



NORTH EAST SMALL FINANCE BANK LIMITED

Guwahati, Assam

BALANCE SHEET AS AT MARCH 31, 2021

(INR in '000)

PARTICULARS	Schedule No.	As at Mar 31, 2021	As at Mar 31, 2020
CAPITAL AND LIABILITIES			
Capital	1	29,33,850	29,33,850
Reserves and Surplus	2	7,90,677	7,18,852
Deposits	3	1,27,72,308	89,01,398
Borrowings	4	58,49,333	74,99,875
Other Liabilities and Provisions	5	2,37,283	6,19,191
TOTAL		2,25,83,451	2,06,73,166
ASSETS			
Cash and Balance with Reserve Bank of India	6	9,92,094	9,24,240
Balance with Banks and Money at call & short notice	7	10,21,752	18,36,748
Investments	8	31,36,792	35,31,524
Advances	9	1,65,46,629	1,34,82,815
Fixed Assets	10	3,04,795	2,84,409
Other Assets	11	5,81,389	6,13,430
TOTAL		2,25,83,451	2,06,73,166
Bills for Collection & Contingent Liabilities	12	-	-

Significant Accounting Policies and notes to the financial statements

17 & 18

Schedules referred to above form an integral part of the Balance Sheet

The Balance Sheet has been prepared in conformity with the Form A of the Third Schedule to the Banking Regulation Act, 1949

As per our review report of even date

For and on behalf of the Board of Directors

For **MSKA & Associates**

Chartered Accountants

Firm Registration Number : 105047W


Puneet Agarwal
Partner
Membership No - 064824



Kolkata

July 30, 2021


Tapan Kumar Hazarika
Chairman
DIN : 08088195


Rupali Kalita
Managing Director & CEO
DIN : 02114098


Manjula Saikia Bhuyan
Independent Director
DIN : 08156782


Ketan Kumar Joshi
Chief Financial Officer
M. No. 056916

Guwahati

July 30, 2021





NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati Assam
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2021

PARTICULARS	Schedule No.	For the Year Ended Mar 31, 2021	(INR in '000) For the Year Ended Mar 31, 2020
I. INCOME			
Interest Earned	13	31,44,135	30,54,378
Other Income	14	1,79,631	1,96,646
TOTAL		33,23,766	32,51,024
II. EXPENDITURE			
Interest Expended	15	13,91,212	13,67,295
Operating Expenses	16	14,19,899	13,26,198
Provisions and Contingencies		4,40,830	4,31,640
TOTAL		32,51,941	31,25,133
III. PROFIT			
Net Profit After Tax		71,825	1,25,891
Add: Balance in Profit & Loss Account Brought Forward from Previous Year		4,68,432	4,16,513
TOTAL		5,40,257	5,42,404
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		17,956	31,472
Transfer to Investment Fluctuation Reserve		50,000	42,500
Balance Carried to Balance Sheet		4,72,301	4,68,432
TOTAL		5,40,257	5,42,404
Earnings Per Share (Face value per share ₹10 each)			
Basic		0.24	0.43
Diluted		0.24	0.43

Significant Accounting Policies and notes to the financial statements

17 & 18

Schedules referred to above form an integral part of the Profit & Loss Account

The Profit & Loss Account has been prepared in conformity with the Form B of the Third Schedule to the Banking Regulation Act, 1949

As per our review report of even date
For **MSKA & Associates**

For and on behalf of the Board of Directors

Chartered Accountants
Firm Registration Number : 105047W


Puneet Agarwal
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Tapan Kumar Hazarika
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July 30, 2021





NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam
SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	(INR in '000)	
	As at Mar 31, 2021	As at Mar 31, 2020
SCHEDULE 1 - Share Capital		
Authorised Share Capital:		
Equity Share Capital 500,000,000 Shares of Rs.10 each	50,00,000	50,00,000
Issued, Subscribed and Paid up Capital		
Equity Share Capital 293,384,995 Shares of Rs.10 each	29,33,850	29,33,850
Total	29,33,850	29,33,850
SCHEDULE 2 - Reserves and Surplus		
I. Statutory Reserve		
Opening Balance	1,79,701	1,48,229
Additions during the year	17,956	31,472
Closing Balance	1,97,657	1,79,701
II. Investment Fluctuation Reserve		
Opening Balance	70,719	28,219
Additions during the year	50,000	42,500
Closing Balance	1,20,719	70,719
III. Balance in Profit and Loss Account	4,72,301	4,68,432
Total (I to III)	7,90,677	7,18,852
SCHEDULE 3 - Deposits		
A.I. Demand Deposits		
(i) From Banks	9,544	31,854
(i) From Others	3,60,709	98,577
II. Savings Bank Deposits	52,69,046	32,01,093
III. Term Deposits		
(i) From Banks	11,11,729	13,75,400
(ii) From Others	60,21,280	41,94,474
Total (I to III)	1,27,72,308	89,01,398
B.I. Deposits of Branches in India	1,27,72,308	89,01,398
B.II. Deposits of Branches outside India	-	-
Total (B.I and B.II)	1,27,72,308	89,01,398





NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam
SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	(INR in '000)	
	As at Mar 31, 2021	As at Mar 31, 2020
SCHEDULE 4 - Borrowings		
I. Borrowings in India		
i) Reserve Bank of India	-	-
ii) Other Banks	-	-
iii) Other Institutions and Agencies	51,21,833	59,49,875
iv) Others (Non-Convertible Redeemable Debentures)	7,27,500	15,50,000
Total	58,49,333	74,99,875
II. Borrowings outside India	-	-
Total (I and II)	58,49,333	74,99,875
Secured Borrowings included in I and II above	51,21,833	59,49,875
SCHEDULE 5 - Other Liabilities and Provisions		
I. Interest Accrued	40,151	72,643
II. Provision for Standard Advances*	61,595	1,34,256
III. Adhoc Provision against loans**	23,391	2,21,897
IV. Others (Including Provisions other than Loans & Advances)	1,12,146	1,90,395
Total (I to III)	2,37,283	6,19,191
<p>* During previous FY 2019-20, Provision on Standard Advances included INR 82,133 thousands as an additional provision @ 10% towards 42,801 Standard Accounts rescheduled due to disturbances created in districts of Upper Assam in the quarter ended Dec 31,2019. In the Current FY 2020-21 it is netted off from Gross Advances in line with RBI AFI 2020 findings & identifying these accounts as Restructured Substandard.</p> <p>** Adhoc provision as on 31st March 2020, includes INR 1,57,297 thousands towards COVID 19 provision (created @ 5% on borrowers where moratorium was given) and INR 64,600 thousands towards floating provision created by the Bank. As per RBI circular dated 17th April 2020, the COVID 19 provision of INR 1,57,297 thousands and another provision of INR 1,57,297 thousands created during FY 2020-21 has been utilised against slippages as on 31st March 2021.</p> <p>As per RBI AFI 2020 and RBI Circular dated 5th May 2021, out of opening floating provision of INR 64,600 thousands & created during the year INR 81,951 thousands, the Bank has utilised INR 1,23,160 thousands against slippages as on 31st March 2021.</p>		
SCHEDULE 6 - Cash and Balance with Reserve Bank of India		
I. Cash in hand	1,79,326	1,31,044
II. Balances with Reserve Bank of India		
i) In Current Accounts	8,12,768	7,93,196
Total (I and II)	9,92,094	9,24,240





NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam
SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	(INR in '000)	
	As at Mar 31, 2021	As at Mar 31, 2020
SCHEDULE 7 : Balances with Banks and Money at Call and Short Notice		
I. In India		
A) Balances with banks		
i) In Current Accounts	2,41,644	2,17,658
ii) In Other Deposit Accounts	5,22,000	14,19,090
B) Term Money/Money at call and short notice		
i) With other Institutions	2,58,108	2,00,000
Total (I)	10,21,752	18,36,748
* Include fixed deposit of ₹ 30,108 (Previous year ₹ 69,090) held under lien		
II. Outside India	-	-
Total (II)	-	-
Total (I and II)	10,21,752	18,36,748
SCHEDULE 8 - Investments		
I. Investments in India		
i) Government Securities	31,36,792	32,31,524
ii) Others (Investment in Mutual Funds)	-	3,00,000
Total (I)	31,36,792	35,31,524
II. Investments Outside India	-	-
Total (II)	-	-
Total (I and II)	31,36,792	35,31,524
Gross Investments	31,36,792	35,31,524
Less : Provision for Investments	-	-
Net Investments	31,36,792	35,31,524
SCHEDULE 9 - Advances		
A. i) Cash Credits, Overdrafts and Loans repayable on demand	1,38,040	94,312
ii) Term Loans	1,64,08,589	1,33,88,503
Total	1,65,46,629	1,34,82,815
B. i) Secured by Tangible Assets	35,54,200	99,570
ii) Covered by Banks/Government Guarantees	-	-
iii) Unsecured	1,29,92,428	1,33,83,245
Total	1,65,46,629	1,34,82,815
C.I. Advances in India		
i) Priority Sectors	1,60,70,225	1,32,41,015
ii) Public Sectors		
iii) Banks		
ii) Others	4,76,404	2,41,800
Total C.I	1,65,46,629	1,34,82,815
C.II. Advances outside India	-	-
Total C.II	-	-
Total C (I and II)	1,65,46,629	1,34,82,815





NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam
SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	(INR in '000)	
	As at Mar 31, 2021	As at Mar 31, 2020
SCHEDULE 10 - Fixed Assets		
I. Owned Assets :		
a) Premises	-	-
b) Fixed Assets (Including Furnitures and Fixtures)		
At the beginning of the year	4,15,443	2,95,768
Additions during the year	1,06,545	1,20,051
Deductions during the year	(1,524)	(377)
Total (I)	5,20,464	4,15,442
II) Depreciation		
At the beginning of the year	1,31,033	60,133
Charge for the year	84,940	71,139
Deductions during the year	(304)	(239)
Total (II)	2,15,669	1,31,033
Net Block (I - II)	3,04,795	2,84,409
SCHEDULE 11 - Other Assets		
i. Interest Accrued	3,48,419	2,90,695
ii. Tax paid in advance (net of provision for tax)	53,232	1,24,105
iii. Deferred Tax Assets	24,715	48,395
iv. Others	1,55,023	1,50,235
Total	5,81,389	6,13,430
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims Against the Bank not Acknowledged as debts	-	-
II. Liability for partly paid investments	-	-
III. Liability on accounts of outstanding forward exchange and derivative contracts:	-	-
IV. Guarantees Given on behalf of constituents	-	-
V. Acceptances, endorsements and other Obligations	-	-
VI. Other Items for which the bank is contingently liable.	-	-
Total	-	-

Note: The Holding Company of the Bank had received income tax demand order of Rs. 35,25,135 thousands from income tax authorities for the Assessment year 2017-18. This majorly includes the demand towards Share capital raised by the Holding Company during the assessment year, cash deposits done during the period of demonetisation on account of collection from various customers and interest thereon. The Holding Company had filed an appeal against order before Commissioner of Income Tax (Appeals).

