

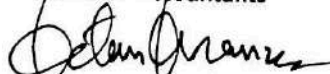
ELLAQUAI DEHATI BANK, SRINAGAR

Balance Sheet as on 31.03.2022 (Audited)

Form A		(Amt. In Rs.)	
Capital & Liabilities	Schedule	Current Year as at 31.03.2022	Previous Year as at 31.03.2021
1 Capital			
Share Capital	1	2,23,98,43,000.00	2,23,98,43,000.00
Share Capital Deposit	1-A	69,84,30,000.00	0.00
Perpetual Bonds		4,10,93,000.00	4,10,93,000.00
2 Reserve & Surplus	2	0.00	0.00
3 Deposits	3	12,93,13,67,004.25	12,11,68,02,607.04
4 Borrowings	4	5,00,00,000.00	0.00
5 Other Liabilities & Provisions	5	56,81,77,069.64	1,15,48,52,034.23
	TOTAL	16,52,89,10,073.89	15,55,25,90,641.27
Assets			
1 Cash & Balances with Reserve Bank of India	6	55,39,17,770.11	47,52,25,781.11
2 Balance with Banks & Money at Call & Short Notice	7	1,29,62,40,696.95	1,50,42,75,790.68
3 Investments	8	6,13,11,02,703.08	5,84,93,32,390.20
4 Advances	9	5,23,24,26,520.68	4,60,33,75,534.28
5 Fixed Assets	10	3,15,11,507.83	3,18,35,066.63
6 Other Assets	11	3,28,37,10,875.24	3,08,85,46,078.37
	TOTAL	16,52,89,10,073.89	15,55,25,90,641.27
Contingent Liabilities Bills for Collection	12	14,51,67,583.00	14,05,29,656.52
Significant Accounting Policies	17	0.00	0.00
Other Assets	11	0.00	0.00
	TOTAL	0.00	0.00

In terms of our report of even date annexed

For R K Deepak & Co.
Chartered Accountants


(CA Ketan Khanna)
(Partner)

Membership No.548347
Firm Registration No. 003145N
Place: Srinagar
Date: 15th April 2022




(Mushaq Ahmad Malik)
General Manager

Director

Director

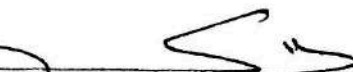
Director


(Abdul Rashid Bhat)
General Manager

Director

Director

Director


(Arshadul Islam)
Chairman

Director

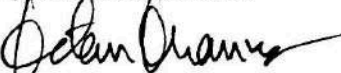
Director

Director

ELLAQUAI DEHATI BANK, SRINAGAR				
Profit & Loss upto the March 2022 (Audited)				
Form B				
		Schedule	Current Year as at 31.03.2022	Previous Year as at 31.03.2021
I.	INCOME			
1	Interest Earned	13	85,71,31,197.63	95,29,63,602.46
	Other Income	14	18,29,72,658.87	16,23,22,195.18
	TOTAL		1,04,01,03,856.50	1,11,52,85,797.64
II.	EXPENDITURE			
1	Interest Expended	15	51,74,47,176.50	53,52,80,110.33
2	Operating Expenses	16	50,27,36,168.26	36,71,17,315.99
3	Provisions & Contingencies		35,93,73,455.59	52,16,56,199.71
	TOTAL		1,37,95,56,800.35	1,42,40,53,626.03
III.	Profit/ Loss		-33,94,52,943.85	-30,87,67,828.39
1	MISC		0.00	0.00
2	Net Profit/ Loss for the year		-33,94,52,943.85	-30,87,67,828.39
	SUB TOTAL		-33,94,52,943.85	-30,87,67,828.39
	Provisions for fringe benefit tax		0.00	0.00
	Provision for income tax		0.00	0.00
	Profit brought forward		0.00	0.00
	Loss brought forward		-2,66,62,27,060.64	-2,35,74,59,232.25
	SUB TOTAL		-2,66,62,27,060.64	-2,35,74,59,232.25
	TOTAL		-3,00,56,80,004.49	-2,66,62,27,060.64
	Appropriations			
	Transfer to Statutory Reserves		0.00	0.00
	Transfer to Capital Reserves		0.00	0.00
	Transfer to Other Reserves		0.00	0.00
	Transfer to Govt./ Proposed Dividend		0.00	0.00
	Balance Carried Over to Balance Sheet		-3,00,56,80,004.49	-2,66,62,27,060.64
	TOTAL		-3,00,56,80,004.49	-2,66,62,27,060.64
	Significant Accounting Policies	17		
	Notes to Accounts	18		

In terms of our report of even date annexed

For R K Deepak & Co.
Chartered Accountants


(CA Ketan Khanna)

(Partner)

Membership No.548347

Firm Registration No. 003145N

Place: Srinagar


Date: 15th April 2022


(Mushtaq Ahmad Malik)
General Manager

Director


(Abdul Rashid Bhat)
General Manager

Director


(Arshadul Islam)
Chairman

Director

Director

Director

Director

Director

Director

Director



ELLAQUAI DEHATI BANK, SRINAGAR			
SCHEDULE - 1 CAPITAL			
		(Amt. in Rs.)	
		Current Year as at 31.03.2022	Previous Year as at 31.03.2021
1 SHARE CAPITAL			
a. AUTHORISED CAPITAL			
2000000000 shares of Rs10/- each (Previous Year 2000000000 shares of Rs. 10/- each)		20,00,00,00,000.00	20,00,00,00,000.00
b. ISSUED CAPITAL			
223984300 shares of R10/- each (Previous Year 216154300 shares of Rs. 10/- each)		2,23,98,43,000.00	2,23,98,43,000.00
By Govt. of India - 111989900 shares of Rs. 10/- each (Previous Year 104159900 shares of Rs. 10/- each)		1,11,98,99,000.00	1,11,98,99,000.00
By Govt. of Jammu & Kashmir - 33598000 shares of Rs. 10/- each (Previous Year 33598000 share of Rs. 10/- each)		33,59,80,000.00	33,59,80,000.00
By State Bank of India - 78396400 shares of Rs. 10/- each (Previous Year 78396400 share of Rs. 10/- each)		78,39,64,000.00	78,39,64,000.00
TOTAL		2,23,98,43,000.00	2,23,98,43,000.00
SCHEDULE 1-A			
SHARE CAPITAL DEPOSIT			
By Govt. of India		34,92,00,000.00	0.00
By Govt. of Jammu & Kashmir		0.00	0.00
By State Bank of India		34,92,30,000.00	0.00
TOTAL		69,84,30,000.00	0.00
PERPETUAL BONDS			
By Govt. of India		0.00	0.00
By Govt. of Jammu & Kashmir		0.00	0.00
By State Bank of India		4,10,93,000.00	4,10,93,000.00
TOTAL		4,10,93,000.00	4,10,93,000.00

