



LIMITED REVIEW REPORT FOR THE HALF YEAR ENDED SEPTEMBER 2021

We have reviewed the accompanying statement of standalone unaudited financial results of **Nainital Bank Limited** ('the Bank') for the half year ended **30th September, 2021**. This statement is the responsibility of the Bank's management and has been approved by the Bank's Board of Directors. Our responsibility is to issue a report on the statement based on our review.

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review consists making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In the conduct of our review, in addition to 6 branches reviewed by us, we have relied on the review reports in respect of non-performing assets received from concurrent auditors of 18 branches, apart from these review reports, we have also relied upon the returns received from 139 un-reviewed branches, 1 service branch and head-office, treasury operations of the bank. These review reports cover 52.16% (of which 15.54% covered by us) of advance portfolio of the bank.

Based on our review conducted as above, subject to limitation in scope as mentioned in Para 2 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results, prepared in accordance with the applicable accounting standards and other recognized accounting practices and policies, relevant prudential norms issued by the Reserve Bank of India in respect of Income Recognition, Asset Classification, Provisioning and other related matters.

We draw attention to:

- 1. Note No. 26 of Schedule 18 of the accompanying statement which describes the uncertainties due to the outbreak of novel coronavirus (Covid-19). The situation continues to be uncertain and the Bank is evaluating the situation on an ongoing basis with respect to the challenges faced.*
- 2. Independent audit of the Business Continuity Plan and the corresponding test results were not undertaken by the bank.*
- 3. Considering a number of Inoperative Accounts / Office Accounts / Internal Accounts being operated by the bank, close monitoring of such accounts to be undertaken by bank and kept on record.*
- 4. The present Data Centre (DC) & Data Recovery (DR) Site of the Bank is outsourced and is scheduled to be replaced. It is observed that Bank has initiated the process of procuring new DC & DR and the same is scheduled to be in place by the end of FY 2022 in the Bank.*

5. Bank to ensure the completeness and integrity of the automated Asset Classification (classification of advances/investments as NPA/NPI and their upgradation), Provisioning calculation and Income Recognition processes. For Instance, there are issues in capturing non financial data, review date, LAD and Stock statement etc. under automating process. As per bank, the same will be complied with the implementation of FINACLE 10 in FY 2022.
6. Interest suspense should be directly debited from account through automated system; however the same is included in gross advance and gross NPA, thereby resulting in overstatement of gross NPA/advance by Rs. 15 Crore.
7. The bank is not making use of the Structured Financial Messaging System (SFMS) for sending and receiving Bank Guarantee instrument, the Bank has assured to comply with the implementation of FINACLE 10x by November 2021.
8. Details regarding Central Repository of Information on Large Credits (CRILC) and Central Fraud Registry (CFR) Certification has not been fed in the Fincraft system.
9. The CBS platform lacked adequate controls whereby in few cases manual interventions were observed such as allowing modifications to fields like rate of Interest, NPA date, delaying NPA asset classification etc. without proper change management requests increasing vulnerability. The present CBS system of the Bank depicts several limitations, which is not able to cater present business and compliance requirements. It is observed that, Bank has initiated the process of migrating its CBS to Finacle 10.x and has assured to plug in the gaps as pointed out by the regulator. The new CBS system is scheduled to be implemented by the end of FY 2022 in the Bank. Hence, it is imperative that complete upgradation of Core Banking Solution (CBS) be undertaken on urgent basis and in time bound manner, the bank should adhere to the board approved roadmap for the implementation of FINACLE 10x.
10. Bank should put in place a monitoring tool wherein potential NPA and SMA should be generated on a near real time basis for taking timely preventive measures .
11. Post sanction review of accounts needs to be strengthened whereby various deficiencies were observed such as non verification of stock statements. The bank has informed the point relating to Drawing power being entered into Term loan accounts and review of credit and debit summations in loan accounts will be taken care in Finacle 10x CBS.

For Dharam Raj & Co.
Chartered Accountants
FRN: 014461N

Dharam Raj
Partner
UDIN No. 21094108AAAAPF7482
M. No 094108

Place: Ghaziabad
Date: 26.10.2021

BALANCE SHEET AS ON 30th SEPTEMBER 2021

(In thousands)

CAPITAL AND LIABILITIES	SCHEDULE	As on 30.09.2021	As on 31.03.2021	As on 30.09.2020
Capital	1	775000	775000	775000
Reserves & Surplus	2	5371898	5115491	5305281
Deposits	3	72393259	74125888	74449836
Borrowings	4	-	-	31
Other Liabilities & Provisions	5	1908686	1806272	1867806
Total		80448843	81822651	82397954
ASSETS				
Cash & Balances With Reserve Bank of India	6	3035193	3415707	2581357
Balances with Banks & Money at call and Short Notice Investments	7	14719671	15791517	17273950
	8	22555569	23190150	23300899
Advances	9	36815123	36477004	36622067
Fixed Assets	10	524542	328365	358182
Other Assets	11	2798745	2619908	2261498
Total		80448843	81822651	82397954
Contingent Liabilities	12	1131674	1305172	798762
Bills for collection		337	757	761
Significant Accounting Policies	17			
Notes on Accounts	18			
Schedules referred above form an integral part of Balance Sheet				


N.K. Chari
 Independent Director
 DIN - 07409731


Dinesh Pant
 Managing Director &
 Chief Executive Officer
 DIN - 08391769


Binita Shah
 Independent Director
 DIN - 01538965


Sanjay Mudaliar
 Non-Independent Director
 DIN - 07484086

Joydeep Dutta Roy
 Non-Independent Director
 DIN - 08055872

Manoj Sharma
 Independent Director
 DIN - 09085665

Uttam Chand Nahta
 Independent Director
 DIN - 08533075


M.K. Goyal
 Chief Financial Officer


Vivek Sah
 Company Secretary

as per our report of even date
 For Dharam Raj & Co.
 Chartered Accountants
 FRN- 014461N

DHARAM RAJ
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 by DHARAM RAJ
 Date: 2021.10.30
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CA Dharam Raj
 Partner, M.N.No.094108

Place : Nainital
 Date : 26.10.2021



PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 30th SEPTEMBER 2021

(In thousands)

	SCHEDULE	Half Year Ended 30.09.2021	Year Ended 31.03.2021	Half Year Ended 30.09.2020
I. INCOME				
Interest Earned	13	2841214	5931299	3079383
Other Income	14	254444	490695	237616
Total		3095658	6421994	3316999
II. EXPENDITURE				
Interest Expended	15	1595371	3621528	1919156
Operating Expenses	16	951637	1618007	756050
Provisions & Contingencies		362908	1169843	393485
Total		2909916	6409379	3068691
III. PROFIT				
Net profit for the year		185740	12616	248308
Profit available for appropriation		185740	12616	248308
IV. APPROPRIATIONS				
Statutory Reserve		-	3154	-
Revenue & Other Reserves:			-	-
i) Investment Reserve Account			-	-
ii) General reserve			62	-
iii) special reserve		-	9400	-
Interim Dividend Paid			-	-
Dividend Tax on Interim Dividend Paid			-	-
Proposed Dividend			-	-
Dividend Tax (including surcharge & edu. cess)			-	-
Balance Carried over to Balance Sheet		185740		248308
Total		185740	12616	248308
Earnings per share (Rs)				
Basic		4.79	0.16	6.41
Diluted		4.79	0.00	6.41

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by DHARAM RAJ
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CA Dharam Raj
Partner, M.N.No.094108

Place : Nainital
Date : 26.10.2021



STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 30th SEPTEMBER 2021

(` in Thousands)

