



# PSMG & ASSOCIATES

CHARTERED ACCOUNTANTS

**Corporate & Correspondence Office**

378, Ram Nagar, Kirana Ghaziabad-  
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National Capital Region of Delhi

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caraghvendragoel@gmail.com

## INDEPENDENT AUDITOR'S REPORT

**To the Members of The Nainital Bank Limited**

**Report on the Audit of the Standalone Financial Statements**

### Opinion

We have audited the standalone financial statements of The Nainital Bank Limited ("the Bank"), which comprise the balance sheet as at 31st March, 2019, and the statement of profit and loss and the statement of cash flows for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information [in which are included the returns of 6 branches audited by us and 133 branches audited by Statutory Branch Auditors of bank branches at Delhi, Haryana, Uttar Pradesh, Rajasthan and Uttarakhand. The branches audited by us and those audited by other Statutory Branch Auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India.]

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, ("the Act") in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by the Reserve Bank of India ('RBI') from time to time, of the state of the affairs of the Bank as at 31<sup>st</sup> March 2019, and profit and its cash flows for the year ended on that date.





## **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Bank, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Information Other than the Standalone Financial Statements and Auditor's Report thereon**

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in Board's Report and annexures to Board Report but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Board's Report and annexures to the Board's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## **Responsibility of Management for Standalone Financial Statements**

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.





In preparing the standalone financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedure that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.





- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on Other Legal and Regulatory Requirements**

The Balance Sheet and the Statement of Profit and Loss have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.

As required by sub section (3) of section 30 of the Banking Regulation Act, 1949, we report that:

- (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
- (b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
- (c) The returns received from the offices; and branches of the Bank have been found adequate for the purposes of our audit.

As required by the Companies (Auditor's Report) order, 2016 ("the order"), issued by the Central Government of India in terms of sub-section(11) of section 143 of the Act, we give in the Annexure-A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

As required by section 143(3) of the Act, we report that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- a) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
- b) The reports on the accounts of the branch offices of the Bank audited under Section 143(8) of the Act by statutory branch auditors have been sent to us and have been properly dealt with by us in preparing this report.





- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by the Reserve Bank of India ('RBI') from time to time.
- e) On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate report in "Annexure-A";
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Bank has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 7.8 to the standalone financial statements;
- (ii) The Bank does not have any long term contracts including derivative contracts for which there are any material foreseeable losses;
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

Date:27-05-2019

Place:Noida

For PSMG & Associates  
Chartered Accountants

FRN 008567C

CA. Raghendra Goel

Partner

M No 426476





**Annexure A to the independent auditor's report of even date on the standalone financial statements of The Nainital Bank Limited**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of The Nainital Bank Limited ('the Bank') as at 31 March 2019 in conjunction with our audit of the Standalone financial statements of the Bank for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Director is responsible for establishing and maintaining internal financial controls over financial reporting criteria established by the bank based on the circulars and instructions received from RBI and the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act and guidelines issued by the Reserve bank of India.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the Standards on Auditing ('the Standards'), as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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





## **Meaning of Internal Financial Controls Over Financial Reporting**

A Bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the branch; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the branch are being made only in accordance with authorizations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the branch's assets that could have a material effect on the standalone financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

## **Adverse Opinion**

According to the information and the explanations given to us and based on our audit, the following weaknesses have been identified as at March 31, 2019:

- a) The bank has outsourced the Data Centre(DC) and Data Recovery(DR) Site to outside vendors. No system of verification/information system audit of the DC/DR sites has been framed by the bank in this regard. IT being the backbone of banking industry, in the absence of IT audit of DC/DR sites and outsourcing of such activities to third party vendors, the bank is vulnerable to Cyber frauds.
- b) The bank has no automation with regard to determination of non-performing assets(NPA) as per the Income Recognition and Classification Norms (IRAC) specified by Reserve Bank of India. The data from the Fincraft system (Core Banking Solution Software adopted by the bank) is fed into the CRISMAC system for identification of NPA.No audit trail is maintained in the system in case there is a change in classification as done by CRISMAC after manual intervention. In this regard, a penalty of Rs 1 crore has been levied on the bank u/s 35A , 47A of the Banking Regulation Act, 1949.
- c) The bank lacks an adequate system with respect to charge of additional interest in cases where term and conditions as prescribed by the sanction letter issued by the Bank are not complied with by the borrower.
- d) The system of obtaining valuation reports is inadequate and it was noticed that valuation reports are not being obtained in cases of borrower, whose cases are pending at National Company Law Tribunal.





- e) As per RBI circular no. RBI/2017-18-129 DBR.No.BP.BC100/21.04.048/2017-18 dated 07.02.2018, additional time under IRAC norms was allowed to the borrowers covered under MSME category. One of the conditions of the said benefit was recognition of interest in such accounts on cash basis. Suitable modification have not been ensured in the system.

A material weakness is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim standalone financial statements will not be prevented or detected on a timely basis.

In our opinion, the Bank has in all material aspects, maintained adequate internal financial controls over financial reporting as of March 31, 2019, based on the internal control over financial reporting criteria established by the bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India and except for the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the bank's internal financial controls over financial reporting were operating effectively as of March 31, 2019.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 standalone financial statements of the bank, and these material weaknesses does not affect our opinion on the standalone financial statements of the bank.

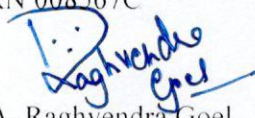
#### Other Matters

Our Aforesaid report under Section 143(3)(i) of the Act on the adequacy of internal financial controls over Financial reporting in so far as it relates to bank branches, is based on the corresponding reports of the branch auditors. Our opinion is not modified in respect of this matter

Date: 27-05-2019

Place: Noida

For PSMG & Associates  
Chartered Accountants  
FRN 008567C

  
CA. Raghendra Goel  
Partner  
M No 426476







**BALANCE SHEET AS ON 31ST MARCH 2019**

CAPITAL AND LIABILITIES	SCHEDULE	(₹ In thousands)	
		As on 31.03.2019	As on 31.03.2018
Capital	1	775000	775000
Reserves & Surplus	2	5662780	5440608
Deposits	3	72861906	73318728
Borrowings	4	0	28
Other Liabilities & Provisions	5	1717909	1612534
<b>ASSETS</b>	<b>Total</b>	<b>81017595</b>	<b>81146898</b>
Cash & Balances With Reserve Bank of India	6	4131334	3857001
Balances with Banks & Money at call and Short Notice	7	24126465	24900392
Investments	8	15335285	17047612
Advances	9	35157469	33639324
Fixed Assets	10	327123	338096
Other Assets	11	1939919	1364473
	<b>Total</b>	<b>81017595</b>	<b>81146898</b>
Contingent Liabilities	12	1103883	1123632
Bills for collection		1717	4923
Significant Accounting Policies	17		
Notes on Accounts	18		
Schedules referred above form an integral part of Balance Sheet			

Dinesh Pant  
Chairman &  
Chief Executive Officer

CA Mradul Kumar Agarwal  
Director

D.K. Namdeo  
Director

Mukesh Sharma  
Director

A.K. Singh  
Chief Operating Officer  
& Chief Financial Officer

S.C. Shukla  
Associate Vice President  
Accounts & Operations

Vivek Saini  
Company Secretary

Place : Noida  
Date : 27.05.2019



as per our report of even date  
Chartered Accountants  
FRN- 008567 C





**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2019**

( ₹ In thousands)

I. INCOME	SCHEDULE	Year ended 31.03.2019	Year ended 31.03.2018
Interest Earned	13	6532058	6172881
Other Income	14	290949	354748
<b>Total</b>	<b>Total</b>	<b>6823007</b>	<b>6527629</b>
<b>II. EXPENDITURE</b>			
Interest Expended	15	4258822	4114114
Operating Expenses	16	1471098	1436744
Provisions & Contingencies		824200	487892
<b>Total</b>	<b>Total</b>	<b>6554120</b>	<b>6038750</b>
<b>III. PROFIT</b>			
Net profit for the year		268887	488879
Profit available for appropriation		268887	488879
<b>IV. APPROPRIATIONS</b>			
Transfer To :			
Statutory Reserve		67222	122220
Revenue & Other Reserves:			
i) Investment Fluctuation Reserve		1000	0
ii) General reserve		135621	182981
ii) special reserve		18329	15779
Proposed Dividend		38750	139500
Dividend Tax (including surcharge & edu. cess)		7965	28399
Capital Reserve			
<b>Total</b>	<b>Total</b>	<b>268887</b>	<b>488879</b>
<b>Earnings per share (Rs)</b>			
Basic		3.47	6.31
Diluted		3.47	6.31

Dinesh Pant  
Chairman &  
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& Chief Financial Officer

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Accounts & Operations

Vivek Sah  
Company Secretary

Place : Noida  
Date : 27.05.2019

as per our report of even date  
For PSMG & Associates  
Chartered Accountants  
FRN- 008567 C





