



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

BALANCE SHEET AS ON 31st DECEMBER 2020

(In thousands)

CAPITAL AND LIABILITIES	SCHEDULE	As on 31.12.2020	As on 31.03.2020	As on 31.12.2019
Capital	1	775000	775000	775000
Reserves & Surplus	2	5559034	5047990	5881134
Deposits	3	73006595	76794296	77301239
Borrowings	4	0 00	60	891
Other Liabilities & Provisions	5	2030603	1786557	1890446
Total		81371232	84403903	85848710
ASSETS				
Cash & Balances With Reserve Bank of India	6	2412535	3294389	3273049
Balances with Banks & Money at call and Short Notice Investments	7	16714214	22861580	24916898
	8	21213925	16762168	14558937
Advances	9	38019835	38289883	39905220
Fixed Assets	10	359691	412825	324483
Other Assets	11	2651032	2783058	2870123
Total		81371232	84403903	85848710
Contingent Liabilities	12	815498	1148539	1146312
Bills for collection		866	2509	1164
Significant Accounting Policies	17			
Notes on Accounts	18			
Schedules referred above form an integral part of Balance Sheet				

Dinesh Pant
Chairman &
Chief Executive Officer
DIN - 08391769

Mradul Kumar Agarwal
Director
DIN - 06583516

Joydeep Dutta Roy
Director
DIN - 08055872

Binita Shah
Director
DIN - 01538965

Sanjay Mudaliar
Director
DIN - 07484086

N.K. Chari
Director
DIN - 07409731

O.P. Jagarwal
Chief Operating
Officer & CFO
Place : Nainital

Rahul Pradhan
Associate Vice President

Vivek Sah
Company Secretary

Date : 19.01.2021



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

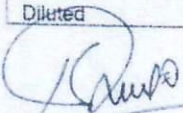
CA Dharam Raj
Partner, M.N.No.094108




PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st DECEMBER 2020

(In thousands)

I. INCOME	SCHEDULE	Period Ended 31.12.2020	Year Ended 31.03.2020	Period Ended 31.12.2019
Interest Earned	13	4571909	6870203	5156423
Other Income	14	367800	406734	270618
Total		4939709	7276937	5427041
II. EXPENDITURE				
Interest Expended	15	2796826	4530300	3410219
Operating Expenses	16	1133857	1624323	1064537
Provisions & Contingencies		560693	1802977	702679
Total		4491176	7957600	5177435
III. PROFIT				
Net profit for the year		448533	-680663	249606
Profit available for appropriation		448533	-680663	249606
IV. APPROPRIATIONS				
Statutory Reserve				
Revenue & Other Reserves:				
i) Investment Reserve Account				
ii) General reserve				
iii) special reserve				
Interim Dividend Paid				
Dividend Tax on Interim Dividend Paid				
Proposed Dividend				
Dividend Tax (including surcharge & edu. cess)				
Balance Carried over to Balance Sheet		448533	-680663	249606
Total			-680663	
Earnings per share (Rs)				
Basic		5.79	-8.78	3.22
Diluted		5.79	-8.78	3.22


Dinesh Pant
Chairman &
Chief Executive Officer
DIN - 08391769



Mradul Kumar Agarwal
Director
DIN - 06583516

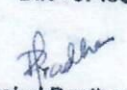
Joydeep Dutta Roy
Director
DIN - 08055872

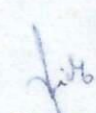
Binita Shah
Director
DIN - 01538965

Sanjay Mudaliar
Director
DIN - 07484086


N.K. Chari
Director
DIN - 07409731


O.P. Jagarwal
Chief Operating
Officer & CFO
Place : Nainital


Rahul Pradhan
Associate Vice President


Vivek Sah
Company Secretary

Date : 19.01.2021



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

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, Mallip
Nainital 263001 (Uttarakhand)

STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31ST DECEMBER 2020

(` in Thousands)

	Period Ended 31.12.2020	Year Ended 31.03.2020
A. Cash flow from operating activities :		
Net profit before taxes	669978	-525663
Adjustments for :		
Depreciation on fixed Assets	23419	31993
Depreciation on investment Written back	-	-
Provision made on Investment	120381	-69028
Provision in respect of NPA	209232	1601809
Provision for standard assets restr.	17568	30239
Provision for other items	0	110814
Profit (Loss) on sale of fixed Assets	-30	-120
Deferred Tax for Current year	-7933	-25858
Excess Provision written back	-	0
	1032616	1154186
Adjustment for :		
(Increase)/Decrease in investments	-4451757	-1317111
(Increase)/Decrease in advances	270047	-3132413
(Increase)/Decrease in other assets	132027	-820366
Increase/(Decrease) in Borrowings	-60	60
Increase/(Decrease) in deposits	-3787701	3932389
Increase/(Decrease) in other liabilities and provisions	25178	-1696411
Direct Taxes paid	-221445	-155000
Net cash from operating activities (A)	-7001093	-2034665
B. Cash flow from investing activities :		
(Increase)/Decrease in fixed Assets	-28126	-20448
Changes in Trade related investments	0.00	0.00
Dividend received from subsidiaries/others	0.00	0.00
Net Cash from investing activities (B)	-28126	-20448
C. Cash flow from financing activities		
Share Capital	0	0
Share Premium	0	0
Unsecured Redeemable Bonds	0.00	0.00
Dividend	0	-46715
Interest paid/payable on unsecured redeemable bonds	0.00	0.00
Net Cash from financing activities (C)	0	-46715
Net increase in cash & cash equivalents (A)+(B)+(C)	-7029219	-2101828
Opening Cash & cash equivalents	26155969	28257798
Closing Cash & cash equivalents	19126750	26155969

Dinesh Pant
Chairman &
Chief Executive Officer
DIN - 08391769

Mradul Kumar Agarwal
Director
DIN - 06583516

Joydeep Dutta Roy
Director
DIN - 08055872

Binita Shah
Director
DIN - 01538965

Sanjay Mudaliar
Director
DIN - 07484086

N.K. Chari
Director
DIN - 07469731

O.P. Jagarwal
Chief Operating
Officer & CFO

Rahul Pradhan
Associate Vice President

Vivek Sah
Company Secretary

as per our report of even date
For Dharam Raj & Co.
Chartered Accountants
FRN- 0144811