	Period Ended 30.09.2021	Year Ended 31.03.2021
A. Cash flow from operating activities :		
Net profit before taxes.	290769	141716
Adjustments for :		
Depreciation on fixed Assets	24541	28142
Depreciation on investment Written back	-17397	30776
Provision made on Investment	70664	141981
Provision in respect of NPA.	103960	850101
Provision for standard assets restr.	82129	-21707
Provision for other items.		
Profit (Loss) on sale of fixed Assets.	43	6894
Deferred Tax for Current year	8614	36926
Excess Provision written back		0
	563323	1214829
Adjustment for :		
(Increase)/Decrease in investments	651979	-6458758
(Increase)/Decrease in advances	-338119	1812879
(Increase)/Decrease in other assets	-178837	145522
Increase/(Decrease) in Borrowings		-80
Increase/(Decrease) in deposits	-1732628	-2668408
Increase/(Decrease) in other liabilities and provisions	-92289	-827977
Direct Taxes paid.	-105027	-129100
Net cash from operating activities (A)	-1231598	-6911073
B. Cash flow from investing activities :		
(Increase)/Decrease in fixed Assets	-220761	-37672
Changes in Trade related investments		
Dividend received from subsidiaries/others		
Net Cash from investing activities (B)	-220761	-37672
C. Cash flow from financing activities		
Share Capital		
Share Premium		
Unsecured Redeemable Bonds		
Dividend		
Interest paid/payable on unsecured redeemable bonds		
Net Cash from financing activities (C)		
Net increase in cash & cash equivalents (A)+(B)+(C)	-1452360	-6948745
Opening Cash & cash equivalents	19207224	26155969
Closing Cash & cash equivalents	17754864	19207224


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Chief Executive Officer
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by DHARAM RAJ
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Partner, M.N.No.094108

Place : Nainital
Date : 26.10.2021



(` in Thousands)

SCHEDULE 1-CAPITAL

	As on 30/09/2021	As on 31/03/2021	As on 30/09/2020
Authorised Capital (15,00,00,000 Equity Shares) of Rs. 10/- each (Previous Year 15,00,00,000 Equity Shares of Rs. 10/- each)	1500000	1500000	1500000
Issued,Subscribed,Called up and Paid up capital 775,00,000 Equity Shares of Rs. 10/- each (Bank of Baroda holds 98.57%)	775000	775000	775000
Total	775000	775000	775000

SCHEDULE 2- RESERVES & SURPLUS

I Statutory Reserve :			
Opening Balance	1671885	1668731	1668731
Addition during the year		3154	
Closing Balance	1671885	1671885	1668731
II Capital Reserve :	163600	164419	204750
a) Revaluation Reserve			
Opening Balance	164419	262931	262931
addition/deletion during the year -		-87097	-57871
Depreciation on account of revaluation of premises transferred to Profit & Loss Account	-818	-11415	-310
Closing Balance	163600	164419	204750
B) Others			
addition during the year			
Closing Balance			
III Share Premium :			
Opening Balance	775000	775000	775000
Addition During the Year			
Deduction During the Year*			
Closing Balance	775000	775000	775000
IV Revenue & Other Reserves			
(i) Investment Fluctuation Reserve :			
Opening Balance	120717	19117	19117
Addition During the Year	60900	101600	50000
Less: Transferred To General Provision			
Closing Balance	181617	120717	69117
(ii) Other Reserve :			
Opening Balance	2087731	2076253	2076563
Addition : Transferred from Profit & Loss Account	818	11478	16854
Deduction:			
Closing Balance	2088549	2087731	2093417
Investment Reserve A/C	50145	40381	
special reserve u/s 36(1) (VIII)	255358	245958	245958
Addition During the Year		9400	
Closing Balance	255358	255358	245958
Total(IV)	2575670	2504188	2408492
V Balance in Profit & Loss Account	185742		248308
Total (I,II,III, IV & V)	5371898	5115491	5305281

(` in Thousands)

SCHEDULE 3 -DEPOSITS

	As on 30/09/2021	As on 31/03/2021	As on 30/09/2020
A I) Demand Deposits			
i)From Banks	9956	26676	31463
ii)From Others	3898569	4364829	3809150
Total	3908524	4391505	3840613
II) Savings Bank Deposits	24185463	23880593	21923337
III) Term Deposits			
i)From Banks	3685264	5886381	8593909
ii)From Others	40614008	39967409	40091977
Total	44299272	45853790	48685886
Total (I, II & III)	72393259	74125888	74449836
B I)Deposits of Branches in India	72393259	74125888	74449836
II)Deposits of Branches outside India			
Total (I & II)	72393259	74125888	74449836

SCHEDULE 4 -BORROWINGS

I Borrowings in India			
i)Reserve Bank Of India	-	-	
ii)Other Banks	-	-	31
iii)Other Institutions and Agencies	-	-	
II Borrowings outside India	-		
Total (I & II)	-	-	31
III Secured Borrowings Included in I above	-	-	31

SCHEDULE 5 -OTHER LIABILITIES AND PROVISIONS

I Bills Payable	177754	272884	229580
II Inter Office Adjustments(Net)			
III Interest Accrued	83347	82443	83261
IV Others(Including Provisions)	1647585	1450944	1554965
V Tax Paid in Advance/Tax Deducted at Source			
Total(I,II ,III & IV)	1908686	1806272	1867806
NOTE:Subordinated Debts raised in Tier II Capital	Nil	Nil	Nil

SCHEDULE 6 -CASH AND BALANCES WITH RESERVE BANK OF INDIA

(` in Thousands)

	As on 30/09/2021	As on 31/03/2021	As on 30/09/2020
I Cash in hand(Including foreign currency notes)	168750	210179	334640
II Balances with Reserve Bank of India			
i)In Current Accounts	2866444	3205528	2246717
ii)In Other Accounts			
Total (I & II)	3035193	3415707	2581357

SCHEDULE 7- BALANCES WITH BANKS & MONEY AT CALL AND SHORT NOTICE

I In India			
i) Balances with Banks			
In Current Accouts	164571	131517	97593
In Other Deposit Accounts	12655100	14260000	16326357
Total	12819671	14391517	16423950
ii)Money at call and short notice			
With banks	400000	600000	200000
With other institutions	1500000	800000	650000
Total	1900000	1400000	850000
Total (i & ii)	14719671	15791517	17273950
II Outside India	NIL	NIL	NIL
Total (I & II)	14719671	15791517	17273950

SCHEDULE 8- INVESTMENTS

I Investments in India(Gross)	22568948	23220926	23321057
Less : Provision for Depreciation	13379	30776	20158
Net Investments in India	22555569	23190150	23300899
Break up			
i)Government Securities	20258275	20521329.6	19181939
ii)Other Approved Securities			
iii)Shares			
iv)Debentures and Bonds	2056489	2429332	4118960
v)Subsidiaries and/or Joint Ventures			
vi)Others(units of UTI , other mutual funds, comm.papers)	240805	239489	
Total	22555569	23190150	23300899
II Investments outside India	Nil	Nil	Nil
Total (I & II)	22555569	23190150	23300899

SCHEDULE 9- ADVANCES

(` in Thousands)

	As on 30/09/2021	As on 31/03/2021	As on 30/09/2020
A i)Bills Purchased and Discounted	21920	9540	3795
ii)Cash Credit ,Overdrafts , Loans repayable on demand	19996622	19725106	21328122
iii)Term Loans	16796580	16742357	15290150
Total	36815123	36477004	36622067
B i)Secured by Tangible Assets	35891495	35669781.69	35487820
ii)Covered by Bank/Govt. Guarantees	160	160	160
iii)Unsecured	923468	807062.0649	1134087
Total	36815123	36477004	36622067
C I)Advances in India			
i)Priority Sector	19092244	20718767.42	20960945
Net Priority Sector	19092244	20718767	20960945
ii)Public Sector	5803	7452.44	3402
iii)Banks			214025
iv)Others	17717075	15750783.89	15443695
Net Others	36815123	36477004	36622067
II)Advances outside India			
Total	36815123	36477004	36622067

SCHEDULE 10- FIXED ASSETS

I Premises			
At cost/revalued amount as on 31st March of the preceeding year	220799	334737	346897
Addition during the Period	1468	64046	12868
Deduction during the Period		177985	70739
Depreciation to date(including incremental depreciation due to revaluation)	28044	27042	27051
Closing Block I	194222	193756	261974
II Other Fixed Assets(including Furniture & Fixtures)			
At cost as on 31st March of the preceeding year	595503	537883	537883
Addition during the period	219353	57959	17665
Deductions during the period	104	339	60
Depreciation to date	484432	460895	459279
Closing Block II	330320	134608	96208
Total	524542	328365	358182