For R K Deepak & Co.
Chartered Accountants

(Mushtaq Ahmad Malik)
General Manager

(Abdul Rashid Bhat)
General Manager

(Arshadul Islam)
Chairman





ELLAQUAI DEHATI BANK, SRINAGAR			
SCHEDULE - 2 RESERVES AND SURPLUS			
		(Amt. in Rs.)	
		Current Year as at 31.03.2022	Previous Year as at 31.03.2021
1 STATUTORY RESERVES			
Opening Balance	0.00	0.00	
Additions during the year	0.00	0.00	
Deductions during the year	0.00	0.00	
2 CAPITAL RESERVES			
Opening Balance	0.00	0.00	
Additions during the year	0.00	0.00	
Deductions during the year	0.00	0.00	
3 SHARE PREMIUM			
Opening Balance	0.00	0.00	
Additions during the year	0.00	0.00	
Deductions during the year	0.00	0.00	
4 REVENUE AND OTHER RESERVES			
Opening Balance	0.00	0.00	
Additions during the year	0.00	0.00	
Deductions during the year	0.00	0.00	
Balance in Profit and Loss A/c	0.00	0.00	
(TOTAL 1,2,3, & 4)	0.00	0.00	

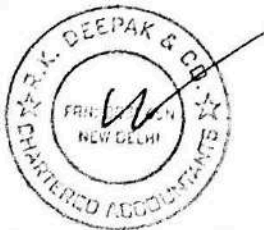
ELLAQUAI DEHATI BANK, SRINAGAR			
SCHEDULE - 3 DEPOSITS			
		(Amt. in Rs.)	
		Current Year as at 31.03.2022	Previous Year as at 31.03.2021
1 DEMAND DEPOSITS			
From Bank	0.00	0.00	
From Others	44,32,44,221.64	28,37,13,666.71	
2 SAVING BANK DEPOSIT	5,75,07,81,914.46	5,44,81,65,480.80	
3 TERM DEPOSITS			
From Bank	0.00	0.00	
From Others	6,73,73,40,868.15	6,38,49,23,459.53	
TOTAL (1+2+3)	12,93,13,67,004.25	12,11,68,02,607.04	
Deposit of Branches in India	12,93,13,67,004.25	12,11,68,02,607.04	
Deposit of Branches outside India	0.00	0.00	
TOTAL	12,93,13,67,004.25	12,11,68,02,607.04	

For R K Deepak & Co.
Chartered Accountants


(Mushtaq Ahmad Malik)
General Manager


(Abdul Rashid Bhat)
General Manager


(Arshadul Islam)
Chairman



ELLAQUAI DEHATI BANK, SRINAGAR			
SCHEDULE - 4 BORROWINGS			
		(Amt. in Rs.)	
		Current Year as at 31.03.2022	Previous Year as at 31.03.2021
1	BORROWINGS IN INDIA		
	Reserve Bank of India	0.00	0.00
	Other Banks (SBI)	0.00	0.00
	Other Institutions & Agencies	0.00	0.00
	NABARD	5,00,00,000.00	0.00
2	BORROWING FROM OUTSIDE INDIA	0.00	0.00
	TOTAL	5,00,00,000.00	0.00

ELLAQUAI DEHATI BANK, SRINAGAR			
SCHEDULE - 5 OTHER LIABILITIES AND PROVISIONS			
		(Amt. in Rs.)	
		Current Year as at 31.03.2022	Previous Year as at 31.03.2021
1	Bills payable	1,58,80,045.46	1,54,18,756.98
2	Inter Office Adjustments (Net)	0.00	0.00
3	Interest Accrued	31,19,12,862.54	33,49,33,360.32
4	Others (Including Provisions)	24,03,84,161.64	80,44,99,916.93
	TOTAL	56,81,77,069.64	1,15,48,52,034.23

ELLAQUAI DEHATI BANK, SRINAGAR			
SCHEDULE - 6 CASH & BALANCES WITH RBI			
		(Amt. in Rs.)	
		Current Year as at 31.03.2022	Previous Year as at 31.03.2021
1	Cash in Hand (Including Foreign Currency Notes)	1,51,00,079.00	1,47,24,090.00
2	BALANCES WITH RESERVE BANK OF INDIA	0.00	0.00
	In Current Accounts	53,88,17,691.11	46,05,01,691.11
	In Other Accounts		
	TOTAL	55,39,17,770.11	47,52,25,781.11

For R K Deepak & Co.
Chartered Accountants

(Mushtaq Ahmad Malik)
General Manager

(Abdul Rashid Bhat)
General Manager

(Arshadul Islam)
Chairman




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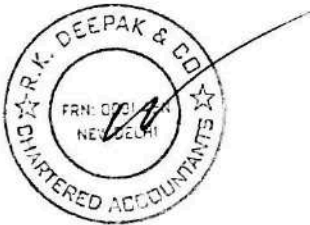
ELLAQUAI DEHATI BANK, SRINAGAR			
SCHEDULE - 7 BALANCE WITH BANKS & MONEY AT CALL & SHORT NOTICE			
			(Amt. in Rs.)
		Current Year as at 31.03.2022	Previous Year as at 31.03.2021
1	IN INDIA		
i.	BALANCES WITH BANKS		
A	In Current Accounts	9,27,38,311.95	11,73,43,619.68
	In Remittance in Transit		
B	In Other Deposit Accounts	1,20,35,02,385.00	1,38,69,32,171.00
ii.	Money at Call & Short Notices	0.00	0.00
A	With Banks	0.00	0.00
B	With Other Institutions	0.00	0.00
	TOTAL (I&II)	1,29,62,40,696.95	1,50,42,75,790.68
2	OUTSIDE INDIA		
i.	In Current Accounts	0.00	0.00
ii.	In Other Deposit Accounts	0.00	0.00
iii.	In Other Deposit Accounts	0.00	0.00
	TOTAL	0.00	0.00
	GRAND TOTAL (1&2)	1,29,62,40,696.95	1,50,42,75,790.68

For R K Deepak & Co.
Chartered Accountants


(Mushtaq Ahmad Malik)
General Manager


(Abdul Rashid Bhat)
General Manager


(Arshadul Islam)
Chairman



ELLAQUAI DEHATI BANK, SRINAGAR			
SCHEDULE - 8 INVESTMENTS			
		(Amt. in Rs.)	
		Current Year as at 31.03.2022	Previous Year as at 31.03.2021
1	INVESTMENTS IN INDIA		
i.	Govt. Securities	6,13,11,02,703.08	5,84,93,32,390.20
ii.	Other approved securities	0.00	0.00
iii.	Shares	0.00	0.00
iv.	DEBENTURES & BONDS		
v.	Subsidiaries and/or joint ventures	0.00	0.00
vi.	Others (to be specified)	0.00	0.00
	(a) With Post Office	0.00	0.00
	(b) With Other Banks	0.00	0.00
	Mutual Fund	0.00	0.00
	Gratuity Trust Fund	0.00	0.00
	TOTAL	6,13,11,02,703.08	5,84,93,32,390.20
2	INVESTMENTS OUTSIDE INDIA		
i.	Govt. Securities	0.00	0.00
	(Including local authorities)		
	Subsidiaries and/or joint ventures	0.00	0.00
	Other Investment (to be specified)	0.00	0.00
	TOTAL	0.00	0.00
	GRAND TOTAL	6,13,11,02,703.08	5,84,93,32,390.20
	(A) Held to Maturity	2,47,59,56,188.99	2,34,53,74,803.68
	(B) Held for Trading	0.00	0.00
	(C) Available for Sale	3,65,51,46,514.09	3,50,39,57,586.52
	(D) Others	0.00	0.00
	TOTAL	6,13,11,02,703.08	5,84,93,32,390.20

