



NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam
BALANCE SHEET AS AT 31ST MARCH 2022


PARTICULARS	Schedule No.	(INR in '000)	
		As at March 31, 2022	As at March 31, 2021
CAPITAL AND LIABILITIES			
Capital	1	30,76,114	29,33,850
Reserves and Surplus	2	(3,43,584)	7,90,677
Deposits	3	1,52,87,836	1,27,72,308
Borrowings	4	44,48,500	58,49,333
Other Liabilities and Provisions	5	10,51,119	2,37,283
TOTAL		2,35,19,985	2,25,83,451
ASSETS			
Cash and Balance with Reserve Bank of India	6	8,09,310	9,92,094
Balance with Banks and Money at call & short notice	7	19,70,165	10,21,752
Investments	8	27,72,158	31,36,792
Advances	9	1,62,72,284	1,65,46,629
Fixed Assets	10	2,83,079	3,04,795
Other Assets	11	14,12,989	5,81,389
TOTAL		2,35,19,985	2,25,83,451
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

For and on behalf of the Board of Directors


Ketan Kumar Joshi
Chief Financial Officer
M. No. 056916


Sanjeeb Kumar Mishra
Company Secretary
M.No - FCS6291


Rupali Kalita
Managing Director & CEO
DIN : 02114098



Dr Ram Krishna Garg
Chairman
DIN : 02164119


Tapan Kumar Hazarika
Independent Director
DIN : 08088195

Place : Guwahati
Date : May 27, 2022

As per our audit report of even date
For Baweja & Kaul
Chartered Accountants
Firm Registration Number : 005834N




CA Dalip Kumar Kaul
Partner
Membership No - 083066

UDIN- 22083066 AJ SW BT 2075

Place : Guwahati
Date : May 27, 2022





NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati Assam
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2022

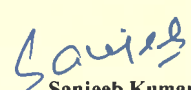
PARTICULARS	Schedule No.	(INR in '000)	
		For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
I. INCOME			
Interest Earned	13	31,41,593	31,44,135
Other Income	14	1,42,314	1,79,631
TOTAL		32,83,907	33,23,766
II. EXPENDITURE			
Interest Expended	15	12,20,555	13,91,212
Operating Expenses	16	14,20,695	14,19,899
Provisions and Contingencies		18,74,655	4,40,830
TOTAL		45,15,905	32,51,941
III. PROFIT			
Net Profit After Tax		(12,31,998)	71,825
Add; Balance in Profit & Loss Account Brought Forward from Previous Year		4,72,301	4,68,432
TOTAL		(7,59,697)	5,40,257
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		-	17,956
Transfer to Investment Fluctuation Reserve		-	50,000
Balance Carried to Balance Sheet		(7,59,697)	4,72,301
TOTAL		(7,59,697)	5,40,257
EPS (Basic)		(4.20)	0.24
EPS (Diluted)		(4.20)	-

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

For and on behalf of the Board of Directors


Ketan Kumar Joshi
Chief Financial Officer
M. No. 056916


Sanjeeb Kumar Mishra
Company Secretary
M.No - FCS6291



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CA Dalip Kumar Kaul
Partner
Membership No - 083066