As per the terms of Business Transfer Agreement executed between the Holding Company and the Bank, in the event of crystallisation of this contingent liability, the Bank may have to reimburse the same to the Holding Company.





NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

PARTICULARS	For the Year Ended Mar 31, 2021	(INR in '000) For the Year Ended Mar 31, 2020
SCHEDULE 13 - Interest Earned		
I. Interest on Advances	28,15,767	27,78,711
II. Income on Investments	2,14,316	1,47,979
III. Interest on Balances with RBI and Other Inter-Bank Funds	1,06,606	1,27,688
IV. Other interest Income	7,446	-
Total (I to IV)	31,44,135	30,54,378
SCHEDULE 14 - Other Income		
I. Commission, Exchange & Brokerage	1,39,247	1,24,784
II. Profit on sale of Investments	22,144	41,385
Less: Loss on Sale of Investments	(34,192)	-
III. Profit on sale of land, buildings and other assets	-	202
IV. Miscellaneous Income*	52,432	30,275
Total (I to IV)	1,79,631	1,96,646

* Miscellaneous Income includes INR 38,250 thousands from sale of PSLC of INR 25,00,000 thousands (Previous year : NIL)

SCHEDULE 15 - Interest Expended

I. Interest on Deposits	7,30,651	4,82,559
II. Interest on all other borrowings	6,60,561	8,84,736
Total (I to II)	13,91,212	13,67,295

SCHEDULE 16 - Operating Expenses

I. Payments and Provisions for Employees	8,43,734	7,73,669
II. Rent, Taxes and Lighting	1,11,982	90,910
III. Printing and Stationery	15,464	14,292
IV. Advertisement and Publicity	13,335	37,929
V. Depreciation on Bank's property	84,940	71,139
VI. Director's Fees's, Allowances & Expenses	2,580	1,875
VII. Auditors fees and expenses*	5,040	6,099
VIII. Law Charges	-	43
IX. Postage, Telegrams, Telephones, etc	37,249	27,815
X. Repairs and Maintenance	46,004	34,717
XI. Insurance	21,396	12,317
XII. Other expenditure	1,34,598	1,65,371
XIII. IT Cost (FIS)	1,03,577	90,022
Total (I to XIII)	14,19,899	13,26,198

*** Payment to Auditors**

As Auditor :

i) Statutory Audit of the Bank	3,500	3,500
ii) Limited Review of the Bank	1,200	1,500
iii) Tax Audit of the Bank	300	500
iv) Reimbursement of the Bank	40	599
Total	5,040	6,099





NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati Assam
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

PARTICULARS	For the Year Ended Mar 31, 2021	(INR in '000) For the Year Ended Mar 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	1,15,835	1,93,172
Adjustment For:		
(Profit)/Loss on sale of Fixed Assets	133	(202)
Fair value gain on SG securities	20,989	(5,941)
Contingent Provisions for Standard Assets	(72,662)	78,803
Adhoc Provision against NPA	(1,98,506)	2,21,897
Depreciation & Amortisation	84,940	71,139
Provision for Risk Insurance & welfare	-	(19,808)
Provision for Non Performing / Bad Assets	6,67,988	1,889
Operating Profit before Working Capital Changes (1)	6,18,717	5,40,948
Adjustments for:		
Decrease/(Increase) in Other Assets	70,531	(50,032)
Decrease/(Increase) in Term Deposits with other Banks	5,38,982	(9,00,000)
Increase/(Decrease) in Other liabilities and Provisions	(1,10,740)	(2,24,059)
Decrease/(Increase) in Advances	(37,31,801)	3,55,033
Decrease/(Increase) in Investments	3,73,744	(17,72,531)
Increase/(Decrease) in Deposits	38,70,910	62,27,665
Cash generated from / (used) in Operations (2)	10,11,625	36,36,076
Subtotal (1+2)	16,30,341	41,77,024
Taxes Paid	(82,500)	(1,26,500)
Net Cash Flow from / (used) in Operating Activities	(A) 15,47,841	40,50,524
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(1,06,545)	(1,20,051)
Sale of Fixed Assets	1,087	340
Net Cash Flow used in Investing Activities	(B) (1,05,458)	(1,19,711)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Borrowings	(16,50,541)	(35,10,000)
Net Cash Flow from / (Used in) Financing Activities	(C) (16,50,541)	(35,10,000)
Net Increase / (Decrease) in Cash or Cash Equivalents (A+B+C)	(2,08,158)	4,20,813





NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati Assam
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

PARTICULARS	(INR in '000)	
	For the Year Ended Mar 31, 2021	For the Year Ended Mar 31, 2020
Opening Cash and Cash Equivalents	17,91,897	13,71,085
Cash and Cash Equivalents at the end of the year	15,83,738	17,91,897
Break up cash and cash equivalent		
Cash and Balance with RBI	9,92,094	9,24,240
Balance in current account with other banks	2,41,644	2,17,658
Deposits	1,00,000	4,50,000
Money at Call & Short Notice	2,50,000	2,00,000
Total Cash & Cash Equivalent	15,83,738	17,91,897

Notes:

1. The above Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard 3 of Cash Flow Statement.
2. Cash & Cash equivalent comprises of Cash & Bank balances with RBI, Balance with Other Banks, Money at Call & Short notice having original maturity of less than 3 months.
3. Figures in bracket indicate cash outflow.

As per our review report of even date attached
For MSKA & Associates

For and on behalf of the Board of Directors

Chartered Accountants
 Firm Registration Number: 105047W


Puneet Agarwal
 Partner
 Membership No - 064824

Kolkata
 July 30, 2021


Tapan Kumar Hazarika
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NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam

Schedule 17- Significant Accounting Policies

1. Background

North East Small Finance Bank Limited (the "Bank") is a public limited Company incorporated on July 25, 2016 under the provisions of the Companies Act, 2013 having CIN- U65100AS2016PLC017505, received in principle approval from the Reserve Bank of India ("RBI") to establish a small finance bank in the private sector under section 22 of the Banking Regulation Act, 1949 on September 16, 2015. The bank received license from the Reserve Bank of India (RBI) to operate as a Small Finance Bank under the Banking Regulation Act, 1949 with effect from March 31, 2017 and commenced its banking operations on October 17, 2017.

The Bank provides Retail banking services and wide range of financial services to economically poor in urban, semi-urban and rural areas. The Bank has its headquarter in Guwahati with nine zonal offices. The Bank operates in India concentrating in North East Region and West Bengal at present and does not have a branch in any foreign country.

2. Basis of Preparation

The financial statements have been prepared in accordance with the requirements prescribed under the Banking Regulation Act, 1949. The accounting and reporting policies of the Bank used in the preparation of these financial statements is the accrual method of accounting and historical cost convention and it conforms with Generally Accepted Accounting Principles in India ("Indian GAAP"), the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Companies Act, 2013 ("the Act") and the Companies (Accounting Standards) Amendment Rules 2016, in so far as they apply to banks and the guidelines issued by the RBI.

3. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liability) and the reported income and expenses during the period. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Future results could differ from actuals and the differences between the actual results and the estimates are recognized prospectively in which the results are known. Any revision to accounting estimates is recognized prospectively in current and future periods.

4. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured.

Interest Income is recognized in the statement of profit and loss on accrual basis, except in the case of nonperforming assets. Interest on non-performing assets is recognized upon realization as per the prudential norms of the RBI.

Processing fees collected on loans disbursed, along with related loan acquisition cost are recognised upfront at Inception of loan.

Interest on Government securities, debentures and other fixed income securities is recognized on a period proportion basis. Income on discounted instruments is recognized over the tenor of the instrument on a constant Yield to Maturity method.

All other Fee Based Income are accounted on accrual basis.

5. Investments

Classification and valuation of the Bank's investments are carried out in accordance with the RBI guidelines which are as follows:

Categorisation of Investments

The Bank classifies its investment at the time of purchase into one of the following three categories:

- i. Held to Maturity (HTM) – Securities acquired with the intention to hold till maturity
- ii. Held for Trading (HFT) – Securities acquired with the intention to trade.
- iii. Available for Sale (AFS) – Securities which do not fall within the above two categories

Subsequent shifting amongst the categories is done in accordance with the RBI guidelines.





NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam

Schedule 17- Significant Accounting Policies

Classification of Investments

For the purpose of disclosure in the Balance Sheet, investments are classified under six groups viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Investments in Subsidiaries and Joint Ventures, and (vi) Other Investments.

Acquisition cost

- i. Broken period interest on debt instruments is treated as revenue item. As per RBI guidelines, banks are not required to capitalize broken period interest as a part of the cost. However, in compliance with the Income tax guidelines bank is recognizing the broken period interest (dirty price) paid to the seller as interest receivable and recognizes the same in P/L a/c at time of realization.
- ii. Brokerage, commission, etc. pertaining to investments, paid at the time of acquisition is charged to the Profit and Loss account.
- iii. Cost of investments is computed based on the First in First Out basis.

Transfer Between Categories

Transfer between categories is done at the lower of the acquisition cost / book value / amortised cost / market value on the date of the transfer and depreciation, if any, on such transfer is fully provided for, in accordance with the RBI guidelines.

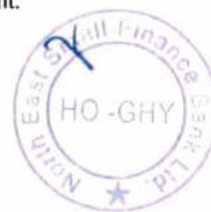
Valuation of Investments

- i. Held to Maturity – Each security in this category is carried at its acquisition cost. Any premium on acquisition of the security is amortized over the balance period to maturity. The amortized amount is classified under Interest earned – Income on investments (Item II of Schedule 13). The book value of the security is reduced to the extent of amount amortized during the relevant accounting period. Diminution, other than temporary, is determined and provided for each investment individually
- ii. Held for Trading – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.
- iii. Available for Sale – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification, is ignored, while net depreciation is provided for.
- iv. Market value of government securities (excluding treasury bills) is determined on the basis of the prices / YTM declared by Primary Dealers Association of India (PDAI) jointly with Financial Benchmarks India Private Limited.
- v. Treasury bills are valued at carrying cost, which includes discount amortized over the period to maturity
- vi. Purchase and sale transaction in securities are recorded under Settlement Date method of accounting, except in the case of the equity shares where Trade Date method of accounting is followed.
- vii. Provision for non-performing investments is made in conformity with RBI guidelines.
- viii. In the event, provisions created on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, the excess is credited to the Profit and Loss account and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provisions) is appropriated to an Investment Reserve Account (IRA). The balance in IRA account is used to meet provision on account of depreciation in AFS and HFT categories by transferring an equivalent amount to the Profit and Loss Appropriation account as and when required.
- ix. Unquoted equity shares are valued at their break-up value which is ascertained from the company's latest balance sheet. In case the latest balance sheet is not available the shares are valued at ₹ 10 per share.

