of the Bank.

**RESOLVED FURTHER THAT** the Valuation Certificate issued by Sundae Capital Advisors Private Limited, Registered Valuer and Merchant Banker as placed before the members be and is hereby perused and noted by the members of the Bank.

**RESOLVED FURTHER THAT** the draft of the offer letter in Form PAS-4 ("Offer Letter") placed before the members be and is hereby approved and any Director or Company Secretary of the Bank be and is hereby severally authorized to issue the said Offer Letter to Lightspeed India Partners IV, LLC.

**RESOLVED FURTHER THAT** any Director or Company Secretary be and is hereby severally authorized to make any corrections, amendments, deletions, or additions in the Offer Letter relating to the proposed Offer and to give any information, explanation, declaration, and confirmations as may be required in accordance with applicable law.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized severally to determine, vary, modify, alter any of the terms and conditions of the issue, as it may deem expedient, in its discretion, open and close the offer of above said Shares, issuing certificates/ clarifications, effecting any modifications or changes to the foregoing (including modifications to the terms of the Issue), entering into agreements, addendums, documents in connection therewith and incidental thereto as the Board in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise regarding the offer, issue, and allotment of the securities and take all other steps and do all such deeds and actions which may be incidental, consequential, relevant or ancillary in this connection and that the decisions of the Board shall be final, binding and conclusive."

**Item No. 8** Issue of Equity Shares on Private Placement basis to Sorin Investment Fund

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant the provisions of (i) Articles of Association of the Company, (ii) Section 42 read with Section 62(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification or re-enactment thereof for

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the time being in force), (iii) the Foreign Exchange Management Act, 1999, (as amended from time to time) and (iv) the regulations made thereunder, as amended, and the rules, regulations, guidelines, notifications and circulars, if any, issued by the Government of India, the Reserve Bank of India, or any other competent authority, whether in India or abroad, from time to time to the extent applicable, consent of the members of the Bank be and is hereby accorded for the issuance of 12,15,800 equity shares of the Company to Sorin Investment Fund at the price of INR 71.00 (Indian Rupee Seventy-one only) including premium of INR 61.00/- (Indian Rupees Sixty-one only) per equity share for an aggregate subscription amount of INR 8,63,21,800.00/- (Indian Rupees Eight crore sixty-three lakh twenty-one thousand and eight hundred only).

**RESOLVED FURTHER THAT** pursuant to the provisions of the Companies Act, 2013, name of the Sorin Investment Fund be recorded for the issue of invitation to subscribe to the equity shares of the Bank.

**RESOLVED FURTHER THAT** the Valuation Certificate issued by Sundae Capital Advisors Private Limited, Registered Valuer and Merchant Banker as placed before the members be and is hereby perused and noted by the members of the Bank.

**RESOLVED FURTHER THAT** the draft of the offer letter in Form PAS-4 ("Offer Letter") placed before the members be and is hereby approved and any Director or Company Secretary of the Bank be and is hereby severally authorized to issue the said Offer Letter to Sorin Investment Fund.

**RESOLVED FURTHER THAT** any Director or Company Secretary be and is hereby severally authorized to make any corrections, amendments, deletions, or additions in the Offer Letter relating to the proposed Offer and to give any information, explanation, declaration, and confirmations as may be required in accordance with applicable law.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized severally to determine, vary, modify, alter any of the terms and conditions of the issue, as it may deem expedient, in its discretion, open and close the offer of above said Shares, issuing certificates/ clarifications, effecting any modifications or changes to the foregoing (including modifications to the terms of the Issue), entering into agreements, addendums, documents in connection therewith and incidental thereto as the Board in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise regarding the offer, issue, and allotment of the securities and take all other steps and do all such deeds and actions which may be incidental, consequential, relevant or ancillary in this connection and that the decisions of the Board shall be final, binding and conclusive."

**Item No. 9** Issue of Equity Shares on Private Placement basis to Quona Accion Inclusion Fund III, L.P.

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution:**

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**“RESOLVED THAT** pursuant the provisions of (i) Articles of Association of the Company, (ii) Section 42 read with Section 62(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), (iii) the Foreign Exchange Management Act, 1999, (as amended from time to time) and (iv) the regulations made thereunder, as amended, and the rules, regulations, guidelines, notifications and circulars, if any, issued by the Government of India, the Reserve Bank of India, or any other competent authority, whether in India or abroad, from time to time to the extent applicable, consent of the members of the Bank be and is hereby accorded for issuance of 18,74,536 equity shares of the Bank to Quona Accion Inclusion Fund III, L.P. at the price INR 71.00/- (Indian Rupee Seventy one only) including premium of INR 61.00/- (Indian Rupees Sixty one only) per equity share for an aggregate subscription amount of INR 13,30,92,056.00/- (Indian Rupees Thirteen crore thirty lakh ninety-two thousand and fifty-six only).

**RESOLVED FURTHER THAT** pursuant to the provisions of the Companies Act, 2013, name of the Quona Accion Inclusion Fund III, L.P. be recorded for the issue of invitation to subscribe to the equity shares of the Bank.

**RESOLVED FURTHER THAT** the Valuation Certificate issued by Sundae Capital Advisors Private Limited, Registered Valuer and Merchant Banker as placed before the members be and is hereby perused and noted by the members of the Bank.

**RESOLVED FURTHER THAT** the draft of the offer letter in Form PAS-4 (“Offer Letter”) placed before the members be and is hereby approved and any Director or Company Secretary of the Bank be and is hereby severally authorized to issue the said Offer Letter to Quona Accion Inclusion Fund III, L.P.

**RESOLVED FURTHER THAT** any Director or Company Secretary be and is hereby severally authorized to make any corrections, amendments, deletions, or additions in the Offer Letter relating to the proposed Offer and to give any information, explanation, declaration, and confirmations as may be required in accordance with applicable law.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized severally to determine, vary, modify, alter any of the terms and conditions of the issue, as it may deem expedient, in its discretion, open and close the offer of above said Shares, issuing certificates/ clarifications, effecting any modifications or changes to the foregoing (including modifications to the terms of the Issue), entering into agreements, addendums, documents in connection therewith and incidental thereto as the Board in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise regarding the offer, issue, and allotment of the securities and take all other steps and do all such deeds and actions which may be incidental, consequential, relevant or ancillary in this connection and that the decisions of the Board shall be final, binding and conclusive.”

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**Item No. 10** Issue of Equity Shares on Private Placement basis to Accel India VII (Mauritius) Ltd.

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant the provisions of (i) Articles of Association of the Company, (ii) Section 42 read with Section 62(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014 and the Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), (iii) the Foreign Exchange Management Act, 1999, (as amended from time to time) and (iv) the regulations made thereunder, as amended, and the rules, regulations, guidelines, notifications and circulars, if any, issued by the Government of India, the Reserve Bank of India, or any other competent authority, whether in India or abroad, from time to time to the extent applicable, consent of the members of the Bank be and is hereby accorded for the issuance of 24,33,500 equity shares of the Bank to Accel India VII (Mauritius) Ltd. at the price of INR 71.00 (Indian Rupee Seventy one only) including premium of INR 61.00/- (Indian Rupees Sixty one only) per equity share for an aggregate subscription amount of INR 17,27,78,500.00/- (Indian Rupees Seventeen crore twenty-seven lakh seventy-eight thousand and five hundred only).

**RESOLVED FURTHER THAT** pursuant to the provisions of the Companies Act, 2013, name of the Accel India VII (Mauritius) Ltd. be recorded for the issue of invitation to subscribe to the equity shares of the Bank.

**RESOLVED FURTHER THAT** the Valuation Certificate issued by Sundae Capital Advisors Private Limited, Registered Valuer and Merchant Banker as placed before the members be and is hereby perused and noted by the members of the Bank.

**RESOLVED FURTHER THAT** the draft of the offer letter in Form PAS-4 (“Offer Letter”) placed before the members be and is hereby approved and any Director or Company Secretary of the Bank be and is hereby severally authorized to issue the said Offer Letter to Accel India VII (Mauritius) Ltd.

**RESOLVED FURTHER THAT** any Director or Company Secretary be and is hereby severally authorized to make any corrections, amendments, deletions, or additions in the Offer Letter relating to the proposed Offer and to give any information, explanation, declaration, and confirmations as may be required in accordance with applicable law.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized severally to determine, vary, modify, alter any of the terms and conditions of the issue, as it may deem expedient, in its discretion, open and close the offer of above said Shares, issuing certificates/ clarifications, effecting any modifications or changes to the foregoing (including modifications to the terms of the Issue), entering into agreements, addendums, documents in connection therewith and incidental thereto as the Board in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise regarding the offer, issue, and allotment of the securities and take all other steps and

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do all such deeds and actions which may be incidental, consequential, relevant or ancillary in this connection and that the decisions of the Board shall be final, binding and conclusive.”

**Item No. 11:** To consider and approve amendment to “2021 Employee Stock Option Scheme” of the Bank

To consider and if thought fit to pass with or without modification(s) the following resolution as a **Special Resolution:**

**“RESOLVED THAT** (i) pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with the rules framed thereunder, (ii) the relevant provisions of the Memorandum and Articles of Association of the Bank, (iii) pursuant to the approval of the Nomination and Remuneration Committee and the Board of Directors and (iv) subject to the rules, regulations, circulars, and guidelines permissions and sanctions as may be necessary, the consent of the members of the Bank be and is hereby accorded to the amendment of “2021 Employee Stock Option Scheme” as placed before the members, with view to ensure better efficacy and administration of the Scheme.

**RESOLVED FURTHER THAT** it is hereby noted that the terms of amendments are not prejudicial to the interests of the option holders.

**RESOLVED FURTHER THAT** amended copy of the ‘2021 Employee Stock Option Scheme’ initialed by the chairman for the purpose of identification, be and is hereby approved and the same shall come into effect from the date of shareholders’ approval.

**RESOLVED FURTHER THAT** the Board of Directors of the Bank be and are severally hereby authorized to take such steps as may be necessary and to settle all matters arising out of and incidental thereto and sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Bank and to do all such acts, deeds, matters and things, as it may, in its absolute discretion, consider necessary, expedient or desirable including power to sub-delegate, in order to give effect to this resolution or as otherwise considered by the Board of Directors to be in the best interest of the Bank, as it may deem fit at any stage without requiring the Board to secure any further consent or approval of the members of the Bank in this regard.”

**By order of the Board of Directors  
For Shivalik Small Finance Bank Limited**

SHRUTI PANDEY  
Digitally signed  
by SHRUTI  
PANDEY  
Date: 2025.06.24  
19:08:15 +05'30'

**(Shruti Pandey)**  
**Company Secretary**  
**Membership No.: A34796**

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**Place: Noida**

**Date: 24<sup>th</sup> June 2025**

**Registered Office:**

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New Delhi – 110025

Website: [www.shivalikbank.com](http://www.shivalikbank.com)

Tel no.:0120-4060000

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**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON POLL, TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument of appointing proxies shall however be deposited at the registered office of the company not less than 48 (forty-eight) hours before the commencement of the meeting.
3. The proxy form in Form MGT-11 is attached. A proxy shall not have the right to speak and shall not be entitled to vote except on a poll.
4. Corporate Members intending to attend the AGM through their authorised representatives are requested to send a Certified True Copy of the Board Resolution and Power of Attorney, (PDF/JPG Format), authorizing its representative to attend and vote on their behalf at the Annual General Meeting. The said Resolution / Authorisation shall be sent to the Company by e-mail through its registered e-mail address at [investorrelations@shivalikbank.com](mailto:investorrelations@shivalikbank.com) with a copy marked to [info@shivalikbank.com](mailto:info@shivalikbank.com).
5. Balance Sheet as on 31<sup>st</sup> March 2025 along with Statement of Profit & Loss, Cash Flow Statement and Schedules thereto, together with Auditors' and Board's Report thereon for the financial year ending on that date are enclosed as **Annexure A**.
6. Entry to the place of meeting will be regulated by an attendance slip which is annexed to this notice. Members / Proxies are requested to bring the Attendance Slip duly filled in.
7. The Explanatory Statement as required under Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.
8. In line with the MCA Circulars, the Annual Report for the Financial Year 2024-25 and AGM Notice has been uploaded on the website of the Bank at [www.shivalikbank.com](http://www.shivalikbank.com).
1. In compliance with the MCA General Circular 17/2020 dated 13<sup>th</sup> April 2020 , Notice of the Annual General Meeting along with the Balance Sheet as on 31<sup>st</sup> March 2025, Statement of Profit & Loss, Cash Flow Statement and Schedules thereto, together with Auditors' and Board's Report thereon for the financial year ending on that date is being sent only through electronic mode to those Members whose name appearing the Register of Members/ Beneficial Owners maintained by the Depositories as on Benpos date i.e. 20<sup>th</sup> June, 2025 and whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report for FY 2024-25 will also be available on website of the Company i.e. [www.shivalikbank.com](http://www.shivalikbank.com).
2. Members are requested to register their e-mail address, including changes therein from time to time, with the Company to enable the Company to service various notice, reports, documents etc. to the Members in electronic mode.
3. The Relevant documents referred to in the accompanying Notice and the Explanatory Statement, Registers and all other documents will be available for inspection in electronic mode. Members can inspect the same up to the date of Annual General Meeting, by sending an e-mail to the Company at [investorrelations@shivalikbank.com](mailto:investorrelations@shivalikbank.com).
4. There is no record date for the purpose of Dividend as the Board of Directors has not recommended Dividend for FY 2024-25.

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5. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the Annual General Meeting.
6. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.
7. Institutional shareholders are encouraged to attend and vote at the Annual General Meeting.
8. All documents referred to in the Notice will be available for inspection at the Bank's registered office during normal business hours on working days up to the date of the Extraordinary General Meeting.
9. The route map for the venue of the general meeting, Attendance slip, and Proxy Form are appended herein as below.

**By order of the Board of Directors  
For Shivalik Small Finance Bank Limited**

SHRUTI  
PANDEY  
Digitally signed  
by SHRUTI  
PANDEY  
Date: 2025.06.24  
19:08:38 +05'30'

**(Shruti Pandey)**  
**Company Secretary**  
**Membership No.: A34796**

**Place: Noida**  
**Date: 24<sup>th</sup> June 2025**

**Registered Office:**  
501, Salcon Aurum, Jasola District Centre,  
New Delhi – 110025  
Website: [www.shivalikbank.com](http://www.shivalikbank.com)  
Tel no.: 0120-4060000  
E-mail: [investorrelations@shivalikbank.com](mailto:investorrelations@shivalikbank.com)

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### **EXPLANATORY STATEMENT**

**A STATEMENT IN RESPECT OF THE SPECIAL BUSINESSES PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 FOR THE 5<sup>TH</sup> ANNUAL GENERAL MEETING OF THE COMPANY SCHEDULED TO BE HELD ON SATURDAY, THE 19<sup>TH</sup> DAY OF JULY 2025 AT 10:00 A.M AT THE REGISTERED OFFICE OF THE BANK SITUATED AT 501, SALCON AURUM, JASOLA DISTRICT CENTRE, NEW DELHI – 110025.**

**Item No. 3: To re-appoint Mr. Dinesh Kumar Mittal (DIN: 00040000) as a non-executive Director on the Board of the Bank for a second term.**

#### **Meaning**

Re-appointment of a Non-Executive Director (NED) entails the continuation of an existing director on the Board following the conclusion of their current term, provided such re-appointment is in compliance with applicable regulatory frameworks. As per the provisions of the Companies Act, 2013 and guidelines issued by the Reserve Bank of India (RBI), a NED may be re-appointed subject to shareholder approval, provided the individual continues to meet prescribed eligibility criteria and has demonstrated satisfactory performance.

#### **Background and Rationale**

The Reserve Bank of India, through its circular DOR.GOV.REC.8/29.67.001/2021-22 dated 26th April 2021, has laid down specific norms for the tenure of Non-Executive Directors on the Boards of banks.

- a. The total tenure of Non-Executive Director, continuously or otherwise, on the Board of the Bank, shall not exceed 8 (eight) years and after completing eight years on the board of the Bank, the individual may be considered for re-appointment only after a minimum gap of three years.
- b. The upper age limit for NEDs, including the Chair of the board, shall be 75 years and after attaining the age of 75 years no person can continue in these positions.

Mr. Dinesh Kumar Mittal (DIN: 00040000) was appointed as an Additional Director of the Bank with effect from 6<sup>th</sup> August 2022 under Section 161(1) of the Companies Act, 2013. He was subsequently regularised as a Non-Executive Director by the shareholders at the Annual General Meeting held on 19<sup>th</sup> September 2022 three (3) consecutive years. The first term of Mr. Dinesh Kumar Mittal (DIN:00040000) will be completed on 5<sup>th</sup> August 2025.

Mr. Dinesh Kumar Mittal (DIN:00040000) is eligible for re-appointment as Directors under Section 164 of the Companies Act, 2013, the Banking Regulation Act, 1949 and various guidelines issued by the Reserve Bank of India (RBI) from time to time and he has willingly provided his consent to continue serving as Director of the Bank.

Considering his strategic insights, governance capabilities, and valuable contributions, Banking Knowledge and Experience, Specialist Skill Set, Strategic Thinking and Vision, Alignment with the Bank's Mission and Vision, Fit and Proper Criteria of the Reserve Bank of India (RBI), the Board of Directors at its meeting held on 10<sup>th</sup> June 2025, based on the recommendation of the Nomination and

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Remuneration Committee and the outcome of performance evaluations, approved the proposal to re-appoint Mr. Dinesh Kumar Mittal for a second term commencing from 6<sup>th</sup> August 2025 and up to the completion of his 75 years of age i.e. up to 24<sup>th</sup> January 2028, whichever is earlier (both days inclusive), subject to shareholder approval and shall be liable to retire by rotation.

#### **Scope**

This resolution relates to the re-appointment of Mr. Dinesh Kumar Mittal as a Non-Executive Director of the Bank for a second term. His re-appointment will ensure continuity in leadership and retain strategic expertise at the Board level. During his previous tenure, Mr. Mittal has actively contributed to governance, compliance, and strategic oversight functions of the Bank. The re-appointment aligns with the Board's succession planning framework and regulatory requirements.

#### **Eligibility and Disclosures**

Mr. Dinesh Kumar Mittal is eligible for re-appointment under Section 164 of the Companies Act, 2013 and satisfies the conditions prescribed under applicable RBI guidelines, the Banking Regulation Act, 1949, and the Articles of Association of the Bank. He has provided his written consent for re-appointment and confirmed that he is not disqualified to act as a director under any applicable laws.

The Board has reviewed his performance and contributions and affirmed his integrity, experience, domain expertise, and ability to guide the Bank's strategic and compliance directions. The Company has also received notices from members under Section 160 of the Companies Act, 2013, proposing his candidature for re-appointment.

#### **Implications**

The re-appointment of Mr. Mittal will allow the Bank to retain a highly experienced and competent director who possesses a deep understanding of banking regulations, financial oversight, and corporate governance. His continued presence will support Board stability, compliance orientation, and long-term strategic planning. His leadership will also be instrumental in reinforcing governance practices and Board effectiveness in a dynamic regulatory environment.

His vast experience and deep understanding of governance, finance, and administration will continue to benefit the Bank in aligning with regulatory expectations and enhancing stakeholder confidence.

#### **STATUTORY DISCLOSURES:**

##### **Disclosure under Section 102(3)**

All documents mentioned in this notice and the explanatory statement are available for inspection during the Company's business hours on all business days at the Registered Office of the Company.

##### **Disclosure of Interest under Section 102(1)(a)**

Mr. Dinesh Kumar Mittal (DIN: 00040000), Director of the Company who is proposed to be re-appointed in the above Items are interested in the matter. However none other Director or Key

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Managerial Personnel of the Bank or their relatives are, directly or indirectly, financially or otherwise, concerned or interested in the Resolution set out at **Item No. 3**.

**Additional Disclosures as per SS-2:**

Additional Information of Directors seeking appointment/re-appointment at the Annual General Meeting, as required under Clause 1.2.5 of the Secretarial Standard - 2 on General Meetings ("SS-2"), is annexed to the Notice as **Annexure B**.

The Board recommends the Resolution for approval of the Members as set out in **Item No. 3** of the Notice as **Ordinary Resolution**.

**Item No: 4** To consider and approve the reclassification of the Bank's authorised share capital by converting preference share portion into equity share capital

**Meaning**

Reclassification of authorised share capital refers to altering the composition of share capital within the existing authorised limit by converting one class of shares into another. This action does not result in any increase or decrease in the overall authorised capital of the Company. Rather, it restructures the capital to better suit business needs, subject to approval by the shareholders through an ordinary resolution under Section 61(1)(b) of the Companies Act, 2013.

**Scope**

The Company had earlier authorised a total capital of ₹2,00,00,00,000 (Rupees Two Hundred Crore only), comprising ₹1,80,00,00,000 (Rupees One Hundred Eighty Crore) in equity shares and ₹20,00,00,000 (Rupees Twenty Crore) in preference shares. As of 31st March 2025, all outstanding Compulsorily Convertible Preference Shares (CCPS) of the Company have been converted into equity shares in accordance with the terms of their issuance and applicable laws.

Consequently, the entire authorised preference share capital of ₹20,00,00,000 (Rupees Twenty Crore) now lies unutilised. In order to optimise capital structure and align with upcoming equity fundraising plans, the Board has proposed to reclassify the unutilised **2,00,00,000 preference shares of ₹10 each** into **2,00,00,000 equity shares of ₹10 each**, without altering the overall authorised capital.

This change necessitates an amendment to **Clause V of the Memorandum of Association**, which reflects the share capital structure of the Company.

**Implications**

- The total authorised capital of the Company remains **unchanged at ₹2,00,00,00,000**.
- The reclassification will provide the Company with greater flexibility in issuing equity shares for future fund-raising, ESOPs, or other capital-raising activities.
- It eliminates the idle component of the preference share capital, which is no longer required following the complete conversion of CCPS.

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- This reclassification has **no impact** on the issued, subscribed, or paid-up capital and does not affect any rights of existing shareholders.

#### **STATUTORY DISCLOSURES:**

##### **Disclosure under Section 102(3)**

A copy of the existing Memorandum of Association along with all documents mentioned in this notice and the explanatory statement are available for inspection during the Company's business hours on all business days at the Registered Office of the Company.

##### **Disclosure of Interest under Section 102(1)(a)**

None of the Director or Key Managerial Personnel of the Bank or their relatives are, directly or indirectly, financially or otherwise, concerned or interested in the Resolution set out at **Item No. 4**.

The Board recommends the Resolution for approval of the Members as set out in **Item No. 4** of the Notice as **Ordinary Resolution**.

**Item No: 5** To authorize Board of Directors to Borrow money in excess of paid-up capital, free reserves, and securities premium of the Bank u/s section 180(1)(C) of the Companies Act, 2013

##### **Meaning:**

As per the provisions of Section 180(1) (c) of the Companies Act, 2013, the Board can borrow money subject to the condition that the money to be borrowed together with the monies already borrowed by the Bank (apart from deposits of money accepted from the public in the ordinary course of its business, temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed the aggregate, for the time being, of the paid-up share capital, free reserves and securities premium of the Bank, that is to say, reserves not set apart for any specific purpose, unless the Shareholders have authorized the Board to borrow the monies up to some higher limits.

##### **Scope:**

In terms of projected financing needs for FY 2025-26, borrowed funds are required by the Bank for its business needs. Also, the Board of Directors of the Bank envisages a requirement for funds for future requirements. Accordingly, it is proposed to empower and authorize the Board of Directors of the Bank to borrow money from any Financial Institutions (FIs), Foreign Institutional Investors (FIIs), Bodies Corporate or Business Associates, or any other person or entities, etc., in excess of paid-up capital, free reserves and securities premium of the Bank up to a sum not exceeding Rs. 1,000 crores (Rupees One Thousand Crores) for the purpose of business activities of the Bank.

The borrowing will serve multiple purposes, including but not limited to working capital management, long-term capital investments, repayment or refinancing of existing liabilities, meeting capital adequacy requirements, and funding new product and service lines to align with the Bank's strategic

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objectives. Additionally, maintaining liquidity buffers and preparing for unforeseen contingencies also form part of the broader financial prudence.

Accordingly, it is proposed to empower and authorize the Board of Directors to raise borrowings from time to time, from Financial Institutions (FIs), Foreign Institutional Investors (FIIs), Bodies Corporate, Business Associates, or any other eligible person or entity, whether in India or abroad, in one or more tranches. Such borrowings may be by way of loans, credit facilities, debentures (secured or unsecured), bonds, or any other debt instruments or financial arrangements deemed suitable by the Board.

The authority is sought for a borrowing limit not exceeding Rs. 1,000 crores (Rupees One Thousand Crores only), over and above the aggregate of the Bank's paid-up capital, free reserves, and securities premium. This would enable the Board to make borrowing decisions in a responsive and timely manner, ensuring that business and strategic requirements of the Bank are met efficiently without procedural delays.

#### **STATUTORY DISCLOSURES:**

##### **Disclosure under Section 102(3)**

All documents mentioned in this notice and the explanatory statement are available for inspection during the Company's business hours on all business days at the Registered Office of the company.

##### **Disclosure of Interest under Section 102(1)(a)**

None of the Director or Key Managerial Personnel of the Bank or their relatives are, directly or indirectly, financially or otherwise, concerned or interested in the Resolution set out at Item No. 5 except to the extent of their shareholding.

The Board recommends the Resolution for approval of the Members as set out in item No. 5 of the Notice as **Special Resolution**.

#### **Item No: 6 to 10: Issue of Equity Shares on a Private Placement Basis**

The Board of Directors of the Bank at their meeting held on 14<sup>th</sup> June, 2025 proposed to offer and issue 1,43,65,830 (One Crore, Forty Three Lakhs, Sixty Five Thousand Eight Hundred Thirty only) equity shares having face value of INR 10/- (Indian Rupee Ten only) each at premium of INR 61.00/- (Indian Rupees Sixty One only) per share aggregating to INR 1,01,99,73,930/- (Indian Rupee One Hundred One Crore Ninety Nine Lakh Seventy Three Thousand Nine Hundred and Thirty only) to following entities:

- A. **Incubate Fund Asia Rising VCC (Sub-Fund-SMBC Asia Rising Fund)**, for subscription to 81,37,768 equity shares of the Company
- B. **Lightspeed India Partners IV, LLC** for subscription to 7,04,226 equity shares of the Company.
- C. **Sorin Investment Fund** for subscription to 12,15,800 equity shares of the Company.

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- D. **Quona Accion Inclusion Fund III, L.P.** for subscription to 18,74,536 equity shares of the Company, and
- E. **Accel India VII (Mauritius) Ltd**, for subscription to 24,33,500 equity shares of the Company.

As per Section 42 of the Companies Act, 2013, read with the Companies (Prospectus and allotment of Securities) Rules, 2014, a Company offering or making an invitation to subscribe to securities, including Equity Shares on a Private Placement basis, is required to obtain the prior approval of the shareholders by way of a Special Resolution, for each of the offers and invitations.

Accordingly, the approval of members is being sought by way of a Special Resolution, for the issue of 1,43,65,830 (One Crore, Forty Three Lakhs, Sixty Five Thousand Eight Hundred Thirty only) equity shares having face value of INR 10/- (Indian Rupee Ten only) each at premium of INR 61.00/- (Indian Rupees Sixty One only) Equity Shares aggregating to an amount of up to INR 1,01,99,73,930/- (Indian Rupee One Hundred One Crore Ninety-Nine Lakh Seventy-Three Thousand Nine Hundred and Thirty only).

- I. Given below is a statement of disclosures as required under Rule 14(1) of the Companies (Prospectus and Allotment of securities) Rules, 2014:

S. No	Particulars
(a)	<p>Particulars of the offer including date of passing board resolution</p> <p>The Board of Directors of the Company at its meeting held on 14<sup>th</sup> June 2025 has approved the offer for issuance of 1,43,65,830 (One Crore, Forty Three Lakh Sixty Five Thousand Eight Hundred Thirty only) equity shares having face value of INR 10/- (Indian Rupee Ten only) each at premium of INR 61.00/- (Indian Rupees Sixty One only) per share aggregating to 1,01,99,73,930/- (Indian Rupee One Hundred One Crore Ninety-Nine Lakh Seventy-Three Thousand Nine Hundred and Thirty only).</p> <p>Proposed Offeree(s) are hereunder:</p> <ol style="list-style-type: none"> <li>Incubate Fund Asia Rising VCC (Sub-Fund-SMBC Asia Rising Fund): 81,37,768 equity shares of the Bank at a price of INR 71.00/-</li> <li>Lightspeed India Partners IV, LLC: 7,04,226 equity shares of the Bank at a price of INR 71.00/- ,</li> <li>Sorin Investment Fund: 12,15,800 equity shares of the Bank at a price of INR 71.00/-,</li> </ol>

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		iv. Quona Accion Inclusion Fund III, L.P.: 18,74,536 equity shares of the Bank at a price of INR 71.00/- , v. Accel India VII (Mauritius) Ltd: 24,33,500 equity shares of the Bank at a price of INR 71.00/-,
(b)	Kinds of securities offered and the price at which the security is being offered	The Company proposes to issue 1,43,65,830 (One Crore, Forty Three Lakh Sixty Five Thousand Eight Hundred Thirty only) equity shares having face value of INR 10/- (Indian Rupee Ten only) each at premium of INR 61.00/- (Indian Rupees Sixty One only) per share aggregating to 1,01,99,73,930/- (Indian Rupee One Hundred One Crore Ninety-Nine Lakh Seventy-Three Thousand Nine Hundred and Thirty only).
(c)	Basis or justification for the price (including premium, if any) at the offer or invitation is being made	<p>The Equity shares are being issued at face value of INR 10/- (Indian Rupee Ten only) each and at premium of INR 61.00/- (Indian Rupees Sixty-One only) per share.</p> <p>The determined price is based on the valuation report issued by Sundae Capital Advisors Private Limited, a Registered Valuer having Registration Number-IBBI/RV-E/03/2021/136. This valuation report serves as the foundation for establishing the price, providing a comprehensive and professional assessment of the relevant factors influencing the valuation. The expertise and accreditation of Sundae Capital Advisors Private Limited contribute to the reliability and credibility of the valuation process, ensuring transparency and adherence to established valuation standards.</p>
(d)	Name and address of valuer who performed valuation	Name: Sundae Capital Advisors Private Limited Address: 1177, 11 <sup>th</sup> Floor, VEGAS, Plot No. 6, Sector 14 (North), Dwarka City Centre, New Delhi - 110 075
(e)	Amount which the company intends to raise by way of such securities	Amount up to 1,01,99,73,930/- (Indian Rupee One Hundred One Crore Ninety-Nine Lakh Seventy-Three Thousand Nine Hundred and Thirty only).

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(f)	Material terms of raising of such securities	<p>Material terms of offer is hereunder:</p> <ol style="list-style-type: none"> <li>Incubate Fund Asia Rising VCC (Sub-Fund-SMBC Asia Rising Fund) . has agreed to subscribe to equity shares up to 4.99% of the paid-up share capital of the Company i.e. 81,37,768 equity shares of the Bank at the price of INR 71.00/- including premium of INR 61.00/- per equity share for an aggregate subscription amount of INR 57,77,81,528.00 /- (Indian Rupees Fifty-seven crore seventy-seven lakh eighty-one thousand five hundred and twenty-eight rupees only).</li> <li>Lightspeed India Partners IV, LLC has agreed to subscribe to equity shares up to 4.65% of the paid-up share capital of the Company i.e. 7,04,226 equity shares of the Bank at the price of INR 71.00/- including premium of INR 61.00/- per equity share for an aggregate subscription amount of 5,00,00,046.00 /- (Indian Rupees Five crore and forty-six only)</li> <li>Sorin Investment Fund has agreed to subscribe to equity shares up to 4.99% of the paid-up share capital of the Company i.e. 12,15,800 equity shares of the Bank at the price of INR 71.00/- including premium of INR 61.00/- per equity share for an aggregate subscription amount of INR 8,63,21,800.00/- (Indian Rupees Eight crore sixty-three lakh twenty-one thousand and eight hundred only).</li> <li>Quona Accion Inclusion Fund III, L.P. has agreed to subscribe to equity shares up to 9.64% of the paid-up share capital of the Company i.e. 18,74,536 equity shares of the Bank at the price of INR 71.00/- including premium of INR 61.00/- per equity share for an</li> </ol>
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		aggregate subscription amount of 13,30,92,056.00/- (Indian Rupees Thirteen crore thirty lakh ninety-two thousand and fifty-six only)  e. Accel India VII (Mauritius) Ltd. has agreed to subscribe to equity shares up to 9.99% of the paid-up share capital of the Company i.e. 24,33,500 equity shares of the Bank at the price of INR 71.00/- including premium of INR 61.00/- per equity share for an aggregate subscription amount of INR 17,27,78,500.00/- (Indian Rupees Seventeen crore twenty-seven lakh seventy-eight thousand and five hundred only).
(g)	Proposed time schedule	Allotment of Equity Shares shall be made within 60 days of the date of receipt of application money.
(h)	Purposes or objects of offer	The offer is made with an objective to meet business requirements for which the Company requires an infusion of funds in the form of additional capital.
(i)	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of objects	Not Applicable
(j)	Principle terms of assets charged as securities	The equity shares are unsecured and do not carry any charge on the assets of the Company.