For R K Deepak & Co.
Chartered Accountants

(Mushtaq Ahmad Malik)
General Manager

(Abdul Rashid Bhat)
General Manager


(Arshadul Islam)
Chairman




ELLAQUAI DEHATI BANK, SRINAGAR			
SCHEDULE - 9 ADVANCES			
		Current Year as at 31.03.2022	(Amt. in Rs.) Previous Year as at 31.03.2021
1	A		
i.	Bills Purchased & Discounted	0.00	0.00
ii.	Cash Credit Overdrafts & Loans repayable on demand	3,77,36,50,697.49	3,56,75,68,029.32
iii.	Term Loans	1,45,87,75,823.19	1,03,58,07,504.96
	TOTAL	5,23,24,26,520.68	4,60,33,75,534.28
2	B		
i.	Standard	4,83,53,63,207.17	4,10,61,21,106.33
ii.	Sub-Standard	18,29,83,446.80	14,26,22,662.85
iii.	Doubtful	21,40,79,866.71	35,46,31,765.10
iv.	Loss	0.00	0.00
	TOTAL	5,23,24,26,520.68	4,60,33,75,534.28
	C		
	Advance in India		
i.	Priority Sector	4,87,30,50,004.29	4,28,21,92,930.11
ii.	Public Sector	0.00	0.00
iii.	Banks	0.00	0.00
iv.	Others	35,93,76,516.39	32,11,82,604.17
	TOTAL	5,23,24,26,520.68	4,60,33,75,534.28
	D		
	Advance 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.	Syndicated Loans	0.00	0.00
v.	Others	0.00	0.00
	TOTAL	0.00	0.00
	Additional Information	0.00	0.00
i.	Secured by tangible assets	5,05,27,70,643.69	4,42,43,51,941.39
ii.	Covered by Bank/ Government	0.00	0.00
	Guarantees	0.00	0.00
iii.	Unsecured	17,96,55,876.99	17,90,23,592.89
	GRAND TOTAL (C&D)	5,23,24,26,520.68	4,60,33,75,534.28

For R K Deepak & Co.
Chartered Accountants


(Muehtaq Ahmad Malik)
General Manager


(Abdul Rashid Bhat)
General Manager


(Arshadul Islam)
Chairman



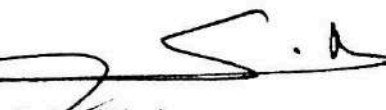
ELLAQUAI DEHATI BANK, SRINAGAR			
SCHEDULE - 10 FIXED ASSETS			
		(Amt. in Rs.)	
		Current Year as at 31.03.2022	Previous Year as at 31.03.2021
1	PREMISES		
i.	At cost as on 31st March of the preceding year	0.00	0.00
ii.	Additions during the year	0.00	0.00
iii.	Deductions during the year	0.00	0.00
iv.	Depreciation to date	0.00	0.00
	OTHER FIXED ASSETS		
	Including furniture & fixture		
i.	At cost as on 31st March of the preceding year	10,51,49,523.96	9,84,33,093.96
ii.	Additions during the year	1,16,88,206.00	67,16,430.00
iii.	Deductions during the year	0.00	0.00
	TOTAL	11,68,37,729.96	10,51,49,523.96
iv.	Depreciation to date	8,53,26,222.13	7,33,14,457.33
	TOTAL	3,15,11,507.83	3,18,35,066.63

ELLAQUAI DEHATI BANK, SRINAGAR			
SCHEDULE - 11 OTHER ASSETS			
		(Amt. in Rs.)	
		Current Year as at 31.03.2022	Previous Year as at 31.03.2021
i.	Inter Office Adjustment Net	0.00	0.00
ii.	Interest Accrued	12,98,31,788.86	18,71,67,244.21
iii.	Tax paid on Advance/ Tax deducted at source	0.00	0.00
iv.	Stationery & Stamps	13,58,368.00	3,10,094.00
v.	Non Banking Assets required in Claims	0.00	0.00
vi.	Others	0.00	0.00
	a) Accumulated losses	3,00,56,80,004.49	2,66,62,27,060.64
	b) Others	14,68,40,713.89	23,48,41,679.52
	TOTAL	3,28,37,10,875.24	3,08,85,46,078.37

For R K Deepak & Co.
Chartered Accountants


(Mushtaq Ahmad Malik)
General Manager


(Abdul Rashid Bhat)
General Manager


(Arshadul Islam)
Chairman





ELLAQUAI DEHATI BANK, SRINAGAR			
SCHEDULE - 12 CONTINGENT LIABILITIES			
		(Amt. in Rs.)	
		Current Year as at 31.03.2022	Previous Year as at 31.03.2021
i.	Claims against the Banks not acknowledge as debts	0.00	0.00
ii.	Liability for partly paid investments.	0.00	0.00
iii.	Liability on account of outstanding forward exchange contracts.	0.00	0.00
iv.	Guarantees given on behalf of constituents	0.00	25,00,000.00
v.	In India	0.00	0.00
	Outside India	0.00	0.00
vi.	Acceptances endorsements and other obligations	0.00	0.00
vii.	Other items for which the bank is contingently liable	14,51,67,583.00	13,80,29,656.52
	TOTAL	14,51,67,583.00	14,05,29,656.52

ELLAQUAI DEHATI BANK, SRINAGAR			
SCHEDULE - 13 INTEREST EARNED			
		(Amt. in Rs.)	
		Current Year as at 31.03.2022	Previous Year as at 31.03.2021
i.	Interest/ discount on advances/bills	38,74,10,798.74	39,94,42,040.32
ii.	Income on Investments	41,23,48,375.04	39,07,38,940.96
iii.	Interest on balances with Reserve Bank of India	0.00	0.00
	Other inter bank funds	3,45,56,023.85	14,25,45,621.18
iv.	Others	2,28,16,000.00	2,02,37,000.00
	TOTAL	85,71,31,197.63	95,29,63,602.46

For R K Deepak & Co.
Chartered Accountants


(Mushtaq Ahmad Malik)
General Manager


(Abdul Rashid Bhat)
General Manager

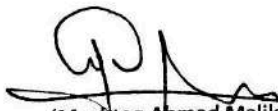

(Arshadul Islam)
Chairman

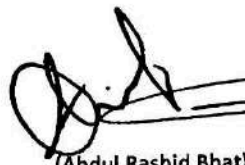


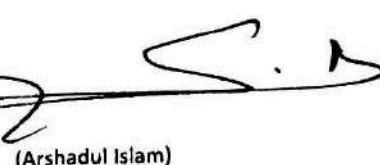
ELLAQUAI DEHATI BANK, SRINAGAR			
SCHEDULE - 14 OTHER INCOME			
		(Amt. in Rs.)	
		Current Year as at 31.03.2022	Previous Year as at 31.03.2021
	Commission; exchange & brokerage	4,48,16,148.87	3,45,95,277.06
	Profit on Sale of Investments	13,81,56,510.00	12,69,90,418.12
	less: loss on sale of investments	0.00	0.00
	Profit on revaluation of Investments	0.00	0.00
	less: loss on revaluation of investments	0.00	0.00
	Profit on sale of land, building & other assets	0.00	0.00
	less: loss on sale of land, building & other assets	0.00	0.00
	Profit on exchange transactions	0.00	0.00
	less: loss on exchange transactions	0.00	0.00
	Income earned by way of dividends etc. from subsidiaries companies & joint ventures abroad/ in India	0.00	0.00
	Miscellaneous Income	0.00	0.00
	Locker Rent	0.00	7,36,500.00
	TOTAL	18,29,72,658.87	16,23,22,195.18