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

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2019**

	(₹ in Thousands)	
	Year Ended 31.03.2019	Year Ended 31.03.2018
<b>A. Cash flow from operating activities :</b>		
Net profit before taxes.	508887	764879
<b>Adjustments for :</b>		
Depreciation on fixed Assets	36482	40795
Depreciation on investment Written back	0	0
Provision made on Investment	56063	2221
Provision in respect of NPA.	538994	173043
Provision for standard assets restr.	9745	40235
Provision for other items.	0	0
Profit (Loss) on sale of fixed Assets.	28	46
Deferred Tax for Current year	-20602	-3607
Excess Provision written back	0	0
<b>Adjustment for :</b>	1129597	1017612
(Increase)/Decrease in investments	1656264	3995010
(Increase)/Decrease in advances	-1518145	-1557290
(Increase)/Decrease in other assets	-575446	702373
Increase/(Decrease) in Borrowings	-28	28
Increase/(Decrease) in deposits	-456822	4790877
Increase/(Decrease) in other liabilities and provisions	-301578	-1136144
Direct Taxes paid.	-240000	-276000
<b>Net cash from operating activities (A)</b>	<b>-306158</b>	<b>7536466</b>
<b>B. Cash flow from investing activities :</b>		
(Increase)/Decrease in fixed Assets	-25538	-51719
Changes in Trade related investments	0.00	0.00
Dividend received from subsidiaries/others	0.00	0.00
<b>Net Cash from investing activities (B)</b>	<b>-25538</b>	<b>-51719</b>





C.Cash flow from financing activities		
Share Capital		
Share Premium	0	0
Unsecured Redeemable Bonds	0	0
Dividend	0.00	0.00
Interest paid/payable on unsecured redeemable bond	-167899	-203268
Net Cash from financing activities (C )	0.00	0.00
Net increase in cash & cash equivalents (A)+(B)+(C)	-167899	-203268
Opening Cash & cash equivalents	-499595	7281479
Closing Cash & cash equivalents	28757393	21475914
	28257798	28757393



Dinesh Pant  
Chairman &  
Chief Executive Officer



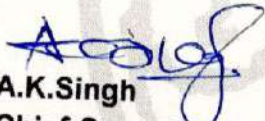
CA Mradul Kumar Agarwal  
Director



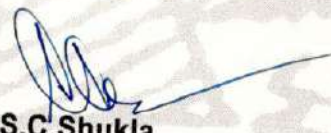
D.K. Namdeo  
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Associate Vice President  
Accounts & Operations



Vivek Sah  
Company Secretary

Place : Noida  
Date: 27.05.2019



as per our report of even date  
For PSMG & Associates  
Chartered Accountants  
FRN- 008567 C




CA Raghvendra Goel  
Partner, MN-426476





**SCHEDULE 1-CAPITAL**

(₹ in Thousands)

	As on 31/03/2019	As on 31/03/2018
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
Issued, Subscribed, Called up and Paid up capital 775,00,000 Equity Shares of Rs. 10/- each	775000	775000
<b>Total</b>	<b>775000</b>	<b>775000</b>

**SCHEDULE 2- RESERVES & SURPLUS**

	As on 31/03/2019	As on 31/03/2018
<b>I Statutory Reserve :</b>		
Opening Balance	1601509	1479289
Addition during the year	67222	122220
<b>Closing Balance</b>	<b>1668731</b>	<b>1601509</b>
<b>II Capital Reserve :</b>		
a) Revaluation Reserve		
Opening Balance	165805	165805
Addition during the year -	0	0
Depreciation on account of revaluation of premises transferred to Profit & Loss Account	0	0
<b>Closing Balance</b>	<b>165805</b>	<b>165805</b>
b) Others		
Addition during the year -	548	548
<b>Closing Balance</b>	<b>548</b>	<b>548</b>
<b>Total(II)</b>	<b>166353</b>	<b>166353</b>
<b>III Share Premium :</b>		
Opening Balance	775000	775000
Addition during the Year		
Deduction during the Year		
<b>Closing Balance</b>	<b>775000</b>	<b>775000</b>
<b>IV Revenue &amp; Other Reserves</b>		
(i) <b>Investment Fluctuation Reserve :</b>		
Opening Balance	18117	0
Addition during the Year	1000	0
Less: Transferred To General Provision	0	0
<b>Closing Balance</b>	<b>19117</b>	<b>0</b>
(ii) <b>Other Reserve :</b>		
Opening Balance	2652000	2469019
Addition : Transferred from Profit & Loss Account	135621	182981
Deduction:	0	0
<b>Closing Balance</b>	<b>2787621</b>	<b>2652000</b>
Investment Reserve A/C	0	18117
Addition during the Year	0	0
<b>Closing Balance</b>	<b>0</b>	<b>18117</b>
Special reserve u/s 36 ( I ) ( VIII )	227629	211850
Addition during the Year	18329	15779
<b>Closing Balance</b>	<b>245958</b>	<b>227629</b>
<b>Total(IV)</b>	<b>2052606</b>	<b>227629</b>







**SCHEDULE 3 - DEPOSITS**

( ₹ in Thousands)

	As on 31/03/2019	As on 31/03/2018
<b>A I) Demand Deposits</b>		
i) From Banks	24214	34957
ii) From Others	3425586	3442112
<b>Total</b>	<b>3449800</b>	<b>3477069</b>
<b>II) Savings Bank Deposits</b>	<b>21147955</b>	<b>20979871</b>
<b>III) Term Deposits</b>		
i) From Banks	8251301	8962619
ii) From Others	40012850	39899169
<b>Total</b>	<b>48264151</b>	<b>48861788</b>
<b>Total ( I, II &amp; III)</b>	<b>72861906</b>	<b>73318728</b>
<b>B I) Deposits of Branches in India</b>	72861906	73318728
II) Deposits of Branches outside India	0	0
<b>Total ( I &amp; II)</b>	<b>72861906</b>	<b>73318728</b>

**SCHEDULE 4 - BORROWINGS**

	As on 31/03/2019	As on 31/03/2018
<b>I Borrowings in India</b>		
i) Reserve Bank Of India	0	0
ii) Other Banks	0	28
iii) Other Institutions and Agencies	0	0
<b>II Borrowings outside India</b>	0	0
<b>Total ( I &amp; II)</b>	<b>0</b>	<b>28</b>
<b>III Secured Borrowings Included in I above</b>	<b>0</b>	<b>28</b>

**SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS**

	As on 31/03/2019	As on 31/03/2018
<b>I Bills Payable</b>	151934	200685
<b>II Inter Office Adjustments(Net)</b>	0	468
<b>III Interest Accrued</b>	87005	91380
<b>IV Tax Paid in advance/tax deducted at source ( net of provisions )</b>	0	0
<b>V Others(Including Provisions)</b>	1478970	1320001
<b>Total( I to V)</b>	<b>1717909</b>	<b>1612534</b>





**SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA**

( ₹ in Thousands)

	As on 31/03/2019	As on 31/03/2018
<b>I Cash in hand(Including foreign currency notes )</b>	<b>250768</b>	<b>324484</b>
<b>II Balances with Reserve Bank of India</b>		
i) In Current Accounts	3880566	3532517
ii) In Other Accounts	0	0
<b>Total</b>	<b>3880566</b>	<b>3532517</b>
<b>Total ( I &amp; II )</b>	<b>4131334</b>	<b>3857001</b>

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

	As on 31/03/2019	As on 31/03/2018
<b>I In India</b>		
<b>i) Balances with Banks</b>		
In Current Accounts	176265	150891
In Other Deposit Accounts	21720200	22349501
<b>Total</b>	<b>21896465</b>	<b>22500392</b>
<b>ii) Money at call and short notice</b>		
With banks	1500000	500000
With other institutions	730000	1900000
<b>Total</b>	<b>2230000</b>	<b>2400000</b>
<b>Total ( i &amp; ii )</b>	<b>24126465</b>	<b>24900392</b>
<b>II Outside India</b>	NIL	NIL
<b>Total ( I &amp; II )</b>	<b>24126465</b>	<b>24900392</b>

**SCHEDULE 8- INVESTMENT**

	As on 31/03/2019	As on 31/03/2018
<b>I Investments in India(Gross)</b>	15445057	17101321
Less : Provision for Depreciation	109772	53709
<b>Net Investments in India</b>	<b>15335285</b>	<b>17047612</b>
Break up		
i) Government Securities	12438920	15595459
ii) Other Approved Securities	0	0
iii) Shares	0	152
iv) Debentures and Bonds	2896365	1098628
v) Subsidiaries and/or Joint Ventures	0	0
vi) Others (units of UTI and other mutual funds comm. papers)	0	353373
<b>Total</b>	<b>15335285</b>	<b>17047612</b>
<b>II Investments outside India</b>		





**SCHEDULE 9- ADVANCES**

(₹ in Thousands)

	As on 31/03/2019	As on 31/03/2018
A i) Bills Purchased and Discounted	19880	34503
ii) Cash Credit, Overdrafts and Loans repayable on demand	21978310	19517575
iii) Term Loans	13159279	14087246
<b>Total</b>	<b>35157469</b>	<b>33639324</b>
B i) Secured by Tangible Assets	34344541	32782462
ii) Covered by Bank/Govt. Guarantees	10	360
iii) Unsecured	812918	856502
<b>Total</b>	<b>35157469</b>	<b>33639324</b>
C I) Advances in India		
i) Priority Sector	17766294	17271265
Less: IBPC issued to BOB	0	0
<b>Net Priority Sector</b>	<b>17766294</b>	<b>17271265</b>
ii) Public Sector	662289	2753
iii) Banks	249463	988110
iv) Others	16479423	15377196
Add: IBPC participation with BOB	0	0
<b>Net Others</b>	<b>16479423</b>	<b>15377196</b>
II) Advances outside India	0	0
<b>Total</b>	<b>35157469</b>	<b>33639324</b>