UDIN- **22083066AJSWBT2075**

Place : Guwahati
Date : May 27, 2022



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

PARTICULARS	As at March 31, 2022	(INR in '000) As at March 31, 2021
SCHEDULE 1 - Share Capital		
Authorised Share Capital:		
Equity capital:		
700,000,000 equity shares of INR.10 each (500000000 equity shares of INR 10 each)	70,00,000	50,00,000
Compulsorily Cumulative Preference Share Capital (CCPS):		
30,00,00,000 CCPS of INR 10 each	30,00,000	-
	1,00,00,000	50,00,000
Issued, Subscribed and Paid up Capital		
Equity Share Capital- 29,40,96,317 Shares of INR.10 each (29,33,84,995 shares of INR 10 each)	29,40,963	29,33,850
Compulsorily cumulative preference share capital (CCPS)- 1,35,15,114 shares of INR 10 each (Previous Year-NIL)	1,35,151	-
Total	30,76,114	29,33,850
SCHEDULE 2 - Reserves and Surplus		
I. Statutory Reserve		
Opening Balance	1,97,658	1,79,701
Additions during the year	-	17,957
Closing Balance	1,97,658	1,97,658
II. Investment Fluctuation Reserve		
Opening Balance	1,20,719	70,719
Additions during the year	-	50,000
Closing Balance	1,20,719	1,20,719
III. Share premium		
Opening Balance	-	-
Addition during the year	97,736	-
Closing Balance	97,736	-
IV. Balance in Profit and Loss Account brought forward	(7,59,697)	4,72,301
Total (I to III)	(3,43,584)	7,90,678
SCHEDULE 3 - Deposits		
A.I. Demand Deposits		
(i) From Banks	17,012	9,544
(i) From Others	5,96,865	3,60,709
II. Savings Bank Deposits	51,32,311	52,69,046
III. Term Deposits		
(i) From Banks	22,30,224	11,11,729
(ii) From Others	73,11,424	60,21,280
Total (I to III)	1,52,87,836	1,27,72,308
B.I. Deposits of Branches in India	1,52,87,836	1,27,72,308
B.II. Deposits of Branches outside India	-	-
Total (B.I and B.II)	1,52,87,836	1,27,72,308





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

PARTICULARS	As at March 31, 2022	(INR in '000) As at March 31, 2021
SCHEDULE 4 - Borrowings		
I. Borrowings in India		
i) Reserve Bank of India	-	-
ii) Other Banks	-	-
iii) Other Institutions and Agencies	44,48,500	51,21,833
iv) Others (Non-Convertible Redeemable Debentures)	-	7,27,500
Total	44,48,500	58,49,333
II. Borrowings outside India	-	-
Total (I and II)	44,48,500	58,49,333
Secured Borrowings included in I and II above	42,06,000	51,21,833
SCHEDULE 5 - Other Liabilities and Provisions		
I. Interest Accrued	1,16,603	40,151
II. Provision for Standard Assets*	5,71,929	61,595
III. Provision for taxation (net of advance tax)	-	-
IV. Adhoc Provision against loans**	-	23,391
V. Floating Provision against loans	1,50,000	-
VI. Others (Including Provisions other than Loans & Advances and share application money)	2,12,587	1,12,146
Total (I to III)	10,51,119	2,37,283
*Provision on standard assets include INR 4,91,539 thousands towards Covid 2-0 restructured advances. (Previous year NIL).		
**As per RBI circular dated 5th may 2021 bank has utilised INR 23,391 thousands against slippage as on 31st March 2022 and basis approval given by Board		
SCHEDULE 6 - Cash and Balance with Reserve Bank of India		
I. Cash in hand	1,42,697	1,79,326
II. Balances with Reserve Bank of India		
i) In Current Accounts	6,66,613	8,12,768
ii) In Other Accounts	-	-
Total (I and II)	8,09,310	9,92,094
SCHEDULE 7 : Balances with Banks and Money at Call and Short Notice		
In India		
I Balances with banks		
i) In Current Accounts	3,70,165	2,41,644
ii) In Other Deposit Accounts	11,00,000	5,22,000
II) Term Money/Money at call and short notice		
i) With banks	5,00,000	-
i) With other Institutions	-	2,58,108
Total	19,70,165	10,21,752
* Include fixed deposit of NIL (Previous year INR 30,108) held under lien		
II. Outside India	-	-
Total (II)	-	-
Total (I and II)	19,70,165	10,21,752