ELLAQUAI DEHATI BANK, SRINAGAR			
SCHEDULE - 15 INTEREST EXPENDED			
		(Amt. in Rs.)	
		Current Year as at 31.03.2022	Previous Year as at 31.03.2021
i.	Interest on deposit	51,74,47,176.50	53,42,56,896.31
ii.	Interest on Reserve Bank of India	0.00	0.00
iii.	Inter Bank Borrowings	0.00	0.00
iv.	Others (NABARD & SBI refinance)	0.00	10,23,214.02
	TOTAL	51,74,47,176.50	53,52,80,110.33

For R K Deepak & Co.
Chartered Accountants


(Mushaq Ahmad Malik)
General Manager


(Abdul Rashid Bhat)
General Manager


(Arshadul Islam)
Chairman

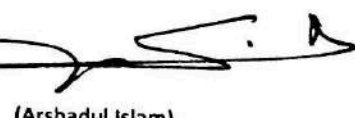


ELLAQUAI DEHATI BANK, SRINAGAR			
SCHEDULE - 16 OPERATING EXPENSES			
		(Amt. In Rs.)	
		Current Year as at 31.03.2022	Previous Year as at 31.03.2021
i.	Payment to and provisions for employees	36,02,39,597.98	25,90,44,818.52
ii.	Rent, Taxes & Lighting	3,14,23,016.51	2,68,54,834.85
iii.	Printing & Stationery	14,49,880.60	20,08,245.90
iv.	Advertisement & Publicity	39,084.00	60,398.75
v.	Depreciation on Bank's Property	1,08,01,700.50	1,19,68,250.26
vi.	Director's Fee allowances & Exp.	0.00	0.00
vii.	Auditor's Fee & Expenses (Including Branch auditors)	9,21,268.00	6,36,724.00
viii.	Law Charges	2,71,296.00	62,200.00
ix.	Postage, Telegrams, Telephone, etc.	6,29,067.96	5,61,680.51
x.	Repair & Maintenance	2,99,665.00	2,86,794.67
xi.	Insurance	2,20,85,666.00	1,89,74,662.23
xii.	Other Expenditure	7,45,75,925.71	4,66,58,706.30
	TOTAL	50,27,36,168.26	36,71,17,315.99
ADDITIONAL INFORMATION			
	a) Misc.	0.00	0.00
	b) Provisions for Pension	25,24,58,196.19	59,86,66,551.00
	c) NPA Provisions during the year.	10,69,15,259.40	9,80,12,126.71
	d) NPA Loan Provisions	0.00	0.00
	e) NPA Investment Provisions	0.00	0.00
	f) Amortization on securities	39,61,514.84	1,07,21,425.22
	g) Other provisions	0.00	0.00

For R K Deepak & Co.
Chartered Accountants


(Mushfaq Ahmad Malik)
General Manager


(Abdul Rashid Bhat)
General Manager


(Arshadul Islam)
Chairman



Ellaquai Dehati Bank
Head Office: Barzulla, Srinagar

SCHEDULE-17

Significant Accounting Policies

1. Basis of Preparation

The financial statements have been prepared under the historical cost convention conforming to Generally Accepted Accounting Principles (GAAP) in India, which comprises statutory provisions of applicable laws including that of Banking Regulation Act and RRB Act 1976, regulatory / RBI & Sponsor Bank (SBI) guidelines, Accounting Standards/guidelines, notes issued by the Institute of Chartered Accountants of India (ICAI).

2. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions for considering the reported assets and liabilities (including contingent liabilities) as on the date of financial statements and the income and expenses for the reporting period management believes that the estimates used in the preparation of the financial statements are prudent & reasonable.

3. Income Recognition

Income and expenditure are accounted for on accrual basis unless otherwise stated.

- (a) Interest and other income on advances classified as non-performing assets are recognized to the extent realized in accordance with guidelines issued by Reserve Bank of India.
- (b) Recovery in non-performing advances is appropriated first towards the interest including the derecognized interest & thereafter towards
 - i) Arrear in installments of Term loan
 - ii) Irregularities in other accounts.
- (c) Deposits on maturity are auto renewed by the system and interest is paid at applicable rates less by penal interest at the time of premature encashment.
- (d) Income from sale of Mutual Funds, fees, commission, locker rent and insurance claims are recognized on realization basis.
- (e) Unforeseen expenses are accounted for in the year of payment.
- (f) Stationery issued to branches has been considered as consumed.
- (g) The expenses on account of Insurance on assets are not distinguished between pre-paid and paid, as per the consistent policy followed by the Bank. The effect of the same is not material on the financial statements as per the management.



STATUTORY AUDIT FOR THE FY 2021-22

4. Profit And Loss Account

The net profit/ loss disclosed in the profit and loss account is after providing for

- a) Provision against advances
- b) Amortization on Investments
- c) Other usual and necessary provisions.

5. Advances and Provisions thereon

- a) Loans and Advances are classified as performing and non-performing, based on the guidelines issued by RBI. Non Performing Assets (NPA) is classified into sub-standard, doubtful and loss assets, based on the criteria stipulated by RBI.
 - 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 debited 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.
- b) Provisions are made for NPAs as per the guidelines prescribed by the regulatory/ supervisory authorities at rates as stipulated by NABARD.
- c) 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.
- d) Advances are shown net of provisions and interest not collected (INC) provisions on Non-performing Assets (NPAs)
- e) 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.
- f) A general provision of 0.40% is made on Standard Assets on Loan portfolio excluding SME and Direct Agricultural Advances, where provision of 0.25% is made.
- g) Amounts recovered against debts written off in earlier years are recognised as revenue for the year.



- h) In addition to the specific provision on NPAs, general provisions are also made for standard assets as per extant RBI Guidelines. 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.
- i) Appropriation of recoveries in NPAs (not out of fresh/additional credit facilities sanctioned to the borrower concerned) towards principal or interest due as per the Bank's extant instructions is done in accordance with the following priority:
 - a. Charges,
 - b. Unrealized Interest/ Interest,
 - c. Principal.

6. Investments

- a) Keeping in view the statutory obligations of the Bank, investments have been made as per the guidelines of Reserve Bank of India, NABARD and Sponsor Bank.
- b) All Government securities are held in 'Held to Maturity' category & AFS category in conformity with the guidelines of the Reserve Bank of India for purpose of SLR. Also guidelines for classifications and valuation of investments complied by the Bank. The Income on these investments have been computed/ provided for on the basis of accrued interest, at the applicable rate of interest.
- c) 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 re-valued and resultant depreciation, if any, is provided.
- d) Investments under AFS and HFT category: Investments under AFS and HFT category are individually re-valued at 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, and (v) others) is provided for and net appreciation, is ignored.
- e) Investments have been valued at their original cost less amortization wherever these are purchased at premium and where they have been purchased at a discount, the discount value is considered as income at the time of maturity.
- f) Investments in Mutual Funds (SBI Magnum Ultra Short Duration Fund) have been valued at NAV declared at the close of the day.

