# PRIVATE PLACEMENT INFORMATION MEMORANDUM

## FOR ISSUE OF PERPETUAL DEBT INSTRUMENTS (PDI)

**(Regulatory capital for RCBs consists of Tier-1 and Tier–2 capital)**

**Issued on Private Placement Basis**

**(Prepared in accordance with RBI Circular DOR.CAP.REC.219/09-18-201/2025-26 and applicable provisions of the Banking Regulation Act, 1949)**

THE DISTRICT CO-OPERATIVE CENTRAL BANK LTD. * KHAMMAM *
Regd. No. 1384

Chief Executive Officer
The Dist. Co-Operative Central Bank Ltd.,
KHAMMAM

## SECTION 1: GENERAL INFORMATION

### 1.1 Issuer Details

Name of the Bank:

The District Co-operative Central Bank Limited., Khammam

Registered & Corporate Office:

D. No. 2-1-90, Mahatma Gandhi Road,

Gandhi Chowk, Khammam – 507003

Telangana, India.

Telephone: 08742-225269 / 1800-425-5269

Email: ceo_kmm@kmmdccb.org

Website: https://khammamdccb.bank.in

### 1.2 Legal Status

The Bank is registered under the Telangana State Co-operative Societies Act, 1964 and is licensed to carry on banking business under the Banking Regulation Act, 1949 (As Applicable to Co-operative Societies). The Bank has 52 branches and the details are given in **Annexure A**

Date of Incorporation: 24 December 1920

## SECTION 2: MANAGEMENT & GOVERNANCE

### 2.1 Key Managerial Personnel

| Name | Designation | Experience |
|---|---|---|
| Mr. Neerugattu Venkata Adithya | Chief Executive Officer | Senior banking professional with experience in cooperative banking, credit administration and institutional governance |
| Mr. V. Vasantha Rao | General Manager | Senior banker with experience in operations, treasury, compliance, audit and risk management |

The Bank is governed by a duly constituted Board in accordance with applicable cooperative and RBI regulations.

## SECTION 3: REGULATORY CLASSIFICATION OF THE INSTRUMENT

### 3.1 Nature of Instrument

The Bank proposes to issue Perpetual Debt Instruments (PDI) as ~~bonds~~ which are:

THE DISTRICT CO-OPERATIVE CENTRAL BANK * KHAMMAM Regd. No. 1384



Chief Executive Officer
The Dist. Co-Operative Central Bank Ltd.,
KHAMMAM

- Unsecured
- Non-convertible
- Perpetual (no maturity date)
- Issued on private placement basis.

The Instruments are intended to regulatory capital for the Bank consists of Tier-1 and Tier-2 capital in terms of RBI Circular DOR.CAP.REC.219/09-18-201/2025-26, subject to applicable limits. The instruments in excess of the limits prescribed for Tier-I Capital may be recognised under Tier-II Capital, subject to the limits prescribed for Tier-2 capital, without altering the contractual terms, risk characteristics, seniority or investor rights.

## SECTION 4: ISSUE SUMMARY & KEY TERMS

### 4.1 Key Features

| Particulars | Details |
|---|---|
| Instrument | Perpetual Debt Instruments (PDI) as bonds |
| Issue Size | ₹50,00,00,000 (Rupees Fifty Crore only) |
| Face Value | ₹1,00,000 per unit |
| Minimum Subscription | One unit |
| Mode of Issue | Private Placement |
| Eligible Investors | All eligible members of the Bank including PACS, other affiliated cooperative societies and State Cooperative Apex Banks, individuals residing in the Bank area of operation subject to applicable RBI/NABARD guidelines |
| Rate of Interest | Floating – RBI Repo Rate + 2.25% per annum |
| Interest Payment frequency | Half-yearly, non-cumulative |
| Tenor | Perpetual |
| Call Option | The Bank may issue call option after completion of 10 years from the Deemed Date of Allotment, subject to prior approval of Department of Regulation, Reserve Bank of India. |
| Lock-in Clause | • The Bank shall not be liable to pay interest, if<br>o The Bank's CRAR falls below the minimum regulatory requirement prescribed by the Reserve Bank; or<br>o Payment of interest would cause CRAR to fall below the minimum |

