

BALANCE SHEET AS ON 30th JUNE 2021

(` In thousands)

CAPITAL AND LIABILITIES	SCHEDULE	As on 30.06.2021	As on 31.03.2021	As on 30.06.2020
Capital	1	775000	775000	775000
Reserves & Surplus	2	5196627	5115491	5254657
Deposits	3	72613375	74125888	73032144
Borrowings	4			1313
Other Liabilities & Provisions	5	1757688	1806272	1731901
Total		80342690	81822651	80795015
ASSETS				
Cash & Balances With Reserve Bank of India	6	2983449	3415707	2502078
Balances with Banks & Money at call and Short Notice	7	15424946	15791517	17778467
Investments	8	22622148	23190150	19587856
Advances	9	36184520	36477004	38009148
Fixed Assets	10	330523	328365	414788
Other Assets	11	2797104	2619908	2502678
Total		80342690	81822651	80795015
Contingent Liabilities	12	1195011	1305172	1111066
Bills for collection		660	757	1149
Significant Accounting Policies	17			
Notes on Accounts	18			
Schedules referred above form an integral part of Balance Sheet				


Dinesh Pant
 Managing Director &
 Chief Executive Officer
 DIN - 08391769


Binita Shah
 Independent Director
 DIN - 01538965

Sanjay Mudaliar
 Non-Independent Director
 DIN - 07484086

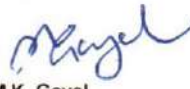
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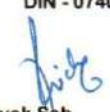
Joydeep Dutta Roy
 Non-Independent Director
 DIN - 08055872


N.K.Chari
 Independent Director
 DIN - 07409731

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Manoj Sharma
 Independent Director
 DIN - 09085665


M.K. Goyal
 Chief Financial Officer
 Place : Nainital


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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CA Dharam Raj
 Partner,M.N.No.094108

Date : 28 July 2021

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

(In thousands)

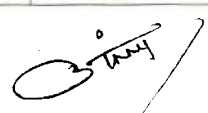
	SCHEDULE	Quarter Ended 30.06.2021	Year Ended 31.03.2021	Quarter Ended 30.06.2020
I. INCOME				
Interest Earned	13	1356155	5931299	1587165
Other Income	14	86765	490695	79101
Total		1442919	6421994	1666267
II. EXPENDITURE				
Interest Expended	15	794245	3621528	976115
Operating Expenses	16	421969	1618007	346839
Provisions & Contingencies		187819	1169843	156646
Total		1404032	6409379	1479600
III. PROFIT				
Net profit for the year		38887	12616	186667
Profit available for appropriation		38887	12616	186667
IV. APPROPRIATIONS				
Statutory Reserve		0	3154	
Revenue & Other Reserves:				
i) Investment Reserve Account				
ii) General reserve			62	
iii) special reserve		0	9400	
Interim Dividend Paid				
Dividend Tax on Interim Dividend Paid				
Proposed Dividend				
Dividend Tax(including surcharge & edu. cess)				
Balance Carried over to Balance Sheet		38887		186667
Total		38887	12616	186667
Earnings per share (Rs)				
Basic		0.50	0.16	2.41
Diluted		0.50	0.00	2.41



Dinesh Pant
 Managing Director
 Chief Executive Officer
 DIN - 08391769

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Joydeep Dutta Roy
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 DIN - 08055872


M.K. Goyal
 Chief Financial Officer
 Place : Nainital

Date : 28 July 2021


Binita Shah
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 Company Secretary

Sanjay Mudaliar
 Non-Independent Director
 DIN - 07484086

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Manoj Sharma
 Independent Director
 DIN - 09085665

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

DHARAM M RAJ
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 DHARAM RAJ
 Date: 2021.07.28
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CA Dharam Raj
 (Partner) M.N.No.094108



NAINITAL BANK
THE NAINITAL BANK LTD.

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

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

(` in Thousands)

	Period Ended 30.06.2021	Year Ended 31.03.2021
A. Cash flow from operating activities :		
Net profit before taxes.	84887	141716
Adjustments for :		
Depreciation on fixed Assets	9054	28142
Depreciation on investment Written back	-2402	30776
Provision made on Investment	42248	141981
Provision in respect of NPA.	36852	850101
Provision for standard assets restr,	62419	-21707
Provision for other items.	0	0
Profit (Loss) on sale of fixed Assets.	-13	6894
Deferred Tax for Current year	2201	36926
Excess Provision written back		0
	235246	1214829
Adjustment for :		
(Increase)/Decrease in investments	570405	-6458758
(Increase)/Decrease in advances	292484	1812879
(Increase)/Decrease in other assets	-177196	145522
Increase/(Decrease) in Borrowings	0	-60
Increase/(Decrease) in deposits	-1512513	-2668408
Increase/(Decrease) in other liabilities and provisions	-150056	-827977
Direct Taxes paid.	-46000	-129100
Net cash from operating activities (A)	-787630	-6911073
B. Cash flow from investing activities :		
(Increase)/Decrease in fixed Assets	-11200	-37672
Changes in Trade related investments	0.00	0.00
Dividend received from subsidiaries/others	0.00	0.00
Net Cash from investing activities (B)	-11200	-37672
C. Cash flow from financing activities		
Share Capital	0	0
Share Premium	0	0
Unsecured Redeemable Bonds	0.00	0.00
Dividend	0	0
Interest paid/payable on unsecured redeemable bonds	0.00	0.00
Net Cash from financing activities (C)	0	0
Net increase in cash & cash equivalents (A)+(B)+(C)	-798829	-6948745
Opening Cash & cash equivalents	19207224	26155969
Closing Cash & cash equivalents	18408395	19207224