- a. Given below is a statement of disclosures as required under Rule 13(2)(d) of the Companies (Share Capital and Debentures) Rules, 2014:

S. No.	Particulars	
(a)	The objects of the issue	The offer is made with an objective to meet business requirements for which the Company requires an infusion of funds in the form of additional capital.
(b)	the total number of shares or other securities to be issued	The Company proposes to issue 1,43,65,830 (One Crore, Forty Three Lakh Sixty Five Thousand Eight Hundred Thirty only) equity shares having face value of INR 10/- (Indian Rupee Ten only) each at premium of INR 61.00/-

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		(Indian Rupees Sixty One only) per share aggregating to 1,01,99,73,930/- (Indian Rupee One Hundred One Crore Ninety-Nine Lakh Seventy-Three Thousand Nine Hundred and Thirty only).																								
(c)	the price or price band at/within which the allotment is proposed	The proposed allotment price is INR 71.00/- (Indian Rupees Seventy-One only) including premium of INR 61.00/- (Indian Rupees Sixty-One only).																								
(d)	Basis on which the price has been arrived at along with report of the registered valuer	On the basis of Valuation Report obtained from Sundae Capital Advisors Pvt. Ltd. Enclosed as <b>Annexure C</b> to the notice.																								
(e)	Relevant date with reference to which the price has been arrived at	Date of valuation: 31 <sup>st</sup> May 2025 Report Date: 13 <sup>th</sup> June 2025																								
(f)	the class or classes of persons to whom the allotment is proposed to be made	Allotment is proposed to be made to following:																								
		<table><tr><th>S. N o.</th><th>Name of Proposed Allottees</th><th>Class</th><th>No. of Shares</th></tr><tr><td>1</td><td>Incubate Fund Asia Rising VCC (Sub-Fund-SMBC Asia Rising Fund)</td><td>Foreign Investors</td><td>81,37,768</td></tr><tr><td>2</td><td>Lightspeed India Partners IV, LLC</td><td>Foreign Investors</td><td>7,04,226</td></tr><tr><td>3</td><td>Sorin Investment Fund</td><td>Others</td><td>12,15,800</td></tr><tr><td>4</td><td>Quona Accion Inclusion Fund III, L.P.</td><td>Foreign Investors</td><td>18,74,536</td></tr><tr><td>5</td><td>Accel India VII (Mauritius) Ltd.</td><td>Foreign Investors</td><td>24,33,500</td></tr></table>	S. N o.	Name of Proposed Allottees	Class	No. of Shares	1	Incubate Fund Asia Rising VCC (Sub-Fund-SMBC Asia Rising Fund)	Foreign Investors	81,37,768	2	Lightspeed India Partners IV, LLC	Foreign Investors	7,04,226	3	Sorin Investment Fund	Others	12,15,800	4	Quona Accion Inclusion Fund III, L.P.	Foreign Investors	18,74,536	5	Accel India VII (Mauritius) Ltd.	Foreign Investors	24,33,500
		S. N o.	Name of Proposed Allottees	Class	No. of Shares																					
		1	Incubate Fund Asia Rising VCC (Sub-Fund-SMBC Asia Rising Fund)	Foreign Investors	81,37,768																					
		2	Lightspeed India Partners IV, LLC	Foreign Investors	7,04,226																					
		3	Sorin Investment Fund	Others	12,15,800																					
4	Quona Accion Inclusion Fund III, L.P.	Foreign Investors	18,74,536																							
5	Accel India VII (Mauritius) Ltd.	Foreign Investors	24,33,500																							
(g)	intention of promoters, directors or key managerial personnel to subscribe to the offer	None of the Promoter, Directors or Key Managerial Person of the Company are subscribing to the offer																								
(h)	the proposed time within which the allotment shall be completed	Within 60 days from the date of receipt of application money																								

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 www.shivalikbank.com

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(i)	the names of the proposed allottees and the percentage of post preferential offer capital that may be held by them	S. No.	Name of Proposed Allottees	% of Capital Post Private Placement
		1	Incubate Fund Asia Rising VCC (Sub-Fund-SMBC Asia Rising Fund)	4.99
		2	Lightspeed India Partners IV, LLC	4.68
		3	Sorin Investment Fund	4.99
		4	Quona Accion Inclusion Fund III, L.P.	9.65
		5	Accel India VII (Mauritius) Ltd.	9.99
(j)	the change in control, if any, in the company that would occur consequent to the preferential offer	There will be no change in the control of the Company consequent to the Preferential Issue.		
(k)	the number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price	During the Financial year 2025-26, the Bank has not made any allotments till date.		
(l)	the justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer	N.A.		
(m) The pre issue and post issue shareholding pattern of the company (As mentioned below)				

#### A. SHAREHOLDING PATTERN

Sr. No.	Category	Pre-Issue		Post-Issue	
		No. of shares held	% of shareholding	No. of Shares Held	% of shareholding
<b>A</b>	<b>Promoters holding (including relatives and entities controlled by promoters)</b>				
1	Indian				
	Individual	5,73,42,721	38.56%	5,73,42,721	35.16%
	Bodies Corporate	51,19,854	3.44%	51,19,854	3.13%
	<b>Sub- Total</b>	<b>6,24,62,575</b>	<b>42.00%</b>	<b>6,24,62,575</b>	<b>38.30%</b>

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2	Foreign Promoters	0	0.00%	0	0.00%
	<b>Sub- Total(A)</b>	<b>6,24,62,575</b>	<b>42.00%</b>	<b>6,24,62,575</b>	<b>38.30%</b>
<b>B</b>	<b>Non-Promoters' holding</b>				
1	Institutional Investors	0	0.00%	0	0.00%
2	Non-Institutional Investors				
	Private Corporate Bodies	26,14,241	1.76%	26,14,241	1.60%
	Directors and Relatives	0	0.00%	0	0.00%
	Indian Public	3,61,10,207	24.28%	3,61,10,207	22.14%
	Others [(including HUF, Non-Resident Indians (NRIs), AIF's & Foreign Corporate Investors)]	4,75,29,774	31.96%	6,18,95,604	37.95%
	<b>Sub Total (B)</b>	<b>8,62,54,222</b>	<b>58.00%</b>	<b>10,06,20,052</b>	<b>61.69%</b>
	<b>GRAND TOTAL</b>	<b>14,87,16,797</b>	<b>100%</b>	<b>16,30,82,627</b>	<b>100%</b>

\* Post issue shareholding includes offer made to all five offerees in the present offer

### **STATUTORY DISCLOSURES:**

#### **Disclosure under Section 102(3)**

All documents mentioned in this notice and the explanatory statement are available for inspection during the Company's business hours on all business days at the Registered Office of the Company.

#### **Disclosure of Interest under Section 102 (1) (a)**

None of the Director or Key Managerial Personnel of the Bank or their relatives are, directly or indirectly, financially or otherwise, concerned or interested in the Resolution set out at Item No. 6 to 10 except to the extent of their shareholding.

The Board recommends the Resolution for approval of the Members as set out in Item no. 6 to 10 of the Notice as Special Resolution.

#### **Item No. 11**

The Bank had implemented the 2021 Employee Stock Option Scheme' ("Scheme"), with a view to attract, retain, incentivize and motivate employees of the Company by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability.

The Scheme was originally approved by the shareholders in the Annual General Meeting held on 30<sup>th</sup> September 2021 and subsequent amendments has been made by the shareholders in the Extra Ordinary General Meeting held on 27<sup>th</sup> March 2024 in due compliance of the provisions of the Companies Act, 2013 and the rules framed thereunder. Further, to ensure clarity and fairness in the treatment of Option Holders, your Bank intends to amend "2021 Employee Stock Option Scheme' ("Scheme")".

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The aforesaid proposed amendment is not detrimental to the interests of any existing option grantees as the amendment is intended to be prospective.

Accordingly, the Nomination and Remuneration Committee of the Board and the Board of the Bank ("Board") at their respective meetings held on 9<sup>th</sup> June 2025 and 10<sup>th</sup> June 2025 respectively had approved the aforementioned amendments to the Scheme subject to the approval of members of the Company.

In accordance with Section 62(1)(b) of the companies Act 2013, read with rule 12(5) of the Companies (Share Capital and Debentures) Rules, 2014, a company may, by special resolution, amend the terms the Employee Stock Option Schemes, provided such variation is not prejudicial to the interests of the option holders. Additionally, the notice for passing the special resolution to amend the scheme's terms must fully disclose the variation, the rationale therefore, and the details of the employees who are beneficiaries of such variation.

The other details including the disclosures pursuant to Rule 12(5) of the Companies (Share Capital and Debentures) Rules, 2014 are as under:

**a. The rationale behind variation:**

To ensure clarity and fairness in the treatment of Option Holders, the Bank intends to amend the aforementioned clauses of "2021 Employee Stock Option Scheme".

**b. Details of the variation**

Comparatives of New (Proposed) clause vs. Old (Existing) clause are outlined below:

Clause no.	Existing Norms	Proposed Norms
3.1	Grant Date" means the date of the meeting of the Administrator, in which the Grant of Options to the Eligible Employees is approved	Grant Date" means the date of the meeting of the Administrator or any date after the date of the meeting of the Administrator, in which the Grant of Options to the Eligible Employees is approved
4.4	The maximum number of Options (taken together with Options already granted) that may be granted to any individual Eligible Employee shall be lesser than 1% (One Percent) of the issued equity share capital (excluding outstanding warrants and conversions, if any) of the Bank as on the date of the Grant	The maximum number of Options (taken together with Options already granted) that may be granted to any individual Eligible Employee shall not exceed 1% (One Percent) of the issued equity share capital (excluding outstanding warrants, if any) of the Bank as on the date of the Grant, subject to prior approval of the administrator.
9.5	Para on share certificates	Deleted

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10.1b	Notwithstanding anything contained in this Scheme, the Option Grantee can tender such Option Shares under the Buy-Back Offer, which arise pursuant to Exercise of Vested Options subject to completion of four (4) years from the date of joining.	Notwithstanding anything contained in this Scheme, the Option Grantee can tender such Option Shares under the Buy-Back Offer, which arise pursuant to Exercise of Vested Options subject to completion of three (3) years from the date of joining.
10.1b	In case the Option Grantee exercises his/her Vested Options immediately upon completion of Vesting Period, in such case the Option Grantee shall be required to hold such Option Shares for a minimum period of 4 (four) years from the date of Exercise of such Vested Options	Deleted
10.1f	The consideration per Option Share ("Buy-Back Price") shall be equal to the prevailing Fair Market Value as on date of intimation by the Option Grantee to the Board.	The consideration per Option Share ("Buy-Back Price") shall be equal to the prevailing Fair Market Value or Last Transaction Price as on date of intimation by the Option Grantee to the Board.
10.3a	Notwithstanding anything contained in the Scheme, in case prior to Listing, there is a divestment by either of the Promoters to a third party of more than 50% of their individual or collective shareholdings in the Bank, then the Promoters at their discretion may cause the third party to offer to purchase any or all Option Shares of the Option Holders at a price equal to the price being paid by the third party to the Promoters. The Option Holders will be obliged tender any or all of their Shares at this price and comply with this purchase and sale requirement including executing agreements and instruments and taking other actions as may be reasonably necessary.	Notwithstanding anything contained in the Scheme, in case prior to Listing, there is a divestment by either of the Promoters to a third party of more than 50% of their individual or collective shareholdings in the Bank, then the Promoters at their discretion may cause the third party to offer to purchase any or all Option Shares of the Option Holders at a price equal to the price being paid by the third party to the Promoters. The Option Holders may tender any or all of their Shares at this price and comply with this purchase and sale requirement including executing agreements and instruments and taking other actions as may be reasonably necessary.
10.3b	If such a divestment happens before the Vesting Date of any Options, or during the Exercise Period while an employee has Vested Options that have not been Exercised, then the selling Promoter(s) at their discretion may cause the third party to honour the terms and conditions of the	If such a divestment happens before the Vesting Date of any Options, or during the Exercise Period while an employee has Vested Options that have not been Exercised, then the selling Promoter(s) at their discretion may cause the third party to honour the terms and conditions of the

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	Scheme with respect to such Unvested Options and such Vested but Unexercised Options. The Option Holders can exercise the Vested Options as instructed by the Promoters. Such Option Holders may choose not to exercise in which case notified quantum of Vested Options shall lapse. In case, Exercise is made by such Option Holders, the resultant Shares must be tendered.	Scheme with respect to such Unvested Options and such Vested but Unexercised Options. The Option Holders can exercise the Vested Options as instructed by the Promoters.
10.4e	Option Holders can exercise the Vested Options as prescribed in the Offer. Such Option Holders may choose not to exercise in which case the prescribed number of Vested Options shall lapse. In case, Exercise is made by such Option Holders, the resultant Shares must be tendered as per Offer	Option Holders may choose to exercise the Vested Options as prescribed in the Offer.
10.4f	Each Option Holder shall take all necessary and desirable actions in connection with the purchase, including executing agreements and instruments and taking other actions as required for completing the purchase and provisions of Sub-section 10.2 (d) above shall apply to this Section to the extent relevant.	Each Option Holder shall take all necessary and desirable actions in connection with the purchase, including executing agreements and instruments and taking other actions as required for completing the purchase and provisions of Sub-section 10.3 (d) above shall apply to this Section to the extent relevant.
11.2	All Exercised Options in each of the situations above will have to be sold to promoters before option holder is relieved from the Bank at Fair Market Value. Insert necessary wordings that this is a liability of the promoter to buy back in such instance within 90 days or as mutually agreed between the parties.	Subject to malus and clawback, all Exercised Options in each of the situations above will have to be sold to Promoters before option holder is relieved from the Bank at Fair Market Value. The Promoter shall buy back in such instance within 90 days or as mutually agreed between the parties.
13.1	In the event an Option Holder retires from service on attaining the Retirement age or due to superannuation, all Options granted to him/ her but not Vested as on the retirement / superannuation date shall immediately Vest in him/ her subject to the minimum one-year Vesting Period and other provisions of Section 7 of this Scheme.	In the event an Option Holder retires from service on attaining the Retirement age or due to superannuation or non-receipt of renewal from RBI, all Options granted to him/ her but not Vested as on the retirement / superannuation date shall immediately Vest in him/ her subject to the minimum one-year Vesting Period and

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		other provisions of Section 7 of this Scheme.
15.1	<p>Prior to the Listing, in case of separation of the Option Holder (including death and Permanent Incapacity), all exercised Options will have to be sold to Promoters at Fair Market Value. The Promoter shall be obliged to buy back or acquired aforesaid Shares in such instance within 30 days ("Acquisition Period") from the last working day in the Company prior to his/her full and final settlement with the Company or as mutually agreed between the Promoter and the Option Holder.</p> <p>Provided that in case of a death and permanent incapacity, the Board shall have a right, without any obligation, to determination the Acquisition Period within which nominee of the Option Holder (in case of a death) and Option Holder will have to sell their Shares to the Promoter.</p>	<p>Prior to the Listing, in case of separation of the Option Holder who has not completed three (3) years with the Bank from the date of joining (including death and Permanent Incapacity), all exercised Options will have to be sold to Promoters at Last Transaction Price. The Promoter shall be obliged to buy back or acquired aforesaid Shares in such instance within 30 days ("Acquisition Period") from the last working day in the Company or as mutually agreed between the Promoter and the Option Holder.</p> <p>Provided that in case of a death and permanent incapacity, the Administrator shall have a right, without any obligation, to determination the Acquisition Period within which nominee of the Option Holder (in case of a death) and Option Holder will have to sell their Shares to the Promoter.</p>
Annexure 1	Letter Format for notice of exercise	Format updated

**c. Variation is not prejudicial to the interests of the option holders:**

The amendment ensures compliance with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, confirming that the changes do not prejudice the interests of the employees and do not reduce or curtail their rights under the 2021 Employee Stock Option Scheme.

**d. The details of the Employees who are beneficiaries of such variation:**

All the Employees who are eligible as per ESOP Scheme and who already have been granted the Options under the ESOP Scheme of the Company.

The Board recommends the Resolution for approval of the Members as set out in item No. 11 of the Notice as Special Resolution.

**STATUTORY DISCLOSURES:**

**Disclosure under Section 102(3)**

All documents mentioned in this notice and the explanatory statement are available for inspection during the Company's business hours on all business days at the Registered Office of the Company.

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**Disclosure of Interest under Section 102 (1) (a)**

None of the Director or Key Managerial Personnel of the Bank or their relatives are, directly or indirectly, financially or otherwise, concerned or interested in the Resolution set out at Item No. 11 except to the extent of their shareholding or entitlement of the ESOP if applicable.

**By order of the Board of Directors****For Shivalik Small Finance Bank Limited**

SHRUTI PANDEY  
Digitally signed  
by SHRUTI  
PANDEY  
Date: 2025.06.24  
19:09:01 +05'30'

**(Shruti Pandey)****Company Secretary****Membership No.: A34796****Place: Noida****Date: 24<sup>th</sup> June 2025****Registered Office:**

501, Salcon Aurum, Jasola District Centre,  
New Delhi – 110025

Website: [www.shivalikbank.com](http://www.shivalikbank.com)

Tel no.: 0120-4060000

E-mail: [investorrelations@shivalikbank.com](mailto:investorrelations@shivalikbank.com)

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**ATTENDANCE SLIP**

I hereby record my presence at the 5<sup>th</sup> Annual General Meeting of the Bank held on **Saturday, the 19<sup>th</sup> day of July 2025 at 10:00 A.M** at the Registered Office of the Bank situated at 501, Salcon Aurum, Jasola District Centre, New Delhi – 110025. Following are my details mentioned below:

Name of Member	
Address	
Regd. Folio No/ ISIN No.	
No. of Shares held	
Name of the Proxy (If any)	
Name of the Authorized Representative (If any)	

I certify that I am a registered shareholder/proxy for the registered Shareholder of the Company and hereby record my presence at the **5th Annual General Meeting of the Bank**.

Signature of Member / Proxy/ Authorized Representative

**Note:**

Please fill up this attendance slip and hand it over at the entrance of the meeting place.

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**Form No. MGT-11****Proxy form**

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

**CIN:** U65900DL2020PLC366027**Name of the Company:** SHIVALIK SMALL FINANCE BANK LIMITED**Registered Office:** 501, Salcon Aurum Jasola District Centre New Delhi - 110025

Name of the member(s):

Registered Address:

Email-id:

Folio No/ISIN No.:

DP ID:

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name:  
Address:  
E-mail Id:  
Signature:....., or failing him
2. Name:  
Address:  
E-mail Id:  
Signature:....., or failing him
3. Name:  
Address:  
E-mail Id:  
Signature:....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at **the 5th Annual General Meeting of the Bank scheduled to be held on Saturday, the 19<sup>th</sup> day of July 2025 at 10:00 A.M** at Registered Office of the Bank situated at 501, Salcon Aurum Jasola District Centre New Delhi – 110025 and at any adjournment thereof in respect of such resolutions mentioned in Notice.

Signed this..... day of..... 2025.

**Signature of Shareholder .....**

**Signature of Proxy holder(s) .....**

***Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.***

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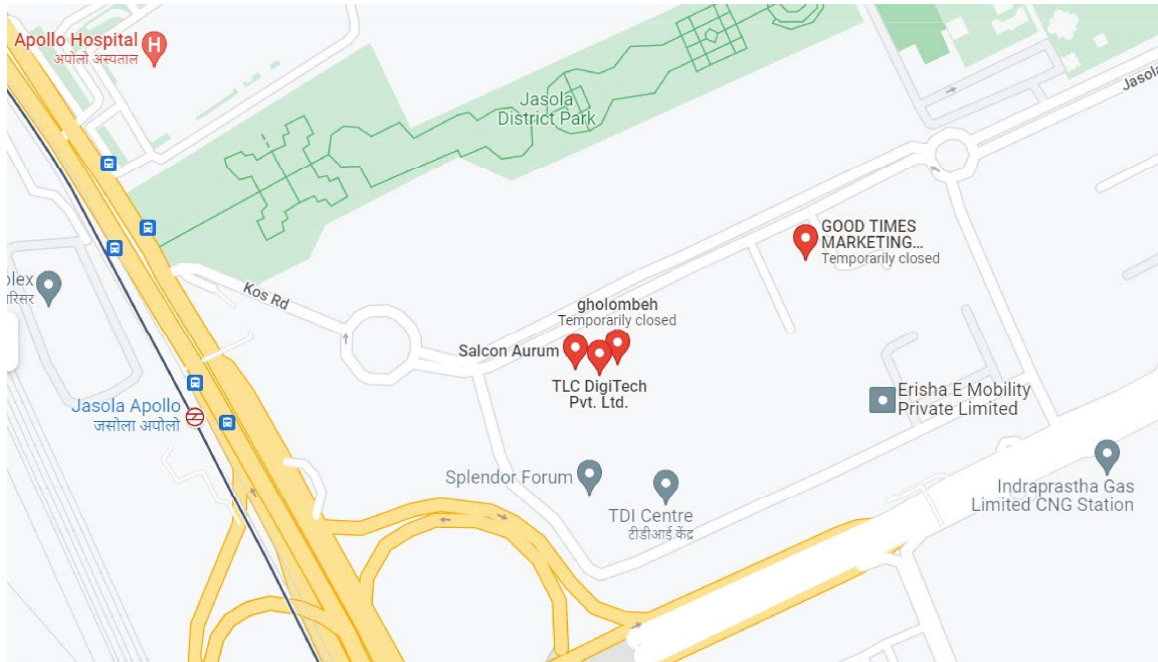
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**ROUTE MAP OF THE VENUE FOR THE 5th ANNUAL GENERAL MEETING OF THE MEMBERS OF SHIVALIK SMALL FINANCE BANK LIMITED TO BE HELD ON SATURDAY, THE 19<sup>TH</sup> DAY OF JULY 2025 AT 10:00 A.M AT THE REGISTERED OFFICE OF THE BANK SITUATED AT 501, SALCON AURUM JASOLA DISTRICT CENTRE NEW DELHI – 110025**

***Prominent Landmark:***



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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of  
**SHIVALIK SMALL FINANCE BANK LIMITED**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **OPINION**

We have audited the financial statements of **SHIVALIK SMALL FINANCE BANK LIMITED** ("the Bank"), which comprise the Balance Sheet as at March 31, 2025, the Profit and Loss, the Cash Flow for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 and the Companies Act, 2013 ("the Act") in the manner so required for the banking companies and give a true and fair view in conformity with the Accounting Standards specified under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2021 ("AS") and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2025, and its profit, and its Cash Flow for the year ended on that date.

#### **BASIS FOR OPINION**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' 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 ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON**

The Bank's Board of Directors is responsible for the other information. The other information comprises the directors report, management discussions and analysis (MD&A) and corporate governance report, but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of the Banking Regulation Act, 1949, accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with the Companies (Accounts) Rules, 2021 in so far as they apply to the Bank and provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time (the 'RBI Guidelines').

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act and RBI Guidelines for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial 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, Board of Directors 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 Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Bank's financial reporting process.

## **AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism 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 Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 auditors' 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 auditors' 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.

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.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. 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 Accounting Standards specified under section 133 of the Act, and relevant rules issued thereunder.
2. As required 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 during the course of our audit, have been within the powers of the Bank; and
  - (c) The financial accounting systems of the Bank are centralised and, therefore, accounting returns are not required to be submitted by branches.
  - (d) In our opinion, the Profit and Loss Account gives a true and fair view of profit for the year ended on 31 March, 2025.
3. 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 purposes 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 except for the matters stated in the paragraph 3 h (vi) below on reporting under Rule 11(g).
  - c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, and rules framed thereunder to the extent they are not inconsistent with the accounting guidelines prescribed by RBI
  - e) On the basis of the written representations received from the directors as on March 31, 2025, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025, from being appointed as a director in terms of Section 164(2) of the Act;



- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate report in **Annexure “A”** to this report
- g) In our opinion, the entity being a banking company, the remuneration to the whole-time director during the year ended 31 March, 2025, has been paid by the Bank in accordance with the provisions of Section 35B (2A) of the Banking Regulation Act, 1949;
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Bank does not have any pending litigations which would impact its financial position as at 31 March 2025.
  - (ii) The Bank did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses.
  - (iii) There was no amount required to be transferred to the Investor Education and Protection Fund by the Bank during the year ended 31 March, 2025.
  - (iv)
    1. 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 Bank to or in any other persons / entities, including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary has, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    2. The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Bank from any persons / entities, including foreign entities, that the Bank has directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    3. Based on the audit procedures which we have considered reasonable and appropriate in the circumstances and according to the information and explanations provided to us by the Management in this regard, nothing has come to our notice that has caused us to believe that the representations made by the Management under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
  - (v) The Bank has not paid or proposed any dividend during the year.
  - (vi) Based on our examination which included test checks, the Bank used Finacle (for financial transactions) and BSG Treasury (for investment records) accounting software for maintaining its books of account for the financial year ended March 31, 2025, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the company as per the statutory requirements for record retention.

4. We report that during the course of our audit we have visited and performed select relevant procedures at 23 branches covering more than 50% of gross advances as at 31 March, 2025 for the purpose of our audit, in compliance with the extant RBI Circular. Since the Bank considers its key operations to be automated, with the key applications largely integrated to the Core Banking System, it does not require its branches to submit any financial returns. Accordingly, our audit is carried out centrally at Head Office based on the records and data required for the purpose of audit being made available to us.

**For GSA Associates & LLP**

Chartered Accountants

Firm's Registration No.: 000257N/N500339

SD/-

Kriti Kant Chadha

Partner

Membership No. 515629

UDIN: 25515629BMLHWN8006

Place: Noida

Date: June 10, 2025

## **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 3 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### **INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

To the Members of  
**SHIVALIK SMALL FINANCE BANK LIMITED**

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

#### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

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 the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act 2013.

#### **AUDITORS' RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements of the Bank 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 as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system with reference to financial statements.

## **MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with 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 Bank's assets that could have a material effect on the financial statements.

## **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

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

## **OPINION**

In our opinion, the Bank has, in all material respects, an adequate internal financial control system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March, 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 GSA & Associates LLP**

Chartered Accountants

Firm's Registration No. 000257N/N500339

SD/-

Kriti Kant Chadha

Partner

Membership No. 515629

UDIN: 25515629BMLHWN8006

Place: Noida

Date: June 10, 2025

**SHIVALIK SMALL FINANCE BANK LIMITED**

CIN NO. U65900DL2020PLC366027

**Balance Sheet as at 31st March, 2025**

(Amounts in INR thousands, unless otherwise stated)

Particulars	Schedule	As at March 31, 2025	As at March 31, 2024
<b><u>Capital and Liabilities</u></b>			
(1) Capital	1A	14,87,168	12,19,160
(2) Share warrants	1B	7,200	7,200
(3) Reserves and surplus	2	20,18,997	10,95,346
(4) Deposits	3	3,16,10,625	2,40,96,555
(5) Borrowings	4	51,50,647	33,58,372
(6) Other liabilities and provisions	5	9,22,961	5,08,596
<b>Total</b>		<b>4,11,97,598</b>	<b>3,02,85,229</b>
<b><u>Assets</u></b>			
(1) Cash and balances with Reserve Bank of India	6	32,27,858	18,67,522
(2) Balance with banks and money at call and short notice	7	2,18,746	9,76,122
(3) Investments	8	63,45,290	49,56,309
(4) Advances	9	2,93,45,595	2,09,53,790
(5) Fixed assets	10	14,19,527	10,24,896
(6) Other assets	11	6,40,582	5,06,590
<b>Total</b>		<b>4,11,97,598</b>	<b>3,02,85,229</b>
Contingent liabilities	12	<b>47,948</b>	<b>49,981</b>
Bills for collection		-	-
Significant accounting policies and notes forming part of the financial statements	17-18		

The schedules referred to above form an integral part of the balance sheet. The balance sheet has been prepared in conformity with Form A to the third schedule of the Banking Regulation Act, 1949.

As per our report of even date

**For GSA & Associates LLP**  
Chartered Accountants  
Firm Registration No.: 000257N/N500339

**For and on behalf of the Board of Directors of  
Shivalik Small Finance Bank Limited**

SD/-  
**Kriti Kant Chadha**  
Partner  
Membership No.: 515629

SD/-  
**Shankar Aggarwal**  
Director  
DIN:02116442

SD/-  
**Anshul Swami**  
Managing Director and CEO  
DIN:09446950

SD/-  
**Gaurav Seth**  
Whole-Time Director &  
CFO  
DIN: 06724718

SD/-  
**Shruti Pandey**  
Company Secretary  
Membership No. : 34796

Place: Noida  
Date: 10th June 2025

Place: Noida  
Date: 10th June 2025

**SHIVALIK SMALL FINANCE BANK LIMITED****CIN NO. U65900DL2020PLC366027****Profit and Loss Account for the year ended on 31st March, 2025**

(Amounts in INR thousands, unless otherwise stated)

Particulars	Schedule No.	Year ended on 31 March, 2025	Year ended on 31 March, 2024
<b>I. <u>Income</u></b>			
Interest earned	13	37,48,097	28,06,710
Other income	14	4,80,743	2,87,050
<b>Total</b>		<b>42,28,840</b>	<b>30,93,760</b>
<b>II. <u>Expenditure</u></b>			
Interest expended	15	20,76,918	14,46,586
Operating expenses	16	19,42,795	14,61,641
Provisions and contingencies	18.13(e)	1,99,699	1,61,579
<b>Total</b>		<b>42,19,412</b>	<b>30,69,806</b>
<b>III. <u>Profit/Loss</u></b>			
Net profit/(loss) for the year		9,428	23,954
Profit/(loss) brought forward		10,135	(6,610)
<b>Total</b>		<b>19,563</b>	<b>17,344</b>
<b>IV. <u>Appropriations</u></b>			
Transfer to :			
Statutory reserves		2,357	5,989
Special reserve u/s 36(1)(viii) of Income Tax Act, 1961		1,279	1,221
Capital Reserve		5,792	-
Investment fluctuation reserve		-	-
Balance carried over to balance sheet		10,135	10,135
<b>Total</b>		<b>19,563</b>	<b>17,344</b>
<b>Earning Per Share (Rs.) (Basic)</b> (Nominal Value Rs. 10 per share)		0.07	0.22
<b>Earning Per Share (Rs.) (Diluted)</b> (Nominal Value Rs. 10 per share)		0.07	0.21
Significant Accounting Policies	17		
Notes on Accounts	18		
The Schedules 1 to 18 form an integral part of the Accounts			

**As per our report of even date attached**

**For GSA & Associates LLP**  
Chartered Accountants  
Firm Registration No.: 000257N/N500339

**For and on behalf of the Board of Directors of  
Shivalik Small Finance Bank Limited**

SD/-  
**Kriti Kant Chadha**  
Partner  
Membership No.: 515629

SD/-  
**Shankar Aggarwal**  
Director  
DIN:02116442

SD/-  
**Anshul Swami**  
Managing Director and CEO  
DIN:09446950

SD/-  
**Gaurav Seth**  
Whole-Time Director & CFO  
DIN: 06724718

SD/-  
**Shruti Pandey**  
Company Secretary  
Membership No. : 34796

Place: Noida  
Date: 10<sup>th</sup> June 2025

Place: Noida  
Date: 10<sup>th</sup> June 2025

**SHIVALIK SMALL FINANCE BANK LIMITED**

CIN NO. U65900DL2020PLC366027

**Cash Flow Statement**

(Amounts in INR thousands, unless otherwise stated)

Particulars	Year Ended March 31, 2025	Year Ended March 31, 2024
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>(I) Net profit/(loss) after tax</b>	<b>9,428</b>	<b>23,954</b>
Provision for tax	1,153	7,531
<b>Net profit/(loss) before tax</b>	<b>10,581</b>	<b>31,485</b>
<b>(II) Adjustments for:</b>		
Depreciation on bank's property	2,22,146	1,35,229
Amortization of premium on investments (held to maturity)	3,263	2,832
Amortization of discount on investments (held to maturity)	(22,080)	-
Provision for non performing assets	1,70,801	1,32,414
Provision for standard assets	22,525	21,634
Loss on sale of fixed assets	1,158	947
Employee share based payment expenses	3,846	10,412
<b>Operating profit before working capital changes</b>	<b>4,12,240</b>	<b>3,34,953</b>
<b>(III) Adjustments for net change in operating assets and liabilities:</b>		
Decrease/ (Increase) in investments (other than HTM)	(6,27,309)	7,91,710
Decrease/ (Increase) in advances	(85,62,606)	(70,12,494)
(Decrease)/ Increase in deposits	75,14,070	51,53,969
Decrease/ (Increase) in other assets	(1,24,220)	(1,36,730)
(Decrease)/ Increase other liabilities and provisions	3,91,840	2,22,294
<b>Cash generated from operations</b>	<b>(9,95,985)</b>	<b>(6,46,298)</b>
Direct taxes paid (net of refund)	<b>(10,925)</b>	<b>(7,531)</b>
<b>Net cash from / (used in) operating activities (A)</b>	<b>(10,06,910)</b>	<b>(6,53,829)</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for purchase of fixed assets	(6,27,655)	(5,32,215)
Proceeds from sale of fixed assets	9,720	1,538
Investments in HTM securities (Net)	(7,40,497)	(4,17,385)
<b>Net cash used in investing activities (B)</b>	<b>(13,58,432)</b>	<b>(9,48,062)</b>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share warrants	-	-
Money received on issue of shares	11,88,194	6,79,989
Proceeds from borrowings (net)	17,92,275	17,13,231
Share issue expenses	(12,167)	(838)
<b>Net cash flow from financing activities (C)</b>	<b>29,68,302</b>	<b>23,92,382</b>
<b>Net increase in cash and cash equivalents (A)+(B)+(C)</b>	<b>6,02,960</b>	<b>7,90,491</b>
Cash and cash equivalents at the beginning of the year	28,43,644	20,53,153
<b>Cash and cash equivalents at the end of the year</b>	<b>34,46,604</b>	<b>28,43,644</b>
<b>Cash and cash equivalent comprises :</b>		
Cash and balances with Reserve Bank of India	32,27,858	18,67,522
Balance with banks and money at call and short notice	2,18,746	9,76,122
	<b>34,46,604</b>	<b>28,43,644</b>



**Notes:**

- 1 The above cash flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements specified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (accounting standards) amendment rules, 2021.

**For GSA & Associates LLP**

Chartered Accountants

Firm Registration No.: 000257N/N500339

**For and on behalf of the Board of Directors of  
Shivalik Small Finance Bank Limited**

SD/-

**Kriti Kant Chadha**

Partner

Membership No.: 515629

SD/-

**Shankar Aggarwal**

Director

DIN:02116442

SD/-

**Anshul Swami**

Managing Director and CEO

DIN:09446950

SD/-

**Gaurav Seth**

Whole-Time Director & CFO

DIN: 06724718

SD/-

**Shruti Pandey**

Company Secretary

Membership No. : 34796

Place: Noida

Date: 10<sup>th</sup> June 2025

Place: Noida

Date: 10<sup>th</sup> June 2025

**SHIVALIK SMALL FINANCE BANK LIMITED****CIN NO. U65900DL2020PLC366027****Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

	As at March 31, 2025	As at March 31, 2024
<b>Schedule 1A: Capital</b>		
<b>I Authorised Capital</b>		
Equity Shares 18,00,00,000 shares of Rs. 10 each (previous year 14,00,00,000 shares of Rs. 10 each)	18,00,000	14,00,000
Preference Shares 2,00,00,000 Shares of Rs. 10 each (previous year 2,00,00,000 shares of Rs. 10 each)	2,00,000	2,00,000
	<b>20,00,000</b>	<b>16,00,000</b>
<b>II Issued Capital</b>		
Equity Shares 14,87,16,797 shares of Rs. 10 each (previous year 12,62,15,158 shares of Rs. 10 each)	14,87,168	12,62,152
Preference Shares Nil (previous year 1,00,00,000 shares of Rs. 10 each)	-	1,00,000
	<b>14,87,168</b>	<b>13,62,152</b>
<b>III Subscribed Capital</b>		
Equity Shares 14,87,16,797 shares of Rs. 10 each (previous year 12,14,15,999 shares of Rs. 10 each)	14,87,168	12,14,160
Preference Shares Nil (previous year 1,00,00,000 shares of Rs. 10 each)	-	1,00,000
	<b>14,87,168</b>	<b>13,14,160</b>
<b>IV Subscribed and Fully Paid-up Share Capital</b>		
Equity Shares 14,87,16,797 shares of Rs. 10 each (previous year 12,14,15,999 shares of Rs. 10 each)	14,87,168	12,14,160
	<b>14,87,168</b>	<b>12,14,160</b>
<b>V Subscribed but not Fully Paid-up Share Capital</b>		
Preference Shares Nil Shares (previous year 1,00,00,000 shares of Rs. 0.5 paid up)	-	5,000
	<b>-</b>	<b>5,000</b>
<b>Total Equity (IV+V)</b>	<b>14,87,168</b>	<b>12,19,160</b>

\*The bank has not issued any shares in other than cash during the year.