THE DISTRICT CO-OPERATIVE CENTRAL BANK LTD. * KHAMMAM * Regd. No. 1384



Chief Executive Officer
The Dist. Co-Operative Central Bank Ltd.,
KHAMMAM

| | |
|---|---|
| | Payment of interest would cause CRAR to fall below the minimum regulatory requirement prescribed by the Reserve Bank.<br>However, the Bank may pay interest with the prior approval of the Department of Regulation, Reserve Bank, the payment of interest would cause net loss or increase the net loss, provided the CRAR meets the regulatory norm. for this purpose, net is defined as either (a) the accumulated loss at the end of the previous financial year, or (b) the loss incurred during the current financial year.<br>The interest shall not be cumulative.<br>Non-payment of interest shall not constitute an event of default. |
| Put Option | Not available |
| Security | Unsecured |
| Listing | Not listed |
| DICGC Cover | Not applicable |
| Nomination facility | available |

The State Co-Operative Bank may invest in PDI issued by the District Co-Operative Central Bank affiliated to them subject to the condition that the amount so invested shall be deducted from Tier 1 capital of the State Co-Operative Bank.

**4.2 PERIOD OF ISSUE**

| ISSUE OPENING DATE | ISSUE CLOSING DATE | PAY-IN DATE | DATE OF ALLOTMENT |
|---|---|---|---|
| 27.07.2026 | 02.09.2026 | 05.09.2026 | 05.09.2026 |

**4.3 MODE OF PAYMENT FOR SUBSCRIPTION**

- Cheque
- Demand Draft
- Other Banking Channels Payment Mechanism.

Chief Executive Officer
The Dist. Co-Operative Central Bank Ltd.,
KHAMMAM

THE DISTRICT CO-OPERATIVE CENTRAL BANK LTD. Regd. No. 1384 KHAMMAM

### 4.4. Transfer of Deceased subscribers PDI bond

In the event of the subscriber's demise, the bond can be transferred to the nominee or legal heir(s) as per the Banks rules and applicable laws.

### 4.5 CONFIDENTIALITY

By accepting a copy of this Information Memorandum or any other information supplied in connection with this Information Memorandum, each recipient agrees that neither it nor any of its employees or advisors will use the information contained herein for any purpose other than evaluating the transaction. This Information Memorandum or any other information supplied in connection with this Information Memorandum must not be photocopied, reproduced, extracted or distributed in full or in part to any person other than the recipient without the prior written consent of the issuer.

**<u>Compliance officer details</u>**

| | |
|---|---|
| Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement offer process. | Mr. V. Vasantha Rao<br>General Manager<br>vasanthrao.v@kmmdccb.org<br>9948297755 |

## SECTION 5: REGULATORY FEATURES

### 5.1 Perpetual Nature

The bonds shall be perpetual and shall not carry any maturity date. Investors shall not have any right to demand redemption or repayment of principal.

### 5.2 Lock-in Clause

Interest payment is entirely discretionary and shall be subject to the following:

- The Bank shall not be liable to pay interest, if
  - The Bank's CRAR falls below the minimum regulatory requirement prescribed by the Reserve Bank; or
  - Payment of interest would cause CRAR to fall below the minimum regulatory requirement prescribed by the Reserve Bank.
- However, the Bank may pay interest with the prior approval of the Department of Regulation, Reserve Bank, the payment of interest would cause net loss or increase the net loss, provided the CRAR meets the regulatory norm. for this

THE DISTRICT CO-OPERATIVE CENTRAL BANK LTD. * KHAMMAM * Regd. No. 1384



Chief Executive Officer
The Dist. Co-Operative Central Bank Ltd.,
KHAMMAM

purpose, net is defined as either (a) the accumulated loss at the end of the previous financial year, or (b) the loss incurred during the current financial year.

- The interest shall not be cumulative.
- Non-payment of interest shall not constitute an event of default.