Disposal of Investment

Investments classified as HFT or AFS - Profit or loss on sale or redemption is recognised in the Profit and Loss Account.

Profit in respect of sale or redemption of investments from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account. Loss on sale or redemption is recognised in the Profit and Loss Account.





NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam

Schedule 17- Significant Accounting Policies

6. Loans/Advances and Provision thereon

Classification:

Advances are classified as per RBI guidelines into standard, sub-standard, doubtful and loss assets after considering subsequent recoveries to date.

Provision:

Specific loan loss provisions are made for NPAs based on management's judgment of the degree of impairment of the loan subject to the minimum requirements as per the extant guidelines prescribed by the RBI. The provisions towards Standard Assets is made as per the extant RBI notifications and shall not be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets' under 'Other Liabilities and Provisions'.

Apart from the general provision made on standard assets as above, the Bank may also maintain additional general provisions to cover potential credit losses which are inherent in any loan portfolio but not identified from time to time basis approvals received from their Board of Directors.

Amounts recovered during the year against bad debts written off in earlier years are recognised in the Profit and Loss Account.

Provision no longer considered necessary in the context of the current status of the borrower as a performing asset, are written back to the Profit and Loss account to the extent such provisions were charged to the Profit and Loss account.

7. Fixed Assets (Tangible and Intangible)

7.1 Fixed assets are stated at cost, net of accumulated depreciation and impairment. The cost of an asset comprises its purchase price and any cost directly attributable to bringing the asset to its working condition and location for its intended use. Subsequent expenditure on fixed assets after its purchase is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

7.2 Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. If such assets are considered to be impaired, the impairment is recognized by debiting the profit and loss account and is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. An Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An Impairment loss is reversed only to the extent that the asset carrying value does not exceed the carrying value that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

7.3 Capital work-in-progress includes costs incurred towards creation of fixed assets that are not ready for their intended use.

7.4 All the Fixed Assets are capitalised on the basis of invoice payment.

8. Depreciation & Amortization

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost. Depreciation on tangible fixed assets has been provided on the Written Down Value (WDV) method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Leasehold improvements are amortized over the duration of the lease. The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

The useful life being followed by the Bank as prescribed in Schedule II to the Companies Act, 2013 is as follows

Asset	Useful Life as per Schedule II (years)
Computer	3
Furniture	10
Office equipment	5
Motor Vehicle	8
Server	6
Software	3
Goodwill	5





NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam

Schedule 17- Significant Accounting Policies

9. Employee Benefits

Provident Fund: Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Bank has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Bank does not carry any further obligations, apart from the contributions made on a monthly basis.

Gratuity: The Gratuity scheme of the Bank is a defined benefit scheme and the expense for the period is recognized on the basis of actuarial valuation at the Balance Sheet date. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that gives rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial losses/ gains are recognized in the Profit and Loss Account in the year in which they arise. Payment obligations under the Group Gratuity scheme are managed through purchase of appropriate policies from insurers.

Leave Encashment: Provision for compensated absences is made on the basis of actuarial valuation as at the Balance Sheet date. The actuarial valuation is carried out using the Projected Unit Credit Method. Actuarial losses/ gains are recognized in the Profit and Loss Account in the year in which they arise.

10. Taxes

Tax expenses comprise of current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized, in general, only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized; where there are unabsorbed depreciation and/or carry forward of losses under tax laws, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realized against future taxable income.

11. Cash and Cash equivalent

Cash and cash equivalents include cash in hand, balances with RBI, balances with other banks and money at call and short notice (excluding fixed deposits with original maturity of more than three months)

12. Segment Reporting

In accordance with the guidelines issued by the RBI vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated April 18, 2017 and accounting standard 17 (AS-17) on "Segment Reporting", the Bank's business has been segregated into Treasury and Retail banking segments, the Bank has adopted Segment Reporting as under:

Treasury includes all investment portfolios, Profit / Loss on sale of Investments, income from money market operations. The expenses of this segment consist of interest expenses on funds borrowed from external sources as well as internal sources and depreciation / amortization of premium on Held to Maturity category investments.

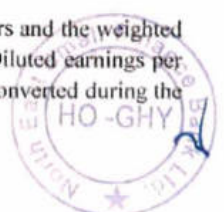
Retail Banking includes lending to and deposits from retail customers and identified earnings and expenses of the segment

Unallocated includes Capital and Reserves and other un-allocable assets, liabilities, income and expenses.

13. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year.





NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam

Schedule 17- Significant Accounting Policies

14. Provisions and contingent assets/liabilities

Provision :

A provision is recognized when there is an obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent assets/liabilities:

A disclosure of contingent liability is made when there is:

- i. a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- ii. a present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets, if any, are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

15. Leases

Lease rentals under operating lease are charged to the Profit and Loss Account on straight line basis over the lease term.

Lease arrangements where risk and rewards incidental to ownership of an assets substantially vest with the lessor are recognised as operating leases.

16. Investment Fluctuation Reserve

In accordance with RBI Guidelines, banks are required to create a minimum Investment Fluctuation Reserve (IFR) equivalent to 5% of Total Investment Portfolio, within a period of five years from its commencement. Accordingly, during the year ended March 31, 2021 the bank has made an appropriation of INR 50,000 thousands (Previous year : INR 42,500 thousands) to the investment fluctuation reserve from the Profit and Loss account.

17. Statutory Reserve

The Bank has made an appropriation of INR 17,956 thousands (Previous Year : INR 31,473 thousands) out of profits for the year ended March 31, 2021 to the statutory reserve pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.



Schedule 18 - Notes to Financial Statement

1. Capital :

1.1 Capital Infusion

During the period April 1, 2020 to March 31, 2021 there were no fresh infusion of Capital.

1.2 Capital Adequacy Ratio

The Bank computes its Capital Adequacy Ratio as per Capital Adequacy Framework- BASEL-II and Operating Guidelines for Small Finance Banks (issued by RBI on October 6, 2016)

Under Capital Adequacy Framework and Operating Guidelines for Small Finance Bank issued on October 6, 2016, the Bank has to maintain a Minimum Total Capital (MTC) of 15% of the Credit risk weighted assets (Credit RWA) on an on-going basis. Out of the MTC, at least 7.5% shall be from Tier I Capital of which common equity Tier I capital shall be 6% and 1.50% from additional Tier I capital and remaining shall be from Tier 2 Capital. Further as per RBI's directions given in the circular DBR/NBD No 4502/16 13 218/2017-18, dated November 8, 2017, no separate risk charge has been calculated for Market Risk and Operational Risk for capital ratios. The capital adequacy ratio of the Bank is set out below:

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Ratios:		
(i) Common Equity Tier I Capital (%)	20.18%	23.26%
(ii) Tier II Capital (%)	1.04%	1.72%
(iii) Total CRAR %	21.22%	24.98%
(iv) Percentage of the shareholding of the Government of India in Public Sector Banks	-	-
v) Amount raised by issue of Equity Shares	-	-
vi) Amount of Additional Tier I capital raised of which - Perpetual Non Cumulative Preference Shares (PNCPS) - Perpetual debt instruments (PDI)	-	-
vii) Amount of Tier II Capital raised of which; Debt capital instruments	-	-
viii) Preference share capital instruments	-	-

In accordance with operating guidelines for small finance banks, the Bank may approach Reserve Bank of India with details of liabilities to be grandfathered and for creation of additional capital charge.

2. Investments

2.1 Details of Investments

Particulars	As at March 31, 2021	As at March 31, 2020
1. Value of Investments		
(i) Gross Value of Investments		
(a) In India	31,36,792	35,31,524
(b) Outside India,	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India,	-	-
(iii) Net Value of Investments		
(a) In India	31,36,792	35,31,524
(b) Outside India,	-	-
2. Movement of provisions held towards depreciation on Investments		
i. Opening Balance	-	-
ii. Add: Provisions made during the period/on amalgamation	-	-
iii. Less: Write back of provisions made during the year	-	-
iv. Closing Balance	-	-

2.2 Category wise details of Investments (Net of provision for depreciation):

Particulars	As at March 31, 2021			As at March 31, 2020		
	HTM	AFS	HFT	HTM	AFS	HFT
i) Government securities	12,93,025	10,28,650	-	7,35,828	19,54,728	-
ii) Other approved securities	8,15,117	-	-	5,40,968	-	-
iii) Shares	-	-	-	-	-	-
iv) Debentures and bonds	-	-	-	-	-	-
v) Mutual Funds	-	-	-	-	3,00,000	-
vi) Subsidiaries and /or Joint ventures	-	-	-	-	-	-

2.3 Details of Repo/ Reverse Repo including Liquidity Adjustment Facility (LAF) transactions (in face value terms):

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the period	Outstanding as on March 31, 2021
Securities sold under repos				
i. Government securities	-	-	-	-
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repos				
i. Government securities	-	-	-	-
ii. Corporate debt securities	-	-	-	-



Schedule 18 - Notes to Financial Statement

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the period	Outstanding as on March 31, 2020
Securities sold under repos				
i. Government securities	-	-	-	-
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repos				
i. Government securities	-	-	-	-
ii. Corporate debt securities	-	-	-	-

2.4 Non-SLR Investment Portfolio:

(i) Issuer Composition of Non SLR Investments as on 31.03.2021 :

Sl.No	Issuer	Amount	Extent of Private Placement	Extent of Below Investment Grade Securities	Extent of Unrated Securities	Extent of Unlisted Securities
1	Others	NIL	NIL	NIL	NIL	NIL

(i) Issuer Composition of Non SLR Investments as on 31.03.2020

Sl.No	Issuer	Amount	Extent of Private Placement	Extent of Below Investment Grade Securities	Extent of Unrated Securities	Extent of Unlisted Securities
1	Others	3,00,000	NIL	NIL	NIL	NIL

(ii) Non-performing Non-SLR investments:

The Bank does not have any non performing non-SLR Investments as on March 31, 2021 (Previous year : NIL)

2.5 During the period ended March 31, 2021 and March 31, 2020 there was no sale/transfer of securities to/from HTM category.