Date : 19.01.2021

Place : Nainital

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



SCHEDULE 1-CAPITAL

(in Thousands)

	As on 31/12/2020	As on 31/03/2020	As on 31/12/2019
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	775000	775000	775000
Total	775000	775000	775000

SCHEDULE 2- RESERVES & SURPLUS

I Statutory Reserve :			
Opening Balance	1668731	1668731	1668731
Addition during the year	0	0	0
Closing Balance	1668731	1668731	1668731
II Capital Reserve :	203903	262931	165805
a) Revaluation Reserve			
Opening Balance	262931	165804	165805
addition/deletion during the year -	-57871	97127	0
Depreciation on account of revaluation of premises transferred to Profit & Loss Account	-1157	0	0
Closing Balance	203903	262931	165805
B) Others			
addition during the year	0	0	0
Closing Balance	0	0	0
III Share Premium :			
Opening Balance	775000	775000	775000
Addition During the Year	0	0	0
Deduction During the Year*	0	0	0
Closing Balance	775000	775000	775000
IV Revenue & Other Reserves			
(i) Investment Fluctuation Reserve :			
Opening Balance	19117	19117	19117
Addition During the Year	80000	0	0
Less: Transferred To General Provision	0	0	0
Closing Balance	99117	19117	19117
(ii) Other Reserve :			
Opening Balance	2077411	2756916	2756916
Addition : Transferred from Profit & Loss Account	0	0	0
Deduction:	0	0	0
Closing Balance	2077411	2756916	2756916
Investment Reserve A/C	40381		
special reserve u/s 36(1) (VIII)	245958	245958	245958
Addition During the Year	0	0	0
Closing Balance	245958	245958	245958
Total(IV)	2462867	3021991	3021991
V Balance in Profit & Loss Account	448533	-680663	249608
Total (I,II,III, IV & V)	5559034	5047990	5881134





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

(in Thousands)

SCHEDULE 3 -DEPOSITS

	As on 31/12/2020	As on 31/03/2020	As on 31/12/2019
A I) Demand Deposits			
i)From Banks	30195	30662	36556
ii)From Others	3681809	3639805	3325623
Total	3712004	3670467	3362179
II) Savings Bank Deposits	22070650	21541659	20059421
III) Term Deposits			
i)From Banks	7061135	10539371	12847627
ii)From Others	40162806	41042799	41032012
Total	47223941	51582170	53879639
Total (I, II & III)	73006595	76794296	77301239
B I)Deposits of Branches in India	73006595	76794296	77301239
II)Deposits of Branches outside India		0	
Total (I & II)	73006595	76794296	77301239

SCHEDULE 4 -BORROWINGS

I Borrowings in India			
i)Reserve Bank Of India	-	-	-
ii)Other Banks	-	60.00	890.92
iii)Other Institutions and Agencies	-	-	-
II Borrowings outside India	-	-	-
Total (I & II)	-	60	891
III Secured Borrowings Included in I above	-	60	891

SCHEDULE 5 -OTHER LIABILITIES AND PROVISIONS

I Bills Payable	272619	233678	233769
II Inter Office Adjustments(Net)		17628	0
III Interest Accrued	88832	82207	90516
IV Others(Including Provisions)	1650514	1453044	1566161
V Tax Paid in Advance/Tax Deducted at Source	18638		
Total(I,II ,III & IV)	2030603	1786557	1890446
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 31/12/2020	As on 31/03/2020	As on 31/12/2019
I Cash in hand(Including foreign currency notes nil)	251272	297760	336506
II Balances with Reserve Bank of India			
i)In Current Accounts	2161263	2996629	2936543
ii)In Other Accounts			
Total (I & II)	2412535	3294389	3273049

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

I In India			
i) Balances with Banks			
In Current Accounts	167114	65422	173840
In Other Deposit Accounts	15147100	22096158	24493058
Total	15314214	22161580	24666898
ii)Money at call and short notice			
With banks	600000	500000	0
With other institutions	800000	200000	250000
Total	1400000	700000	250000
Total (I & ii)	16714214	22861580	24916898
II Outside India	NIL	NIL	NIL
Total (I & II)	16714214	22861580	24916898

SCHEDULE 8- INVESTMENTS

I Investments in India(Gross)	21213925	16762168	14586239
Less : Provision for Depreciation			27302
Net Investments in India	21213925	16762168	14558937
Break up			
i)Government Securities	18297989	14210834	12777449
ii)Other Approved Securities	239604	0	0
iii)Shares		0	0
iv)Debentures and Bonds	2676332	2551334	1733621
v)Subsidiaries and/or Joint Ventures			0
vi)Others(units of UTI , other mutual funds, comm.papers)			47867
Total	21213925	16762168	14558937
II Investments outside India	NIL	NIL	NIL
Total (I & II)	21213925	16762168	14558937



SCHEDULE 9- ADVANCES

(` in Thousands)

	As on 31/12/2020	As on 31/03/2020	As on 31/12/2019
A i) Bills Purchased and Discounted	7686	28303	63199
ii) Cash Credit, Overdrafts, Loans repayable on demand	21712168	23721469	25172518
iii) Term Loans	16299981	14540111	14669503
Total	38019835	38289883	39905220
B i) Secured by Tangible Assets	36714149	37229243	39058901
ii) Covered by Bank/Govt. Guarantees	160	10	10
iii) Unsecured	1305526	1060630	846309
Total	38019835	38289883	39905220
C I) Advances in India			
i) Priority Sector	21043671	20196754	19850283
Net Priority Sector	21043671	20196754	19850283
ii) Public Sector	4969	496264	701989
iii) Banks	0	300097	110538
iv) Others	16971195	17296768	19242410
Add: IBPC participation with BOB		0	0
Net Others		17296768	19242410
II) Advances outside India		0	0
Total	38019835	38289883	39905220