SCHEDULE 11- OTHER ASSETS

I Inter Office Adjustment (Net)	13114	239	19367
II Interest Accrued	703777	810486	876026
III Tax Paid in advance/tax deducted at source (net of provisions)	103058	188989	39851
IV Stamps	42	37	37
V Others	1978753	1620157	1326216
Total (I,II,III, IV & V)	2798745	2619908	2261498

SCHEDULE 12- CONTINGENT LIABILITIES

(` in Thousands)

	As on 30/09/2021	As on 31/03/2021	As on 30/09/2020
I Claims against the Bank not acknowledged as Debts	4754	4754	4754
II Liability against frauds			
III Guarantees given on behalf of constituents	777438	838272	561017
IV Acceptances,Endorsements and Other Obligations	78597	148830	23166
V Others	270884	313316	209825
Total (I,II,III & IV)	1131674	1305172	798762

SCHEDULE 13- INTEREST EARNED

I Interest/Discount on Advances/Bills	1651169	3239533	1649280
II Income on Investments (Net) (less amount amortised during the year)	778988	1453887	709473
III Interest on Balances with Reserve Bank Of India and other Inter Bank Placements	388083	1102955	580446
IV Others	22974	134925	140183
Total (I,II,III & IV)	2841214	5931299	3079383

SCHEDULE 14- OTHER INCOME

I Commission,Exchange & Brokerage	11362	25761	13452
II Profit / Loss on sale of investments	58777	163011.2699	75459
III Interest on Income Tax Refund	3708	5150.818	5151
IV Miscellaneous Income	173333	280855.6046	136843
V Third party commission	7265	15917	6712
VI Income on dividend on share			
Total (I,II,III & IV)	254444	490695	237616

SCHEDULE 15-INTEREST EXPENDED

I Interest on Deposits	1595371	3621333	1919156
II Interest on RBI / Inter Bank Borrowings		196	
III Others			
Total (I, II, & III)	1595371	3621528	1919156



THE NAINITAL BANK LTD
 Head Office :Nainital Bank House
 Seven Oaks,Mallital
 Nainital 263001 (Uttarakhand)

SCHEDULE 16- OPERATING EXPENSES

(` in Thousands)

	As on 30/09/2021	As on 31/03/2021	As on 30/09/2020
I Payments to and Provisions for Employees	605943	999314	481997
II Rent,Taxes and Lighting	83213	155964	75466
III Printing and Stationery	4724	7761	2323
IV Advertisement and Publicity	2077	3787	1218
V Depreciation on Bank's Property Less:Depreciation adjusted from Capital reserve on account of revaluation of premises	24541	28142	14376
VI Director's Fees Allowances and Expenses	1113	647	324
VII Auditor's Fees & Expenses (including Branch Auditor's fee & expenses)	1220	3019	-978
VIII Law Charges	4440	13735	5357
IX Postage, Telegrams, Telephones etc	5741	8774	4590
X Repairs and Maintenance	13563	18834	9273
XI Insurance	41452	80875	42378
XII Other Expenditure	163612	297154	119726
Total (I TO XII)	951637	1618007	756050

THE NAINITAL BANK LIMITED
(Regd. Office: G.B. Pant Road, Nainital)

SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES ON THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30th SEPTEMBER 2021

1. BASIS OF PREPARATION:

The financial statements have been prepared in accordance with historical cost convention. They conform to Generally Accepted Accounting Principles (INDIAN GAAP), which comprises statutory provisions, regulatory/ Reserve Bank of India (RBI) guidelines, Accounting Standards/ guidance notes issued by the Institute of Chartered Accountants of India (ICAI) and the practices prevalent in the banking industry in India.

2. USE OF ESTIMATES:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as of date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to the accounting estimates is recognised prospectively in the current and future periods unless otherwise stated.

3. INVESTMENTS:

The Bank is following uniform methodology of accounting for investments. Classification and valuation of the Bank's investments are carried out in accordance with RBI Circular DBR. No. BP. BC.6/21.04.141/2015-16 dated July 1, 2015.

Investments portfolio of the bank is classified into the under mentioned categories and the valuation norms, as prescribed by RBI have been applied to each category:

Classification:

3.1.1 Held to Maturity

3.1.2 Available for Sale, and

3.1.3 Held for Trading

Valuation:

- 3.2 Investment under “Held to Maturity” are valued at cost of acquisition unless it is more than the face value in which case premium is amortized over the remaining maturity period of the security.
- 3.3 Investment held under “Available for Sale” & “Held for Trading” category are marked to market and valued at cost or market value whichever is lower. Individual scrips are valued and depreciation / appreciation is aggregated category wise as per the classification in Balance Sheet. Net depreciation is provided for and net appreciation, if any, is ignored.
- 3.4 The net provisions arising on account of depreciation in “Available for Sale” & “Held for Trading” is charged to Profit & Loss Account and an equivalent amount or the balance available in the “Investment Reserve Account”, whichever is less, is transferred from the “Investment Reserve Account” to the “Profit & Loss Appropriation Account”.
- 3.5 In case of excess net provision in “Available for Sale” & “Held for Trading”, the same is credited to Profit & Loss Account and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserve as applicable to such excess provisions) is appropriated to the Investment Reserve Account.
- 3.6 Profit/ Loss on sale of investments are recognized in the Profit and Loss Account based on the weighted average cost of the related investments/ book value thereof.
- 3.7 In respect of non-performing securities (where interest / principal is in arrear) income is not recognized, and appropriate provision is made for depreciation in value of securities.
- 3.8 Cost of acquisition of investments excludes commission, brokerage, stamp duty, incentive etc.
- 3.9 For the purpose of valuation of Investments in “Available for Sale” & “Held for Trading” category, the rates declared by Primary Dealers Association of India (PDAI) / Fixed Income Money Market and Derivatives Association (FIMMDA) and quotes of Stock Exchange has been considered.
- 3.10 Investments for which such rates/quotes are not available are valued as per norms laid down by Reserve Bank of India, which are as under:
- 3.11 Equity Shares are valued as per latest Balance Sheet of the company (not more than 12 months), if available, otherwise are valued at Re. 1/- per company.
- 3.11.1 Investments in Mutual Funds Units are valued as per Stock Exchange quotation, Investment in non-quoted Mutual Fund Units are valued on the basis of the latest repurchase price declared by the Mutual Fund in respect of each particular Scheme. In case of funds with a lock-in period, where repurchase price/ market quote is not available, Units are valued at NAV. If NAV is not available, then the same are valued at cost, till the end of the lock-in period. Whenever the re-purchase price is not available, the Units are valued at the NAV of the respective scheme.
- 3.11.2 Zero coupon bonds are valued at carrying cost i.e. acquisition cost plus discount accrued at the rate prevailing at the time of acquisition. These bonds are marked to market with reference to market value.

3.12 Investment fluctuation reserve

To ensure building up of adequate reserves and protect against increase in yields, RBI through circular number RBI/2017-18/147 DBR.No.BP. BC.102/21.04.048/2017- 18 dated April 2, 2018, advised all banks to create an IFR with effect from the FY 2018-19.

Transfer to IFR will be lower of the following (i) net profit on sale of investments during the year or (ii) net profit for the year less mandatory appropriations, until the amount of IFR is at least 2% of the HFT and AFS portfolio, on a continuing basis.

4. ADVANCES AND PROVISIONS THEREON:

Advances in India are classified as Standard, Substandard, Doubtful or Loss assets and provision for advances are made as per the Prudential Norms of the RBI.

Advances are shown net of Interest Suspense, amount received and held in Suit filed Sundry Deposits, Provisions made for Non Performing Advances in accordance with the prudential norms prescribed by Reserve Bank of India from time to time and Subsidy Reserve Fund (on Non-performing advances)

5. FIXED ASSETS:

Owned premises and other fixed Assets are stated at their historical cost (except revaluation, which is carried out periodically).