**SCHEDULE 10- FIXED ASSETS**

	As on 31/03/2019	As on 31/03/2018
<b>I Premises</b>		
At cost/revalued amount as on 31st March of the preceeding year	249593	245965
Addition during the year	177	3628
Depreciation to date (including incremental depreciation due to revaluations )	24770	24323
<b>Closing Block I</b>	<b>225000</b>	<b>225270</b>
<b>II Other Fixed Assets (including Furniture &amp; Fixtures)</b>		
At cost as on 31st March of the preceeding year	491983	443938
Addition during the year	25788	48571
Deductions during the year	456	526
Depreciation to date	415192	379157
<b>Closing Block II</b>	<b>102123</b>	<b>112826</b>
<b>Total (I &amp; II)</b>	<b>327123</b>	<b>338096</b>

**SCHEDULE 11- OTHER ASSETS**

	As on 31/03/2019	As on 31/03/2018
I Inter Office Adjustment (Net)	100197	0
II Interest Accrued	1038389	829111
III Tax Paid in advance/tax deducted at source (net of provisions)	108590	66630
IV Stationery & Stamps	37	87







**NAINITAL BANK**  
THE NAINITAL BANK LTD.

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

**SCHEDULE 12- CONTINGENT LIABILITIES**

	As on 31/03/2019	As on 31/03/2018
I Claims against the Bank not acknowledged as Debts	4754	7356
II Liability against frauds	0	0
III Guarantees given on behalf of constituents	812779	886126
IV Acceptances, Endorsements and Other Obligations	130291	73358
V Other	156059	156792
<b>Total ( I to IV )</b>	<b>1103883</b>	<b>1123632</b>

**SCHEDULE 13- INTEREST EARNED**

		As on 31/03/2019	As on 31/03/2018
I Interest/Discount on Advances/Bills		3253506	3246385
II Income on Investments	1277144	1274793	1354634
Less: amount amortised during the year	2351		
III Interest on Balances with Reserve Bank Of India and other Inter Bank Placements		1885804	1362259
IV Others		117955	209603
<b>Total ( I to IV )</b>		<b>6532058</b>	<b>6172881</b>

**SCHEDULE 14- OTHER INCOME**

	As on 31/03/2019	As on 31/03/2018
I Commission, Exchange & Brokerage	33963	37439
II Profit / Loss on sale of investments	32685	120140
III Interest on Income Tax Refund	518	4749
IV Miscellaneous Income	212448	183717
V Third party commission	11335	8703
<b>Total ( I to IV )</b>	<b>290949</b>	<b>354748</b>

**SCHEDULE 15-INTEREST EXPENDED**

	As on 31/03/2019	As on 31/03/2018
I Interest on Deposits	4258818	4095494
II Interest on RBI / Inter Bank Borrowings	4	18
III Others	0	18602





**SCHEDULE 16- OPERATING EXPENSES**

(₹ in Thousands)

	As on 31.03.2019	As on 31.03.2018
I Payments to and Provisions for Employees	901064	898682
II Rent, Taxes and Lighting	132874	121223
III Printing and Stationery	6019	7123
IV Advertisement and Publicity	6965	4175
V Depreciation on Bank's Property Less: Depreciation adjusted from Capital reserve on account of revaluation of premises	36481	40795
VI Director's Fees Allowances and Expenses	526	957
VII Auditor's Fees & Expenses (including Branch Auditor's fee & expenses)	5649	5722
VIII Law Charges	13681	9709
IX Postage, Telegrams, Telephones etc	7635	7985
X Repairs and Maintenance	15749	16161
XI Insurance	65796	71314
XII Other Expenditure	278659	252898
<b>Total ( I to XII )</b>	<b>1471098</b>	<b>1436744</b>





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

**SCHEDULE 17 - SIGNIFICANT ACCOUNTING POLICIES AS ON 31<sup>st</sup> MARCH, 2019**

**1. ACCOUNTING CONVENTION:**

The financial statements have been prepared on the historical cost basis unless otherwise stated and conform to the statutory provisions and practices prevailing in the Banking Sector of the country.

**2. INVESTMENTS :**

In accordance with Reserve Bank of India guidelines, 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:

- 2.1.1 Held to Maturity
- 2.1.2 Available for Sale, and
- 2.1.3 Held for Trading
- 2.2. 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.
- 2.3. 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.
- 2.4. 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".

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.





- 2.5 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.
- 2.6 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.
- 2.7 Cost of acquisition of investments excludes commission, brokerage, stamp duty, incentive etc.
- 2.8 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.
- 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:
- 2.8.1 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.
- 2.8.2 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.
- 2.8.3 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. ADVANCES AND PROVISIONS THEREON:**

Advances are shown net of Interest Suspense, amount received and held in Suit filed Sundry Deposits, 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 and Subsidy Reserve Fund (on Non-performing advances).





#### **4. FIXED ASSETS:**

Fixed Assets are stated at their historical cost except certain Premises, which were revalued in the FY 2015-16 and are stated at revalued amounts in accordance with the valuation report of the approved valuers. The surplus on account of revaluation stands credited to Revaluation Reserve under the head "Capital Reserve".

#### **5. STAFF BENEFITS:**

Contribution to recognized Gratuity Fund, Pension Fund and Provision for encashment of accumulated earned leaves are accounted for on actuarial basis.

#### **6. REVENUE RECOGNITION:**

- 6.1 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.
- 6.2 Income from Commission (including bank guarantee), Exchange & Brokerage, Fees, Locker Rent and Interest on Overdue Bills is taken on receipt basis.

#### **7. DEPRECIATION:**

- 7.1 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) after taking residual value @ 5% of the cost of the respective assets.

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.

- 7.2 Depreciation is charged, for full year in the year of purchase and no depreciation is provided/ charged in the year of sale/disposal/deletion.
- 7.3 Depreciation on Computers and Computer Software's are provided on Straight Line Method at the rate of 33.33% in line with guidelines of Reserve Bank of India.
- 7.4 Bank capitalizes the GST amount paid on all fixed assets purchased and therefore no input credit has been taken in respect of the fixed assets purchased during the year.





**8. 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. While calculating the deferred tax assets/ liabilities, tax rates and laws that have been enacted or substantively enacted as of Balance Sheet date are applied and there is certainty of future income.

**9. CORPORATE SOCIAL RESPONSIBILITIES (CSR):**

According to Section 135 of the Companies Act, 2013, bank is required to have CSR Committee. Bank has complied with the provisions of the Act regarding formation of CSR committee. The bank has incurred an amount of Rs.10.20 Lakh during the period ending 31<sup>st</sup> March,2019 against a total required expenditure of Rs.96.21 lakh (Rupees Ninety Six Lakh Twenty One only) which is calculated on the basis of the average net profit for the last three years.

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**THE NAINITAL BANK LIMITED**

Regd. Office: G.B. Pant Road, Nainital

**SCHEDULE 18: NOTES ON ACCOUNT 2018-19**

1. The accounts have been drawn up in accordance with the provisions of Section 29 of Banking Regulation Act, 1949 read with the provisions of Section 128 of the Companies Act, 2013.
2. All figures in Balance Sheet are provided in Indian Rupees in terms of thousands except EPS, which is shown in Rupees.
3. **BALANCING OF BOOKS AND RECONCILIATION:**
  - 3.1 Reconciliation of some debit / credit entries outstanding in various heads of accounts included in Inter Branch Adjustments/ Clearing adjustments etc. are in progress.
  - 3.2 Pending completion of aforesaid reconciliation/matching, the impact of consequential adjustments on the accounts is not ascertainable.
4. **ADVANCES:**
  - 4.1 Provision made for Standard Advances and Provision made in excess of RBI prudential norms after meeting the write off of loss assets are included under the head "Other Liabilities and Provisions" except the accumulated balance of Rs. 312.54 Lac up to the close of the year 1997-98 created under Section 36(1) (vii a) of the Income Tax Act, 1961, which is continued to be shown under the head "Reserve & Surplus".
  - 4.2 In accordance with guidelines issued by Reserve Bank of India, advances against book debts have been included under the head "Secured by Tangible Assets" which is not in line with guidance note issued by The Institute of Chartered Accountants of India.
  - 4.3 In addition to the provision on standard assets as on 31.03.2019 i.e. Rs 1734.71 lacs ,an additional provisioning has been done for MSME accounts as per RBI circular No RBI/2017-18-129 DBR.No.BP.BC100/21.04.048/2017-18 dated 07.02.2018 @5%,interest on which has already been realized.

No. of accounts under purview: 01

Total outstanding amount under purview : Rs 239.25 lacs

Provision required: Rs 11.96 lacs





4.4 At present there are two accounts that are filed at NCLT :

1. BENLON INDIA LIMITED

Date of filing the case to NCLT: 24/10/2018

Date when NCLT admitted the case: 18/12/2018

PAN No: AAACB3239P

Provisions held as on 31.03.2019: Rs.71240945.00

2. ASIAN COLOR COATED ISPAT LIMITED

Date of filing the case to NCLT: 29/12/2017.

Date when NCLT admitted the case: 20/07/2018.

PAN No: AAFCA1873K

Provisions held as on 31.03.2018: Rs. 75531485.00

Provisions held as on 31.03.2019: Rs. 75493126.00

5. PROVISION FOR TAXATION:

In respect of pending cases of assessment / appeal under The Income Tax Act, the provisions already made are, in view of judicial pronouncement and/ or counsel's opinion, considered to be adequate.