7. Fixed Assets & Depreciation

- a) Fixed assets are carried at cost less accumulated depreciation.
- b) 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 incurred on assets put to use is capitalised only when it increases the future benefits from such assets or their functioning capability.

- c) Depreciation on assets and additions therein, is charged off after applying SLM rates and where the asset has been put to use for less than 182 days, depreciation at 50% of the applicable rate has been charged. The computer software, not forming an integral part of computers has been depreciated at the normal rate applicable to computers.
- d) The depreciation rates are based on useful life of the assets on the SLM are as under:

Nature of Assets	Rate	Estimated Useful Life(years)
Vehicles	20%	5
Safe Deposits lockers , fire proof data safe, Strong room, strong room doors	5%	20
Furniture and Fixtures other than Electrical fittings and fixtures	10%	10
Electrical fittings and fixtures	20%	5
Computers	33.33%	3
Computer Software forming integral part of Hardware	33.33%	3
Other Computer Software	33.33%	3

- e) Items costing less than 1,000/- each are charged off in the year of purchase.

8. Staff Benefits

- a) Short term employee benefits are charged to revenue in the year in which the related service is rendered.
- b) Long term employee benefits :
 - a. **Provident Fund:** Provident fund is a defined contribution scheme as the Bank pays fixed contribution at predetermined rates. The obligation of the Bank is limited to such fixed contribution. The contributions are charged to Profit and Loss account
 - b. **Gratuity:** The Bank is providing for gratuity liability in the books as per the Accounting Standard 15 - Employee Benefits, issued by the Institute of Chartered Accountants of India (ICAI), the Bank recognized in its books of accounts the liability on the basis of actuarial valuation carried out by an independent external actuarial valuer.
 - c. **Leave Salary:** The Bank provides for this on the basis of an actuarial valuation carried out by an independent external actuarial valuer.



9. Disclosures as per Accounting Standard in terms of RBI Guidelines

a) Accounting Standard -1 Disclosure of Accounting Policies

The same are disclosed as per Schedule -17

b) Accounting Standard-5, Prior Period Items and changes

There are no material prior period expenses included in profit & loss account.

c) Accounting Standard – 6

Depreciation on assets and additions therein, is charged off after applying SLM rates and where the asset has been put to use for less than 182 days, depreciation at 50% of the applicable rate has been charged. The computer software, not forming an integral part of computers has been depreciated at the normal rate applicable to computers.

d) Accounting Standard-9 Revenue Recognition

Revenue have been accounted for on accrual basis except income on non-performing assets comprising of advances which is recognized upon realization as per the prudential norms prescribed by RBI and income on investments purchased on discounted value, which is accounted for in the year of maturity of investment.

e) Accounting Standard-15, Employee Benefits

The disclosures required under the Accounting Standard 15-"Employee Benefits" in line with the Accounting Policy are under:

Table Showing Changes in Present Value of Obligations:

	Gratuity (Rs.)	Leave Salary (Rs.)
Present value of the obligation at the beginning of the period	13,57,12,084	7,32,29,625
Interest cost	94,99,846	51,26,074
Current service cost	79,57,366	65,59,046
Benefits paid (if any)	0	(1,18,52,090)
Actuarial (gain)/loss	(2,42,65,112)	1,26,22,731
Present value of the obligation at the end of the period	1,40,31,242	8,56,85,386

Key results (The amount to be recognized in the Balance Sheet):

	Gratuity (Rs)	Leave Salary (Rs.)
Present value of the obligation at the end of the period	14,29,35,426	8,56,85,386
Fair value of plan assets at end of period	0	0
Net liability/(asset) recognized in Balance Sheet and related analysis	14,29,35,426	8,56,85,386
Funded Status	(14,29,35,426)	(8,56,85,386)



Expense recognized in the statement of Profit and Loss:

	Gratuity (Rs)	Leave Salary (Rs.)
Interest cost	94,99,846	51,26,074
Current service cost	79,57,366	65,59,046
Expected return on plan asset	(0)	(0)
Net actuarial (gain)/ loss recognized in the period	1,40,31,242	1,26,22,731
Expenses to be recognized in the statement of profit and loss accounts	3,14,88,454	2,43,07,851

The assumptions employed for the calculations are tabulated:

Discount rate	7.00% per annum
Salary Growth Rate	6.00% per annum
Mortality	IALM 2012-14
Expected rate of return	0
Withdrawal rate (Per Annum)	5.00% p.a.(18 to 30 years)
Withdrawal rate (Per Annum)	5.00% p.a. (30 to 44 years)
Withdrawal rate (Per Annum)	5.00% p.a. (44 to 60 years)

Assumptions made for Benefits valued: (For Gratuity Valuation and Leave Salary Valuation)

	Gratuity	Leave Salary
Normal Retirement Age	60 Years	60 Years
Salary	Last drawn Qualifying Salary	As per rules of the company
Vesting Period	5 Years of Service	
Benefits on Normal Retirement	15/26*salary*Past Service (Yr)	1/30 * Salary * Number of leaves
Benefit on early exit due to death and disability	As above except that no vesting Conditions apply	As above , subject to rules of the company
Limit	Without Limit	

Current liability:

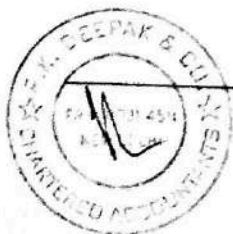
	Gratuity (Rs)	Leave Salary (Rs)
Current Liability	2,99,11,116	1,44,02,055
Non Current Liability	11,30,24,310	7,12,83,331
Total Liability	14,29,35,426	8,56,85,386

Projections for next Period:

Best estimate for contribution during next year	93,01,181	-
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Accounting Standard -18 Related party Disclosure

Related Party	State Bank of India	NABARD
Deposits	(Rs. In Lakh)	(Rs. In Lakh)
Current A/c	677.67	0.00
Fixed Deposit	7496.02	0.00
Loan Repayment (Refinance)	0.00	500.00



STATUTORY AUDIT FOR THE FY 2021-22

f) Accounting Standard 19- Leases

The Bank has taken premises only on rental basis and are on cancellable lease only having no impact on the future years.

g) Accounting Standard -22 Accounting for taxes on Income.

In view of the accumulated losses, the management does not see any reasonable certainty that sufficient future taxable income will be available against which deferred tax assets can be realized. Hence, deferred tax is not provided in the books of accounts.

h) Accounting Standard-28- Impairments of Assets

There is no material impairment in the Cash generating assets of the Bank and hence, no provision is required.

i) Accounting Standard-29 -Provisions, Contingent Liabilities and Contingent Assets

- a) The Bank recognises provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

For R K Deepak & Co.

