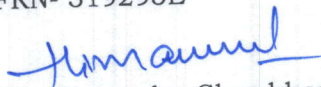


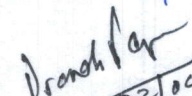
**ARUNACHAL PRADESH RURAL BANK
NAHARLAGUN ARUNACHAL PRADESH
BALANCE SHEET AS ON 31st MARCH 2022**

CAPITAL AND LIABILITIES	Schedule	Current year 31-03-2022	Previous year 31-03-2021
Capital	1	60,09,81,940.00	58,78,04,000.00
Reserve and Surplus	2	-16,18,24,020.98	-28,51,65,162.53
Deposits	3	10,93,62,04,113.40	8,92,52,94,949.32
Borrowings	4	36,43,46,425.85	50,08,53,360.64
Other Liabilities & Provisions	5	26,06,27,586.10	24,88,99,153.39
TOTAL		12,00,03,36,044.37	9,97,76,86,300.82
ASSETS	Schedule	Current year 31-03-2022	Previous year 31-03-2021
Cash & Balance with RBI	6	46,44,73,886.11	39,25,43,556.52
Balance with Bank, Money at Call and short notice	7	1,23,94,65,466.56	39,91,10,199.20
Investment	8	7,53,19,07,196.61	7,00,24,87,965.63
Advances	9	2,47,17,93,021.43	1,88,60,54,249.01
Fixed Asset	10	3,75,15,643.99	3,00,99,431.96
Other Asset	11	25,51,80,829.67	26,73,90,898.50
TOTAL		12,00,03,36,044.37	9,97,76,86,300.82
Contingent liabilities	12	7,08,76,188.78	5,21,93,615.00
Bills for collection			
Significant Accounting Policies and Notes to Accounts	17 & 18		

As per our report of even date attached.
H.K.AGRAWALA & ASSOCIATES
Chartered Accountants
FRN- 319293E


CA. Himanshu Chowkhani
Partner
M. NO.- 301901
UDIN- 22301901AHIMKH3244

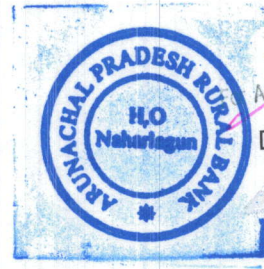
Place : Naharlagun
Date : 19/04/2022



Director
22/04/22






Director
22/04/2022

For Arunachal Pradesh Rural Bank




Dr. Deepak Kr. Gupta
CHAIRMAN
H.O. NAHARLAGUN


Director
22/04/2022


Director
22/4/22

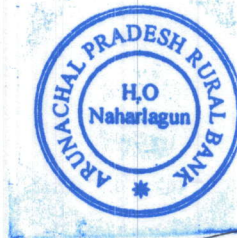
FORM-'B'
ARUNACHAL PRADESH RURAL BANK
PROFIT AND LOSS ACCOUNT FOR THE PERIOD 01/04/2021 TO 31/03/2022

PARTICULARS	Schedule	Current year	Previous year
		31-03-2022	31-03-2021
I. INCOME:			
Interest earned	13	71,74,27,573.43	66,72,91,629.54
Other income	14	4,75,81,307.52	3,80,66,038.23
TOTAL INCOME		76,50,08,880.95	70,53,57,667.77
II. EXPENDITURE:			
Interest expenses	15	32,75,49,343.75	30,46,20,098.96
Operating expenses	16	25,37,23,363.78	22,66,18,111.12
TOTAL EXPENDITURE		58,12,72,707.53	53,12,38,210.08
7. Operating Profit before provisions and Contingencies (3-6)		18,37,36,173.42	17,41,19,457.69
8. Provisions (other than tax) & contingencies		2,63,95,031.87	9,88,07,653.02
Provision for NPA		1,04,81,736.95	6,41,25,653.02
Provision for Arrear		75,00,000.00	2,96,82,000.00
Provision for Standard Assets		14,13,294.92	10,00,000.00
Provision for leave Liability		15,00,000.00	10,00,000.00
Provisions for Audit Fee		5,00,000.00	5,00,000.00
Provisions for Gratuity Fee		50,00,000.00	25,00,000.00
9. Profit from Ordinary Activities before Tax (7-8)		15,73,41,141.55	7,53,11,804.67
10. Tax Expense			
a. Provision for Taxation-Current Year		3,72,79,480.00	1,88,29,000.00
b. Deferred Tax Asset			37,50,000.00
c. Earlier Years Adjustments (Excess)		32,79,480.00	
III. PROFIT/LOSS			
Net profit/loss(-) for the year		12,33,41,141.55	6,02,32,804.67
Profit/loss(-) brought forward		-30,06,65,162.53	-36,08,97,967.20
Total		-17,73,24,020.98	-30,06,65,162.53
IV. APPROPRIATIONS:			
Transfer to statutory reserve		0.00	0.00
Transfer to other reserve		0.00	0.00
Transfer to Govt. Proposed dividend		0.00	0.00
Balance carried over to balance sheet		-17,73,24,020.98	-30,06,65,162.53
Significant Accounting Policies and Notes to Accounts	17 & 18		

As per our report of even date attached.
H.K.AGRAWALA & ASSOCIATES
Chartered Accountants
FRN- 319293E

For Arunachal Pradesh Rural Bank

CA. Himanshu Chowkhani
Partner
M. NO.- 301901
UDIN- 22301901AHIMKH3244
Place : Naharlagun
Date : 19/04/2022



For ARUNACHAL PRADESH RURAL BANK
Dr. Deepak Kr. Gupta
Chairman
CHAIRMAN
H.O. NAHARLAGUN

Director
22/04/22

Director
22/04/22

Director
22/04/2022

Director
22/4/22

ARUNACHAL PRADESH RURAL BANK
HEAD OFFICE NAHARLAGUN
Schedules forming Part of Balance Sheet as on 31st March 2022

SCHEDULE-1	Current year	Previous year
CAPITAL	31-03-2022	31-03-2021
A. Authorized capital (200,00,00,000 shares of Rs 10/- each)		
	20,00,00,00,000.00	20,00,00,00,000.00
Issued, subscribed and paid up capital (P.Y- 5,87,80,400 shares of Rs. 10 each) (6,00,98,194 shares of Rs.10 each)	60,09,81,940.00	58,78,04,000.00
I. From Govt. of India	30,54,79,940.00	29,89,02,000.00
II. From Govt. of A.P.	8,86,75,000.00	8,66,95,000.00
III. From sponsor bank (SBI)	20,68,27,000.00	20,22,07,000.00
TOTAL OF A	60,09,81,940.00	58,78,04,000.00
B. SHARE CAPITAL DEPOSIT ACCOUNT:		
I. From Govt. of India		
II. From Govt. of A.P.		
III. From sponsor bank (SBI)		
TOTAL OF B	0.00	0.00
TOTAL (A + B)	60,09,81,940.00	58,78,04,000.00

SCHEDULE-2	Current year	Previous year
RESERVE & SURPLUS	31-03-2022	31-03-2021
I. STATUTORY RESERVE:	0.00	0.00
Opening balance	0.00	0.00
Addition during the year	0.00	0.00
Deduction during the year	0.00	0.00
II. CAPITAL PREMIUM:	0.00	0.00
Opening balance	0.00	0.00
Addition during the year	0.00	0.00
Deduction during the year.	0.00	0.00
III. SHARE PREMIUM:	0.00	0.00
Opening balance	0.00	0.00
Addition during the year	0.00	0.00
Deduction during the year	0.00	0.00
IV. REVENUE AND OTHERS RESERVE:	0.00	0.00
Opening balance	1,55,00,000.00	1,55,00,000.00
Addition during the year	0.00	0.00
Deduction during the year	0.00	0.00
V. Balance in Profit & Loss Account	-17,73,24,020.98	-30,06,65,162.53
TOTAL (I + II + III + IV)	-16,18,24,020.98	-28,51,65,162.53

SCHEDULE-3	Current year	Previous year
DEPOSITS	31-03-2022	31-03-2021
A. I. DEMAND DEPOSIT		
i. From banks		
ii. From others	2,15,49,85,394.08	1,39,38,04,173.39
II. SAVINGS BANK DEPOSIT	5,58,31,29,031.93	4,96,66,72,194.32
III. TERM DEPOSIT:		
i. From banks	0.00	0.00
ii. From others	3,19,80,89,687.39	2,56,48,18,581.61
TOTAL of (I+II+III)	10,93,62,04,113.40	8,92,52,94,949.32
B. I. Deposits of branches in India	10,93,62,04,113.40	8,92,52,94,949.32
II. Deposits of branches outside India	0.00	0.00
TOTAL	10,93,62,04,113.40	8,92,52,94,949.32

SCHEDULE-4	Current year	Previous year
BORROWINGS	31-03-2022	31-03-2021
I. BORROWING IN INDIA:		
i. From Reserve Bank of India	0.00	0.00
ii. From other banks (SBI)(Perpetual Bond)	86,07,000.00	86,07,000.00
iii. OD from Sponsored Bank SBI	13,31,304.85	25,00,97,927.64
iv. From other Institutions (NABARD)	24,00,00,000.00	15,00,00,000.00
v. From other Institutions (NSTFDC)	11,44,08,121.00	9,21,48,433.00
TOTAL OF (i+ii+iii)	36,43,46,425.85	50,08,53,360.64
II. BORROWING FROM OUTSIDE INDIA	0.00	0.00
TOTAL OF (I+II)	36,43,46,425.85	50,08,53,360.64
SECURED BORROWING (including I & II above)	13,31,304.85	25,00,97,927.64
UNSECURED BORROWING (including I & II above)	36,30,15,121.00	25,07,55,433.00



SCHEDULE-5 OTHER LIABILITIES AND PROVISIONS	Current year 31-03-2022	Previous year 31-03-2021
I. BILLS PAYABLE	0.00	0.00
II. INTER-OFFICE ADJUSTMENT (NET)	0.00	0.00
III. INTEREST ACCRUED:	20,55,07,565.00	18,08,04,320.05
i. On deposit	20,54,24,032.30	18,07,31,313.83
ii. On borrowings	83,532.70	73,006.22
IV. OTHERS (Including provisions)	5,51,20,021.10	6,80,94,833.34
a. Provision on Standard Assets	98,95,307.69	84,82,012.77
b. Provision on Frauds	0.00	31,90,786.04
c. Provision for Robberies	0.00	0.00
d. Audit fee Provision	5,79,125.00	5,00,000.00
e. Income Tax Provision	67,47,199.00	28,67,719.00
f. Wage Revision Provision	98,64,985.82	4,06,82,000.00
g. Provision for NPS	22,176.00	0.00
h. Provision for Pension/Gratuity	64,00,000.00	61,39,000.00
i. Provision for Leave liability	0.00	10,00,000.00
j. Interest Not Collected Account (INCA)	2,21,804.40	2,21,804.40
k. Provision on Link Branch & Cash Diff.	0.00	18,08,230.96
m. Tds Payable	97,32,083.00	14,58,214.00
n. Others	1,16,57,340.19	17,45,066.17
TOTAL (I, II, III, IV)	26,06,27,586.10	24,88,99,153.39