6. In terms of guidelines issued by the RBI the following disclosures are furnished:

6.1 Capital:

Items	Current Year	Previous Year
<b>BASEL II</b>		
i. CRAR (%)	15.15%	15.30%
ii. CRAR - Tier I capital (%)	14.52%	14.67%
iii. CRAR - Tier II Capital (%)	0.63%	0.63%
iv. Percentage of the shareholding of the Government of India in nationalized banks	NA	NA
v. Percentage of Shareholding of Bank of Baroda		
vi. Amount of subordinated debt raised as Tier-II capital	98.57%	98.57%
<b>BASEL III</b>		
i. CRAR (%)		
ii. CRAR - Tier I capital (%)	14.85%	14.95%
iii. CRAR - Tier II Capital (%)	14.41%	14.51%
	0.44%	0.44%

RBI vide its circular DBR.BP.BC.NO.20/21.06.201/2018-19 dated Jan 10<sup>th</sup>,2019, decided to defer the implementation of the last tranche of 0.625% of Capital Conservation buffer(CCB)from March 31,2019 to March 31,2020.Accordingly minimum capital conservation ratios in para 15.2.2 of part d "Capital Conservation Buffer Framework" as applicable from March 31<sup>st</sup>,2018 will also apply from March 31<sup>st</sup>,2019 till the CCB attains the level of 2.5% on March 31<sup>st</sup>,2020.



## 6.2 Investments:

(Rs.in Crores)

	Items	Current Year (RS)	Previous Year (CRS)
		2018-19	2017-18
(i)	Value of investments		
(i)	Gross value of investments		
(a)	In India	1544.51	1710.13
(b)	Outside India	0.00	0.0
(ii)	Provision for depreciation		
(a)	In India	5.61	5.37
(b)	Outside India	0.00	0.0
(iii)	Net value of investments		
(a)	In India	1533.53	1704.76
(b)	Outside India	0.00	0.0
(ii)	Movement of provisions held towards depreciation on investments		
(i)	Opening Balance	5.37	5.15
(ii)	Add: Provisions made during the year	5.61	0.22
(iii)	Less: Write off/Write back of excess provisions during the year	0.00	0.00
(iv)	Closing Balance	<b>10.98</b>	<b>5.37</b>

RBI circular no. RBI/2017-18/147 dbr.no.bp.bc102/21.04.048/2017/-18 & RBI/2017-18/200DBR.No.BP.BC.113/21.04.048/2017-18 grants an option to the Banks to spread provisioning for mark to market losses on investments for the quarter ended December 31, 2017, March 31, 2018 & June 30, 2018 equally over the four quarters commencing with quarter in which the loss is incurred.

Accordingly, the Bank has exercised the option and recognized the Mark to Market loss (MTM Loss) on investment in the quarter of incurrence. The provisioning of depreciation of the investment portfolio for March 2019 is Rs. 109771823.88, which is inclusive of half of December'18, three fourth of March'18 & full provisioning of March'19.

As on dated 31.03.2019 total amount of MTM losses is Rs. 10971823.88, out of which provision of Rs 53708521.90 is already held. Hence net provisioning for March 2019 is Rs. 56063301.98. The base is not carrying any MTM losses of previous year/quarter.

6.2.1 Repo Transactions : NIL

## 6.2.2. Non-SLR Investment Portfolio:

## 1. Issuer composition of Non SLR investments-

(Rs. in Crores)

S. No.	Issuer	Amount	Private Placement	'Below investment Grade' securities	Unrated	Unlisted
(i)	PSU	5.00	5.00	0.00	0.00	0.00
(ii)	Financial Institutions	40.81	10.90	0.00	0.00	0.00
(iii)	Banks	15.05	10.02	0.00	0.00	0.00
(iv)	Private Corporate	40.30	0.00	0.00	0.00	0.00



(v)	Subsidiaries/Joint Ventures	0.00	0.00	0.00	0.00	0.00
(vi)	Others	188.48	0.00	0.00	0.00	0.00
(vii)	Provisions held for depreciation	0.00	0.00	0.00	0.00	0.00
	<b>Total</b>	<b>289.64</b>	<b>25.92</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Note: Figures in bracket indicates previous year's figures.

## 2. Non performing Non-SLR investments :

(Rs.in Crores)

Particulars	Current Year	Previous Year
Opening Balance	0.00	0.00
Addition during the year(since 1 <sup>st</sup> April 2017 to 31 <sup>st</sup> March 2018)	0.00	0.00
Reductions during the above period	0.00	0.00
Closing balance	0.00	0.00
Total provisions held	0.00	0.00

### 6.3 Derivatives

: NIL

### 6.4.1 Non-Performing Asset -

Items		Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)	5.77	1.16
(ii)	Movement of NPAs (Gross)		
a	Opening balance*	167.48	164.27
b	Additions during the year	252.92	47.89
c	Reductions during the year	32.18	44.68
d	Closing balance*	388.22	167.48
	* Amount is net of interest suspense		
(iii)	Movement of Net NPAs		
a	Opening balance	38.25	39.51
b	Additions during the year	161.27	0
c	Reductions during the year	0.0	1.26
d	Closing balance	199.52	38.25
(iv)	Movement of provisions for NPAs		
	(excluding provisions on standard assets)		
a	Opening balance**	121.76	118.00
b	Provisions made during the year	53.90	17.30



c	Write-off/ write-back of excess provisions	0.96	13.54
d	Closing balance **	174.70	121.76

\* Amount is net of interest suspense

\*\* Amount includes floating provision

6.4.2 Details of Loan Assets subjected to restructuring (2017-18)

Types of Restructure	Asset Class.	St	Under CDR Mechanism					Under SME Debt Rest. Mech.					Others					Total						
			S t	S s	D	Lo	tot	S t	S s	D	Lo	Tot	St	SS	D	Lo	Tot	St	SS	D	Lo	total		
1	Rest. a/c as on 1.04.2017	No. of Borr.													08	---	---	---	08	08	---	---	---	08
		Amt. O/S													0.62				0.62	0.62				0.62
		Prov.													0.06				0.06	0.06				0.06
resh. Rest. During The Year		No. of Borr.	N	I	L						N	I	L											
		Amt. O/S																						
3	Upgradation		Nil																					
4	Rest. St. Adv. which cease to attract higher prov. and or add. Risk weight at the end of the FY and hence need not be shown as rest. St. adv. at the beg. of next FY (-)														08	---	---	---	08	08	---	---	---	08
															0.62				0.62	0.62				0.62
															0.06				0.06	0.06				0.06
5	Downgrading of rest. a/cs during the FY	NIL																						
6	Write off rest. a/cs during the year	NIL																						
7	Rest. a/cs as on 31.03.2018	No. of Borr.	-	-	-	-	-	-	-	-	-	-	-	-	---	---	---	---	---	---	---	---	---	---
		Amt. O/S	-	-	-	-	-	-	-	-	-	-	-	-	-	---	---	---	---	---	---	---	---	---





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**Details of Loan Assets subjected to Restructuring (2018-19)**

Types of Restructure	Under Mechanism	CDR					Under Debt Mech.					SME Rest.					Others					Total				
		St	Ss	D	Lo	tot	S	S	D	Lo	Tot	St	SS	D	Lo	Tot	St	SS	D	Lo	Tot					
1 Rest. a/c as on 01.04.2018	No. of Borr. Amt. O/S Prov.																									
2 Fresh. rest. During The Year	No. of Borr. Amt. O/S	NIL					NIL					NIL					NIL					NIL				
3 Upgradation		Nil																								
4 Rest. St. Adv. which cease to attract higher prov. and or add. Risk weight at the end of the FY and hence need not be shown as rest .St. adv.at the beg. of next FY (-)																										
5 Downgrading of rest. a/cs during the FY	NIL																									
6 Write off rest. a/cs during the year	NIL																									
7 Rest. a/cs as on 31.03.2019	No. of Borr.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-





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v.																				

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

6.4.3(a) Details of non performance financial  
assets purchases/sold : NIL

6.4.4 Provisions on Standard Asset

(Rs. in crore)

Item	Current Year	Previous Year
Provisions towards Standard Assets	17.47	16.49

6.4.5 Floating Provisions for Financial year 2018-19

(Rs. in crores)

Item	Current Year	Previous Year
(a) Opening balance in the floating provisions account	52.92	52.92
(b) The quantum of floating provision made in the accounting year	6.80	0.00
(c) Amount of draw down made during the accounting year*	-	0.00
(d) Closing balance in the floating provision account	59.72	52.92

6.4.6 Provisioning Coverage Ratio -

	Current Year	Last Year
Total Provision/Total NPA	174.70/388.22	121.76/167.48
	45.00%	72.70%





The bank was able to achieve a Provisioning Coverage Ratio of 45% with reference to the gross NPAs as at 31<sup>st</sup> March, 2019. Hence the net NPAs stands at Rs. 199.52 Crore. Total provision include floating provision amounting to Rs. 174.70 Crore.

#### 6.4.7 Divergence in the Assets Classification and Provisioning(RBI Circular No.DBR.BP.BC.No.63/21.04.18/2016-17 dated April 18,2017

As per RBI circular DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1 2019, in case for the additional provisioning for NPAs, assessed by RBI exceeds 10% of 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 the banks are required to disclose divergences from prudential norms on income recognition, asset classification and provisioning. Accordingly, no disclosure is made in respect of divergence reported for the financial year 2018-19, as the same is not beyond the above mentioned thresholds.