SCHEDULE 10- FIXED ASSETS

I Premises			
At cost/revalued amount as on 31st March of the preceeding year	346897	249770	249770
Addition during the Period	12868	97127	0
Deduction during the Period	70739	0	0
Depreciation to date (including incremental depreciation due to revaluation)	27998	25190	24980
Closing Block I	261028	321707	224790
II Other Fixed Assets (including Furniture & Fixtures)			
At cost as on 31st March of the preceeding year	537883	517315	527049
Addition during the Quarter	28216	20968	2180
Deductions during the Quarter	60	400	0
Depreciation to date	467376	446764	429536
Closing Block II	98663	91118	99693
Total	359691	412825	324483

SCHEDULE 11- OTHER ASSETS

I Inter Office Adjustment (Net)	43790	0	60455
II Interest Accrued	975239	1329247	1536836
III Tax Paid in advance/tax deducted at source (net of provisions)	0	170629	122581
IV Stamps	37	35	38
V Others	1631964	1283147	1150213
Total (I, II, III, IV & V)	2651030	2783058	2870123



SCHEDULE 12- CONTINGENT LIABILITIES

(in Thousands)

	As on 31/12/2020	As on 31/03/2020	As on 31/12/2019
I Claims against the Bank not acknowledged as Debts	4754	4754	4754
II Liability against frauds	0	0	0
III Guarantees given on behalf of constituents	546859	854115	836405
IV Acceptances,Endorsements and Other Obligations	46399	99140	130060
V Others	217485	190530	175092
Total (I,II,III & IV)	815497	1148539	1146312

SCHEDULE 13- INTEREST EARNED

I Interest/Discount on Advances/Bills	2475794	3341484	2493207
II Income on Investments (Net) (less amount amortised during the year)	1077294	1180793	884922
III Interest on Balances with Reserve Bank Of India and other Inter Bank Placements	869219	2104967	1610453
IV Others	149602	242959	167841
Total (I,II,III & IV)	4571909	6870203	5156423

SCHEDULE 14- OTHER INCOME

I Commission,Exchange & Brokerage	19600	30695	23227
II Profit / Loss on sale of investments	141996	142329	70544
III Interest on Income Tax Refund	5151	516	516
IV Miscellaneous Income	189813	217540	156,066
V Third party commission	11240	15654	11177
VI Income on dividend on share			9089
Total (I,II,III & IV)	367800	406734	270618

SCHEDULE 15-INTEREST EXPENDED

I Interest on Deposits	2796826	4520284	3400202
II Interest on RBI / Inter Bank Borrowings	0	10016	10016
III Others	0	0	0
Total (I, II, & III)	2796826	4530300	3410219



SCHEDULE 16- OPERATING EXPENSES

(in Thousands)

	As on 31/12/2020	As on 31/03/2020	As on 31/12/2019
I Payments to and Provisions for Employees	700632	1049289	663816
II Rent,Taxes and Lighting	115128	140828	103690
III Printing and Stationery	5319	6855	5335
IV Advertisement and Publicity	2478	5598	4573
V Depreciation on Bank's Property Less:Depreciation adjusted from Capital reserve on account of revaluation of premises	23419	31993	20265
VI Director's Fees Allowances and Expenses	459	757	412
VII Auditor's Fees & Expenses (including Branch Auditor's fee & expenses)	-691	3701	550
VIII Law Charges	9201	12446	9235
IX Postage, Telegrams, Telephones etc	5965	8024	5615
X Repairs and Maintenance	12249	12716	8518
XI Insurance	60980	66791	49140
XII Other Expenditure	198518	285325	193388
Total (I TO XII)	1133657	1624323	1064537



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

SCHEDULE 17 – SIGNIFICANT ACCOUNTING POLICIES FOR THE PERIOD ENDED 31st December 2020

1. BASIS OF PREPARATION:

The financial statements have been prepared under the 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)/FBIL 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. Currently the bank has created a provision for IFR on the basis of audited results for the financial year 2019-20.

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, Subsidy reserve fund (SRF), Margin held in form of FDR (in case of doubtful/loss accounts), Provisions have been made for Non Performing Advances in accordance with the prudential norms prescribed by Reserve Bank of India from time to time.

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 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 of employee as intimated by actuary in his actuarial report 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 actual basis.

8. DEPRECIATION:

8.1 The depreciation has been charged on the basis of useful life of asset as prescribed in 'Schedule II' of the Companies Act, 2013 as per WDV Method, (except computers and hardware) after taking residual value @ 5% of the cost of the respective assets. However for intangible assets the same shall be charged as per applicable Accounting Standard.

In accordance with the revision in the AS-10, Depreciation on revalued portion of Property, Plant and Equipment, has been provided by charging to Statement of Profit & Loss Account instead of adjusting from Revaluation Reserve.



For the period ended December 31, 2020, applicable provisioning has been done in banks' Profit Loss account.

8.2 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 part of an integral part of hardware is charged directly to Profit and Loss Account.

8.3 Depreciation on additions will be 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 PERIOD ENDED DECEMBER 31, 2020

1. Capital:

(Rs. in crore)

Items	As on 31 st December 2020	As on 31 st December 2019
BASEL III		
i. CRAR (%)	13.11%	13.48%
ii. CRAR - Tier I capital (%)	12.32%	13.03%
iii. CRAR - Tier II Capital (%)	0.79%	0.45%
iv. Percentage of the shareholding of the Government of India in nationalized banks	NA	NA
v. Percentage of Shareholding of Bank of Baroda	98.57%	98.57%
vi. Amount of subordinated debt raised as Tier-II capital		

2. Investments:

(Rs. in crore)

Items	As on 31 st December 2020	As on 31 st December 2019
(i) Gross value of investments	2121.39	1458.62
(a) In India	2121.39	1458.62
(b) Outside India	0.00	0.00
(ii) Provision for depreciation	0.00	2.73
(a) In India	0.00	2.73
(b) Outside India	0.00	0.00
(iii) Net value of investments		
(a) In India	2121.39	1455.90
(b) Outside India	0.00	0.00
(ii) Movement of provisions held towards depreciation on investments		
(a) Opening Balance	0.00	10.98
(b) Less: Write back of excess provision due to shifting (AFS to HTM Category)	0.00	4.07
(c) Add: Provisions made during the year	0.00	0.00
(d) Less: Write off/Write back of excess provisions during the year	0.00	4.17
(e) Closing Balance	0.00	2.73

In accordance with RBI instructions regarding overexposure in Interbank Placement as per RBI Large Exposure Framework Guidelines, the bank has accorded the permission to hold the non-callable deposits, where bank is having Overexposure in Interbank placement, till the respective date of maturity, but not later than March 23, 2021.