Chartered Accountants

FRN: 003145N



(CA Ketan Khanna)

Partner



Mushtaq Ahmad Malik
General Manager (GB/IT)



Abdul Rashid Bhat

General Manager (Credit)



Arshadul Islam

Chairman

Membership Number: 548347

Place: Srinagar

Date: 15th April 2022



SCHEDULE-18

NOTES ON ACCOUNTS

1. No Fraud has taken place in our Bank during the year 2021-22.
2. **Inter office account:** Inter Office Accounts between branches and Head Office is being reconciled on an ongoing basis and no material effect is expected on the profit and loss account of the current year.
3. **Inter Bank Participation Certificate (IBPC)/ PSLC**
Bank hasn't issued/ participated in IBPC this year. However, transaction of Rs.103.00 Crore has been done under PSLC through E-Kuber Portal of the Reserve Bank of India as under:
PSLC SM (Sale) ₹ 172.00 cr
PSLC G (Buy) ₹ 69.00 cr.
An amount of Rs. 228.16 Lakh has been earned as premium in this process during the year 2021-22.
4. Other assets in Schedule -11 to the Balance Sheet include unsecured staff festival advance of ₹ 44.24 Lakh and Dacoity & theft claims of Rs 36.51 Lakh at various branches as on 31.03.2022.

5. Contingent Liabilities

Claims against the Bank not acknowledged as debts	The Bank is a party to various proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial Banking the Bank issues endorsements and other documentary credits and guarantees obligations on behalf of its customer's on the basis of credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payment in the event of the customer failing to fulfil its financial or performance obligations.
Other items for which the Bank is contingently liable	The Bank is a party to various taxation matters in respect of which appeals are pending. These are contested by the Bank and not provided for due to uncertainty of the amount involved. The Bank has provided an amount of Rs. 1429.35 to gratuity trust fund as per valuation carried out by actuarial as on 31.03.2022.
The Depositors Education and Awareness Fund Scheme 2014-Selection 26A of B.R. Act 1949	Bank has calculated the cumulative balances in all eligible accounts and transferred the amounts as per guidelines issued by R B I. As on 31.03.2022 and amount of Rs 22.32 Lakh is outstanding in this account
Secured Bank Guarantee	Bank has not issued any Bank Guarantees.



STATUTORY AUDIT FOR THE FY 2021-22

6. Depreciation of ₹ 108 Lakhs on fixed assets has been made in the year 2021-22. The amount of depreciation has been arrived at in line with the accounting policies followed by the State Bank of India.
An amount of ₹ 8.03 lakh has been adjusted against liability of Rs. ₹ 45.00 lakh received under FIF from NABARD for mobile vans purchased during the year 2021-22.
7. Various other expenses amounting to ₹ 745.76 Lakhs pertaining to the financial ending 31.03.2022 have been provided for.
8. As per the schedule-8 Bank has shifted most of the investments from TDR's with other Bank's under Non-SLR category to Govt. Securities for better yield, which is provided for in the investment policy.

(Amount in Rupees)

Particulars	FY 2021-22	FY 2020-21	FY 2019-20
TDR with Banks	1203502385.00	1386932171.00	1747474511.00
Govt. Securities	6131102703.08	5849332390.20	4717899055.85
Liquid Mutual Fund	0.00	0.00	150000000.00
Gratuity Fund Trust	0.00	0.00	136847465.00

- The interest income from investments in Govt. Securities is 4123.48 lakh as 31.03.2022.
- Accordingly the interest income from term deposits is 345.56 lakh as 31.03.2022.
9. The gratuity and leave salary provisions have been created on the basis of Actuarial calculation made by M/S Ashok Kumar Garg (Actuary). The details of calculations are provided under Schedule-17.
10. Bank has made a provision of ₹ 25,24,58,196.19/- on account of pension liability that has accrued as a result of adoption of Pension Scheme in the Bank and publishing of the same as GOI Gazette notification during the financial year 2018-19
11. Previous year's figures have been re-grouped and reclassified, wherever necessary and determinable, to make them comparable with current year's figures.

For R K Deepak & Co.
Chartered Accountants

FRN: 003145N

(Signature of CA Ketan Khanna)

(CA Ketan Khanna)

Partner

Membership Number: 548347

Place: Srinagar

Date: 15th April 2022

(Signature of Mushtaq Ahmad Malik)
Mushtaq Ahmad Malik
General Manager (GB/IT)

(Signature of Abdul Rashid Bhat)
Abdul Rashid Bhat
General Manager (Credit)

(Signature of Arshadul Islam)
Arshadul Islam
Chairman



STATUTORY AUDIT FOR THE FY 2021-22

ENCLOSURE TO THE NOTES ON ACCOUNTS

(A) Prudential guidelines on management of the Non-SLR Investment Portfolio by RRBs
Disclosures requirements.(vide Paragraph 15 of the Guidelines)

A. Capital

Sr. No.	Particulars	Financial year (2021-22)	Financial year (2020-21)	Financial year (2019-20)
i)	CRAR (%)	-1.20	-8.22	-0.75
ii)	Percentage of Shareholding of the Government of India	50%	50%	48.19%
a.	State Government	15%	15%	15.54%
b.	Sponsor Bank (State Bank of India)	35%	35%	36.27%

B. Investments:

(In Lakhs)

Sr. No.	Particulars	Financial year (2021-22)	Financial year (2020-21)	Financial year (2019-20)
1	Value of Investments	73346	72363	67645
i)	Gross Value of Investments	73346	72363	67645
ii)	Provisions for Depreciation	NIL	NIL	NIL
iii)	Net Value of Investments	73346	72363	67645
2.	Movement of provision held towards depreciations on investments	NIL	NIL	NIL
i)	Opening Balance	NIL	NIL	NIL
ii)	Add : Provisions made during the year	NIL	NIL	NIL
iii)	Less : Write off/ write back of excess provision during the Year	NIL	NIL	NIL
iv)	Closing Balance	NIL	NIL	NIL

C. Maintenance of S.L.R. under "Held To Maturity" Category at the end of Year:

(In Lakhs)

Sr. No.	Particulars	Amount
1.	NDTL as on 31.03.2022	135100
2.	Required S L R (18.00% of NDTL) to be kept under HTM w.e.f.27.03.2020)	24318
3.	Investment under Held to Maturity as on 31.03.2022	24760
4.	Percentage to NDTL held in HTM Category	18.33
5.	Investment under AFS as on 31.03.2022	36551

D. Repo Transactions:

NIL

NIL



STATUTORY AUDIT FOR THE FY 2021-22

E. Non SLR Investment Portfolio:**(i) Issuer composition of Non SLR Investment:**

(In Lakhs)

No.	Issuer	Amount	Extent of Private placement	Extent of below investment grade securities	Extent of unrated securities	Extent of unlisted securities
1	2	3	4	5	6	7
i)	PSUs	-	-	-	-	-
ii)	FLS	-	-	-	-	-
iii)	Banks	-	-	-	-	-
iv)	Private Corporate	-	-	-	-	-
v)	NABARD	0.00	-	-	-	-
	SBI Mutual Fund (Magnum Insta Cash)	0.00				
	Gratuity Trust Fund (SBI)	0.00				
vi)	Provisions held towards depreciation	0.00	-	-	-	-
	Total	0.00	-	-	-	-