**Schedule 1B: Share warrants**

<b>I Share warrants authorised for issue</b>		
60,00,000 warrants of Rs. 10 each (previous year: 60,00,000 warrants of Rs. 10 each)	60,000	60,000
	<b>60,000</b>	<b>60,000</b>
<b>II Share warrants issued and paid-up</b>		
60,00,000 warrants of Rs. 10 each, Rs 1.20 partly paid-up (previous year: 60,00,000 warrants Rs 1.20 partly paid-up)	7,200	7,200
	<b>7,200</b>	<b>7,200</b>

	As at March 31, 2025	As at March 31, 2024
<b>Schedule-2: Reserves and surplus</b>		
<b>I. Statutory reserves</b>		
Opening Balance	1,56,708	1,50,720
Additions during the year under the Banking Regulation Act, 1949	2,357	5,989
Deductions during the year	-	-
<b>Sub-Total</b>	<b>1,59,065</b>	<b>1,56,708</b>
<b>II. Capital Reserves</b>		
Opening Balance	-	-
Additions during the year	5,792	-
Deductions during the year	-	-
<b>Sub-Total</b>	<b>5,792</b>	<b>-</b>
<b>III. Share premium</b>		
Opening Balance	8,89,755	3,52,298
Additions during the year	9,20,186	5,38,295
Deductions during the year	12,167	838
<b>Sub-Total</b>	<b>17,97,774</b>	<b>8,89,755</b>
<b>IV. Revenue and Other Reserves</b>		
<b>A. Investment fluctuation reserve</b>		
Opening Balance	19,733	19,733
Additions during the year	-	-
Deductions during the year	-	-
<b>Sub-Total</b>	<b>19,733</b>	<b>19,733</b>
<b>B. Employee stock option plan reserve</b>		
Opening Balance	17,794	7,382
Additions during the year	3,846	10,412
Deductions during the year	-	-
<b>Sub-Total</b>	<b>21,640</b>	<b>17,794</b>
<b>C. Special reserve u/s 36(1)(viii) of Income Tax Act, 1961</b>		
Opening Balance	1,221	-
Additions during the year	1,279	1,221
Deductions during the year	-	-
<b>Sub-Total</b>	<b>2,500</b>	<b>1,221</b>
<b>D. AFS Reserve</b>		
Opening Balance	-	-
Additions during the year	2,358	-
Deductions during the year	-	-
<b>Sub-Total</b>	<b>2,358</b>	<b>-</b>
<b>V. Balance in Profit and Loss Account</b>		
Total (I, II and III)	10,135	10,135
	<b>20,18,997</b>	<b>10,95,346</b>

#### Description of the nature and purpose Reserves and Surplus

##### Statutory Reserves

The Bank has made an appropriation of Rs. 2,357 thousand out of profits for the year ended March 31, 2025 (previous year : Rs 5,989 thousand) to the Statutory Reserve pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated 23 September, 2000 as amended time to time.

##### Capital Reserve

The bank has created a capital reserve of Rs. 5,792 thousand as a statutory requirement, it forms part of the Bank's Tier I capital. Unlike other revenue reserves, the Capital Reserve is cannot be utilised for dividend distribution or other discretionary purposes.

##### Share Premium

Share premium reserve is used to record the premium on issue of shares. The reserve is utilised only for limited purpose such as issuance of bonus shares and share issue expenses in accordance with the provisions of the Companies Act, 2013.

##### Investment Fluctuation Reserve

Bank has to create an Investment Fluctuation Reserve until the amount in the IFR is at least 2% of the HFT and AFS portfolio on accounting basis

The Bank has to transfer lower of the following into Investment Fluctuation Reserve Account :-

- Net Profit on the Sale of the investment during the year
- Net Profit for the year less mandatory appropriation

During the year the Bank has earned a profit of Rs 9,428 thousand (previous year : Rs 23,954 thousand). Since investment fluctuation reserve is more than 2%, of HFT and AFS portfolio, The Bank has not transferred the any amount into the Investment Fluctuation Reserve during the current year.

##### Special reserve u/s 36(1)(viii) of Income Tax Act, 1961

Bank has opted for section 36(i)(viii) of the income tax act 1961, hence a separate reserve is required to be maintained.

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**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

	As at March 31, 2025	As at March 31, 2024
<b>Schedule-3: Deposits</b>		
<b>A.I. Demand deposits</b>		
(i) From banks	56	2,627
(ii) From others	15,34,095	15,62,265
<b>Sub-Total</b>	<b>15,34,151</b>	<b>15,64,892</b>
<b>II. Savings bank deposits</b>	<b>55,53,775</b>	<b>51,76,363</b>
<b>III. Term deposits</b>		
(i) From banks	46,23,808	25,85,998
(ii) From others	1,98,98,891	1,47,69,302
<b>Sub-Total</b>	<b>2,45,22,699</b>	<b>1,73,55,300</b>
<b>Total(I+II+III)</b>	<b>3,16,10,625</b>	<b>2,40,96,555</b>
<b>B.I Deposits of branches in India</b>	3,16,10,625	2,40,96,555
<b>B.II Deposits of branches outside India</b>	-	-
<b>Total</b>	<b>3,16,10,625</b>	<b>2,40,96,555</b>

**Schedule-4 : Borrowings****I. Borrowings in India****(i) Secured**

(a) Reserve Bank of India\*

(b) Other banks\*\*

**Total secured borrowings****(ii) Unsecured**

(a) Other institutions and agencies\*\*\*

**Total Unsecured Borrowings****Sub-Total (secured and unsecured)****II. Borrowings outside India****Total (I and II)**

\* Other than Tri-Party Repo, and LAF borrowings .

\*\* Borrowings from other banks includes the CCIL REPO for amounting to Rs.9,50,608 thousand

\*\*\*Includes long term deposits from individuals amounting to Rs. 75,900 thousand (previous year : Rs 75,900 thousand) and Refinance taken from NABARD, SIDBI and NHB for amounting to Rs. 36,50,800 thousands (previous year : Rs 25,21,300 thousand)

	As at March 31, 2025	As at March 31, 2024
<b>Schedule-5 : Other liabilities and provisions</b>		
<b>I Bills payable</b>	2,74,450	79,203
<b>II Inter-office adjustment (net)</b>	-	-
<b>III Interest accrued*</b>	2,11,955	1,29,750
<b>IV Others (including provisions)**</b>	4,36,556	2,99,643
<b>TOTAL</b>	<b>9,22,961</b>	<b>5,08,596</b>

\*.Interest accrued on deposits is due to the frequency of payment of interest being aligned as per the deposits anniversary date instead of calender quarter.

\*\*Includes provision for standard assets amounting to Rs. 92,201 thousand (previous year : Rs. 69,962 thousand).

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(Amounts in INR thousands, unless otherwise stated)

	As at March 31, 2025	As at March 31, 2024
<b>Schedule 6 : Cash and balances with Reserve Bank of India</b>		
I. Cash in hand (including foreign currency notes)	1,16,025	1,66,351
II. Balances with Reserve Bank of India		
a. in current account	10,31,833	8,41,171
b. in other accounts-reverse repo	20,80,000	8,60,000
<b>Total (I and II)</b>	<b>32,27,858</b>	<b>18,67,522</b>

**Schedule 7 : Balance with banks and money at call and short notice**

<b>I. In India</b>		
(i) Balances with banks		
(a) In current accounts	66,146	53,922
(b) In other deposit accounts	1,52,600	9,22,200
<b>Total Balances with banks</b>	<b>2,18,746</b>	<b>9,76,122</b>
(ii) Money at call and short notice		
(a) with banks	-	-
(b) with other institutions	-	-
<b>Money at call and short notice</b>	<b>-</b>	<b>-</b>
<b>Sub-Total</b>	<b>2,18,746</b>	<b>9,76,122</b>
<b>II. Outside India</b>		
(i) Balances with banks		
(a) In current accounts	-	-
(b) In other deposit accounts	-	-
<b>Total Balances with banks</b>	<b>-</b>	<b>-</b>
(ii) Money at call and short notice	-	-
<b>Total Money at call and short notice</b>	<b>-</b>	<b>-</b>
<b>Sub-Total</b>	<b>-</b>	<b>-</b>
<b>Grand Total (I and II)</b>	<b>2,18,746</b>	<b>9,76,122</b>

**Schedule 8 :Investments**

<b>I. Investments in India (net of provision)</b>		
(i) Government securities	63,45,290	47,81,569
(ii) Other approved securities	-	-
(iii) Shares	-	-
(iv) Debentures and bonds	-	2,472
(v) Subsidiaries and/or joint ventures	-	-
(vi) Others	-	1,72,268
(Purchase of agriculture loan portfolio through securitization)		
<b>Sub-Total</b>	<b>63,45,290</b>	<b>49,56,309</b>
<b>II. Investments outside India (net of provision)</b>		
(i) Government securities (including local authorities)	-	-
(ii) Subsidiaries and/or joint ventures abroad	-	-
(iii) Others investments (to be specified)	-	-
<b>Sub-Total</b>	<b>-</b>	<b>-</b>
<b>Grand Total (I and II)</b>	<b>63,45,290</b>	<b>49,56,309</b>

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**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

	As at March 31, 2025	As at March 31, 2024
<b>Schedule 9:Advances</b>		
<b>A.</b> (i) Bills purchased and discounted	-	-
(ii) Cash credits, overdrafts and loans repayable on demand	1,16,89,119	94,88,119
(iii) Term loans	1,76,56,476	1,14,65,671
<b>Total</b>	<b>2,93,45,595</b>	<b>2,09,53,790</b>
<b>B.</b> (i) Secured by tangible assets*	2,57,10,893	1,63,50,880
(ii) Covered by Bank/Government guarantees**	7,23,539	-
(iii) Unsecured	29,11,163	46,02,910
<b>Total</b>	<b>2,93,45,595</b>	<b>2,09,53,790</b>
<b>C. (I).</b> Advances in India		
(i) Priority sector	1,80,11,840	1,30,56,539
(ii) Public sector	-	-
(iii) Banks	-	-
(iv) Others	1,13,33,755	78,97,251
<b>Total</b>	<b>2,93,45,595</b>	<b>2,09,53,790</b>
<b>C. (II).</b> Advances outside India		
(i) Due from banks	-	-
(ii) Due from others	-	-
(a) Bills purchased and discounted	-	-
(b) Syndicated loans	-	-
(c') Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Grand Total (C.I and II)</b>	<b>2,93,45,595</b>	<b>2,09,53,790</b>

\*Secured by the tangible assets also includes advances secured against book debts.

\*\* Covered under the CGFMU scheme.

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**Notes to the financial statements**

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	As at March 31, 2025	As at March 31, 2024
<b>Schedule 10 : Fixed assets</b>		
<b>A. Tangible assets</b>		
<b>I. Premises</b>		
At cost as on 31st March of the preceding year	-	-
Additions during the year	-	-
Deductions during the year	-	-
<b>Total</b>	-	-
<b>Depreciation</b>		
As at 31st March of the preceeding year	-	-
Add: charge during the year	-	-
Deductions during the year	-	-
<b>Total</b>	-	-
<b>Net block</b>	-	-
<b>II. Other fixed assets (including furniture and fixtures)</b>		
At cost as on 31st March of the preceding year	10,81,139	7,75,164
Additions during the year	3,95,816	3,32,712
Deductions during the year	23,227	26,737
	<b>14,53,728</b>	<b>10,81,139</b>
<b>* Depreciation</b>		
As at 31st March of the preceeding year	4,20,551	3,09,574
Add: charge during the year	2,22,147	1,35,229
Deductions during the year	12,349	24,252
<b>Total</b>	<b>6,30,349</b>	<b>4,20,551</b>
<b>Net block</b>	<b>8,23,379</b>	<b>6,60,588</b>
<b>III. Capital work-in progress</b>		
At cost as on 31st March of the preceding year	3,64,308	1,64,805
Additions during the year	3,86,123	2,80,224
Deductions during the year	1,54,283	80,721
<b>Total</b>	<b>5,96,148</b>	<b>3,64,308</b>
<b>Total (I,II and III)</b>	<b>14,19,527</b>	<b>10,24,896</b>
<b>Schedule-11 : Other assets</b>		
I. Inter-office adjustments (net)	-	-
II. Interest accrued	93,271	1,10,736
III. Tax paid in advance/ tax deducted at source (Net of Provision for Taxes)	18,988	9,216
IV. Stationery and stamps	6,449	11,839
V. Non-banking assets acquired in satisfaction of claims	11,236	14,700
VI. Deferred Tax Assets (Net)	75,053	43,281
VII. Others	4,35,585	3,16,818
<b>Total</b>	<b>6,40,582</b>	<b>5,06,590</b>
<b>Schedule-12 : Contingent liabilities</b>		
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	29,187	33,644
(b) Outside India	-	-
V. Acceptances, endorsements and other obligations	-	-
VI. Other items for which the bank is contingently liable (DEAF )*	18,761	16,337
<b>Total</b>	<b>47,948</b>	<b>49,981</b>

\* Refer note 18.9



**SHIVALIK SMALL FINANCE BANK LIMITED****CIN NO. U65900DL2020PLC366027****Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

	Year ended March 31, 2025	Year ended March 31, 2024
<b>Schedule 13 : Interest earned</b>		
I. Interest/discount on advances/bills	33,06,103	23,63,809
II. Income on investments	3,76,120	3,72,006
III. Interest on balances with Reserve Bank of India and other inter-bank funds	64,319	70,869
IV. Others*	1,555	26
<b>Total</b>	<b>37,48,097</b>	<b>28,06,710</b>

\* Includes interest earned on income tax refund.

**Schedule 14 : Other income**

I. Commission, exchange and brokerage	76,145	51,952
II. Profit on sale of investments	46,831	12,428
Less: Loss on sale of investments	-	-
III. Profit on revaluation of investments		
IV. Profit on sale of land, buildings and other assets	1,227	1,096
Less: Loss on sale of land, buildings and other assets	(2,385)	(2,043)
V. Profit on exchange transactions	-	-
Less: Loss on exchange transactions		
VI. Processing fees and Charges recovered	3,37,233	2,04,364
VII. Miscellaneous Income*	21,692	19,253
<b>Total</b>	<b>4,80,743</b>	<b>2,87,050</b>

\*Miscellaneous income includes Rs.4,993 thousand (previous year : Rs. 4,038 thousand) of locker rent and Rs.4,589 thousand (previous year : Rs. 4,603 thousand) as UPI income.

**Schedule 15 : Interest expended**

I. Interest on deposits	17,68,595	12,33,891
II. Interest on Reserve Bank of India/ Inter-bank borrowings	479	1,059
III. Others*	3,07,844	2,11,636
<b>Total</b>	<b>20,76,918</b>	<b>14,46,586</b>

\*Includes Rs.2,45,416 thousand (previous year : Rs. 1,48,722 thousand) of interest paid on refinance and Rs.20,154 thousand (previous year : Rs. 24,571 thousand) as repo interest.

**Schedule 16 : Operating expenses**

I. Payments to and provisions for employees	3,76,701	3,40,127
II. Rent, taxes and lighting	90,590	77,998
III. Printing and stationery	7,297	3,694
IV. Advertisement and publicity	6,338	7,204
V. Depreciation on bank's property	2,22,146	1,35,229
VI. Director's fees, allowances and Expenses	8,666	7,494
VII. Auditors' fees and expenses (including branch auditors)	3,210	3,506
VIII. Law charges (including professional fees)	52,995	56,421
IX. Postages, Telegrams, Telephones, etc.	2,924	2,543
X. Repairs and maintenance (includes AMC)	35,356	33,553
XI. Insurance	42,860	34,449
XII. Other expenditure*	10,93,712	7,59,423
<b>Total</b>	<b>19,42,795</b>	<b>14,61,641</b>

\*Includes Outsourcing expenses, security, system management fees, amortisation of investment premium and payout to business correspondents.

Refer note 18.15(m) for disclosure of other expenditure being more than 1% of total income

## 17 Significant Accounting Policies

### 17.1 Basis of Preparation

The financial statements are prepared under the historical cost convention, on accrual basis of accounting on going concern basis, unless otherwise stated and in conformity with statutory provisions and generally accepted accounting principles. They conform to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory/ Reserve Bank of India (RBI) guidelines, Banking Regulation Act, 1949, Accounting Standards/ Guidance Notes issued by the Institute of Chartered Accountants of India (ICAI) and the practices prevalent in the banking industry in India.

### 17.2 Use of Estimates

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from these estimates and will be adjusted in the accounts of the year in which they arise. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognized prospectively.

### 17.3 Revenue Recognition

- (i) Items of income and expenditure are generally accounted for on accrual basis except interest on overdue bills, insurance premium paid on Housing Loans and interest on tax refunds are accounted for on realisation/payment basis. Dividend is accounted when the right to receive the same is established.
- (ii) Income from non-performing assets is recognized to the extent realized, as per the extant instructions issued by Reserve Bank of India
- (iii) Income derecognized on classification of any advance account as NPA is recognized as income on subsequent actual realization and re-classification of asset as standard asset
- (iv) Interest on Government securities, debentures and other fixed income securities is recognized on a period proportional basis. Income on discounted instruments is recognized over the tenor of the instrument on a straight-line basis.
- (v) Any recovery against advances written off in earlier years is considered as income of the year in which the same is recovered.
- (vi) Dividend on equity shares, preference shares and on mutual fund units is recognized as income when the right to receive the dividend is established.
- (vii) Loan processing fee is recognized as income when due. Certain items of income such as Locker Rent, DD Commission and others are recognized on an as collected basis.

### 17.4 INVESTMENTS

#### (i) Categories

In accordance with the extant instructions issued by Reserve Bank of India for the purpose of valuation of Investments, the Bank has classified its Investment portfolio into the following four categories:

- (a) Held To Maturity (HTM): Investments intended to be held till maturity and the contractual terms of the security give rise to cash flows that are solely payments of principal and interest on principal outstanding ('SPPI criterion')
- (b) Available For Sale (AFS): ) The security is acquired with an objective that is achieved by both collecting contractual cash flows and selling securities; and the contractual terms of the security meet the 'SPPI criterion'
- (c) FVTPL (Fair Value through Profit and Loss) : Securities that do not qualify for inclusion in HTM or AFS shall be classified under FVTPL. There is a separate sub category within FVTPL called Held for Trading (HFT)
- (d) Investments in Subsidiaries, Associates and Joint Ventures : All investments in subsidiaries, associates, and joint ventures shall be held sui generis i.e., in a distinct category for such investments separate from the other investment categories (viz. HTM, AFS and FVTPL)

#### (ii) Disclosure

The Investments have been disclosed in the Balance Sheet as under:

- (a) Government Securities
- (b) Other Approved Securities
- (c) Shares
- (d) Debentures and Bonds
- (e) Subsidiaries / Joint Ventures
- (f) Others

#### (iii) Valuation

##### 1 Held to Maturity:

- (a) All investments shall be measured at fair value on initial recognition. Investments under "Held to Maturity" category are carried at acquisition cost or amortized cost if acquired at a premium over/ discount to face value. Wherever the book value is higher/lower than the face value / redemption value, the premium/ discount is amortized over the remaining period of maturity.
- (b) The Amortization of premium/ discount on investments in HTM category is calculated on the basis of days remaining to maturity and the amount of amortization is directly debited to the Profit and Loss Account as suggested in the RBI guidelines.

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**Notes to the financial statements**

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**2 Available for Sale and FVTPL (including Held for Trading)**

S.No.	Type of Instrument	Valuation Methodology
1	Government of India Securities	At market prices as published by Fixed Income Money Market and Derivatives Association (FIMMDA)
2	State Development Loans /Other Approved Securities	At appropriate yield to maturity basis as per FIMMDA guidelines
3	Treasury Bills, Commercial Papers and Certificate of Deposits	At carrying cost
4	Equity Shares	(i) Quoted: At market price (ii) Unquoted: At break-up value (means Equity Capital & Reserves as reduced by Intangible Assets and Revaluation Reserves divided by number of equity shares), where latest balance sheet is available (Not more than one year old), otherwise at Re. 1/- per bank
5	Preference Shares	(i) Quoted: At market price (ii) Unquoted: At appropriate yield to maturity as per FIMMDA guidelines
6	Debentures / Bonds	(i) Quoted: At market price (ii) Unquoted: At appropriate yield to maturity based on rating assigned by Rating Agencies as per FIMMDA guidelines
7	Units of Mutual Funds	(i) Quoted: At market price (ii) Unquoted: At repurchase price/ Net Asset Value.
8	Security receipts of Asset Reconstruction Company (ARC/SR)	In case of investment in ARC/SR at NAV declared by ARC/SR or net book value whichever is lower.

3 The above valuation in category of Available for Sale and FVTPL (including Held for Trading) are done scrip wise and depreciation / appreciation is aggregated for each classification. Net depreciation/appreciation for AFS is taken to AFS Reserve while Net depreciation/ appreciation for FVTPL is recognized in the Profit and Loss account.

4 Transfer of securities from one category to another is done in conformity with the RBI guidelines.

5 Securities purchased/sold under Liquidity Adjustment Facility (LAF)/ Marginal Standby Facility (MSF) with RBI are debited/credited to Investment Account and reversed on maturity of the transaction. Interest expanded/earned thereon is accounted for as expenditure/revenue. Subsequent to the change in RBI guidelines repo and reverse repo transactions in government securities and corporate debt securities (including transactions conducted under LAF and Marginal Standby Facility ('MSF') with RBI) are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions are accounted for as interest expense and revenue on reverse repo transactions are accounted for as interest income.

6 The bank shall categorize its investment portfolio into three fair value hierarchies viz. Level 1, Level 2, and Level 3. The details of the investment portfolio shall be disclosed in their notes to accounts of their financial statements as per templates specified in Annex II of RBI/DOR/2023-24/104 DOR.MRG.36/21.04.141/2023-24 Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023. These disclosure requirements shall become effective from the audited financial statements for the financial year ending March 31 2026 onwards.

**7 Others:**

- (i) Brokerage/commission received on subscription is booked in Profit and Loss Account.
- (ii) Brokerage, Commission, securities transaction tax etc. paid in connection with acquisition of investments are expensed upfront and excluded from cost.
- (iii) Broken period interest paid / received on purchase /sale of securities is recognised as interest expense / income
- (iv) Prudential norms of RBI for non-performing investment Classification are applied to Investments and appropriate provisions are made in respect of non-performing securities.
- (v) Profit/Loss on sale of any Investment in any category is taken to Profit and Loss Account. However, in case of profit on sale of Investments under 'Held to Maturity' category, the residual amount after taxes and amount transferred to statutory reserve is appropriated to Capital Reserve Account.
- (vi) Valuation of HFT and AFS portfolio is done on daily basis and depreciation if any is provided on monthly and quarterly basis respectively.
- (vii) In line with RBI Master Circular on "Prudential norms for classification, Valuation and Operation of Investment Portfolio by Banks", bank has followed "Settlement date" accounting for recording purchase and sale of transactions in Investment book.
- (viii) In case of investment in Non-SLR securities, till the allotment of security in the Demat account, the amount of investment is shown under "Suspense Investment".
- (ix) The bank maintains investment related reserves such as Investment Depreciation Reserve (IDR) and Investment Fluctuation Reserve (IFR) in line with the guidelines of the RBI.
- x) Interest on overdue fixed deposits is provided at rate of interest applicable on savings account in accordance with the extant instructions of RBI.

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(Amounts in INR thousands, unless otherwise stated)

**17.5 Advances, Provisions and Recoveries**

- (a) The classification of advances into Standard, Sub-standard, Doubtful and Loss assets, as well as provision on non-performing advances has been arrived at in accordance with the extant instructions issued by the Reserve Bank of India with regard to Income Recognition and Assets Classification (IRAC) from time to time and as applicable for preparation of this Balance Sheet.
- (b) Advances are net of technical write-offs made for Non-Performing Assets (NPAs). Non-performing advances are written-off in accordance with the Bank's policies. Recoveries from bad debts written-off are recognized in the Profit and Loss Account and included under other income.
- (c') Specific loan loss provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of advances, subject to the minimum provisioning level prescribed by the RBI.
- (d) The specific provision levels for non-performing assets are also based on the nature of product and delinquency levels. Specific loan loss provisions in respect of non-performing advances are charged to the Profit and Loss Account and included under Provisions and Contingencies.
- (e') In addition to this, a general provision on standard assets is also made as per the extant instructions issued by Reserve Bank of India in the following manner

Category of Advance (Excluding NPA)	%age provision made
Advances for Commercial Real Estate for commercial use	1.00%
Advances for Commercial Real Estate for Housing needs	0.75%
Advances to agricultural and SME sector	0.25%
Advances against FD, LIC, KVP and NSC	Nil
Other Advances	0.40%

- (f) Provisions made in addition to the Bank's policy for specific loan loss provisions for non-performing assets and regulatory general provisions are categorized as floating provisions. Creation of floating provisions is considered by the Bank up to a level approved by the Board of Directors. In accordance with the RBI guidelines, floating provisions are used up to a level approved by the Board only for contingencies under extraordinary circumstances and for making specific provisions for impaired accounts as per these guidelines or any regulatory guidance / instructions. Floating provisions are included under other liabilities.
- (g) In addition to the above, the Bank on a prudent basis makes provisions on advances or exposures which are not NPAs but has reasons to believe on the basis of the extant environment or specific information or basis regulatory guidance / instructions, of a possible slippage of a specific advance or a group of advances or exposures or potential exposures. These are classified as contingent provisions and included under other liabilities.
- (h) The interest in respect of non-performing advances is provided separately under "Overdue Interest Reserve" in accordance with the extant instructions issued by Reserve Bank of India.
- (i) Interest accrued and credited to income on any advance which is classified as a Non-Performing Asset at any time during the year is reversed to the extent this has not been realized.
- (j) The order of appropriation of recoveries in loan accounts is Principal, penal interest and charges.
- (k) The Bank considers a restructured account as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advance / securities, which would generally include, among others, alteration of repayment period / repayable amount / the amount of instalments / rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made and classification thereof is as per the extant RBI guidelines. Restructuring of an account is done at a borrower level. If the terms of the loan are changed for competitive reasons or any administrative issues in the loan account which are outside the control of the borrower or where such change would result in an overall acceleration of the loan repayment, such changes are considered a variation of terms at the request of the bank in the normal course of business.

#### **17.6 Fixed Assets Depreciation and Amortization**

- (a) Fixed Assets are stated and carried in the Balance Sheet at written down value, arrived at cost less depreciation. Cost includes cost of purchase and all expenditure like site preparation, installation costs and professional fees incurred on the asset before it is ready to use. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future benefit / functioning capability from / of such assets.
- (b) As per applicable accounting standards, the residual value and useful life of assets should be reviewed periodically and if expectations differ from future estimates, this should be considered a change in accounting estimates. Change in accounting estimates are applied prospectively starting with the current financial year and restatement of prior year comparatives is not required.
- (c') Depreciation on Property, Plant, Equipment and software is charged on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management as given below. The useful life have been estimated by the management based on technical advice obtained and pursuant to Part C of Schedule II to the Companies Act, 2013. Determination of useful life of an asset is a matter of judgment and based on various factors such as type and make of an item, its place and pattern of usage, nature of technology, obsolescence factors, availability of spares, etc. and makes a significant impact on the useful life of an asset.
- (d) The applicable depreciation methodology on Fixed Assets is mentioned below:

S. No.	Asset Category	Useful Life
1	Furniture and Fixtures	1-10 Years
2	Safe, Locker Steel Almirah	5-30 Years
3	Office Equipment	1-10 Years
4	Vehicles	5 Years
5	Computer, Printer and servers	3 - 6 Years
6	Softwares	3 - 10 Years
7	Trademarks	10 years
8	Temporary Structures including leasehold improvements	3-10 Years

- (e) Depreciation would be calculated on the basis of the number of days that the asset has been put to use in any given accounting period.
- (f) Depreciation on assets sold during the year is charged up to the date of sale.
- (g) Residual value of Re.1 (Rupee one) is taken for the purpose of calculating depreciation on all types of fixed assets.
- (h) Certain capital expenditures made on assets prior to being available for use represents 'work in progress' assets. Depreciation / amortization of these assets would begin once these are available for use in line with the applicable accounting standards.
- (i) Intangible assets are amortized on a straight line basis over their estimated useful life. The amortization period is reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

#### **17.7 Impairment of Assets**

Impairment losses, if any, on Fixed Assets including Revalued Assets, are recognized in accordance with Accounting Standard 28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India and charged to Profit and Loss Account.

#### **17.8 Foreign Exchange Transactions**

- (a) The bank holds Foreign Exchange Authorized Dealer Category-II license and has entered into transactions related to exchange/remittance of foreign currency on behalf of customers during the year. The income and associated GST implications from the above transactions are accounted for in the books of the bank.
- (b) Monetary assets and liabilities are revalued at exchange rates advised by Foreign Exchange Dealers Association of India (FEDAI) at the close of the financial year and the resultant gain/loss is taken to revenue.
- (c') Income and expenditure items are accounted for at the exchange rates prevailing on the date of the transaction.

#### **17.9 Employee Benefits**

- (a) The bank operates a defined benefit plan for its employees, viz. gratuity liability. The cost of providing benefits under these plans is determined on the basis of an independent actuarial valuation at each year-end.
- (b) The bank maintains the fund under trust deed and requisite insurance arrangements with Life Insurance Corporation of India (LIC) as Employees Group Gratuity Scheme. The shortfall, if any, between the present value of the benefit obligation and the fair value of plan assets as on 31 March is paid/provided for and recognized as expenses in the profit and loss account.
- (c) Bank's Contribution and Employees' contribution towards provident fund is paid every month to Commissioner of Provident Fund in accordance with the provisions of Employees Provident Fund and Misc. Provision Act 1952. Provident Fund contributions are made for each individual and the scheme is administered by Regional Provident Fund Commissioner (RPFC), as applicable. The rate at which the annual interest is payable to the beneficiaries by the trusts is being administered by the government.
- (d) The Bank's contribution to provident fund is accounted for in Profit and Loss account on the basis of contribution to the scheme.
- (e) All earned leaves which are due are paid by the end of the financial year.

#### **17.10 Leases**

Lease payments for assets taken on operating lease are recognised as an expense in the profit and loss account over the lease term.

#### **17.11 Taxes on Income**

- (a) Income tax expense is the aggregate amount of current tax (including Minimum Alternate Tax (MAT), wherever applicable) and deferred tax.
- (b) Current tax is determined as the amount of tax payable for the year and accordingly provision for tax is made.
- (c) Deferred tax is recognized, subject to consideration of prudence, on timing difference, representing the difference between taxable incomes and accounting income that originated in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

#### **17.12 Provisions, Contingent Liabilities and Contingent Assets**

- (a) In conformity with Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India, the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.
- (b) Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

#### **17.13 Earnings Per Share**

The bank reports basic and diluted earnings per equity share in accordance with the Accounting Standard 20 "Earnings Per Share" issued by the Institute of Chartered Accountants of India. Basic earnings per equity share has been computed by dividing net income by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

#### **17.14 Share Issue Expenses**

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

#### **17.15 Segment information**

The bank recognises the business segment as primary reporting segment in accordance with RBI guidelines and in compliance with Accounting Standard -17 issued by ICAI.

#### **17.16 Goods and Services Tax (GST)**

The Bank has implemented the Goods and Services Tax (GST) regime since its implementation on 1 July 2017. The bank has collected GST on income from commission, other charges and paid GST on operating and capital expenses. The bank availed eligible Input Tax Credit as per GST Rules on relevant expenses which was utilized for set-off of GST collected on income from commission and customer charges. Unutilized Input Tax Credit has been carried forward to the next year for further utilization.

Income and Expense on which GST is applicable are accounted for on net of eligible GST.

#### **17.17 Long Term Subordinated (Tier II) Deposit**

The amount of Long Term Subordinated (Tier II) Deposit and Interest paid on thereon has been shown under the head "Borrowings" in the Balance Sheet and "Interest on Borrowings" in the Profit and Loss Account respectively.

#### **17.18 Refundable Securities**

Bank has deposited security amounts with Government and other agencies to acquire services which are refundable and accounted for as other assets. These represent tangible assets and are considered recoverable in future after termination of services.

#### **17.19 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice.

The balances in Reverse repo are reported as per the guidelines provided by RBI vide its circular dated 19.05.2022.(i.e under Schedule 6, Schedule 7 and Schedule 9 as applicable).

#### **17.20 Corporate social responsibility**

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

Since the bank does not meet the threshold, no expense is recognised in PL.



**SHIVALIK SMALL FINANCE BANK LIMITED**

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**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

**SCHEDULE 18 : Notes forming part of the Financial Statements for the year ended March 31, 2025****18.1 Dividend**

The Bank has not paid or declared any dividend for the financial year ended March 31, 2025 (for the previous year ended March 31, 2024: Nil).