Dinesh Pant
Managing Director &
Chief Executive Officer
DIN - 08391769


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Independent Director
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Joydeep Dutta Roy
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N.K.Chari
Independent Director
DIN - 07409731

MANOJ SHARMA

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Date: 2021.07.28 18:13:20 +05'30'

Manoj Sharma
Independent Director
DIN - 09085665


M.K. Goyal
Chief Financial Officer
Place : Nainital


Vivek Sah
Company Secretary

Date : 28 July 2021

as per our report of even date
For Dharam Raj & Co.
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CA Dharam Raj
Partner, M.N.No.094108

(` in Thousands)

SCHEDULE 1-CAPITAL

	As on 30/06/2021	As on 31/03/2021	As on 30/06/2020
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 :	164012	164419	262931
a) Revaluation Reserve			
Opening Balance	164419	262931	262931
addition/deletion during the year -	-407	-87097	
Depreciation on account of revaluation of premises transferred to Profit & Loss Account		-11415	
Closing Balance	164012	164419	262931
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	40900	101600	20000
Less: Transferred To General Provision	-	-	-
Closing Balance	161617	120717	39117
(ii) Other Reserve :			
Opening Balance	2087731	2076253	2076253
Addition : Transferred from Profit & Loss Account	407	11478	
Deduction:	-	-	-
Closing Balance	2088138	2087731	2076253
Investment Reserve A/C	41730	40381	
special reserve u/s 36(1) (VIII)	255358	245958	245958
Addition During the Year		9400	
Closing Balance	255358	255358	245958
Total(IV)	2546843	2504188	2361328
V Balance in Profit & Loss Account	38887		186667
Total (I,II,III, IV & V)	5196627	5115491	5254657



(` in Thousands)

SCHEDULE 3 -DEPOSITS

	As on 30/06/2021	As on 31/03/2021	As on 30/06/2020
A I) Demand Deposits			
i)From Banks	24989	26676	19009
ii)From Others	3606797	4364829	3196956
Total	3631786	4391505	3215965
II) Savings Bank Deposits	23659350	23880593	20957334
III) Term Deposits			
i)From Banks	4841961	5886381	7681205
ii)From Others	40480277	39967409	41177640
Total	45322239	45853790	48858845
Total (I, II & III)	72613375	74125888	73032144
B I)Deposits of Branches in India	72613375	74125888	73032144
II)Deposits of Branches outside India			
Total (I & II)	72613375	74125888	73032144

SCHEDULE 4 -BORROWINGS

I Borrowings in India			
i)Reserve Bank Of India	-	-	
ii)Other Banks	-	-	1313
iii)Other Institutions and Agencies	-	-	
II Borrowings outside India	-		
Total (I & II)	-	-	1313
III Secured Borrowings Included in I above	-	-	1313

SCHEDULE 5 -OTHER LIABILITIES AND PROVISIONS

I Bills Payable	175269	272884	183833
II Inter Office Adjustments(Net)			
III Interest Accrued	81615	82443	77640
IV Others(Including Provisions)	1500805	1450944	1470427
V Tax Paid in Advance/Tax Deducted at Source			
Total(I,II ,III & IV)	1757688	1806272	1731901
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 30/06/2021	As on 31/03/2021	As on 30/06/2020
I Cash in hand(Including foreign currency notes nil)	241660	210179	306252
II Balances with Reserve Bank of India			
i)In Current Accounts	2741788	3205528	2195826
ii)In Other Accounts			
Total (I & II)	2983449	3415707	2502078

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

I In India			
i) Balances with Banks			
In Current Accounts	102246	131517	92609
In Other Deposit Accounts	13972700	14260000	15785857
Total	14074946	14391517	15878467
ii)Money at call and short notice			
With banks	50000	600000	550000
With other institutions	1300000	800000	1350000
Total	1350000	1400000	1900000
Total (i & ii)	15424946	15791517	17778467
II Outside India	NIL	NIL	NIL
Total (I & II)	15424946	15791517	17778467

SCHEDULE 8- INVESTMENTS

I Investments in India(Gross)	22650522	23220926	19587856
Less : Provision for Depreciation	28374	30776	
Net Investments in India	22622148	23190150	19587856
Break up			
i)Government Securities	19802713	20521330	16426659
ii)Other Approved Securities			
iii)Shares			
iv)Debentures and Bonds	2579947	2429332	3161197
v)Subsidiaries and/or Joint Ventures			
vi)Others(units of UTI , other mutual funds, comm.papers)	239489	239489	
Total	22622148	23190150	19587856
II Investments outside India	Nil	Nil	Nil
Total (I & II)	22622148	23190150	19587856



SCHEDULE 9- ADVANCES

(` in Thousands)

	As on 30/06/2021	As on 31/03/2021	As on 30/06/2020
A i)Bills Purchased and Discounted	2310	9540	11633
ii)Cash Credit ,Overdrafts , Loans repayable on demand	19603226	19725106	23394149
iii)Term Loans	16578983	16742357	14603366
Total	36184520	36477004	38009148
B i)Secured by Tangible Assets	35348600	35669782	36979915
ii)Covered by Bank/Govt. Guarantees	160	160	10
iii)Unsecured	835760	807062,0649	1029223
Total	36184520	36477004	38009148
C I)Advances in India			
i)Priority Sector	18267329	20718767	19862236
Net Priority Sector	18267329	20718767	19862236
ii)Public Sector	4237	7452	218977
iii)Banks			75481
iv)Others	17912954	15750784	17852454
Net Others	36184520	36477004	38009148
II)Advances outside India			
Total	36184520	36477004	38009148