2.6. Derivatives

The Bank did not have any transactions in derivative instruments during the year ended March 31, 2021 (Previous Year : NIL)

2.7. Credit Default Swaps:

The Bank has not entered into any credit default swap transactions during the year ended March 31, 2021 (Previous Year : NIL)

2.8. Un-hedged foreign currency exposure

The Bank does not have any un-hedged foreign currency exposure as on March 31, 2021 (Previous Year : NIL)

3. Asset Quality

3.1 Non- Performing Assets

Particulars	March 31, 2021	March 31, 2020
(i) Net NPAs to Net Advances (%)	6.81%	1.20%
Movement of Gross NPAs		
(a) Opening Balance	2,62,850	1,42,984
(b) Additions (Fresh NPAs) during the year	17,00,752	2,03,701
Sub-total (A)	19,63,603	3,46,685
(c) Reductions during the period:		
(i) Up-gradations	16,074	88
(ii) Recoveries (excluding recoveries made from upgraded accounts)	30,904	2,426
(iii) Technical/ Prudential Write-offs	-	81,321
(iv) Write-offs other than those under (iii) above	-	-
Sub-total (B)	46,979	83,834
Closing Balance (A-B)	19,16,624	2,62,850

Note: Additions and reductions does not include cases which have become NPA during the month and subsequently moved out of NPA in same month

Particulars	March 31, 2021	March 31, 2020
Movement of Net NPAs		
(a) Opening balance	1,62,114	44,136
(b) Additions during the period	9,62,395	1,99,299
(c) Reductions during the year period (Write Off)	-	(81,321)
(d) Closing balance	11,24,510	1,62,114
Movement of provision for NPAs (excluding provision for standard assets)		
(a) Opening balance	1,00,736	98,848
(b) Provisions made during the period	6,91,379	83,467
(c) Provision on Technical written off account including other write back	-	(81,578)
(d) Closing balance	7,92,114	1,00,736



Schedule 18 - Notes to Financial Statement

3.2. a) Details of Financial Assets sold to Securitization/Reconstruction Company for Asset Reconstruction

The Bank did not sell any financial assets to Securitization/Reconstruction for reconstruction during the year ended March 31, 2021 (Previous Year : NIL.)

b) Details of book value of investment in security receipts (SR)

During the current and previous year, the Bank has not made investment in Security Receipts.

3.3. Details of Non Performing Assets Purchased/Sold

The Bank did not sell/purchase any non financial asset during the year ended March 31, 2021 (Previous Year : NIL.)

3.4. Provision for standard advances

Bank has followed the prudential norms on income recognition, asset classification and provisions. No excess provision has been made during the year. The provision on standard assets is included in 'Other Liabilities and Provisions' of the Balance Sheet and is not netted off from Advances.

Particulars	March 31, 2021	March 31, 2020
The amount of provision held on standard advances*	61,595	1,34,256

* Refer Foot Note to Schedule 5

3.5. Divergence in Asset Classification and Provisioning for NPAs as identified by RBI vide its circular No RBI/2016-17/283 DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 and notification dated 1st April, 2019 :

In the Current year 2020-21, RBI during their inspection for FY 2019-20, has identified the divergence in asset classification and provisioning for NPA's as under :

a) RBI has assessed and identified additional provision for NPA upto 30% from existing 22.87% already created by Bank as on 31st March'2020, by classifying 42,801 Rescheduled Standard Advances of Upper Assam District involving an amount of INR 82,133 thousands as Restructured Substandard Advances. And accordingly instructed the Bank for creation of additional provision of balance 7.13% totalling to INR 58,561 thousands for these borrowal accounts.

b) Accordingly as identified by RBI, the Gross NPA reported by Bank as on 31st March 2020 was at 1.94% involving INR 2,62,850 thousands which was increased to 7.98% involving INR 10,84,179 thousands as on 31st March'2020.

3.6. Resolution of Stressed Assets

No accounts have been restructured under prudential framework on resolution of stressed assets as per the circular no. RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated June 07, 2019.

3.7. Particulars of Accounts Restructured

Disclosure on accounts subjected to Restructuring for the year ended March 31, 2021

Sr	Type of Asset Classification		Under CDR	Under SME	Others			Total		
			Total	Total	Standard	NPA	Total Provision	Standard	NPA Provision	Total Provision
1	Restructured Accounts as on April 1, 2020 of the FY (opening figures)	No. of Borrowers	-	-	-	42,801	42,801	-	42,801	42,801
		Amount Outstanding	-	-	-	8,21,329	8,21,329	-	8,21,329	8,21,329
		Provision thereon	-	-	-	2,46,399	2,46,399	-	2,46,399	2,46,399
2	Fresh restructuring during the year	No. of Borrowers	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the year	No. of Borrowers	-	-	-	588	588	-	588	588
		Amount Outstanding	-	-	-	(11,119)	(11,119)	-	(11,119)	(11,119)
		Provision thereon	-	-	-	(3,336)	(3,336)	-	(3,336)	(3,336)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	-	-	-	18,405	18,405	-	18,405	18,405
		Amount Outstanding	-	-	-	(3,75,330)	(3,75,330)	-	(3,75,330)	(3,75,330)
		Provision thereon	-	-	-	(1,12,599)	(1,12,599)	-	(1,12,599)	(1,12,599)
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers	-	-	-	20,085	20,085	-	20,085	20,085
		Amount Outstanding	-	-	-	(4,05,895)	(4,05,895)	-	(4,05,895)	(4,05,895)
		Provision thereon	-	-	-	(1,21,768)	(1,21,768)	-	(1,21,768)	(1,21,768)
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers	-	-	-	3,723	3,723	-	3,723	3,723
		Amount Outstanding	-	-	-	(28,984)	(28,984)	-	(28,984)	(28,984)
		Provision thereon	-	-	-	(8,695)	(8,695)	-	(8,695)	(8,695)
8	Restructured Accounts as on March 31, 2021 (closing figures)	No. of Borrowers	-	-	-	-	-	-	-	-
		Amount	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-



Schedule 18 - Notes to Financial Statement

Disclosure on accounts subjected to Restructuring for the year ended March 31, 2020

Sr No.	Type of Restructuring/Rescheduling	Asset Classification	Under CDR Mechanism	Under SME debt restructuring mechanism	Others			Total		
			Total Provision	Total Provision	Standard	NPA Provision	Total Provision	Standard	NPA Provision	Total Provision
1	Restructured Accounts as on April 1, 2019 of the FY (opening figures)	No. of Borrowers	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	No. of Borrowers	-	-	-	42,801	42,801	-	42,801	42,801
		Amount Outstanding	-	-	-	8,21,329	8,21,329	-	8,21,329	8,21,329
		Provision thereon	-	-	-	82,133	82,133	-	82,133	82,133
3	Upgradations to restructured standard category during the year	No. of Borrowers	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-
8	Restructured Accounts as on March 31, 2020 (closing figures)	No. of Borrowers	-	-	-	42,801	42,801	-	42,801	42,801
		Amount	-	-	-	8,21,329	8,21,329	-	8,21,329	8,21,329
		Provision thereon	-	-	-	82,133	82,133	-	82,133	82,133

4. Business Ratios

Particulars	March 31, 2021	March 31, 2020
Interest income as a percentage of working funds	13.85%	15.89%
Non interest income as a percentage of working funds	0.79%	1.02%
Operating profit as a percentage of working funds	2.26%	2.90%
Return on assets (average)	0.37%	0.65%
Business (deposit plus advance) per employee (Rs in '000)	11745	9,970
Profit per employee (Rs in '000)	35	60

- Working funds represents average of total assets as reported to RBI in form X under Section 27 of the Banking Regulation Act, 1949 during the year.
- Returns on Assets are computed with reference to average working funds.
- Business is defined as total of average of gross Advances and deposits (net of inter-bank deposits) as computed in Form X.

5. Asset Liability Management

Maturity Pattern of certain items of assets and liabilities as at March 31, 2021:

Sl. no.	Maturity buckets	Loans & Advances	Investments	Deposits	Borrowings
1	1 day	5,947	13,71,992	83,066	-
2	2 days to 7 days	36,662	29,503	2,24,184	-
3	8 days to 14 days	83,789	11,812	2,41,067	7,50,000
4	15 days to 30 days	2,57,273	6,28,281	4,54,884	52,500
5	31 days to 3 month	8,04,347	1,96,460	13,49,178	5,42,500
6	Over 3 month & upto 6 month	8,04,531	1,86,530	11,98,956	62,500
7	Over 6 month & upto 1 year	37,44,911	1,15,199	11,39,453	19,93,333
8	Over 1 year & upto 3 years	96,33,042	5,91,765	80,32,796	19,31,000
9	Over 3 years & upto 5 years	11,44,090	4,241	40,970	5,17,500
10	Over 5 years	32,037	1,009	7,755	-
		1,65,46,628	31,36,792	1,27,72,308	58,49,388



Schedule 18 - Notes to Financial Statement

Maturity Pattern of certain items of assets and liabilities as at March 31, 2020:

Sl. no.	Maturity buckets	Loans & Advances	Investments	Deposits	Borrowings
1	1 day	123	20,60,301	46,708	54
2	2 days to 7 days	706	5,723	6,15,143	-
3	8 days to 14 days	6,986	4,098	1,78,842	-
4	15 days to 30 days	21,699	5,88,694	3,08,795	-
5	31 days to 3 month	36,113	50,271	3,16,284	-
6	Over 3 month & upto 6 month	3,22,026	1,98,520	8,12,135	5,90,963
7	Over 6 month & upto 1 year	19,78,995	2,36,884	15,87,284	6,42,857
8	Over 1 year & upto 3 years	1,06,52,347	3,84,734	50,19,900	20,16,000
9	Over 3 years & upto 5 years	4,62,629	2,017	14,164	42,50,000
10	Over 5 years	1,192	284	2,143	-
		1,34,82,815	35,31,524	89,01,398	74,99,875

- The maturity of 'Loans & Advances' has been determined on the basis of ultimate maturity date of the loans rather than on the basis of monthly installments due.
- The bank has classified the maturity pattern of the deposits into various maturity buckets on an estimated basis as per Bank's ALM policy which has been relied upon by auditors.
- The Bank has no foreign currency assets & liabilities as on March 31, 2021 & March 31, 2020.