#### 6.5. Business Ratio

Item	Current Year(%)	Previous Year (%)
i. Interest Income as a percentage to Working Funds	8.11%	8.00%
ii. Non-interest income as a percentage to Working Funds	0.36%	0.46%
iii. Operating Profit as a percentage to Working Funds	1.36%	1.27%
iv. Return on Assets	0.34%	0.63%
v. Business (Deposits plus Advances excluding Bank deposits) per employee (Rs. in crore)	12.55	11.70
vi. Profit per employee (Rs. in crore)	0.03	0.06

#### 6.6 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 Crores)

Liabilities	Deposits	Advances	Investment s	Borrowings	Foreign Currency assets	Foreign Currency liabilities
<b>1 day</b>	41.50	111.70	0.00	0.00	0.00	0.00
	(35.62)	(80.37)	(35.34)	(0.00)	(0.00)	(0.00)
<b>2 to 7 days</b>	220.74	109.10	0.00	0.00	0.00	0.00



	(178.74)	(98.35)	(29.56)	(0.00)	(0.00)	(0.00)
<b>8 to 14 days</b>	206.68	112.99	0.00	0.00	0.00	0.00
	(190.21)	(107.12)	(133.10)	(0.00)	(0.00)	(0.00)
<b>15 to 30days</b>	169.35	252.07	197.54	0.00	0.00	0.00
	(213.65)	(311.67)	(277.06)	(0.00)	(0.00)	(0.00)
<b>Over 31 days upto 2 months</b>	242.87	123.02	240.01	0.00	0.00	0.00
	(260.96)	(115.89)	(318.00)	(0.00)	(0.00)	(0.00)
<b>Over 2 month upto 3 months</b>	418.48	119.04	162.45	0.00	0.00	0.00
	(375.67)	(118.29)	(104.49)	(0.00)	(0.00)	(0.00)
<b>Over 3 months &amp; up to 6 months</b>	1188.37	60.05	33.46	0.00	0.00	0.00
	(896.31)	(220.17)	(0.00)	(0.00)	(0.00)	(0.00)
<b>Over 6 months &amp; up to 1 year</b>	2005.37	96.14	98.12	0.00	0.00	0.00
	(2286.58)	(134.32)	(0.00)	(0.00)	(0.00)	(0.00)
<b>Over 1 year &amp; up to 3 years</b>	2714.05	1751.91	85.47	0.00	0.00	0.00
	(2810.74)	(1617.75)	(51.18)	(0.00)	(0.00)	(0.00)
<b>Over 3 years &amp; up to 5 years</b>	63.34	115.30	115.30	0.00	0.00	0.00
	(64.08)	(225.28)	(76.24)	(0.00)	(0.00)	(0.00)
<b>Over 5 years</b>	15.43	329.73	601.17	0.00	0.00	0.00
	(19.30)	(334.72)	(679.79)	(0.00)	(0.00)	(0.00)
<b>Total</b>	7286.19	3515.75	1533.53	0.00	0.00	0.00
	(7331.87)	(3363.93)	(1704.76)	(0.00)	(0.00)	(0.00)

Note: Figures in bracket indicates previous year figures

### 6.7 Lending to Sensitive Sector





## 6.7.1 Exposure to Real Estate Sector

(Rs. in crores)

Category	Current Year	Previous Year
<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)	378.43	362.22*
(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;	(212.73)	(194.50)
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential,	133.92	126.88**
b. Commercial Real Estate.	0.00	0.00
b) Indirect Exposure	0.00	0.00
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	0.00	0.00
<b>Total Exposure to Real Estate Sector</b>	<b>482.35</b>	<b>489.10</b>

\*include staff housing loans.

\*\*Exposure to Commercial Real Estate includes  
 -Funded Exposure Rs. 128.48 Cr  
 -Non Funded Exposure Rs. 5.44 Cr

## 6.7.2 Exposure to Capital Market

Particulars	Current year	Previous Year
i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	0.00	33.35
(ii) advances against shares/bonds/ debentures or other securities or on		





clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;		
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;		
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;		
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;		
(vi) loans sanctioned to corporate against the security of shares / bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;		
(vii) bridge loans to companies against expected equity flows/issues;		
(viii) underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;		
(ix) financing to stockbrokers for margin trading;		
(x) all exposures to Venture Capital Funds (both registered and unregistered)		
<b>Total Exposure to Capital Market</b>	<b>0.00</b>	<b>33.35</b>

**6.7.3 Risk Category wise Country Exposure:**

NIL

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

The Bank has not exceeded the prudential limits in respect of any individual, group account.

**6.7.5 Unsecured Advances**

For determining the amount of unsecured advances reflected in Schedule 9, the rights, licenses, authorizations, etc., charged to the bank as collateral in respect of projects (including infrastructure projects) financed by bank, have not been reckoned as tangible security. Hence such advances have been reckoned as unsecured. Moreover, there is no amount of advance for which intangible securities such as charge over the rights, licenses, authority, etc has been considered.

**6.8 Miscellaneous**

**6.8.1 Amount of Provisions made for Income-tax during the year:**

(Rs. in crores)

	Current Year	Previous Year
Provision for Income Tax	24.00	27.60

**6.8.2 Disclosure of Penalties imposed by RBI :-Rs 1.00 Crore /-under sections 35A,47A of Banking Regulation Act 1949 for Noncompliance with Risk Mitigation Plan(RMP) .Under this ,bank was advised by RBI to implement Straight Through Processing(STP) to ensure proper credit**



monitoring/NPA identification(e.g.CBS & CrisMac) and to upgrade existing CrisMac system in use to facilitate process of automatic flagging of NPAs to mitigate operational risk but the prescribed deadline could not be met. However bank has floated its RFP for scouting of service provider to allocate its DC/DR infra to cater CBS applications upgraded version and the bank would implement ASP.Net CBS software having inbuilt NPA functionality before 30<sup>th</sup> September 2019.

## **7. Disclosure as per Accounting Standards (where RBI has issued guidelines)**

### **7.1 Adoption of AS-15(R):**

The Bank has adopted Accounting Standard 15 (R) - Employees Benefits, issued by ICAI w.e.f.

1<sup>st</sup> April, 2007.

#### **1. Pension**

The fund is managed by Life Insurance Corporation of India, Bajaj Allianz Life Insurance Co. Ltd., ICICI Prudential Life Insurance Co. Ltd., India First Life Insurance Co. Ltd, SBI Life Insurance Co. Ltd., HDFC Standard Life Insurance Company Limited, Reliance Life Insurance Company Limited and IDBI Federal Life Insurance Co. Ltd. The Bank charges the annual contribution towards pension fund to its Profit & Loss Account. The Bank does not recognize the asset and liability in its books. The fund is managed by a separate recognized Trust.

#### **2. Leave encashment**

The fund is managed by LIC of India. The Bank charges the annual contribution towards the fund to its Profit & Loss account. The asset and liability are maintained in Memorandum Books.

#### **3. Gratuity**

The fund is managed by SBI Life Insurance Co. Ltd., Bajaj Allianz Life Insurance Co. Ltd., ICICI Prudential Life Insurance Co. Ltd., India First Life Insurance Co. Ltd. HDFC Standard Life Insurance Company Ltd, Reliance Life Insurance Company Ltd., LIC of India and IDBI Federal Life Insurance Co Ltd. The Bank charges the annual contribution towards Gratuity fund to its Profit & Loss Account. The Bank does not recognize the asset and liability in its books. The fund is managed by a separate recognized Trust.

#### **4. Other Employees Benefits**

In respect to other benefits, the Bank has made a provision of Rs. 1,68,57,308 on account of LFC and Rs. 2,58,28,476.00 towards Ex. Gratia payment up to 31.03.2019. These provisions have been made on the basis of valuation obligation carried out by actuarial firm.

#### **5. To make good for the loss of the Nainital Bank Ltd. Staff Provident Fund Trust**

As per PF Act, any loss to the Trust has to be made good by the employer i.e. The Nainital Bank Limited. Keeping in view the same, the Bank has agreed to make good for the existing loss amounting to Rs. 2.70 cr of the Nainital Bank Ltd Staff Provident Fund Trust, by spreading it over a period of -3- years. Accordingly, the Bank has made payment for an amount of Rs. 90.00 (Rupees Ninety lakhs only) which was the remaining 1/3<sup>rd</sup> contribution due for the second year vide its note dated 19.03.2019. Further through its note dated 30.03.2019 The Bank has made payment of Rs.33.00 Lakhs to make good towards the current year loss (FY 2017-18) of the Nainital Bank

\* PSMG & ASSOCIATES \*  
FRN 008567 C



Ltd Staff Provident Fund Trust.