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		64046	
Deduction during the Period		177985	
Depreciation to date(including incremental depreciation due to revaluation)	27543	27042	25190
Closing Block I	193255	193756	321707
II Other Fixed Assets(including Furniture & Fixtures)			
At cost as on 31st March of the preceeding year	595503	537883	537883
Addition during the period	11162	57959	1962
Deductions during the period	3	339	-
Depreciation to date	469393	460895	446764
Closing Block II	137269	134608	93081
Total	330523	328365	414788

SCHEDULE 11- OTHER ASSETS

I Inter Office Adjustment (Net)	-33505	239	7185
II Interest Accrued	880939	810486	1048896
III Tax Paid in advance/tax deducted at source (net of provisions)	137404	188989	72071
IV Stamps	39	37	39
V Others	1812227	1620157	1374488
Total (I,II,III, IV & V)	2797104	2619908	2502678



SCHEDULE 12- CONTINGENT LIABILITIES

(* in Thousands)

	As on 30/06/2021	As on 31/03/2020	As on 30/06/2020
I Claims against the Bank not acknowledged as Debts	4754	4754	4754
II Liability against frauds			
III Guarantees given on behalf of constituents	809456	838272	867172
IV Acceptances,Endorsements and Other Obligations	57924	148830	38007
V Others	322876	313316	201133.2122
Total (I,II,III & IV)	1195011	1305172	1111067

SCHEDULE 13- INTEREST EARNED

I Interest/Discount on Advances/Bills	770666	3239533	810554
II Income on Investments (Net) (less amount amortised during the year)	382059	1453887	349829
III Interest on Balances with Reserve Bank Of India and other Inter Bank Placements	193661	1102955	356118
IV Others	9768	134925	70664
Total (I,II,III & IV)	1356155	5931299	1587165

SCHEDULE 14- OTHER INCOME

I Commission,Exchange & Brokerage	5089	25761	4373
II Profit / Loss on sale of investments	17410	163011	24297
III Interest on Income Tax Refund	2609	5151	10537
IV Miscellaneous Income	58803	280856	36268
V Third party commission	2853	15917	3626
VI Income on dividend on share			
Total (I,II,III & IV)	86765	490695	79101

SCHEDULE 15-INTEREST EXPENDED

I Interest on Deposits	794245	3621333	976115
II Interest on RBI / Inter Bank Borrowings		196	
III Others			
Total (I, II, & III)	794245	3621528	976115





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

SCHEDULE 16- OPERATING EXPENSES

(in Thousands)

	As on 30/06/2021	As on 31/03/2021	As on 30/06/2020
I Payments to and Provisions for Employees	260233	999314	240685
II Rent,Taxes and Lighting	38893	155964	33889
III Printing and Stationery	1511	7761	765
IV Advertisement and Publicity	851	3787	593
V Depreciation on Bank's Property Less:Depreciation adjusted from Capital reserve on account of revaluation of premises	9054	28142	3713
VI Director's Fees Allowances and Expenses	395	647	104
VII Auditor's Fees & Expenses (including Branch Auditor's fee & expenses)	893	3019	-1251
VIII Law Charges	1130	13735	1403
IX Postage,Telegrams,Telephones etc	2327	8774	1195
X Repairs and Maintenance	6839	18834	3928
XI Insurance	20948	80875	19928
XII Other Expenditure	78895	297154	41885
Total (I TO XII)	421969	1618007	346839



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

SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES ON THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30th JUNE 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 have been 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.

6.4 Wage revision- The wage revision of Bank employees takes place after every five years through bilateral talks between Indian Bank Association (IBA), (a representative body of management of Banks) and Employees Unions & Officers' Associations. The last wage revision had become due w.e.f. November 01, 2017.

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 Value	Down
b.	Air-conditioning Plants, Other Plant etc.	18.1%	Written Value	Down
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
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:

Incompliance 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 QUARTER ENDED JUNE 30, 2021

1. Capital:

(Amount in ₹ Cr)

Items	30 th June 2021	30 th June 2020
BASEL III		
i. CRAR (%)	13.88%	12.95%
ii. CRAR - Tier I capital (%)	12.86%	12.38%
iii. CRAR - Tier II Capital (%)	1.02%	0.57%
iv. Percentage of the shareholding of the Government of India	NIL	NIL
v. Percentage of Shareholding of Bank of Baroda		
vi. Amount of subordinated debt raised as Tier-II capital	98.57	98.57
Vii. Amount of equity capital raised	NIL	NIL
Viii Application Money Pending allotment	NIL	NIL
	NIL	NIL

2. Investments:

2.1 Investment Portfolio

(Amount in ₹ Cr)

Items	As on 30 th June 2021	As on 30 th June 2020
(i) Gross value of investments		
(a) In India	2265.05	1958.79
(b) Outside India	0.00	0.00
(ii) Provision for depreciation		
(a) In India	2.84	0.00
(b) Outside India	0.00	0.00
(iii) Net value of investments		
(a) In India	2262.21	1958.79
(b) Outside India	0.00	
(iv) Movement of provisions held towards depreciation on investments		
(a) Opening Balance	3.08	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	0.00
(d) Less: Write off/Write back of excess provisions during the year	0.24	0.00
(e) Closing Balance	2.84	0.00

2.2 Repo Transactions

The details of securities sold and purchased under repos and reverse repos during the quarter ending June 30, 2021: NIL

2.3 Investment Fluctuation Reserve (IFR)

Bank has an Investment Fluctuation Reserve (IFR) of Rs 16.16 crores as at June 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.	Added during the period ended 30-06-2021	4.09
3.	Closing balance as on 30-06-2021	16.16

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 4.17 crores as on 30.06.2021.