6. Exposure

6.1. Exposure to Real Estate Sector:

The Bank does not have exposure to Real Estate Sector for year ended March 31, 2021 and March 31, 2020

Particulars	March 31, 2021	March 31, 2020
a) Direct exposure	-	-
i) Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	1,000	-
ii) Commercial Real Estate – Lending secured by mortgages on commercial real estate's (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 also includes non-fund based (NFB) limits	-	-
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures	-	-
- Residential	-	-
- Commercial Real Estate	-	-
Total (A)	-	-
b) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
Total (B)	-	-

6.2. Exposure to Capital Market

Particulars	March 31, 2021	March 31, 2020
i. Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
ii. Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/FPOs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii. Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv. Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
v. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi. Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii. Bridge loans to companies against expected equity flows / issues;	-	-
viii. Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
ix. Financing to stockbrokers for margin trading;	-	-
x. All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	-	-
xi. Others (Financial Guarantees)	-	-
Total Exposure to Capital Market	-	-

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6.3. Risk category wise country exposure

Since the country exposure is nil, no provision is required to be maintained on country exposure for the year ended March 31, 2021 (Previous Year : NIL)

Risk Category	Exposure (net) as at March 31, 2021	Provision held as at March 31, 2021	Exposure (net) as at March 31, 2020	Provision held as at March 31, 2020
Insignificant	-	-	-	-
Low	-	-	-	-
Moderate	-	-	-	-
High	-	-	-	-
Very High	-	-	-	-
Restricted	-	-	-	-
Off-credit	-	-	-	-
Total	-	-	-	-

6.4. Details of Single Borrower Limit (SBL)/ Group Borrower Limit (GBL) exceeded by the Bank

During the year ended March 31, 2021, Bank has not exceeded in any Single Borrower Limit (SGL) / Group Borrower Limit (GBL) (Previous Year: NIL).

6.5. Unsecured Advances

There are no secured advances for which intangible security such as charge over the rights, licenses; authority, etc. are accepted as collateral by the Bank during the year ended March 31, 2021 (Previous Year : NIL).

6.6. Details of factoring exposure

There is no factoring exposure of the Bank as at March 31, 2021 (Previous Year : NIL).

6.7. Disclosure of penalties imposed by RBI

During the year ended March 31, 2021, no penalty had been imposed by Reserve Bank of India (Previous Year : NIL).

7. Provisions and Contingencies

Breakup of "Provisions and Contingencies" (including write-offs; net of write-backs) shown under the head Expenditure in Profit and Loss Account:

Particulars	March 31, 2021	March 31, 2020
Provision towards Non Performing Assets	6,67,988	83,467
Provision towards Standard Advances (Refer Footnotes to Schedule 5)	(72,662)	78,803
General Provision against Advances (Refer Footnotes to Schedule 5)	(1,98,506)	2,21,897
Provision made towards income tax	20,329	53,791
Deferred Tax asset	23,681	13,490
Provision for Risk, Insurance & Welfare	-	(19,808)
Total	4,40,830	4,31,640

ADDITIONAL DISCLOSURES IN LINE WITH RBI CIRCULAR NO. DOR.No.BP.BC.63/21.04.048/2019-20 DATED 17/04/2020 :

Sl. No.	Particulars	March 31, 2021	March 31, 2020
I	Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the circular*	30,85,345	31,45,934
II	Respective amount where asset classification benefits is extended	30,85,345	31,45,934
III	Provisions made during the Q4FY2020 and Q1FY2021 in terms of paragraph 5	3,14,593	1,57,297
IV	Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of the circular	3,14,593	-
V	Residual provision in terms of paragraph 6 of the circular	-	1,57,297

8. Floating Provision:

Particulars	March 31, 2021	March 31, 2020
a) Opening Balance in the Floating Provision account	64,600	-
b) The quantum of floating provisions made during the current year	81,951	64,600
c) Amount of drawdown made during the current year	1,23,161	-
d) Closing balance in the Floating provisions account (Refer Footnotes to Schedule 5)	23,391	64,600

9. Drawdown from Reserves

The Bank has not drawdown from reserves during the year ended March 31, 2021 (Previous year: NIL.)

10. Summary information on complaints received by the bank from customers and from the OBOs

a) Complaints received by the bank from its customers

Particulars	March 31, 2021	March 31, 2020
1) Number of complaints pending at beginning of the year	8	-
2) Number of complaints received during the year	471	461
3) Number of complaints disposed during the year	478	453
3.1) Of which, number of complaints rejected by the bank	-	-
4) Number of complaints pending at the end of the year	1	8



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b) Maintainable complaints received by the bank from OBOs

Particulars	March 31, 2021	March 31, 2020
5) Number of maintainable complaints received by the bank from OBOs	-	-
5.1) Of 5, number of complaints resolved in favour of the bank by BOs	-	-
5.2) Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs	-	-
5.3) Of 5, number of complaints resolved after passing of Awards by BOs against the bank	-	-
6) Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in BO Scheme 2006 and covered within the ambit of the Scheme.

c) 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	No 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: 31st March 2021					
ATM/Debit Cards	1	105	328 % increase	0	0
Internet/Mobile/Electronic Banking	1	114	278 % increase	0	0
Account opening/difficulty in operation of accounts	1	95	51 % decrease	1	0
Loans and advances	2	47	67 % decrease	0	0
Staff Behaviour	0	16	228 % increase	0	0
Others	3	92	74 % decrease	0	0
Total	8	469	102 % increase	1	0
PREVIOUS YEAR: 31st March 2020					
ATM/Debit Cards	0	32	-	1	1
Internet/Mobile/Electronic Banking	0	41	-	1	1
Account opening/difficulty in operation of accounts	0	185	-	1	1
Loans and advances	0	70	-	2	1
Staff Behaviour	0	7	-	0	0
Others	0	124	-	3	2
Total	0	459	-	8	6

11. Disclosures of Letter of Comfort (LOC) issued by Bank

The Bank has not issued any Letter of Comfort during the period for the year ended March 31, 2021 (Previous Year : NIL)

12 Provisioning Coverage Ratio

The Provision Coverage Ratio (PCR) of the Bank is 43.69% as on March 31, 2021 (Previous year 71.67%).

13. Bancassurance Business

S.No	Name of the Insurance Company	March 31, 2021			March 31, 2020		
		No of Policies	Amount of Insurance	Amount of Commission	No of Policies	Amount of Insurance	Amount of Commission
1	Bajaj Alliance Life Insurance Company Limited	3329	68,468	9,624	2084	1,23,364	8,686
2	Bajaj Alliance General Insurance Company Limited	198497	75,826	13,731	44600	18,964	2,840
3	HDFC Life Insurance	668	69,737	6,118	0	-	-
4	SBI General Insurance Company Limited	7	68	5	0	-	-
5	POS COMMISSION (ATOM TECHNOLOGIES)	-	-	22	-	-	-
6	BILL DESK & OTHERS	-	-	28	-	-	-
Total		2,02,501	2,14,099	29,527	46,684	1,42,328	11,526

14. Concentration of deposits, advances, exposures and NPAs

14.1. Concentration of deposits:

Particulars	March 31, 2021	March 31, 2020
Total deposits of twenty largest depositors	45,52,730	44,12,967
Total Deposits	1,27,72,308	89,01,398
Percentage of deposits of twenty largest depositors to total deposits of the Bank	36%	50%

14.2. Concentration of Advances:

Particulars	March 31, 2021	March 31, 2020
Total advances to twenty largest customers	1,21,564	1,20,543
Total Advances	1,65,46,629	1,34,82,815
Percentage of Advances of twenty largest borrowers to total advances of the Bank	0.73%	0.89%

Advances are computed as per the definition of Credit Exposure including derivatives as prescribed in Master Circular on Exposure Norms DBR No. DBR/BC/32/13-03/00/2015-16 dated July 1, 2015.



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14.3. Concentration of exposures:

Particulars	March 31, 2021	March 31, 2020
Total exposure to twenty largest borrowers/customers	89,372	69,861
Percentage of exposures of twenty largest customers to total exposure of the Bank on borrowers/ customers	0.52%	0.52%

Exposures are computed as per the definition in Master Circular on Exposure Norms DBR No Dir BC 12/13.03.00/2015-16 dated July 1, 2015

Fixed Deposits, Balance in Current account and Call money have not been considered in computation of Exposures

14.4. Concentration of NPA's:

Particulars	March 31, 2021	March 31, 2020
Total Exposure to top four NPA accounts	644	324

15. Sector-wise Advances

Sector	As at March 31, 2021			As at March 31, 2020		
	Gross Advances	Gross NPAs	% of Gross NPAs to Gross Advances in that sector	Gross Advances	Gross NPAs	% of Gross NPAs to Gross Advances in that sector
A. Priority Sector						
1. Agricultural and Allied Activities	58,98,211	8,19,201	13.89%	52,21,971	13,515	0.26%
2. Advances to Industries Sector eligible as PSL	14,39,029	78,322	5.44%	5,90,374	2,930	0.50%
3. Services	81,19,804	9,70,933	11.96%	73,37,340	2,44,106	3.33%
4. Personal Loans and others	13,81,771	47,630	3.45%	1,91,841	1,399	0.73%
Sub-Total (A)	1,68,38,814	19,16,086	11.38%	1,33,41,526	2,61,950	1.96%
B. Non Priority Sector						
1. Agricultural and Allied Activities	-	-	-	31,948	-	-
2. Industry	-	-	-	8,338	-	-
3. Services	-	-	-	58,277	-	-
4. Personal loans and others	4,76,538	538	0.11%	1,43,461	900	0.63%
Sub-Total (B)	4,76,538	538	0.11%	2,42,025	900	0.37%
Total	1,73,15,352	19,16,624	11.07%	1,35,83,551	2,62,850	1.94%

"The bank has compiled the sector-wise advances mentioned above by using pivot table from the advances list extracted from the financial accounting system which has been relied upon by the auditors."

16. Technical or Prudential Write Offs (Principal Balance)

Particulars	March 31, 2021	March 31, 2020
Opening Balance of Technical /Prudential written off accounts as at Apr 1	81,321	-
Add: Technical/ Prudential write offs during the year	-	81,578
Sub Total (A)	81,321	81,578
Less : Recoveries made from previously technical/ prudential written offs account during the year (B)	1,051	258
Closing Balance as at March 31 (A-B)	80,270	81,321

17. Overseas Assets, NPAs and Revenue:

The Bank does not have any overseas branches and hence the disclosure regarding overseas assets, NPAs and revenue is not applicable

18. Off Balance Sheet SPVs sponsored

There are no Off Balance Sheet SPVs sponsored which are required to be consolidated as per accounting norms.

19. Disclosure on Remuneration

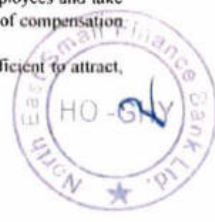
A. Qualitative Disclosures:

a) Information relating to the composition and mandate of the Remuneration Committee.