SCHEDULE-6	Current year 31-03-2022	Previous year 31-03-2021
CASH AND BALANCE WITH RBI		
I. CASH IN HAND	6,34,24,202.59	5,14,93,873.00
II. BALANCE WITH Reserve Bank of India	0.00	0.00
i. In Current account	40,10,49,683.52	34,10,49,683.52
ii. In other account	0.00	0.00
TOTAL (I, II)	46,44,73,886.11	39,25,43,556.52

SCHEDULE-7	Current year 31-03-2022	Previous year 31-03-2021
BALANCE WITH BANKS AND MONET AT CALL AND SHORT NOTICE		
I. IN INDIA:		
i. Balance with Banks:		
a. In current account	56,36,29,514.21	20,49,61,988.95
b. In Settlement current ac in SBI	67,58,35,952.35	19,41,48,210.25
ii. Money at call & short Notice:		
a. With Banks	0.00	0.00
b. With other institutions	0.00	0.00
TOTAL (i, ii)	1,23,94,65,466.56	39,91,10,199.20
II. OUTSIDE INDIA:		
i. Current account	0.00	0.00
ii. In other deposit account	0.00	0.00
iii. Money at call and short notice	0.00	0.00
GRAND TOTAL (I AND II)	1,23,94,65,466.56	39,91,10,199.20

SCHEDULE-8	Current year 31-03-2022	Previous year 31-03-2021
INVESTMENT		
I. INVESTMENT IN INDIA:		
i. Government securities	3,36,37,12,954.61	2,43,79,20,915.63
ii. Other approved securities	0.00	0.00
iii. Shares	0.00	0.00
iv. Debenture and bonds	43,00,000.00	5,17,72,808.00
v. Subsidiaries and/joint venture	0.00	0.00
vi. Others (Specify) (a) Mutual fund	3,60,00,000.00	5,00,000.00
(b) Others (STDR with Bank)	4,12,78,94,242.00	4,51,22,94,242.00
TOTAL (i, ii, iii, iv, v, vi)	7,53,19,07,196.61	7,00,24,87,965.63
II. INVESTMENT OUTSIDE INDIA:		
i. Govt. Securities including local authorities	0.00	0.00
ii. Subsidiaries/joint venture	0.00	0.00
iii. Other investment (specify)	0.00	0.00
TOTAL (I, II)	7,53,19,07,196.61	7,00,24,87,965.63

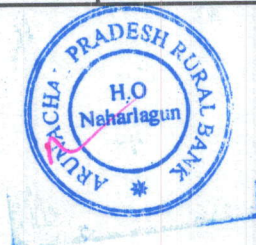


SCHEDULE-9 ADVANCES	Current year 31-03-2022	Previous year 31-03-2021
A.I. Bills purchased & discounted	0.00	0.00
II. Cash credit, overdraft & loan repayable on demand		
a. Cash credit/KCC/ACC/GCC/WCC	72,07,75,775.26	71,57,88,334.87
b. Overdraft	6,27,38,856.14	2,03,62,914.02
c. Demand loan	13,87,53,298.00	13,03,75,302.00
III. Term loans	1,54,95,25,092.03	1,01,95,27,698.12
TOTAL (I, II, III)	2,47,17,93,021.43	1,88,60,54,249.01
B.I. Secured by tangible assets	2,16,40,13,563.71	1,50,11,68,714.44
II. Covered by bank / Govt. Guarantee	14,83,002.00	0.00
III. Unsecured	30,62,96,455.72	38,48,85,534.57
TOTAL (I + II + III)	2,47,17,93,021.43	1,88,60,54,249.01
C. ADVANCES IN INDIA:		
a) Priority sectors	1,56,27,09,205.49	1,32,57,17,714.35
b) Public sectors	0.00	0.00
c) Banks	0.00	0.00
d) Other	90,90,83,815.94	56,03,36,534.66
TOTAL (a + b + c)	2,47,17,93,021.43	1,88,60,54,249.01
II. ADVANCES OUTSIDE INDIA:	0.00	0.00
i) Due from banks	0.00	0.00
ii) Due from others	0.00	0.00
iii) Bills purchased & discounted	0.00	0.00
iv) Syndicate loans	0.00	0.00
v) Others	0.00	0.00
TOTAL (I + ii + iii + iv + v)	0.00	0.00
GRAND TOTAL (C.I & C.II.)	2,47,17,93,021.43	1,88,60,54,249.01

SCHEDULE-10 FIXED ASSETS	Current year 31-03-2022	Previous year 31-03-2021
I. PREMISES:		
i. At cost as on 31 st March of the preceeding year	0.00	0.00
ii. Addition during the year	0.00	0.00
iii. Deduction during the year	0.00	0.00
iv. Depreciation to date	0.00	0.00
II. OTHER ASSETS (including furniture & fixtures)		
i. At cost as on 31 st March of the preceeding year	7,80,74,254.68	6,65,49,194.50
ii. Addition during the year	1,79,37,081.13	1,15,25,060.18
iii. Deduction during the year	0.00	0.00
iv. Depreciation to the date.	5,84,95,691.82	4,79,74,822.72
NET VALUE	3,75,15,643.99	3,00,99,431.96

SCHEDULE-11 OTHER ASSETS	Current year 31-03-2022	Previous year 31-03-2021
I. INTER-OFFICE ADJUSTMENT (NET)	0.00	47,60,000.00
II. INTEREST ACCRUED	24,26,28,164.90	26,28,50,221.96
III. TAX PAID IN ADVANCE/Tax deducted at source	0.00	0.00
IV. STATIONERY AND STAMPS	11,19,744.84	7,51,223.34
V. Non-banking asset acquired in satisfaction of claim	0.00	0.00
VI. OTHERS	1,14,32,919.93	-9,70,546.80
a. Settlement A/c	0.00	-60,78,403.43
b. Remittances	0.00	0.00
c. Suspense	16,67,102.28	23,01,723.87
d. Merchant Acquired Banking POS	4,69,146.54	5,00,000.00
g. Others	92,96,671.11	23,06,132.76
TOTAL (I, II, III, IV, V & VI)	25,51,80,829.67	26,73,90,898.50

SCHEDULE-12 CONTINGENT LIABILITIES	Current year 31-03-2022	Previous year 31-03-2021
I. Claims against the bank not acknowledged as debt	0.00	0.00
II. Liabilities on account of outstandings forward exchange contract	0.00	0.00
III. Liabilities for partly paid investment	0.00	0.00
IV. Guarantee given on behalf of constituents in India	6,93,93,308.00	5,21,93,615.00
V. Acceptance, endorsement and other obligation	0.00	0.00
VI. Others items for which the bank is contingently liable	14,82,880.78	0.00
TOTAL (I, II, III, IV, V)	7,08,76,188.78	5,21,93,615.00



ARUNACHAL PRADESH RURAL BANK
HEAD OFFICE NAHARLAGUN

Schedules forming Part of Profit & Loss account for the period 1/04/2021 to 31/03/2022

SCHEDULE-13	Current year	Previous year
INTEREST EARNED	31-03-2022	31-03-2021
I.INTEREST/DISCOUNT ON ADVANCES/BILLS	25,06,28,014.39	19,01,22,426.26
II.INTEREST ON INVESTMENT	23,32,82,471.77	18,84,91,170.27
III.INTEREST on Balance with RBI & other Banks	0.00	0.00
IV. OTHERS		
a. Interest earned on TDR with SBI & other bank	23,30,35,948.95	28,47,16,905.73
b. Interest earned on NABARD Term Money Borrowing	4,81,138.32	39,61,127.28
TOTAL (I + II + III + IV)	71,74,27,573.43	66,72,91,629.54

SCHEDULE-14	Current year	Previous year
OTHER INCOME	31-03-2022	31-03-2021
I.COMMISSION, EXCHANGE & BROKERAGE	3,90,12,288.34	2,50,43,810.93
II.PROFIT ON SALE OF INVESTMENT	0.00	81,12,528.25
LESS: LOSS ON REVALUATION OF investment		
III.PROFIT ON REVALUATION OF INVESTMENT	0.00	0.00
LESS: Loss on over-valuation of investment		
IV.PROFIT on sale of land, building & other asset	0.00	0.00
LESS: Loss on sale of land, building & other asset		
V.PROFIT on exchange transaction	0.00	0.00
LESS: Loss on exchange transaction		
VI.INCOME earned by way of dividend etc. From subsidiaries companies/joint venture set up abroad/in India	0.00	0.00
VII.MISCELLEANEOUS INCOME	85,69,019.18	49,09,699.05
TOTAL (I TO VIII)	4,75,81,307.52	3,80,66,038.23

SCHEDULE-15	Current year	Previous year
INTEREST EXPENDED	31-03-2022	31-03-2021
I. Interest on deposit	30,09,42,504.06	28,57,67,995.21
II.Interest on RBI/Inter-bank borrowing	2,66,06,839.69	1,88,52,103.75
III.Others		
TOTAL (I, II, III)	32,75,49,343.75	30,46,20,098.96

SCHEDULE-16	Current year	Previous year
OPERATING EXPENSES	31-03-2022	31-03-2021
I. Payment to and provision for employees	17,58,30,917.79	15,45,43,021.91
II.Rent, taxes and lighting	81,00,909.80	92,18,284.68
III.Printing and stationery	28,16,226.42	19,69,154.83
IV. Advertisement and publicity	28,962.60	47,938.68
V.Depreciation on Bank's property	1,05,20,869.10	90,10,336.83
VI.Directors' fees, allowances & expenses	0.00	0.00
VII.Auditors' fees, allowances & expenses (including Br.audit)	2,00,000.00	3,20,000.00
VIII.Law charges	6,750.00	53,605.00
IX.Repairing and maintenance	1,79,18,325.43	1,35,06,160.97
X.Insurance	1,42,96,747.13	1,27,42,719.94
XI.Postage, telegrams, telephone	11,65,126.12	6,74,317.59
XII.Other expenditure	2,28,38,529.39	2,45,32,570.69
TOTAL (I to XIII)	25,37,23,363.78	22,66,18,111.12