	Movement of Investment Reserve Account (IRA)	In Crores
1	Opening Balance on 01-04-2021	4.04
2	Addition to IRA as on 30-06-2021	0.13
3	Closing Balance as on 30-06-2021	4.17

3. Non-SLR Investment Portfolio:

3.1 Issuer composition of Non SLR investments as on 30.06.2021-

(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	50.01	50.01		0.00	0.00	0.00
(ii)	Financial Institutions	50.90	50.90		0.00	0.00	0.00
(iii)	Banks	29.82	29.82		0.00	0.00	0.00
(iv)	Private Corporate	39.87	39.87		0.00	0.00	0.00
(v)	Subsidiaries/Join t Ventures	0.00	0.00		0.00	0.00	0.00
(vi)	Others	111.35	73.99	37.36	0.00	0.00	23.95
(vii)	Provisions held for depreciation	0.00	0.00	0.00	0.00	0.00	0.00
	Total	281.95	244.59	37.36			

3.2 Non performing Non-SLR investments: NIL

4. SLR Investment

(Amount in ₹ Cr)

S.No	SLR Investment Portfolio	As on 30 th June 2021	As on 30 th June 2020
1.	Available for Sale :		



a	Central Government	9.96	9.95
b	State Govt.	430.60	264.89
c	T-bill	248.13	253.23
d	Other Approval	0.00	0.00
	Sub Total	688.69	528.07
2.	Held to Maturity :		
a	Central Government	313.59	349.41
b	State Government	980.83	765.18
c	Other Approved	0.00	0.00
	Sub Total	1294.42	1114.59
	Total Investment	1983.11	1642.66

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 June 2021				As on 30 th June 2020			
		HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
1	Govt. Securities	0.00	688.69	1294.42	1983.11	0.00	528.07	1114.59	1642.66
2	Other Approv Securities	0.00	0.00	0.00		0.00			
3	Shares	0.00	0.00	0.00		0.00			
4	Debentures/ Bonds	0.00	257.99	0.00	257.99	0.00	268.05		268.05
5	Others	0.00	23.95	0.00	23.95	0.00	48.07		48.07
	Total		970.63	1294.42	2265.05		844.19	1114.59	1958.78

5. Interbank Exposure

Details of Interbank Exposure Limit as per Large Framework Guidelines as on 30.06.2021 is as under:

(Amount in ₹ Cr)

Bank	As on 30 th June 2021
BANDHAN BANK	136.55
AXIS BANK	121.00
DCB BANK	25.00
YES BANK	135.00
FEDERAL BANK	52.00
AU Small Finance Bank	117.00
Indusind Bank	135.44
ICICI BANK	129.49
HDFC BANK	5.00



RBL BANK	135.00
IDBI BANK	136.28
PUNJAB & SINDH BANK	124.87
Ujjivan Small Finance Bank	25.00
CANARA BANK	9.71
UNION BANK	109.93
Total	1397.27

6. Details of Liquid MF exposure as on 30.06.2021 is as under:

(Amount in ₹ Cr)

Exposure	Exposure as on 30.06.2021	Overexposure as on 30.06.2020
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 Quarter ended June 30, 2021	For the Quarter ended June 30, 2020
(i)	Net NPAs to Net Advances (%)	5.71%	4.95
(ii)	Movement of Gross NPAs		
a.	Opening balance	650.67 ✓	536.03
b.	Additions during the period	47.18	8.72
c.	Reductions during the period	57.05	4.00
d.	Closing balance	640.80	540.75
(iii)	Movement of Net NPAs		
a.	Opening balance	206.92	184.14
b.	Additions during the period	0	0.78
c.	Reductions during the period	3.89	0
d.	Closing balance	203.03	184.92
(iv)	Movement of provisions for NPAs**		
	(excluding provisions on standard assets)		
a.	Opening balance	358.60	274.69
b.	Provisions made during the period	3.68	3.88
c.	Write-off/ write-back of excess provisions	8.91	0.03
d.	Closing balance	353.37	278.54

****Amount is net of floating provision**

7.2 Provisioning Pertaining to Fraud accounts: Rs. 11.45 crore

7.3 Floating Provision



(Amount in ₹ Cr)

S.no	Particulars	As on 30 th June 2021	As on 30 th June 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. The same is NIL during the period.