Bank has constituted a Nomination and Remuneration Committee (NRC). The NRC comprises of four members where two are independent Directors and two are Non Executive & Non Independent Director. Mandate of the Nomination and Remuneration Committee is to oversee the framing, review and implementation of the Banks' Compensation policy & Nomination & Remuneration Policy for Whole Time Director/Chief Executive Officers/ Part-Time Chairman/ Risk Takers and control function staff for ensuring effective alignment between remuneration and risks. The Committee also ensures that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks. The Nomination and Remuneration Committee reviews compensation policy & nomination & remuneration policy of the Bank with a view to attract, retain and motivate employees.

Mandate (Roles and Responsibilities) :

1. Develop policies and lay down criteria for appointment / removal /reappointment of the directors of the Board capturing the statutory and regulatory requirements
2. Formulate comprehensive criteria for appointment of directors in terms of qualifications, positive attributes, independence, professional experience, track record and integrity of the person.
3. Devise a policy on Board diversity of thought, experience, knowledge, perspective and gender in the board.
4. Conduct appropriate due diligence and scrutinize the declaration made by probable candidate at the time of appointment / re-appointment of directors of the Board.
5. Ensure that appropriate procedures are in place to assess Board Membership needs and Board effectiveness.
6. Assist Board in formulation of compensation policy which will lay down the remuneration to directors, key management personnel and other employees and take inputs from the risk management committee of the board to ensure balance between remuneration and risks. The mix of cash, equity and other forms of compensation must be consistent with risk alignment.
7. Ensure that the compensation policy formulate for remuneration of directors, key managerial personnel and senior management is reasonable sufficient to attract, retain and motivate quality directors required to run the Bank.



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b). Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.

The objective of the compensation policy is to help employees understand our compensation philosophy and structure.

The organization will operate a Cost-to-Company (CTC) compensation structure which will comprise a Fixed Component and a Variable Component, the relative percentages of each will be decided by the Management Team and will be subject to revision from time to time.

The Management team has the discretion to revise the compensation & benefits structure and entitlements of the employees from time to time. Compensation is considered confidential and employees are expected to not share, discuss or disclose any information pertaining to the same.

The Bank's compensation principles are as follows.

- 1 The Bank's compensation programs are tied to both individual and company performance
- 2 The Bank is committed to fair and equitable pay
- 3 The Bank differentiates its pay based on individual roles, responsibilities, skill set and performance
- 4 The Bank's pay programs comply with all applicable laws, regulations and requirements

Compensation Structure :

Basic Salary:

At the time of appointment, each employee's salary would be determined on the basis of:

- Position and responsibilities
- Experience, training and education
- NESFB's current salary structure

Note: NESFB abides by rules and regulations set by each state with regard to the minimum wage levels for both skilled and unskilled labour.

The Tentative compensation structure followed by the company are as follows:

Category	Components	Description
Basic Pay (monthly)	Basic Pay	40% of the CTC
	House Rent Allowance	Maximum upto 40% of Basic Pay
	Conveyance Allowance	As applicable
	Telephone & Data Allowance	As applicable
	Special Allowance	This would be the adjusting component of CTC basis the compensation structure (Special allowances could additionally be a part of this component)
Retirement/Statutory Benefits	Provident Fund (PF)	As mandated by Law
	Gratuity	As mandated by Law
	Insurance	Medical/Personal Accident/ Life Insurance
Ex-gratia	Bonus/ Variable Pay	Bonus-as mandated by law Variable pay as per limit specified per grade in alignment with variable pay grade

Additional Benefits

1. Leave travel Assistance (50,000 to band 3 to 6 and 25,000 for band 1 and 2) in a block of 4 years
2. Leave Encashment (Maximum 20 days, on basic salary in a block of 2 years)
3. All Benefits as prescribed under IT Act and amendments thereto

c). Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.

Bank has a robust Performance Management System (PMS) approved by the board and performance of the employees shall be rated at the year end and adequate system shall be built in to mitigate the risk arises during the performance cycle and evaluation system.

d). Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration

Performance Management System Guidelines :

The Performance Cycle will follow the Financial Year (April to March).

The performance management process for a given financial year will be applicable to all employees who have served for 6 months or more during the year. Employees joining the Company after 30th November will not be covered in the Performance Appraisal process for that Financial Year.

The responsibility for this process lies with the HR Function

The Function Heads are jointly responsible along with the HR Function for adherence to timeline and process guidelines.

The Performance Management System will cover the following areas:

- Goal Setting
- Mid-year Review
- Annual Appraisal
- Moderation of Ratings
- Communication of Ratings
- Performance Improvement Plan

The process will comprise setting individual performance goals aligned to business objectives and will result in review and rating of Individual Performance.

The performance ratings obtained will serve as the primary input for all variable pay plans, career management and training needs.

e). Discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting

Nil

f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.

Nil



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B. Quantitative Disclosure

Quantitative Disclosures (Covers only Whole Time Directors/ CEO/Other Risk Takers*)	March 31, 2021	March 31, 2020
g) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members	5 meetings were held. Aggregate remuneration - Rs. 1,50,000/-	5 meetings were held. Aggregate remuneration - Rs. 72,500/-
h) Number of employees having received a variable remuneration award during the year	Nil	Nil
i) Number and total amount of sign-on awards made during the financial year	Nil	Nil
j) Details of guaranteed bonus, if any, paid as joining / sign on bonus	Nil	Nil
k) Details of severance pay, in addition to accrued benefits, if any	Nil	Nil
l) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms	Nil	Nil
m) Total amount of deferred remuneration paid out in the financial year	Nil	Nil
n) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non- deferred	Nil	
o) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments	Nil	Nil
p) Total amount of reductions during the financial year due to ex post explicit adjustments	Nil	Nil
q) Total amount of reductions during the financial year due to ex post implicit adjustments	Nil	Nil

C. Disclosure on remuneration to Independent Non- executive directors

The Independent Non-Executive Directors are paid Sitting Fees for attending meetings of the Board at the rate of Rs.30,000/- per Board meeting and at the rate of Rs.10,000/- per committee meeting respectively. An amount of Rs. 1,280 thousands was paid as sitting fees to Independent Directors during the FY 2020-21. Following is the sitting fees paid to the Independent directors :

Name of Director	March 31, 2021	March 31, 2020
AG Varughese	120	-
Arun Prakash Sandilya	290	30
Bhaskar Jyoti Sarma	290	325
Deep Chandra Joshi	70	250
Gautam Barua	190	160
Manjula Saikia Bhuyan	60	-
PVSLN Murthy	70	-
Ranjit Goswami	160	220
Sutapa Banerjee	-	90
Suvalaxmi Chakraborty	30	-
Total	1,280	1,075

20. Disclosures relating Securitization

Sl. No.	Particulars	March 31, 2021	March 31, 2020
1	No. Of SPV's Sponsored by the bank for securitization transaction	-	-
2	Total amount of Securitized assets as per books of the SPV's sponsored by the bank	-	-
3	Total amount of exposures retained by the bank to comply with MRR as on date of balance sheet		
	a) Off Balance Sheet exposures		
	First Loss	-	-
	Others	-	-
	b) On Balance Sheet exposures		
	First Loss (Cash Collateral)	-	-
	Others (Credit Enhancement)	-	-
4	Amount of exposures to securitization transactions other than MRR as on the date of balance sheet		
	a) Off Balance Sheet exposures		
	Exposure to own Securitization		
	First Loss (Subordination of Interest Strip)	-	-
	Others	-	-
	Exposure to Third Party Securitization		
	First Loss	-	-
	Others	-	-
	b) On Balance Sheet Exposures		
	Exposure to own Securitization		
	First Loss	-	-
	Others	-	-
	Exposure to Third Party Securitization		
	First Loss	-	-
	Others	-	-

21. Intra Group Exposures

Particulars	March 31, 2021	March 31, 2020
Total amount of intra- group exposure	-	-
Total amount of top-20 intra-group exposure	-	-
Percentage of Intra Group Exposure to Total Exposure of the Bank on borrower/customer	-	-
Details of Breach of Limit on Intra Group exposure and Regulatory action thereon, if any	-	-

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22. Transfer to Depositor Education and Awareness Fund (DEAF)

Particulars	March 31, 2021	March 31, 2020
Opening balance of amounts transferred to DEAF	-	-
Add: Amounts transferred during the period	-	-
Less: Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	-	-

23.1 Priority sector lending certificates

The Bank has sold PSLC during FY 2020-21

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	PSLC Purchased	PSLC Sold	PSLC Purchased	PSLC Sold
PSLC Small & Marginal Farmers	-	10,00,000	-	-
PSLC Micro Enterprise	-	15,00,000	-	-
TOTAL PSLC	-	25,00,000	-	-

23.2 Inter-Bank participation with risk sharing

The aggregate amount of participation issued by the bank and reduced from advances as per regulatory guidelines as at March 31, 2021 is NIL (Previous Year: NIL)

24. Movement in provision for frauds included under other liabilities

Particulars	March 31, 2021	March 31, 2020
Opening provision	2,479	2,813
Provision during the year	745	-
Utilization / Write back of provision	(13)	(334)
Closing provision	3,211	2,479

25. Liquidity Coverage ratio

The Bank adheres to RBI guidelines on Liquidity Coverage Ratio given in "Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and the LCR Disclosure Standards" and "Operating Guidelines for Small Finance Banks".

LCR is the ratio of unencumbered HQLAs to Net Cash Outflows over the next 30 calendar days. LCR measures the Bank's ability to manage and survive under combined idiosyncratic and market-wide liquidity stress condition that would result in accelerated withdrawal of deposits from retail as well as wholesale depositors, partial loss of secured funding, increase in collateral requirements, unscheduled draw down of unused credit lines, etc. These stress conditions are captured as a part of the Net Cash Outflows. High Quality Liquid Assets (HQLA) of the Bank consist of cash, unencumbered excess SLR, a portion of statutory SLR as allowed under the guidelines and cash balance with RBI in excess of statutory cash reserve requirements.