ARUNACHAL PRADESH RURAL BANK

SCHEDULE 17-SIGNIFICANT ACCOUNTING POLICIES FOR FY 2021-22:

A. Basis of Preparation:

The Bank's financial statements are prepared under the historical cost convention, on the accrual basis of accounting ongoing concern basis, unless otherwise stated and conform in all material aspects to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory norms/guidelines prescribed by the Reserve Bank of India (RBI), Banking Regulation Act 1949, RRB Act, 1976 as amended by Regional Rural Bank (Amendment) Act, 2015 and accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable and practices generally prevalent in the banking industry in India

B. Use of Estimates:

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

C. Significant Accounting Policies:

1. Revenue recognition:

- 1.1 Income and expenditure are accounted on accrual basis, except otherwise stated.
- 1.2 Interest income is recognised in the Profit and Loss Account as it accrues except:
 - (i) income from Non-Performing Assets (NPAs), comprising of advances, leases and investments, which is recognised upon realisation, as per the prudential norms prescribed by the RBI/ respective country regulators in the case of foreign offices (hereafter collectively referred to as Regulatory Authorities),
 - (ii) overdue interest on investments and bills discounted,
 - (iii) Income on Rupee Derivatives designated as "Trading",Which are accounted on realisation.
- 1.3 Profit or Loss on sale of investments is recognised in the Profit and Loss Account. However, the profit on sale of investments in the 'Held to Maturity' category is appropriated (net of applicable taxes and amount required to be transferred to statutory reserve), to 'Capital Reserve Account'.
- 1.4 Income (other than interest) on investments in "Held to Maturity (HTM)" category acquired at a discount to the face value, is recognised as follows :
 - (i) On Interest bearing securities, it is recognised only at the time of sale/ redemption.
 - (ii) On zero-coupon securities, it is accounted for over the balance tenor of the security on a constant yield basis.



- 1.5 Dividend is accounted on an accrual basis where the right to receive the dividend is established.
- 1.6 All other commission and fee incomes are recognised on their realisation except for:
- (i) Guarantee commission on deferred payment guarantees, which is spread over the period of the guarantee;
 - (ii) Commission on Government Business and ATM interchange fees, which are recognised as they accrue; and
 - (iii) Upfront fees on restructured accounts, which is apportioned over the restructured period.
- 1.7 Brokerage, Commission etc. paid/ incurred in connection with issue of Bonds / Deposits are amortized over the tenure of the related Bonds / Deposits and the expenses incurred in connection with the issue are charged upfront.
- 1.8 The sale of NPA is accounted as per guidelines prescribed by RBI :-
- i. When the bank sells its financial assets to Securitisation Company (SC)/Reconstruction Company (RC), the same is removed from the books.
 - ii. If the sale is at a price below the net book value (NBV) (i.e., book value less provisions held), the shortfall is debited to the Profit and Loss Account in the year of sale.
 - iii. If the sale is for a value higher than the NBV, the excess provision is written back in the year the amounts are received, as permitted by the RBI.

2. Investments:

The transactions in Government Securities are recorded on "Settlement Date". Investments other than Government Securities are recorded on "Trade Date".

2.1 Classification

Investments are classified into three categories, viz. Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) as per RBI Guidelines.

2.2 Basis of classification:

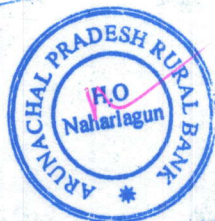
- i. Investments that the Bank intends to hold till maturity are classified as "Held to Maturity (HTM)".
- ii. Investments that are held principally for resale within 90 days from the date of purchase are classified as "Held for Trading (HFT)".
- iii. Investments, which are not classified in the above two categories, are classified as "Available for Sale (AFS)".
- iv. An investment is classified as HTM, HFT or AFS at the time of its purchase and subsequent shifting amongst categories is done in conformity with regulatory guidelines.
- v. Investments in subsidiaries, joint ventures and associates are classified as HTM.

2.3 Miscellaneous:

- i. In determining the acquisition cost of an investment:
 - a. Brokerage/commission received on subscriptions is reduced from the cost.
 - b. Brokerage, Commission, Securities Transaction Tax (STT) etc., paid in connection with acquisition of investments are expensed upfront and excluded from cost.



- c. Broken period interest paid / received on debt instruments is treated as interest expense/income and is excluded from cost/sale consideration.
- d. Cost is determined on the weighted average cost method for investments under AFS and HFT category and on FIFO basis (first in first out) for investments under HTM category.
- ii. Transfer of securities from HFT/AFS category to HTM category is carried out at the lower of acquisition cost/book value/market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for. However, transfer of securities from HTM category to AFS category is carried out on acquisition price/book value. After transfer, these securities are immediately revalued and resultant depreciation, if any, is provided.
- iii. Treasury Bills and Commercial Papers are valued at carrying cost.
- iv. **Held to Maturity category:** a) Investments under Held to Maturity category are carried at acquisition cost unless it is more than the face value, in which case the premium is amortised over the period of remaining maturity on constant yield basis. Such amortisation of premium is adjusted against income under the head "interest on investments".
- v. **Available for Sale and Held for Trading categories:** Investments held under AFS and HFT categories are individually revalued at the market price or fair value determined as per Regulatory guidelines, and only the net depreciation of each group for each category (viz., (i) Government securities (ii) Other Approved Securities (iii) Shares (iv) Bonds and Debentures (v) Subsidiaries and Joint Ventures; and (vi) others) is provided for and net appreciation, is ignored. On provision for depreciation, the book value of the individual security remains unchanged after marking to market.
- vi. Investments are classified as performing and non-performing, based on the guidelines issued by the RBI in the case of domestic offices and respective regulators in the case of foreign offices. Investments of domestic offices become non-performing where:
- a. Interest/installment (including maturity proceeds) is due and remains unpaid for more than 90 days.
- b. In the case of equity shares, in the event the investment in the shares of any company is valued at Rs. 1 per company on account of the non availability of the latest balance sheet, those equity shares would be reckoned as NPI.
- c. If any credit facility availed by an entity is NPA in the books of the Bank, investment in any of the securities issued by the same entity would also be treated as NPI and vice versa.
- d. The above would apply mutatis-mutandis to Preference Shares where the fixed dividend is not paid.
- e. The investments in debentures/bonds, which are deemed to be in the nature of advance, are also subjected to NPI norms as applicable to investments.
- f. In respect of foreign offices, provisions for NPIs are made as per the local regulations or as per the norms of RBI, whichever is more stringent.
- vii. Accounting for Repo/ Reverse Repo transactions (other than transactions under the Liquidity Adjustment Facility (LAF) with the RBI):



- a. The securities sold and purchased under Repo/ Reverse Repo are accounted as Collateralized lending and borrowing transactions. However, securities are transferred as in the case of normal outright sale/ purchase transactions and such movement of securities is reflected using the Repo/Reverse Repo Accounts and Contra entries. The above entries are reversed on the date of maturity. Costs and revenues are accounted as interest expenditure/income, as the case may be. Balance in Repo Account is classified under schedule 4 (Borrowings) and balance in Reverse Repo Account is classified under Schedule 7 (Balance with Banks and Money at Call & Short Notice).
- b. Securities purchased/sold under LAF with RBI are debited/credited to Investment Account and reversed on maturity of the transaction. Interest expended/earned thereon is accounted for as expenditure/revenue.

3. Loans /Advances and Provisions thereon:

3.1 Loans and Advances are classified as performing and non-performing, based on the guidelines issued by the RBI. Loan Assets become Non-Performing Assets (NPAs) where:

- i. In respect of term loans, interest and/or instalment of principal remains overdue for a period of more than 90 days;
- ii. In respect of Overdraft or Cash Credit advances, the account remains "out of order", i.e. if the outstanding balance exceeds the sanctioned limit/drawing power continuously for a period of 90 days, or if there are no credits continuously for 90 days as on the date of balance-sheet, or if the credits are not adequate to cover the interest due during the same period;
- iii. In respect of bills purchased/discounted, the bill remains overdue for a period of more than 90 days;
- iv. In respect of agricultural advances: (a) for short duration crops, where the instalment of principal or interest remains overdue for two crop seasons; and (b) for long duration crops, where the principal or interest remains overdue for one crop season.

3.2 NPAs are classified into Sub-Standard, Doubtful and Loss Assets, based on the following criteria stipulated by RBI:

- i. Sub-standard: A loan asset that has remained non-performing for a period less than or equal to 12 months.
- ii. Doubtful: A loan asset that has remained in the sub-standard category for a period of 12 months.
- iii. Loss: A loan asset where loss has been identified but the amount has not been fully written off.

3.3 Provisions for NPAs as per the extant guidelines prescribed by the regulatory authorities, subject to minimum provisions are as prescribed below:

- | | | | |
|---------|----------|-----|--|
| Sub | standard | i. | A general provision of 25% on the total outstanding; |
| Assets: | | ii. | Unsecured Exposure in respect of infrastructure advances where certain safeguards such as escrow accounts are available - 25%. |



Doubtful Assets:

- i. For Secured Portion: Upto one year – 50%
- ii. For Secured Portion: One to three years – 100%
- iii. For Secured Portion: More than three years – 100%
- iv. Unsecured portion – 100%

Loss Assets: 100%

However we make 100% Provision irrespective of the category of advances whether NPA whether secured or unsecured.

- 3.4 Advances are net of specific loan loss provisions, unrealised interest, ECGC claims received and bills rediscounted.
- 3.5 In the case of loan accounts classified as NPAs, an account may be reclassified as a performing asset if it conforms to the guidelines prescribed by the regulators.
- 3.6 Amounts recovered against debts written off in earlier years are recognised as revenue in the year of recovery.
- 3.7 In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. The bank provide for a provision of 0.40% of total standard outstanding advance irrespective of type of advances. These provisions are reflected in Schedule 5 of the Balance Sheet under the head "Other Liabilities & Provisions – Others" and are not considered for arriving at the Net NPAs.

4. Fixed Assets Depreciation and Amortisation:

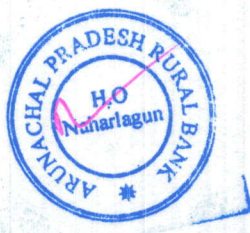
4.1 Fixed Assets are carried at cost less accumulated depreciation/ amortisation.