**18.2 Capital Adequacy Ratio**

- 1 Capital to risk-weighted asset ratio ('Capital Adequacy Ratio') of the Bank, as on March 31, 2025 has been calculated by using the capital measurement approaches as detailed below:
  - 1.1 Credit Risk has been measured by using Basel II Standardized Approach for credit risk, in accordance with the RBI circular no DBR.NBD.No.26/ 16.13.218/2016-17, dated October 06, 2016 on "Operating Guidelines for Small Finance Banks"
  - 1.2 Market Risk and Operational Risk has not been considered for measurement of Capital Adequacy Ratio as per the letter issued by the Reserve Bank of India vide reference number DBR.NBD.No.4502/16.13.218/2017-18 dated November 08, 2017 to all the small finance banks.
  - 1.3 During the year, there has been no draw down from the reserves to the Profit & Loss Account (previous year: Nil)

The Bank's capital adequacy ratio computed under Basel II is given below:

	Year ended March 31, 2025	As at March 31, 2024
1 Common Equity Tier 1 (CET 1)	34,59,934	22,70,758
2 Tier 1 Capital	34,59,934	22,70,758
3 Tier 2 Capital	4,85,575	4,65,390
<b>Total Capital</b>	<b>39,45,508</b>	<b>27,36,148</b>
4 Total Risk Weighted Assets	1,88,30,162	1,35,53,099
5 Capital Adequacy Ratio under Basel II		
6 CET 1	18.37%	16.75%
7 Tier 1	18.37%	16.75%
8 Tier 2	2.58%	3.43%
<b>Total</b>	<b>20.95%</b>	<b>20.19%</b>
9 Leverage ratio	8.34%	7.43%
10 Percentage of the shareholding of Government of India	Nil	Nil
11 Amount of Paid-up Share Capital Raised During the year	2,73,008	1,41,694
12 Amount of non-equity Tier 1 capital raised during the year of which	-	-
(a) Basel III compliant Perpetual Non-Cumulative Preference Share	-	-
(b) Basel III compliant Perpetual Debt Instruments	-	-
13 Amount of Tier 2 capital raised during the year	68,000	1,01,500

**Notes :****1 Common Equity Tier 1 (CET 1)/ Tier 1 capital**

Equity Shares of 14,87,16,797 Rs. 10 each (previous year 12,14,15,999 shares of Rs. 10 each)	14,87,168	12,14,160
Statutory Reserves	1,59,065	1,56,708
Share premium	17,97,774	8,89,755
Capital Reserve	5,792	-
Balance in Profit and loss account	10,135	10,135
<b>Total Common Equity Tier 1 (CET 1)</b>	<b>34,59,934</b>	<b>22,70,758</b>

**2 Tier 2 capital**

General provisions and loss reserves (Reserves for standard and restricted assets)	92,201	69,962
Investment fluctuation reserve	19,733	19,733
Employee share based payment reserve	21,640	17,794
Special reserve u/s 36(1)(viii) of Income Tax Act, 1961	2,500	1,221
Non Convertible Debentures	3,49,500	3,41,500
Long Term Deposits discounted @20% (previous year @40% as per RBI regulations)	-	15,180
<b>Total Tier 2 capital</b>	<b>4,85,575</b>	<b>4,65,390</b>

<sup>1</sup> As per the operative guideline's issued by RBI for small finance banks vide circular number RBI/2016-17/81DBR.NBD.No.26/16.13.218/2016-17 the CET 1 capital and tier 1 capital is considered as same.

(Amounts in INR thousands, unless otherwise stated)

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**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

**Notes**

**(i) Deposits**

The maturity pattern is taken as per the Annexure III of RBI's guidelines on preparation of financial statements Accordingly Savings Bank and Current Deposits has be classified into volatile and core portions. Savings account (10 per cent) and Current account (15 per cent) Deposits is generally withdrawable on demand. Where the volatile portion is be placed in 8-14 days time buckets and core portion is placed in over 1- 3 years bucket

**(ii) Advances**

The maturity pattern is taken as per the RBI circular FID.No. 38 / 01.02.00/98-99 dated:20th April 1999 Advances has been classified as per their residual maturity.

**For Non Performing Advances**

**(a)**

**Substandard**

(i) All overdue and instalments of principal falling due during the next three years

In 3-5 year time bucket

(ii) Entire principal amount due beyond the next three years

In the time-bucket arrived at after adding 3 years to the respective due dates of various instalments of principal.

**(b)**

**Doubtful and loss**

(i) All instalments of principal falling due during the next five years as also all overdue

In 3-5 year time bucket

(ii) Entire principal amount due beyond the next five years

In the time-bucket arrived at after adding 3 years to the respective due dates of various instalments of principal.

**(iii) Investments**

As per their residual maturity

**(iv) Borrowings**

As per their residual maturity



Particulars	Quarter ended March 31, 2025			Quarter ended December 31, 2024			Quarter ended September 30, 2024			Quarter ended June 30, 2024		
	Total Un- Weighted Value (average)	Total Weighted Value (average)	Total Un- Weighted Value (average)	Total Un- Weighted Value (average)	Total Weighted Value (average)	Total Un- Weighted Value (average)	Total Un- Weighted Value (average)	Total Weighted Value (average)	Total Un- Weighted Value (average)	Total Weighted Value (average)	Total Un- Weighted Value (average)	Total Weighted Value (average)
(iii) Credit and liquidity facilities	352	44	45	358	45	258	34	289	31			
6 Other Contractual funding obligation	53	53	49	49	49	60	60	56	56			
7 Other Contingent funding obligation	3.02	0.09	0	3	0	3	0	3	0			
<b>8 Total Cash Outflows</b>	<b>2,950</b>	<b>497</b>	<b>528</b>	<b>2,757</b>	<b>528</b>	<b>2,497</b>	<b>427</b>	<b>2,411</b>	<b>480</b>			
9 Secured Lending (e.g. reverse repo)	251	-	-	106	-	54	-	210	-			
10 Inflows from fully performing exposures	135	103	76	105	76	155	126	103	76			
11 Other Cash inflows	-	-	-	-	-	-	-	-	-			
<b>12 Total Cash inflows</b>	<b>386</b>	<b>103</b>	<b>76</b>	<b>211</b>	<b>76</b>	<b>209</b>	<b>126</b>	<b>313</b>	<b>76</b>			
13 Total HQLA	759	-	-	595	-	559	-	646	-			
14 Total Net Cash Outflows	394	-	-	452	-	302	-	403	-			
15 Liquidity Coverage Ratio (%)	192.77%			131.55%		185.32%		160.16%				



**SHIVALIK SMALL FINANCE BANK LIMITED**

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**Notes to the financial statements**

(Amounts in INR crores, unless otherwise stated)

Particulars	Quarter ended March 31, 2024			Quarter ended December 31, 2023			Quarter ended September 30, 2023			Quarter ended June 30, 2023		
	Total Un- Weighted (average)	Value (average)	Total Weighted (average)	Total Un- Weighted (average)	Value (average)	Total Weighted (average)	Total Un- Weighted (average)	Value (average)	Total Weighted (average)	Total Un- Weighted (average)	Value (average)	Total Weighted (average)
(iii) Credit and liquidity facilities		1	1		105	4		224	13		114	7
6 Other Contractual funding obligation		18	18		69	69		9	9		6	6
7 Other Contingent funding obligation		239	12		3	0		3	0		3	0
<b>8 Total Cash Outflows</b>		<b>2,435</b>	<b>489</b>		<b>2,099</b>	<b>462</b>		<b>1,998</b>	<b>361</b>		<b>1,758</b>	<b>307</b>
9 Secured Lending (e.g. reverse repo)		130	-		17	-		30	-		24	-
10 Inflows from fully performing exposures		94	77		79	59		82	57		37	20
11 Other Cash inflows		7	7		10	10		76	41		80	43
<b>12 Total Cash inflows</b>		<b>231</b>	<b>83</b>		<b>106</b>	<b>69</b>		<b>188</b>	<b>98</b>		<b>141</b>	<b>63</b>
13 Total HQLA		532	-		458	-		443	-		360	-
14 Total Net Cash Outflows		406	-		393	-		263	-		244	-
15 Liquidity Coverage Ratio (%)		131.08%			116.52%			168.34%			147.61%	

Since the bank is a standalone entity consolidated LCR is not applicable

In accordance with RBI guidelines vide circular No. RBI/2014-15/529 DBR, No. BP.BC.80/21.06.201/2014-15 dated 31st March 2015, average weighted and unweighted amounts have been calculated taking simple daily average.

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**Notes to the financial statements**

(Amounts in INR crores, unless otherwise stated)

**18.3.2 Net Stable Funding Ratio<sup>1</sup>**

(i) Net stable funding ratio for the year ended 31 March 2025

Particulars	Quarter ended March 31, 2025					Quarter ended December 31, 2024				
	Unweighted Value by residual maturity					Unweighted Value by residual maturity				
	No Maturity	less than 6 Months	6 Months to 1 year	More Than 1 year	Weighted Value	No Maturity	less than 6 Months to 1 year	6 Months to 1 year	More Than 1 year	Weighted Value
<b>ASF Item</b>										
1 Capital (2+3)	-	-	-	-	399	-	-	-	-	369
2 Regulatory Capital	-	-	-	-	399	-	-	-	-	369
3 Other Capital Instruments	-	-	-	-	-	-	-	-	-	-
4 Retail deposits and deposits from small business customers:(5+6)	638	396	471	839	2,150	613	458	353	686	1,950
5 Stable Deposits	128	175	174	278	719	123	281	233	386	972
6 Less Stable Deposits	510	221	296	562	1,431	490	177	120	300	979
7 Wholesale funding :(8+9)	70	318	326	103	266	60	336	89	31	258
8 Operational Deposits	-	-	-	-	-	-	-	-	-	-
9 Other Wholesale Funding	70	318	326	103	266	60	336	89	31	258
10 Other Liabilities (11+12)	76	207	205	76	220	156	220	26	97	90
11 NSFR Derivative liabilities	-	-	-	-	-	-	-	-	-	-
12 All other liabilities and equity not included in the above categories	76	207	205	76	220	156	220	26	97	90
<b>13 Total ASF (1+4+7+10)</b>	<b>783</b>	<b>922</b>	<b>1,002</b>	<b>1,417</b>	<b>3,036</b>	<b>828</b>	<b>1,015</b>	<b>469</b>	<b>1,182</b>	<b>2,667</b>



(Amounts in INR crores, unless otherwise stated)

Particulars	Quarter ended March 31, 2025			Quarter ended December 31, 2024							
	Unweighted Value by residual maturity			Unweighted Value by residual maturity							
	No Maturity	less than 6 Months	6 Months to 1 year	More Than 1 year	Weighted Value	No Maturity	less than 6 Months to 1 year	More Than 1 year	Weighted Value		
RSF Items											
14	Total NSFR high quality liquid assets (HQLA)	115	336	-	507	30	218	141	-	501	27
15	Deposits held at other financial institutions for operational purposes	7	-	-	-	3	14	-	-	-	7
16	Performing loans and securities:	8	390	1175	1293	1907	10	437	644	861	1,270
	(17+18+19+21+23)										
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	43	56	165	200	-	56	56	23	59
19	Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	343	1,115	914	1,548	-	365	571	638	1,010
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	14	2	19	20	-	-	-	-	-
21	Performing residential mortgages, of which:	-	5	5	213	151	-	17	17	199	192

(Amounts in INR crores, unless otherwise stated)

Since the bank is a standalone entity consolidated NSFR is not applicable

(Amounts in INR crores, unless otherwise stated)

Particulars	Quarter ended September 30, 2024			Quarter ended June 30, 2024		
	Unweighted Value by residual maturity			Unweighted Value by residual maturity		
	No Maturity	less than 6 Months to 1 year	More Than 1 year	No Maturity	less than 6 Months to 1 year	More Than 1 year
<b>ASF Item</b>						
1 Capital (2+3)	-	-	376	376	329	48
2 Regulatory Capital	-	-	328	328	329	-
3 Other Capital Instruments	-	-	48	48	-	48
4 Retail deposits and deposits from small business customers:(5+6)	618	516	983	1,943	67	916
5 Stable Deposits	126	178	346	618	21	306
6 Less Stable Deposits	492	337	637	1,325	46	610
7 Wholesale funding :(8+9)	60	510	159	326	11	228
8 Operational Deposits	-	-	-	-	-	-
9 Other Wholesale Funding	60	510	159	326	11	228
10 Other Liabilities (11+12)	95	10	-	-	91	30
11 NSFR Derivative liabilities	-	-	-	-	-	-
12 All other liabilities and equity not included in the above categories	95	10	-	-	91	30
<b>13 Total ASF (1+4+7+10)</b>	<b>773</b>	<b>1,036</b>	<b>1,142</b>	<b>2,645</b>	<b>498</b>	<b>1,144</b>
						<b>154</b>
						<b>2,462</b>

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**Notes to the financial statements**

(Amounts in INR crores, unless otherwise stated)

Particulars	Quarter ended September 30, 2024			Quarter ended June 30, 2024						
	Unweighted Value by residual maturity			Weighted Value	Unweighted Value by residual maturity			Weighted Value		
	No Maturity	less than 6 Months to 1 year	More Than 1 year		No Maturity	less than 6 Months to 1 year	More Than 1 year			
RSF Items										
14 Total NSFR high quality liquid assets (HQLA)	125	93	-	457	25	118	234	-	433	23
15 Deposits held at other financial institutions for operational purposes	7	-	-	-	4	3	-	-	-	1
16 Performing loans and securities:	0	451	702	1,358	1,666	0	266	911	1,173	1,559
(17+18+19+21+23)										
17 Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-	-	-	-	-
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	120	20	107	135	-	26	76	101	144
19 Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	330	682	1,073	1,409	-	240	835	923	1,314
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	161	381	46	301	-	129	378	41	280
21 Performing residential mortgages, of which:	-	0	0	178	122	-	0	0	149	101

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(Amounts in INR crores, unless otherwise stated)

Particulars	Quarter ended September 30, 2024				Quarter ended June 30, 2024			
	Unweighted Value by residual maturity		Weighted Value		Unweighted Value by residual maturity		Weighted Value	
	No Maturity	less than 6 Months	6 Months to 1 year	More Than 1 year	No Maturity	less than 6 Months	6 Months to 1 year	More Than 1 year
22 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	0	0	147	96	-	0	127
23 Securities that are not in default and do not qualify as HQLA, including exchange traded equities	0	-	-	-	0	0	-	-
24 Other assets: (sum of rows 25 to 29)	174	3	3	50	230	164	4	40
25 Physical traded commodities, including gold	-	-	-	-	-	-	-	-
26 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-	-	-	-
27 NSFR derivative assets	-	-	-	-	-	-	-	-
28 NSFR derivative liabilities before deduction margin posted	-	-	-	-	-	-	-	-
29 All other assets not included in the above categories	174	3	3	50	230	164	4	40
30 Off-balance sheet item	-	3	-	246	12	-	-	285
31 Total RSF (14+15+16+24+30)	306	551	705	2,111	1,938	285	507	1,932
32 Net Stable Funding Ratio (%)	252%	188%	162%	23%	136.49%	175%	307%	8%
Since the bank is a standalone entity consolidated NSFR is not applicable								

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**SHIVALIK SMALL FINANCE BANK LIMITED**  
**CIN NO. U65900DL2020PLC366027**  
**Notes to the financial statements**  
(Amounts in INR crores, unless otherwise stated)

(ii) **Net stable funding ratio for the year ended 31 March 2024**

Particulars	Quarter ended March 31, 2024				Quarter ended December 31, 2023			
	Unweighted Value by residual maturity		Weighted Value		Unweighted Value by residual maturity		Weighted Value	
	No Maturity	less than 6 Months to 1 year	6 Months to 1 year	More Than 1 year	No Maturity	less than 6 Months to 1 year	6 Months to 1 year	More Than 1 year
<b>ASF Item</b>								
1 Capital (2+3)	-	-	-	281	281	-	-	209
2 Regulatory Capital	-	-	-	233	233	-	-	161
3 Other Capital Instruments	-	-	-	48	48	-	-	48
4 Retail deposits and deposits from small business customers: (5+6)	674	257	490	422	1,703	609	513	1,743
5 Stable Deposits	392	105	216	181	849	375	100	1,029
6 Less Stable Deposits	282	152	273	241	854	234	109	714
7 Wholesale funding : (8+9)	-	223	209	135	482	-	91	137
8 Operational Deposits	-	-	209	-	-	-	-	-
9 Other Wholesale Funding	-	223	209	135	482	-	91	137
10 Other Liabilities (11+12)	-	165	168	7	158	-	146	95
11 NSFR Derivative liabilities	-	-	-	-	-	-	-	-
12 All other liabilities and equity not included in the above categories	-	165	168	7	158	-	64	95
<b>13 Total ASF (1+4+7+10)</b>	<b>674</b>	<b>646</b>	<b>867</b>	<b>844</b>	<b>2,623</b>	<b>609</b>	<b>849</b>	<b>2,183</b>

**CIN NO. U65900DL2020PLC366027**

(Amounts in INR crores, unless otherwise stated)

Particulars	Quarter ended March 31, 2024						Quarter ended December 31, 2023					
	Unweighted Value by residual maturity			Weighted Value			Unweighted Value by residual maturity			Weighted Value		
	No Maturity	less than 6 Months	More Than 6 Months to 1 year				No Maturity	less than 6 Months	More Than 6 Months to 1 year			
RSF Items												
14	Total NSFR high quality liquid assets (HQLA)	231	4	10	426		22	113	34	-	459	25
15	Deposits held at other financial institutions for operational purposes	5	-	-	-		3	5	-	-	-	3
16	Performing loans and securities:	-	549	684	833		1,523	2	388	618	770	1,350
17	(17+18+19+21+23) Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-		-	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	35	62	0		37	-	30	38	43	66
19	Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	513	604	833		1,478	-	358	541	727	1,263
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-		-	-	-	-	-	-
21	Performing residential mortgages, of which:	-	-	-	-		-	-	-	-	-	-

(Amounts in INR crores, unless otherwise stated)

Since the bank is a standalone entity consolidated NSFR is not applicable





**SHIVALIK SMALL FINANCE BANK LIMITED**

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**Notes to the financial statements**

(Amounts in INR crores, unless otherwise stated)

Particulars	Quarter ended September 30, 2024			Quarter ended June 30, 2024		
	Unweighted Value by residual maturity			Unweighted Value by residual maturity		
	No Maturity	less than 6 Months to 1 year	More Than 1 year	No Maturity	less than 6 Months to 1 year	More Than 1 year
<b>RSF Items</b>						
14 Total NSFR high quality liquid assets (HQLA)	106	-	430	22	118	402
15 Deposits held at other financial institutions for operational purposes	7	-	-	3	3	-
16 Performing loans and securities:	-	409	1,200	1,122	510	945
(17+18+19+21+23)						1,144
17 Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-	-
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	52	17	16	36	3
19 Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	326	313	1,003	435	829
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-	-
21 Performing residential mortgages, of which:	-	-	144	93	-	106
						1,062

(Amounts in INR crores, unless otherwise stated)

Particulars	Quarter ended September 30, 2024						Quarter ended June 30, 2024					
	Unweighted Value by residual maturity						Unweighted Value by residual maturity					
	No Maturity	less than 6 Months	More Than 6 Months to 1 year	Weighted Value			No Maturity	less than 6 Months	More Than 6 Months to 1 year	Weighted Value		
22 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	144			93	-	-	106		69
23 Securities that are not in default and do not qualify as HQLA, including exchange traded equities	-	32	27	-			9	-	38	34	7	28
24 Other assets: (sum of rows 25 to 29)	-	-	-	194			194	-	-	112		112
25 Physical traded commodities, including gold	-	-	-	-			-	-	-	-		-
26 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-			-	-	-	-		-
27 NSFR derivative assets	-	-	-	-			-	-	-	-		-
28 NSFR derivative liabilities before deduction margin posted	-	-	-	-			-	-	-	-		-
29 All other assets not included in the above categories	-	-	-	194			194	-	-	112		112
30 Off-balance sheet item	-	3	-	-			0	-	3	-		0
31 Total RSF (14+15+16+24+30)	113	412	358	1,824			1,341	121	512	302	1,459	1,278
32 Net Stable Funding Ratio (%)	546%	107%	123%	57%			152%	459%	92%	115%	70%	151%

18.4 Investments

a) Composition of Investment Portfolio

As at March 31, 2025

	Investments in India				Investments outside India			
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others (Purchase of agriculture loan portfolio through securitization)	Total investments in India	Total Investments outside India
<b>Held to Maturity *</b>								
<b>Gross</b>	55,40,883	-	-	-	-	-	55,40,883	-
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-
<b>Net</b>	55,40,883	-	-	-	-	-	55,40,883	55,40,883
<b>Available for Sale</b>								
<b>Gross</b>	8,04,407	-	-	-	-	-	8,04,407	-
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-
<b>Net</b>	8,04,407	-	-	-	-	-	8,04,407	8,04,407
<b>Held for Trading</b>								
<b>Gross</b>	-	-	-	-	-	-	-	-
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-
<b>Net</b>	-	-	-	-	-	-	-	-
<b>Total Investments</b>	63,45,290	-	-	-	-	-	63,45,290	-
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-
<b>Net</b>	63,45,290	-	-	-	-	-	63,45,290	63,45,290

\* Includes Rs. 59,11,959 thousand pertaining to Government securities and Rs. 4,33,331 thousand pertaining to reverse REPO

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## Notes to the financial statements

(Amounts in INR thousands, unless otherwise stated)

As at March 31, 2024

	Investments in India					Investments outside India				
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others (Purchase of agriculture loan portfolio through securitization)	Total investments in India	Government securities	Subsidiaries and/or joint ventures	Others
<b>Held to Maturity</b>										
<b>Gross *</b>	47,81,569	-	-	-	-	-	47,81,569	-	-	-
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-
<b>Net</b>	47,81,569	-	-	-	-	-	47,81,569	-	-	-
<b>Available for Sale</b>										
<b>Gross</b>	-	-	-	2,472	-	1,72,268	1,74,740	-	-	-
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-
<b>Net</b>	-	-	-	2,472	-	1,72,268	1,74,740	-	-	-
<b>Held for Trading</b>										
<b>Gross</b>	-	-	-	-	-	-	-	-	-	-
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-
<b>Net</b>	-	-	-	-	-	-	-	-	-	-
<b>Total Investments</b>	47,81,569	-	-	2,472	-	1,72,268	49,56,309	-	-	-
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-
<b>Net</b>	47,81,569	-	-	2,472	-	1,72,268	49,56,309	-	-	-

\* Includes Rs. 43,40,955 thousand pertaining to Government securities and Rs. 4,40,614 thousand pertaining to reverse REPO

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**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

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

	As at March 31, 2025	As at March 31, 2024
i) Movement of provisions held towards depreciation on investments		
(a) Opening balance	-	-
(b) Add: Provisions made during the year	-	-
(c) Less: Write off / write back of excess provisions during the year	-	-
(d) Closing balance	-	-
ii) Movement of Investment Fluctuation Reserve		
(a) Opening balance	19,733	19,733
(b) Add: Amount transferred during the year	-	-
(c) Less: Drawdown	-	-
(d) Closing balance	19,733	19,733
(iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category.	2.45%	11.29%

**(c) Sales and Transfer to/from Held to Maturity category**

During the year ended 31 March 2025, there have been no sales or transfers to/from the held to maturity (HTM) category exceeding 5% of the book value of the investments held in HTM category at the beginning of the year. However the bank has participated in Open Market operations (OMO) and sold securities amounting to Rs. 86,66,15 thousand (Book Value: Rs. 85,54,35 thousand) which falls under exempt category. Therefore, no additional disclosure is required for the same.

**(d) Non-SLR Investment Portfolio**

	As at March 31, 2025	As at March 31, 2024
(i) Non-Performing non-SLR investments		
The Bank does not have any non-performing Non-SLR investment during the year ended March 31, 2025 ( As at 31 March 2024: Nil)		
(a) Opening balance	-	-
Additions during the year	-	-
Reductions during the year	-	-
Closing Balance	-	-
Total Provisions held	-	-

(Amounts in INR thousands, unless otherwise stated)

(ii) Issuer composition of non-SLR investments

[illegible]

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Notes to the financial statements

(Amounts in INR thousands, unless otherwise stated)

(e) Repo Transactions

Details of repo/reverse repo deals (in face value terms) entered during the year ended March 31, 2025

	Minimum outstanding during the year		Maximum outstanding during the year		Daily Average outstanding during the year		Outstanding as to 31st March 2025	
	FV	MV	FV	MV	FV	MV	FV	MV
i) Securities sold Under REPO								
a) Government Securities	10,000	9,800	10,40,000	10,44,273	2,72,027	2,72,062	9,28,900	9,50,609
b) Corporate debt Securities	-	-	-	-	-	-	-	-
c) Any Other Securities	-	-	-	-	-	-	-	-
ii) Securities purchased Under Reverse REPO								
a) Government Securities	50,000	50,464	17,85,400	18,51,993	5,07,818	5,18,647	4,20,000	4,33,331
b) Corporate debt Securities	-	-	-	-	-	-	-	-
c) Any Other Securities	-	-	-	-	-	-	-	-
*FV: Fair Value								
*MV: Market Value								

Details of repo/reverse repo deals (in face value terms) entered during the year ended March 31, 2024

	Minimum outstanding during the year		Maximum outstanding during the year		Daily Average outstanding during the year*		Outstanding as to 31st March 2024	
	FV	MV	FV	MV	FV	MV	FV	MV
i) Securities sold Under REPO								
a) Government Securities	10,000	10,171	10,20,000	10,18,456	3,54,107	3,54,107	3,48,780	3,49,084
b) Corporate debt Securities	-	-	-	-	-	-	-	-
c) Any Other Securities	-	-	-	-	-	-	-	-
ii) Securities purchased Under Reverse REPO								
a) Government Securities	50,000	51,681	10,00,000	10,35,697	2,12,094	2,12,094	4,45,300	4,40,614
b) Corporate debt Securities	-	-	-	-	-	-	-	-
c) Any Other Securities	-	-	-	-	-	-	-	-

(f) Government Security Lending (GSL) transactions (in market value terms)

Bank has not undertaken any Over-the-Counter market transaction during the year ended March 2025 (previous year: nil)



**18.5 Asset Quality**

**a) Classification of advances and provisions held**

For the year ended March 31, 2025

	Standard		Non-Performing		Total	
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Total Non-Performing Advances	
<b>Gross Standard Advances and NPAs</b>						
Opening Balance	2,07,77,455	1,65,646	2,34,508	26,935	4,27,089	2,12,04,544
Add: Additions During the year					6,37,602	6,37,602
Less: Reductions During the year					2,63,425	2,63,425
<b>Closing Balance</b>	<b>2,89,03,139</b>	<b>6,42,541</b>	<b>1,32,486</b>	<b>26,238</b>	<b>8,01,265</b>	<b>2,97,04,404</b>
<b>*Reductions in NPAs Due to:</b>						
(i) Upgradation					20,790	20,790
(ii) Recoveries (excluding recoveries from upgraded accounts)					1,28,285	1,28,285
(iii) Technical/Prudential Write-offs					1,01,746	-
(iv) Write-offs other than those under (iii) above					12,605	12,605
					-	-
<b>Provisions (excluding Floating provisions)</b>						
Opening Balance of Provisions held	69,962	36,487	1,87,328	26,935	2,50,750	3,20,712
Add: fresh Provisions made during the year					2,15,816	2,15,816
less: Excess provisions reversed/write-off loans					1,07,761	1,07,761
<b>Closing balance of provisions held</b>	<b>92,487</b>	<b>2,21,737</b>	<b>1,10,834</b>	<b>26,238</b>	<b>3,58,805</b>	<b>4,51,296</b>
<b>Net NPAs</b>						
Opening Balance		1,29,159	47,180	-	1,76,338	-
Add: Fresh additions during the year						
Less: Reductions during the year						
<b>Closing Balance</b>		<b>4,20,804</b>	<b>21,652</b>	<b>-</b>	<b>4,42,460</b>	<b>-</b>
<b>Floating Provision</b>						
Opening Balance	-	-	-	-	-	-
Add: Additional provisions made during the year						
Less: Amount Drawn down during the year						
<b>Closing Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Technical write-offs and the recoveries made thereon</b>						
Opening balance of Technical/						49,840
Add: Technical/ Prudential write-offs during the year						1,01,746
Less: Recoveries made						22,859
<b>Closing Balance</b>						<b>1,28,727</b>
<b>Ratios</b>					<b>As at March 31, 2025</b>	<b>As at March 31, 2024</b>
Gross NPA to Gross Advances					2.70%	2.01%
Net NPA to Net Advances					1.51%	0.84%
Provision coverage ratio (including Technical Write off)					52.42%	63.03%

**For the year ended March 31, 2024**

	<b>Standard</b>		<b>Non-Performing</b>		<b>Total</b>	
	<b>Total Standard Advances</b>	<b>Sub-Standard</b>	<b>Doubtful</b>	<b>Loss</b>	<b>Total Non-Performing Advances</b>	
<b>Gross Standard Advances and NPAs</b>						
Opening Balance	1,39,10,684	1,41,737	1,62,675	22,926	3,27,338	1,42,38,022
Add: Additions During the year					1,65,496	1,65,496
Less: Reductions During the year					65,745	65,745
<b>Closing Balance</b>	<b>2,07,77,455</b>	<b>1,65,646</b>	<b>2,34,508</b>	<b>26,935</b>	<b>4,27,089</b>	<b>2,12,04,544</b>
*Reductions in NPAs Due to:						
(i) Upgradation					14,129	14,129
(ii) Recoveries (excluding recoveries from upgraded					40,691	40,691
(iii) Technical/Prudential Write-offs						-
(iv) Write-offs other than those under (iii) above					10,925	10,925
<b>Provisions (excluding Floating provisions)</b>						
Opening Balance of Provisions held	48,328	30,020	1,11,369	22,926	1,64,312	2,12,643
Add: fresh Provisions made during the year					97,364	97,364
					-	-
Less: Excess provisions reversed/write-off loans					10,925	10,925
					-	-
<b>Closing balance of provisions held</b>	<b>69,962</b>	<b>36,487</b>	<b>1,87,328</b>	<b>26,935</b>	<b>2,50,750</b>	<b>3,20,712</b>
<b>Net NPAs</b>						
Opening Balance	-	1,11,717	51,306	-	1,63,026	-
Add: Fresh additions during the year					68,132	-
Less: Reductions during the year					54,820	-
<b>Closing Balance</b>	<b>-</b>	<b>1,29,159</b>	<b>47,180</b>	<b>-</b>	<b>1,76,338</b>	<b>-</b>
<b>Floating Provision</b>						
Opening Balance	-	-	-	-	-	-
Add: Additional provisions made during the year					-	-
Less: Amount Drawn down during the year					-	-
<b>Closing Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Technical write-offs and the recoveries made thereon</b>						
Opening balance of Technical/						54,539
Add: Technical/ Prudential write-offs						-
Less: Recoveries made						4,699
<b>Closing Balance</b>						<b>49,840</b>
<b>Ratios</b>					<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
Gross NPA to Gross Advances					2.01%	2.30%
Net NPA to Net Advances					0.84%	1.16%
Provision coverage ratio (including Technical Write off)					63.03%	57.37%

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**Notes to the financial statements**

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

Sr No. Sector	As at 31st March 2025			As at 31st March 2024		
	Outstanding Total Advances	Gross NPA's	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPA's	Percentage of Gross NPAs to Total Advances in that sector
<b>(I) Priority Sector</b>						
(a) Agriculture and allied activities	55,47,662	2,47,947	4.5%	44,22,422	59,939	1.4%
(b) Advances to industries sector eligible as priority sector lending	31,51,687	11,843	0.4%	22,46,794	2,432	0.1%
(c) Services	78,25,293	1,59,537	2.0%	42,59,473	37,647	0.9%
(d) Personal Loans	17,31,791	2,07,078	12.0%	22,75,868	1,50,779	6.6%
<b>Subtotal (i)</b>	<b>1,82,56,433</b>	<b>6,26,405</b>		<b>1,32,04,557</b>	<b>2,50,797</b>	
<b>(II) Non-Priority Sector</b>						
(a) Agriculture and allied activities	-	-	0.0%	-	-	0.0%
(b) Advances to industries sector	-	-	0.0%	-	-	0.0%
(c) Services			0.0%			0.0%
(d) Personal Loans	81,30,358	1,69,256	2.1%	51,92,800	1,56,532	3.0%
(e) Gold loans	33,17,613	5,604	0.2%	28,07,186	19,760	0.7%
<b>Subtotal (ii)</b>	<b>1,14,47,971</b>	<b>1,74,860</b>		<b>79,99,986</b>	<b>1,76,292</b>	
<b>Grand Total</b>	<b>2,97,04,404</b>	<b>8,01,265</b>		<b>2,12,04,543</b>	<b>4,27,089</b>	

**c) Overseas assets, NPAs and revenue**

	For the year ended March 31, 2025	As at March 31, 2024
Total Assets	-	-
Total NPAs	-	-
Total Revenue	-	-

**(d) Particulars of resolution plan and restructuring**

During the year ended 31 March 2025 no restructuring has been done. (Previous year: no restructuring has been done)

**(e) Divergence in asset classification and provisioning**

RBI vide its Master Direction Ref. RBI/DOR/2021-22/83 DOR.ACC.REC.No.45/21.04.018/2021-22 dated August 30, 2021 and various amendments thereto (latest updated on February 20, 2023), has directed banks to make suitable disclosures, if either or both of the following conditions are satisfied:

- (a) the additional provisioning for NPAs assessed by RBI as part of its supervisory process, exceeds 10% of the reported profit before provisions and contingencies for the reference period, and
- (b) the additional Gross NPAs identified by RBI as part of its supervisory process, exceed 10% of the reported incremental Gross NPAs for the reference period

The Bank was subjected to Annual Financial Inspection (AFI) by the RBI during the financial year 2024-25 and the Inspection and Risk Assessment Report (IRAR) as of March 2022, March 2023 and March 2024 respectively were issued by RBI. No divergence in the asset classification and provisioning was identified and reported in IRAR.

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

During the year ended 31st March 2025, Bank has not transferred or acquired any stressed loan exposure (previous year: Nil)

The Bank has purchased homogeneous assets from NBFCs/ HFCs/ MFIs which are not in default under Direct Assignment Route covered under Transfer of Loan Exposure.

**Details of loans-not-in-default acquired during the financial year through direct assignment are given below**

Particulars	March 31, 2025	March 31, 2024
Aggregate amount of loans acquired (in crore)	116.85	124.15
Weighted average residual maturity (in years)	1.33	0.98
Weighted average holding period by originator (in years)*	0.43	0.67
Retention of beneficial economic interest by the originator	10%	10%
Tangible security coverage	NA	NA

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*Rating for the loans is not available since they are not corporate loans*

*\*gross seasoning (in years)*

The bank has not transferred any loan exposure for the year ended March 31, 2025 (previous year : Nil).

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**(g) Fraud Accounts**

	As at March 31, 2025	As at March 31, 2024
Number of frauds reported	71	29
Amount involved in fraud	9,334	2,734
Amount of provision made for such frauds*	40	-
Amount of Unamortised provision debited from 'other reserves' as at the end of the year	-	-

**Notes:**

- i. During the current year, 65 instances of digital Payment fraud were filed by the bank (previous year: 24). As the bank has no liability for the same, accordingly, no provision for it has been provided in the financial statements.
- ii. During the current year, 5 cases of spurious gold loan & 1 case of Mis-appropriation of funds & criminal breach of trust were reported by the bank. However all such cases has been closed after full recovery except 1 case of spurious Gold loan and provision of the Rs 39,835 is made for the same.