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

PARTICULARS	(INR in '000)	
	As at March 31, 2022	As at March 31, 2021
SCHEDULE 8 - Investments		
I. Investments in India		
i) Government Securities	27,72,158	31,36,792
ii) Others (Investment in Mutual Funds)	-	-
Total (I)	27,72,158	31,36,792
II. Investments Outside India	-	-
Total (II)	-	-
Total (I and II)	27,72,158	31,36,792
Gross Investments	27,72,158	31,36,792
Less : Provision for Investments	-	-
Net Investments	27,72,158	31,36,792
SCHEDULE 9 - Advances		
A. i) Cash Credits, Overdrafts and Loans repayable on demand	6,88,445	1,38,040
ii) Term Loans	1,55,83,839	1,64,08,589
Total	1,62,72,284	1,65,46,629
B. i) Secured by Tangible Assets	59,49,236	35,54,200
ii) Covered by Banks/Government Guarantees	-	-
iii) Unsecured	1,03,23,048	1,29,92,428
Total	1,62,72,284	1,65,46,629
C.I. Advances in India		
i) Priority Sectors	1,47,43,739	1,60,70,225
ii) Public Sectors		
iii) Banks		
ii) Others	15,28,545	4,76,404
Total C.I	1,62,72,284	1,65,46,629
C.II. Advances outside India	-	-
Total C.II	-	-
Total C (I and II)	1,62,72,284	1,65,46,629
SCHEDULE 10 - Fixed Assets		
I. Owned Assets :		
a) Premises	-	-
b) Fixed Assets (Including Furnitures and Fixtures)		
At the beginning of the year	5,20,464	4,15,443
Additions during the year	89,304	1,06,545
Deductions during the year	5,278	1,524
Total (I)	6,04,491	5,20,464
II) Depreciation		
At the beginning of the year	2,15,669	1,31,033
Charge for the year	1,06,644	84,940
Deductions during the year	901	304
Total (II)	3,21,412	2,15,669
Net Block (I - II)	2,83,079	3,04,795
Total	2,83,079	3,04,795





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

PARTICULARS	(INR in '000)	
	As at March 31, 2022	As at March 31, 2021
SCHEDULE 11 - Other Assets		
i. Interest Accrued	10,85,396	3,48,419
ii. Tax paid in advance (net of provision for tax)	1,55,624	53,232
iii. Deferred Tax Assets	16,279	24,715
iv. Others	1,55,690	1,55,023
Total	14,12,989	5,81,389
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 constitutently liable.	-	-
Total	-	-

Note: Also refer Note no 32 of Schedule 18





NORTH EAST SMALL FINANCE BANK LIMITED
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(INR in '000)

PARTICULARS	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
SCHEDULE 13 - Interest Earned		
I. Interest on Advances	28,97,057	28,15,767
II. Income on Investments	1,86,304	2,14,316
III. Interest on Balances with RBI and Other Inter-Bank Funds	58,228	1,06,606
IV. Other interest Income	4	7,446
Total (I to IV)	31,41,593	31,44,135
SCHEDULE 14 - Other Income		
I. Commission, Exchange & Brokerage	1,23,721	1,39,247
II. Profit on sale of Investments	16,659	
Less: Loss on Sale of Investments	(49,716)	(12,048)
III. Profit on sale of land, buildings and other assets	(297)	-
IV. Miscellaneous Income*	51,947	52,432
Total (I to IV)	1,42,314	1,79,631
* Miscellaneous Income include INR 20,000 thousands from sale of PSLC of INR 10,00,000 thousands (Previous Year INR 38,250 thousands from sale of INR 25,00,000 thousands)		
SCHEDULE 15 - Interest Expended		
I. Interest on Deposits	7,91,397	7,30,651
II. Interest on all other borrowings	4,29,158	6,60,561
Total (I to II)	12,20,555	13,91,212
SCHEDULE 16 - Operating Expenses		
I. Payments and Provisions for Employees	7,89,114	8,54,422
II. Rent, Taxes and Lighting	95,359	86,627
III. Printing and Stationery	12,677	15,464
IV. Advertisement and Publicity	8,816	13,335
V. Depreciation on Bank's property	1,06,644	84,940
VI. Director's Fees's, Allowances & Expenses	4,489	2,580
VII. Auditors fees and expenses	3,611	5,040
VIII. Law Charges	150	-
IX. Postage, Telegrams, Telephones, etc.	6,514	4,831
X. Repairs and Maintenance	47,766	44,459
XI. Insurance	17,338	10,708
XII. Other expenditure	1,56,649	1,57,715
XIII. IT Cost (FIS)	1,71,568	1,39,778
Total (I to XIII)	14,20,695	14,19,899





NORTH EAST SMALL FINANCE BANK LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