LCR aims to ensure that the Bank has an adequate stock of unencumbered HQLA to meet its liquidity needs for a 30 calendar day liquidity stress scenario. As mentioned in the "Operating Guidelines for Small Finance Banks", the Bank has to maintain the prescribed level of LCR as follows:

Particulars	By January 1, 2019	By January 1, 2020	By January 1, 2021
Minimum LCR	80%	90%	100%

Quantitative disclosures on LCR for the period ended March 31, 2021 :

Particulars	Quarter ended March 31, 2021		Quarter ended December 31, 2020		Quarter ended September 30, 2020		Quarter ended June 30, 2020	
	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted
High Quality Liquid Assets								
1. Total High Quality Liquid Assets	-	40,62,719	-	36,85,669	-	39,42,291	-	34,78,425
Cash Outflows								
2. Retail deposits and deposits from								
i) Stable deposits	70,62,795	5,33,899	60,83,931	4,54,853	51,79,564	3,81,662	46,80,244	3,47,986
ii) Less stable deposits	34,47,611	1,72,381	30,70,803	1,53,540	27,25,887	1,36,294	24,00,777	1,20,039
3. Unsecured wholesale funding, of								
i) Operational deposits (all	36,15,184	3,61,518	30,13,128	3,01,313	24,53,678	2,45,368	22,79,467	2,27,947
ii) Non-operational deposits (all	32,83,108	19,35,379	32,23,695	19,85,255	36,46,831	21,55,042	37,28,133	20,99,419
iii) Unsecured debt	-	-	-	-	-	-	-	-
4. Secured Wholesale funding	32,83,108	19,35,379	32,23,695	19,85,255	36,46,831	21,55,042	37,28,133	20,99,419
5. Additional requirements, of	-	-	-	-	-	-	-	-
i) Outflows related to derivative	-	-	-	-	-	-	-	-
ii) Outflows related to loss of	-	-	-	-	-	-	-	-
iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding	-	5,45,257	-	1,79,333	-	4,97,942	-	1,18,980
7. Other contingent funding	-	-	-	-	-	-	-	-
8. Total Cash Outflows	74,613	74,613	49,953	49,953	2,60,215	2,60,215	3,01,156	3,01,156
Cash Inflows								
9. Secured lending (e.g. reverse	-	-	-	-	-	-	-	-
10. Inflows from fully performing	-	-	-	-	-	-	-	-
11. Other cash inflows	-	30,89,148	-	26,69,394	-	32,94,862	-	28,67,540
12. Total Cash Inflows	-	-	-	-	-	-	-	-
13. Total HQLA	16,385	16,385	14,281	14,281	12,000	12,000	6,173	6,173
14. Total Net Cash Outflows	12,13,339	10,82,465	6,17,768	5,49,616	7,98,178	7,49,850	8,96,229	8,77,783
15. Liquidity Coverage Ratio (%)	12,29,724	10,98,850	6,32,049	5,63,897	8,10,178	7,61,850	9,02,402	8,83,955
	-	40,62,719	-	36,85,669	-	39,42,291	-	34,78,425
	-	19,90,298	-	21,05,496	-	25,33,012	-	19,83,585
	-	204%	-	175%	-	156%	-	175%

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Quantitative disclosures on LCR for the period ended March 31, 2020 :

Particulars	Quarter ended March 31, 2020		Quarter ended December 31, 2019		Quarter ended September 30, 2019		Quarter ended June 30, 2019	
	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (HQLA)	-	34,50,935	-	27,16,670	-	21,13,757	-	15,51,842
Cash Outflows	-	-	-	-	-	-	-	-
2. Retail deposits and deposits from small business customers, of which :	43,43,683	3,77,943	25,39,832	2,19,074	9,14,228	80,262	88,164	8,816
i) Stable deposits	11,28,503	56,425	6,98,189	34,909	2,23,210	11,160	-	-
ii) Less stable deposits	32,15,180	3,21,518	18,41,643	1,84,164	6,91,018	69,102	88,164	8,816
3. Unsecured wholesale funding, of which	43,33,508	26,96,467	24,53,971	12,67,783	2,56,294	40,430	2,03,554	20,355
i) Operational deposits (all counterparties)	-	-	24,53,971	12,67,783	2,56,294	40,430	2,03,554	20,355
ii) Non-operational deposits (all counterparties)	43,33,508	26,96,467	-	-	-	-	-	-
iii) Unsecured debt	-	-	-	-	-	-	-	-
4. Secured Wholesale funding	-	3,16,259	-	1,30,549	-	61,459	-	87,661
5. Additional requirements, of which	-	-	-	-	-	-	-	-
i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding obligations	3,01,498	3,01,498	2,77,745	2,77,745	4,20,707	4,20,707	2,76,719	2,76,719
7. Other contingent funding obligations	-	-	-	-	-	-	-	-
8. Total Cash Outflows	-	36,92,167	-	18,95,151	-	6,02,859	-	3,93,551
Cash Inflows	-	-	-	-	-	-	-	-
9. Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
10. Inflows from fully performing exposures	7,436	7,436	6,394	6,394	4,046	4,046	2,942	2,942
11. Other cash inflows	16,55,933	16,32,872	22,89,853	22,87,058	17,98,362	17,96,042	14,65,337	14,62,815
12. Total Cash Inflows	16,63,369	16,40,308	22,96,247	22,93,453	18,02,408	18,00,088	14,68,279	14,65,757
13. TOTAL HQLA	-	34,50,935	-	27,16,670	-	21,13,757	-	15,51,842
14. Total Net Cash Outflows	-	20,75,711	-	4,85,789	-	1,51,104	-	98,388
15. Liquidity Coverage Ratio (%)	-	166%	-	559%	-	1399%	-	1577%

In accordance with RBI guidelines, the weighted and unweighted amounts are calculated taking simple daily average for all quarters for the year ended March 31, 2021. However, for all quarters for the year ended March 31, 2021 the Bank has calculated LCR on monthly basis and accordingly disclosure has been made on simple average basis of month end.

26. Notes on Compliances with Accounting Standards

26.1 Earnings per Share:

Particulars	March 31, 2021	March 31, 2020
Net profit after tax (₹)	71,825	1,25,891
Weighted average shares outstanding – Basic (Nos.)	2,93,385	2,93,385
Weighted average shares outstanding – Diluted (Nos.)	2,93,385	2,93,385
Nominal Value of Equity Shares (₹)	10	40
Earnings per share – Basic (₹)	0.24	0.43
Earnings per share – Diluted (₹)	0.24	0.43



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26.2 Segment Reporting

Particulars	Treasury		Retail Banking		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Segment Revenue	3,47,124	2,58,528	29,69,197	29,92,294	33,16,321	32,50,822
Un allocated Revenue	-	-	-	-	7,445	202
Less: Inter Segment Revenue	-	-	-	-	-	-
Total Revenue	3,47,124	2,58,528	29,69,197	29,92,294	33,23,766	32,51,024
Segment Expenses	2,52,553	3,350	20,29,388	22,14,494	22,81,941	22,17,845
Segment Results	94,571	2,55,177	9,39,809	7,77,800	10,41,825	10,33,180
Unallocated Expenses	-	-	-	-	5,29,170	4,75,649
Operating Profits					5,12,655	5,57,531
Provisions and Contingencies other than Tax Expenses	-	-	3,96,820	3,64,359	3,96,820	3,64,359
Tax Expenses (including deferred tax)	-	-	-	-	44,010	67,281
Extraordinary profit/loss	-	-	-	-	-	-
Net profit					71,825	1,25,891
Other Information:						
Segment Assets	39,91,453	37,95,441	1,78,93,751	1,46,88,434	2,18,85,203	1,84,83,875
Unallocated Assets	-	-	-	-	6,98,247	21,89,292
Total Assets	39,91,453	37,95,441	1,78,93,751	1,46,88,434	2,25,83,451	2,06,73,166
Segment Liabilities	33,59,123	29,93,391	1,53,85,436	1,40,27,072	1,87,44,558	1,70,20,463
Unallocated Liabilities	-	-	-	-	1,14,366	-
Total Liabilities	33,59,123	29,93,391	1,53,85,436	1,40,27,072	1,88,58,924	1,70,20,463

Note 1 The Bank has no corporate banking business.

Note 2 Assets, liabilities, expenses and income which cannot be allocated to any business segment has been presented as Unallocated

Note 3 The Treasury Segment primarily consists of net interest earnings from the Bank's Investment in SLR securities upto mandatory SLR prescribed by RBI, money market borrowing and lending and gains or losses on Investment operations.

Part B: Geographic Segment

The Bank's entire operations, customers and assets are in India and hence no separate geographical segment disclosures are given.

26.3 Lease disclosure

The Bank has taken on rent branch premises for periods ranging from 11 months to 120 months. The rental arrangements are cancellable after given one month notice and the agreement provides for annual increase of 5% to 10% on an yearly basis. For the reporting year the rental expense amounts to ₹ 59,813 thousands (31-Mar-20 - ₹ 44,166 thousands). The bank has taken on lease premises of corporate office for 9 years having lock-in period of 5 years. Minimum lease payment for non- cancellable lease are as follows -

Particulars	March 31, 2021	March 31, 2020
Not later than one year	59,333	43,695
Later than one year but not later than five years	2,57,439	1,67,907
Later than 5 years	1,53,170	1,06,031
The total of minimum lease payments recognized in the Profit and Loss Account for the year	59,813	44,166

26.4 Deferred tax

Particulars of (Asset)/ Liability	March 31, 2021	March 31, 2020
Depreciation	(6,366)	(1,691)
Provision not allowed under Income Tax Act, 1961	-	(22,953)
Expense allowed on cash basis under Income Tax Act, 1961	(17,090)	(21,234)
Others	(1,259)	(2,517)
Total	(24,715)	(48,395)

26.5 Fixed Assets

Particulars	Tangible		Intangible		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Opening balance	2,36,542	1,65,697	47,867	69,938	2,84,409	2,35,635
Additions during the year	77,680	1,18,886	28,866	1,165	1,06,546	1,20,051
Depreciation charge for the year	(57,666)	(47,664)	(26,970)	(23,236)	(84,636)	(70,900)
Disposal of Assets during the year	(1,524)	(377)	-	-	(1,524)	(377)
Balance at the end of the period	2,55,032	2,36,542	49,763	47,867	3,04,795	2,84,409

26.6 Capital Commitments

Particulars	March 31, 2021	March 31, 2020
Estimated amount of contracts remaining to be executed (Net of advances) and not provided for	-	-

The Capital commitments are unconditionally cancellable at any time by the Bank



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26.7 Related Party Transactions

As per AS 18 Related party Disclosures notified under section 133 of the companies Act 2013, read together with Paragraph 7 of the Companies (Accounts) Rule 2014, the related parties of the Bank during the year ended March 31, 2021 are disclosed below:

Nature of Related Party	Name and Relationship
Key Management Personnel (KMP)	Rupali Kalita - Managing Director and Chief Executive Officer Ketan Kumar Joshi - Chief Financial Officer Mukesh Singh Verma - Company Secretary
Holding Company	RGVN (North East) Microfinance Limited
Relatives of KMP	Kiran Kalita - Mother of Rupali Kalita Sangeeta Ketan Joshi - Spouse of Ketan Kumar Joshi Hemant Kumar Joshi - Brother of Ketan Kumar Joshi Suresh Kumar Singh - Father of Mukesh Singh Sita Devi Singh - Mother of Mukesh Singh Simpal Kumari - Spouse of Mukesh Singh

a) Transactions during the year

Particulars	For the year ended March 31, 2021			For the period ended March 31, 2020		
	Holding Company	Key Management Personnel	Relatives of KMP	Holding Company	Key Management Personnel	Relatives of KMP
Liabilities						
Term Deposit	3,334	2,722	(1,204)	(25,500)	1,382	6,325
Saving Deposit (Net of withdrawal)	-	20	182	-	181	131
Reimbursement of expenses	-	-	-	-	2,028	-
Issue of equity shares	-	-	-	-	-	-
Interest Accrued and due	-	-	-	-	-	-
Assets						
Long Term Deposit receivables	3,149	-	-	2,066	-	-
Expense						
Interest paid on deposits	9,703	518	883	11,414	357	316
Less: Penalty received	-	-	-	440	-	-
Net Interest paid on Deposits	9,703	518	883	10,974	357	316
Payment of Remuneration*	-	11,908	-	-	9,049	-
Reimbursement of Expenses	-	-	-	-	-	-

*Includes Remuneration of INR 4085.03 thousands (Previous year INR 2948.27 thousands) to Managing Director & Chief Executive Officer of the Bank.

b) Balance outstanding as at year end are as follows

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Holding Company	Key Management Personnel	Relatives of KMP	Holding Company	Key Management Personnel	Relatives of KMP
Outstanding as at Year end						
Deposits	1,21,964	7,771	8,531	1,18,630	5,029	9,553
Other Liabilities and Provisions	-	-	-	-	-	-
Receivable as at year end						
Other Assets	3,149	-	-	2,066	-	-

c) Maximum Balance outstanding during the year

Particulars	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Holding Company	Key Management Personnel	Relatives of KMP	Holding Company	Key Management Personnel	Relatives of KMP
Deposits	1,21,964	7,771	8,531	1,18,630	5,029	9,553
Other Liabilities and Provisions	-	-	-	-	-	-
Other Assets	3,149	-	-	2,066	-	-





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26.8 Employee Shared Based Payments

The Bank has not made any share based payments to any of its employees during the year.

26.9 Employee benefits

(i) Defined contribution plan

The Bank has recognized the following amounts in the Profit and Loss Account towards contributions to Provident Fund and Other Funds:

Particulars	March 31, 2021	March 31, 2020
Contribution towards provident fund	42,217	38,430
Contribution towards ESIC	8,300	7,464
Contribution towards Pension fund	-	-

(ii) Defined benefit plan

Contribution to Gratuity Fund:

Details of defined benefit plan of gratuity are given below:

Particulars	March 31, 2021	March 31, 2020
Opening Balance of Present value of obligation	52,466	36,467
Obligation transferred on account of BTA	-	-
Interest Cost	3,460	2,814
Current service cost	11,043	9,242
Benefits paid	(1,911)	(1,298)
Actuarial Loss/ (Gain) on obligation	(1,033)	5,241
Closing Balance of Present value of obligation	64,026	52,466

Expense recognised in profit and loss account

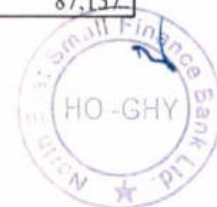
Particulars	March 31, 2021	March 31, 2020
Current service cost	11,043	9,242
Interest Cost	3,460	2,814
Expected return on plan assets	(5,748)	(4,979)
Net Actuarial (Gain)/Loss recognised in the year	(1,033)	5,241
Income recognised in profit and loss account	7,723	12,318

Net Liability/(Asset) recognized in the Balance Sheet

Particulars	March 31, 2021	March 31, 2020
Fair value of plan assets	1,09,785	87,155
Present value of defined obligation	64,026	52,466
Excess of plan assets over present value of obligation	45,759	34,689
Net Asset recognized in balance sheet	45,759	34,689

Change in Fair Value of Plan Assets during the year

Particulars	March 31, 2021	March 31, 2020
Opening balance of fair value of plan assets	87,157	64,522
Plan assets acquired under BTA	-	-
Expected return on plan assets	5,748	4,979
Actual Company Contributions	18,792	18,954
Benefits paid	(1,913)	(1,298)
Actuarial gain/(loss) return on plan assets	-	-
Closing balance of fair value of plan assets	1,09,785	87,157





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Actuarial assumptions used

Particulars	March 31, 2021	March 31, 2020
Discount Rate	6.35%	6.60%
Expected Return on plan assets	6.35%	6.60%
Expected rate of salary increase	5.00%	5.00%
Employee Attrition rate		
Upto 30 Yrs	16.08%	16.00%
31-44 yrs	11.12%	11.00%
Above 44 yrs	1.30%	9.00%

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

Information of investment details of plan assets are not available hence not disclosed and the obligation is funded with LIC.

Details relating to experience adjustment and expected future cash flow is given below:

Particulars	March 31, 2021	March 31, 2020
(Gain)/Loss on Plan Liabilities	426	754
% of Opening Plan Liabilities	-0.80%	2.10%
(Gain)/Loss on Plan Assets	-	-
% of Opening Plan Assets	-	-

(iii) Other Long term employee benefits – Compensated absences

The Actuarial liability of compensated absences of accumulated privilege leave of the employees of the Bank is given below:

Particulars	March 31, 2021	March 31, 2020
Privileged Leave (Actuarial Liability) at the beginning of the year*	25,486	21,558
Privileged Leave (Actuarial Liability) at the end of the year	35,292	25,486
Actuarial assumptions		
Discount Rate	6.35%	6.60%
Salary Escalation rate	5.00%	5.00%

27. Corporate Social Responsibility

As per Sec 135 (1) of the Companies Act "Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceeding financial year shall constitute a Corporate Social Responsibility Committee of the Board, consisting of three or more directors, out of which at least one director shall be an independent director". Further, the company should spend, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy.

Particulars	March 31, 2021	March 31, 2020
a) Gross amount required to be spent by the Bank during the year	6,653	3,952
b) Amount spent during the year	9,055	5,381

28. Subordinated Debt

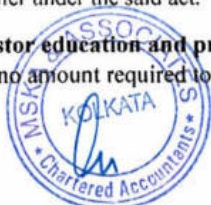
The Bank has no outstanding subordinated debt as on March 31, 2021 (Previous Year : NIL)

29. The Bank has a process whereby periodically all long term contract are assessed for material foreseeable losses. At the period end, the Bank has reviewed and ensured that adequate provision as required under any law / accounting standards or material foreseeable losses on such long term contracts has been made in the books of account as at March 31, 2021.

30. Based on the information available with the Bank, there are no outstanding dues and payment made to supplier of goods and services beyond the specified period under the Micro, Small and Medium Enterprise Development Act, 2006. There are no interest payable or paid to any supplier under the said act.

31. Investor education and protection fund

There is no amount required to be transferred to Investor Education and Protection Fund by the Bank.





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32. Dividend Distribution

The Reserve Bank of India (RBI), vide notification dated December 4, 2020, stated that in view of the ongoing stress and heightened uncertainty on account of COVID-19, banks should continue to conserve capital to support the economy and absorb losses. The notification also stated that in order to further strengthen the banks' balance sheets, while at the same time support lending to the real economy, banks shall not make any dividend payment on equity shares from the profits pertaining to the financial year ended March 31, 2020. The Bank did not declare final dividend for the financial year ended March 31, 2020.

Given that the current "second wave" has significantly increased the number of COVID-19 cases in India and uncertainty remains, the Board of Directors of the Bank, has considered it prudent to currently not propose dividend for the financial year ended March 31, 2021.

The Board shall reassess the position based on any further guidelines from the RBI in this regard.

33. Note on Extraordinary Situation of COVID-19 :

"The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments and companies, including the Bank, have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 32 days up till May 17, 2020 which was further extended to May 31, 2020 across the country to contain the spread of the virus. This pandemic and government response are creating disruption in global supply chain and adversely impacting most of the industries which has resulted in global slowdown.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank has granted a moratorium of three months on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers. The moratorium was further extended till August 31, 2020 in accordance with RBI guidelines dated May 23, 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e., the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning Norms).

The extent to which the COVID-19 pandemic, including the current "Second Wave" that has significantly increased the number of cases in India, will continue to impact the Bank's results will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank.

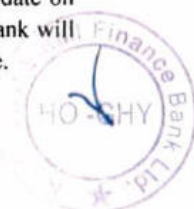
Due to above, the extent to which the COVID-19 Pandemic will impact the bank's financial statements will depend on the future developments and incapable of assessment at this point in time.

34. Ex-gratia Payment towards "Interest on Interest"

Bank is calculating Interest using Simple Interest Method only and accordingly not charged any "Interest on Interest" to the borrowers during Moratorium period 1st March'2020 to 31st August'2020. Accordingly, Bank has not refunded/adjusted "Interest on Interest" to borrowers in line with RBI circular "RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22" Dated: 7th April'2021 regarding "Refund/adjustment of 'interest on interest charged to the borrowers during the moratorium period'"

35. The Government of Assam has recently introduced "The Assam Micro Finance Institutions (Regulation of Money Lending) Act, 2020" (the Act) to regulate the Micro Finance Institutions or Money Lending Agencies or Organizations operating in the State of Assam and for the matters connected therewith and incidental thereto. The Act introduces various regulations with respect to granting of loans, transparency in charging of interest rates, recovery mechanism, conditions for disbursing additional finance to existing customers and settlement of disputes. The Bank is in the process of evaluating the requirements of the Act and would accordingly align its business activities. The impact of the Act on the Bank's financial statements, if any, is not ascertainable at this point of time.

36. The code on social security, 2020 ("code") relating to employee benefits during the employment and post-employment benefits received presidential assent in September 2020. The code has been published in the official Gazette of India. However, the date on which the code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Bank will assess the impact of the code when it comes into effect and will record any related impact in the year of code becomes effective.





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37. Prior period comparatives

Figures for the previous period have been regrouped and rearranged wherever necessary in conformity with the current year's presentation.

As per our report of even date
For **MSKA & Associates**

For and on behalf of the Board of Directors

Chartered Accountants
Firm Registration Number : 105047W


Puneet Agarwal
Partner

Membership No - 064824

Kolkata
July 30, 2021


Tapan Kumar Hazarika
Chairman
DIN : 08088195


Rupali Kalita
Managing Director & CEO
DIN : 02114098

Guwahati
July 30, 2021


Manjula Saikia Bhuyan
Independent Director
DIN : 08156782


Ketan Kumar Joshi
Chief Financial Officer
M.No - 056916