**18.6****(a) Exposure to real estate sector**

Category	As at March 31, 2025	As at March 31, 2024
<b>(i) Direct Exposure</b>		
(a) Residential Mortgages-		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	22,64,711	12,81,710
Individual housing loan priority sector non fund based limits		
(b) Commercial Real Estate		
Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.).	1,56,285	1,97,270
Exposure would also include non-fund based (NFB) limits;	-	-
(c) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures:		
On fund based limits:		
(i) Residential	-	-
(ii) Commercial real Estate	-	-
<b>(ii) Indirect Exposure</b>		
Total exposure to real estate	-	-
<b>(a) Exposure to Capital markets</b>		
The Bank does not have any exposure to capital markets as at 31st March 2025		
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	-	-

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<b>Category</b>	<b>As at March 31, 2025</b>	<b>As at March 31, 2024</b>
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows / issues;	-	-
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix) Financing to stockbrokers for margin trading;	-	-
(x) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total exposure to capital market	-	-

**(c) Risk category-wise country exposure**

The Bank is operating in the various states in the country and does not have any branches outside India. Hence, the Bank does not have any country risk exposure. (previous year : Nil)

**(d) Unsecured Advances**

<b>Particulars</b>	<b>As at March 31, 2025</b>	<b>As at March 31, 2024</b>
Total unsecured advances of the bank	29,11,163	46,02,910
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	-	-
Estimated value of such intangible securities	-	-

**(e) Factoring exposures**

The bank has no factoring exposure as on 31st March 2025.(Previous year: Nil)

**(f) Intra-group exposures**

The bank has no Intra-Group exposure as on 31st March 2025.(Previous year: Nil)

**(g) Unhedged foreign currency exposure**

The bank has no Unhedged foreign currency exposure as on 31st March 2025.(Previous year: Nil)

**(h) Single Borrower and Group Borrower exposure limits exceeded by the Bank:**

The Bank has not exceeded the single borrower exposure & Group Borrower exposure prudential limits as prescribed by RBI (Previous year: Nil)

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<b>18.7 Concentration of deposits, advances, exposures and NPAs</b>		<b>As at March 31, 2025</b>	<b>As at March 31, 2024</b>
<b>(a) Concentration of deposits</b>			
<b>Particulars</b>			
Total Deposits of the twenty largest depositors		41,98,728	33,80,085
Percentage of deposits of twenty largest depositors to total deposits of the bank		13.28%	14.00%
<b>(b) Concentration of Advances</b>			
<b>Particulars</b>			
Total Advances of the twenty largest borrowers		28,71,785	15,43,039
Percentage of Advances of twenty largest borrowers to total advances of the bank		9.67%	7.28%
<b>(c) Concentration of Exposures</b>			
<b>Particulars</b>			
Total Exposure to the twenty largest customers		28,71,785	15,43,039
Percentage of Exposures of twenty largest customers to total exposure of the bank on customers		9.67%	7.28%
<b>(d) Concentration of NPAs</b>			
<b>Particulars</b>			
Total Exposure of the twenty NPA accounts		1,03,983	99,748
Percentage of Exposures of twenty largest NPA exposure to total Gross NPAs		12.98%	23.36%

\*The above information has been compiled based on customer ID the joint accounts of individuals, partnership firms and LLP are considered as separate for the purpose of above disclosure.

**18.7.1 Derivatives**

(a) The Bank has not undertaken any derivative business during the year ended March 31, 2025.(Previous year: Nil)

**(b) Credit Default Swaps**

The Bank has not entered into any Credit Default Swaps (CDS) during the year ended March 31, 2025.(Previous year: Nil)

**18.7.2 Disclosures relating to securitisation**

The Bank has not originated any financial asset to Securitization/ Reconstruction Company for Asset Reconstruction during the year ended March 31, 2025 and in the (previous year: Nil).

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

The Bank does not hold any sponsored off-balance sheet SPVs during the year ended March 31, 2025 (Previous year: Nil)

**18.9 Transfers to Depositor Education and Awareness Fund (DEA Fund)**

<b>Sr No. Particulars</b>	<b>As at March 31, 2025</b>	<b>As at March 31, 2024</b>
(i) Opening balance of amounts transferred to DEA Fund	16,337	15,748
(ii) Add: Amounts transferred to DEA Fund during the year	3,292	833
(iii) Less: Amounts reimbursed by DEA Fund towards claims	867	244
(iv) Closing balance of amounts transferred to DEA Fund	18,762	16,337

The closing balance of the amount transferred to DEA Fund, as disclosed above, is also included under Schedule 12 - Contingent Liabilities.

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**18.10 Disclosures of Complaints**

	As at		As at
	March 31, 2025	March 31, 2024	March 31, 2024
<b>(a) Summary information on complaints received by the bank from customers and from the Offices of Ombudsman</b>			
Complaints received by the bank from its customers			
1 Number of complaints pending at beginning of the year	-	1986	-
2 Number of complaints received during the year	1986	1956	341
3 Number of complaints disposed during the year	849	849	159
3 Of which, number of complaints rejected by the Bank	30	30	-
4 Number of complaints pending at the end of the year	42	42	24
Maintainable complaints received by the bank from Office of Ombudsman			
5 Number of maintainable complaints received by the bank from Office of Ombudsman	34	34	-
5.1 Of 5, number of complaints resolved in favour of the bank by Office of Ombudsman	2	2	24
5.2 Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman			-
5.3 Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the bank			-
6 Number of Awards unimplemented within the stipulated time (other than those appealed)			-

**(b) Top Five Grounds of complaints received by bank from customers**

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

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
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Loans and advances	-	638	419%	16	-
Internet/Mobile/Electronic Banking	-	589	952%	4	-
ATM / Debit Cards	-	238	1883%	6	-
Levy of charges without prior notice/excessive charges/foreclosure charges	-	43	153%	1	-
Account opening/difficulty in operation of accounts	-	32	191%	1	-
Others	-	446	266%	2	
<b>Total</b>		<b>1,986</b>	<b>482%</b>	<b>30</b>	



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**For the year ended March 31, 2024**

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
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Loans and advances	-	123	173.33%	-	-
Internet/Mobile/Electronic Banking	-	56	211.11%	-	-
Levy of charges without prior notice/excessive charges/foreclosure charges	-	17	13.33%	-	-
ATM / Debit Cards	-	12	33.33%	-	-
Account opening/difficulty in operation of accounts	-	11	83.33%	-	-
Others		122	306.67%		
<b>Total</b>		<b>341</b>	<b>177%</b>		

**(c) Disclosure of “First Resort Complaints received, and action taken” in terms of Policy related Action Point in Annual Conference of the RBI Ombudsmen’s October 2022**

Under clause 10 of the Reserve Bank Integrated Ombudsman Scheme-2021 (RB-IOS), the complaints not related to deficiency of service rejected by Banking Ombudsman as non-maintainable advising the complainants to approach the concerned Regulated Entity directly are called as First Resort Complaints:

During the financial year 2024-25, a total of 19 First Resort Complaints (FRCs) were received by RB-los (previous year: 9)

**To ensure reduction in First Resort Complaints (FRCs), the Bank has taken initiatives as under:**

1. The salient features of RB-IO Scheme have been displayed at all the branches and Bank's website.
2. Grievance redressal mechanism with the escalation matrix of the bank is displayed on the Bank website as well as branches for customer information

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**18.11 Disclosures of Penalties imposed by Reserve Bank of India**

- (i) During the year ended 31st March 2025, no penalty has been levied on the Bank by the Reserve Bank of India (RBI) in exercise of the powers vested under the provisions of Section 47A(1)(c) read with Sections 46(4)(i) and 51(1) of the Banking Regulation Act, 1949. (previous year: nil)
- (ii) During the year ended March 31, 2025, RBI has imposed a penalty of Rs. 50 thousand on first instance of bouncing of Subsidiary General Ledger which led to shortage of balance in certain securities in the Bank's Constituent Subsidiary General Ledger account. (previous year: nil)
- (iii) There is no default in reverse repo transaction.(previous year: nil)

**18.12 Disclosure on Remuneration****(i) Qualitative Disclosure****The Nomination and Remuneration Committee consist of the following members:**

- 1 Dr. Shalini Lal, Chairperson (Non-executive Independent Director)
- 2 Ms. Veena Hingarh, Member (Non-executive Independent Director)
- 3 Mr. Dinesh Kumar Mittal, Member (Non-executive Director)

**(a) The Bank has constituted Nomination and Remuneration Committee (NRC) for overseeing and governing the compensation policies of the Bank. The committee oversees the framing, review and implementation of compensation policy of the Bank on behalf of the Board for Managing Director & Chief Executive Officer, Whole Time Directors & Material Risk Takers and their terms of reference include:**

- 1 Formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel, Material Risk Takers and other employees.
- 2 Formulate criteria for evaluation of performance of individual directors including independent directors, the Board of Directors and its Committees. The criteria for evaluation of performance of directors (including independent directors) include personal attributes such as attendance at meetings, communication skills, leadership skills and adaptability and professional attributes such as understanding of the Bank's core business and strategic objectives, industry knowledge, independent judgment, adherence to the Bank's Code of Conduct, Ethics and Values, etc.
- 3 Further the NRC would also determine the fixed pay, variable pay and Employee Stock Options for Whole time Directors, Material Risk Takers and Key Management Personnel of the bank.
- 4 To identify persons who are qualified to become directors and who may be appointed as key officials in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- 5 To decide on the extension or continuation of the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors, to deliberate on the matters of succession planning of directors, Key Management Personnel and employees appointed in a CXO role of the Bank.
- 6 To recommend to the board all remuneration, in whatever form, payable to WTDs' and KMPs' of the Bank.
- 7 To review and discuss details pertaining to key officials and will conduct evaluation of candidates in accordance with a process that it sees fit and proper, passing on the recommendations for the nomination to the Board.

**(b) The design and structure of remuneration processes and the key features and objectives of remuneration policy**  
The Compensation policy seeks to document the practices and procedures to be followed by the Bank for remuneration of Directors, Risk & Control personnel, Material Risk Takers (MRTs), and all other employees.

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**Notes to the financial statements**

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**The key objectives of Bank's Compensation Policy are:**

- 1 To maintain fair, consistent, and equitable compensation practices in alignment with Bank's core values and strategic business goals.
- 2 To ensure effective governance of compensation and alignment of compensation practices with prudent
- 3 To have mechanisms in place for effective supervisory oversight and Board engagement in
- 4 To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate talent.
- 5 To ensure that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio.

**(c) The ways in which current and future risks are taken into account in the remuneration processes including the nature and type of the key measures used to take account of these risks.**

The Bank's Board of Directors will actively oversee the compensation system's design and operations. The Nomination and Remuneration Committee of the Board (NRC) will oversee the framing, review and implementation of compensation policy of the bank on behalf of the Board. The NRC will work in close coordination with Risk Management Committee (RMC) of the Bank, to achieve effective alignment between compensation and risks.

The NRC will approve and monitor that:

- 1 Compensation is adjusted for all types of risks.
- 2 Compensation outcomes are symmetric with risk outcomes.
- 3 Compensation pay-outs are sensitive to the time horizon of the risks.
- 4 The mix of cash, equity and other forms of compensation are consistent with risk alignment.
- 5 The cost/income ratio of the bank supports the compensation package consistent with maintenance of sound capital adequacy ratio
- 6 The staff engaged in financial and risk control will be independent, have appropriate authority and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank
- 7 All components of remuneration for WTDs, EDs, and MD & CEO, will be recommended by NRC and approved by the Board and the same will be subject to approval of shareholders of the Bank and RBI. This remuneration should remain within the overall limit as per Section 197 of the Companies Act, 2013 and rules framed thereunder.
- 8 The remuneration of all employees including Control functions other than MD & CEO, Executive Director and MRT will be determined by Chief Human Resources Officer (CHRO)/ Head HR in consultation with MD & CEO of the Bank within the overall framework of this policy
- 9 Any annual increments will be linked to the overall performance and other factors as may be decided by the NRC. The NRC will also consider and take into account regulatory penalties and Show Cause Notices.
- 10 The Compensation and Benefits unit within the Human Resources function will administer the compensation policy by following rules and processes that are objective and transparent

- (d)**
- (i) Performance measures and their relation to remuneration packages is clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentive mechanism. The usual annual determination of bonus is based on rules, processes and objectives known in advance, recognizing that some discretion will always be needed.
  - (ii) Bank uses a combination of financial and non-financial measures to assess employee performance and adapt the measurement to each employee's specific situation. Qualitative factors (like knowledge, skills or abilities) might play an important role when it comes to judging and rewarding some activities- particularly when these serve to reinforce the bank's risk management goals.

**(e) 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**

**1 Remuneration**

**1.1** The compensation will be a mix of Fixed Pay and Performance or Variable Pay. Bank will ensure that there is a proper balance between fixed pay and variable pay. Substantial proportion of compensation i.e., variable pay should be at least 50% for arriving at the total compensation for the year. Performance pay will be at capped at 300% of fixed pay for the corresponding financial (performance) year. Any actual total performance pay for a given year will be divided into cash component and share linked instruments such that at least 50% of actual performance pay is in the form of share linked instrument in case actual performance pay is up to 200% of fixed pay; and at least 67% of actual performance pay is in the form of share linked instrument in case actual performance pay is above 200% of fixed pay and at least 60% of actual performance pay shall be subject to deferral arrangements. If cash component is part of total performance pay, at least 50% of the cash component of performance pay will be subject to deferral arrangements.

**2 Deferral of Cash Component of Variable Pay**

**2.1** In case the Cash Component of actual variable pay is more than INR 25 Lacs, 50% of Cash Component shall be deferred for a period of at least 3 years.

**2.2** The vesting of the deferred components shall not be faster than on a pro-rata basis. Additionally, vesting shall not take place more frequently than on a yearly basis to enable proper assessment of risks before application of any ex-post adjustment.

**2.3** Vesting of the deferred component shall be subject to continuity of employment with the organization. In case an employee resigns during the vesting period, unvested component will be forfeited.

**2.4** In case an employee retires during the vesting period, any unvested Cash Component will be treated as fully vested.

**2.5** In case the Cash Component of actual variable pay is up to INR 25 Lacs, deferral of the Cash Component is not mandatory

**(f) The different forms of variable remuneration that the bank utilizes and the rationale for using these different forms**

**1 Performance or Variable Pay (PP):**

**1.1** Performance pay can be in the form of cash or share-linked instruments, or a mix of both cash and share-linked instruments. Only in cases where the compensation by way of share-linked instruments is not permitted by law/regulations, the entire performance pay can be in cash.

**1.2** Performance Pay is linked to assessment of performance and potential. This would be based on Key Performance Indicators (KPIs) and achievement of targets with overall linkage to Bank Budgets and business/functional targets/objectives. Depending on the nature of the business/function, the risk involved, the time horizon for review of quality and longevity of the assignments performed, various forms of performance pay may be applicable

**1.3** Performance pay is discretionary in nature and not guaranteed, nor is it an entitlement. Actual total performance pay granted in any year will be determined based on Bank, business unit and individual performance and other evaluation criteria. Based on evaluation on such criteria, actual total pay could be lower than target total pay or could even be zero.

**1.4** The Bank will have a robust policy around performance management which has a direct bearing on performance pay. The organization may apply the malus model through the performance management framework. In the event of significant negative contributions of the bank and/ or the relevant line of business in any year, the deferred compensation (if any) would be subjected to clawback arrangement.

**1.5** The components of performance pay are outlined as below:

(a) I. Cash Incentive: At intervals ranging from Monthly, Quarterly, Annually II. Annual Incentive: Mix of cash and share linked incentive. Based on categories of employees, requirements for mandatory deferment of performance pay will be outlined as required. In case the Cash Component of actual variable pay is more than INR 25 Lacs, 50% of Cash Component shall be deferred for a period of at least 3 years. However, in case the Cash Component of actual variable pay is up to INR 25 Lacs, deferral of the Cash Component is not mandatory

**2 Share Linked Instruments**

**2.1** The share linked component of performance pay shall be delivered through the Employee Stock Options (ESOP) scheme(s) of the Bank and as approved and amended by the NRC of the Bank from time to time. Cash-linked Stock Appreciation Rights (CSARs) will also be part of the ESOP scheme. The ESOP Scheme shall be in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 and / or any other applicable regulations.

**2.2** ESOP grants are not an entitlement and shall be granted on a discretionary and reasonable basis to employees based on their performance, competency, position (grade/ level) and potential, to motivate employees and create shareholder value by aligning interest of employees with long term interests of the bank.

**2.3** ESOPs shall also be granted from time to time with the objective of retaining employees

**3 Vesting**

The vesting of share linked instruments shall be for over a period as stated in the ESOP scheme of the bank. The share linked instruments shall be valued using fair value as on the date of grant basis Black-Scholes model. In case of separation from the bank for any reason the guidelines of the ESOP scheme of the bank will be applicable.

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			<b>As at</b>	<b>As at</b>
			<b>March 31, 2025</b>	<b>March 31, 2024</b>
<b>(ii) Quantitative Disclosures</b>				
(g)	(i) Number of meetings held by the Nomination and Remuneration Committee during the financial year.	Nos	5	4
	(ii) sitting fees paid to its members	Rs./000	750	680
(h)	(i) Number of employees having received a variable remuneration award during the financial year.	Nos	485	452
	(ii) During the year total amount of sign-on/joining bonus made to - employees.	Rs./000	1,550	2,712
	(iii) Details of severance pay, in addition to accrued benefits, if any		-	-
(i)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms	Rs./000	7,622	4,083
	(ii) Total amount of deferred remuneration paid out in the financial year		-	-
(j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and nondeferred.		-	-
(k)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.		-	-
	(ii) Total amount of reductions during the financial year due to ex post explicit adjustments.		-	-
(l)	Number of MRTs identified :	Nos	2	2
(m)	(i) Number of cases where malus has been exercised.		-	-
	(ii) Number of cases where clawback has been exercised		-	-
	(iii) Number of cases where both malus and clawback have been exercised.		-	-
(n)	(i) The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	Rs./000	788	746
	(ii) Deviation in the fixed Pay for Mr. Anshul Swami, Managing Director and Chief Executive Officer from the mean pay is 11.61 times respectively.(Previous year: 12.40 times)			

**(o) Disclosure on remuneration paid to the non-executive directors**

<b>Sr No</b>	<b>Name</b>	<b>Designation</b>	<b>As at</b>	<b>Year ended</b>
			<b>March 31, 2025</b>	<b>March 31, 2024</b>
i*	Dr. Shalini Lal	Non-Executive Independent Director	800	665
ii	Mr. Malay Mukherjee	Non-Executive Independent Director	1,400	1,315
iii	Mr. Shankar Aggarwal	Non-Executive Independent Director and Part time chairman	1,250	715
iv	Mr. K Narasimha Murthy	Non-Executive Independent Director	-	1,465
v	Ms. Arundhati Mech	Non-Executive Independent Director	1,050	985
vi	Ms. Veena Hingarh	Non-Executive Independent Director	1,100	1,195
vii	Mr. Arun Kumar Gupta	Non-Executive Independent Director	-	215
viii	Mr. D K Mittal	Non-Executive Director	1,950	300
ix	Mr. O P Singh	Non-Executive Independent Director	400	270
x	Mr. Dinesh Singhal	Non-Executive Independent Director	50	-
<b>Total</b>			<b>8,000</b>	<b>7,125</b>

\*Note - Out of the total remuneration of Rs. 800 thousand paid, an amount of Rs. 50 thousand was paid to an Independent Director towards consultancy services rendered in a professional capacity.

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	As at March 31, 2025	As at March 31, 2024
<b>18.13</b>		
<b>(a) Business ratios</b>		
Interest Income as a percentage to Working Funds <sup>1</sup>	10.96%	11.10%
Non-interest income as a percentage to Working Funds <sup>2</sup>	1.41%	1.13%
Cost of Deposits <sup>3</sup>	6.91%	6.24%
Net Interest Margin <sup>4</sup>	5.46%	5.95%
Operating Profit as a percentage to Working Funds <sup>5</sup>	0.61%	0.73%
Return on Assets <sup>6</sup>	0.03%	0.09%
Business per employee <sup>7</sup>	68,199	59,721
Profit per employee <sup>8</sup>	11	34

**Notes :**

- 1 Working funds is reckoned as average of total assets as reported to Reserve Bank of India in ALE monthly.
- 2 Non interest income consists of income earned via commission brokerage charges and exchange transactions.
- 3 Cost of Deposits is the ratio of interest expense on deposits to daily average of total deposits.
- 4 Net Interest Income/ Average Earning Assets. Where net interest income= interest Income – interest expense and Average assets = average of earning assets.
- 5 Operating profit is profit for the year before provisions and contingencies and profit / (loss) on sale of building and other fixed assets (net).
- 6 Return on assets is calculated using the formula : Net income/Working Funds
- 7 Business is reckoned as average of deposits(net of interbank) and net advances for the year.
- 8 Profit per employee is calculated using average number of employees during the period.

	As at March 31, 2025	As at March 31, 2024
<b>(b) Bancassurance business</b>		
<b>Fees/Remuneration Received</b>		
1 Life Insurance Business	68,476	44,128
2 General Insurance Business	5,020	5,175
3 Health Insurance	2,649	2,649
4 Other ancilliary services	-	8,490
<b>Total</b>	<b>76,145</b>	<b>60,442</b>
<b>(c) Marketing and distribution</b>		
Fees/Remuneration Received	4,480	2,000
	<b>4,480</b>	<b>2,000</b>

**(d) Disclosures regarding Priority Sector Lending Certificates (PSLCs)**

Bank has not traded in any Priority Sector Lending Certificates (PSLCs) during the year ended 31st March 2025.(Previous year: Nil)

**(e) Provisions and contingencies**

	Year ended March 31, 2025	Year ended March 31, 2024
<b>Provision debited to profit and loss account</b>		
(i) Provisions for NPI	-	-
(ii) Provisions for NPA*	1,76,021	1,32,414
(iii) Provision for Standard Assets	22,525	21,634
(iv) Provision for Deferred Tax	(31,772)	(30,632)
(v) Provision for investment	-	-
(vi) Provision for income tax (including adjustment of previous year excess tax provision)	32,925	38,163
<b>Total</b>	<b>1,99,699</b>	<b>1,61,579</b>

\*Includes bad debts written off amounting to Rs. 5,220 thousand (previous year: Rs. 35,050 thousand)

**(f) Implementation of IFRS converged Indian Accounting Standards (Ind AS)**

"IND AS roadmap for scheduled commercial banks (excluding regional rural banks), insurers/insurance companies and nonbanking financial companies (NBFCs) was issued by Union Ministry of Corporate Affairs (MCA) through press release dated 18 January 2016. IND AS was applicable to the Bank in accordance with the MCA press release from financial year 2018-19 which was deferred to financial year 2019-20 vide RBI's Press Release (2017-18/2642) dated 5 April 2018. RBI has further deferred implementation of IND AS till further notice vide its Circular no DBR.BP.BC.No. 29/21.07.001/2018- 19 dated 22.03.2019. The Bank accordingly, has appointed a Consultant to assist in implementation of the Ind AS. The Audit Committee of the Board is being apprised of the progress made from time to time. The Bank has a well-planned strategy for Ind AS implementation and has made substantial progress in this regard. Further, Bank is submitting the Proforma Ind AS Financial Statements to the RBI as per prescribed periodicity."

**(g) Payment of DICGC Insurance Premium**

	Year ended March 31, 2025	Year ended March 31, 2024
(i) Payment of DICGC Insurance Premium	29,835	23,891
(ii) Arrears in payment of DICGC premium	-	-

**18.14 Other Disclosures with respect to certain Accounting Standards**

**(a) Accounting Standard 5: Net Profit or Loss for the period, Prior Period Items and Change in Accounting Policy**

During the Current year there were no material prior period income/expenditure items requiring disclosure under Accounting Standard 5. The financial statements for the year ended March 31, 2025 have been prepared following the same Accounting Policies and practices as those followed in the annual financial statements for the year ended March 31, 2024.

**(b) Accounting Standard 9 - Revenue Recognition**

Revenue is booked on accrual basis except certain items of income are recognized on realization basis as per Accounting Policy No. 17.3

**SHIVALIK SMALL FINANCE BANK LIMITED****CIN NO. U65900DL2020PLC366027****Notes to the financial statements***(Amounts in INR thousands, unless otherwise stated)***(C) Accounting Standard 19 - Lease**

(i) Operating lease primarily comprise office premises, which are renewable at the option of the bank normally at the end of every 3rd or 5th year.

(ii) As per information available, Non-Cancellable lease as on 31.03.2025: 2 (Noida H.O and National Operating Centre)

As per information available, Non-Cancellable lease as on 31.03.2024: 1 (Noida H.O)

Particulars	As at March 31, 2025	As at March 31, 2024
Not later than 1 year	24,190	20,359
Later than 1 year and not later than 5 years	78,941	75,711
Later than 5 years	-	-
<b>Total</b>	<b>1,03,131</b>	<b>96,070</b>

	As at March 31, 2025	As at March 31, 2024
(iii) Amount of lease payment recognized in P & L Account for operating lease is as under.		
Number of lease/rented premisses	No's 47	45
Amount of Rent	Amount 76,586	62,200

(iv) The bank has 44 Bank Branches, 20 Unbanked Rural Center (URC) managed by BC, 15 BCBO managed by BC

**(d) Accounting Standard 20 - Earnings per Share**

	As at March 31, 2025	As at March 31, 2024
(A) EPS - Basic	Rs. 0.07	0.22
(B) EPS - Diluted*	Rs. 0.07	0.21
<b>(C) Amount used as numerator Profit/ (Loss) after tax :Bas Rs./'000'</b>	<b>9,428</b>	<b>23,954</b>
i Add: Effect of dilution- Stock option granted to employee	Rs./'000' -	-
ii Add: Effect of dilution- Share Warrants	Rs./'000' -	-
iii Add: Effect of dilution- Compulsory Convertible debentu	Rs./'000' -	-
iv Add: Effect of dilution-Compulsory Convertible	Rs./'000' -	-
Preference shares		
<b>(D) Amount used as numerator Profit/ (Loss) after tax :Dilu Rs./'000'</b>	<b>9,428</b>	<b>23,954</b>
(E) Nominal value of share	Rs. 10	10
<b>(F) Weighted average number of equity shares used as the denominator - Basic</b>	<b>1,35,995</b>	<b>1,09,304</b>
i Add: Effect of dilution- Stock option granted to employee	No.s/'000' 1,668	1,883
ii Add: Effect of dilution- Share Warrants	No.s/'000' 406	381
iii Add: Effect of dilution- Compulsory Convertible debentu	No.s/'000' -	-
iv Add: Effect of dilution-Compulsory Convertible	No.s/'000' -	265
Preference shares		
<b>(G) Weighted average number of equity shares used as the denominator-Diluted</b>	<b>1,38,069</b>	<b>1,11,833</b>



**SHIVALIK SMALL FINANCE BANK LIMITED**
**CIN NO. U65900DL2020PLC366027**
**Notes to the financial statements**
*(Amounts in INR thousands, unless otherwise stated)*

<b>(e) Accounting Standard 22- Accounting for taxes on Income</b>		<b>As at March 31, 2025</b>	<b>As at March 31, 2024</b>
<b>(a) Deferred Tax Asset</b>			
(i) Provisions		67,404	41,642
(ii) Preliminary Expense under section 35D		1,073	1,608
(iii) Taxable loss (carried forward)		-	-
(iv) Share based payment expense		1,859	4,480
(v) Other Contingencies		569	892
(vi) Depreciation on Fixed Assets		4,745	-
<b>Total</b>		<b>75,650</b>	<b>48,622</b>
<b>(b) Deferred Tax Liabilities</b>			
(i) Depreciation on Fixed Assets		-	5,034
(ii) Special Reserve u/s 36(1)(viii) of Income Tax Act 1961		598	307
(iii) Others		-	-
<b>Total</b>		<b>598</b>	<b>5,341</b>
<b>Deferred tax (liabilities) / assets (net)</b>		<b>75,052</b>	<b>43,281</b>
<b>(c) Tax paid in advance/ tax deducted at source (net of provision for tax)</b>		<b>18,988</b>	<b>9,216</b>

**Note: Movement of Deferred tax assets**

	<b>As at March 31, 2025</b>	<b>As at March 31, 2024</b>
(i) Opening deferred tax asset	43,281	12,648
(ii) Closing Deferred tax (liabilities) / assets (net)	75,052	43,281
(iii) Amount for the current year ((i)+(ii)-(iii))	31,771	30,633

**(f) Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements**

The bank does not have any subsidiary, associate or joint venture company. Accordingly, "Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements" and "Accounting Standard 27- Financial reporting of interest in joint ventures" does not apply to the bank

**(g) Accounting Standard 24 – Discontinuing operations**

During the period from 01.04.2024 to 31.03.2025, the bank has not discontinued operations of any of its branches, which resulted in shedding of liability and realization of assets and no decision has been finalized to discontinue an operation in its entirety which have the above effect.(Previous year: Nil)

**(h) Accounting Standard 26 – Intangible asset**

Particulars	Useful Life	Rate of Amortization	Amortization Method	
Computer Software	3-10 years	10%	Straight line Method	
Trademark	10 years	10%	Straight line Method	
Description	As at March 31, 2024	Additions	Disposals/ Adjustments	As at March 31, 2025
<b>Gross block</b>				
Computer Software	4,87,041	3,00,387	-	7,87,428
Trademark	196	-	-	196
	<b>4,87,237</b>	<b>3,00,387</b>	<b>-</b>	<b>7,87,624</b>
<b>Accumulated depreciation</b>				
Computer Software	1,57,003	1,43,256	-	3,00,259
Trademark	90	20	-	110
<b>Total</b>	<b>1,57,093</b>	<b>1,43,276</b>	<b>-</b>	<b>3,00,369</b>
<b>Net block</b>				
Computer Software	3,30,038	1,57,131	-	4,87,169
Trademark	106	-20	-	86
<b>Total</b>	<b>3,30,144</b>	<b>1,57,111</b>	<b>-</b>	<b>4,87,255</b>

**SHIVALIK SMALL FINANCE BANK LIMITED****CIN NO. U65900DL2020PLC366027****Notes to the financial statements***(Amounts in INR thousands, unless otherwise stated)***For the financial year 2023-24**

<b>Description</b>	<b>As at March 31, 2023</b>	<b>Additions</b>	<b>Disposals/ Adjustments</b>	<b>As at March 31, 2024</b>
<b>Gross block</b>				
Computer Software	2,74,793	2,11,168		4,85,961
Trademark	196	-	-	196
	<b>2,74,989</b>	<b>2,11,168</b>	<b>-</b>	<b>4,86,157</b>
<b>Accumulated depreciation</b>				
Computer Software	85,318	71,425	-	1,56,743
Trademark	70	21	-	91
<b>Total</b>	<b>85,388</b>	<b>71,446</b>	<b>-</b>	<b>1,56,834</b>
<b>Net block</b>				
Computer Software	1,89,475	1,39,743	-	3,29,218
Trademark	126	-21	-	105
<b>Total</b>	<b>1,89,601</b>	<b>1,39,722</b>	<b>-</b>	<b>3,29,323</b>

**(i) Accounting Standard 28 – Impairment of assets**

In the opinion of the bank, there is no impairment of its assets (to which the standard applies) to any material extent as at 31.03.2025 requiring recognition in terms of "Accounting Standard 28 – Impairment of assets".(Previous year: Nil)

**(j) Accounting Standard 11 –The Effects of Changes in foreign exchange rates**

The Bank does not have any foreign currency operations for the year ended 31 March 2025.(Previous year: Nil).