**7.1.1.Changes in the present value of the obligation:**

Particulars	(Rs. in Crores)		
	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Funded)
Present Value of defined benefit obligation as at 1 <sup>st</sup> April, 2018	247.31	45.80	21.37
Interest Cost	19.17	3.55	1.66
Current service cost	4.70	1.66	1.00
Past Service Cost	0.00	0.00	0.00
Less:	-	-	-
Benefits Paid	-	-9.06	-3.77
Actuarial (loss)/gain	7.52	(0.02)	(0.54)
Present value of defined benefits obligations as at 31 <sup>st</sup> March, 2019	278.70	41.96	19.72

**7.1.2.Changes in the fair value of Plan Assets**

(Rs. in Crores)

Particulars	(Rs. in Crores)		
	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Funded)
Fair value of Plan Assets as at 1 <sup>st</sup> April, 2018	153.65	45.70	24.14
Difference in Opening fund	1.07	(0.06)	(0.16)
Expected Return of Plan Assets as in the actuarial report	10.00	3.20	1.55
Employer's Contribution 2018-19	14.50	3.21	0.10
Annuities Purchased for retirees	132.41	-	-
Less:			
Benefits Paid	-33.01	-9.057	-3.77
Actuarial loss/(gain)			
Fair value of Plan Assets as at 31 <sup>st</sup> March, 2019	278.62	42.99	21.86

**7.1.3.Net Actuarial Loss/Gain:**

(Rs.in crores)





Particulars	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Funded)
Actuarial Loss / (gain) on obligation (A)	7.52	0.02	-0.54
Actuarial Loss / (gain) on Plan Assets (B)	1.98	0.61	0.42
Net Actuarial loss / (gain)	9.50	0.63	-0.12
Actuarial Loss/(gain) recognized in the period	9.50	0.63	-0.12
Unrecognized Actuarial loss/ (gain) at the end of the year.	0.00	0.00	0.00

**7.1.4. Expenses Recognized in Profit & Loss Account :**

(Rs. in crores)

Particulars	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Funded)
Current Service Cost	4.70	1.66	1.00
Interest Cost	19.17	3.55	1.66
Expected Return on Plan Assets	-11.98	-3.81	-1.97
Past Service Cost - Vested Benefits	0.00	0.00	0.00
Past Service Cost - Non-Vested Benefits	0.00	0.00	0.00
Transitional liability recognized during the year.	0.00	0.00	0.00
Less:	0.00	0.00	0.00
Net Actuarial Loss/(gain)	9.50	0.63	-0.12
Net benefits expenses actually recognized	21.39	2.02	0.57

**7.1.5. Amount recognized in the**

**Balance Sheet:**

Particulars	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Funded)
Present value of Obligation	278.70	41.96	19.72
Fair Value of Plan Assets	278.62	42.99	21.86
Funded Status	0.08	1.02	-2.14



**7.1.6. Principal Actuarial Assumptions at the Balance Sheet date (expressed as weighted average):**  
(Rs. in crores)

Particulars	Pension (Funded)	Gratuity (Funded)	Leave Encashment (Funded)
Discount rate	7.60	7.60	7.60
Expected rate of return on Plan Assets	7.50	7.50	7.00
Rate of escalation in salary	5	5	5
Attrition rate	0	0	0
Method Used	PUC	PUC	PUC

**7.2 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	2018-19	2018-19	2018-19	2018-19	
Revenue	319.33 (283.70)	87.42 (94.75)	274.36 (272.96)	1.19 (1.35)	682.30 (652.76)
Result	66.86 (60.47)	1.97 (15.18)	37.87 (53.30)	1.19 (1.35)	107.89 (130.29)
Unallocated expenses					57.00 (53.81)
Operating profit					50.89 (76.49)
Income taxes					24.00 (27.60)
Extraordinary profit/ loss					0.00 (0.00)
Net profit					



					26.89
					(48.89)
<b>Other Information:</b>					
Segment assets	4074.58	1600.90	2393.57	0.00	8069.05
	(4285.89)	(1563.90)	(2231.09)	(0.00)	(8080.88)
Unallocated assets					32.71
					(33.81)
Total assets					8101.76
					(8114.69)
Segment liabilities	3728.18	1496.23	2236.69	0.00	7461.11
	(3898.98)	(1482.63)	(2114.71)	(0.00)	(7496.32)
Unallocated liabilities					640.65
					(618.37)
Total liabilities					8101.76
					(8114.69)

**Part B:**

Geographic segments :

NIL

**7.3 Related Party disclosures (Accounting Standard 18):**

(Rs. in crores)



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 (40.00)	--	--	--	--	0.00 (40.00)
Deposit	--	--	--	--	--	--
Placement of deposits	--	--	--	--	--	--
<u>Current A/c</u> At the year end	13.97 (11.43)	--	--	--	--	13.97 (11.43)
<u>Fixed Deposit</u> At year end	0.00 (0.00)	--	--	--	--	0.00 (0.00)
Maximum O/S	0.00 (22.77)	--	--	--	--	0.00 (22.77)
<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)	-	-	-	-	0.00 (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
Maximum O/S	0.00	--	--	--	--	0.00
Non-funded						





commitments At the year end	12.48 (11.01)	--	--	--	--	12.48 (11.01)
Maximum O/S	17.14 (11.01)	--	--	--	--	17.14 (11.01)
Non funded Commitments issued at the year end	1.57 (1.57)	--	--	--	--	1.57 (1.57)
Maximum O/S	1.57 (1.57)	--	--	--	--	1.57 (1.57)
Leasing/HP arrangements availed	--	--	--	--	--	--
Leasing/HP arrangements provided	--	--	--	--	--	--
Purchase of fixed assets	--	--	--	--	--	--
Purchase of Mutual Fund Unit	--	--	75.00 (95.00)	--	--	75.00 (95.00)
Sale of fixed assets	--	--	75.00 (95.00)	--	--	75.00 (95.00)
Sale of Mutual Fund Unit	--	--	75.00 (95.00)	--	--	75.00 (95.00)
Interest paid	0.00 (0.002)	--	--	--	--	0.00 (0.002)
Commission paid	0.22 (0.52)	--	--	--	--	0.22 (0.52)
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 (1.86)	--	--	--	--	0.00 (1.86)
Interest received	0.00 (1.47)	--	--	--	--	0.00 (1.47)



Interest Received (IBPC)	0.00 (2.92)	--	--	--	--	0.00 (2.92)
Rendering of services	--	-- (--)	--	--	--	-- (--)
Receiving of services	--	-	0.00	-	-	0.00
Management	-- (--)	--	--	0.39* (0.27)*	--	0.39* (0.27)*

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

\*Managerial Remuneration to CEO & COO

#### 7.4 Names of the related parties and their relationship with the Bank:

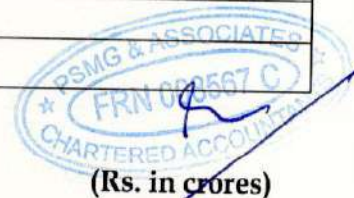
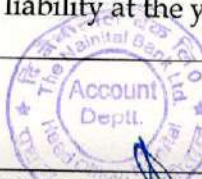
(i)	Parent	:	<b>Bank of Baroda (Major Shareholder)</b>
(ii)	Key Management Personnel	(I)	<b>Shri Mukesh Sharma(Chairman &amp; CEO) upto 31.03.2019 Shri Dinesh Pant (Chairman &amp; CEO) w.e.f 01.04.2019</b>
		(II)	<b>Shri A.K.Singh (Chief Operating Officer &amp; Chief Financial Officer) .</b>
(iii)	Parent's Subsidiary		<b>Domestic Subsidiaries</b>
		(I)	Baroda Global Shared Services Limited
		(II)	BOB Financial Solutions Limited (formerly known as BOB cards Limited)
		(III)	BOB Capital Markets Ltd. Baroda Asset Management India Limited (Formerly
		(IV)	known as Baroda Pioneer Asset Management Company Limited)
		(V)	Baroda Trustee India Private Limited (Formerly known as Baroda Pioneer Trustee Company Pvt. Limited)
			<b>Overseas Subsidiaries</b>
		(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.		

#### 7.5 Accounting for Taxes on Income (Accounting Standard 22)

The breakup of deferred tax asset / liability at the year end is as under:

(Rs. in crores)

Item	31.03.2019	
	Total Deferred Tax Assets	Total Deferred Tax Liability





Difference between WDV as per book (Without Revaluation Reserve) and depreciation under Income Tax Act	2.09	-
Provision For Employee Benefits	4.23	-
Reserve created u/s 36(i)(viii)	-	8.60
Total	6.32	-
Total Deferred Tax Liability as 31.03.2018	-	2.28

There is no additional Deferred Tax Liability for the year-ended 31.03.2019 (Previous year DTL Rs.4.34 crore) has been recognized in the Profit and Loss Account. Total Deferred Tax Liability as on 31.03.2019 is Rs 2.28 Crores. In view of the management, there is no timing difference arising in connection with NPA provisions, hence no deferred tax assets have been recognized.

#### 7.6 Earnings per share-

Particulars		31.03.2019	31.03.2018
a)	Earnings per share		
	Basic	3.47	6.31
	Diluted**	3.47	6.31
b)	Amount used as numerator (Profit after tax)	Rs 26.89 Crores	Rs 48.89 Crore
c)	Nominal value of shares	Rs 10/-per share	Rs 10/-per share
d)	Weighted average number of equity shares used as the denominator	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.

#### 7.7 Impairment of Assets (Accounting Standard 28)

In the opinion of the Bank's Management, there is no impairment of the assets to which aforesaid Accounting Standard applies to any material extent as at 31.03.2019. An adhoc provision of Rs. 5.00 Lac has been continued during the current year.

#### 7.8 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 (0.74)	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	81.28 (88.61)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	*	-
Acceptance Endorsements and other obligations	13.03 (8.31)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	*	-
Other items, for which the Bank is contingently liable	15.60 (15.68)	0.14 (0.14)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.14 (0.14)	*	-

\*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.