4.2 Cost includes cost of purchase and all expenditure such as site preparation, installation

Costs and professional fees incurred on the asset before it is put to use. Subsequent expenditure/s incurred on the assets put to use are capitalised only when it increases the future benefits from such assets or their functioning capability.

4.3 The rates of depreciation and method of charging depreciation in respect of domestic operations are as under:

Sl. No.	Description of Fixed Assets	Method of charging depreciation	Depreciation/ amortisation rate
1	Computers	Straight Line Method	33.33% every year
2	Computer Software forming an integral part of the Computer hardware	Straight Line Method	33.33% every year



3	Computer Software which does not form an integral part of Computer hardware and cost of Software Development	Straight Line Method	33.33% every year
4	Automated Teller Machine / Cash Deposit Machine / Coin Dispenser / Coin Vending Machine	Straight Line Method	20.00% every year
5	Servers	Straight Line Method	25.00% every year
6	Network Equipment	Straight Line Method	20.00% every year
7	Other fixed assets	Straight Line Method	On the basis of estimated useful life of the assets. Estimated useful life of major group of Fixed Assets are as under: Premises 60 Years Vehicles 5 Years Safe Deposit 20 Years Lockers Furniture & Fixtures 10 Years

4.4 In respect of assets acquired during the year (for domestic operations), depreciation is charged on proportionate basis for the number of days the assets have been put to use during the year.

4.5 Assets costing less than Rs. 1,000 each are charged off in the year of purchase.

4.6 In respect of leasehold premises, the lease premium, if any, is amortised over the period of lease and the lease rent is charged in the respective year(s).

5. Leases:

The asset classification and provisioning norms applicable to advances, as laid down in Para 3 above, are applied to financial leases also.

6. Impairment of Assets:

Fixed Assets are reviewed for impairment whenever events or changes in circumstances warrant that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future Net Discounted Cash Flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset.



7. Employee Benefits:

7.1 Short Term Employee Benefits:

The undiscounted amounts of short-term employee benefits, such as medical benefits which are expected to be paid in exchange for the services rendered by employees, are recognised during the period when the employee renders the service.

7.2 Long Term Employee Benefits:

i. Defined Benefit Plan

- a. Employees of the Bank are covered by Employees Pension Fund Schemes and National Pension Schemes under Government of India. All eligible employees are entitled to receive benefits under the Employees Pension Fund scheme and NPS. The Bank contributes monthly at a determined rate (currently 10% of Basic Pay in case of pensioners and 10% of wages i.e Basic plus DA for NPS). These contributions are remitted to Employees Pension Trust account and respective PRAN accounts of NPS holders on monthly basis, for this purpose and are charged to Profit and Loss Account. The Bank recognizes such annual contributions as an expense in the year to which it relates. Shortfall, if any, is provided for on the basis of actuarial valuation.
- b. The Bank operates Gratuity and Pension schemes which are defined benefit plans.
 - i) The Bank provides for gratuity to all eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, or on death while in employment, or on termination of employment, for an amount equivalent to 15 days basic salary payable for each completed year of service, subject to a maximum amount of Rs. 20 lakhs. Vesting occurs upon completion of five years of service, for this Bank has taken a policy with SBI Life Insurance Co. Ltd. and makes periodic contributions to the fund as per actuarial valuation carried out annually.
 - ii) The Bank provides for pension to all eligible employees as per APRB (Employees) Pension Regulation, 2018. The benefit is in the form of monthly payments as per rules to vested employees on retirement or on death while in employment, or on termination of employment. Vesting occurs at different stages as per rules.

ii. Other Long Term Employee benefits:

- a. All eligible employees of the Bank are eligible for gratuity and Leave encashment as per Sponsor Bank Guidelines. The costs of such long term employee benefits are internally funded by the Bank.

8. Taxes on income:

Income tax expense is the aggregate amount of current tax and deferred tax expense incurred by the Bank. The current tax expense and deferred tax expense are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively after taking into account



taxes paid at the foreign offices, which are based on the tax laws of respective jurisdictions. Deferred Tax adjustments comprises of changes in the deferred tax assets or liabilities during the year. Deferred tax assets and liabilities are recognized by considering the impact of timing differences between taxable income and accounting income for the current year, and carry forward losses. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognized in the profit and loss account. Deferred tax assets are recognized and re-assessed at each reporting date, based upon management's judgment as to whether their realization is considered as reasonably/virtually certain.

9. Provisions, Contingent Liabilities and Contingent Assets:

9.1 In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Bank recognises provisions only when it has a present obligation as a result of a past event, and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

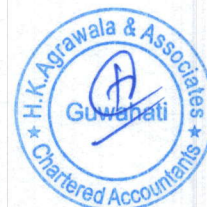
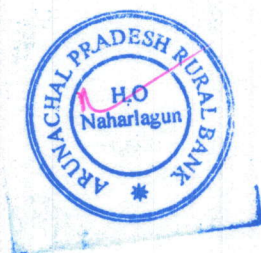
9.2 No provision is recognised for:

- i. any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or
- ii. any present obligation that arises from past events but is not recognised because:
 - a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - b. a reliable estimate of the amount of obligation cannot be made.

Such obligations are recorded as Contingent Liabilities. These are assessed at regular intervals and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made.

9.3 Provision for reward points in relation to the debit card holders of the Bank is being provided for on actuarial estimates.

9.4 Contingent Assets are not recognised in the financial statements.



SCHEDULE 18: NOTES TO ACCOUNTS 2021-22

APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022.

1. Reconciliation/ Matching

- Reconciliation /matching/adjustment of inter branch transactions, branch suspense and sundry deposits are in progress on an ongoing basis. The impact, in the opinion of the management of the bank, of un-recognized entries on the financial statements would not be material.
- In certain branches, the balancing books and reconciliation of control accounts with subsidiary ledger/registers are in progress. The impact, in the opinion of the management of the bank, of un-recognized entries on the financial statements would not be material.
- Balance with the other banks as mentioned in the schedule-7 are taken as appearing in the books of accounts of the Bank and its branches. Reconciliation and adjustment entries thereof are passed as and when the statements are received from other banks.

2. Fixed Assets and Depreciation

Accounting of fixed assets of the bank and depreciation thereon are done centrally at the Head Office of the Bank.

3. Stationary

The stationary supplied to the branches has been charged to Profit & Loss account at Head Office without taking in to account the stock of stationary at branches. This effect the amount of stationary consumed which is debited to Profit & Loss Account. The stock appearing in the financial statements represents the un-issued stock at Head Office.

4. Provisions and Contingencies

The provisions and contingencies amount shown in "Profit and Loss Account" includes provisions against advances (net) and provisions for fraud committed in the earlier year.

5. Regulatory Capital

(a) Composition of Regulatory Capital

(Amount in ₹ crore)

Sr. No.	Particulars	Current Year	Previous Year
i)	Common Equity Tier 1 capital (CET 1)/ Paid up share capital and reserves (net of deductions, if any)	42.37	28.71
ii)	Additional Tier 1 capital/ Other Tier 1 capital	0.00	0.00
iii)	Tier 1 capital (i + ii)	42.37	28.71
iv)	Tier 2 capital	2.41	2.41
v)	Total capital (Tier 1+Tier 2)	44.78	31.12
vi)	Total Risk Weighted Assets (RWAs)	367.44	294.26
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs) / Paid-up share capital and reserves as percentage of RWAs	11.56	9.76
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	11.53	9.76
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	0.66	0.82
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	12.19	10.58
xi)	Leverage Ratio	NA	NA
xii)	Percentage of the shareholding of		
	a) Government of India	50%	50%
	b) State Government (Arunachal Pradesh)	15%	15%
	c) Sponsor Bank	35%	35%



xiii)	Amount of paid-up equity capital raised during the year	1.32	NILL
xiv)	Amount of non-equity Tier 1 capital raised during the year, of which: Give list as per instrument type (perpetual non-cumulative preference shares, perpetual debt instruments, etc.). Commercial banks (excluding RRBs) shall also specify if the instruments are Basel II or Basel III compliant.	Nil	Nil
xv)	Amount of Tier 2 capital raised during the year, of which Give list as per instrument type (perpetual non-cumulative preference shares, perpetual debt instruments, etc.). Commercial banks (excluding RRBs) shall also specify if the instruments are Basel II or Basel III compliant.	Nil	Nil

6. Asset liability management

(a) Maturity pattern of certain items of assets and liabilities

(Amount in ₹ crore)

	Day 1	2 to 7 days	8 to 14 days	15 to 30 Days	31 days to 2 months	Over 2 Months and to 3 months	Over 3 months and up to 6 Months	Over 6 months and up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Total
Deposits	0.00	0.00	109.60	61.44	374.92	220.52	41.66	3.69	41.82	154.44	85.53	1093.62
Advances	0	0	0	0.14	0.39	0.01	1.81	4.10	36.98	66.47	147.42	257.32
Investments	0.00	50.00	30.40	0.00	0.00	30.00	155.77	69.48	78.21	68.65	270.68	753.19
Borrowings	0.13	0.00	0.00	0.00	0.00	3.00	0.90	19.20	9.03	3.27	0.90	36.43
Foreign Currency assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Currency liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00



7. Investments

(Amount in ₹ crore)

(a) Composition of Investment Portfolio

As at 31.03.2022

	Investments in India						Investments outside India					Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
Held to Maturity												
Gross	171.25	0	0	0.43	0	3.60	412.79	0	0	0	0	588.07
Less: Provision for non-performing investments (NPI)	0	0	0	0	0	0	0	0	0	0	0	0
Net	171.25	0	0	0.43	0	3.60	412.79	0	0	0	0	588.07
Available for Sale												
Gross	165.12	0	0	0	0	0	0	0	0	0	0	165.12
Less: Provision for depreciation and NPI	0	0	0	0	0	0	0	0	0	0	0	0
Net	165.12	0	0	0	0	0	0	0	0	0	0	165.12
Held for Trading												
Gross	0	0	0	0	0	0	0	0	0	0	0	0
Less: Provision for depreciation and NPI	0	0	0	0	0	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0	0	0	0	0	0
Total Investments	336.37	0	0	0.43	0	3.60	412.79	0	0	0	0	753.19
Less: Provision for non-performing investments	0	0	0	0	0	0	0	0	0	0	0	0
Less: Provision for depreciation and NPI	0	0	0	0	0	0	0	0	0	0	0	0
Net	336.37	0	0	0.43	0	3.60	412.79	0	0	0	0	753.19