The cost of fixed assets comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets. Profit on sale of immovable properties are being formed part of profit and loss account of the Bank.

Revaluation of Fixed Assets

Premises are revalued periodically (every 3rd year) by an independent valuer, to reflect current market valuation. Appreciation, if any, on revaluation is credited to Revaluation Reserve under Capital Reserves. Additional Depreciation on the revalued asset is charged to the Profit and Loss Account and appropriated from the Revaluation Reserves to Other Revenue Reserve.

6. EMPLOYEE BENEFITS

6.1 PROVIDENT FUND

Provident fund is a statutory obligation as per The Nainital Bank Limited PF Rules, the Bank pays fixed contribution at pre-determined rates. The obligation of the Bank is limited to such fixed contribution. The contributions are charged to Profit and Loss Account. The fund is managed by The Nainital Bank Limited Provident Fund Trust.

6.2 GRATUITY

Gratuity liability is a statutory obligation being higher of gratuity payment as per The Nainital Bank Limited Gratuity Fund Rules and Regulations and Payment of Gratuity Act 1972. This is provided for on the basis of an actuarial valuation. +

6.3 PENSION

Pension liability is a defined benefit obligation under The Nainital Bank Ltd (Employees) Pension Regulations 1995, and is provided for on the basis of actuarial valuation, for the employees who have joined Bank up to 31.03.2010 and opted for pension. The pension liability is funded by The Nainital Bank Limited (Employees) Pension Fund Trust.

New Pension Scheme which is applicable to employees enrolled under the scheme is a defined contribution scheme, Bank pays fixed contribution at pre-determined rate and the obligation of the Bank is limited to such fixed contribution. The contribution is charged to Profit and Loss Account.

7. REVENUE RECOGNITION

7.1 Income is recognized on accrual basis. In view of uncertainty of realization in case of Non Performing Advances and Investments, such income is accounted for only on realization in terms of the RBI guidelines. Further the recovery in NPA accounts is recovered first towards interest.

7.2 Income from Commission (including bank guarantee), Exchange & Brokerage, Fees, Locker Rent and Interest on Overdue Bills is taken on receipt basis.

8. DEPRECIATION:

8.1 Depreciation on Fixed Assets [other than those referred in Paragraph 8.3] is provided in accordance with Schedule II to the Companies Act, 2013 as per written down value method, as per following table, except in case of revalued assets, in respect of which depreciation is provided on the basis of estimated useful life of these revalued assets as assessed at the time of revaluation.

8.2

Sr. No.	Category	Effective Rate of Depreciation	Depreciation Method
1.	FURNITURE & FITTINGS		
a.	Furniture & Fittings	25.89%	Written Down Value
b.	Air-conditioning Plants, Other Plant etc.	18.1%	Written Down Value

c.	Safe Deposits, other Equipment's	18.1%	Written Value	Down
d.	Cash Vans, Jeeps, Scooters & Other Vehicles		Written Value	Down
	- Two wheelers	25.89%	Written Value	Down
	- Four Wheelers	31.23%	Written Value	Down
e.	Office Equipment	45.07%	Written Value	Down
f.	DC/DR (High end servers)	16.67%	Straight Method	Line
2.	BANK'S OWN PREMISES		Written Value	Down
	– RCC Frame Structure	4.87%	Written Value	Down
	– Without RCC Frame Structure	9.50%	Written Value	Down

8.3 Depreciation on Computers and Software forming an integral part of Computer Hardware, is provided on Straight Line Method at the rate of 33.33% p.a., as per the guidelines of RBI. Computer software not forming an integral part of hardware is charged directly to Profit and Loss Account.

8.4 Depreciation on additions is provided proportionately from the date of purchase/put to use.

9. TAXES ON INCOME:

In compliance with Accounting Standard-22 on Accounting for Taxes on Income issued by The Institute of Chartered Accountants of India, accounting for Income tax is made after considering the effect of Deferred Tax assets/ liabilities. Deferred tax is recognised subject to consideration of prudence in respect of items of income and expenses those arise at one point of time and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the timing differences are expected to be reversed.

10. EARNINGS PER SHARE

The bank reports basic and diluted earnings per equity share in accordance with the AS 20 (Earnings per Share) issued by the ICAI. Basic earnings per equity share have been computed by dividing net income by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

11. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As per AS 29 (Provisions, Contingent Liabilities and Contingent Assets) issued by the ICAI, the Bank recognises 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. Contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

12. SEGMENT REPORTING

The Bank recognizes the Business Segment as the Primary reporting segment and Geographical segment as the Secondary reporting segment in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by ICAI.

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, balances with the Reserve Bank of India, balances with other banks and money at call and short notice.

THE NAINITAL BANK LIMITED
Regd. Office: G.B. Pant Road, Nainital -263001

SCHEDULE 18: NOTES ON ACCOUNTS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2021

1. Capital:

(Amount in ₹ Cr)

Items	30 th September 2021	30 th September 2020
BASEL III		
i. CRAR (%)	13.80%	12.61%
ii. CRAR - Tier I capital (%)	12.68%	11.98%
iii. CRAR - Tier II Capital (%)	1.12%	0.63%
iv. Percentage of the shareholding of the Government of India	NIL	NIL
v. Percentage of Shareholding of Bank of Baroda	98.57%	98.57%
vi. Amount of subordinated debt raised as Tier-II capital	NIL	NIL
Vii. Amount of equity capital raised	NIL	NIL
Viii Application Money Pending allotment		

2. Investments:

2.1 Investment Portfolio

(Amount in ₹ Cr)

	Items	30 th September 2021	30 th September 2020
(i)	Gross value of investments		
(a)	In India	2256.89	2332.11
(b)	Outside India	0.00	0.00
(ii)	Provision for depreciation		
(a)	In India	1.34	2.02
(b)	Outside India	0.00	0.00
(iii)	Net value of investments		
(a)	In India	2255.55	2330.09
(b)	Outside India	0.00	0.00
(iv)	Movement of provisions held towards depreciation on investments		
(a)	Opening Balance	2.84	0.00

(b)	Less: Write back of excess provision due to shifting (AFS to HTM Category)	0.00	0.00
(c)	Add: Provisions made during the year	0.00	2.02
(d)	Less: Write off/Write back of excess provisions during the year	1.50	0.00
(e)	Closing Balance	1.34	2.02

2.2 Repo Transactions

The details of securities sold and purchased under repos and reverse repos during the half year ended September 30, 2021: **NIL**

2.3 Investment Fluctuation Reserve (IFR)

Bank has an Investment Fluctuation Reserve (IFR) of Rs 18.16 crores as at September 30th 2021, the same is created in accordance with RBI norms and board approved policy.

Movement of Provision in Investment Fluctuation Reserve Account

	Investment Fluctuation Reserve	Amount in Crores
1.	Opening Balance on 01-04-2021	12.07
2.	Addition during the period ended 30-09-2021	6.09
3.	Closing balance as on 30-09-2021	18.16

2.4 Details of Transfer of Securities from HTM portfolio to AFS in excess of 5% : **NIL**.

2.5 Investment Reserve Account (IRA)

In compliance with RBI directives, bank has created an Investment Reserve Account (IRA) of Rs 5.01 crores as on 30.09.2021.