(ii) Non-performing Non-SLR Investments:

NIL

NIL

6. ASSETS QUALITY:**6.1 Non-Performing Assets:**

(In Lakhs)

Sr. No.	Particulars	Financial Year (2021-22)	Financial Year (2020-21)	Financial Year (2019-20)
i)	Net NPAs to Net Advances (%)	7.59	10.80	15.35
ii)	Movement of NPAs (Gross)			
(a)	Opening balance	8913	9697	7086
(b)	Additions during the year	9439	1467	6383
(c)	Reductions during the year	10131	2251	3772
(d)	Closing balance	8221	8913	9697
iii)	Movements of Net NPAs			
(a)	Opening balance	4973	6184	4188
(b)	Additions during the year	8495	767	3272
(c)	Reductions during the year	9497	1978	1276
(d)	Closing balance	3971	4973	6184
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)			
(a)	Opening balance	3940	3513	2898
(b)	Provisions made during the year	1048	980	670



STATUTORY AUDIT FOR THE FY 2021-22

(c)	Write-off/ Write-back of excess provisions	-737	-553	-55
(d)	Closing balance	4251	3940	3513

6.2 Details of Loan Assets subject to Restructuring upto 31.03.2022: NIL

6.3 Details of financial assets sold Securitization (SC)/ Reconstruction Company (RC): Nil

6.4 Details of non-performing financial assets purchased/ Sold:

(A) Details on non performing financial assets purchased : Nil

(B) Details of non-performing financial assets sold : Nil

6.5 Provision on Standard Asset :

(In Lakhs)

Sr. No.	Particulars	Current year (2021-22)	Previous year (2020-21)
1.	Provisions towards Standard Assets	130	91

7. Business Ratio:

(In Lakhs)

Sr. No.	Particulars	Current year (2021-22)	Previous year (2020-21)
(i)	Interest Income as a percentage to working Funds.	6.63	7.48
(ii)	Non-interest income as a percentage of working funds.	1.42	1.27
(iii)	Operating Profit as a percentage of working funds	0.16	1.67
(iv)	Returns on Assets	-2.08	-2.03
(v)	Business (Deposits plus advances) per employee	604	584
(vi)	Profit per employee	-10.75	-10.54

8. Asset Liability Management – Maturity pattern of certain items of Assets and liabilities

(In Lakhs)

Particulars	1 to 14 days	15 to 28 days	29 to 3 months	3-6 months	Over 6 month and upto 1 year	Over 1 year and upto 3 years	Over 3 year and upto 5 years	Over 5 year	Total
Deposits	8151	2151	10881	12648	31129	60387	1938	2029	129314
Gross Advances	9569	317	4874	6942	18966	2529	6175	7203	56575
Investments (SLR + Non SLR)	3883	3492	364	3372	2481	673	499	58582	73346
Borrowings	0	0	0	0	500	0	0	0	500
Foreign Currency assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Foreign currency liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

9. Exposures – Exposure to Real Estate Sector: Nil



STATUTORY AUDIT FOR THE FY 2021-22

10. Details of Single Borrower (SGL) Group Limit (GBL) exceeded by the bank: Nil

11. Miscellaneous – Amount of provisions made for Income-tax during the year.

Sr. No.	Particulars	Current year (2021-22)	Previous year (2020-21)
	Provision for Income Tax	NIL	NIL

12. Disclosure of Penalties imposed by RBI: Nil

13. Draw Down from Reserve: Nil

14. Disclosure of Complaints:

A. Customer Complaints

Sr.	Particulars	Details
A	No. of complaints pending at the beginning of the year	0
B	No. of complaints received during the year.	0
C	No. of complaints redressed during the year.	0
D	No. of complaints pending at the end of the year.	0

B. Award passed by the Banking Ombudsman

Sr.	Particulars	Details
A	No. of unimplemented Awards at the beginning of the year.	NIL
B	No. of Awards passed by the Banking Ombudsman during the year.	NIL
C	No. of Awards implemented during the year.	NIL
D	No. of unimplemented Awards at the end of the year.	NIL

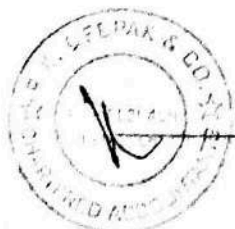
15. Disclosure of DEAF Accounts: Quarter ended upto 31.03.2022

With reference to Reserve Bank of India Circular RBI/2013-14/614 DBOD, No. DEAF Cell, BC114/30.01.002/2013-14 dated 27.05.2014 banks have been calculating the cumulative balance of all eligible unclaimed deposit accounts along with earliest accrued and remitting the same under Portal facility of the E-Kuber through State Bank of India (Sponsor Bank) to a designated account "DEAF Account 16/00/006009 maintained with Reserve Bank Of India.

The amounts transferred to DEAF Accounts are as under:

(In Lakhs)

Particulars	Current year (2021-22)	Previous year (2020-21)
Opening Balance and transferred to DEAF	23.17	23.35
Add : Amount transferred to DEAF during the year	0.00	0.00
Less Amount reimbursed by DEAF towards claim during the year	0.85	0.18
Closing Balance of Amounts transferred to DEAF as on	22.32	23.17



STATUTORY AUDIT FOR THE FY 2021-22

16. Concentration of Deposits**(In Lakhs)**

Total Deposits of twenty largest depositors	2795.83
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	2.16

17. Concentration of Advances

Total Advances to twenty largest borrowers	727
Percentage of Advances to twenty largest borrowers to Total Advances of the bank	1.29

18. Concentration of Exposures**(In Lakhs)**

Total Exposures of twenty largest borrowers/customers	727
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the bank on borrowers/customers	1.29

19. Concentration of NPAs**(in Lakhs)**

Total Exposure to top four NPA accounts	283.53
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20. Sector-wise N P A

Sl No.	Sector	(In Lakhs)					
		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
A	Priority Sector						
1	Agriculture and allied activities	24798	3339	13.46	24606	2781	11.30
2	Advances to industries sector eligible as priority sector lending	24847	4210	16.94	20175	5348	26.51
3	Services	0	0	0	0	0	0
4	Personal loans	2745	114	4.15	1629	150	9.21
	Sub-total (A)	52390	7663	14.63	46410	8279	17.84



STATUTORY AUDIT FOR THE FY 2021-22

B	Non-Priority Sector						
1	Agriculture and allied activities	0	0	0	0	0	0
2	Industry	0	0	0	0	0	0
3	Services	0	0	0	0	0	0
4	Personal loans	4185	558	13.33	3564	634	17.79
	Sub-total (B)	4185	558	13.33	3564	634	17.79
	Total (A+B)	56575	8221	14.53	49974	8913	17.84

21. Movement of NPAs

Particulars		Amount (In Lakhs)
Gross NPAs as on 1st April of particular year (Opening balance)		8913
Additions (Fresh NPAs) during the year		9439
Sub-total (A)		18352
Less:		
(i)	Upgradation	5358
(ii)	Recoveries (Excluded recoveries made from upgraded accounts)	4036
(iii)	Write-offs	737
Sub Total (B)		10131
Gross NPA as on 31 st March 2022 (A-B)		8221

For R K Deepak & Co.
Chartered Accountants

FRN: 003145N

Ketan Khanna

(CA Ketan Khanna)

Partner

Membership Number: 548347

Place: Srinagar

Date: 15th April 2022

Mushtaq Ahmad Malik

Mushtaq Ahmad Malik
General Manager (GB/IT)

Abdul Rashid Bhat

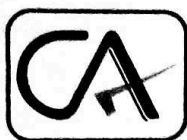
Abdul Rashid Bhat
General Manager (Credit)

Arshadul Islam

Arshadul Islam
Chairman



STATUTORY AUDIT FOR THE FY 2021-22



R.K. DEEPAK & CO.