As at 31.03.2021

(Amount in ₹ crore)

	Investments in India						Investments outside India					Total Investments
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures		Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	
					MFs	FDs						
Held to Maturity	172.16	0	0	5.18	0	0	628.62	0	0	0	0	0
Gross	172.16	0	0	5.18	0	0	628.62	0	0	0	0	0
Less: Provision for non-performing investments (NPI)	0	0	0	0	0	0	0	0	0	0	0	0
Net	172.16	0	0	5.18	0	0	628.62	0	0	0	0	0
Available for Sale	71.63	0	0	0	0	0	71.63	0	0	0	0	0
Gross	71.63	0	0	0	0	0	71.63	0	0	0	0	0
Less: Provision for depreciation and NPI	0	0	0	0	0	0	0	0	0	0	0	0
Net	71.63	0	0	0	0	0	71.63	0	0	0	0	0
Held for Trading	0	0	0	0	0	0	0	0	0	0	0	0
Gross	0	0	0	0	0	0	0	0	0	0	0	0
Less: Provision for depreciation and NPI	0	0	0	0	0	0	0	0	0	0	0	0
Net	0	0	0	0	0	0	0	0	0	0	0	0
Total Investments	243.79	0	0	5.18	0	0	700.25	0	0	0	0	0
Less: Provision for non-performing investments	0	0	0	0	0	0	0	0	0	0	0	0
Less: Provision for depreciation and NPI	0	0	0	0	0	0	0	0	0	0	0	0
Net	243.79	0	0	5.18	0	0	700.25	0	0	0	0	0



(Rs. lakhs)

(b) SLR-Investments

Sr.No.	Particulars	31-03-2022	31-03-2021
1	Value of Investments	33637.13	24379.21
i	Gross Value of Investments	33637.13	24379.21
ii	Provisions for Depreciation	0.00	0.00
iii	Net Value of Investments	33637.13	24379.21
2	Movement of provisions held towards depreciation on investments		
i	Opening Balance	0.00	0.00
ii	Add: Provisions made during the year	0.00	0.00
iii	Less: Write off/ write back of excess provisions during the year	0.00	0.00
iv	Closing Balance	0.00	0.00

(c) Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(Amount in ₹ crore)

Particulars	Current Year	Previous Year
i) Movement of provisions held towards depreciation on investments		
a) Opening balance		
b) Add: Provisions made during the year	NIL	NIL
c) Less: Write off / write back of excess provisions during the year		
d) Closing balance		
ii) Movement of Investment Fluctuation Reserve	1.55	1.55
a) Opening balance	0.00	0.00
b) Add: Amount transferred during the year	0.00	0.00
c) Less: Drawdown	1.55	1.55
d) Closing balance	0.94	2.18
iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category		



(d) Non-SLR investment portfolio

i. Non-performing non-SLR investments

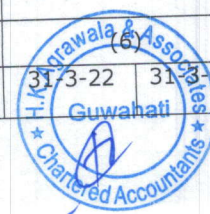
(Rs. Crores)

Sl. No.	Particulars	31-03-2022	31-03-2021
a)	Opening balance	Nil	Nil
b)	Additions during the year since 1st April	Nil	Nil
c)	Reductions during the above period	Nil	Nil
d)	Closing balance	Nil	Nil
e)	Total provisions held	Nil	Nil

ii. Issuer composition of non-SLR investments

(Rs. Crores)

Sr. No.	Issuer	Amount		Extent of Private Placement		Extent of 'Below Investment Grade' Securities		Extent of 'Unrated' Securities		Extent of 'Unlisted' Securities	
		(3)	(3)	(4)	(4)	(5)	(5)	(6)	(6)	(7)	(7)
(1)	(2)	31-3-22	31-3-21	31-3-22	31-3-21	31-3-22	31-3-21	31-3-22	31-3-21	31-3-22	31-3-21



a)	PSUs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b)	FIs	0.43	5.18	0.00	0.00	0.00	0.00	0.00	0.00	0.43	5.18
c)	Banks	412.79	451.23	0.00	0.00	0.00	0.00	0.00	0.00	412.79	451.23
d)	Private Corporates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e)	Subsidiaries/ Joint Ventures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f)	Others (MF)	3.60	0.05	0.00	0.00	0.00	0.00	0.00	0.00	3.60	0.05
g)	Provision held towards depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total	416.82	456.46	0.00	0.00	0.00	0.00	0.00	0.00	416.82	456.46

(e)Repo Transactions

(Amount in ₹ crore)

	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on March 31
i) Securities sold under repo				
a) Government securities	Nil	Nil	Nil	Nil
b) Corporate debt securities				
c) Any other securities				
ii) Securities purchased under reverse repo				
a) Government securities	Nil	Nil	Nil	Nil
b) Corporate debt securities				
c) Any other securities				



8. Asset Quality
a) Classification of advances and provisions held (Rs. In crores)

	Standard		Non-Performing			Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening Balance	188.61	7.00	4.21	0.00	11.21	199.82
Add: Additions during the year					6.30	
Less: Reductions during the year					7.57	
Closing balance	247.38	5.27	3.16	1.51	9.94	257.32
Reductions in Gross NPAs due to:						
i) Upgradation						
ii) Recoveries (excluding recoveries from upgraded accounts)						
iii) Technical/ Prudential Write-offs						
iv) Write-offs other than those under (iii) above						
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	84.82	7.00	4.21	0.00	11.21	
Add: Fresh provisions made during the year					1.05	
Less: Excess provision reversed/ Write-off loans					2.32	
Closing balance of provisions held	98.95	5.27	3.16	1.51	9.94	
Net NPAs						
Opening Balance						0
Add: Fresh additions during the year						0
Less: Reductions during the year						0
Closing Balance						0



	Non-Performing				Total
	Standard	Sub-standard	Doubtful	Loss	
	Total Standard Advances				
Floating Provisions					
Opening Balance					NILL
Add: Additional provisions made during the year					NILL
Less: Amount drawn down during the year					NILL
Closing balance of floating provisions					NILL
Technical write-offs and the recoveries made thereon					
Opening balance of Technical/ Prudential written-off accounts					NA
Add: Technical/ Prudential write-offs during the year					NA
Less: Recoveries made from previously technical/prudential written-off accounts during the year					NA
Closing balance					NA

	Current Year	Previous Year
Ratios (in per cent)		
Gross NPA to Gross Advances	3.86%	5.61%
Net NPA to Net Advances	0%	0%
Provision coverage ratio	100%	100%



b) Sector-wise Advances and Gross NPA

(Amounts in ₹ crore)

Sr. No.	Sector	Current Year			Previous Year		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
i)	Priority Sector						
a)	Agriculture and allied activities	40.97	3.10	7.57 %	29.13	1.65	5.66 %
b)	Advances to industries sector eligible as priority sector lending	0.00	0.00	0.00 %	0.00	0.00	0.00 %
c)	Services	91.21	3.53	3.87 %	78.99	5.79	7.33 %
d)	Personal loans & Others PS Advances	34.11	2.37	6.95 %	34.16	2.36	6.91 %
	Subtotal (i)	166.29	9.00	5.41 %	142.29	9.80	6.89 %
ii)	Non-priority Sector						
a)	Agriculture and allied activities	0.00	0.00	0.00 %	0.00	0.00	0.00 %
b)	Industry	0.00	0.00	0.00 %	0.00	0.00	0.00 %
c)	Services	0.00	0.00	0.00 %	0.00	0.00	0.00 %
d)	Personal loans & other NPS advances	91.03	0.94	1.03 %	57.53	1.41	2.45 %
	Sub-total (ii)	91.03	0.94	1.03 %	57.53	1.41	2.45 %
	Total (I + ii)	257.32	9.94	3.86 %	199.82	11.21	5.61 %



c) Particulars of resolution plan and restructuring

i. Details of accounts subjected to restructuring

		Agriculture and allied activities		Corporates (excluding MSME)		Micro, Small and Medium Enterprises (MSME)		Retail (excluding agriculture and MSME)		Total	
		31-3-22	31-3-21	31-3-22	31-3-21	31-3-22	31-3-21	31-3-22	31-3-21	31-3-22	31-3-21
Standard	Number of borrowers	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Gross Amount (₹ crore)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Provision held (₹ crore)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Standard	Number of borrowers	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Gross Amount (₹ crore)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Provision held (₹ crore)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Doubtful	Number of borrowers	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Gross Amount (₹ crore)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Provision held (₹ crore)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	Number of borrowers	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Gross Amount (₹ crore)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Provision held (₹ crore)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

d) Disclosure of transfer of loan exposures:

Details of stressed loans transferred during the year (to be made separately for loans classified as NPA and SMA)

(all amounts in ₹ crore)	To ARCs	To permitted transferees	To other transferees (please specify)
No: of accounts	NA	NA	NA
Aggregate principal outstanding of loans transferred	NA	NA	NA
Weighted average residual tenor of the loans transferred	NA	NA	NA
Net book value of loans transferred (at the time of transfer)	NA	NA	NA
Aggregate consideration	NA	NA	NA
Additional consideration realized in respect of accounts transferred in earlier years	NA	NA	NA



Details of loans acquired during the year		
(all amounts in ₹ crore)	From SCBs, RRBs, UCBs, StCBs, DCCBs, AIFIs, SFBs and NBFCs including Housing Finance Companies (HFCs)	From ARCs
Aggregate principal outstanding of loans acquired	NA	NA
Aggregate consideration paid	NA	NA
Weighted average residual tenor of loans acquired	NA	NA

e) Fraud accounts: Nil

9. Exposures

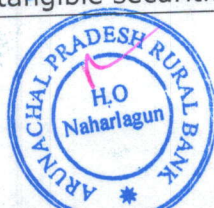
a) Exposure to Real Estate Sector

Sr	Category	31-03-2022	31-03-2021
a	Direct exposure		
(I)	Residential Mortgages		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (individual housing loan upto Rs.20 lakh may be shown separately)	Nil	Nil
(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 ;		
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures	Nil	Nil
	a. Residential	Nil	Nil
	b. Commercial Real Estate	Nil	Nil
b)	Indirect Exposure		
	Fund-based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil
	Total Exposure to Real Estate Sector	Nil	Nil

b) Unsecured advances : No advances against which intangible securities

(Amounts in ₹ crore)

Particulars	Current Year	Previous Year
Total unsecured advances of the bank	30.63	38.49
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	NA	NA
Estimated value of such intangible securities	NA	NA