	Movement of Investment Reserve Account (IRA)	In Crores
1	Opening Balance on 01-04-2021	4.03
2	Addition to IRA during the period ended 30-09-2021	0.98
3	Closing Balance as on 30-09-2021	5.01

3. Non-SLR Investment Portfolio:

3.1 Issuer composition of Non SLR investments as on 30.09.2021-

(Rs in

crores)

S. No.	Issuer	Amount	Private Placement	Public Issue	'Below investment Grade' securities	Unrated of total Investment	Unlisted of total Investment
(i)	PSU	40.00	40.00	-	0.00	0.00	0.00

(ii)	Financial Institutions	30.90	30.90	-	0.00	0.00	0.00
(iii)	Banks	29.82	29.82	-	0.00	0.00	0.00
(iv)	Private Corporate	34.93	34.93	-	0.00	0.00	0.00
(v)	Subsidiaries/Joint Ventures	0.00	0.00	-	0.00	0.00	0.00
(vi)	Others	94.09	74.12	19.97	0.00	0.00	0.00
(vii)	Provisions held for depreciation	0.00	0.00	0.00	0.00	0.00	0.00
	Total	229.74	209.77	19.97			

3.2 Non performing Non-SLR investments: NIL

4. SLR Investment

(Amount in ₹ Cr)

S.No	SLR Investment Portfolio	As on 30 th September 2021	As on 30 th September 2020
1.	Available for Sale :		
a	Central Government	9.96	9.96
b	State Govt.	497.72	489.50
c	T-bill	225.51	306.60
d	Other Approval	0.00	0.00
	Sub Total	733.19	806.06
2.	Held to Maturity :		
a	Central Government	313.40	349.18
b	State Government	980.57	764.96
c	Other Approved	0.00	0.00
	Sub Total	1293.97	1114.14
	Total Investment	2027.16	1920.20

In accordance with RBI guidelines, the Bank's Investment portfolio has been classified into three categories.

1. Held to Maturity
2. Available for Sale, and
3. Held for Trading

The position of holding under different categories are as follows:

(Amount in ₹ Cr)

Sr. No.	Particulars	As on 30 th September 2021	As on 30 th September 2020
---------	-------------	---------------------------------------	---------------------------------------

		HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
1	Govt. Securities	0.00	733.20	1293.97	2027.17	0.00	806.07	1114.14	1920.21
2	Other Approved Securities	0.00	0.00	0.00	0.0	0.00	0.00	0.00	0.00
3	Shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Debentures/Bonds	0.00	205.65	0.00	205.65	0.00	387.94	0.00	387.94
5	Others	0.00	24.08	0.00	24.08	0.00	23.96	0.00	23.96
	Total		962.93	1293.97	2256.90	0.00	1217.97	1114.14	2332.11

5. Interbank Exposure

Details of Interbank Exposure Limit as per Large Framework Guidelines as on 30.09.2021 is as under:

(Amount in ₹

Cr)

Bank	As on 30 th September 2021
BANDHAN BANK	136.55
AXIS BANK	125.41
DCB BANK	25.00
YES BANK	125.00
FEDERAL BANK	118.00
AU Small Finance Bank	47.00
Indusind Bank	85.72
ICICI BANK	67.00
HDFC BANK	25.00
RBL BANK	45.00
IDBI BANK	124.31
PUNJAB & SINDH BANK	124.99
CANARA BANK	48.61
UNION BANK	125.37
INDIAN BANK	42.55
Total	1265.51

6. Details of Liquid MF exposure as on 30.09.2021 is as under:

(Amount in ₹ Cr)

Exposure	Exposure as on 30.09.2021	Overexposure as on 30.09.2020
Liquid MF exposure	0.00	0.00

Asset Quality

7. Non-Performing Asset

7.1 Movement of NPA's

		(Rs in Crores)	
Items		For the Half year ended September 30, 2021	For the Half year ended September 30, 2020
(i)	Net NPAs to Net Advances (%)	4.78%	4.45%
(ii)	Movement of Gross NPAs*		
a.	Opening balance	650.67	536.03
b.	Additions during the period	57.11	21.26
c.	Reductions during the period	164.88	25.82
d.	Closing balance	542.90	531.47
(iii)	Movement of Net NPAs		
a.	Opening balance	206.93	184.14
b.	Additions during the period	0	0
c.	Reductions during the period	34.10	23.81
d.	Closing balance	172.83	160.33
(iv)	Movement of provisions for NPAs**		
	(excluding provisions on standard assets)		
a.	Opening balance	358.60	274.70
b.	Provisions made during the period	10.39	20.23
c.	Write-off/ write-back of excess provisions	76.92	0.09
d.	Closing balance	292.07	294.83

*Closing balance includes interest suspense of Rs. 15.00 Crore

**Excluding floating provision

7.2 Provisioning Pertaining to Fraud accounts: Rs. 13.38 crore

7.3 Floating Provision

(Amount in ₹ Cr)

S.no	Particulars	As on 30 th September 2021	As on 30 th September 2020
1.	Opening balance in the floating provisions account	62.85	62.85
2.	Addition during the accounting period	NIL	NIL
3.	Amount of draw down made during the accounting period	NIL	NIL
4.	Closing balance in the floating provisions account	62.85	62.85

7.4 Divergence in Asset Classification:

As per RBI circular No. DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019, in case the additional provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies and/or additional Gross NPAs identified by RBI exceeds 15% of published incremental Gross NPAs for the reference period then banks are required to disclose divergences from prudential norms on income recognition, asset classification and provisioning. Accordingly, the same is NIL during the period.

7.5. Movement of Prudential Write Offs:

(Amount in ₹ Cr)

Particulars	Half year ended September 2021)	Half year ended September 2020)
Opening balance of Technical /Prudential Write Off	18.60	18.85
Add : Technical /Prudential Write Off during the period	76.68	0
Sub Total (A)	95.28	18.85
Less: Recoveries made from previously Technical /Prudential Write Off accounts during the period (B)	0	0.22
Closing Balance (A-B)	95.28	18.63

7.6 Concentration of NPAs*

(Amount in ₹ Cr)

	As on 30 th September 2021	As on 30 th September 2020
Total Exposure to top four NPA accounts	192.36	230.28

7.7 Sector-wise NPAs

Sl. No	Sector	Percentage of NPAs to total Advances in that sector(including both Priority & Non Priority)	
		As on 30 th September 2021	As on 30 th September 2020
1.	Agriculture & Allied Activities	19.61	15.32
2.	Industry (Micro & Small, Medium and Large)	36.91	45.02
3.	Services	11.56	7.35
4.	Personal Loans	2.89	2.18
5.	Others	3.88	0.00

7.8 Provision Coverage Ratio

<u>Half year ended September 2021</u>	<u>Half year ended September 2020</u>
65.37%	67.30%

7.9 Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction company: NIL

8.1 Provisions on Standard Asset

(Amount in ₹ Cr)

Item	As on 30 th September 2021	As on 30 th September 2020
Provisions towards Standard Assets	17.57	16.73
Provision for Covid Relief Accounts	-	4.13
Provision for Restructured Accounts	8.98	-
Total Provision for Standard Accounts	26.55	20.86

8.2 Concentration of Advances

(Amount in ₹ Cr)

Particulars	30.09.2021	30.09.2020
Total Advances to twenty largest borrowers	566.50	974.91

Percentage of advances to twenty largest borrowers to Total Advances of the bank	13.77	24.34
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8.3 Concentration of Exposures

(Amount in ₹ Cr)

Particulars	30.09.2021	30.09.2020
Total Advances to twenty largest borrowers/customers	715.47	1008.07
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the bank on borrowers / customers	14.69	21.50

8.4 Sector-wise Advances

(Rs. In Crores)

Sl. No	Sector	Amount	
A	Priority Sector (please give further detail of scheme wise advances under priority Sector in below rows)	As on 30 Sept, 2021	As on 30 Sept 2020
	(i) Agriculture and allied activities)	847.85	950.75
	(ii) Advances to industries sector eligible as priority sector lending	408.66	389.87
	(iii) Services	651.1	624.05
	(iv) Personal Loan	366.21	354.82
	Sub Total	2273.82	2319.49
B	Non Priority Sector (please give further detail of scheme wise advances under non priority Sector)	1714.9	1650.99
	Total	3988.72	3970.48

8.5 Details of loan assets subjected to restructuring under MSME onetime restructuring 30.09.2021

(Rs. In Lacs)

Sr. No.	Name of Borrower	Restructured amount	Date of restructure	Provision
1	Ganga Tourism	328.73	30.03.2021	32.87
2	AVM Resorts Private Limited	394.06	31.03.2021	39.41
3	L P Greens	1226.57	30.03.2021	122.66
	Total	1949.36		194.94

9. Concentration of Deposits

(Amount in ₹ Cr)

Particulars	As on 30 th September, 2021	As on 30 th September, 2020
Total Deposits from twenty largest Depositors	749.42	1016.93
Percentage of Deposits from twenty largest customers to Total deposits of the bank	10.35%	16.33%