**SHIVALIK SMALL FINANCE BANK LIMITED**

CIN NO. U65900DL2020PLC366027

**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

**(k) Accounting Standard 15 – Employees Benefits**

- (i) The Bank has Defined Contribution Plan applicable to all categories of employees joining the bank. The scheme is managed by LIC of India. The detail of the contribution during the Financial Year 2024-2025 Rs.8,792 thousands (previous year : Rs 10,698 thousands)
- (ii) In line with the accounting policy and as per the Accounting Standard – 15(R), the summarized position of employment benefits is as under

Particulars	As at	As at
	March 31, 2025	March 31, 2024
Present Value of obligations at beginning of the year	28,086	22,111
Current Service Cost (C)	7,280	6,077
Past Service Cost (D)	-	-
Interest Cost (E )	2,036	1,658
Actuarial (gain)/loss on obligation (F)	714	3,866
Benefit Paid (G)	(5,026)	(3,409)
Benefit paid previous year (H)	-	(2,217)
<b>Present Value of obligations</b>	<b>33,090</b>	<b>28,086</b>

Particulars	As at	As at
	March 31, 2025	March 31, 2024
Present Value of obligation at the end of year	33,090	28,086
Fair Value of Plan Assets at the end of year	29,432	23,740
<b>Net Liability/ (Assets)</b>	<b>3,658</b>	<b>4,346</b>

Particulars	As at	As at
	March 31, 2025	March 31, 2024
Interest Cost	2,036	1,658
Current Service Cost	7,280	6,077
Expected Return on Plan Assets	(1,662)	(1,256)
Benefit paid pertaining to previous year	-	(2,217)
Net Actuarial Gain/Loss recognized during the year	450	3,772
<b>Expenses to be recognised in Profit and Loss account</b>	<b>8,104</b>	<b>8,034</b>

Particulars	As at	As at
	March 31, 2025	March 31, 2024
Fair Value of assets on beginning of the year	23,740	17,318
Expected return on plan assets	1,662	1,256
Contributions	8,792	10,698
Benefits Paid	(5,026)	(3,409)
Benefits Paid for previous years	-	(2,217)
Actuarial Gain/(Loss) on plan assets	264	94
<b>Fair Value of Plan Assets at the end of year</b>	<b>29,432</b>	<b>23,740</b>

Principal actuarial assumptions used in determining gratuity and post-employment benefits.	As at	As at
	March 31, 2025	March 31, 2024
Discount Rate (%)	7.00%	7.25%
Salary increase (%)	5%	5%
Mortality Table	IALM 2012-14	IALM 2012-14
Retirement Age	60	60
Average Withdrawal rate	15%	14%

The Bank employee's are not eligible for the long term compensated absences accordingly the assumption of the compensated absences not disclosed

**SHIVALIK SMALL FINANCE BANK LIMITED**

CIN NO. U65900DL2020PLC366027

**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

**(I) Accounting Standard 18 - Disclosure of Related Parties****(I) List of related parties****(a) Key Management Personnel (KMP)**

(i)	Anshul Swami	Managing Director and Chief Executive Officer
(ii)	Gaurav Seth	Chief Financial Officer
(iii)	Shruti Pandey	Company Secretary

**(b) Relatives of KMP**

(i)	Asha Swami	Mother
(ii)	Gaurav Seth (HUF)	HUF and all members of such HUF

**(c) Individuals owning either directly or indirectly a significant influence/control over the enterprise**

(i)	Dinesh Kumar Mittal*	Promoter/ Non-Executive director
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**(d) Relatives of individual as mentioned above ( c )**

(i)	Dinesh Kumar Mittal (HUF)	HUF and all members of such HUF
(ii)	Neeru Mittal	Spouse
(iii)	Gaurav Mittal	Son
(iv)	Ankita Mittal	Son's wife
(v)	Harsh Mittal	Son
(vi)	Pankhuri Goel	Son's wife

**(e) The bank does not have any holding, subsidiary, associate or joint venture.***\* considered significant influence due to 24.72 % shareholding in the bank*

**SHIVALIK SMALL FINANCE BANK LIMITED****CIN NO. U65900DL2020PLC366027****Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

**(i) Deposits**

<b>Particulars</b>	<b>As at March 31, 2025</b>	<b>Highest balance during the year</b>	<b>As at March 31, 2024</b>	<b>Highest balance during the year</b>
(a) Key Management Personnel (KMP)	17,563	24,404	13,176	14,806
(b) Relatives of KMP	-	-	-	-
(c) Entities in which KMP / Relatives of KMP can exercise significant influence	-	-	-	-
(d) Individual having significant influence	258	1,50,744	3	30,013
(e) Relative of Individual having significant influence	8,399	8,592	7,397	21,072
<b>Total</b>	<b>26,220</b>	<b>1,83,740</b>	<b>20,576</b>	<b>65,891</b>

**(ii) Advances**

<b>Particulars</b>	<b>As at March 31, 2025</b>	<b>Highest balance during the year</b>	<b>As at March 31, 2024</b>	<b>Highest balance during the year</b>
(a) Key Management Personnel (KMP)	4,298	4,740	4,740	4,885
(b) Relatives of KMP	-	-	-	-
(c) Entities in which KMP / Relatives of KMP can exercise significant influence	-	-	-	-
(d) Individual having significant influence	36	80	-	-
(e) Relative of Individual having significant influence	-	-	-	1
<b>Total</b>	<b>4,334</b>	<b>4,820</b>	<b>4,740</b>	<b>4,886</b>

**(iii) Interest paid**

<b>Particulars</b>	<b>As at March 31, 2025</b>	<b>As at March 31, 2024</b>
(a) Key Management Personnel (KMP)	451	431
(b) Relatives of KMP	191	111
(c) Entities in which KMP / Relatives of KMP can exercise significant influence	-	-
(d) Individual having significant influence	65	16
(e) Relative of Individual having significant influence	497	448
<b>Total</b>	<b>1,204</b>	<b>1,006</b>

**(iv) Interest received**

<b>Particulars</b>	<b>As at March 31, 2025</b>	<b>As at March 31, 2024</b>
(a) Key Management Personnel (KMP)	321	103
(b) Relatives of KMP	-	-
(c) Entities in which KMP / Relatives of KMP can exercise significant influence	-	-
(d) Individual having significant influence	-	-
(e) Relative of Individual having significant influence	-	-
<b>Total</b>	<b>321</b>	<b>103</b>

**SHIVALIK SMALL FINANCE BANK LIMITED****CIN NO. U65900DL2020PLC366027****Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

**(v) Leasing / HP arrangements/ Other arrangements availed**

<b>Particulars</b>	<b>As at March 31, 2025</b>	<b>As at March 31, 2024</b>
(a) Key Management Personnel (KMP)	50	32
(b) Dinesh Kumar Mittal (HUF) (Member in HUF)	2,597	2,493
(c) Relative of Individual having significant influence	25	53
<b>Total</b>	<b>2,672</b>	<b>2,578</b>

**(vi) Remuneration**

<b>Particulars</b>	<b>As at March 31, 2025</b>	<b>As at March 31, 2024</b>
(a) Key Management Personnel (KMP)	22,821	21,855
(b) Relatives of Individual having significant influence	6,846	5,589
<b>Total</b>	<b>29,667</b>	<b>27,445</b>

**SHIVALIK SMALL FINANCE BANK LIMITED**

CIN NO. U65900DL2020PLC366027

**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

**(n) Accounting Standard 17 – Segment Reporting**

**PART A- BUSINESS SEGMENTS**

Business Segments	Particulars	Treasury		Wholesale banking			Retail Banking			Digital banking			Other Banking Operations		Total	
		As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
	Revenue	4,83,911	4,55,302	10,63,141	7,47,037	26,02,862	18,28,953	-	-	78,926	62,468	42,28,840	30,93,759			
	Results	2,379	5,362	2,211	7,250	5,413	17,750	-	-	578	1,126	10,580	31,488			
	Unallocated Expenses															
	Operating Profits											10,580	31,488			
	Income Taxes											1,154	7,511			
	Net Profits											9,427	23,977			
	Extra-ordinary Profit/loss											-	-			
	Other Information											-	-			
	Segment Assets	86,73,517	68,73,274	97,23,993	74,77,976	2,26,89,317	1,58,81,483	-	-	16,731	-	4,11,03,557	3,02,32,733			
	Unallocated Assets											94,040	52,496			
	<b>Total Assets</b>											<b>4,11,97,598</b>	<b>3,02,85,229</b>			
	Segment Liabilities	9,50,609	1,90,444	1,10,20,795	88,87,385	2,57,15,187	1,88,85,694	-	-	-	-	3,76,86,591	2,79,63,523			
	Unallocated Liabilities															
	<b>Total Liabilities</b>											<b>3,76,86,591</b>	<b>2,79,63,523</b>			

**PART B- GEOGRAPHIC SEGMENTS**

The Bank has single geographic segment

**Notes**

- Revenue is allocated on the basis of actual earnings of the respective segments. However for banking segment the total interest income of the segment is apportioned between corporate and retail banking on the basis of yield on advances.
- Direct expenses of segments is allocated on actual basis. However for the banking segment the interest expense paid is apportioned between corporate and retail banking is on the basis of daily average of advances held by the respective segments.
- Indirect expenses like salaries and infrastructure cost is apportioned on the basis of average time spent and average area occupied by each segment.
- Unallocated assets consist of Advance Tax / TDS (Net of provision for taxes) of Rs. 18,988 thousand (previous year : Rs 9,216 thousand).
- The bank does not have any digital banking unit

**SHIVALIK SMALL FINANCE BANK LIMITED****CIN NO. U65900DL2020PLC366027****Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

**(o) Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets****Details of provisions**

Sr No.	Particulars	Opening balance as at 01 April, 2024	Adjustments during the year	Utilisation during the year (See note below)	Closing balance as at 31 March, 2025
(a)	Provision for Non Performing Advances	2,50,753	2,15,816	(1,07,761)	3,58,808
(b)	Provision on Standard Assets				
(i)	Provision for Restructured assets	2,939	-	(416)	2,523
(ii)	Provision on Standard Assets	67,023	22,655	-	89,678
(c)	Provision for Depreciation on investments	-	-	-	-
(d)	Provision for income tax	38,163	37,562	(38,163)	37,562
	<b>Total provisions</b>	<b>3,58,878</b>	<b>2,76,033</b>	<b>(1,46,340)</b>	<b>4,88,571</b>
(e)	Deferred tax assets (credit)	43,280	31,772	-	75,052
		<b>43,280</b>	<b>31,772</b>	<b>-</b>	<b>75,052</b>
	<b>Total</b>	<b>3,15,598</b>	<b>2,44,261</b>	<b>(1,46,340)</b>	<b>4,13,519</b>

**Note:** Amount utilized consist of write offs made during year.

Sr No.	Particulars	Opening balance as at 01 April, 2023	Adjustments during the year	Utilisation during the year (See note below)	Closing balance as at 31 March, 2024
(a)	Provision for Non Performing Advances	1,64,314	97,364	(10,925)	2,50,753
(b)	Provision on Standard Assets				
(i)	Provision for Restructured assets	2,939	-	-	2,939
(ii)	Provision on Standard Assets	45,389	21,634	-	67,023
(c)	Provision for Depreciation on investments	-	-	-	-
(d)	Provision for income tax	11,427	38,163	(11,427)	38,163
	<b>Total provisions</b>	<b>2,24,069</b>	<b>1,57,161</b>	<b>(22,352)</b>	<b>3,58,878</b>
(e)	Deferred tax assets (credit)	12,648	30,632	-	43,280
		<b>12,648</b>	<b>30,632</b>	<b>-</b>	<b>43,280</b>
	<b>Total</b>	<b>2,11,421</b>	<b>1,26,529</b>	<b>(22,352)</b>	<b>3,15,598</b>

**Note:** Amount utilized consist of write offs made during year.



**18.15 Additional Disclosures**

- (a) For authorised, issued, susbscribed, paid-up share capital information refer Schedule 1A- Capital. Additional disclosure of Companies Act, 2013 are as follows:

**i. Right and restrictions attached to equity shares**

The bank has issued one class of equity shares having par value of Rs. 10 per share. Each equity shareholder is eligible for one vote per share held. In event of liquidation the equity shareholders are eligible to receive remaining assets of the bank after distribution of all preferential amounts, In proportion to their shareholders

**ii. Reconciliation of number of shares and amount outstanding at the beginning and at the end of reporting year.**

Particulars	As at March 31, 2025		As at March 31, 2024	
	No's ('000')	Amount	No's ('000')	Amount
<b>(i) Equity shares with voting rights (Fully Paid up)</b>				
Balance as at beginning of year	1,21,416	12,14,160	1,07,246	10,72,466
Add: CCPS converted to equity	10,000	1,00,000	-	-
Add: Shares issued during the year	17,301	1,73,008	14,169	1,41,694
Add: Debentures converted in shares during the year				
<b>Balance as at end of year</b>	<b>1,48,717</b>	<b>14,87,168</b>	<b>1,21,415</b>	<b>12,14,160</b>
<b>(ii) Equity shares with voting rights (Partly Paid up)</b>				
Balance as at beginning of year	-	-		
Add: Amount called and paid (Rs.9 per share)	-	-		
	-	-	-	-
<b>Less: Classified to fully paid up shares</b>				
<b>Balance as at end of year (partly paid-up)</b>			-	-
<b>Total Equity Shares (i)+(ii)</b>	<b>1,48,717</b>	<b>14,87,168</b>	<b>1,21,415</b>	<b>12,14,160</b>
<b>(iii) Preference Shares (Rs.0.5 paid-up)</b>				
Balance as at beginning of year	10,000	5,000	10,000	5,000
Add: Shares issued and amount called during the year				
Less: CCPS converted to equity	-10,000	-5,000		
<b>Balance as at end of year</b>	<b>-</b>	<b>-</b>	<b>10,000</b>	<b>5,000</b>
<b>(iv) Share warrants (Rs. 1.2 paid up)</b>				
Balance as at beginning of year	6,000	7,200	6,000	7,200
Add: Issued and amount called during the year				
<b>Balance as at end of year</b>	<b>6,000</b>	<b>7,200</b>	<b>6,000</b>	<b>7,200</b>

**(b) Disclosure of Letters of Comfort (LoCs) issued by banks**

The Bank has not issued any letter of comfort during the year ended March 31, 2025.(Previous year:Nil)

**(c) Insurance Business**

The bank has engaged into insurance brokerage business. The Bank has tie-ups with the following insurance companies :

- (i) Life Insurance Corporation of India
- (ii) Bharti Axa Life Insurance
- (iii) Bajaj Life Insurance
- (iv) Bajaj General Insurance
- (v) Go-Digit
- (vi) Star Health Insurance
- (vii) New India Assurance Limited
- (viii) Kotak Mahindra Life Insurance Company Limited
- (ix) TATA AIA Life Insurance Co.Ltd.

Accordingly, Bank has earned Rs.76,145 thousand (previous year : Rs 51,952 thousand) as brokerage on insurance commission on account of sale of life, health and general insurance policies to clients.

- (d) The bank have 44 banking branches and 35 unbanking area branches (Previous year : 43 Banking branches and 30 unbanking area branches)

- (e) The bank has not accepted any green deposits during the year ended 31 March 2025 (previous year: Nil)

	As at March 31, 2025	As at March 31, 2024
(f) Other liabilities and provisions		
I Bills payable	2,74,450	79,203
II Inter-office adjustment (net)		
III Interest accrued	2,11,955	1,29,750
IV Others:		
(a) Provisions for standard assets	92,201	69,962
(b) TDS payable	36,852	32,593
(c) Sundry liabilities	3,47,423	2,34,998
<b>Total</b>	<b>9,62,881</b>	<b>5,46,506</b>

(g) Disclosure for employee stock option plan accounting

(a) Scheme Introduction

The Scheme is part of the overall compensation and retention strategy of the Bank and is an arrangement between the Bank and the Eligible Employees (as defined hereinafter). The objective of the Scheme is to enhance the long-term value for the Bank by further aligning the interests of the Employees to the interests of the Bank and of our Shareholders, by motivating the Employees to contribute to the growth and profitability of the Bank and to attract and retain talent in the Bank. The Scheme seeks to achieve the aforesaid objectives by:

- (a) attracting and retaining Employees by issuing instruments which enable them to participate in the success of the business
- (b) motivating Employees by means of performance related incentives to achieve performance goals of the Bank
- (c) recognizing contributions of the Employees which are crucial for the success of the Bank in the long run; and
- (d) fostering a sense of ownership and sharing of economic prosperity of Bank and thereby creating Employee Value Proposition.

(b) The salient terms of the scheme are set out hereunder:

The board of directors has in the meeting dated 2 August 2021 approved the ESOP pool upto 5% of paid up equity share capital which was later approved by the shareholders in annual general meeting dated 30 September 2021.

Particulars	Date of Grant	Number of Options Granted	Vesting Period	Exercise Price(INR per option)
Grant I	21 March 2022	2,38,864	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	24
Grant II	01 April 2022	1,25,623	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	24
Grant III	26 April 2022	5,68,949	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	24
Grant IV	31 May 2022	4,40,500	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	24
Grant V	06 August 2022	5,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	25
Grant VI	18 November 2022	2,25,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	25
Grant VII	01 February 2023	5,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	25



## SHIVALIK SMALL FINANCE BANK LIMITED

CIN NO. U65900DL2020PLC366027

## Notes to the financial statements

(Amounts in INR thousands, unless otherwise stated)

Particulars	Date of Grant	Number of Options Granted	Vesting Period	Exercise Price(INR per option)
Grant VIII	03 March 2023	-	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	25
Grant IX	01 April 2023	31,709	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	26
Grant X	28 April 2023	20,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	26
Grant XI	15 June 2023	20,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	26
Grant XII	05 September 2023	10,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	26
Grant XIII	23 September 2023	10,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	26
Grant XIV	25 September 2023	6,62,188	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	26
Grant XV	17 October 2023	1,75,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	26
Grant XVI	02 January 2024	10,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	44
Grant XVII	06 February 2024	5,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	44
Grant XVIII	20 February 2024	5,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	44
Grant XIX	27 February 2024	17,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	44
Grant XX	02 March 2024	10,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	44
Grant XXI	06 June 2024	22,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	51



## SHIVALIK SMALL FINANCE BANK LIMITED

CIN NO. U65900DL2020PLC366027

## Notes to the financial statements

(Amounts in INR thousands, unless otherwise stated)

Particulars	Date of Grant	Number of Options Granted	Vesting Period	Exercise Price(INR per option)
Grant XXII	15 August 2024	85,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	51
Grant XXIII	06 September 2024	4,50,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	51
Grant XXIV	17 September 2024	5,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	51
Grant XXV	16 October 2024	1,57,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	53
Grant XXVI	08 February 2025	2,500	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	53
Grant XXVII	14 February 2025	10,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	53
Grant XXVIII	21 March 2025	4,15,724	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	26
Grant XXIX	21 March 2025	10,000	25% on first anniversary of grant date 25% on second anniversary of grant date 25% on third anniversary of grant date 25% on fourth anniversary of grant date	53

Date of Board Approval of Scheme

2 August 2021

- (h) The following table represents the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

## Employee Stock Option Plan

Particulars	Date of Grant	Weighted Average exercise price (WAEP)	Outstanding as at 31 March 2024	New option granted during the year	Forfeited and expired	Options Exercised during the year	Outstanding as at 31 March 2025
Grant I	21.03.2022	24	2,83,298	-	44,434	-	2,38,864
Grant II	01.04.2022	24	1,25,623	-	-	-	1,25,623
Grant III	26.04.2022	24	5,68,949	-	-	-	5,68,949
Grant IV	31.05.2022	24	5,09,000	-	68,500	-	4,40,500
Grant V	06.08.2022	25	5,000	-	-	-	5,000
Grant VI	18.11.2022	25	3,25,000	-	1,00,000	-	2,25,000
Grant VII	01.02.2023	25	5,000	-	-	-	5,000
Grant VIII	03.03.2023	25	5,000	-	5,000	-	-
Grant IX	01.04.2023	26	8,03,756	-	7,72,047	-	31,709
Grant X	28.04.2023	26	25,000	-	5,000	-	20,000
Grant XI	15.06.2023	26	55,000	-	35,000	-	20,000
Grant XII	05.09.2023	26	10,000	-	-	-	10,000

**SHIVALIK SMALL FINANCE BANK LIMITED**
**CIN NO. U65900DL2020PLC366027**
**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

Particulars	Date of Grant	Weighted Average exercise price (WAEP)	Outstanding as at 31 March 2024	New option granted during the year	Forfeited and expired	Options Exercised during the year	Outstanding as at 31 March 2025
Grant XIII	23 09 2023	26	10,000	-	-	-	10,000
Grant XIV	25 09 2023	26	7,89,438	-	1,27,250	-	6,62,188
Grant XV	17 10 2023	26	1,75,000	-	-	-	1,75,000
Grant XVI	02 01 2024	44	10,000	-	-	-	10,000
Grant XVII	06 02 2024	44	5,000	-	-	-	5,000
Grant XVIII	20 02 2024	44	5,000	-	-	-	5,000
Grant XIX	27 02 2024	44	17,000	-	-	-	17,000
Grant XX	02 03 2024	44	10,000	-	-	-	10,000
Grant XXI	06 06 2024	51		22,000	-	-	22,000
Grant XXII	15 08 2024	51		85,000	-	-	85,000
Grant XXIII	06 09 2024	51		4,77,000	27,000	-	4,50,000
Grant XXIV	17 09 2024	51		5,000	-	-	5,000
Grant XXV	16 10 2024	53		1,57,000	-	-	1,57,000
Grant XXVI	08 02 2025	53		2,500	-	-	2,500
Grant XXVII	14 02 2025	53		10,000	-	-	10,000
Grant XXVIII	21 03 2025	26		4,15,724	-	-	4,15,724
Grant XXIX	21 03 2025	53		10,000	-	-	10,000
<b>Total</b>			<b>37,42,064</b>	<b>11,84,224</b>	<b>11,84,231</b>	<b>-</b>	<b>37,42,057</b>

**(i) Fair value of share options granted in the year**

Options were priced using Black Scholes Model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations.

Plan Type	ESOP	
Particulars	March 31, 2025	March 31, 2024
Weighted average fair value of options granted during the year (INR)	20 46	11 52
<b>The key assumptions used are:</b>		
-Weighted average share price	42 33	26 44
-Weighted average exercise price	42 33	26 44
-Risk free interest rate (based on US treasury bonds yields)	6 4% to 6 9%	6 98% to 6 99%
-Estimated attrition rate used for calculation	10%	10%
-Expected life in years	4 years	4 years
-Expected dividend yield	-	-

**(j) Amount of expense recognised in the statement of profit and loss**

	ESOP	
Particulars	March 31, 2025	March 31, 2024
Expense Recognised in profit and loss account	3,846	10,412



**SHIVALIK SMALL FINANCE BANK LIMITED**  
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**Notes to the financial statements**  
(Amounts in INR thousands, unless otherwise stated)

**(k) Inter-office accounts**

Inter Office Accounts between branches, controlling offices, local head offices and corporate centre establishments are being reconciled on an ongoing basis and there is no material effect on the profit and loss account of the current year

**(l) Description of Contingent Liabilities**

Particulars	Amount	Description
(i) <b>Guarantees given on behalf of constituents in India.</b>	29,187	As a part of its commercial banking activities, the Bank issues bank guarantees on behalf of its customers.
(ii) <b>Other items for which Bank is contingently liable</b>	18,761	Includes amount transferred to the RBI under the Depositor Education and Awareness Fund (DEAF)
<b>Total</b>	<b>47,948</b>	

\* The bank has no litigation pending other than litigations of recovery from customers accordingly no contingent liability for pending litigations/claims is disclosed.

**(m) Payment to auditors**

	As at March 31, 2025	As at March 31, 2024
<b>Audit fees to statutory auditor</b>	<b>2,562</b>	<b>2,726</b>
(i) Audit fees	2,562	2,726
(ii) Other certificate and services	-	-
(iii) Out of pocket expenses		115
<b>Total Payments to auditors</b>	<b>2,562</b>	<b>2,841</b>

**(n) Disclosures with respect to other expenses exceeding 1% of the total income**

Particulars	As at March 31, 2025	As at March 31, 2024
System management fees	44,594	52,796
Transaction charges	46,353	34,873
Payout to business correspondents	8,02,685	4,92,090
Outsourced staff cost	56,270	56,531
<b>Total</b>	<b>9,49,902</b>	<b>6,36,290</b>

**(o) Corporate Social Responsibility**

Section 135 of Companies act 2013 does not apply to the bank since it has not crossed the threshold limit in Net worth, turnover, Net Profit

**(p) Dues to Micro Small and Medium Enterprises**

Trade payables are grouped in other liabilities the amounts due to Micro Small and Medium Enterprises are as follows:

1. Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year

- Principal amount due to micro and small enterprises*	-	5
- Interest due on above	-	-

**SHIVALIK SMALL FINANCE BANK LIMITED**  
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**Notes to the financial statements**  
(Amounts in INR thousands, unless otherwise stated)

Particulars	As at	As at
	March 31, 2025	March 31, 2024
2. Amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
3. Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
4. Amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
5. Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

*\*the amount was due on account of some clarification sought from vendor*

**(q) Comparative Figures**

Previous year figures have been regrouped/rearranged to make them comparable with the current year/period classification.

**G S A & Associates LLP**  
**Chartered Accountants**  
Firm's Reg. No.000257N / N500339

**For and on behalf of the Board of Directors of**  
**Shivalik Small Finance Bank Limited**

SD/-  
**Kriti Kant Chadha**  
Partner  
Membership No.: 515629

SD/-  
**Shankar Aggarwal**  
Director  
DIN:02116442

SD/-  
**Anshul Swami**  
Managing Director and CEO  
DIN:09446950

SD/-  
**Gaurav Seth**  
Whole-Time Director and CFO  
DIN: 06724718

SD/-  
**Shruti Pandey**  
Company Secretary  
Membership No. : 34796

Place: Noida  
Date: 10<sup>th</sup> June 2025

Place: Noida  
Date: 10<sup>th</sup> June 2025

## BOARD' REPORT

To  
 The Members,  
 Shivalik Small Finance Bank Limited

Your Board of Directors take great pleasure in presenting the Fifth (5<sup>th</sup>) Board Report on the business and operations of your Bank together with the Audited Financial Statements and Independent Auditor's Report thereon for the financial year ended 31<sup>st</sup> March 2025.

### 1. Financial Results

The Bank's financial performance for the year under review along with the previous year's figures are given hereunder:

#### Operations and activities

(Amount Rs. in Thousand)

PARTICULARS	Financial Year Ended on March, 2025	Financial Year Ended on March, 2024
Total Revenue	42,28,840	30,93,760
Total Expenses	42,19,412	30,69,806
Profit/(Loss) for the year/period	9,428	23,954
Add: Balance brought forward	10,135	(6,610)
<u>Tax Expense:</u>		
Current Tax	32,925	38,163
Deferred Tax	(31,772)	(30,632)
Yield on Advances	13.8%	14.1%
Yield on Investment	7.3%	7.5%
Cost of Deposits	6.9%	6.2%
Credit Deposit Ratio	94.0%	88.0%
Advances (net off NPA provisions)	2,93,45,595	2,09,53,790
Deposits	3,16,10,625	2,40,96,555
Gross NPA/Net NPA	2.7%/1.5%	2.0%/0.8%
Provision Coverage Ratio (including technical write off)	52.42%	63.03%
Capital Adequacy Ratio	20.8%	20.2%
EPS (Basic)	0.07	0.22
EPS (Diluted)	0.07	0.21

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## 2. Key Performance Highlights

Your Bank witnessed growth and consistent performance in FY 2024-25. The key financial performance indicators for the year under review are outlined below:

- Revenue increased to Rs. 422.89 Crores for FY 2024-25 vis-à-vis Rs. 309.38 Crores for FY 2023-24 registering YoY growth of 37%.
- Deposits increased to Rs. 3,161.06 Crores for FY 2024-25 vis-à-vis Rs. 2,409.66 Crores for FY 2023-24 registering YoY growth of 31%.
- Advances increased to Rs. 2,934.56 Crores for FY 2024-25 vis-à-vis Rs. 2,095.38 Crores for FY 2023-24 registering YoY growth of 40%.
- Balance sheet size grew to Rs. 4,119.75 Crores as on March 31, 2025, vis-à-vis Rs. 3,028.52 Crores as on March 31, 2024, registering YoY growth of 36%.

## 3. Overview and State of Affairs of the Bank

The Bank continues to be categorized as a 'Small Finance Bank' under the RBI Regulations and during the year it continued to carry on business as 'Small Finance Bank'. As a growing 'Small Finance Bank', it has been expanding its area of operations and customer base. The management has been investing in digital solutions to support Bank's expanding operations, as required from time to time.

### **Assets Business Outlook**

**As India's first Urban Co-operative Bank to transition into a Small Finance Bank**, Your Bank has strategically diversified the asset portfolio to cater to the evolving financial needs of our customers. With more than 25 years of experience in retail banking, we offer a comprehensive suite of financial products aimed at fostering financial inclusion and supporting economic growth across different asset classes. In FY25, the bank's advances grew by 40% year-on-year, reaching Rs. 2,970 crores, reflecting robust demand and effective credit delivery mechanisms. Bank's Asset Business strategy is characterized by a diversified product portfolio, customer-centric solutions, and a strong emphasis on technological integration, positioning the bank to play a significant role in promoting inclusive economic growth and financial empowerment. Your bank continues to prioritize micro and retail lending, focusing on individuals and businesses traditionally underserved by formal financial institutions.

### **Loan Against Property**

Your Bank offers a varied range of products under Loan Against Property (LAP) to cater to individual as well as non-individual entities, with an emphasis on the Micro, Small and Medium Enterprises (MSME) sector. While covering the needs of the formal segment, your Bank has

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developed various programs and measures to make MSME lending accessible to the informal and unorganized sector as well. The loan under this product is currently being offered in the states of Uttar Pradesh, Delhi-NCR, Madhya Pradesh, Haryana, Uttarakhand, and Rajasthan. The LAP portfolio has increased by 57.54% YOY. Currently the LAP portfolio constitutes the highest share in the Bank's Asset Portfolio. The Bank continues to focus on expanding the LAP portfolio and increase its penetration further.

### **Housing Loan**

Your Bank has been offering Housing Loans and Affordable Housing loans to the customers in the lower- and middle-income groups and helping the unbanked and underbanked areas in constructing or purchasing houses since its inception. Committed to its objective to reach out to the last mile customers, Your Bank has made Housing Loan product available even at the bottom tiers of Uttar Pradesh, Delhi-NCR, Madhya Pradesh, Haryana and Uttarakhand. The Housing Loan portfolio has seen a rise of 74.82% YOY.

### **Gold Loan**

Your Bank's Gold loan portfolio is aimed at providing swift and secure credit solutions to a diverse customer base. These loans are characterized by minimal documentation requirements, quick disbursement, assurance of gold security, and making them an attractive option for customers seeking immediate liquidity for various needs such as agriculture cultivation and allied activities, business expansion, education, or medical emergencies.

In FY25, Bank's gold loan portfolio grew by 35% YOY. The growth reflects bank's strategic focus on expanding its reach and enhancing its product offerings to meet the evolving needs of its customers. In FY 25 Bank strengthened branch channel in Gold Loan business & achieved growth of 36% YOY.

### **Micro Banking**

Your Bank is committed towards advancing financial inclusion through its microfinance operations, primarily targeting underserved and unserved segments across rural, semi-urban locations in India. The micro finance business is spread across 5 states, covering 82 districts through 149 exclusive Business Correspondent (BC) branches.

Bank offers Micro Loans under the Joint Liability Group (JLG) model to women engaged in income generating activities seeking financial independence. The loan features simplified documentation, flexible repayment options, attractive interest rates, with a maximum tenure of 24 months.

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Your Bank has streamlined the entire journey from customer onboarding to loan disbursements. Customers are onboarded via biometric based e-KYC post which credit decisioning happens on a real time basis digitally through APIs. The loan documents are executed digitally, and loan disbursement is done directly into bank account of the customers. The digital journey not only enhances operational efficiency but also aligns with SSFB's vision of delivering affordable, digitally focused products to small and underserved segments, thereby reinforcing its commitment to financial empowerment.

### **Agri Finance**

Your Bank offers a diverse suite of financial solutions tailored to the unique needs of farmers, Agri-entrepreneurs, and rural communities. Our Agri loan portfolio includes offering loans against commodity finance (WHR), unsecured Agri loans to small & marginal farmers. These products are structured with flexible repayment options with competitive interest rate. In FY, 2025, our agricultural loan portfolio stands at Rs. 288.31 crores, with a presence across 14 states.

To strengthen the agricultural value chain, Your Bank has partnered with multiple Business Correspondents (BCs), to offer Warehouse Receipt Finance & unsecured Agri loans and Kisan Credit Card. This collaboration enables farmers, Farmer Producer Organizations (FPOs), traders, and Agri-intermediaries to avail loans against stored agricultural commodities, providing them with immediate liquidity and the flexibility to sell their produce at favorable market conditions.

### **Wheels Loan**

The offering of the Loans under the Wheels segment of the Bank was revamped and launched in July 2023. Ever since the Bank has grown the wheels portfolio to Rs. 419.60 Crores as of 31st March 2025. With a focus on the commercial vehicle loan (CVL) segment, the Bank has also ventured into the Electric Commercial Vehicle (ECVL) financing space in FY 24-25, promoting a transition to a greener and cleaner energy alternative. The primary focus is on income generation through the means of lending to support the underserved segment across 11 states in India. As of 31st March 2025, the Electric Vehicle loan portfolio stands at Rs. 94.27 Crores, and the average ticket size is around Rs. 5 Lakhs.

### **Liabilities Business Outlook**

The Bank's Liabilities Business consisting of CASA and Term Deposits, comprising sourcing primarily through our core branches and embedded finance vide fintech collaborations, seeks to establish a resilient liabilities base with key focus on Retail Deposit growth. At the end of FY 24-25 the aggregate deposits of the Bank stood at Rs.3,161.66 Crores with a growth of 31.20%

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on YoY basis. In this the share of CASA and Retail Term Deposits stood at 77.86% of overall deposit book at end of FY24-25. In the Term Deposit book space, the book grew by 41.24% YoY with the Retail Deposit book standing at 71.46% for FY24-25 (it grew by 49.95% YoY). To supplement the liability business, the Bank focused on new digital initiatives helping in enhancing value added solutions and launch of new services. The new age Mobile Banking 2.0 version was launched with app called “mshIFt”, offering customers a convenient and easy access platform to manage their finances On-The-Go. The Bank also started offering Personalized Debit Cards with Tap-n-Pay (Contactless) payment feature. It was further enhanced with NCMC (National Common Mobility Card) being enabled into it allowing customers to use their debit cards as Transit Card too. Account Welcome Kit was another feature added wherein now the customer will get the Personalized Cheque book and Personalized Debit Card both delivered collectively to their mailing address.

Through our fintech partnership for Digital Fixed Deposit, the Bank enhanced its offering by initiating Fixed Deposit booking through UPI Auto-Pay mandate setup, which was first of its kind in the industry. This was further extended for allowing Recurring Deposit booking with monthly recurring SI being collected through UPI Auto-Pay mandate feature.

The cost associated with our liability business, covering interest on Savings Account and Term Deposits, are influenced by external factors like market dynamics, interest rate policies, competition offering and even liquidity availability. Shivalik Bank has adopted a prudent and controlled approach to managing its deposit portfolio. In contrast to several peer banks in the Small Finance Bank space where we see observed increased / higher deposit rates throughout the year, Shivalik has taken a measured and strategic approach to rate adjustments. This has enabled us to maintain a well-controlled Cost of Deposit (COD) below 7% and overall Cost of Funds (COF) at 7.1% at end of March'25. These cost advantages also allowed us to offer loans at attractive rates while preserving healthy margins. In line with our strategy to optimize the cost of funds, the Bank has also taken effort to less reliance on Bulk Deposit, which is less than 25% of the overall Liability Deposit Book as on March'25. Overall, our balanced strategy reflects a commitment to sustainable growth, combining customer value, cost efficiency, and financial prudence.

To augment the growth in the coming year and as part of its strategic roadmap, the Bank would be further strengthening our digital first approach. To cater to the need for business segment customers, the Bank would be launching Corporate Internet Banking (CIB platform) providing the option of Bulk Payment and Workflow Authorizations, along with other host of services. The Bank would also be re-launching its Retail Internet Banking in a new avatar with better UI/UX in line with the need of current times. UPI facility would be further enhanced with UPI

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Lite being available for linking with Shivalik Bank account and UPI PSP integration bank paving the way to strengthen its position against non-bank PSP's.

#### 4. Dividend

In term of the Reserve Bank of India ("RBI") guidelines, your Bank has formulated and adopted a Dividend Distribution Policy with an objective to appropriately reward shareholders through dividends for reposing their confidence in the Bank over the years while retaining the sufficient capital required for supporting future business growth requirements. During the financial year under review, the Board of Directors has not recommended the payment of a dividend.

#### 5. Transfer to Reserve

As per the requirement of the Reserve Bank of India ("RBI") Regulations, the Bank has transferred the following amount to various reserves during FY 2024-25:

Amount transferred to	Amount (Rs. in crore)
Statutory Reserve	0.24
Investment Fluctuation Reserve	-
Capital Reserve	0.58
Special Reserve u/s 36(1)(vii) of Income Tax Act	0.13
Contingency Reserve	-
Provision on Standard Assets (including a provision on restructured assets)	2.25
ESOP Reserve	0.38

#### 6. Change in the nature of business

During the period under review, there has been no change in the nature of the business of the Bank.

#### 7. Subsidiary & Associate Companies

The Bank does not have any subsidiary or associate. Hence, the details of this clause are not applicable to the Bank. Accordingly, the Bank is also not required to formulate a specific policy on dealing with material subsidiaries.

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## 8. Details of Employee Stock Options Plan

Pursuant to the resolutions passed by the Board and the Shareholders, Your Bank has adopted the “2021 Employee Stock Option Scheme” (“SSFB ESOP 2021”). The Bank may grant an aggregate number of up to 57,25,667 employee stock options under “SSFB ESOP 2021”. The objective is to enable the Bank to attract and retain the best available talent to contribute and share in the growth of the Bank.

The Scheme is administered by the Nomination and Remuneration Committee constituted by the Board of Directors of the Bank.