**5.3 Seniority of Claim**

- The Claims of the investors of PDI shall be superior to the claims of investors in equity shares and PNCPS but Subordinate to the claims of all other creditors and the depositors.
- Among investors in PDI the claims shall rank pari passu with each other.

## SECTION 6: OBJECTS & UTILISATION OF ISSUE PROCEEDS

### 6.1 Objects of the Issue

The proceeds of the issue shall be utilised for

- Strengthening overall capital adequacy of the Bank.
- Supporting balance-sheet resilience in accordance with RBI norms.

### 6.2 Restrictions on Use of Proceeds

The Bank undertakes that the proceeds shall not be used, directly or indirectly, for

- Real estate business, land acquisition or speculative property exposure.
- Capital market investments including equity, mutual funds, AIFs or derivatives.
- Inter-corporate deposits or loans to subsidiaries, associates or related entities.
- Ever greening, restructuring or refinancing of stressed or non-performing assets.
- Repayment of loans or advances of directors, key managerial personnel or promoters.
- Bill discounting or accommodation finance.
- Purchase of gold.
- Any activity prohibited or discouraged by RBI, NABARD or other regulators.

THE DISTRICT CO-OPERATIVE CENTRAL BANK LTD. Regd. No. 1384 * KHAMMAM *

Chief Executive Officer
The Dist. Co-Operative Central Bank Ltd.,
KHAMMAM

## SECTION 7: RISK FACTORS

### 7.1 Instrument-Specific Risks

- The bonds are perpetual and may never be redeemed.
- The interest shall not be cumulative and the interest for that period shall not be payable in future.
- bonds are illiquid and unlisted.
- **No DICGC Insurance Coverage:**

  **These Bonds are different from Fixed Deposit and Deposit Insurance Coverage will not be provided by Deposit Insurance Credit Guarantee Corporation (DICGC) in case of default in payment of either interest or principle keeping in view of position of CRAR.**
- No investor put option or step up option.

### 7.2 Issuer-Specific Risks

- Asset quality deterioration may impact capital position

  If the Banks loans or investments go bad, it can weaken the Banks financial health and reduces its capital buffer.
- Concentration in agricultural and rural lending

  Banks' lending portfolio is heavily concentrated in agriculture and rural sectors, which makes the Bank vulnerable to risks associated with these sectors. If there's a downturn in agriculture or rural economy, there is a significant default in these segments, it could negatively impact the asset quality of the Bank
- Dependency on government policies and interest subvention schemes

  The Bank business is heavily influenced by government policies and interest subvention schemes related to agriculture and rural development. Changes in these policies or schemes could impact the Banks profits
- Operational risks including fraud, cyber incidents and system failures

  Bank may face risks like fraud, cyber-attacks, system failures that could disrupt the Banks business.
- Regulatory changes impacting cooperative banks

THE DISTRICT CO-OPERATIVE CENTRAL BANK LTD. Regd. No. 1384 KHAMMAM



Chief Executive Officer
The Dist. Co-Operative Central Bank Ltd.,
KHAMMAM

Changes in regulations governing co-operative banks could impact Banks operations, capital requirements and competitiveness potentially affecting the Banks financial performance.

### 7.3 Market & Systemic Risks

- Interest rate volatility

  Fluctuations in interest rates could impact our income from loans and investments affecting the Banks profitability.
- Macroeconomic slowdown

  A slowdown in the economy could reduce demand for credit, impact loan repayments and increase defaults ultimately affecting the Banks capital and financial health.
- Climate risks affecting agricultural borrowers

  Climate change impacts like droughts, floods or unreasonable rains could affect the income of the Bank.
- Natural calamities, pandemics or systemic banking stress.

**Suitability Statement:**

These bonds are suitable only for investors capable of bearing long-term capital risk and potential loss of principal.