I | Page

THE NAINITAL BANK LTD. (Regd. Office : G.B. Pant Road, Nainital) Head Office : Naini Bank House, Seven Oaks, Nainital - 263001 U.K.
दि नैनीताल बैंक लिमिटेड (रजि. कार्यालय : जी.बी. पन्त रोड, नैनीताल) प्रधान कार्यालय : नैनी बैंक हाउस, सेवन ओक्स, नैनीताल-२६३००१ उत्तराखण्ड
Office : (05942) 236138, 236195, 236313, 236237 Fax (05942) 236120, Visit us at : www.nainitalbank.co.in
CIN No. U 65923 UR 1922 PLC 000234



3. Repo Transactions

The details of securities sold and purchased under repos and reverse repos during the year ending DECEMBER 31, 2020: NIL

4.1 Investment Reserve Account (IRA)

In compliance with RBI directives, bank has created an Investment Reserve Account (IRA) for Rs 4.04 crores as on 31.12.2020. During the half year 30.09.2020 an amount of Rs 1.17 crores was less earmarked in IRA which has been fully provided as on 31.12.2020.

4.2 Investment Fluctuation Reserve (IFR) – movement chart in IFR:

	Investment Fluctuation Reserve	Amount in Crs
1.	Opening Balance on 01-04-2020	1.91
2.	Added during the period ended 31.12.2020	8.00
3.	Closing balance as on 31.12.2020	9.91

4.3 Details of Transfer of Securities from HTM portfolio to AFS in excess of 5%: NIL

5. Non-SLR Investment Portfolio:

A) Issuer composition of Non SLR investments as on 31.12.2020-

(Rs in crores)

S. No.	Issuer	Amount	Private Placement	'Below investment Grade' securities	Unrated	Unlisted
(i)	PSU	40.01	40.01	0.00	0.00	0.00
(ii)	Financial Institutions	65.60	65.60	0.00	0.00	0.00
(iii)	Banks	39.79	39.79	0.00	0.00	0.00
(iv)	Private Corporate	122.23	84.87	0.00	0.00	0.00
(v)	Subsidiaries/Joint Ventures	0.00	0.00	0.00	0.00	0.00
(vi)	Others	23.96	23.96	0.00	0.00	0.00
(vii)	Provisions held for depreciation	0.00	0.00	0.00	0.00	0.00
	Total	291.59	254.23	0.00	0.00	0.00

* Out of Rs 291.59 crores invested, Rs 37.36 cores is placed through Public Issue.

B) Non performing Non-SLR investments: NIL

6. SLR Investment

S.No	SLR Investment Portfolio as on 31.12.2020	Amount (in crores)
1.	Available for Sale :	
a	Central Government	9.96
b	State Govt.	424.12
c	T-bill	291.75
d	Other Approval	0.00
	Sub Total	725.83
2.	Held to Maturity :	
a	Central Government	333.97

2 | Page

b	State Government	770.00
c	Other Approved	0.00
	Sub Total	1103.97
	Total Investment	1829.80

7. In accordance with RBI guidelines, the Bank's Investment portfolio has been classified into three categories. The position of holding as on 31.12.2020 is as follows: (Rs in crore)

S No	Particulars	31.12.2020(Face value)	31.12.2019(Face value)
1	Held to Maturity	1098.78	995.80
2	Available for sale	1029.81	462.82
3	Held for trading	0.00	0.00
	TOTAL	2128.59	1458.62

71 Non-Performing Asset –

(Rs in Crores)

Items	Quarter ended 31.12.2020	HY ENDED 30.09.2020	FY ENDED 31.03.2020
(i) Net NPAs to Net Advances (%)	3.80%	4.45%	4.89%
(ii) Movement of NPAs (Gross)	(Opening Balance as on 01.10.2020)	(Opening Balance as on 01.04.2020)	(Opening Balance as on 01.04.2019)
a. Opening balance	531.47	536.03	388.22
b. Additions during the period	5.92	21.26	181.68
c. Reductions during the period	23.58	25.82	33.87
d. Closing balance	513.81	531.47	536.03
(ii) Movement of provisions for NPAs (excluding provisions on standard assets)			
a. Opening balance	294.83	274.70	114.98
b. Provisions made during the period	0.70	20.23	160.18
c. Write-off/ write-back of excess provisions	0.03	0.09	0.46
d. Closing balance	295.50	294.83	274.70
(iv) Other Deductions:			
Interest Suspense	12.32	12.39	12.47
Sundry Deposits	0.88	1.06	1.88
(iii) Movement of Net NPAs**			
a. Opening balance	160.33	184.14	199.52
b. Additions during the period	0	0	0
c. Reductions during the period	18.07	23.81	15.38
d. Closing balance	142.26	160.33	184.14

**Amount is net of floating provision

7.2 Floating Provision

RBI vide Circular No. DBR.No.BP.BC.79/21.04.048/2014-15 dated March 30, 2015 on 'Utilization of Floating Provisions/ Counter Cyclical Provisioning Buffer' has allowed the banks, to utilize up to 50 per cent of Floating

3 | Page

THE NAINITAL BANK LTD. (Regd. Office : G.B. Pant Road, Nainital) Head Office : Naini Bank House, Seven Oaks, Nainital - 263001 U.K.
 दि नैनीताल बैंक लि० (पंजी. कार्या. : जी.बी. पन्त रोड, नैनीताल) प्रधान कार्यालय : नैनी बैंक हाउस, सेवन ओक्स, नैनीताल-२६३००१ उत्तराखण्ड
 Office : (05942) 236138, 236195, 236313, 236237 Fax (05942) 236120, Visit us at : www.nainitalbank.co.in
 CIN No. U 65923 UR 1922 PLC 002234



Provisions CCPB held by them as on December 31, 2014, for making specific provisions for Non-Performing Assets (NPAs) as per the policy approved by the Bank's Board of Directors. During the year, Bank has not utilized such amount for making specific provision for NPAs.