Information as required under Section 62 of the Companies Act, 2013 read with Rule 12 of the Companies (Share Capital and Debentures) Rule, 2014 as on 31<sup>st</sup> March 2025 are hereunder:

Particulars	Total
Number of options granted	41,82,241
Number of options forfeited / lapsed	4,40,184
Number of options vested	12,05,699
Number of options exercised	-
Number of shares arising as a result of exercise of options	-
Money realized by exercise of options (INR), if scheme is implemented directly by the Company	-
Option Granted ( <b>net of forfeiture</b> ) but not vested	25,36,358
Options Vested but not exercised	12,05,699
Options Available for Grant	15,43,426
the exercise price	-
Variation in terms of options	No Change during FY 2024-25
Employee wise details of options granted to:	
a. Key Managerial Personnel;	i. Mr. Anshul Swami, MD & CEO: 11,42,005 ii. Mr. Gaurav Seth, CFO: 2,10,000 iii. Ms. Shruti Pandey: 28,473
b. <b>any other employee who receives a grant of options in any one year of options</b>	Details of employees who receive a grant of options amounting to five percent or

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amounting to five percent or more of options granted during that year.	more of options granted during the year under review are: i. Mr. Anshul Sharma-1,45,000 (in FY 24-25) ii. Mr. Ramesh Thimmana: - 1,05,000 (in FY 24-25)
c. identified employees who were granted an option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	Nil

## 9. Meetings of the Board of Directors

The schedule for the Board and Committee meetings to be held during the next financial year is circulated in advance to all the Board Members.

During the year under review, five (5) Board meetings were conducted, with the interval between the meetings never exceeding 120 days, in compliance with the requirements of the Companies Act, 2013, the rules made thereunder and Secretarial Standard - I Issued by Institute of Company Secretaries of India. The dates of these Board meetings and attendance details of each Director are disclosed in the Report on Corporate Governance.

## 10. Board Committees

The Bank believes that the Board Committees are pillars of good corporate governance and are crucial to promoting the best Corporate Governance practices within the Bank. Accordingly, the Bank has constituted various Board Committees to improve the Board efficiency and to support decision making. The constitution of these Committees is in acquiescence of provisions of the Companies Act, 2013, and relevant rules made thereunder, the Banking Regulation Act, 1949, various Circular & Guidelines issued by the Reserve Bank of India from time to time, the Articles of Association of the Bank and other guidelines issued from time to time. The details of the Board Committees of the Bank including number & date of meetings of Committees held during FY 2024-25 and attendance thereat are disclosed in the Corporate Governance Report.

Further, to improve the Board's effectiveness, efficiency, and fast decision-making, the Bank has also constituted a few non-statutory Board Committees. A strong, independent, and

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diverse, Board ensures effective corporate governance across the organization. The independent Board committees engage throughout the year to deliver best-in-class governance practices and periodically review the policy framework to maintain its robustness.

As on 31<sup>st</sup> March 2025, the Bank has Nine (9) Board Committees as detailed below:

S. No.	Committees	Number of Meetings Held
1.	Audit Committee	4
2.	Customer Service Committee	4
3.	Willful Defaulter Review Committee	2
4.	Risk Management Committee	4
5.	Special Committee of the Board for Monitoring and follow-up of cases of Frauds (Formerly known "Special Committee for monitoring of Large Value frauds")	1
6.	Nomination and Remuneration Committee	5
7.	IT Strategy and Information Systems Security Committee	4
8.	Credit and Investment Committee	8
9.	Capital Management Committee	2

## 11. Meeting of Independent Directors

In terms of Schedule IV of the Companies Act, 2013, the Independent Directors are required to hold at least one meeting in a financial year without the presence of Non- Independent Directors and Members of the Management, to review the matters as set out therein.

During the Financial Year 2024-25, the Independent Directors met on 5<sup>th</sup> June 2024, chaired by Mr. Shankar Aggarwal and discussed & reviewed inter alia below matters:

- Performance of Non-Independent Directors, the Board of Directors as a whole, and Chairperson of the Bank,
- Assessed the quality, quantity, and timeliness of flow of information between the management of the Bank and the Board of Directors that is necessary for the Board of Directors to perform their duties effectively and reasonably,
- Assessed whether adequate time is spent by the Board/Committees on discussions on important issues,
- Reviewed the criteria for evaluation of performance of Board Committees.

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## **12. Declaration by Independent Director**

All the Independent Directors of the Bank have confirmed and have given declarations that they meet the criteria prescribed for independence under the provisions of Section 149(6) of the Companies Act, 2013. The Board has assessed the veracity of the confirmations submitted by the Independent Directors and thereafter took the same on record.

In the opinion of the Board, all the Independent Directors possesses requisite domain knowledge, experience, expertise, integrity, and proficiency as required under the Code applicable for Independent Directors as stipulated under Schedule IV of the Act and in terms of policies of the Bank.

The Independent Directors have complied with the Code applicable for Independent Directors as stipulated under scheduled IV of the Companies Act, 2013. Further, all the Independent Directors have registered in the Independent Directors Databank and have paid the relevant fees. All the compliances of rule 6(1) & (2) of the Companies (Appointment and Qualification of Directors) Rules, 2014 have been complied with.

## **13. Compensation Policy for appointment and remuneration of Director's, Key Managerial Personnel and Senior Management Personnel**

Pursuant to the provisions of section 178 of the Companies Act, 2013 read with relevant rules made thereunder, RBI guidelines and on the recommendation of the Nomination and Remuneration Committee, the Bank has formulated and adopted a comprehensive Compensation Policy for appointment and remuneration of its Directors, Key Managerial Personnel, Senior Management Personnel, Material Risk Takers (MRTs) and Control Function Staff.

The proposal for appointment of Directors is put up to the Nomination and Remuneration Committee ("NRC") along with requisite documents/disclosures received in the prescribed format for his/her proposed candidature as a director. The NRC evaluates the balance of skills, knowledge, qualifications, experience and carries out the 'fit and proper assessment' covering the review of the veracity of documents required for the post and if deems fit, the same is recommended for appointment to Board of Directors for their consideration and approval.

During FY 2024-25, as a part of Annual review, the Board of Directors reviewed the Compensation Policy.

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#### **14. Evaluation of Directors, the Board and Board Committees**

In accordance with the provisions of Section 149(8) read with Schedule IV, Section 178(2), Section 134(3)(p) of the Companies Act, 2013, the Bank has a structured assessment process for evaluation of the performance of the Board, Committees of the Board and individual performance of each Director including the Chairman. Further, the Independent Directors met separately, without the presence of non-Independent Directors and Executive Management, and inter alia reviewed the performance of non-independent directors, and Board as a whole; and performance of the Chairman.

During the financial year under review, Performance Evaluation for Board, Board Committee, and Individual Directors were taken up by the Independent Directors of the Bank in their meeting held on 5<sup>th</sup> June 2024.

#### **15. Statutory Auditor and their Report**

In accordance with the 'Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)' dated 27<sup>th</sup> April 2021 ('RBI Guidelines') issued by RBI, Banks shall appoint the Statutory Auditors for a continuous period of three (3) years, subject to the firms satisfying the eligibility norms each year and the approval of RBI on an annual basis.

The members of the Bank in the 4<sup>th</sup> Annual General Meeting held on 20<sup>th</sup> July 2024, appointed M/s GSA & Associates LLP, Chartered Accountants (FRN000257N/N500339) as Statutory auditors for a period of three (3) years, to hold office till the conclusion of the 7<sup>th</sup> Annual General Meeting of the Bank in accordance with the provisions of the Companies Act, 2013 on such remuneration as may be fixed by the Board of Directors of the Bank in consultation with the Auditors, subject the annual approval of Reserve Bank of India.

RBI vide its Letter dated 13<sup>th</sup> May 2024 had accorded its approval for the appointment of M/s GSA & Associates LLP, Chartered Accountants (FRN000257N/N500339) as Statutory Auditor of the Bank for FY 2024-25, for their first year.

There are no qualifications, reservations, adverse remarks or disclaimer made, and no frauds have been reported by M/s GSA & Associates LLP, Chartered Accountants in the Statutory Auditor Report for the Financial Year 2024-25. The Auditor's Report, enclosed with the financial statement, forms part of the Annual Report for the Financial Year 2024-25.

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The Statutory Auditors have confirmed their eligibility under Section 141 of the Companies Act, 2013 and as per the guidelines issued by RBI from time to time.

#### **16. Secretarial Auditor and their reports**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and upon recommendation of the Audit Committee of the Board, the Bank had appointed M/s. Chandrasekaran Associates, Company Secretaries (Firm Registration No. P1988DE002500), to undertake the Secretarial Audit of the Bank for financial year ending 31<sup>st</sup> March 2025.

During the year under review and pursuant to provisions of the Section 143(12) of the Companies Act, 2013, no frauds have been reported by the Secretarial Auditors, and there were no observations or qualifications made by the Secretarial Auditors in their Report. The Secretarial Audit Report for FY 2024-25 in form MR-3 is annexed with Board's Report as Annexure 1.

#### **17. Internal Financial Controls & their adequacy**

Your Bank has an effective internal financial control system in line with the risk appetite of the Bank and aligned to the scale, size, and complexity of its operations. The scope and authority of the risk based internal audit function is defined in the Risk Based Internal Audit Policy of the Bank which is duly approved by the Board.

We are pleased to report that during the financial year, your bank continued to strengthen its Internal Audit function. During the Financial Year 2024-25, the following procedures were adopted to strengthen the internal audit function:

- Introduction of Offsite Monitoring in Branch Banking to address the recurring issues and critical areas.
- Revision of all the Audit Checklists to ensure enhanced audit coverage.
- Enhanced focus on Process issues other than operational issues thereby improving overall audit Quality.
- Setting up of Inhouse Information System Audit Vertical.
- Ensuring closure of audit issues within timelines.
- Introduction of internal trainings for all the staff.

Internal audit function focuses on evaluating and providing assurance on the effectiveness of our risk management framework, internal controls, and compliance with regulatory

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requirements. The RBIA methodology enables us to identify and assess key risks across various business areas, including Credit Risk, Operational Risk, Market Risk, And Liquidity Risk.

The Internal Audit Department conducts independent reviews and appraisals of internal procedures and operations. These reviews provide management with an independent appraisal of the various operations and systems of control.

The internal audit team executed audits in accordance with the RBIA methodology, performing detailed testing and analysis to provide objective and independent assessments of the bank's risk management process.

Your Bank remains committed to enhancing our risk management framework and internal control systems through RBIA. It will continue to invest in training our internal audit team and leveraging technology to further strengthen our risk-based audit approach.

The internal audit function provides independent assurance to the Board of Directors and Audit Committee on the quality and effectiveness of the Bank's internal control, risk management and governance systems and processes.

Proper internal controls were in place and operating effectively for the period under review. Further, in compliance with the requirements of the Companies Act 2013, statutory auditors have issued an opinion with respect to the adequacy of the internal controls over financial reporting of the Bank and the operating effectiveness of such controls, details of which may be referred to in the Auditor's Report attached to the audited financial statements of FY 2024-25.

## **18. IND AS Implementation**

The Ministry of Corporate Affairs (MCA), Government of India has notified the Companies (Indian Accounting Standards) Rules, 2015 on 16<sup>th</sup> February 2015. Further, a Press Release was issued by MCA on 18<sup>th</sup> January 2016, outlining the roadmap for implementation of Indian Accounting Standards (IND AS) converged with International Financial Reporting Standards (IFRS) for banks. Banks in India were required to comply with the Indian Accounting Standards (IND AS) for financial statements for accounting periods beginning from 1<sup>st</sup> April 2018, onwards, with comparatives for the periods ending 31<sup>st</sup> March 2018, or thereafter.

On 5<sup>th</sup> April 2018, the RBI announced deferment of implementation date by one year for scheduled commercial banks. Subsequently, on 22<sup>nd</sup> March 2019, RBI has deferred

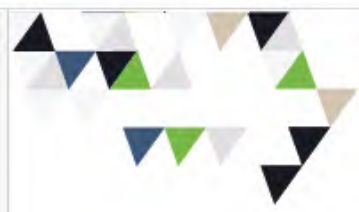
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implementation of Ind AS for banks until further notice, pending necessary legislative amendments to the Banking Regulation Act, 1949. The same is yet to be notified.

#### **19. Particulars of Loans, Guarantees and Investments under Section 186**

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

The particulars of investments made by the Bank during the financial year 2024-25 are disclosed in schedule 8 of the financial statements as per the applicable provisions of the Banking Regulation Act, 1949.

#### **20. Particulars of contracts or arrangements with related parties**

Your Bank has in place a Board approved Policy on Related Party Transactions, which provides for the process, procedure and steps required for approval reporting and disclosure of related party transactions.

The Audit Committee of the Board has given omnibus approval for related party transactions of repetitive nature and entered in the Ordinary Course of Business.

During the financial year under review, all transactions with related parties were in the ordinary course of the business and on an arm's length basis. The transactions entered by the Bank with related parties were reported to the Audit Committee.

Hence, pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, Form AOC-2 is enclosed as Annexure 2. The requisite disclosure has been made under Schedule 18 of the notes forming part of audited financial statements for the financial year ended 31<sup>st</sup> March 2025.

In line with the requirements of the Companies Act, 2013, your Board has approved the policy on Related Party Transaction and the same is disclosed on the website of the Bank at <https://shivalikbank.com/regulatory-section/policies>.

#### **21. Disclosure pursuant to Section 177(8) of the Companies Act, 2013**

During the Financial Year 2024- 2025, there was no recommendation of the Audit Committee which was not accepted by the Board.

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**22. Disclosure pursuant to Section 197(14) of the Companies Act, 2013**

The Bank does not have any holding or subsidiary company, therefore no disclosure is required to be made pursuant to the provisions of Section 197(14) of the Companies Act, 2013 and as per the relevant rules thereunder.

**23. Disclosures under Section Sec 134(3)(I) of the Companies Act, 2013 w.r.t. Material changes and commitments affecting the financial position of the Bank**

There were no material changes or commitments affecting the financial position of the Bank, between the end of the financial year of the Bank to which the financial statements relate and up to the date of this report.

**24. Conservation of energy, technology absorption and foreign exchange earnings and outgo:**

The information in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 is set out as under: -

**Conservation of Energy:**

As a banking institution, our primary energy consumption stems from electricity and diesel used in generators. To enhance efficiency and minimize waste, we allocate specific energy budgets for our Head Office and branch locations, supported by regular monitoring and review.

In FY'25, we implemented a range of conservation initiatives including:

- Transition to energy-efficient LED lighting,
- Deployment of power-saving air conditioning systems, and
- Increased utilization of natural daylight across our premises.

These initiatives collectively resulted in a 4% reduction in electricity consumption and an 11% decrease in generator fuel usage.

In line with our environmental commitment, we commemorated Earth Day with a tree plantation drive in Saharanpur. Internally, our digitization efforts led to a 9% reduction in paper usage. Externally, we strengthened our green portfolio by financing over 1,900 electric vehicles, disbursing a total of Rs. 73.74 crore.

**Technology Absorption:**

We believe that banks with the ability to adopt and integrate information technology will dominate in the highly competitive domestic market. Accordingly, the Bank continues to

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leverage information technology as a strategic tool in business operations for customer delight by offering efficient and improved services with low cost and using it as a tool to improve staff productivity, increasing efficiency and more efficient & effective control over banking operations.

Your Bank continues to demonstrate strong technology absorption by proactively integrating advanced digital solutions into its operations. Recent initiatives such as the launch of **mshiFFt** mobile banking, Open API-stack, API based e-mandate solutions, Automation of multiple branch services, fully digital solution for customer onboarding for deposits and QR Code deployment etc highlight the Bank's commitment to leveraging technology for superior customer experience and operational efficiency. Through continuous upgradation and adoption of emerging technologies, Shivalik is strengthening its position as a digital-first small finance bank.

1. **Digital Banking:** Bank is committed to delivering seamless, secure, and intuitive digital banking experience to its customers. Through continuous enhancement of digital channels, the Bank aims to provide convenient access to a wide range of banking services. Focused on innovation and customer-centricity, Shivalik is building a robust digital ecosystem that supports real-time transactions, personalized services, and greater financial inclusion.
2. **Mobile Banking App:** Bank's mobile banking app is named as **mshiFFt** which offers customers a convenient, secure, and user-friendly platform to manage their finances anytime, anywhere. With a focus on simplicity and functionality, the app empowers users to perform a wide range of banking activities, from fund transfers to service requests, while ensuring a smooth digital experience. Continuous upgrades and innovations keep the app aligned with evolving customer needs and technological advancements.
3. **Video KYC:** Bank has adopted Video KYC to simplify and accelerate the customer onboarding process. This secure and fully digital solution enables customers to complete their KYC verification remotely, without the need to visit a branch. By leveraging technology, Shivalik ensures faster account opening, enhanced convenience, and compliance with regulatory standards, while delivering a seamless banking experience.
4. **Adoption of E Receipts:** Bank is actively promoting the adoption of e-receipts to enhance customer convenience and support environmental sustainability. Customer gets the e advise on his registered e mail ID immediately, as soon he books the deposit through any channels, customer gets the account statement direct on his e mail IDs, transactional notifications for debit, credit or for many non-financial transactions, with the help of e sign, customer gets some of the loan agreements in digital forms for signing etc. So, by shifting from paper-based

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receipts to digital formats, Bank ensures faster, more secure, and easily accessible transaction records. This initiative reflects Shivalik's commitment to innovation, operational efficiency, and eco-friendly banking practices.

**5. Cloud Computing and Storage:** Bank is leveraging cloud computing and storage solutions to enhance scalability, security, and operational efficiency. By adopting cloud technologies, the Bank ensures faster deployment of services, improved data management, and greater flexibility to innovate. This strategic move supports Shivalik's vision of building a resilient, agile, and future-ready digital infrastructure.

**6. API Summary:**

- a) The monthly API calls increased to 39.31 lakhs for March 2025 (from 17.03 lakhs on March 2024).
- b) Yearly VKYC calls increased to 53,298 (from 14,571).
- c) Yearly amount booked from Digital FDs via APIs increased to Rs 361 crores (from Rs 107 crores).

**7. Infra Summary:**

Core Banking (CBS) Infra is hosted in a private-area at Ctrl-S. The Bank has critical front-end applications on the AWS Public Cloud (Mobile Banking, Internet Banking, MSME Corporate Internet Banking) connected to the CBS via APIs developed using the Oracle Integration Cloud (OIC). The Bank has exited all other clouds and reduced its footprint to 3 main providers. Post the augmentation, consolidation and tuning exercises; the Bank now supports a TPS of 50+

**Foreign Exchange Earnings and Outgo**

During the financial year under review, there was Nil Foreign Exchange earnings and/or outgo in the Bank.

**25. Know Your Customer (KYC) / Anti-Money Laundering (AML)**

The Bank consistently adheres to the Know Your Customer (KYC) and Anti-Money Laundering (AML) guidelines issued by the Reserve Bank of India (RBI). The Bank's KYC/AML Policy is aligned with the provisions of the Prevention of Money Laundering Act, 2002 (PMLA), as well as the guidelines issued by the RBI and the Indian Banks' Association (IBA), which are updated periodically. The Bank also complies with various regulatory reporting requirements as mandated by the Financial Intelligence Unit (FIU) of the Government of India.

To enhance compliance, in FY 2024–25 the Bank implemented a new automated transaction monitoring system, managed by a centralized AML team. This system incorporates a fresh set

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of rules recommended by FIU-IND, significantly strengthening the Bank's ability to detect and prevent potential money laundering activities.

Additionally, the Bank places strong emphasis on training and capacity-building. Employees receive regular training on KYC and AML practices, while senior staff members actively participate in workshops and seminars conducted by FIU-IND, RBI, IBA, and the National Institute of Bank Management (NIBM). The latest updates from PMLA notifications and RBI guidelines are promptly integrated into the Bank's customer onboarding processes.

The Bank's KYC/AML Policy is reviewed annually by the Board, taking into account any amendments to relevant laws, guidelines, or regulatory expectations.

## **26. Human Resources**

FY'25 marked a year of strong strategic progress for the HR function at Shivalik Small Finance Bank, driven by our commitment to growth, culture, and capability-building. Our workforce grew by 11%, reaching 831 employees, supporting our expanding footprint across 11 states.

### **Strengthening Our Talent Pipeline**

We placed a strong emphasis on future-ready talent through structured campus hiring. We welcomed 24 Probationary Officers under our *Emerging Bankers Program*, along with Management Trainees from prestigious institutions including SIBM, NIBM, IIM Lucknow, and IIM Amritsar. Notably, 28% of our new hires were fresh graduates, underscoring our dedication to grooming the next generation of banking leaders.

### **Building Capability & Driving Engagement**

Our investments in internal mobility and learning led to the successful rollout of role-based and risk-awareness training across all levels, achieving 100% training compliance. Regrettable attrition was maintained at a healthy 12%, supported by focused efforts to elevate employee engagement, career visibility, and internal growth opportunities.

### **Fostering Inclusion & Impact**

This year, our people practices reflected a deeper commitment to inclusion, recognition, and meaningful change. Gender diversity improved to 17%, with women also holding 17% of leadership roles. We continued building an inclusive workforce by onboarding five specially-abled employees across various functions.

### **ESG & Sustainability in Action**

In alignment with our ESG goals:

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- We financed over 1,900 electric vehicles, disbursing Rs. 73.74 crore.
- Rs. 77 crores in microfinance loans empowered 18,000 women.
- Rs. 12.5 crores in credit supported 2,400 farmers.

Internally, we reduced paper consumption by 9%, electricity usage by 4%, and fuel usage in gensets by 11%. Our team also celebrated Earth Day by planting trees in Saharanpur, reaffirming our environmental commitment.

### **Recognition, Culture & Well-being**

We revamped our Rewards & Recognition framework with engaging and unique award categories like *King of Maximum*, *The Hulk*, *Superhuman*, and the *Invictus Award* for top-performing branches. Wellness camps, cultural celebrations, and the launch of a digital payroll portal further enriched our people-first culture.

### **Looking Ahead**

As we move forward, our focus will remain on deepening leadership development, scaling digital HR capabilities, and continuing to build a workplace where careers and purpose grow together.

## **27. Risk Management**

Risk is the most critical element in financial services and Risk is even more critical for Banks considering that the Banks are custodians of public deposits. Banks are exposed to a wide variety of risks specifically - Credit Risk, Market & Liquidity Risk, Operational Risk, IT and Cyber Security Risk, etc. Bank has adopted a multi-layered risk management process to identify, assess, monitor, and manage risks through the effective use of policy, processes and information technology. Banking industry continues to face significant transformations due to changes in technologies, business model, regulatory standards, and other external and internal factors – as a result the nature and types of risks that impact a bank are continuously evolving.

Your Bank has an integrated risk management function, which is independent and is entrusted with the responsibility of managing risks prudently. The risk management philosophy and approach are designed to protect the interests of depositors, customers and shareholders. Risk function understands that growth comes with its inherent risk and same is to be addressed adequately through adequate controls and measures. Your Bank understands that we will need to be ever vigilant with respect to types of risk impacting it, monitor the known risks and mitigate the impact of some risks as and when they increase due to internal / external factors. Bank ensures that all the officials at leadership level are suitably qualified and experienced as per industry standards, have necessary skills and should remain updated as an ongoing process. The bank also arranges training for the officials to enhance their competencies. This helps Bank in better Risk Management.

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Your Bank has constituted a Risk Management Committee which oversees the implementation of the risk governance framework in line with the guiding principles and as mandated by regulatory provisions. Bank has appointed a Chief Risk Officer (“CRO”), who administers the risk department covering the key verticals i.e. Credit Risk, Market & Liquidity Risk, Operational Risk, Fraud Risk, Information Security Risk, and other Risks under the guidance of the Board approved risk management policies and in accordance with the approval and responsibility delegation matrix. The CRO has unhindered access to the Risk Management Committee of the Board and interacts regularly with the Committee Members. The CRO is primarily responsible for making decisions on risk management issues that directly impact the strategic direction of the Bank and monitor the progress of risk management activities. The details of the Risk Management Committee and its terms of reference are set out in the Corporate Governance Report.

The Risk Management framework is a layered structure and broadly consists of the following aspects for effective risk management across the Bank:

#### **(a) Credit Risk Management**

**Risk:** Credit risk arises from business operations that give rise to actual, contingent, or potential claims against any counterparty, borrower, or obligor. The scope of the Credit Risk unit includes measuring, assessing, and monitoring credit risk within the Bank through strengthening underwriting norms, keeping close watch on asset quality trends and concentrations at individual exposures as well as at the portfolio level.

**Mitigation:** Your Bank has in place a board approved Credit Risk Policy which guides the management on prudential management of credit risk. The Risk Management Committee of the board is updated regularly on credit risk aspects by the Risk Department.

Credit Risk policy covers aspects of prudential limits on large credit exposures, asset concentration, portfolio management, risk concentration, monitoring and evaluation, provisioning, regulatory and other issues around it. Your Bank has laid down prudential limits and caps on various aspects to control the magnitude of credit risk. Loan monitoring is carried out through Portfolio Profiling, Early Warning Framework, LTV monitoring in respect to commodity loans and regular Monitoring of High Value Customers. The bank has also started taking CGMFU cover for the Micro-Finance portfolio.

Risk Management Committee follows the principles listed below:

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- i. Ensure that a governance framework is established for an effective oversight, segregation of duties, monitoring and management of Credit Risk in the Bank.
- ii. Ensure that the sourcing and approval of credit proposals are as per the defined strategies, systems, underwriting standards and processes.
- iii. Ensure that guiding principles shall be laid down for the setting up and monitoring of the credit and credit risk appetite and limits.
- iv. Establish standards to facilitate effective identification and assessment of credit risks in the Bank.
- v. Establish standards for effective measurement and monitoring of credit risk.
- vi. Ensure adherence to the guidelines/policies related to credit, credit risk and NPA management as issued by the Reserve Bank of India (RBI) from time to time.

#### **(b) Operational Risk Management**

**Risk:** Operational Risk has been defined by the RBI as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes Legal Risk but excludes Strategic and Reputational Risk.

**Mitigation:** Your Bank has in place a board approved Operational Risk Management Policy which includes a comprehensive Operational Risk Management Framework for documenting, assessing, and periodic monitoring of various risks and controls linked to various processes across all business verticals.

Bank has set up the Board delegated Operational Risk Management Committee (“ORMC”) to oversee implementation of the operational risk management framework across the Bank and advise on implementation of measures for risk mitigation. The bank follows an integrated risk approach for assessing & managing the operational risk.

Your bank carries out RCSA exercise every year & has created Risk Registers for branches & HO depts.

Your Bank also has a board approved Fraud Risk Management Policy. Fraud cases observed in the Bank are appraised to the Audit Committee of the Board and fraud cases in excess of 1 crore are specifically reported and reviewed by the Special Committee of Board for Monitoring and follow up of cases of Fraud (SCBMF). The Bank is continuously strengthening its systems, operational practices and processes, procedures, controls, and review mechanisms so that fraud-prone areas are sanitised against internal and external breaches and by continuously monitoring that these control measures are operating effectively.

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With the launch of Digital Banking, the Bank has seen significant milestones in both at customer facing technologies and internal digitization. To ensure safe and secure transactions and improve customer experience at the digital fronts, the Bank monitors the transactions on an ongoing basis.

Your Bank has put in place a comprehensive Business Continuity Management (BCM) policy, plan and procedures to ensure continuity of critical operations of the Bank in the event of any disaster/ incident affecting business continuity. The Bank's business continuity plan is developed considering the criticality of the functions performed and the systems have been designed to minimise the operational, financial, legal, and other material consequences arising from such a disaster and focus is on ensuring fast recovery and minimizing impact on the Bank.

### **(c) Market Risk, Liquidity and Asset Liability Management**

**Risk:** Market Risk for the Bank originates from investment and trading in securities, which are undertaken on a proprietary basis. Liquidity risk refers to the Bank's inability to fund an increase in assets or withdrawal of liabilities and meet both expected and unexpected cash & collateral obligations at reasonable cost without adversely impacting its financial condition.

**Mitigation:** Market risk management in your Bank is guided by board approved policies, guidelines, processes and systems for the identification, measurement, monitoring and reporting of exposures against various risk limits set in accordance with the risk appetite of the Bank. The market risk management framework of the Bank has set a benchmark for market risk exposures, the performance of portfolios visa-vis the market risk limits.

The Asset Liability Management (ALM) Policy of the Bank stipulates the framework for liquidity risk management to ensure that the Bank is able to meet its liquidity obligations as well as to withstand a period of liquidity stress from Bank-level factors, market-wide factors, or a combination of both. The bank has successfully implemented ALM software for automated calculation of liquidity reports. The Board approved policy captures the risk appetite around the liquidity and market risk of the Bank and helps to put in place defined governance structure in consonance with the Bank's Risk Appetite.

The Asset Liability Management Committee (ALCO) of the Bank oversees the framework for identification, measurement and management of market risk, interest rate risk and liquidity risk in the Bank and ensures compliance with established internal and regulatory prudential limits and operate within the board approved risk appetite.

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#### (d) IT Risk Management

**Risk:** Your Bank is growing with digitization and the aim is to leverage digital technology to provide a best-in-class experience for its customers while simultaneously enhancing productivity. Risk of cyber-attacks on your Bank's systems arises among others from computer viruses, malicious or destructive code, phishing attacks, denial of service or information, application vulnerability and other security breaches resulting in disruption of its services or theft or leak of sensitive internal data or customer information.

**Mitigation:** Your Bank has established a robust information and cyber security framework for securing its IT infrastructure and systems. The IT Steering Committee and Information Security Risk Management committee report to Board level IT Strategy & Information Systems Security Committee. This committee reviews and monitors IT security infrastructure and vigilance over IT related vulnerabilities against emerging cyber security risks. The Chief Information Security Officer ("CISO") is responsible for monitoring the information security risks covering all aspects of data security for the Bank who reports to Chief Risk Officer (CRO). The Cyber Security Operation Centre (CSOC) with qualified professionals is reporting to CISO for monitoring real-time cyber security events / incidents. Your Bank has also deployed advanced controls at various layers to ensure that cyber security risk is minimized.

Further, your Bank has a cyber security management framework, a combination of technologies, processes and practices designed to protect networks, computers, programs and data from cyber-attacks, damage, or unauthorized access.

#### (e) Reputation Risk Management

**Risk:** Reputation risk can negatively impact the Bank's ability to attract or retain customers, investors, employees and expose it to litigation and regulatory action.

**Mitigation:** Your Bank communicates with its stakeholders regularly through appropriate engagement mechanisms to address stakeholder expectations and assuage their concerns, if any. There is Zero tolerance for knowingly engaging in any activities that are not consistent with values, Code of Conduct, or policies of the Bank.

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#### (f) Compliance Risk Management

**Risk:** The adoption of effective KYC/AML standards is an essential part of Banks' Risk Management practices. Banks with inadequate Compliance (AML/KYC) risk management programs may be subject to significant risks, especially legal and reputational risk. Sound Compliance (AML/KYC) policies and procedures not only contribute to a Bank's overall safety and soundness and also protect the integrity of the banking system by reducing the likelihood of Banks becoming vehicles for money laundering, terrorist financing and other unlawful activities. Recent initiatives to reinforce actions against terrorism in particular have underlined the importance of Banks' ability to monitor their customers wherever they conduct business.

**Mitigation:** Your Bank has a dedicated Compliance Department that continuously monitors new/revised regulations and related developments. The Compliance Department updates the Bank's Board and senior management about the implications of new / modified regulations and ensures that the management of the bank implements the changes required to comply with the new / revised regulations within the stipulated timeframe. The Bank has a strong compliance culture and has well- articulated policies with regard to the Code of Conduct, Vigil Mechanism, and AML & KYC. Compliance department updates the status of compliance & controls to Audit Committee of the Board (ACB) on regular basis to review and advise on implementation of measures for AML /KYC risk mitigation along with effective Transaction monitoring.

#### (g) Business Correspondent / Partner Risk

Your Bank has put in place a comprehensive board approved Outsourcing Policy in line with RBI guidelines on outsourcing. The outsourcing policy of the Bank lays down the framework adopted by the Bank for reviewing and approving outsourcing of services that include plans and procedures to evaluate, assess, approve, review, control and monitor the risks and materiality of all its vendors/business partners/outsourcing activities. The Policy ensures that the Bank adopts sound and responsive risk management practices for effective oversight, due diligence and management of risks arising from outsourcing activities.

Risk management Department also conducts risk reviews of significant outsourcing partners, particularly in the areas of credit, operational, legal, reputational, audit and compliance risks. Such risk review notes, and portfolio performance of the partners are put up to the Risk Management Committee & Risk Management Committee of the Board at regular intervals.

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**28. Corporate Social Responsibility (CSR) and details of policy developed and implemented by the Bank on its Corporate Social Responsibility initiatives.**

Keeping in view the limits set out in Section 135 of the Companies Act, 2013 related to the Corporate Social Responsibility initiatives, the said provisions are not applicable to your Bank during the financial year under review.

**29. Board of Directors/ Key Managerial Personnel (KMP):**

The composition of the Board is regulated by a combination of the provisions of the Act, the Banking Regulation Act, 1949 ("BR Act"), and other applicable laws, and the Articles of Association of the Bank.

As of 31<sup>st</sup> March 2025, the Board consisted of 9 Directors, including 7 Independent Directors, 1 Non-executive Director and 1 Executive Director.

Further, following the conclusion of the financial year 2024-25, Mr. Gaurav Seth (DIN: 06724718), Chief Financial Officer (CFO) has been appointed as an Additional Director with the designation of Whole-Time Director (WTD) of the Bank. His appointment is effective from 1<sup>st</sup> April 2025, for a term of three years.

Pursuant to the provisions of Section 149, 152, schedule IV and other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and pursuant to the RBI approval and recommendation of the Nomination and Remuneration Committee (NRC), the Board has appointed/re-appointed the following Directors and the details of cessation of directorship during the financial year under review, are outlined below.

**a) Appointments**

- i. Mr. Dinesh Singhal (DIN: 00178786) was appointed as an additional Director (Non-Executive Independent) of the Bank to hold office for a period of 3 years with effect from 6<sup>th</sup> June 2024 up to 5<sup>th</sup> June 2027 considering her vast experience, specialized knowledge and skill set. Further, shareholders vide special resolution passed in the Annual General Meeting (AGM) on 20<sup>th</sup> July 2024 approved his appointment as an Independent Director (Non-Executive) with effect from 6<sup>th</sup> June 2024.
- ii. Following the conclusion of the financial year 2024-25, Mr. Gaurav Seth (DIN: 06724718), Chief Financial Officer (CFO) has been appointed as an Additional Director with the

**SHIVALIK SMALL FINANCE BANK LTD.**



designation of the Whole-Time Director (WTD) of the Bank. His appointment is effective from 1<sup>st</sup> April 2025, for a term of three years.

The terms and conditions for appointment of Independent Directors are as per Schedule IV of the Companies Act, 2013 and the same is disclosed on the website of the Bank at <https://shivalikbank.com/regulatory-section/policies>.

**b) Director retiring by rotation**

In accordance with the provisions of Section 152 of the Act, Mr. Dinesh Kumar Mittal (DIN: 00040000), Non-executive Director, retired by rotation at the annual general meeting (AGM) and being eligible for reappointment, offers himself for reappointment.