10. Depositor Education and Awareness Fund (DEAF)

(Amount in ₹ Cr)

Particulars	As on 30 th SEPTEMBER, 2021	As on 30 th September 2020
Opening balance of amount transferred to DEAF	22.52	19.05
Add: amount transferred to DEAF during the Half year	1.95	1.96
Less: amount reimbursed during the Half year by DEAF towards claim	0.18	0.00
Closing balance of amounts transferred to DEAF	24.29	21.02

11. NPA accounts Prudentially Written Off during the period – The Bank has written off below major NPA accounts:

IL&FS Transportation Networks Ltd. (“ITNL”)

IL&FS Transportation Networks Ltd. (“ITNL”) was incorporated in 2000 as a subsidiary of Infrastructure Leasing and Financial Services Limited (“IL&FS”). ITNL has been listed with the Bombay Stock Exchange since 2010, and has been acting as developer, operator and facilitator of surface transportation infrastructure projects, taking projects from conceptualization through commissioning to operations and maintenance

Bank sanctioned WCTL of Rs.75.00 Crores on 06.07.2016. The facility was last reviewed by MCB in its meeting dated 18.12.2017 with an O/s Bal. of Rs.67.49 Crores with no over dues. However subsequently the borrower company faced liquidity crunch on account of escalation of costs of its projects and failed to honour its commitments towards the repayment of its loan instalments. There were overdue of Rs. 15.63 crores which were not repaid despite regular follow up and account turned NPA on 31-10-2018, Bank declared the account of IL & FS TRANSPORTATION NETWORKS LIMITED (ITNL) in Bank’s Books as loss assets and provided

provision @ 100% as per extant IRAC guidelines of RBI on 31-03-2020. Bank has prudentially written off the account on 30-09-2021.

M/s Asian Colour Coated Ispat Limited (ACCIL)

The company M/s Asian Colour Coated Ispat Limited (ACCIL) was engaged in manufacturing of cold rolled galvanized coils & colour coated coils and have two units at Khapoli (Maharashtra) and Bawal (Haryana). The credit facilities were sanctioned to the company by Consortium, led by State Bank of India (Erstwhile State Bank of Patiala) for establishing the units and for working capital requirements. Our Bank has sanctioned Term loan of Rs.2500 Lakh in March-2011 for its Bawal unit. The account was running satisfactorily up to 2015 and started sticky tendency in 2015 due to recession in iron & steel sector. The A/c was first declared NPA by SBI as on 31.03.2016 and declared NPA by us as on 30.06.2016 in terms of IRAC norms of RBI.

Bank declared M/s Asian Colour Coated Ispat Limited (ACCIL) as loss asset and provided 100 percent against the same in Bank's books.

Bank has prudentially written off the account on 25-06-2021

12. Accounting for Taxes on Income (Accounting Standard 22)

a) Current Tax

In view of the newly introduced section 115BAA in the Income Tax Act 1961 ("Act") vide the Taxation Laws (Amendment) Ordinance 2019 dated September 20, 2019, the bank had opted for new tax regime in the financial year 2019-20 i.e. Assessment year 2020-21, and has decided to continue with the same in current financial year also, accordingly effective tax rate works out to 25.168%.

The provision for income tax is tabulated below:

(Amount in ₹ Cr)

Item	As on September 30, 2021	As on September 30, 2020
Provision for Income Tax	10.50	11.50

b) Deferred Tax

During the half year ended September 30th 2021, the additional deferred tax liability of Rs. 86.14 Lacs was recognized by debiting profit and loss account, thereby making the closing balance of deferred tax liability amounting to Rs. 4.24 Crore (as on March 31st 2021, the deferred tax liability was Rs. 3.38 Crore)

13. Business Ratio

Item	As on 30 th September 2021	As on 30 th September 2020
i. Interest Income as a percentage to Working Funds	6.80%	7.42%
ii. Non-interest income as a percentage to Working Funds	0.61%	0.57%
iii. Operating Profit as a percentage to Working Funds	1.31%	1.55%
iv. Return on Assets	0.44%	0.60%
v. Business (Deposits plus Advances excluding Bank deposits) per employee (Rs. in crore)	12.87	12.46
vi. Net Profit per employee (Rs. in crore)	0.04	0.06
Vii Gross non-performing advances to gross advances		
Viii Net non-performing advances to net advances		
IX Provision coverage ratio		

- Working funds are average of Total Assets (Excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X under section 27 of The Banking Regulations Act, 1949, during the 12 months of the Financial Year.
- Return on Assets would be with reference to average working funds (i.e. total of assets excluding accumulated losses, if any).
- For the purpose of computation of Business per Employee (Deposit plus Advances) inter Bank Deposits are excluded.

14. Lending to Sensitive Sector

14.1 Exposure to Real Estate Sector Cr)

(Amount in ₹

Category	30.09.2021	30.09.2020
a) Direct exposure		
(i) Residential Mortgages –		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (*Individual housing loans classified as Priority Sector as per RBI guidelines may be shown separately)	760.83 (329.93)	635.56 (304.68)
(ii) Commercial Real Estate –		



<p>**Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;</p> <p>(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –</p> <p>a. Residential,</p> <p>b. Commercial Real Estate.</p> <p><i>b) Indirect Exposure</i></p> <p>Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)</p>	81.23	81.86
<p>0.00</p>	0.00	0.00
Total Exposure to Real Estate Sector	842.06	717.42

****Exposure to Commercial Real Estate includes**

-Funded Exposure Rs.75.79Crore

-Non Funded Exposure Rs.5.44Crore

***include staff housing loans.**

14.2 Risk Category wise Country Exposure: NIL

14.3Exposure to Capital Market: NIL

14.4 Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the bank.

Borrower Name	Single Borrower Limit	Total Limit Sanctioned	Remark
NIL			

15. Disclosure with respect to the Resolution Plan implemented under the framework vide RBI circular Ref #RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 –NIL

15. 1 Disclosure required as per RBI circular Ref RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22

Sl. No	Description	Individual Borrowers		Small businesses
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking resolution process under Part A	197	8	24
(B)	Number of accounts where resolution plan has been implemented under this window	197	8	23
(C)	Exposure to accounts mentioned at (B) before implementation of the plan (Rs. In Crores)	19.00	0.23	11.60
(D)	Of (C), aggregate amount of debt that was converted into other securities	0	0	0
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	0	0	0
(F)	Increase in provisions on account of the implementation of the resolution plan (Rs. In crores)	2.12	0.03	1.46

17. Miscellaneous

17.1 Disclosure of Penalties imposed by RBI during the period ended 30.09.2021- Rs. 2.45 Lacs, for delay in reporting of information to RBI.

18.2 Related Party disclosures (Accounting Standard 18):

(Amount in ₹ Cr)

Items/Related Party	Parent (as per ownership or control)	Parent's Subsidiaries	Associates/ Joint ventures	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings At the year end	0.00	0.00	0.00	0.00	0.00	0.00
Maximum O/s						
Deposits:						

Placement of deposits						
<u>Current A/c</u>						
At the year end	11.14 (7.99)	0.00	0.00	0.00	0.00	11.14 (7.99)
<u>Fixed Deposit</u>						
At year end						
Maximum O/S						
<u>Deposit received :</u>						
Current a/c at the year end	0.00	0.00	150.02 (344.22)	0.00	0.00	150.02 (344.22)
Fixed Deposit at the year end						
Maximum. O/s						
Advances						
IBPC Issued						
IBPC Participated						
Investments						
At year end						
Maximum O/S						
Non-funded commitments	6.52 (9.63)					6.52 (9.63)
At the year end						

Maximum O/S						
Non funded Commitments issued at the year end						
Maximum O/S						
Leasing/HP arrangements availed						
Leasing/HP arrangements provided						
Purchase of fixed assets Purchase of Mutual Fund Unit						
Sale of fixed assets Sale of Mutual Fund Unit						
Interest paid						
Commission paid	0.006 (0.005)					0.006
Commission received						
Dividend income						
Profit on sale Of Units						

Interest Paid (IBPC)						
Interest received						
Interest Received (IBPC)						
Rendering of services						
Receiving of services						
Management*				0.20 (0.19)		0.20 (0.19)

Note: - Figures in brackets indicate previous year figures.