7.5. Movement of Prudential Write Offs:

(Amount in ₹ Cr)

Particulars	Quarter ended June 2021)	Quarter ended June 2020)
Opening balance of Technical /Prudential Write Off	18.60	18.85
Add : Technical /Prudential Write Off during the period	8.84	0.00
Sub Total (A)	27.44	18.85
Less: Recoveries made from previously Technical /Prudential Write Off accounts during the period (B)	0.00	0.21
Closing Balance (A-B)	27.44	18.64

7.6 Concentration of NPAs*

(Amount in ₹ Cr)

Total Exposure to top four NPA accounts	As on 30 th June 2021	As on 30 th June 2020
	223.79	232.08

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 June 2021	As on 30 th June 2020

1.	Agriculture & Allied Activities	19.49	16.33
2.	Industry (Micro & Small, Medium and Large)	44.63	39.77
3.	Services	12.98	6.89
4.	Personal Loans	4.92	2.45
5.	Others	14.20	23.08

7.8 Provision Coverage Ratio

Current Quarter ended June 2021	Quarter ended June 2020
64.95%	63.13%

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

8. Standard Advances

8.1 Provisions on Standard Asset

(Amount in ₹ Cr)

Item	As on 30 th June 2021	As on 30 th June 2020
Provisions towards Standard Assets	18.52	17.99
Provision for Covid Relief Accounts	NIL	4.29
Provision for Restructured Accounts	6.04	NIL
Total Provision for Standard Accounts	24.56	22.28

8.2 Concentration of Advances

(Amount in ₹ Cr)

Particular	As on 30 th June, 2021	As on 30 th June 2020
Total Advances to twenty largest borrowers	617.26	1141.30
Percentage of advances to twenty largest borrowers to Total Advances of the bank	15.02	27.02

8.3 Concentration of Exposures

(Amount in ₹ Cr)

Particulars	As on 30 th June, 2021	As on 30 th June 2020
Total Exposures to twenty largest borrowers/ customers	778.73	1147.24
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the bank on borrowers / customers	15.47	22.47

8.4 Sector-wise Advances

(Amount in ₹ Cr)

Sl. No	Sector	As on 30 June 2021	As on 30 June 2020
A	Priority Sector :		
	(i)Agriculture and allied activities	868.59	870.21
	(ii)advances to industries sector eligible as priority sector lending	406.26	365.60

	(iii)services	614.16	589.45
	(iv)personal loan	359.81	318.38
	sub total	2248.82	2143.64
B	Non Priority Sector	1744.55	1950.24
	Grand Total	3993.37	4093.88

9. Concentration of Deposits

(Amount in ₹ Cr)

Particulars	As on 30 th June, 2021	As on 30 th June, 2020
Total Deposits from twenty largest Depositors	836.00	1266.00
Percentage of Deposits from twenty largest customers to Total deposits of the bank	11.51%	17.33%

10. Depositor Education and Awareness Fund (DEAF)

(Amount in ₹ Cr)

Particulars	As on 30 th JUNE, 2021	As on 30 th June 2020
Opening balance of amount transferred to DEAF	22.52	19.05
Add: amount transferred to DEAF during the Quarter	0.98	1.10
Less: amount reimbursed during the Quarter by DEAF towards claim	0.12	0.04
Closing balance of amounts transferred to DEAF	23.38	20.11

11. Defined Benefit Plans (Funded Obligation - Pension, Leave Encashment and Gratuity)

a) Change in present value of Defined Benefit Obligation

(Amount in ₹ Cr)

Particulars	Pension		Leave Encashment		Gratuity	
	As on June 30, 2021	As on June 30, 2020	As on June 30, 2021	As on June 30, 2020	As on June 30, 2021	As on June 30, 2020
Opening Defined Benefit Obligation	349.89	319.71	18.67	19.72	33.62	37.22
Opening Adjusted						
Add- Acquisition Adjustment						
Add: Interest Cost	6.10	5.44	0.33	0.34	0.59	0.63
Add : Past Service Cost						
Add: Current Service Cost	1.24	1.22	0.36	0.36	0.46	0.47
Less: Benefits Paid	10.16	8.77	2.11	1.07	1.92	2.57
Add: Actuarial (Gain)/ loss on obligation	0.38	8.02	1.03	(1.13)	1.13	(0.21)
Closing Defined Benefit Obligation	347.45	325.62	18.28	18.22	33.88	35.54

b) Change in Fair value of Plan Assets

(Amount in ₹ Cr)

Particulars	Pension		Leave Encashment		Gratuity	
	As on June 30, 2021	As on June 30, 2020	As on June 30, 2021	As on June 30, 2020	As on June 30, 2021	As on June 30, 2020
Opening Fair Value of plan assets	142.02	131.36	17.19	18.64	34.46	36.19
Opening Adjusted						
Add- Expected Return on Plan Assets	3.13	12.23	0.20	0.35	0.29	0.96
Add- Contributions	2.8	4.50				0.81
Less- Benefits Paid	10.16	8.77	2.10	1.07	1.92	2.57
Add- Actuarial gain/(-)loss						
Closing Fair Value of Plan Assets	137.79	139.32	15.29	17.92	32.83	35.39

c) Amount recognized in the Balance Sheet

(Amount in ₹ Cr)

Particulars	Pension		Leave Encashment		Gratuity	
	As on June 30, 2021	As on June 30, 2020	As on June 30, 2021	As on June 30, 2020	As on June 30, 2021	As on June 30, 2020
a) Closing Defined Benefit Obligation	347.45	325.62	18.28	18.22	33.88	35.54
b) Closing Fair Value of Plan Assets	137.79	139.32	15.29	17.92	32.83	35.39
c) Difference	(209.66)	(186.30)	(2.99)	(0.29)	(1.05)	(0.15)
d) Unrecognized transitional liability						
e) Liability Recognized in the BS	(209.66)	(186.30)	(2.99)	(0.30)	(1.05)	(0.15)

d) Amount recognized in the Profit & Loss Account

(Amount in ₹ Cr)