**c) Re-appointment**

Shareholders in an Annual General Meeting (AGM) held on 20<sup>th</sup> July 2024, approved the re-appointment of Ms. Veena Hingarh (DIN: 00885567), Dr. Shalini Lal (DIN: 08128182), and Ms. Arundhati Mech (DIN: 09177619) as an Independent Director (Non-Executive) of the Bank for a further period of 5 years commencing from 4<sup>th</sup> September 2024 up to 3<sup>rd</sup> September 2029.

**d) Completion of Tenure**

Mr. K Narasimha Murthy (DIN: 00023046) ceased to be an Independent Director, and Mr. Sudhakar Agarwal (DIN: 00418663) ceased to be a Non- Executive Director of the Bank, effective from the close of business hours on 2<sup>nd</sup> April 2024, upon completion of their respective tenures.

The Board extends its sincere appreciation to Mr. K Narasimha Murthy and Mr. Sudhakar Agarwal for their outstanding leadership and valuable insights during their tenure with the Bank. It also expresses gratitude for their guidance and wisdom and wishes them continued success in all their future endeavors.

**COMPOSITION OF DIRECTORS & KMP**

The following is the composition of the Board of Directors & KMP of the Bank as at the end of the financial year 2024-25:

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DIN/DPIN/PAN	Full Name	Designation	Date of Appointment
00040000	DINESH KUMAR MITTAL	Director	6 <sup>th</sup> August 2022
00885567	VEENA HINGARH	Director	4 <sup>th</sup> September 2021
02116442	SHANKAR AGGARWAL	Director	3 <sup>rd</sup> April 2021
02272425	MALAY MUKHERJEE	Director	31 <sup>st</sup> May 2022
06526171	OM PRAKASH SINGH	Director	4 <sup>th</sup> March 2023
08128182	SHALINI LAL	Director	4 <sup>th</sup> September 2021
09177619	ARUNDHATI MECH	Director	4 <sup>th</sup> September 2021
00178786	DINESH SINGHAL	Director	6 <sup>th</sup> June 2024
09446950	ANSHUL SWAMI	Managing Director and Chief Executive Officer (KMP)	26 <sup>th</sup> April 2022
06724718	GAURAV SETH	Chief Financial Officer and Whole time Director (KMP)	Appointed as: a. CFO effective 14 <sup>th</sup> February 2022 b. WTD effective 1 <sup>st</sup> April 2025
BIFPP7290F	SHRUTI PANDEY	Company Secretary (KMP)	26 <sup>th</sup> April 2021

Following the conclusion of the financial year 2024-25, Mr. Gaurav Seth (DIN: 06724718) has been appointed as an additional Director with the designation of Whole-Time Director (WTD) of the Bank. His appointment is effective from 1<sup>st</sup> April 2025, for a term of three years.

#### DISQUALIFICATION OF DIRECTORS

None of the Directors have incurred any disqualification on account of non-compliance with any of the provisions of the Act.

### **30. Share Capital**

#### **A) Authorized Capital:**

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During the financial year under review, the Authorized Share Capital of the Company has been increased from Rs. 1,60,00,00,000/- divided into 14,00,00,000 (Fourteen Crore) equity Shares of Rs. 10/- (Indian Rupees Ten Only) each amounting to Rs. 1,40,00,00,000 and 2,00,00,000 (Two Crore) preference shares of Rs. 10/- (Indian Rupees Ten Only) each amounting to Rs. 2,00,00,00,000 divided into 18,00,00,000 (Eighteen Crore) equity Shares of Rs. 10/- each amounting to Rs. 1,80,00,00,000 and 2,00,00,000 (Two Crore) preference shares of Rs. 10/- (Indian Rupees Ten only) each amounting to Rs. 20,00,00,000 (Indian Rupees Twenty Crore only).

#### B) Issued, Subscribed & Paid – up Capital:

During the financial year under review, your Bank has issued and allotted 2,73,00,798 of Face Value Rs. 10 each pursuant to fresh allotment of Equity shares on a private placement basis and Conversion of Compulsory Convertible Preference Share (CCPS) into Equity.

Consequently, the total issued, subscribed and paid-up equity share capital of the Bank increased by Rs. 27,30,07,980. As on 31<sup>st</sup> March 2025, total issued, subscribed and paid-up equity share capital of the Bank comprises 14,87,16,797 equity shares of Rs. 10 each.

Break-up details of 2,73,00,798 shares allotted during the year are hereunder:

S. No.	Nature of securities	No. of securities offered	No. of securities subscribed	No. of securities allotted	Date of Allotment
1.	Equity Shares (Private Placement)	1,73,00,798	1,73,00,798	1,73,00,798	29 <sup>th</sup> May 2024
2.	Equity Shares (CCPS into Equity Conversion)	1,00,00,000	1,00,00,000	1,00,00,000	31 <sup>st</sup> March 2025
	<b>Total</b>	<b>2,73,00,798</b>	<b>2,73,00,798</b>	<b>2,73,00,798</b>	

#### C) Non-Convertible Debentures (NCDs):

S. No.	Nature of securities	Number of Units offered	Number of Units subscribed	Number of Units allotted	Date of Allotment
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1.	Tier II Debt Series VI (Non-Convertible Debenture)	136	136	136	28 <sup>th</sup> March 2025
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### 31. Annual Return

In accordance with the provisions of Section 134(3)(a) read with Section 92(3) of the Companies Act, 2013, the Annual Return for the financial year ended on 31<sup>st</sup> March 2024 in the prescribed form MGT-7 is disclosed on the website of the Bank at <https://www.shivalikbank.com>.

### 32. Requirement for maintenance of Cost records

The cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013, are not required to be maintained by the Bank.

### 33. Vigil Mechanism/ Whistle Blower Policy

The Bank has adopted a Whistle Blower Policy and Vigil Mechanism in compliance with the relevant provisions of Companies Act, 2013. This Policy provides an opportunity to address the concerns of employees & Directors relating to fraud, malpractice or any other activity or event which is against the interest of the Bank or society as a whole.

The functioning of the Mechanism is reviewed by the Audit Committee from time to time. No employee of the Bank has been denied access to the Audit Committee for raising a whistle blower complaint. During the financial year under review, the Bank/ Chief Vigilance Officer received two cases under the whistle blower and the same is closed as at the end of financial year.

The Policy is available on the Bank's website <https://shivalikbank.com/regulatory-section/policies>.

### 34. Ratings of Debt Instruments

Instrument	Nature	Rating	Rating Agency	Amount (in crore)
Long Borrowing	Term Positive outlook	IVR A (with positive outlook)	Infomerics Valuation and Rating Pvt. Ltd.	INR 50 Crores

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On 4<sup>th</sup> February 2025, Infomerics Valuation and Rating Pvt. Ltd. reaffirmed the rating with outlook revised from **stable to positive**.

### **35. Deposits**

Being a Banking Bank, the disclosures relating to deposits as required under Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, read with Sections 73 and 74 of the Companies Act, 2013 (the Act), and Companies (Acceptance of Deposits) Rules, 2014 are not applicable. The details of the deposits received and accepted by the Bank as a Banking Bank have been disclosed in the financial statements for the financial year ended 31<sup>st</sup> March 2025.

### **36. Capital Adequacy**

The Capital Adequacy Ratio (CAR) is crucial for ensuring the stability and soundness of banks. It is a regulatory measure that requires banks to maintain sufficient capital to absorb potential losses and fulfil their obligations to depositors and creditors. By keeping an adequate capital buffer, banks can reduce the risk of insolvency and enhance the overall resilience of the financial system.

The bank has ensured it maintains sufficient buffer capital to handle potential stress and support its growth trajectory. As of 31<sup>st</sup> March 2025, the bank's Capital Adequacy Ratio stood at 20.8%, well above the RBI's minimum requirement of 15%. This strong capital position reflects the bank's commitment to prudent capital management, providing a solid foundation for operations, supporting growth aspirations, and instilling confidence in stakeholders. The bank will continue to prioritize capital adequacy to navigate future challenges and seize emerging opportunities in the dynamic banking landscape.

The Net Worth of the Bank as on the said date was Rs. 351.3 crores.

### **37. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Bank has in place, a Policy on Prevention of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Internal Complaints Committee has been set up for redressal of complaints.

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During FY 2024-25, the status of complaint received is mentioned below. Management has taken cognizance of the report submitted by the Internal Complaint Committee and has initiated action as appropriate.

S. No.	Particulars	Details
1	Number of complaints of sexual harassment received during the relevant financial year.	4
2	Number of complaints disposed off during the relevant financial year.	4

### **38. Significant Material Order Passed by Regulators or Courts or Tribunals Impacting the Going Concern Status and Operations of the Bank**

During the period under review, no significant and / or material order was passed by any Regulator, Court, or Tribunal against the Bank, which could impact its going concern status or future operations.

### **39. Compliance with Secretarial Standards**

The Bank has complied with the provisions of all the applicable Secretarial Standards issued by the Institute of Bank Secretaries of India (ICSI) as notified by the Ministry of Corporate Affairs u/s 118(10) of the Companies Act, 2013 from time to time.

### **40. Directors' Responsibility Statement**

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors hereby confirms that:

- in the preparation of Annual Accounts for the year ended 31<sup>st</sup> March 2024, the applicable accounting standards have been followed along with proper explanation relating to the material departures, if any.
- Appropriate accounting policies have been selected and applied consistently and that the judgment and estimates are reasonable and prudent to give a true and fair view of the state of affairs of the Bank at the end of the financial year and of the profit and loss of the Bank for the year under review.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities.
- The accounts for the year ended 31<sup>st</sup> March 2024 have been prepared on a going concern basis.

## **SHIVALIK SMALL FINANCE BANK LTD.**

**HEAD OFFICE:**  
2nd Floor, Add India Tower, Plot No.A-6A,  
Sector-125, Noida-201303

Ph: 0120-4060000  
info@shivalikbank.com  
www.shivalikbank.com

**REGD. OFFICE:**  
501, Salcon Aurum, Jasola District Centre, New Delhi - 110025.  
CIN NO: U65900DL2020PLC366027

- e) internal financial controls to be followed by the Bank were laid down and that the same were adequate and were operating effectively, and.
- f) Proper and adequate systems have been devised to ensure compliance with the provisions of all applicable laws, and these systems are operating effectively.

#### **41. Acknowledgement**

The Board places on record its appreciation and gratitude to the, RBI, MCA, other Statutory and Regulatory Authorities, Registrar and Share Transfer Agent, Depositories and Correspondent Banks for their continued support, guidance and faith reposed in the Bank.

The Board also places on record its appreciation to its valued customers for their continued patronage and to the members of the Bank for their continued support and look forward for their continued support.

The Board also expresses its deep appreciation for the dedication and commitment of the employees at all levels for their strong work ethics, professionalism, reinforcing customer centricity, and commendable progress made in challenging environment during the year and helping in laying a strong foundation by keeping eyes on horizon and ears to ground.

**For and on behalf of the Board of Directors**  
**Shivalik Small Finance Bank Limited**

**SD/-**  
**(Shankar Aggarwal)**  
**Part-Time Chairman & Director**  
**DIN: 02116442**

**SD/-**  
**(Gaurav Seth)**  
**Whole-time Director**  
**DIN: 06724718**

**SD/-**  
**(Anshul Swami)**  
**MD & CEO**  
**DIN: 09446950**

**Date: 10<sup>th</sup> June 2025**  
**Place: Noida**

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## Annexure -2

### Form AOC-2

#### Transactions with Related Parties

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil
2. Details of contracts or arrangements or transactions not in the ordinary course of business: Nil
3. Details of material contracts or arrangement or transactions at arm's length basis:

Name(s) of the related party	Nature of relationship	Nature of contracts/a rrangement / transactions	Duration of the contracts /arrangement s/transaction	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
D K Mittal HUF	Mr. D K Mittal, Director of the Company is Karta of D K Mittal HUF	Lease Deed	15 years	25% escalation after every 5 years	26 <sup>th</sup> April 2021	NA
Arohan Financial Services Limited	Mr. D K Mittal, Director of the Company is an Independent Director in Arohan Financial Services Limited	Services	21 Months	Direct Assignment	29 <sup>th</sup> November 2022	NA
Ergos Business Solutions Private Limited	Mr. D K Mittal, Director of the Company is Director in Ergos Business Solutions Private Limited	Services	NA	Acting as Business Correspondent of the Bank	17 <sup>th</sup> June 2021	NA
Bharti Axa Life Insurance Company Limited	Mr. D K Mittal, Director of the Company is an Independent Director in Bharti Axa Life	Services	NA	Bancassurance business	6 <sup>th</sup> June 2024	NA

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	Insurance Company Limited					
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**For and on behalf of the Board of Directors  
Shivalik Small Finance Bank Limited**

**SD/-  
(Shankar Aggarwal)  
Part-Time Chairman & Director  
DIN: 02116442**

**SD/-  
(Gaurav Seth)  
Whole-time Director  
DIN: 06724718**

**SD/-  
(Anshul Swami)  
MD & CEO  
DIN: 09446950**

**Date: 10<sup>th</sup> June 2025  
Place: Noida**

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**SECRETARIAL AUDIT REPORT**  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2025

To,  
The Members  
**Shivalik Small Finance Bank Limited**  
501, Salcon Aurum Jasola District Centre,  
South Delhi, New Delhi, India - 110025

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by **Shivalik Small Finance Bank Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2025 ("**Period under review**") according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **Not applicable during the period under review.**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 74 and 76 of SEBI (Depositories and Participants) Regulations, 2018; **Not applicable during the period under review.**
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; *The Company had to pay a late submission fee of Rs.32,000/- (Rupees Thirty-Two Thousand Only) on account of delay in filing of a form FC-GPR with RBI w.r.t. allotment of equity shares through private placement. Further, it has been represented by the Company and verified by us that the aforesaid delay was due to a technical glitch on the Firms portal of RBI.*
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'); **Not applicable during the period under review.**
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;





- (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;
- (vi) The other laws, as informed and certified by the Management of the Company which are specifically applicable to the Company based on the Sectors/ Industry are:
  - (i) Reserve Bank of India (RBI) Act, 1934, to the extent applicable to the Small Finance Bank;
  - (ii) The Banking Regulation Act, 1949 read with the rules, regulations, directions, guidelines, licenses and circulars issued by RBI to the extent applicable to Small Finance Bank;
  - (iii) The Payment and Settlement Systems Act, 2007;
  - (iv) The Deposit Insurance and Credit Guarantee Corporation Act, 1961;
  - (v) Prevention of Money-Laundering Act, 2002 and The Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions) Rules, 2005, and
  - (vi) Negotiable Instruments Act, 1881.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to reporting made at clause iv above.

We further report that

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance except in cases where meetings were convened at a shorter notice. The Company has complied with the provisions of Act for convening meeting at the shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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



We further report that during the audit period following major events have been happened, which is deemed to have major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc:

- (i) The members of the Company have accorded their approval(s) for the below mentioned events:
- (a) Issuance of 1,73,00,798 equity shares through Private Placement.
  - (b) Alteration of Memorandum of Association ("MOA") of the Company by way of amendment in the clause V of the MOA for the increase in the Authorised share Capital of the Company.
  - (c) Amendment/ entrenchment in the Articles of Association of the Company in supersession of the existing Articles of Association of the Company in accordance with the Restated Shareholders' agreement executed between the Company and the proposed investors.
  - (d) Issuance of 144 Shivalik Small Finance Bank Tier II Debt Series VI (Non-Convertible Debenture) on private placement.
- (ii) The Board of Directors of the Company has accorded its approval(s) for the below mentioned events:
- (a) Allotment of 1,73,00,798 equity shares through Private Placement.
  - (b) Allotment of 136 Shivalik Small Finance Bank Tier II Debt Series VI (Non-Convertible Debenture) on private placement.
  - (c) Making the first and final call on the remaining 95% of the issue price of the 1,00,00,000 partly paid-up Compulsory Convertible Preference Shares ("CCPS") of Rs. 10/- each, after the initial 5% payment made by the CCPS holders of the Company.
  - (d) Conversion of 1,00,00,000 CCPS to an aggregate of 1,00,00,000 Equity Shares of face value Rs. 10 each.

**For Chandrasekaran Associates  
Company Secretaries**

FRN: P1988DE002500

Peer Review Certificate No.: 6689/2025



Shashikant Tiwari

Partner

Membership No. F11919

Certificate of Practice No. 13050

UDIN: F011919G000563613

Date: June 10, 2025

Place: Delhi

**Note:**

- i. This report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

**Annexure-A** to the Secretarial Audit Report.

To  
The Members  
**Shivalik Small Finance Bank Limited**  
501, Salcon Aurum Jasola District Centre,  
South Delhi, New Delhi, India, 110025

**Auditor's responsibility**

Based on audit, our responsibility is to express an opinion on the compliance with the applicable laws and maintenance of records by the Company. We conducted our audit in accordance with the auditing standards CSAS 1 to CSAS 4 ("CSAS") prescribed by the Institute of Company Secretaries of India ("ICSI"). These standards require that the auditor complies with statutory and regulatory requirements and plans and performs the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

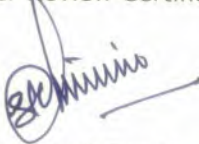
Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the CSAS. Our report of even date is to be read along with this letter.

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

**For Chandrasekaran Associates**  
**Company Secretaries**

FRN: P1988DE002500

Peer Review Certificate No.: 6689/2025



Shashikant Tiwari  
Partner

Membership No. F11919

Certificate of Practice No. 13050



UDIN: F011919G000563613

Date: June 10, 2025

Place: Delhi



## Annexure.B

**Details of directors seeking re-appointment at the Annual General Meeting of the Company, pursuant to the Standard 1.2.5 of Secretarial Standard – 2 on General Meetings issued by the Institute of The Company Secretaries of India**

<b>Name of Director</b>	<b>Mr. Dinesh Kumar Mittal</b>
<b>DIN:</b>	00040000
<b>Date of Birth (Age in Years)</b>	25 <sup>th</sup> January 1953 Age: -72 years
<b>Qualification</b>	M.Sc.
<b>Experience (including Expertise in Specific area/ Brief Resume)</b>	<ul style="list-style-type: none"> <li>i. Mr. Mittal was an Indian Administrative Service (IAS) officer of 1977 batch (UP cadre) and has served the Government of India in various capacities.</li> <li>ii. He served as Secretary of Department of Financial Services for Ministry of Finance where he was responsible for overseeing Banking, Insurance and Pension policies of India.</li> <li>iii. He was Secretary, Ministry of Corporate Affairs and has worked closely with ICAI, ICSI and ICWAI. He has hands on experience in Infrastructure, International Trade, Urban Development, Renewable Energy, Agriculture Development and Micro-Credit, Corporate Governance, Banking, Insurance, Pension and Finance.</li> <li>iv. He served in the State of Uttar Pradesh Government, Joint Secretary and Additional Secretary in the Ministry of Commerce and Industry.</li> <li>v. He holds board positions on a number of large corporates in sectors such as Insurance, Telecommunications, Power and Manufacturing.</li> </ul>
<b>Terms and conditions of appointment/ re-appointment</b>	As per Appointment letter
<b>Details of Remuneration sought to be paid (Per annum)</b>	No remuneration paid apart from sitting fees
<b>Remuneration Last drawn during FY 2024-25</b>	19,50,000 (sitting fees)
<b>Date of first appointment on the Board</b>	6 <sup>th</sup> August 2022
<b>Shareholding in the Company</b>	23.20% of paid-up share capital
<b>Relationship with other director / KMP</b>	Not related to any directors or KMP of the Company

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<b>No. of meetings of the Board attended during the year</b>	5
<b>Directorship in other Companies (Excluding Foreign Companies)</b>	Nine
<b>Chairmanship/membership of Committees of other Board</b>	i. Arohan Financial Services Limited (Chairman)

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**June 13, 2025**

To,  
**The Board of Directors**  
**Shivalik Small Finance Bank Limited**  
**2<sup>nd</sup> and 3<sup>rd</sup> Floor, Plot No - 6A,**  
**Add India Tower Sector 125 Noida**  
**Ghaziabad, Uttar Pradesh, India, 201303**

**Subject: Report on fair valuation of shares of Shivalik Small Finance Bank Limited**

Dear Members,

This is in accordance with the terms of reference set out in our engagement letter (referred to as "EL"), wherein Sundae Capital Advisors Private Limited (referred to as "**Sundae**" or "**We**") has been requested by Shivalik Small Finance Bank Limited ("**Shivalik**" or "**the Client**") in relation to carrying out a valuation of shares of Shivalik Small Finance Bank Limited (or the "**Company**").

#### **INTRODUCTION: SUNDAE CAPITAL ADVISORS PRIVATE LIMITED**

**Sundae Capital Advisors Private Limited** is registered with SEBI as Category I Merchant Banker "Merchant Banker" and with IBBI as Registered Valuer (Securities or Financial Assets) "Registered Valuer". We are engaged in providing Merchant Banking, Valuation, Corporate Advisory and Transaction and Stock Incentive Plan Advisory services to its clients.

#### **PURPOSE OF VALUATION AND APPOINTING AUTHORITY**

With reference to discussion with Management of the Company, we have been appointed in the capacity of Merchant Banker and Registered Valuer to derive the fair value of Shares of the Company. We understand that the management requires the valuation report for the purpose of calculating fair market value of its securities in terms of the provisions of Income Tax Act, 1961 and Rule 21 of Foreign Exchange Management (Non-debt Instruments) Rules and provisions of Section 62 of the Companies Act, 2013 read with Rule 13 of Companies (share Capital and Debentures) Rules, 2014.

Also, this report can be relied upon by issuer and receiver of shares along with their respective advisors/consultants.

#### **BACKGROUND INFORMATION OF THE ASSET BEING VALUED**

As per the information available in company's website, Shivalik became the first Small Finance Bank in India to transition from an Urban Co-operative bank namely Shivalik Mercantile Co-operative Bank (SMCB). Founded in 1998 by Mr. Yashvir Kumar Gupta, with Mr. Suveer Kumar Gupta serving as its MD & CEO, till transition into Shivalik Small Finance Bank (SSFB). Mr. Suveer Kumar Gupta, who played a crucial role in this transition, not only served as the first MD & CEO of SSFB but also continues to contribute as an Advisor to the Board.

With over 25 years of banking experience in offering retail banking products and services Shivalik has been technology focussed since inception with consumer centricity as a key guiding principle. The



Bank is powered by Infosys Finacle Core Banking and Digital Banking Suite including internet and mobile banking. The cloud-based architecture provides the Bank with unmatched agility to cost effectively manage scale and power growth. Shivalik is available on all retail payment platforms and is a direct member of the National Financial Switch.

(Source <https://shivalikbank.com/about-us>)

## BASES & PREMISE OF VALUE

This Valuation is based on “Fair Value” as at the Valuation Date and the Premise of Value is “Going concern”.

The basis of value describes the type of value being measured and considers the perspectives of the parties to the assumed transaction.

The premise of value is driven by the purpose of the valuation and basis of value used, and generally falls into the following categories:

- A going concern premise is the most common premise of value; it presumes the continued use of the assets, and that the company would continue to operate as a business.
- An orderly or forced liquidation premise incorporates an in-exchange assumption (i.e., the assets are operated or sold individually or as a group, not as part of the existing business).

The generally accepted definition of “Fair Value” or “Market Value” is the value as applied between a hypothetical willing vendor and a hypothetical willing prudent buyer in an open market and with access to all relevant information.

## DISCLOSURE AND VALUER INTEREST / CONFLICT

We do not have any interest or conflict of interest of any kind with the Company, with respect to the valuation being undertaken by us, except the shareholding of our Company / the Director signing this report in the Client as under:

Name	No. of shares held
Sundae Capital Advisors Private Limited	NIL
Sourabh Garg	NIL

Our fee for this assignment is based on the engagement with the Client and not contingent upon the result or the value of business or in any other manner.

## DATE OF APPOINTMENT, VALUATION AND REPORT

Date of Appointment Letter	June 06, 2025
Date of Valuation	May 31, 2025
Date of Report	June 13, 2025

## SOURCE OF INFORMATION AND REPRESENTATIONS

For the purpose of deriving the fair value of Shares of the Company, we have relied on the discussions with the Management of the Company and the following information and documents made available to us:

- Provisional Financials of the Company as on May 31, 2025;
- Projected financials of the Company till FY 30;
- Shareholding pattern as on Valuation date;
- Information and explanations given by management; and
- Other information as available in public domain.

We have appropriately reviewed, obtained explanations and information considered reasonably necessary for exercise from the executives and representatives of the Company. We have also obtained explanations on the basis of key assumptions used in financial projections of the Company.

The Company has been provided with the opportunity to review the draft valuation report (excluding the fair value) for this engagement to make sure that factual inaccuracies are avoided in our final valuation report. Our analysis considers those facts and circumstances present at the Company at the valuation date. Our opinion would most likely to be different if another valuation date was used.

Further, this report is subject to the scope, assumptions, exclusions, caveats, limitations and disclaimers detailed hereinafter in Annexure A. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

#### **INSPECTIONS AND /OR INVESTIGATIONS UNDERTAKEN INCLUDES**

- Analysis of the Company's historical operating results;
- Review of general financial market conditions, including those for its industry;
- Review of its website;
- Such other information we considered relevant to forming our opinion.

The investigation also included discussions with the Company's management concerning the history and nature of the business, its financial condition, and its future prospects. In the course of the study, we used financial and other information provided by the Company, or obtained from private and public sources we believe to be reliable. Our conclusions are dependent on such information being complete and accurate in all material respects. However, we have not examined such information and, accordingly, do not express an opinion or any other form of assurance thereon.

#### **PROCEDURE ADOPTED IN CARRYING OUT THE VALUATION AND VALUATION STANDARDS**

We performed the following procedures and relied upon International Valuation standards and ICAI Valuation Standards to arrive at the value of the Company

- Identified the nature of the business and reviewed the history of the Company.
- Collected the Company's relevant financial statements.
- In the absence of Audited Financials of the Company as on valuation date, the provisional financials as provided by the management of the Company was relied upon.
- Developed Discount Rates to apply to the Company's projected earnings.

#### **APPROACHES TO VALUATION**

In developing the valuation, the three most common valuation approaches used globally are:

- Income (Income-based) approach
- Market (Market-based) approach
- Asset (Asset-based) approach (used for businesses, business ownership interests, and securities) or cost approach (used for intangible assets)

### **Income Approach**

A general way of determining a value indication of a business, business ownership interest, security, or intangible asset by using one or more methods through which anticipated benefits are converted into value. Methods include discounted cash flow.

### **Market Approach**

A general way of determining a value indication of a business, business ownership interest, security, or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interest, securities, or intangible assets that have been sold, or if shares are frequently trading, traded price of same can be considered. Methods include Peer trading multiple and frequently traded share price.

### **Asset Approach**

A general way of determining a value indication of a business, business ownership interest, security, or intangible asset using one or more methods based on the value of the assets net of liabilities. Methods include net asset value.

## **SELECTION OF APPROACH AND VALUATION METHOD**

With reference to discussion with management and explanations provided by them along with our assessment, keeping in mind the context and purpose of valuation, we considered DCF method (based on financial information prepared by the management of company) for valuation, as it captures the growth potential of business going forward and in case of entity with continuing operations on going concern basis value lies in future.

The calculation for the same is enclosed as Annexure B to this report. The said valuation is based on the generally accepted principles and methods followed internationally and on arms-length basis.

## **CONCLUSION**

Based on our analysis, as described in the valuation report, and subject to the assumptions presented herein, in our opinion the estimated fair value per share on fully diluted basis of the Company as on **May 31, 2025** is **INR 56.00** (Indian Rupees Fifty-Six only).

We have no obligation to update this report or our conclusion of value for information that comes to our attention after the date of report.

*for Sundae Capital Advisors Private Limited*  
**(SEBI Regn. No. INM000012494)**  
**(IBBI Regn. No IBBI/RV-E/03/2021/136)**

**SUNDAE**

Digitally signed by Sourabh  
Garg  
Date: 2025.06.13 13:20:58  
+05'30'

**Sourabh Garg**  
**Director**  
**Registered Valuer (SFA)**  
**Reg. No. IBBI/RV/03/2020/12806**

**Caveats, Limitations and Disclaimers**

- This is only a valuation report and not a comment on the decision to undertake any buy or sell transaction. Any decision to buy or sell the securities for which valuation has been undertaken through this report shall be at the sole discretion of the user of this report. Further, the issuance of this report shall not be meant as issuance of an opinion of confirmation on the proposed transaction structure proposed to be undertaken by the user of this report. The user of the report shall have the responsibility to ensure compliance of the laws of the land while using this report for their proposed transaction.
- While carrying out the valuation We have relied upon and considered the information and representations made available by the management.
- We have assumed such representations to be reliable and our conclusions are dependent on such information being complete and accurate in all material respects and nothing has come to our attention to cause us to believe that the facts and data taken for the purpose are not correct. We neither required, nor have independently verified, or carried out a due diligence or detailed appraisal of the management's information, explanations and data submitted to us for the purpose of this valuation. We have reviewed these information & data for broad consistency.
- While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the client existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.
- The conclusion of value arrived at herein is based on the assumption that the current level of management expertise and effectiveness would continue to be maintained, and that the character and integrity of the enterprise through any sale, reorganization, exchange, or diminution of the owners' participation would not be materially or significantly changed. We do not provide assurance on the achievability of the results forecasted by the client because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of management.
- It has been confirmed to us that there are no events and / or demands, decisions - legal or otherwise against the company, which are likely to affect materially the state of the balances of accounts as on the valuation date and/or the future profits of the Companies.
- This report has been prepared on the understanding that the management has drawn our attention to all the matters concerning the company's financial position and other matters, which may have an impact on the company's future business.
- Our views are necessarily based on economic, market, and other conditions currently in effect, and the information made available to us, as of the date hereof. It should be understood that subsequent developments may affect our views and that we do not have any obligation to update, revise, or reaffirm the views expressed in the Report. Nothing contained within the Report is or should be relied upon as a promise or representation as to the future. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the Valuation date.
- For the purpose of this assignment, we have not attempted a detailed due diligence review for various aspects i.e., commercial, operational, financial, legal, environmental, etc.
- We have not audited or carried out any detailed analysis of the profitability and cash flow projections as made available to us by the management.
- No investigation of the title of the assets and liens / encumbrances thereon has been made and owner's claim to the assets has been assumed to be valid.
- This report does not constitute an offer or invitation to any section of the public to subscribe for or to purchase any securities in or assets or liabilities of the above-mentioned companies.

- While we have provided the valuation report based on information available to us and within the scope of our limitations solely for the purpose as mentioned in the report. The decision to agree upon the final valuation lies solely with the Company.
- We have acted as independent entity for this engagement and will receive professional fees for our services. In the ordinary course of business, Sundae is engaged in merchant banking business including corporate advisory, re-structuring, etc and valuations. We may be providing various other unrelated independent professional advisory services to the Client in the ordinary course of our business.
- This report is confidential for use of the persons to whom it is issued and can be used and relied upon by other parties involved and may be produced before regulatory authorities, as may be required, in connection with the purpose outlined above. It must not be copied, disclosed, circulated or quoted without our prior consent for reasons other than mentioned in the Purpose section of this report.
- In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the client or companies, their directors, employees or agents, we have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.
- The report assumes that the company complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet provided to me.
- We are fully aware that based on the opinion of value expressed in this report, We may be required to give testimony or attend court / judicial proceedings with regard to the subject assets, although it is out of scope of the assignment, unless specific arrangements to do so have been made in advance, or as otherwise required by law. In such event, the party seeking our evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and our tendering evidence before such authority shall be under the applicable laws.
- The Fair Valuation have been performed on the basis of financial information provided by management.
- The valuation report is tempered by the exercise of judicious discretion by us and judgment taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.

## Annexure B

All Amount in INR Crore

Particulars	FY 26 (Jun'25 to Mar'26)	FY 27	FY 28	FY 29	FY 30	Terminal Value
<b>Profit after Tax (PAT)</b>	13.23	46.36	106.14	193.22	298.91	
Add: Depreciation	23.64	34.80	49.80	67.58	86.06	
Capex	(105.64)	(125.54)	(179.28)	(202.66)	(261.75)	
Changes in Deposits	1,390.30	1,845.99	2,645.78	2,717.89	3,526.85	
Changes in Borrowings	13.81	42.88	239.32	165.98	122.79	
Changes in Investment	(217.72)	(382.20)	(533.96)	(563.78)	(1,051.37)	
Changes in Loans and Advances	(1,158.50)	(1,727.56)	(2,453.43)	(2,601.87)	(3,392.08)	
Changes in Working Capital	3.92	43.85	26.27	47.07	93.87	
<b>FCFE</b>	<b>(36.96)</b>	<b>(221.41)</b>	<b>(99.35)</b>	<b>(176.57)</b>	<b>(576.71)</b>	
<b>Terminal Value (Exit Multiple) *</b>						<b>3,488.04</b>
Discounting Period- Mid Year	22.0%	22.0%	22.0%	22.0%	22.0%	
Discount Rate^	0.42	1.33	2.33	3.33	4.33	
Discounting Factor	0.920	0.767	0.629	0.515	0.422	0.422
<b>Discounted Cash Flow</b>	<b>(34.02)</b>	<b>(169.85)</b>	<b>(62.47)</b>	<b>(91.00)</b>	<b>(243.63)</b>	<b>1,473.52</b>
Sum of Discounted Cash Flows						872.55
Cash Inflow from unpaid amount of CCPs and Warrants						13.68
Cash Inflow from Exercise of ESOP						11.13
<b>Equity value (INR Crore)</b>						<b>897.36</b>
Total number of shares on fully dilutive basis as on valuation date						16,04,42,464
Value per Equity share (INR)						<b>55.93</b>
<b>Value per Equity share (INR)- Rounded off</b>						<b>56.00</b>

### \*Terminal Value (Exit Multiple)

Average Forward Price to Earnings Multiple of listed peer companies*	16.67
Discounts For Lack of Marketability	30%
Discounted Multiple	11.67
Profit after Tax (PAT) for FY 2030	298.91
<b>Terminal Value</b>	<b>3,488.04</b>

### ^Calculation of Cost of Equity

Particulars	
Risk-Free Rate (Rf) taken from <a href="https://www.ccilindia.com">https://www.ccilindia.com</a>	6.24%
Equity Risk Premium (Rp) - Calculated CAGR on BSE 500 from inception till date of valuation.	9.37%
Re-levered Beta (B) - Unlevered Beta of listed peer companies and then re levered base on Debt/Equity Ratio of the company	1.24
Cost of Equity (A) = (Rf + Rp*(B))	17.90%
Company specific risk premium (C) - Additional Risk premium for inherent risk in company's operations.	4.0%
<b>Cost of Equity (D) = ((A)+(C))</b>	<b>22.00%</b>

### \*Listed Peer Companies

AU Small Finance Bank Limited  
Kotak Mahindra Bank Limited  
Ujjivan Small Finance Bank Limited