(Rs in Crore)				
S.no	Particulars	31.12.2020	30.09.2020	31.03.2020
1.	Opening balance in the floating provisions account	62.85	62.85	59.72
2.	Addition during the accounting period	0	0	3.13
3.	Amount of draw down made during the accounting period	0	0	0
4.	Closing balance in the floating provisions account	62.85	62.85	62.85

7.3 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. In view of the above, there no such divergences during the period ended December 2020.

7.4. Movement of Prudential Write Offs:

(Rs. In Crores)			
Particulars	For the quarter ended 31 st December 2020	For the half year ended 30 th September 2020	For the year ended 31 st March 2020
Opening balance of Technical /Prudential Write Off	18.63	18.85	18.85
Add : Technical /Prudential Write Off during the period	00	00	0.02
Sub Total (A)	18.63	18.85	18.87
Less: Recoveries made from previously Technical /Prudential Write Off accounts during the period (B)	0.01	0.22	0.02
Closing Balance (A-B)	18.62	18.63	18.85

7.5 Concentration of NPAs* as on 31.12.2020

(Rs.in crores)

Total Exposure to top four NPA accounts	31.12.2020	31.03.2020
	230.10	231.35

7.6 Sector-wise NPAs*

Sl. No	Sector	Percentage of NPAs to total Advances in that sector(in both Priority & Non Priority)	
		31.12.2020	31.03.2020

4 | Page

THE NAINITAL BANK LTD. (Regd. Office : G.B. Pant Road, Nainital) Head Office : Naini Bank House, Seven Oaks, Nainital - 263001 U.K.
दि नैनीताल बैंक लि० (रजि. कार्यालय : जी.बी. पन्त रोड, नैनीताल) प्रधान कार्यालय : नैनी बैंक हाउस, सेवन ओक्स, नैनीताल-२६३००१ उत्तराखण्ड
☎ Office : (05942) 236138, 236195, 236313, 236237 Fax (05942) 236120, Visit us at : www.nainitalbank.co.in
CIN No. U 65923 UR 1922 PLC 000234



1.	Agriculture & Allied Activities	13.50	16.76
2.	Industry (Micro & Small, Medium and Large)	43.30	39.70
3.	Services	7.30	6.77
4.	Personal Loans	2.13	2.59

7.8 Provisions on Standard Asset

(Rs. in crore)

Item	31.12.2020	30.09.2020
Provisions towards Standard Assets	18.12	16.73
Provision for Covid Relief Accounts	4.13	4.13
Total Provision for Standard Accounts	22.25	20.86

7.9 Concentration of Advances

(Rs. in Crore)

Particular	31.12.2020	31.03.2020
Total Advances to twenty largest borrowers	700.75	1024.19
Percentage of advances to twenty largest borrowers to Total Advances of the bank	17.05%	24.87%

7.10 Concentration of Exposures

(Rs. in Crore)

Particulars	31.12.2020	31.03.2020
Total Exposures to twenty largest borrowers/ customers	845.99	1154.36
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the bank on borrowers / customers	18.13%	28.03%

7.11. Concentration of Deposits

(Rs. in Crore)

Particulars	31.12.2020	31.03.2020
Total Deposits from twenty largest Depositors	1672.51	1615.31
Percentage of Deposits from twenty largest customers to Total deposits of the bank	22.91%	21.04%

8. 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 has opted for new tax regime from Financial year 2019-20 i.e. Assessment year 2020-20, and decided to continue with the same in current financial year, accordingly effective tax rate is 25.168%.

The bank has made a provision for income tax as tabulated below : (Rs. in Crore)

5 | Page

Item	31.12.2020	31.12.2019
Provision for Income Tax	22.14	13.25

b) Deferred Tax

During the period ended December 31st 2020, the bank has created deferred tax asset to the tune of Rs. 0.79 Crore by crediting profit and loss account, the balance of deferred tax asset as on date is Rs. 1.10 Crore (March 31, 2020: net DTA was Rs 0.31 Crores)

9.1 Details of Loan Assets subjected to restructuring (31.12.2019): NIL

9.2 Details of Loan Assets subjected to restructuring (31.12.2020): NIL

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

10. Business Ratio

Item	31.12.2020	31.12.2019
i. Interest Income as a percentage to Working Funds	7.33%	8.07%
ii. Non-interest income as a percentage to Working Funds	0.59%	0.42%
iii. Operating Profit as a percentage to Working Funds		
iv. Return on Assets	1.62%	1.49%
v. Business (Deposits plus Advances excluding Bank deposits) per employee (Rs. in crore)	0.72%	0.39%
vi. Profit per employee (Rs. in crore)	12.71	12.00
	0.053	0.028

11 Lending to Sensitive Sector

11.1 Exposure to Real Estate Sector

(Rs. in crore)

Category	31.12.2020	31.03.2020
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)	688.23 (313.63)	544.00 (224.98)
(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;	83.83	193.09
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential,		
b. Commercial Real Estate.		
b) Indirect Exposure		

6 | Page

Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		
Total Exposure to Real Estate Sector	772.06	737.09

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

-Funded Exposure:Rs.78.39Crore

-Non Funded Exposure:Rs.5.44Crore

*include staff housing loans.

11.2 Risk Category wise Country Exposure:NIL

11.3Exposure to Capital Market: NIL

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

Borrower Name	Single Borrower Limit	Total Limit Sanctioned	Remark
NIL			

*As on 31.12.2020, bank has not breached its prudential limits in regard to SBL & GBL.