Particulars	Pension		Leave Encashment		Gratuity	
	As on June 30, 2021	As on June 30, 2020	As on June 30, 2021	As on June 30, 2020	As on June 30, 2021	As on June 30, 2020
a) Current Service Cost	1.24	1.22	0.36	0.36	0.46	0.47
b) Past Service Cost						
c) Interest Cost	6.10	5.44	0.33	0.34	0.59	0.63
d) Expected Return on Plan Assets	(2.47)	(2.30)	(0.30)	(0.33)	(0.60)	(0.68)
e) Net Actuarial Loss/gain(-)	(0.27)	(1.91)	1.13	(1.16)	1.43	(0.49)
f) Transitional liability recognized in the year						
Expenses Recognized in P&L	4.59	2.45	1.52	(0.79)	1.88	(0.07)

e) Principal Actuarial Assumptions

Particulars	Pension		Leave Encashment		Gratuity	
	As on June 30, 2021	As on June 30, 2020	As on June 30, 2021	As on June 30, 2020	As on June 30, 2021	As on June 30, 2020
Discount rate	7.02	6.66	7.02	6.66	7.02	6.66
Salary Escalation Rate						
1. Active Employee	5.00	5.00	5.00	5.00	5.00	5.00
2. Retiree	3.50	3.5				
Attrition Rate						
Expected Rate of Return on plan Assets	7.00	7.00	6.50	6.66	6.50	6.66

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 June 30, 2021	As on June 30, 2020
Provision for Income Tax	4.60	8.00

b) Deferred Tax

During the quarter ended June 30th 2021, the additional deferred tax liability of Rs. 22.01 Lacs was recognized by debiting profit and loss account, thereby making the closing balance of deferred tax liability amounting to Rs. 3.60 Crore (as on March 31st 2021, the deferred tax liability was Rs. 3.38 Crore)

13. Business Ratio

Item	As on 30 th June 2021	As on 30 th June 2020
i. Interest Income as a percentage to Working Funds	6.51%	7.64%
ii. Non-interest income as a percentage to Working Funds	0.42%	0.38%
iii. Operating Profit as a percentage to Working Funds	1.09%	1.65%
iv. Return on Assets	0.19%	0.90%
v. Business (Deposits plus Advances excluding Bank deposits) per employee (Rs. in crore)	12.26	12.44
vi. Net Profit per employee (Rs. in crore)	0.018	0.087
vii Gross non-performing advances to gross advances	16.05%	13.21%
Viii Net non-performing advances to net advances	5.71%	4.95%
IX Provision coverage ratio	64.95%	63.13%

- 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

(Amount in ₹ Cr)

Category	As on 30 th June, 2021	As on 30 th June 2020
<i>a) Direct exposure</i>		
(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)	737.65* (329.39)	589.98 (275.47)
(ii) Commercial Real Estate – 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;	81.24** (5.44)	172.61 (5.44)
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential,		
b. Commercial Real Estate.	NIL	NIL
<i>b) Indirect Exposure</i> Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		
Total Exposure to Real Estate Sector	818.89	762.59

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

-Funded Exposure Rs.75.80Crore

-Non Funded Exposure Rs.5.44Crore

*include staff housing loans.

14.2 Risk Category wise Country Exposure: NIL

14.3 Exposure to Capital Market: NIL

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

Borrower Name	Single Limit	Borrower	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

16. Disclosure required as per RBI circular Ref #RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 07, 2021

(Amount in ₹ Cr)

	Number of accounts	Amount
Ex-gratia payment Part-1 in 8 flags up to Rs. 2 crores	18515	1.49
Ex-gratia payment Part-2 (Tentative figure)*	18024	3.40

*As per the direction of honourable supreme court bank has appropriated the above said amount from profit and loss account. Bank will credit the said amount to the customers in due course.

17. Miscellaneous

17.1 Disclosure of Penalties imposed by RBI during the period ended 30.06.2021- 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)
Maximum O/s	0.00 (0.00)					0.00 (0.00)
Deposit						



Placement of deposits						
<u>Current A/c</u>	7.33					7.33
At the year end	(7.12)					(7.12)
<u>Fixed Deposit</u>	0.00					0.00
At year end	(0.00)					(0.00)
Maximum O/S	0.00					0.00
	(0.00)					(0.00)
<u>Deposit received :</u>						
Current a/c at the year end	0.00					0.00
	(0.00)					(0.00)
Fixed Deposit at the year end	0.00	243.06				243.06
	(0.00)					
Maximum. O/s	0.00					0.00
	(0.00)					(0.00)
Advances						
IBPC Issued	0.00					0.00
	(0.00)					(0.00)
IBPC Participated	0.00					0.00
	(0.00)					(0.00)
Investments						
At year end	0.00					0.00
Maximum O/S	0.00					0.00
Non-funded commitments	6.84					6.84
At the year end	(9.99)					(9.99)
Maximum O/S	6.84					6.84
	(9.99)					(9.99)
Non funded Commitments issued at the year end	0.00					0.00
	(0.00)					(0.00)
Maximum O/S	0.00					0.00
	(0.00)					(0.00)
Leasing/HP arrangements availed						



Leasing/HP arrangements provided						
Purchase of fixed assets			0.00 (10.00)			0.00 (10.00)
Purchase of Mutual Fund Unit						
Sale of fixed assets			0.00 (10.00)			0.00 (10.00)
Sale of Mutual Fund Unit						
Interest paid	0.00 (0.00)					0.00 (0.00)
Commission paid	0.007 (0.001)					0.007 (0.001)
Commission received	0.00 (0.00)					0.00 (0.00)
Dividend income			(Nil)			
Profit on sale Of Units			(Nil)			
Interest Paid (IBPC)						
Interest received						
Interest Received (IBPC)						
Rendering of services	--	-- (-)	--	--	--	-- (--)
Receiving of services						
Management				0.18 (0.09)		

Note: - Figures in brackets indicate previous year figures. Balances are subject to confirmation.