*Managerial Remuneration to CEO & COO

18.3 Names of the related parties and their relationship with the Bank:

(i)	Parent	:	Bank of Baroda (Major Shareholder – 98.57)
(ii)	Key Management Personnel	(I) (II)	Shri Dinesh Pant (MD & CEO) Shri Arun Kumar (Chief Operating Officer)
(iii)	Parent's Subsidiary		Domestic Subsidiaries (non-Banking)
		(I)	Baroda Global Shared Services Limited
		(II)	BOB Financial Solutions Limited (formerly known as BOB cards Limited)
		(III)	BOB Capital Markets Ltd.
		(IV)	Baroda Asset Management India Limited
		(V)	Baroda Trustee India Private Limited

		(Vi)	Baroda Sun Technologies Ltd
			Overseas Subsidiaries (Banking)
		(I)	Bank of Baroda (Botswana) Ltd.
		(II)	Bank of Baroda (Kenya) Ltd.
		(III)	Bank of Baroda (Uganda) Ltd.
		(IV)	Bank of Baroda (Guyana) Ltd.
		(V)	Bank of Baroda (New Zealand) Ltd.
		(VI)	Bank of Baroda (Tanzania) Ltd.
		(VII)	Bank of Baroda (UK) Ltd.
iv)	Parents' Associates	(I)	Baroda Uttar Pradesh Gramin Bank
		(II)	Baroda Rajasthan Kshetriya Gramin Bank
		(III)	Baroda Gujrat Gramin Bank
v)	Others	(i)	Indo Zambia Bank Limited
vi)	Parents Joint Ventures	(I)	India First Life Insurance Company Limited
		(II)	India International Bank (Malaysia) Bhd.
		(III)	India Infradebt Limited

18.4 Earnings per share-

Particulars		As on 30 th September, 2021	As on 30 th September, 2020
a)	Earnings per share		
	Basic (annualized)	4.79/-	6.40/-
	Diluted** (annualized)	4.79/-	6.40/-
b)	Amount used as numerator (Profit after tax)	18.57/- Crore	24.83/- Crore
c)	Nominal value of shares	Rs. 10/ Share	Rs. 10/ Share
d)	Weighted average number of equity shares used as the denominator	7,75,00,000/- No's	7,75,00,000/- No's

**The bank has no dilutive potential equity shares outstanding during the year for the purpose of computing diluted EPS and the basic earnings per share has been computed by dividing net profit after tax by the weighted average number of equity shares as per AS-20.

18.5 Statement of contingent Liability & Provisions (Accounting Standard 29)

(Amount in ₹ Cr)

Item	Provision As per AS – 29
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	Amt. for which the Bank is contingently Liabe	Provisi on as at the beginni ng of the Year	Additi on during the year	Amoun t used durin g the year	Unuse d amou nt revers ed during the year	Provisi on as at the close of the year	Major assumpt ion regardin g future events	Remar ks
Claims against the Bank not acknowledged as debt*	1.57 (0.53)	0.06 (0.06)	1.03 -	- -	- -	1.09 (0.06)		- -
Guarantee s issued on behalf of constituen ts	77.74 (56.10)							-
Acceptanc e Endorsemen ts and other obligations	7.86 (2.32)							-
Other items, for which the Bank is contingently liable	27.09 (20.98)							-

*Such liabilities are dependent upon the outcome of court/arbitration/out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligations, development and raising of demand by concerned parties respectively.

19. Technological advancements

The Bank is in process of upgrading its existing CBS to industry renowned CBS application “FINACLE 10.x” developed by INFOSYS. The Bank till date has placed Purchase Order amounting to Rs. 64.72 crore which includes Hardware’s such as DC/DR, Servers and licenses for FINACLE/Treasury and implementation cost of the same for a period of 5 years, the implementation activities including installation of hardware’s, software testing, training etc is under process. As per terms of purchase order Bank is required to make payment towards the project on achieving prescribed milestones, the Bank has received invoices for DC/DR/Servers and software licences/implementation amounting Rs. 27.54 and accounted in the books, out of the same 19.82 Crores pertaining to DC/DR infrastructure have been capitalised under fixed asset under schedule-10 and balance Rs. 7.72 Crore towards treasury licence/implementation is shown under WIP under Schedule-11, other assets.

20. Break-up of the items “Provisions and Contingencies” included under the head Expenditure in the Profit & Loss Account:

(Amount in ₹ Cr)

Particulars	As on 30 th September, 2021	As on 30 th September, 2020
Income Tax	10.50	11.50
Standard Advance	8.21	0.37
Pro for NPA regulatory	10.40	20.23
Deperciation. on investments	-1.74	2.02
misc. prov./impaired	0.03	-
Provision for claims against the bank not acknowledged as debt	0.96	-
Provision for deffered tax	0.86	-1.45
prov. For fluctuation reserve	6.09	5.00
Investment Reserve Account	0.98	1.69
Net Prov & Contingencies	36.29	39.35

ADDITIONAL DISCLOSURES:

21. Bancassurance Business:

The total income of the Bank in respect of Banc assurance business is **Rs. 62.42/- Lacs** during the half year ended 30.09.2021 with details as under:

(Rs in lacs)

	Insurance Company	Amount
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Sr. No.		Half year ended 30 th September, 2021	Half year ended 30 th September, 2020
1.	Exide Life Insurance Company Ltd.	42.83	39.68
2.	National Insurance Company Ltd	4.96	10.86
3.	India First Life Insurance Co. Ltd	2.94	3.70
4.	Life Insurance Corp of India	2.71	2.77
5.	Future Generali Insurance Ltd.	8.98	11.92
	Total	62.42	68.93

The total income of the bank in respect of other products was NIL during the half year ended 30.09.2021 with details as under.

(Rs . in Lacs)

Sr. No.	Company	Amount	
		As on 30 th September, 2021	As on 30 th September, 2020
1.	Weizmann Forex Ltd.	NIL	
2.	Stock Holding Corporation of India Ltd.		
3.	Atal Pension Yojna		
	Total		

22. Balancing of Books And Reconciliation:

22.1 Reconciliation of some debit / credit entries outstanding in various heads of accounts included in Inter Branch Adjustments/ Clearing adjustments etc. are in progress.

22.2 Pending completion of aforesaid reconciliation/matching, the impact of consequential adjustments on the accounts is not ascertainable.

23. Asset Liability Management (ALM)

Maturity pattern of certain items of assets and liabilities (as compiled by the management and relied upon by the Auditors) are as under:

(Amount in ₹
Cr)

Liabilities	Deposits	Advances	Investments	Borrowings	Foreign Currency assets	Foreign Currency liabilities
1 day	70.68 (72.54)	79.66 (103.14)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
2 to 7 days	207.97	96.55	19.50	0.00	0.00	0.00

	(176.87)	(107.41)	(0.00)	(0.00)	(0.00)	(0.00)
8 to 14 days	228.08 (201.99)	116.17 (119.99)	9.71 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
15 to 30days	166.69 (146.70)	218.86 (236.75)	24.64 (194.86)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
31 days to 2 months	288.56 (343.81)	117.89 (120.03)	59.34 (231.47)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
2 month to 3 month	442.17 (438.55)	120.83 (116.68)	37.81 (246.30)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 3 months & up to 6 months	712.44 (768.70)	58.26 (59.85)	122.89 (38.71)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 6 months & up to 1 year	1886.45 (2117.59)	117.67 (101.41)	86.05 (102.22)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 1 year & up to 3 years	3131.57 (3069.30)	1663.37 (1756.01)	273.18 (215.01)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 3 years & up to 5 years	86.84 (91.77)	398.28 (314.99)	546.72 (410.59)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 5 years	17.88 (17.16)	693.97 (625.95)	1075.72 (890.93)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Total	7239.33 (7444.98)	3681.51 (3662.21)	2255.56 (2330.09)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