## SECTION 8: DISCLOSURES

**General Disclosures:**

| | | |
|---|---|---|
| 1 | Composition of Regulatory Capital | The paid-up capital of bank as on 31.03.2026 is of Rs.184.67 Crore.<br>The tier 1 capital is of Rs.219.22 Crore and Tier 2 capital is of Rs.63.20 Crore.<br>The total capital of the Bank is of Rs.282.42 Crore.Total RWA are of 2971.15 Crore.<br>The Bank capital to risk weighted asset ratio is 9.51% as on 31.03.2026. |
| 2 | Classification of Advances and provision held | The total advances of the Bank as on 31.03.2026 is of Rs.2915.12cr.<br>Total standard assets -2887.62Cr<br>Total substandard assets – 10.49cr<br>Doubtful asset-----------------14.88cr<br>Loss------------------------------2.13cr<br>Total NPA-27.50Cr<br>100 percent provision is provided by the Bank and Net NPA of the Bank is Zero |



THE DISTRICT CO-OPERATIVE CENTRAL BANK
Regd. No. 1384

| | | |
|---|---|---|
| 3 | Fraud Accounts for the last 3 years | 1. During the financial year 2023-24, the Bank experienced fraudulent transaction in ATM at 4 branches involving Rs. 10,97,500/- and the bank has lodged a complaint with the Police FIR No. 99/2023 U/S 420 IPC date: 07.07.2023, FIR No. 210/2023 U/S 420, 511 IPC Date: 09.09.2023, FIR No. 109/2023 U/S 420 IPC,65,66 r/w 43 ITA-2000-2008 Date: 07.07.2023 and FIR No. 147/2023 U/S 420,380 IPC Date: 07.07.2023, further the insurance claim was filed by the bank but the claim has been rejected by the insurance company, citing the reason that the loss occurred due to faulty computer, for which the insurer is not liable.<br>2. In FY 2024-25 spurious gold loan fraud were occurred in 5 branches amounting to Rs.29,32,197/- by seven members (25 gold loan accounts) pledged bangles and kadiyams made up of 22 carat gold coated on the outside of the ornament but have an inner layer made up of lower grade metal. And the bank has lodged a complaint with CCS police station FIR No.Cr. No 09/2024 U/S 318(4) 316(2) r/w 3(5) BNS 2023 of CCS PS. Further the claim was intimated under policy No. 46006487. |
| 4 | Exposures | The Bank complied with the CMA norms. No violation of individual, unit &sector exposure norms. |
| 5 | Qualifications or adverse remarks of auditors in the last three financial years | There are no qualification or adverse remarks by the auditors in last three financial years |
| 6 | Whether any penalties imposed by RBI | No penalties are imposed by RBI |
| 7 | Related Party Disclosures | No loans are issued to Directors and their relatives. |

**SECTION 9: DECLARATION**

I, the undersigned, hereby declare and confirm that:

1. The Bank has complied with and continues to comply with the provisions of the Telangana State Co-operative Societies Act, 1964, the Banking Regulation Act, 1949 (as applicable to co-operative societies), and all applicable directions, guidelines and circulars issued by the Reserve Bank of India.

THE DISTRICT CO-OPERATIVE CENTRAL BANK LTD. KHAMMAM Regd. No. 1384

Chief Executive Officer
The Dist. Co-Operative Central Bank Ltd.,
KHAMMAM

2. The issue of Perpetual Debt Instruments (PDI) covered under this Information Memorandum has been structured strictly in accordance with RBI Circular DOR.CAP.REC.219/09-18-201/2025-26, including provisions relating to perpetual nature, Rate of interest, Lock-in-Clause, seniority and call option.
3. The proceeds of the issue shall be utilised only for the purposes stated in this Information Memorandum and shall not be used for any activity prohibited or restricted by RBI or NABARD.
4. All statements made and information contained in this Information Memorandum are true, correct and complete to the best of our knowledge and belief, and nothing material has been omitted or concealed.
5. This Information Memorandum has been issued pursuant to a resolution passed by the Board of Directors of the Bank, and the undersigned is duly authorised to sign and issue this document on behalf of the Bank.

**For and on behalf of**

**The District Co-operative Central Bank Limited., Khammam**

Name: N.Venkata Adithya

Designation: Chief Executive Officer(I/C)

Chief Executive Officer
The Dist. Co-Operative Central Bank Ltd.,
KHAMMAM

THE DISTRICT CO-OPERATIVE CENTRAL BANK LTD. * KHAMMAM *
Regd. No. 1384