*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)
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(ii)	Key Management Personnel	(I)	Shri Dinesh Pant (MD & CEO)
		(II)	Shri Arun Kumar (Chief Operating Officer)
		(iii)	Shri Mahesh Kumar Goyal (Chief Financial Officer)
		(iv)	Shri Sachin Kumar (Chief Risk Officer)
		(v)	Shri Mahesh Chandra Jindal (Chief Compliance Officer)
(iii)	Parent's Subsidiary		Domestic Subsidiaries
		(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 (Formerly known as Baroda Pioneer Asset Management Company Limited)
		(V)	Baroda Trustee India Private Limited (Formerly known as Baroda Pioneer Trustee Company Pvt. Limited)
			Overseas Subsidiaries
		(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 (Trinidad & Tobago) Ltd.
		(VIII)	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

18.4 Earnings per share-

Particulars		As on 30 th June, 2021	As on 30 th June, 2020
a)	Earnings per share		
	Basic (annualized)	0.50	2.41
	Diluted** (annualized)	0.50	2.41
b)	Amount used as numerator (Profit after tax)	3.89	18.67
c)	Nominal value of shares	Rs 10.00/-per share	Rs 10.00/-per 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)

Item	Provision As per AS – 29
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(Amount in ₹ Cr)



	Amt. for which the Bank is contingently Liabe	Provisi on as at the beginni ng of the Year	Additi on during the year	Amou nt used during the year	Unuse d amoun t revers ed during the year	Provisi on as at the close of the year	Major assumpti on regardin g future events	Remar ks
Claims against the Bank not acknowledged as debt	0.48 (0.48)	0.13 (0.13)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.13 (0.13)	-	-
Guarantees issued on behalf of constituents	80.95 (86.72)	NA (NA)	NA (NA)	NA (NA)	NA (NA)	NA (NA)	-	-
Acceptance Endorsements and other obligations	5.79 (3.80)	NA (NA)	NA (NA)	NA (NA)	NA (NA)	NA (NA)	-	-
Other items, for which the Bank is contingently liable	32.29 (20.11)	NA (NA)	NA (NA)	NA (NA)	NA (NA)	NA (NA)	-	-

*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" from Infosys. The Bank till date has placed Purchase Order amounting to Rs. 65.38 crore, out of which an amount of Rs. 6.97 crore has been paid.



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 June, 2021	As on 30 th June, 2020
Income Tax	4.60	8.00

Standard Advance	6.24	1.79
Pro for NPA regulatory	3.69	3.88
Depreciation on investments	-0.24	-
Misc. provision	0.05	-
Provision for Deferred tax	0.22	-
Provision for fluctuation reserve	4.09	2.00
Investment Reserve Account	0.13	-
Net Prov. & Contingencies	18.78	15.66

ADDITIONAL DISCLOSURES:

21. Bancassurance Business:

The total income of the bank in respect of bank assurance business was **Rs. 24.41/- Lacs** during the quarter ended 30.06.2021 with details as under:

Sr. No.	Insurance Company	Amount (Rs in lacs)	
		Quarter ended 30 th June, 2021	Quarter ended 30 th June, 2020
1.	Exide Life Insurance Company Ltd.	16.80	14.55
2.	National Insurance Company Ltd	2.59	5.41
3.	India First Life Insurance Co. Ltd	0.81	1.39
4.	Life Insurance Corp of India	2.70	2.75
5.	Future Generali Insurance Ltd.	2.76	5.60
	Total	25.66	29.70

The total income of the bank in respect of other products was NIL during the quarter ended 30.06.2021 with details as under.

Sr. No.	Company	Amount (Rs. in Lacs)	
		As on 30 th June, 2021	As on 30 th June, 2020
1.	Weizmann Forex Ltd.	NIL	NIL
2.	Stock Holding Corporation of India Ltd.		
3.	Atal Pension Yojna		
	Total	0.00	0.00

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:

Liabilities	Deposits	Advances	Investments	Borrowings	Foreign Currency assets	Foreign Currency liabilities
1 day	67.34	74.05	0.00	0.00	0.00	0.00

(Amount in ₹ Cr)



	(69.04)	(15.45)	(0.00)	(0.13)	(0.00)	(0.00)
2 to 7 days	212.40 (191.56)	94.82 (91.85)	0.00 (23.85)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
8 to 14 days	228.18 (223.28)	116.24 (107.30)	23.95 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
15 to 30 days	223.18 (283.08)	214.62 (214.60)	48.63 (121.47)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
31 days to 2 months	352.95 (455.33)	117.17 (107.30)	51.27 (79.73)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
2 month to 3 month	748.81 (745.06)	113.94 (322.46)	21.31 (135.87)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 3 months & up to 6 months	848.09 (786.91)	64.37 (48.11)	117.56 (83.88)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 6 months & up to 1 year	1471.23 (1540.55)	115.06 (104.87)	83.82 (87.32)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 1 year & up to 3 years	3004.85 (2903.30)	1619.55 (1855.14)	340.79 (180.21)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 3 years & up to 5 years	86.87 (89.45)	406.90 (321.37)	470.19 (288.02)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 5 years	17.44 (15.65)	681.73 (612.46)	1104.69 (958.44)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Total	7261.34 (7303.21)	3618.45 (3800.91)	2262.21 (1958.79)	0.00 (0.13)	0.00 (0.00)	0.00 (0.00)