10. Concentration of deposits, advances, exposures and NPAs

a) Concentration of deposits

(Amount in ₹ crore)

Particulars	Current Year	Previous Year
Total deposits of the twenty largest depositors	148.85	115.05
Percentage of deposits of twenty largest depositors to total deposits of the bank	13.58	12.89

b) Concentration of advances

(Amount in ₹ crore)

Particulars	Current Year	Previous Year
Total advances to the twenty largest borrowers	37.94	29.89
Percentage of advances to twenty largest borrowers to total advances of the bank	14.74	14.96

c) Concentration of exposures

(Amount in ₹ crore)

Particulars	Current Year	Previous Year
Total exposure to the twenty largest borrowers/customers	37.94	29.89
Percentage of exposures to the twenty largest borrowers/ customers to the total exposure of the bank on borrowers/customers	14.74	14.94

d) Concentration of NPAs

(Amount in ₹ crore)

	Current Year	Previous Year
Total Exposure to the top twenty NPA accounts	3.79	5.64
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	44.97	50.29



11. Transfers to Depositor Education and Awareness Fund (DEA Fund)

(Amount in ₹ crore)

Sr. No.	Particulars	Current Year	Previous Year
i)	Opening balance of amounts transferred to DEA Fund	0.08	0.03
ii)	Add: Amounts transferred to DEA Fund during the year	0.06	0.05
iii)	Less: Amounts reimbursed by DEA Fund towards claims	0.00	0.00
iv)	Closing balance of amounts transferred to DEA Fund	0.14	0.08

12. Disclosure of complaints

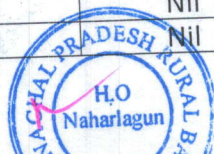
a) Summary information on complaints received by the bank from customers and from the Offices of Ombudsman

Sr. No	Particulars	Previous year	Current year
	Complaints received by the bank from its customers		
1.	Number of complaints pending at beginning of the year	Nil	Nil
2.	Number of complaints received during the year	Nil	Nil
3.	Number of complaints disposed during the year	Nil	Nil
3.1	Of which, number of complaints rejected by the bank	Nil	Nil
4.	Number of complaints pending at the end of the year	Nil	Nil
	Maintainable complaints received by the bank from Office of Ombudsman		
5.	Number of maintainable complaints received by the bank from Office of Ombudsman	Nil	Nil
5.1	Of 5, number of complaints resolved in favour of the bank by Office of Ombudsman	Nil	Nil
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	Nil	Nil
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the bank	Nil	Nil
6.	Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Banking Ombudsman Scheme, 2006) and covered within the ambit of the Scheme.

b) Top five grounds of complaints received by the bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
	Current Year				
Ground - 1	Nil	Nil	Nil	Nil	Nil
Ground - 2	Nil	Nil	Nil	Nil	Nil
Ground - 3	Nil	Nil	Nil	Nil	Nil
Ground - 4	Nil	Nil	Nil	Nil	Nil
Ground - 5	Nil	Nil	Nil	Nil	Nil



Others	Nil	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil	Nil
Previous Year					
Ground - 1	Nil	Nil	Nil	Nil	Nil
Ground - 2	Nil	Nil	Nil	Nil	Nil
Ground - 3	Nil	Nil	Nil	Nil	Nil
Ground - 4	Nil	Nil	Nil	Nil	Nil
Ground - 5	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil	Nil

13. Disclosure of penalties imposed by the Reserve Bank of India

During the year Reserve Bank of India has not levied any penalties on the Bank under the provision of Section 46 (4) of the Banking Regulation Act, 1949, for contraventions of any of the provisions of the Act, 1949; order, rule or condition specified by Reserve Bank under the Act.

14. Other Disclosures

a) Business ratios

Particular	Current Year	Previous Year
i) Interest Income as a percentage to Working Funds	7.67 %	6.81 %
i) Non-interest income as a percentage to Working Funds	0.51 %	0.39 %
ii) Cost of Deposits	3.48 %	3.65 %
iii) Net Interest Margin	4.20 %	4.06 %
iv) Operating Profit as a percentage to Working Funds	1.96 %	1.78 %
v) Return on Assets	1.32 %	0.67 %
i) Business (deposits plus advances) per employee (in ₹ crore)	13.25	10.21
ii) Profit per employee (in ₹ crore)	0.12	0.56

b) Bancassurance business

The details of fees / brokerage earned in respect of insurance broking, agency and bancassurance business undertaken by them shall be disclosed for both the current year and previous year.

Name of the party	Current year	Previous Year
SBI Life Insurance	43.00 lakhs	17.34 lakhs
SBI General Insurance	4.38 lakhs	5.14 akhs

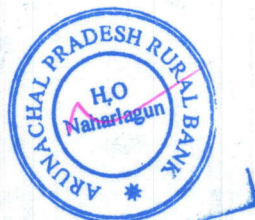
c) Marketing and distribution- NIL

d) Disclosures regarding Priority Sector Lending Certificates (PSLCs)- NIL

e) Provisions and contingencies

(Amount in ₹ crore)

Provision debited to Profit and Loss Account	Current Year	Previous Year
i) Provisions for NPI	Nil	Nil
ii) Provision towards NPA	1.05	6.41
iii) Provision made towards Income tax	3.40	1.51
iv) Other Provisions and Contingencies (with details)	8.23	9.23



f) Payment of DICGC Insurance Premium

(Amount in ₹ crore)

Sr. No.	Particulars	Current Year	Previous Year
i)	Payment of DICGC Insurance Premium	1.13	1.07
ii)	Arrears in payment of DICGC premium	Nil	Nil

g) Details of Single Borrower (SGL), Group Borrower Limit (GBL) exceeded by the bank:
Nothing to reporth) Draw Down from Reserve
Nothing to report as on date.

i) Details of non-performing financial assets purchased/ sold

Banks which purchase non-performing financial assets from other banks shall be required to make the following disclosure in the Notes on Accounts to their Balance Sheets:

A. Details of non-performing financial assets purchased:

(Rs. lakh)

Sr	Particulars	31-03-2022	31-03-2021
1 (a)	No. of accounts purchased during the year	Nil	Nil
(b)	Aggregate outstanding	Nil	Nil
2 (a)	Of these, number of account restructured during the year	Nil	Nil
(b)	Aggregate outstanding	Nil	Nil

B. Details of non-performing financial assets sold

(Rs. lakhs)

Sr	Particulars	31-03-2022	31-03-2021
1	No. of accounts sold	Nil	Nil
2	Aggregate outstanding	Nil	Nil
3	Aggregate consideration received	Nil	Nil

15. Disclosure Requirements as per Accounting Standards where the RBI has issued guidelines in respect of disclosure items for 'Notes to Accounts'

a) **Accounting Standard 5** - Net Profit or Loss for the period, prior period items and changes in accounting policies. Bank has no such disclosures to be made in the Notes on Accounts to the Balance Sheet of banks.b) **Accounting Standard 9 - Revenue Recognition**

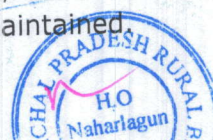
This Standard requires that in addition to the disclosures required by Accounting Standard 1 on 'Disclosure of Accounting Policies (AS 1)', an enterprise should also disclose the circumstances in which revenue recognition have been postponed pending the resolution of significant uncertainties. Bank has no such disclosures.

c) **Accounting Standard 15 - Employee Benefits**i. **Leave Encashment**

The fund requirement for the year 2021-22 for Leave Encashment Liability was ascertained by SBI Life Insurance Company Limited in accordance with AS -15 and as per the assessment there was a requirement of fund for Rs. 15,00,000.00 for the year, which was paid to SBI Life with whom the Leave Encashment fund account is maintained.

ii. **Gratuity**

The fund requirement for the year 2021-22 for Gratuity Liability was ascertained by SBI Life Insurance Company Limited by in accordance with AS -15 and as per the assessment there was a requirement of fund for Rs. 50,00,000.00 for the year, which was paid to SBI Life with whom the Gratuity fund account is maintained.



iii. Pension

In accordance with law, all employees of the Bank are entitled to receive benefits under the Pension fund and NPS, a defined contribution plan in which both the employee and the bank contribute monthly at a pre-determined rate. The Bank has made total provision of Rs. 6, 64, 00,000/- this FY, which has been provided to Pension Trust, benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred. The balance amount lying in balance sheet will be funded to the Trust after completion of this Audit.

iv. Salary Revision

The Bank has provided a sum of Rs. 98, 64,985.82 as wage revision provision for the future revision which is due on Nov 2022 from P&L account and is available in balance sheet under the head Provision for arrear salary.

d) **Accounting Standard 17 - Segment Reporting**
Not applicable in RRBs.

e) **Accounting Standard 18 - Related party disclosure**

List of related Parties:

State Bank of India (Sponsor bank)
SBI Mutual Fund
SBI Life Insurance Company Ltd
SBI General Insurance Company Ltd.
Reserve Bank of India
NABARD

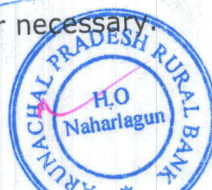
(Amt. in Lakhs)

Name of the related party	Deposit/ Investment	Salary paid to deputed staff	Balance with Bank	Interest Income/ Capital Gain	Commission on Income	Other Expenses/ Interest expenses	No. of employees on deputation
State Bank of India (Sponsor Bank)	24247.94	68.19	12394.65	2330.36	Nil	161.12	3
SBI Mutual Fund	5.00	Nil	Nil	Nil	Nil	Nil	Nil
SBI Life Insurance	Nil	Nil	Nil	Nil	43.00	Nil	Nil
SBI General Insurance	Nil	Nil	Nil	Nil	4.38	Nil	Nil
Reserve bank of India	4010.50	Nil	Nil	Nil	Nil	Nil	Nil
NABARD	43.00	Nil	Nil	0.24	Nil	Nil	Nil

f) **Accounting Standard 22 – Accounting for Taxes on Income**
Nothing to report as on date.

g) **Accounting Standard 25 – Interim Financial reporting**
Nothing to report as on date.

16. Previous year figures have been re-classified wherever necessary.





INDEPENDENT AUDITOR'S REPORT

To the Members of Arunachal Pradesh Rural Bank

Report on Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Arunachal Pradesh Rural Bank ('the Bank'), which comprise the Balance Sheet as at 31st March 2022 and the Statement of Profit and Loss for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information in which are included the Returns for the year ended of Head Office and 20 branches audited by us and 11 branches certificated by the management.