8. In accordance with RBI guidelines, the Bank's Investment portfolio has been classified into three categories. The position of holding as on 31.03.2019 is as follows:

S No	Particulars	(Rs. in crores)	
		31.03.2019	31.03.2018
1	Held to Maturity	871.47	966.76
2	Available for sale	673.03	743.38
3	Held for trading	0.00	0.00

S No	Particulars	(% holding)	
		31.03.2019	31.03.2018
1	Held to Maturity	56.42%	56.53%
2	Available for sale	43.58%	43.47%
3	Held for trading	0.00%	0.00%

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

		(Rs. in crore)	
		2018-19	2017-18
1.	Provision for Income Tax (Current Tax)	24.00	27.60
2.	Provision for Income Tax (Deferred Tax)	-2.06	-0.36
3.	Provision for depreciation in investment	5.61	0.22
4.	Provision towards NPA Regulatory	47.10	17.30
5.	Provisions towards NPA floating	6.80	0.00
6.	Provision for standard Advances	0.97	4.05
7.	Provision for Restructured Advances	0.00	-0.02
8.	Provision against frauds	0.00	0.00
9.	Other provision ( Claim against bank write back)	0.00	0.00
	Less: Excess Provision /Depreciation on Investment written back	-	-
	: Other Provisions written back		
	<b>Total</b>	<b>82.42</b>	<b>48.79</b>

Advances are classified as Standard, Sub-Standard, Doubtful and Loss Assets as per prudential norms of the Reserve Bank of India and Provision is made as per guidelines issued by RBI. The rates of provisions for standard advances has been approved by Board of Directors in its meeting dated Nov 17, 2018, as per RBI notification bearing No. RBI/2016-17/282 DBR No. BP.PC/21.04.048/2016-17 dated April 1st, 2017.

Additional provisioning @5% of the outstanding balance is required in case of account with outstanding balance of Rs 10.00 cr. and above if they continue in SMA2 category for 2 quarters which was replaced as "Additional provisioning @5% of the outstanding balance in case of account with outstanding balance of Rs 10.00 cr. and above if they continue in SMA2 category for 6 months

10. Statement showing the position of Complaints:

10.1 Customer Complaints

		*2018-19	**2017-18
a)	No. of complaints pending at the beginning of the year	36	18
b)	No. of complaints received during the year	3462	3137

PSMG & ASSOCIATES  
FRN 008567 C  
CHARTERED ACCOUNTANTS

Account Dept.



c)	No of complaints redressed during the year (includes all complaints mentioned in point.(a))	3462	3119
d)	No. of complaints pending at end of the year (out of b)	36	36

\*It is clarified that out of the total -3462- complaints received during the year 2018-19, -3349- complaints pertained to ATM failed transactions/charged back cases and the remaining -113- complaints were related to deficiency in services in respect to daily operations, credit, staff misbehaviour and complaints having vigilance tone. Further Out of -3349- cases pertaining to ATM failed transactions/ charged back cases, -3314- were resolved to the satisfaction of customers amicably, within the stipulated time frame and only -35- cases which were received at the end of month of March 2019, were in process of resolution. Similarly out of total -113- complaints related to deficiency in services in respect to daily operations, credit, staff misbehaviour and complaints having vigilance tone -112- were settled to the satisfaction of the customers and only -1- complaint is pending at the end of FY 2018-19, hence making a total of 36 pending complaints at the end of FY 2018-19.

\*\*It is clarified that out of the total -3137- complaints received during the year 2017-18, -3023- complaints pertained to ATM failed transactions/charged back cases and the remaining -114- complaints were related to deficiency in services in respect to daily operations, credit, staff misbehaviour. Further Out of -3023- cases pertaining to ATM failed transactions/ charged back cases, -2990- were resolved to the satisfaction of customers amicably, within the stipulated time frame and only -33- cases which were received at the end of month of March 2018, were in process of resolution. Similarly out of total -114- complaints related to deficiency in services in respect to daily operations, credit, staff misbehaviour, -111- were settled to the satisfaction of the customers and only -3- complaints are pending at the end of FY 2018-19 hence making a total of 36 pending complaints at the end of FY 2017-18.

### 10.2 Awards Passed by the Banking OMBUDSMAN:

		2018-19	2017-18
a)	No. of unimplemented Awards at the beginning of the year	NIL	NIL
b)	No. of Awards passed by the Banking Ombudsmen during the year	NIL	NIL
c)	No of Awards implemented during the year	NIL	NIL
d)	No. of unimplemented Awards at the end of the year	NIL	NIL

### 10.3 Disclosure of letter of comfort (LOC) issued by Bank:

Disclosure of letter of comfort (LOC) issued by Bank:	2018-19	2017-18
	NIL	NIL

### 11. Advances to SC/STs

		2018-19	2017-18
11.1	Outstanding credit to SC/STs at the year end	49.86	47.12





11.2	Recovery from SC/STs borrowers during the year	21.17	19.26
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### 12. Interbank Participation Certificate (IBPC):

Bank has participated in Inter Bank Participation Certificate (IBPC) on risk sharing basis, for Rs. 200.00 Crores with HDFC Bank Limited.

### 13. Foreign Currency Exposure:

Bank has taken foreign currency exposure amounting INR 320.23 lakh on behalf of its constituents through Bank of Baroda as on 31.03.2019. Bank of Baroda has hedged these exposures. Accordingly no provision has been made by the Bank for currency fluctuations in these exposures.

Figures for the previous year have been regrouped/ re casted wherever considered necessary to make them comparable with current year figures.

#### Additional Disclosure:

##### I- Concentration of NPAs\* as on 31.03.2019

(Rs.in crores)

Total Exposure to top four NPA accounts	2018-19	2017-18
	188.05	54.60

##### II - Sector-wise NPAs\*

Sl. No.	Sector	Percentage of NPAs to total Advances in that sector (including both Priority & Non Priority)	
		2018-19	2017-18
1	Agriculture & Allied Activities	15.61	6.88
2	Industry (Micro & Small, Medium and Large)	20.51	4.69
3	Services	7.62	5.67
4	Personal Loans	2.25	2.44

##### III- Movement of NPAs\*

(Rs. in crores)

Particulars	2018-19	2017-18
Gross NPA* as on 1st April of previous year (Opening Balance)	167.48	164.27
Additions (Fresh NPAs) during the year	252.91	47.89
<b>Sub - Total (A)</b>	<b>420.39</b>	<b>212.16</b>
Less :-		
(i) Upgradations	5.32	12.65
(ii) Recoveries (excluding recoveries made from upgraded accounts)	25.89	18.56
(iii) Write - offs	0.96	13.47
<b>Sub - Total (B)</b>	<b>32.17</b>	<b>44.68</b>
<b>Gross NPA* as on 31st March of current year (closing balance)(A-B)</b>	<b>388.22</b>	<b>167.48</b>



\*Gross NPAs are net of balance in interest suspense account as per RBI requirements vide circular dated 24.09.2010.

#### IV. Concentration of Advances

(Rs. in crore)

	2018-19	2017-18
Total Advances to twenty largest borrowers	797.45	633.76
Percentage of advances to twenty largest borrowers to Total Advances of the bank	21.88%	18.42

#### V. Sector wise advances

(Rs. in crore)

Sr. No.	Sector	Current Year			Previous Year		
		Outstanding Total Advance	Gross NPA	Percentage of gross NPA to Total Advance in that sector	Outstanding Total Advance	Gross NPAs	Percentage of Gross NPA to Total Advance in that sector
A	Priority Sector	1908.67	197.35	10.34	1777.47	103.80	5.84
1	Agriculture and allied activities	751.02	117.95	15.70	725.89	50.07	6.90
2	Advances to industries sector eligible as priority sector lending	358.72	29.87	8.32	345.75	17.81	5.15
3	Services	536.34	40.35	7.52	473.34	27.36	5.78
4	Personal Loan	262.59	9.18	3.49	232.47	8.57	3.68
	Sub Total (A)	1908.67	197.35	10.34	1777.47	103.80	5.84
B	Non Priority Sector	1736.05	190.87	11.00	1662.75	63.67	3.83
	TOTAL	3644.72	388.22	10.65	3440.22	167.48	4.87





Annex - 1Part ADetails of Gross Advances, Gross NPAs, Net Advances and Net NPAs on 31.03.2019

Particulars		Amount (Rs.in Crores)	
		31.03.2019	31.03.2018
1.	Standard Advances	3256.50	3115.73
2.	Gross NPAs	388.22	164.27
3.	Gross Advances (1+2)	3644.72	3280.00
4.	Gross NPAs as a percentage of Gross Advances (2/3) (in %)	10.66	5.01%
5.	Deductions		
(i)	Provisions held in the case of NPA Accounts as per asset classification (including additional Provisions for NPAs at higher than prescribed rates).	114.98	68.84
(ii)	DICGC / ECGC claims received and held pending adjustment	-	-
(iii)	Part payment received and kept in Suspense Account or any other similar account	14.00	7.45
(iv)	Balance in Sundries Account (Interest Capitalization - Restructured Accounts), in respect of NPA Accounts	-	-
(v)	Floating Provisions	59.72	52.92
(vi)	Provisions in lieu of diminution in the fair value of restructured accounts classified as NPAs	-	-
(vii)	Provisions in lieu of diminution in the fair value of restructured accounts classified as standard assets	00	0.02
6.	Net Advances(3-5)	3456.02	3310.99
7.	Net NPAs {2-5(i + ii + iii + iv + v + vi)}	199.52	38.25
8.	Net NPAs as percentage of Net Advances (7/6) (in %)	5.77%	1.16%

VI. Concentration of Exposures

(Rs. in crore)

	2018-19	2017-18
Total Exposures to twenty largest borrowers/ customers.	942.59	866.65
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the bank on borrowers / customers	22.66%	20.69%

VII. Concentration of Deposits

(Rs. in crore)

	2018-19	2017-18





Total Deposits from twenty largest Depositors	1804.13	2050.63
Percentage of Deposits from twenty largest customers to Total deposits of the bank	24.76%	27.97%

### VIII. Bancassurance Business

The total income of the bank in respect of bank assurance business was **Rs.113.09 Lacs** during the financial year 2018-19, with details as under:

Sr. No.	Insurance Company	Amount (Rs in lacs)	
		2018-19	2017-18
1	Exide Life Insurance Company Ltd.	54.07	35.97
2	National Insurance Company Ltd	22.47	29.84
3	India First Life Insurance Co. Ltd	7.83	3.59
4	PMJJBY(Life Insurance Corporation of India)	3.11	3.11
5	Atal Pension Yojna	0.18	0.31
6	Future Generalli	25.43	13.75
	<b>Total</b>	<b>113.09</b>	<b>86.57</b>

The total income of the bank in respect of other products was **Rs. 0.26 Lac** during the financial year 2018-19, with details as under.