Note: Figures in bracket indicates previous year figures for corresponding period (i.e September 2020)

24. Segment Reporting (Accounting Standard 17)

Part A: Business segments

(Amount in ₹ Cr)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking		Other Banking Operation	Total
Particulars	September 2021	September 2021	September 2021		September 2021	September 2021
Revenue	122.58 (136.54)	57.04 (38.23)	128.84 (155.03)		1.10 (1.90)	309.56 (331.70)
Result	35.42 (35.68)	10.43 (2.46)	16.70 (23.69)		1.10 (1.90)	63.65 (63.73)
Unallocated expenses						34.57 (27.41)
Total profit before tax						29.08 (36.33)
Income taxes						10.50 (11.50)
Extraordinary profit/ loss						0.00 (0.00)
Net profit						18.57 (24.83)
Segment assets	3864.40 (4192.36)	940.14 (1206.55)	3187.89 (2805.07)	0.00 (0.00)		7992.43 (8203.98)
Unallocated assets						52.45 (35.82)
Total assets						8044.88 (8239.80)
Segment liabilities						7430.19 (7631.76)
Unallocated liabilities						614.69 (608.04)
Total liabilities						8044.88 (8239.80)

Note: Figures in bracket indicates previous year figures for corresponding period (i.e September 2020)

25. Liquidity Coverage Ratio (31.03.2021)

(Amount in ₹ Cr)

		30.09.2021		30.09.2020	
		Total Unweighted* Value (average)	Total Weighted* Value (average)	Total Unweighted# Value (average)	Total Weighted# Value (average)
High Quality Liquid Assets					
1.	Total High Quality Liquid Assets (HQLA)		2069.11		1833.23
Cash Outflows					
2.	Retail deposits and deposits from small business customers, of which:	5423.15	345.95	5071.69	318.39
(i)	Stable deposits	3927.29	196.36	3775.54	188.78
(ii)	Less stable deposits	1495.87	149.59	1296.15	129.61
3.	Unsecured wholesale funding, of which:	1604.74	916.41	1605.57	898.19
(i)	Operational deposits (all counterparties)	0.00	0.00	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	1604.74	916.41	1605.57	898.19
(iii)	Unsecured debt	0.00	0.00	0.00	0.00
4.	Secured wholesale funding	0.00	0.00	0.00	0.00
5.	Additional requirements, of which	613.61	33.16	836.70	56.06
(i)	Outflows related to derivative exposures and other collateral requirements	0.00	0.00	0.00	0.00
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00
(iii)	Credit and liquidity facilities	613.61	33.16	836.70	56.06
6.	Other contractual funding obligations	115.61	115.61	126.12	126.12
7.	Other contingent funding obligations	121.82	3.65	127.59	3.83
8.	Total Cash Outflows	7878.93	1414.79	7767.66	1402.60
Cash Inflows					
9.	Secured lending (e.g. reverse repos)	0.00	0.00	0.00	0.00



10	Inflows from fully performing exposures	292.99	292.49	78.14	78.10
11	Other cash inflows	215.26	107.63	162.13	84.94
12	Total Cash Inflows	508.25	400.12	240.26	163.04
13	Total Cash Outflows less Total Cash Inflows		1014.67		1239.56
14	25% of Total Cash outflows		353.70		350.65
15	Total Net Cash Outflows [Higher of 13 or 14]		1014.67		1239.56
16	Liquidity Coverage Ratio (%)		203.92%		147.89%

***LCR calculation as per revised methodology.**

Qualitative-

The Basel Committee for Banking Supervision (BCBS) had proposed the liquidity coverage ratio (LCR) in order to ensure that a bank has an adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant liquidity stress lasting for a period of 30 days. LCR is defined as a ratio of HQLA to the total net cash outflows estimated for the next 30 calendar days. As per the RBI guidelines the minimum LCR required to be maintained by banks shall be implemented in the phased manner from January 1, 2015 as given below.

Starting from January 1	2015	2016	2017	2018	2019
Minimum LCR	60%	70%	80%	90%	100%

Further due to Covid 19 pandemic RBI has revised the LCR guidelines w.e.f. 17.04.2020, details as given below:

From date of circular to September 30, 2020	80%
Oct 1, 2020 to March 31, 2021	90%
April 1, 2021 onwards	100%

The LCR has two components:

- The value of the stock of high-quality liquid assets (HQLA) in stressed conditions.
- Total net cash outflows: The term "Total net cash outflows" is defined as "Total expected cash outflows" minus "Total expected cash inflows" in the specified stress scenario for the subsequent 30 calendar days (the stressed period).

LCR = Stock of High Quality Liquid Assets/Total Net Cash Outflows over the next 30 calendar days $\geq 100\%$

High Quality Liquid Assets (HQLA):

Liquid assets comprise of high quality assets that can be readily sold or used as collateral to obtain funds in a range of stress scenarios. They should be unencumbered i.e. without legal, regulatory or operational impediments. Assets are considered to be high quality liquid assets if they can be easily and immediately converted into cash at little or no loss of value.

Bank's composition of HQLA mainly consists of government securities in excess of minimum Statutory Liquidity Ratio (SLR), the extent allowed under the Marginal Standing Facility (MSF) and the Facility to Avail Liquidity for LCR (FALLCR). Additionally, cash, balances in excess of cash reserve requirement with RBI. Level 2 HQLA primarily consisted of AA- and above rated corporate bonds and commercial papers.

Bank's Cash Outflow mainly consists of Retail Deposit, Unsecured Wholesale Funding, and Funding from other legal entity customers, Undrawn Committed Credit & Liquidity Facilities, Guarantees Letter Of Credit & Trade Finance, and Other Contractual Outflows.

The cash Inflow mainly consists of amount received from Retail & Small Business Counterparties, amount to be received from Non-Financial Wholesale Counterparties, amount to be received from Financial Institutions & RBI, and from Other Contractual Cash Inflows.

The net cash outflows are calculated by applying RBI prescribed outflow factors to the various categories of liabilities as well as to undrawn commitments, partially offset by inflows from assets maturing within 30 days.

As per the RBI directive, Bank has updated its LCR computation methodology, which was audited by the Bank's statutory auditor on 30.05.2020, after that Bank has been calculated LCR as per the revised computation methodology.

The average LCR for the half year ending September 2021 was 203.92% comfortably above RBI prescribed minimum requirement i.e. 100%. Average cash outflows were Rs.1414.79 Crore, Average cash inflows were Rs.400.12 Crores. Average High Quality Liquid Assets were Rs.2069.11 Crores of the half year ending September 2021.

26. Covid -19 Regulatory Impact:

- I. The COVID-19 outbreak was declared a global pandemic by the World Health Organization on March 11, 2020 and affected world economy as well as Indian economy. On account of continuous volatility in financial market, the Bank has considered internal and external sources of information including economic forecasts and industry reports up to the date of approval of financial results in determining the impact on various elements of its financial statements including recoverability of advances & provision thereon, investment valuation, other assets and liabilities of the Bank. Given the uncertainty because of COVID-19 pandemic, the Bank is continuously monitoring any material change in future economic condition which may impact the Bank's operations and its financial results depending on the developments which may differ from that estimated as at the date of approval of these financial results.



- II. In accordance with RBI circular No DOR.STR.REC.12/21.04.048/2021-22 dated 05.05.2021 & RBI circular No DOR.STR.REC.21/21.04.048/2021-22 dated 04.06.2021 on Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs), the details of accounts restructured is as under.

(Rs. In Lakhs)

No of Accounts	Amount as on 30.09.2021	Provision Held
283	3049.01	341.54

- III. In accordance with the RBI Cir. No. DOR.STR.REC.11/21.04.048/2021-22 dated 05.05.2021 on “Resolution Framework – 2.0: Resolution of COVID – 19 related stress of Individuals and Small Business”, the number of borrower accounts where modification were sanctioned and implemented and the aggregate exposure to such borrowers are as under:-

(In ₹ Lakhs)

No of Accounts	Aggregate exposure as on 30.09.2021	Provision Held
228	3082.74	361.15