12. Miscellaneous

12.1 Disclosure of Penalties imposed by RBI during the period ended 31.12.2020- NIL

12.2 Related Party disclosures (Accounting Standard 18):

(Rs. in crore)

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	--	--	--	--	--	--

7 | Page

THE NAINITAL BANK LTD. (Regd. Office : G.B. Pant Road, Nainital) Head Office : Naini Bank House, Seven Oaks, Nainital - 263001 U.K.
हि नैनीताल बैंक लिमिटेड (पंजी. कार्या. : जी.बी. पन्त मार्ग, नैनीताल) प्रधान कार्यालय : नैनी बैंक हाउस, सेवन ओक्स, नैनीताल-२६३००१ उत्तराखण्ड
Office : (05942) 236138, 236195, 236313, 238237 Fax (05942) 236120, Visit us at : www.nainitalbank.co.in
CIN No. U 659223 UR 1922 PLC 000234



Placement of deposits	--	--	--	--	--	--
<u>Current A/c</u> At the year end	11.28 (4.43)	--	--	--	--	11.28 (4.43)
<u>Fixed Deposit</u> At year end	0.00 (0.00)	--	--	--	--	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 (0.00)	295.08	-	-	-	295.08
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 At the year end	14.11 (10.97)	--	--	--	--	14.11 (10.97)



Maximum O/S	14.11 (17.14)	--	--	--	--	14.11 (17.14)
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	--	--	--	--	--	--
Purchase of Mutual Fund Unit	--	--	0.00 (45.00)	--	--	0.00 (45.00)
Sale of fixed assets	--	--	--	--	--	--
Sale of Mutual Fund Unit	--	--	0.00 (45.00)	--	--	0.00 (45.00)
Interest paid	0.00 (0.00)	--	--	--	--	0.00 (0.00)
Commission paid	0.03 (0.54)	--	--	--	--	0.03 (0.54)
Commission received	0.00 (0.00)	--	--	--	--	0.00 (0.00)
Dividend income	--	--	(Nil)	--	--	(Nil)
Profit on sale Of Units	Nil (Nil)	--	(Nil)	--	--	Nil (Nil)
Interest Paid (IBPC)	0.00 (0.00)	--	--	--	--	0.00 (0.00)
Interest received	0.00 (0.00)	--	--	--	--	0.00 (0.00)
Interest Received (IBPC)	0.00 (0.00)	--	--	--	--	0.00 (0.00)

Rendering of services	--	-- (-)	--	--	--	-- (--)
Receiving of services	--	-	0.00	-	-	0.00
Management	-- (-)	--	--	0.28* (0.32)*	--	0.28* (0.32)*

Note: - Figures in brackets indicate previous year figures for the same period.

*Managerial Remuneration to CEO & COO

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

(i)	Parent	:	Bank of Baroda (Major Shareholder)
(ii)	Key Management Personnel	(I)	Shri Dinesh Pant (Chairman & CEO)
		(II)	Shri O.P. Jagarwal (Chief Operating Officer & Chief Financial Officer)
		(III)	Shri Vivek Sah (Company Secretary)
(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 Gramin Bank
		(III)	Baroda Gujrat Gramin Bank

12.4 Earnings per share-

Particulars	31.12.2020	31.03.2020	31.12.2019
a) Earnings per share			
Basic (annualized)	7.72	(8.78)	4.29
Diluted** (annualized)	7.72	(8.78)	4.29

b)	Amount used as numerator (Profit after tax)	44.85 Crore	(68.07) Crore	24.96 Crore
c)	Nominal value of shares	Rs 10.00/-per share	Rs 10.00/-per share	Rs 10.00/-per share
d)	Weighted average number of equity shares used as the denominator	77500000	77500000	77500000

**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.

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

(Rs. in crore)

Item	Provision As per AS – 29							
	Amt. for which the Bank is contingently Liable	Provision as at the beginning of the Year	Addition during the year	Amount used during the year	Unused amount reversed during the year	Provision as at the close of the year	Major assumption regarding future events	Remarks
Claims against the Bank not acknowledged as debt	0.48 (0.48)	0.14 (0.14)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.14 (0.14)	-	-
Guarantees issued on behalf of constituents	54.69 (85.41)	NA (NA)	NA (NA)	NA (NA)	NA (NA)	NA (NA)	-	-
Acceptance Endorsements and other obligations	4.64 (9.91)	NA (NA)	NA (NA)	NA (NA)	NA (NA)	NA (NA)	-	-
Other items, for which the Bank is contingently liable	21.75 (19.05)	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.

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

(Rs. in crore)

Sr. No.	Particulars	31.12.2020	31.03.2020	31.12.2019
---------	-------------	------------	------------	------------

11 | Page

THE NAINITAL BANK LTD. (Regd. Office : G.B. Pant Road, Nainital) Head Office : Nainital Bank House, Seven Oaks, Nainital - 263001 U.K.
 दि नैनीताल बैंक लि० (पंजी. कार्या. : जी.बी. पन्त रोड, नैनीताल) प्रधान कार्यालय : नैनी बैंक हाउस, सेवन ओक्स, नैनीताल, नैनीताल-२६३००१ उत्तराखण्ड
 Office : (05942) 236139, 236195, 236313, 236237 Fax (05942) 236120, Visit us at : www.nainitalbank.co.in
 CIN No. U 65923 UR 1922 PLC 000234



1	Income Tax	22.14	15.50	13.25
2	Standard Advance	1.76	3.02	2.48
3	Provision for wage revision**	-	10.68	5.09
4	Pro for NPA regulatory	20.92	160.18	53.62
5	Depreciation. on investments	-	(6.90)	(4.17)
6	Prov. For Staff Welfare	-	0.40	-
7	Provision for deferred tax	(0.79)	(2.59)	-
8	prov. For fluctuation reserve	8.00	-	-
9	Investment Reserve Account	4.04	-	-
	Net Prov& Contingencies	56.07	180.30	70.27

**During the period ended 31.12.2020, a provision of INR 6.29cr has been provided towards wage revision through employee benefit expenses, however for the same period during last financial year it was provided through "Provisions and Contingencies".