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 Banking Regulation Act, 1949 and Regional Rural Bank Act, 1976 (as amended) in the manner so required for the Bank and are in conformity with accounting principles generally accepted in India and give a true and fair view of the state of affairs of the Bank as at 31st March 2022, and its profit for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). 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 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.

that are relevant to our audit of the 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.

Responsibilities of Management and Those Charged with Governance for Financial Statements

The Banks's Board of Directors is responsible with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Bank in accordance with the applicable provisions of Regional Rural Bank Act, 1976, Banking Regulation Act, 1949, applicable guidelines of Reserve Bank of India and NABARD, accounting principles generally accepted in India, including the





accounting Standards specified by ICAI. 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the audit of the Financial Statements

4. Our objectives are to obtain reasonable assurance about whether the 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 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 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of the misstatements in the financial statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

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.

Other Matters

We did not audit the financial statements / information of 11 branches included in the standalone financial statements of the Bank whose financial statements / financial information reflect total assets of Rs.86,52,02,781.51 as at 31st March 2022 and total revenue of Rs.2,00,71,906.32 for the year ended on that date, as considered in the standalone financial statements. These branches and processing centers cover 7.71% of advances, 8.09% of deposits and 4.39% of Non-performing assets as at 31st March 2022 and 2.62% of revenue for the year ended 31st March 2022. The financial statements / information of these branches have been certified by the management

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949.

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
- d) the profit and loss account shows a true balance of profit for the year then ended.

For, M/s H.K. Agrawala and Associates
Chartered Accountants
FRN: 319293E

Dated: 19th of April 2022
Place: Naharlagun

CA. Himanshu Chowkhani
Partner

M.No. 301901

UDIN: 22301901AHIMKH3244





ARUNACHAL PRADESH RURAL BANK : HEAD OFFICE: NAHARLAGUN
LONG FORM AUDIT REPORT FOR THE YEAR ENDING 31st MARCH 2022
HEAD OFFICE

We have conducted the Central Statutory Auditor of the Arunachal Pradesh Rural Bank for the year ended 31st March 2022 and submitted our Statutory Audit Report on 19th April, 2022. We submit hereunder the information as required by Reserve Bank of India ('RBI') in Long Form Audit Report on the basis of 20 branches and Head Office audited by us and the reliance placed by us on the information and explanations provided by the management in respect of Un-Audited branches and after deliberations with the management.

I	ADVANCE :	
1	LOAN POLICY: Existence of loan policy - specifying the prudential exposure norms - industry-wise exposure, regular updation of the policy, system of monitoring and adherence thereto:	The bank has documented loan policy which was approved by BOD on 16/11/2011. The policy was revised latest on 27/03/2022. The loan policy is generally adhered to with further reference to circulars, notifications and guidelines issued by RBI, NABARD & SBI from time to time.
2	Credit Appraisal : Existence of a well laid down system of appraisal of loan/credit proposals, including adequacy of information for appraising the credit worthiness of the applicant and adherence thereto:	The bank has a laid down system of appraisal of loans/ credit proposal in line with the loan policy of the bank. The loan proposals are processed centrally at CLPC at Head Office. Keeping in view the volume and complexities involved in credit appraisal it is suggested to further strengthen the CLPC to reduce the issues identified during the course of audit.
3	Sanctioning/ disbursement: Delegation of power/authority at various level, adherence to authorized limits, whether disbursements are made after complying with terms and conditions of sanction etc.	The Branch Manager has discretionary power to issue Loan against Term Deposit. All other loans are sanctioned from H.O after reviewing the credit worthiness of the applicant on the basis of documents received from branch.
4	Documentation : •System of ensuring that the documents are executed as per the terms and conditions of sanction. •Nature of documentation defects observed during audit and suggestions to avoid recurrence of such defects. •System of documentation in respect of joint/ consortium advances. •Renewal of documents.	Except for cases identified during the course of audit the documents are executed as per the terms and conditions of sanction. It has been observed that some fields of sanction letter are not filled, and renewal letter is not issued in few cases. In few cases documents are not collected from borrower at the time of renewal thereby defeating the purpose of renewal. Further, in some cases renewal have been overdue and in applicable cases the accounts have been downgraded.



5	<p>Review/monitoring/supervision:</p> <ol style="list-style-type: none"> i. Periodic balance confirmation/ acknowledgement of debts. ii. Receiving regular information of Stock/ book debts. Statements, Balances etc. iii. Receiving audited accounts in borrowers with limits beyond Rs. 2 lakhs. iv. System of scrutiny of above information and follow-up by the bank. v. System of periodic physical verification or inspection of stocks, equipment's and machineries and other securities Inspection reports and their follow-up. vi. Norms and awarding of credit rating. vii. Review of advances including enhancement of limits viii. Monitor and follow up of overdue arising out of other businesses such as leasing, hiring purchase, credit cards etc. ix. Overall monitoring of advances Through maturity/ ageing/ industry-wise analysis, industry-wise exposure and adherence to the loan policy. x. System of monitoring of off- balance sheet Exposures including periodic review of. <ol style="list-style-type: none"> (a) Claims against the bank not acknowledged as debt. (b) Letter of credit (c) Guarantees (d) Ready forward transaction (e) Co-acceptances (f) Swaps etc. 	<ol style="list-style-type: none"> i. Annual balance confirmations were not obtained in many cases. ii. Stock statements and book debt statements are not obtained from customers on regular basis. iii. In some cases, bank did not obtain audited financial statements on annual basis. iv. The accounts are renewed/ reviewed by CLPC in consultation with the branch. The system needs further strengthening for effective credit monitoring. v. Inspections are not regularly carried out by the branches in some cases and needs to be strengthened. vi. The bank has an internal system of credit rating. vii. It has been observed that the bank does not obtain documents for customers at the time of renewal in many cases. viii. As informed the bank does not have such business. ix. The bank has s system of overall monitoring. However, there is scope of improvement. x. The bank has an effective system of monitoring off-balance sheet Exposures. Material issues were not identified during the verification of off-balance sheet items.
6	<p>Recovery Policy in respect of and Bad/ Doubtful debts /NPAs:</p> <ul style="list-style-type: none"> •Existence of recovery policy, regular updation thereof, monitoring and adherence thereto, compliance with the RBI guidelines. •System of monitoring of recovery from credit card dues in respect of credit cards issued •Effectiveness of the system for compiling data relating to the bad and doubtful debts and the provision in respect thereof •System for identification, qualification 	<p>The bank has a policy with respect to recovery of bad/ doubtful/ NPA accounts. The bank also recourse to legal actions in applicable cases.</p>



	<p>and adequacy of provision (including at foreign branches)</p> <ul style="list-style-type: none"> • System for suspense of charging of interest and adherence thereto • Ascertaining the realizable value of securities (including valuation of fixed assets) and the possible realization from guarantors including DICGC, IECGC. • Assessment of the efficacy of rehabilitation programme. • Method of appropriation of recoveries against principal, interest etc. • System of compromise settlement: Review all such cases and cases of recovery of over Rs.1.00 crores and also the cases wherein limits of sacrifice laid down in the recovery policy is exceeded. <p><u>Compliance with RBI guidelines</u></p> <ul style="list-style-type: none"> • Provision / write-off: under proper authority • Recovery procedures including that relating to suit filed and decreed account system of identifying and reporting of willful defaulters. 	
7	<p>LARGE ADVANCES: Comments on adverse feature in respect of large advances considered significant and which need managements attention.</p>	<ol style="list-style-type: none"> i. Stock statements are not obtained on regular basis in few cases. ii. Few fields of sanction letter are not filled. iii. Renewal not done timely in few cases. iv. In cases of accounts renewed, documents for credit monitoring such as audit report, income tax return, GST returns, etc not obtained. v. Renewal letter is not issued in few cases. vi. Insurance copies not on record in few cases. vii. Inspection not done at regular intervals in few cases. viii. Monitoring of end use of funds needs to be done. ix. Matching promoter contribution needs to be checked before disbursement. x. Compliance of terms of sanction in terms of disbursement and monitoring needs strengthening. xi. Credit monitoring of accounts needs strengthening. xii. Incorrect selection of product code at the time of creation of account in few cases. xiii. Mapping of loan accounts for one-NPA-all-

		NPA needs strengthening. Accounts have been marked as NPA in identified cases.
	Compliance with the exposure norms relating to advance and investments.	Satisfactory
II	LIQUIDITY AND FUND MANAGEMENT:	
1	Investment: <ul style="list-style-type: none"> • Existence of investment policy and adherence thereto, compliance with RBI guidelines. • System of purchase and sale of investment, delegation of power, reporting system, segregation of back office function etc. • Control over investment, including periodic verification / reconciliation of investments with book record. • Valuation, mode, change in mode of valuation compared to previous year, shortfall and provision thereof. • investment held at foreign branches, valuation mode, regulatory reserve requirement, liquidity. • composition of investment portfolio as per RBI guidelines and the depreciation on investment, if any not provided for system relating to unquoted investments in the portfolio and the liquidity of such investment System relating to SGL /BRs, control over SGL /BRs outstanding at the year end and their subsequent clearance. System and periodicity of concurrence and internal audit / inspection of investment activities follow up of such reports. System of recording and accounting of income from investment system of monitoring of income accrued and due but not received. System of monitoring matured investments and their timely encashment. . Average yield on investment 	Satisfactory.
2	SLR/CRR REQUIREMENT-SYSTEM OF ENSURING COMPLIANCE: System of compliance weekly DTL position from branches Records maintained for the above purpose.	Satisfactory
3	CASH: <ul style="list-style-type: none"> • System of monitoring of cash at branches, 	The branches generally hold cash in excess of the cash holding limit of the branches. Cash is