CHARTERED ACCOUNTANTS

* A PEER REVIEWED FIRM *

527-R, IInd Floor, City Tower, Model Town, Ludhiana - 141 002

Ph.: +91-161-4621064, M.: +91-98724-20064, 98888-23629

E-mail : rkdeepak.ca@gmail.com, contact@rkdeepak.co

Website : www.rkdeepak.co

Independent Auditor's Report

To

The Members

EllaquaiDehati Bank

Nirmaan Complex, 3rd Floor

I.G Road, Barzulla

Srinagar (J&K)

Report on Audit of the Standalone Financial Statements

Opinion

1. We have audited the standalone financial statements of Ellaquai Dehati Bank **except Statement of Cash Flows**, which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss and the **Statement of Cash Flows(not provided)** for the year then ended, and notes to financial statements including a summary of significant accounting policies and other explanatory information in which are included returns for the year ended on that date of **20** branches audited by us and **43** branches audited by statutory branch auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Reserve Bank of India. Also included in the Balance Sheet, the Statement of Profit and Loss and Statement of Cash Flows (not provided) are the returns from **50** branches which have not been subjected to audit. These unaudited branches account for **24.48** percent of advances, **35.97** per cent of deposits, **12.96** per cent of interest income and **35.85** per cent of interest expenses.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements **except Statement of Cash Flows** give the information required by the Banking Regulation Act, 1949 in the manner so required for bank and are in conformity with accounting principles generally accepted in India and:

- a. the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at 31st March, 2022;
- b. the Profit and Loss Account, read with the notes thereon shows a true balance of profit/loss (as applicable); and
- c. the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date. **(Not provided)**

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidences we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

4. The Bank need to improve the automation system to downgraded the accounts automatically if it not fulfils the requirement of Standard Assets.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

5. The Bank's Board of Directors is responsible with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India (RBI) from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds 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 financial statements 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 but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

6. 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 consider 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.

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.

From the matters communicate with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

7. We did not audit the financial statements / information of 50 branches included in the standalone financial statements of the Bank whose financial statements / financial information reflect total assets of Rs. 13862.22 lakhs as at 31st March 2022 and total revenue of Rs.1091.32 lakhs for the year ended on that date, as considered in the standalone financial statements. The financial statements / information of these branches has been audited by the branch auditors whose reports have been furnished to us, and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, are based solely on the report of such branch auditors.

8. The audit procedures as prescribed under ICAI issued Standards on Auditing, including but not limited to:

- Inspection, observation, examination and verification of the original documents/ files
- Physical verification of cash/ gold/stationery items including adequate internal controls thereof
- Examination of the various documents with regard to primary and collateral security
- Verification of the valuation and legal reports of the Immovable properties charged to the bank branch



- Scrutiny of the cash credit facility documents files / Stock statements and other QIS submitted by borrowers
- Scrutiny of the Sanction / Renewals / Review / appraisal / disbursement / compliance and detailed documentation as per laid down procedures including execution of requisite documentation
- Examination of the Inspection / visit reports of the branch officials
- Observation with regard to dual custody of cash in hand / ATM
- Examination of the FA register, physical verification process / Stationery movements records
- Verification of various bank records in relation to bank guarantees / Letter of credit / letter of comforts etc.
- Adequate audit procedures for various assertions specified in Ghosh & Jilani Committee Reports
- Observation with regard to access controls and data security
- Verification for timely receipt of the stock / book statements / FSs / QIR from borrowers and scrutiny thereof
- Physical verification of investments (If applicable)

9. The following observations require immediate attention:

- Cash Management at branch level should be closely monitored.
- Closing Cash in hand, as on 31st March, 2022 is as certified by the Management.
- Interest on various Investments (SLR, TDR and Mutual Fund) as certified by the Management have been relied upon.
- NPA management and provision should be properly monitored.

Report on Other Legal and Regulatory Requirements

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

11. Subject to the limitations of the audit indicated in paragraphs 5 to 9 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, 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 purposes 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; and
- c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

12. As required by the RBI's letter no. DOS.ARG.NO.6270 /08.91.001/2019-20 dated March 17, 2020 as amended ("RBI Directives"), we report that:

- a) The observation or comments on financial transactions or matters which have any adverse effect on the functioning of the Bank / Branch, if any, are given in Annexure B
- b) The qualification, reservation or adverse remarks relating to the maintenance of accounts and other matters connected therewith, if any, are given in Annexure B

13. We further report **except for the Statement of Cash Flows** that:



- a) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books [and proper returns adequate for the purposes of our audit have been received from branches not visited by us]
- b) The Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows **(not provided)** dealt with by this report are in agreement with the books of account [and with the returns received from the branches not visited by us;
- c) The reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report; and
- d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Statement of Cash Flows **(not provided)** comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

FOR R.K. DEEPAK & CO.
Chartered Accountants
FRN: 003145N



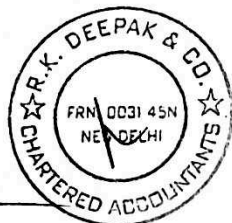
(KETAN KHANNA)

Partner

Membership No:548347

Place: Srinagar

Date: 15TH April, 2022



Annexure-B

a. The observation or comments on financial transaction or matters which have any adverse effect on the functioning of the Bank / Branch.

1. The Concurrent Audit of the system needs to be strengthened.
2. The examination of Internal Checks and Control System comprising internal audit and inspection, other documents, loan reviews, etc. revealed some deficiencies in the system needs to be improved.
3. The system of Review / renewal of KCC Loans need to be improved.
4. The Bank had introduced system generated NPA mechanism but there is manual intervention in the system and all Accounts are not automatically identified as NPA. The system for identification of NPA needs to be made immune to manual intervention.
5. The follow up and monitoring was not effective and action needs to be taken for non-submission of Stock Statements and Income Tax Returns.
6. The Loan mechanism of the branch needs improvement, specifically the documentation of loans sanctioned. As per our observation KYC documents like PAN were missing in most of the accounts; CIBIL score reports and audited/signed financials were not available.

b. The qualification reservation or adverse remarks relating to the maintenance of accounts and other matters connected therewith, if any, are given in Annexure B

1. The system of Review / renewal of KCC Loans need to be strengthened.
2. The Bank had introduced system generated NPA mechanism but there is possibility of manual intervention in the system and all Accounts are not automatically identified as NPA. The system for identification of NPA needs to be made fool proof to prevent manual intervention.