ADDITIONAL DISCLOSURES:

15. Bancassurance Business

The total income of the bank in respect of bank assurance business was Rs. 112.38 Lakh during the period ended 31.12.2020, with details as under:

Sr. No.	Insurance Company	Amount	
		31.12.2020	31.03.2020
1.	Exide Life Insurance Company Ltd.	71.98	98.24
2.	National Insurance Company Ltd	12.51	23.05
3.	India First Life Insurance Co. Ltd	7.62	7.46
4.	Life Insurance Corp of India	2.79	3.10
5.	Atal Pension Yojna	-	1.12
6.	Future Generali Insurance Ltd.	17.48	29.61
	Total	112.38	162.58

The total income of the bank in respect of other products was 0.01lacduring the period ended 31.12.2020, with details as under.

Sr. No.	Company	Amount	
		31.12.2020	31.03.2020
1.	Weizmann Forex Ltd.	-	0.09
2.	UTIITSL	-	-
3.	Stock Holding Corporation of India Ltd.	0.01-	0.23
	Total	0.01	0.32

16. Revaluation of Fixed Assets

Bank has reversed an amount of INR 5.79 crore in Revaluation Reserve in Quarter of Sept 2020 to make good the effect of excess amount credited in Revaluation Reserve during F.Y 2019-20. Depreciation has been calculated on the revaluated amount.

Further, in view of Bank's revised Asset & Depreciation Policy, Bank is in process of re-evaluating the depreciation charged in the asset module of CBS since April 2014. Any variation shall be accounted in the books before March 2021.

+17. Balancing Of Books And Reconciliation:

Initial matching of debit and credit outstanding entries in various heads of accounts included in Inter Office Adjustments has been completed up to 31.12.2020, the reconciliation of which is in progress.

18. 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:

(Rs.in Crore)						
Liabilities	Deposits	Advances	Investments	Borrowings	Foreign Currency assets	Foreign Currency liabilities
1 day	58.66 (46.22)	98.70 (96.47)	0.00 (5.00)	0.00 (0.09)	0.00 (0.00)	0.00 (0.00)
2 to 7 days	181.97 (163.69)	109.59 (120.06)	33.90 (59.93)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
8 to 14 days	184.63 (165.72)	123.51 (137.86)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
15 to 30 days	145.00 (126.84)	246.35 (276.77)	198.15 (259.48)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
31 days to 2 months	214.88 (303.86)	124.45 (133.63)	29.77 (110.02)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
2 month to 3 month	527.81 (859.39)	126.58 (133.00)	602.23 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 3 months & up to 6 months	864.90 (1303.04)	50.93 (53.42)	64.39 (21.75)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 6 months & up to 1 year	2051.99 (2078.91)	114.36 (106.28)	39.18 (15.04)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 1 year & up to 3 years	2962.10 (2593.75)	1819.07 (1953.22)	160.30 (122.32)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 3 years & up to 5 years	89.00 (72.67)	289.37 (402.94)	340.95 (98.11)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Over 5 years	19.71 (16.02)	699.07 (576.86)	652.52 (764.24)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Total	7300.65 (7730.12)	3801.98 (3990.52)	2121.39 (1455.89)	0.00 (0.09)	0.00 (0.00)	0.00 (0.00)

Note: Figures in bracket indicates previous year figures (i.e December 2019 figures)

19. Risk Category wise Country Exposure : NIL

20. Segment Reporting (Accounting Standard 17)

Part A: Business segments

(Rs.in crores)

Business Segments	Treasury	Corporate/ Wholesale Banking	Retail Banking	Other Banking Operation	Total
Particulars					
Revenue	208.85 (256.59)	11.40 (65.86)	272.08 (219.09)	1.64 (1.17)	493.97 (542.70)
Result	60.98 (61.24)	-3.69 (-4.23)	51.37 (20.78)	1.64 (1.17)	110.30 (78.96)
Unallocated expenses					43.30 (40.07)
Total profit before tax					67.00 (38.89)
Income taxes					22.14 (13.25)
Extraordinary profit/ loss					0.00 (0.00)
Net profit					44.85 (25.64)
Segment assets	3944.48 (4146.92)	838.53 (1649.23)	3318.14 (2756.27)	0.00 (0.00)	8101.15 (8552.42)
Unallocated assets					35.97 (32.45)
Total assets					8137.12 (8584.87)
Segment liabilities	3619.62 (3798.06)	785.88 (1543.00)	3108.13 (2578.20)	0.00 (0.00)	7513.63 (7919.26)
Unallocated liabilities					623.49 (665.61)
Total liabilities					8137.12 (8584.87)

Note: Figures in bracket indicates previous year figures(December 2019 figures)

Part B: Geographic segments

21. Liquidity Coverage Ratio (31.12.2020)

(Rs. in crore)

	31.12.2020	31.12.2019
--	------------	------------

14 | Page

THE NAINITAL BANK LTD. (Regd. Office : G.B. Pant Road, Nainital) Head Office : Nainital Bank House, Seven Oaks, Nainital - 263001 U.K.
 दि नैनीताल बैंक लि० (पंजी. कार्या. : जी.बी. पन्त मार्ग, नैनीताल) प्रधान कार्यालय : नैनी बैंक हाउस, सेवन ओक्स, नैनीताल-२६३००१ उत्तराखण्ड
 Office : (05942) 236138, 236195, 236313, 238237 Fax (05942) 236120, Visit us at : www.nainitalbank.co.in
 CIN No. U 65923 UR 1922 PLC 000234