Sr. No.	Company	Amount (Rs. in lacs)	
		2018-19	2017-18
1	Weizmann Forex Ltd.	0.23	0.37
2	UTIITSL	-	-
3	Stock Holding Corporation of India Ltd.	0.03	0.09
	<b>Total</b>	<b>0.26</b>	<b>0.46</b>

### IX. DEAF (Depositor Education and Awareness Fund)

(Rs. in crore)

	2018-19	2017-18
Opening balance of amounts transferred to DEAF	13.85	11.17
Add: Amounts Transferred to DEAF during the year	2.16	3.11
Less :Amounts reimbursed by DEAF towards claims	0.47	0.43
Closing balance of amounts transferred to DEAF	15.54	13.85





**X.Liquidity Coverage Ratio (LCR) 2018-2019**

		FY 2018-19		FY 2017-18		Q4- 2018-19	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>							
1	Total High Quality Liquid Assets (HQLA)		1234.77		1201.88		1165.81
<b>Cash Outflows</b>							
2	Retail deposits and deposits from small business customers, of which:						
		3623.16	278.19	3864.77	297.62	3035.25	232.46
(i)	Stable deposits	1503.78	75.19	1777.23	88.86	1421.24	71.06
(ii)	Less stable deposits	1709.86	170.99	2087.55	208.75	1614.01	161.40
3	Unsecured wholesale funding, of which:	2161.92	871.19	1952.83		3164.90	703.14
(i)	Operational deposits (all counterparties)	-	-	-	974.40	-	-
(ii)	Non-operational deposits (all counterparties)	2731.25	668.80	1952.83		3164.90	703.14
(iii)	Unsecured debt	-	-	-	974.40	-	-
4	Secured wholesale funding	-	-	-	-	-	-
5	Additional requirements, of which	667.69	42.50	680.98		670.66	44.07
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	43.39	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	720.41	48.26	680.98		670.66	44.07
					43.39		
6	Other contractual funding obligations	122.88	122.88	167.13		49.14	49.14
					167.13		
7	Other contingent	141.28	4.24	114.34		143.66	4.31
					3.43		



	funding obligations						
8	Total Cash Outflows	6711.50	1338.25	6780.06	1485.97	7063.61	1033.12
<b>Cash Inflows</b>							
9	Secured lending (e.g. reverse repos)	-	-	-	-	-	-
10	Inflows from fully performing exposures	969.55	679.00	1046.18	751.91	1137.24	834.59
11	Other cash inflows	155.87	77.94	200.73	100.36	106.80	53.40
12	Total Cash Inflows	1259.64	877.38	1246.90	852.27	1244.05	887.99
13	TOTAL HQLA		1234.77		1201.88		145.13
14	Total Net Cash Outflows		460.87		633.70		258.28
15	Liquidity Coverage Ratio (%)		267.92		189.66		451.38

### 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%

The LCR has two components:

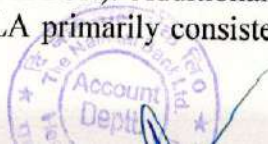
- The value of the stock of high-quality liquid assets (HQLA) in stressed conditions.
- Total net cash outflows: The term "Total net cash outflows" is defined as "Total expected cash outflows" minus "Total expected cash inflows" in the specified stress scenario for the subsequent 30 calendar days (the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

The average LCR was at 189.66% for 2017-18 which stands as 267.92% for 2018-19 comfortably above RBI prescribed minimum requirement. The average HQLA were Rs. 12,018,843,101 in 2017-2018 & Rs. 12,347,730,127 in 2018-19. The average cash outflows were Rs. 14,859,685,246 in 2017-18 & Rs. 13,382,531,393 in 2018-2019. Similarly, the average cash inflows for 2017-2018 were Rs. 8,522,708,159 & Rs. 8,773,842,264 in 2018-2019. The total net cash inflows for 2017-2018 were Rs. 6,336,977,088 & Rs. 4,608,689,129 in 2018-2019.

#### **XI. IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS (IND AS) :**

In terms of RBI circular No.DBR.BP.BC No.76/21.07.001/2015-16 dated February 11,2016 banks were required to implement with the Indian Accounting Standard (Ind AS) for financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending March 31,2018 or thereafter. Banks were further instructed to assess the impact of the Ind AS implementation on their financial position including the adequacy of capital, taking into account the Basel III capital requirements and place quarterly progress reports to their Boards. Banks also need to be in preparedness to submit proforma Ind AS financial statements to the reserve bank from the half year ended September 30,2016 onwards. In compliance with the said circular, the bank has formed a Steering Committee headed by the General Manager and report to the Audit Committee of the bank. Bank is submitting Performa for IND AS statements starting from the half year ended 30th September, 2016 onwards to RBI on a regular basis.

Further Reserve Bank of India notified on March 22, 2019 that it had decided to defer the implementation of Indian Accounting Standards (IndAS) till further notice, however RBI has instructed the Banks to submit INDAS Performa quarterly on a regular basis. Last such performa for the quarter ended 31.12.2018 has been sent to RBI within due time.

#### **XII. PROVISIONS TOWARDS WAGE REVISION**

In view of Wage revision at industry level w.e.f. November,2017,we have made a provision of Rs 6307547.60/- (Rupees Sixty Three Lakh Seven Thousand Five Hundred Forty Seven and Paise Sixty Only) for a period of 5 Months from November 2017 to March 2018 on the basis of initial offer of 2% wage hike by IBA , calculated by keeping the gross earnings at the end of October 2017 as base. For the current year i.e 2018-19 ,a provision of Rs. 70945242.40/- (Rupees Seven Crore Nine Lakh Fourty Five Thousand Two Hundred Fourty Two and Paise Forty) for the F.Y. 2018-19 on the basis of IBAs' offer of 10% expected wage hike has been made and calculated by keeping the gross earnings at the end of October 2017 as base .





**XIII. DIGITIZATION OF THE BANK:**

A Digital Venture in the Bank was initiated with appointment of six persons with required expertise in the field. With a view to oppose the Digital Venture in the Bank, a few office bearers of Nainital Bank Officers Association had filed a petition before Committee of Petitions, Lok Sabha. After long deliberations the Committee of Petitions had submitted its report on 18.12.2018 to Ministry of Finance (Department of Financial Services) with recommendations to permanently scrap the DV project and at the same time, to make efforts to extend the existing Digital Banking Project of Bank of Baroda in The Nainital Bank Limited. In the meantime all the six persons appointed as DV team members in the bank have left the project and there is no activity in the DV project of the bank as on date. Bank has incurred an expenditure of Rs 2.07 Crores on Digital Venture in the financial year 2018-19.

**XIV. TOP 20 BORROWAL CUSTOMERS AS ON 31.03.2019**

(Rs.in crores)

TOP 20 BORROWAL CUSTOMERS AS AT 31.03.2019 (In Rs.)			
Sl.NO.	CUSTOMER NAME	Branch	Total Exposure
1	SHRI JAIPAL SINGH SHARMA TRUST	Ghaziabad	114.51
2	GRAPHIC ERA EDUCATIONAL SOCIETY	RAJPUR/HARDWAR RD DDN	86.40
3	SHYAMA POWER INDIA LTD	Gurgaon	75.18
4	IL & FS TRANSPORTATION NET ltd	Patparganj	70.12
5	Rudra Auto Tech Engg Pvt Ltd	Rudrapur	65.47
6	IBPC- INDORE TREASURE ISLAND PRIVATE LIMITED	HO	58.58
7	AKS MEDICAL & RESEARCH CENTRE PVT LTD	NOIDA-18	50.39
8	RBNS SUGAR MILLS LIMITED	Roorkee	50.00
9	BENLON INDIA LIMITED	Shalimar Bagh	48.62
10	SHRI BALAJI FARMS AND RICE PROCESSING PRIVATE LIMITED	Bareilly	46.14
11	IBPC-ADANI GAS LTD	HO	41.42
12	VRY INDUSTRIAL PARK	Pappankalan	35.65
13	RAJASTHAN FLEXIBLE P LTD	Pitampura	35.14
14	NAINI AUTO TECH	Rudrapur	28.35
15	JINDAL REFINERIES LTD	Kashipur	25.40
16	ADVANCED MEDICAL SCIENCE & EDUCATIONAL SOCIETY	Shalimar Bagh	25.12
17	IBPC - AURANGABAD ELECTRICAL LIMITED	HO	25.00
18	K M PAPERS	Rudrapur	21.90
19	SOOD SEEDS CO PRIVATE LIMITED	Bazpur	20.00
20	IBPC- STUDDS ACCESSORIES LTD	HO	19.20