Note: Figures in bracket indicates previous year figures for corresponding period (i.e June 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	June 2021	June 2021	June 2021	June 2021	June 2021
Revenue	59.31 (73.02)	14.36 (20.26)	70.07 (71.93)	0.55 (1.42)	144.29 (166.63)
Result	15.97 (19.70)	0.34 (2.35)	7.80 (13.82)	0.55 (1.42)	24.66 (37.28)
Unallocated expenses					16.17 (10.62)



Total profit before tax					8.49 (26.67)
Income taxes					4.60 (8.00)
Extraordinary profit/ loss					0.00 (0.00)
Net profit					3.89 (18.67)
Segment assets	3961.35 (3895.97)	975.35 (1548.99)	3064.52 (2601.25)	0.00 (0.00)	8001.22 (8046.21)
Unallocated assets					33.05 (33.29)
Total assets					8034.27 (8079.50)
Segment liabilities	3662.60 (3762.90)	916.35 (1526.72)	2878.49 (2563.00)	0.00 (0.00)	7457.44 (7852.62)
Unallocated liabilities					576.83 (226.88)
Total liabilities					8034.27 (8079.50)

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

25. Liquidity Coverage Ratio (31.03.2021)

(Amount in ₹ Cr)

		30.06.2021		30.06.2020	
		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)		2073.47		1587.54
Cash Outflows					
2.	Retail deposits and deposits from small business customers, of which:				
		5358.59	340.85	3864.19	238.38
(i)	Stable deposits	3900.28	195.01	2960.73	148.04
(ii)	Less stable deposits	1458.31	145.83	903.46	90.35
3.	Unsecured wholesale funding, of which:				
		1553.33	855.49	2846.66	774.71
(i)	Operational deposits (all counterparties)	0	0	0	0
(ii)	Non-operational deposits (all counterparties)	1553.33	855.49	2846.66	774.71
(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	626.99	34.73	831.61	56.52

(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	626.99	34.73	831.61	56.52
6.	Other contractual funding obligations	122.74	122.74	221.58	221.58
7.	Other contingent funding obligations	123.40	3.70	132.73	3.98
8.	Total Cash Outflows	7785.05	1357.50	7896.77	1295.18
Cash Inflows					
9.	Secured lending (e.g. reverse repos)	0.00	0.00	0.00	0.00
10	Inflows from fully performing exposures	216.54	216.37	265.67	265.67
11	Other cash inflows	200.68	100.34	256.03	142.01
12	Total Cash Inflows	417.22	316.71	521.70	407.69
13	Total Cash Outflows less Total Cash Inflows	7367.83	1040.79	7375.07	887.49
14	25% of Total Cash outflows	1946.26	339.38	1974.19	323.79
15	Total Net Cash Outflows [Higher of 13 or 14]	7367.83	1040.79	7375.07	887.49
16	Liquidity Coverage Ratio (%)		199.22		178.88

***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:



- (a) The value of the stock of high-quality liquid assets (HQLA) in stressed conditions.
- (b) 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).

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

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 quarter ending June 2021 was 199.22% comfortably above RBI prescribed minimum requirement i.e. 100%. Average cash outflows were Rs.1357.50 Crore, Average cash inflows were Rs.316.71 Crores. Average High Quality Liquid Assets were Rs.2073.47 Crores of the quarter ending June 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. As per RBI letter no. DBR. No.BP.15199/21.04.048/2016-17 and DBR. No. BP. 1906/21.04.048/2017-18 dated June 23, 2017 and August 28, 2017 respectively, for the accounts covered under the provisions of Insolvency and Bankruptcy Code (IBC), the Bank is holding total provision of 123.83 crore, 100% of total outstanding) as on June 30, 2021.
- III. Details of Resolution plan implemented under Resolution Framework for COVID 19 related stress as per RBI circular Circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 06. August 2020. – NIL
- IV. As per RBI Circular No. DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, 2019 on 'Restructuring of Advances - Micro, Small and Medium Enterprises (MSME) Sector' (One Time Restructuring), 211 MSME borrower accounts were restructured till June 30, 2021 amounting to Rs.5073.57 lakh.
- V. 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 was sanctioned and implemented and the aggregate exposure to such borrowers are as under: -

No of Accounts	Aggregate exposure as on 30.06.2021 (In lakhs)
195	1787.66





LIMITED REVIEW REPORT FOR THE QUARTER ENDED JUNE 2021

We have reviewed the accompanying statement of standalone unaudited financial results of Nainital Bank Limited ('the Bank') for the quarter ended 30th June, 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 5 branches and Treasury operations reviewed by us, we have relied on the review reports received from the concurrent auditors of 18 branches. Apart from these review reports, in the conduct of our review, we have also relied upon the returns received from 139 un-reviewed branches and head office of the bank. These review reports cover 51.18% (of which 8.06% 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. As per bank, the same will be complied with the implementation of FINACLE 10 in FY 2022.*
- 6. Details regarding Central Repository of Information on Large Credits (CRILC) and Central Fraud Registry (CFR) Certification has not been fed in the Fincraft system.*
- 7. The existing 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.*
- 8. 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.*

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

DHARA Digitally signed
by DHARAM RAJ
Date: 2021.07.28
18:18:44 +05'30'
M RAJ

Dharam Raj
Partner
UDIN No. - 21094108AAAALK5692
M. No 094108

Place: Ghaziabad
Date: 28 July, 2021