	and management of cash through currency chest operation insurance cover (including insurance for cash in transit.) • System and procedures for physical custody of cash.	held in joint custody at the branches with regular physical verification being undertaken, The bank has taken insurance of cash in hand and cash in transit.																								
4	CALL MONEY OPERATION • System relating to interbank call money operation	Not applicable																								
5	ASSET LIABILITY MANAGEMENT: • Existence of policy on asset - Liability management and monitoring thereof, compliance with the RBI guidelines. • Functioning of asset liability management committee. • structural liquidity at periodical Interval	Satisfactory																								
III	INTERNAL CONTROL:																									
1.	Written guidelines/instruction Manual for accounting policies:	<table border="1"> <thead> <tr> <th>a) ATM settlement</th> <th>Amount (Rs.)</th> </tr> </thead> <tbody> <tr> <td>As per Books</td> <td>93,19,174.87 (Dr.)</td> </tr> <tr> <td>As per SBI</td> <td>1,78,76,790.20 (Dr.)</td> </tr> <tr> <td>Excess with SBI</td> <td>85,57,615.33</td> </tr> </tbody> </table>	a) ATM settlement	Amount (Rs.)	As per Books	93,19,174.87 (Dr.)	As per SBI	1,78,76,790.20 (Dr.)	Excess with SBI	85,57,615.33																
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		<p>verification.</p> <p>f) Details relating to amount of Rs. 2,21,804.40 (Cr.) appearing under the head Interest not collected could not be made available for verification.</p> <p>g) Out of the amount of Rs. 6,00,246.77 appearing under the head Sundry Deposits, amount of Rs. 1,85,797.98 is outstanding for more than 1 year and needs to be reviewed.</p>
4.	<p>Branch Inspection:</p> <ul style="list-style-type: none"> • System of branch inspection: frequency, scope / coverage of inspection/internal audit, concurrent audit or revenue audit, reportings. • System of follow up of these reports, position of compliance. 	<p>The bank has a system of concurrent audit undertaken by banks retired employee. The scope of concurrent audit needs to be expanded for effective reporting.</p> <p>The observations are subsequently complied by the branches.</p>
5.	<p>Fraud /vigilance:</p> <ul style="list-style-type: none"> • Observation on major frauds discover during the year under audit. • System of follow up of fraud / vigilance cases 	<p>As informed no fraud was discovered during the year under audit.</p> <p>Satisfactory.</p>
6.	<p>Suspense account, sundry deposits etc.</p> <ul style="list-style-type: none"> • System for clearance of items debited/ credited to these accounts. 	<p>Reconciliation of suspense of Rs. 16,67,102.28 could not be produced during the course of audit.</p>
	<p>(IV) CAPITAL ADEQUACY (Enclose a copy of capital adequacy certificate)</p>	
	<p>(V) AUTOMATION AND COMPUTERISATION</p> <ul style="list-style-type: none"> • Existence of computerization and automation policy: progress made during the year under review. • Critical area of operation not covered by automation. • Number of branches covered by computerization and the extent of computerization. • Procedures for back ups, off-site storage, contingency and disaster recovery and adherence thereto • Existence of system / EDP audit, coverage of such audit. • Electronic Banking: existence of systems and procedures, monitoring, regular updation of technology, method of review and audit of procedures. • Suggestions, if any, with regard to computerization and automation. 	

<p>(VI) PROFITABILITY:</p> <ul style="list-style-type: none"> • Analysis of variation in major items of income and expenditure compared to previous year. • Important ratio such as RoA, RoE etc. comparison and analysis in relation to previous year. • Policy relating to general provision/ reserves. 	<p>The total interest earned from advances and investments has increased from Rs. 66.72cr to Rs. 71.74 cr. and the total expenses has increased from Rs. 53.12cr to Rs. 58.12cr.</p> <p>Satisfactory</p>
<p>(VII) SYSTEM AND CONTROL</p> <ul style="list-style-type: none"> • Existence of system and procedures for concurrent and internal audits, inspections, EDP audit of computer system/ software etc. monitoring and follow up of such reports. • Existence of management information system, method of compilation and accuracy of information • Reliability of regulatory reporting under the off-site surveillance system of the RBI 	<p>The system of concurrent audit and inspection needs strengthening.</p> <p>The bank has system of generating MIS and other regulatory reporting.</p>
<p>(VIII) OTHER MATTERS:</p> <ol style="list-style-type: none"> 1. Comments on accounting policies including comments on changes in accounting policies made during the year. 2. Policy and system for monitoring activities such as under writing, Derivatives etc. 3. Adequacy of provisions made for statutory liabilities such as income tax, interest tax, gratuity, pension, provident fund etc. 4. Adequacy of provisions made for off-balance sheet exposures and other claims against the bank. 5. Any major observations on branch returns and process of their consolidation in final statements of accounts. 6. Balances with other banks- observations on outstanding items in reconciliation statement 7. Procedures for revaluation of NOSTRO accounts and outstanding forward exchange contracts 8. Observations on the working subsidiaries of the bank: <ul style="list-style-type: none"> • Reporting system to the holding bank and • Major losses of the subsidiary, if any 9. Any other matter, which the auditor considers should be brought to the notice of the management. 	<ol style="list-style-type: none"> 1. Satisfactory 2. Not applicable 3. Provision of income tax is made on lump sum basis and not as per computation of income. Pension and gratuity provision is as per actuarial valuation report. 4. Satisfactory 5. Satisfactory 6. Satisfactory 7. Not applicable 8. Not applicable




FUND MANAGEMENT	
<p>1. SLR/CRR Requirement: System of ensuring compliance, system of compliments of weekly DTL position from branches. Records maintained for the above purpose i.e. surplus after meeting CRR /SLR requirements, annual lending programme and other business requirements.</p>	Satisfactory
<p>2. Interest Rates: Carry out the test check of applications of interest rates on various advances/ borrowings as also on deposits and comment there upon if any revenue loss has been incurred by RRB by inappropriate application of prescribed interest rates.</p>	No material cases were noted during the course of audit.
<p>3. Investment a) Assessment of surplus fund, procedure following for investment of the same, system of purchase and sale of investments, delegation of powers, reporting systems, etc.</p>	Satisfactory
<p>4. b) Efficacy of system of control over investment including periodic physical verification/reconciliation of investments with records</p>	Satisfactory
<p>(c) 100% check/ physical verification of the investment of the bank including checking of the periodical collection of interest on Investment.</p>	Satisfactory
<p>(d) VALUATION Mode, changes in mode of valuation compared to pervious year, shortfall and provision therefore as prescribed in RBI circular No.RPCD.RRB.BC.112/03.05.34 /95-96 dated 22 March, 1996 and subsequent instruction of RBI in this regard including circular No.213/DoS-24/2002 dated 11 September 2002 issued by NABARD.</p>	As informed there has not been any change in mode of valuation of investments as compared to previous year.
(4) Deposits:	
<p>(a) In-operative accounts Branch auditor to examine and comment upon whether bank has laid down norms/ guidelines with respect and operations of inoperative accounts with instances.</p>	Satisfactory
<p>(b) SCA/ Branch auditors to comment on whether there were any unusual large movements in aggregated deposited held by HO/ Branch at the year end.</p>	Such cases were not reported during the course of audit.

<p>(5) Cash: Branch auditors to examine and comment upon the system of monitoring of cash at branches and its management, insurance cover, system and procedure for physical custody of cash etc.</p>	<p>The bank generally holds cash in excess of their cash holding limit. The cash is adequately insured and verified at regular intervals.</p>
<p>(6) Automation and Computation : Both SCA and Branch Auditors to comment on (whether applicable) automation and computation process, existence of computerization and automation policy. Progress made during the year under review, critical area of operation not covered by automation number of branches covered by computerization and extent of computerization, suggestions.</p>	<p>The bank and all branches are completely computerized covering all operations of the bank.</p>
<p>INTERNAL CONTROL :</p>	
<p>1. Written guidelines/ instructions</p>	
<p>(a) Balancing of books/ reconciliation of control and subsidiary records.</p>	<p>Complied</p>
<p>(b) System of monitoring the position of balancing of books/ reconciliation of control and subsidiary Records</p>	<p>Complied</p>
<p>2. Follow-up action :</p>	
<p>Balancing of draft payable, DD paid without advice, Bills payable. Periodical physical verification of security forms (cheque books, FDRs, DD, MT etc)</p>	<p>No such cases were noted.</p>
<p>3. Inter-branch reconciliation</p>	
<p>Comments on the system/ procedure and records maintained. Procedure followed for remittance of fund, TT discounting, etc. Test check for any unusual entries put through inter-branch /HO a/c, Position of outstanding entries and system locating Iona outstanding items of high value Steps taken or proposed to be taken for bringing the reconciliation upto date</p>	<p>As informed, there is no unreconciled inter branch reconciliation.</p>
<p>4. Branch inspection :</p>	
<p>System of branch inspection: frequency scope/ coverage of inspection/ internal audit/ concurrent audit or revenue audit reporting. System of follow-up of these reports position of compliance.</p>	<p>The bank has a system of concurrent audit undertaken by banks retired employee. The scope of concurrent audit needs to be expanded for effective reporting.</p>
<p>5. Vigilance:</p>	
<p>Observation of major frauds discovered during the year under audit. System follow-up of vigilance reports</p>	<p>No such cases noted during the course of audit.</p>

<p>6. Suspense Account, Sundry Deposit Account: System for clearance of item debited/credited to these accounts Test check for any unusual entries under these heads.</p>	<p>The system needs strengthening</p>
<p>PROFITABILITY :</p>	
<p>Analysis of variation on major items of income and expenditure compared to previous year with important ratios.</p>	
<p>(1) Effect on any change in Accounting policies on profit/loss for the year</p>	<p>There has not been any change in accounting polices during the year.</p>
<p>OTHER MATTERS :</p>	
<p>(1) Accounting policies adopted by the RRB -their conformity with accounting standard</p>	<p>Yes.</p>
<p>(2) Any major observation on branch returns and process of their consolidation in final statements of a/c.</p>	<p>Satisfactory</p>
<p>(3) Balances with other banks observation on outstanding items in reconciliation statements</p>	<p>Statement of balance held in fixed deposits with SBI of Rs. 242,47,94,242/- could not be made available during the course of audit.</p>
<p>(4) Any other matter which, in the opinion of the auditor should be brought to the notice of the management of the RRB</p>	<p>The bank is advised review the system for marking of NPA as cases have been observed where the system could not detect the NPA</p> <p>The bank is advised to take extra care at the time of loan account creation, as it has been observed cases of incorrect flagging and incorrect selection of product code.</p> <p>Bank guarantee appearing as expired in the system have been revalidated but not updated in the system. The bank is advised immediately address the issue to avoid future risks.</p> <p>During the course of audit we have identified 79 accounts to be marked as NPA having a total outstanding balance of Rs.166.62 lakhs. The same has been taken effect in the balance sheet.</p>

Dated: 19th of April 2022
Place: Naharlagun

For, M/s. H.K.Agrawala and Associates
Chartered Accountants
FRN 319293E


CA. Himanshu Chowkhani
Partner
M.No. 301901
UDIN: 22301901AHIMKH3244