	Total Unweighted*Val ue (average)	Total Weighted*Va lue (average)	Total Unweighted# Value (average)	Total Weighted# Value (average)
High Quality Liquid Assets				
1. Total High Quality Liquid Assets (HQLA)		1946.88		1158.83
Cash Outflows				
2. Retail deposits and deposits from small business customers, of which:	5136.19	323.40	3125.96	240.29
(i) Stable deposits	3804.33	190.22	1446.15	72.31
(ii) Less stable deposits	1331.86	133.19	1679.81	167.98
3. Unsecured wholesale funding, of which:	1559.90	876.20	3226.96	741.94
(i) Operational deposits (all counterparties)	0.00	0.00	0.00	0.00
(ii) Non-operational deposits (all counterparties)	1559.90	876.20	3226.96	741.94
(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	747.32	48.80	678.83	43.91
(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	747.32	48.80	678.83	43.91
6. Other contractual funding obligations	146.23	146.23	222.16	222.16
7. Other contingent funding obligations	121.34	3.64	140.32	4.21
8. Total Cash Outflows	7710.98	1398.28	7394.22	1252.50
Cash Inflows				
9. Secured lending (e.g. reverse repos)	0.00	0.00	0.00	0.00
10. Inflows from fully performing exposures	117.95	117.74	1263.72	944.72
11. Other cash inflows	168.11	84.06	247.13	123.56
12. Total Cash Inflows	286.07	201.80	1510.85	1068.28
13. Total Cash Outflows less Total Cash Inflows		1196.48		184.22
14. 25% of Total Cash outflows		349.57		313.13
15. Total Net Cash Outflows [Higher of 13 or 14]		1196.48		313.13
16. Liquidity Coverage Ratio (%)		162.72*		370.08

*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 quarter ending December 2020 was 162.72% comfortably above RBI prescribed minimum requirement. Average cash outflows were Rs.1398.28 Crore, Average cash inflows were Rs.201.80 Crores. Average High Quality Liquid Assets were Rs.1946.88 Crores of the quarter ending December 2020.

22. Covid -19 Regulatory Impact:

In view of RBI circular –RBI /2019-20 186 DOR No BP.BC.21.4.048 dated 27.03.2020, regarding Regulatory Package announced with respect to COVID-19 Pandemic situation, our bank has extended the benefits of moratorium facility up to 31.08.2020 on all interest and principal demands to all its eligible borrowers. RBI has issued various guidelines relating to COVID -19 Regulatory Package on Asset Classification and Provisioning dated 27th March, 2020, 17th April 2020 and 23rd May, 2020 the Bank has granted a moratorium on the payment of installments and/or interest, as applicable, falling due between 1st March, 2020 and 31st August, 2020 (Moratorium period) to eligible borrowers classified as standard, even if overdue, as on 29th February, 2020 without considering the same as restructuring. In accordance with RBI guidelines, the moratorium period, wherever granted, is excluded by the Bank from the number of days the account is past due for the purpose of Asset Classification under RBI's Income Recognition and Asset Classification norms and the Bank is required to make provision @ 10% of the outstanding advances over two quarters beginning with the quarter ended 31st March, 2020 in respect of such borrowal accounts where assets classification benefit has been granted as per RBI Guidelines. The Bank, accordingly, show provision as at 31st December 2020 against the potential impact of COVID 19 based on the information available upto point in time. Following are the details of such accounts and provisions made by the Bank.

(Rs in crores)

S.no.	Particulars	31.12.2020
1.	Amounts outstanding in SMA/overdue categories, where the moratorium/deferment was extended as per COVID -19 Regulatory Package	1121.56
2.	Amount outstanding where asset classification benefits is extended up to 31.12.2020	41.24
3.	Provisions made during the during the period in terms of paragraph 5 of COVID -19 Regulatory Package as at 31.12.2020	4.30
4.	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of COVID -19 Regulatory Package as at 31.12.2020	0.17

23. Ex-Gratia

As per the Govt. of India Scheme, the difference between compound interest and simple interest to eligible borrowers from 01.03.2020 to 31.08.2020 is to be credited to their respective account by 05.11.2020. For accounts closed during the said period, the period for crediting would be from 01.03.2020 and restricted to the date of closure of account. The claim for reimbursement is to be made to the Govt. of India latest by 05.12.2020. Bank has already complied with the direction within the stipulated time and has paid an amount of Rs148.99 lac into the accounts of the borrowers.





LIMITED REVIEW REPORT FOR THE QUARTER ENDED DECEMBER 2020

We have reviewed the accompanying statement of standalone unaudited financial results of **Nainital Bank Limited** ('the Bank') for the quarter ended **31st December, 2020**. 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 4 branches and Treasury operations reviewed by us, we have relied on the review reports in respect of non-performing assets received from concurrent auditors of 23 branches. Apart from these review reports, in the conduct of our review, we have also relied upon the returns received from 131 un-reviewed branches of the bank and generated through centralized database of the Bank's Head office. These review reports cover 51.42% (of which 4.16% 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, contain any material misstatements.

Emphasis of Matter

We draw attention on:

- i. **Note no. 16 of the Schedule 18** of the Financial Statements which explains that the Bank is reassessing the useful life of its existing fixed assets since 2014 in accordance with Schedule II as there was some inconsistency found with respect to application of Transitional Provision under Schedule II of Companies Act, 2013 ('the Act'). Further, the bank has a policy to revalue its immovable properties, once in every three years. The last revaluation was done in October, 2019. However, the Bank has not been charging depreciation for the past three financial years i.e. 2017-



20 on the upward revalued amount. Since the reassessment is under process and the amount is yet to be determined, the Bank has ensured to charge the depreciation as once the reassessment is completed i.e. before 31.03.2021.

- ii. **Note no. 22 of the Schedule 18** of the Financial Statements which explains that the extent to which COVID-19 pandemic will impact the Bank's operations and financial results is dependent on future developments, which are uncertain. The Bank is continuously monitoring the economic conditions and any impact on the Bank's Operations and Financial Statements.
- iii. **Note no. 23 of the Schedule 18** of the Financial Statements which explains grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan account (1.3.2020 to 31.8.2020). The Bank has made such payment as per the guidelines issued by Department of Financial Services for COVID-19 relief (i.e. circular no F.No.2/12/2020-BOA.I dated October 23, 2020).

Our conclusion is not modified in respect of these matters.

For **Dharam Raj & Co.**

Chartered Accountants

FRN: 014461N



Dharam Raj

Partner

UDIN No. 21094108AAAABQ7410

M. No 094108

Place: Ghaziabad

Date: 19.01.2021