PARTICULARS	For the Year Ended March 31, 2022	For the Year Ended March 31, 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	(12,09,058)	1,15,835
Adjustment For:		
(Profit)/Loss on sale of Fixed Assets	297	133
Fair value gain on SG securities	4,472	20,989
Contingent Provisions for Standard Assets	5,10,334	(72,662)
Adhoc Provision against NPA	1,26,609	(1,98,506)
Depreciation & Amortisation	1,06,644	84,940
Provision for Non Performing / Bad Assets	12,14,772	6,67,988
Operating Profit before Working Capital Changes	7,54,070	6,18,717
Adjustments for:		
Decrease/(Increase) in Other Assets	(7,54,835)	70,531
Decrease/(Increase) in Term Deposits with other Banks	(3,70,893)	5,38,982
Increase/(Decrease) in Other liabilities and Provisions	1,76,893	(1,10,740)
Decrease/(Increase) in Advances	(9,40,426)	(37,31,801)
Decrease/(Increase) in Investments	3,60,162	3,73,744
Increase/(Decrease) in Deposits	25,15,528	38,70,910
Cash generated from / (used) in Operations:	9,86,428	10,11,625
Taxes Paid	(1,00,000)	(82,500)
Net Cash Flow from / (used) in Operating Activities	(A) 16,40,498	15,47,841
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(89,304)	(1,06,545)
Sale of Fixed Assets	4,377	1,087
Net Cash Flow used in Investing Activities	(B) (84,927)	(1,05,458)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from fresh capital	2,40,000	-
Proceeds from Borrowings	(14,00,833)	(16,50,541)
Net Cash Flow from / (Used in) Financing Activities	(C) (11,60,833)	(16,50,541)
Net Increase / (Decrease) in Cash or Cash Equivalents (A+B+C)	3,94,737	(2,08,158)
Opening Cash and Cash Equivalents	15,83,738	17,91,897
Cash and Cash Equivalents at the end of the year	19,78,475	15,83,738
Break up cash and cash equivalent		
Cash and Balance with RBI	8,09,310	9,92,094
Balance in current account with other banks	3,70,165	2,41,644
Deposits	2,99,000	1,00,000
Money at Call & Short Notice	5,00,000	2,50,000
Total Cash & Cash Equivalent	19,78,475	15,83,738





Notes:

1. The above Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard 3 of Cash Flow Statements
2. Figures in bracket indicate cash outflow.

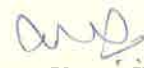
For and on behalf of the Board of Directors


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Place : Guwahati


Date : May 27, 2022

As per our audit report of even date

For Baweja & Kaul

Chartered Accountants

Firm Registration Number : 005834N


CA Dalip Kumar Kaul
Partner
Membership No - 083066



UDIN- **22083066AJSLWBT2075**

Place : Guwahati

Date : May 27, 2022





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 and commission collected on loans disbursed, along with related loan acquisition cost are recognised upfront at Inception of loan. However any processing fees collected at the time of restructuring as a result of renegotiations or rescheduling of outstanding dates are recognised on accrual basis over the period of time covered by the renegotiated or rescheduled extension of credit.

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.

Commission on sale of insurance products are recognised on accrual basis on sale of number of policies of respective insurance companies.

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

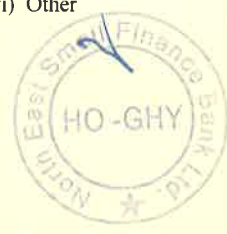
The Bank classifies its investment at the time of purchase into one of the following three categories:

- 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.

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.



NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam

Schedule 17- Significant Accounting Policies

Acquisition cost

- i. Broken period interest on debt instruments is treated as revenue item.
- 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 Fixed Income Money Market and Derivatives Association (FIM- MDA) / 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.

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 is also maintaining additional 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.

Floating Provision:

Provisions made in excess of the Bank's policy for specific loan loss provisions for non-performing assets and regulatory general provisions are categorised as floating provisions. Creation of floating provisions is approved by the Board of Directors in accordance with the RBI guidelines. Floating provisions are used only for contingencies under extraordinary circumstances and for making specific provisions for impaired accounts as per Board approval and regulatory approval. Floating provisions, if any, are shown under "Other liabilities and Provisions" (Schedule 5).



NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam

Schedule 17- Significant Accounting Policies

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 Receipt of any Grant / Subsidy either from NABARD / SIDBI / other FIs shall be adjusted in the cost of Fixed Assets for which such Grant / Subsidy has been received.

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

8. Depreciation & Amortization

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line 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

9. Employee Benefits

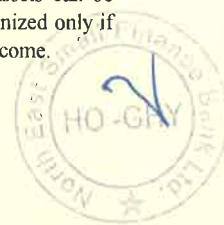
Provident Fund: Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Bank has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Bank does not carry any further obligations, apart from the contributions made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

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.



NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam**Schedule 17- Significant Accounting Policies****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 as well as relevant operating expenses.

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

Unallocated Revenue consists of loss on sale of assets, unallocated expenses includes depreciation, directors' sitting fees & remuneration, audit fees etc

Unallocated Liabilities consists of outstanding expenses like rent, advertisement and the taxes payable etc. while unallocated assets include balances with RBI, Fixed assets, input tax credits etc.

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.

14. Provisions and contingent assets/liabilities

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.

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.

17. Statutory Reserve

Pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000, the Bank is required to appropriate 25% of profit after tax for the year to the statutory reserve.

18. Share Issue Expenses

The bank shall consider the share issue expenses as " Preliminary Expenses" and shall amortise over a period of five years.





NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam

Schedule 18 - Notes to Financial Statement

₹ in '000

1. Capital :

1.1 Capital Infusion

During the year Bank has raised an amount of INR 1,42,264 thousands (Previous Year-NIL) as capital funds as under at a premium of INR 97,736 thousands:

Name of Investor	Number of Equity Shares	Number of CCPS	Respective Consideration
Dia Vikas Capital Private Limited	2,96,384	5631298	9,99,99,995.34
North Eastern Development Finance Corporation Limited	2,96,384	5631298	9,99,99,995.34
Matterhorn Projects LLP	1,18,554	2252518	3,99,99,984.64
Total	7,11,322	1,35,15,114	23,99,99,975.32

The equity shares and CCPS at a face value of INR 10 per share have been issued at a premium of INR 6.87 per share aggregating to total share price of INR 16.87 per share.

1.2 Terms of CCPS

(a) **Voting**- The CCPS holders shall have the voting rights, as prescribed under the Companies Act 2013 and other relevant laws as applicable from time to time.

(b) **Dividend**- The Investors shall be entitled to receive on their respective CCPS non-cumulative dividend in preference to any dividend on Equity Shares at the rate of 0.000001% per annum, until converted into Equity Shares. The amount being insignificant for the period ended 31st March 2022, has no impact on profit/loss.

(c) Conversion of CCPS-

(i) The CCPS shall be mandatorily and fully convertible into Equity Shares ("Conversion Shares") after the Closing Date as per the net worth thresholds set out below. The CCPS shall be converted based on audited financial statements as of 31 March 2023. The Company will be valued at a ceiling pre-money valuation of INR 495,00,00,000 (Indian Rupees Four Hundred and Ninety-Five Crores) calculated as 1.65x (one point six five times) the Company's pre money net worth as of 31 March 2023, provided the pre money net worth is INR 300,00,00,000 (Indian Rupees Three Hundred Crores) or higher.

(ii) If the Company's pre money net worth as per the audited financial statements as of 31 March 2023 is below INR 300,00,00,000 (Indian Rupees Three Hundred Crores), the pre money valuation will be calculated as 1.65x (one point six five times) the pre money net worth of the Company as on 31 March 2023, subject to a pre money net worth floor of INR 182 crore (Rupees One Hundred and Eighty Two Crore). This implies that the pre money valuation of the Company cannot be below INR 300.30 crore (Rupees Three Hundred Crore Thirty Lakh only).

(iii) Save as otherwise provided under Applicable Law, the conversion of CCPS into the Conversion Shares shall take place without any additional payment to the Company in accordance with the conversion ratios determined in accordance with the conversion ratio.

(iv) The Conversion Shares issued and allotted shall be fully paid and free of Encumbrances and shall rank pari passu in all respects with the Equity Shares of the Company.

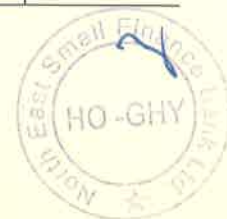
(d) **Restrictions on Transfer**- The CCPS and the Conversion Shares shall be subject to the Transfer restrictions as set forth under the Transaction Documents.

1.3 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 1 Capital of which common equity Tier 1 capital shall be 6% and 1.50% from additional Tier 1 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, 2022	As at March 31, 2021
i) Common Equity Tier I Capital (CET I)	25,61,444	35,29,331
ii) Additional Tier I Capital	-	-
(ii) Additional Tier I Capital (%)	-	-
iii) Tier 1 capital (i + ii)	25,61,444	35,29,331
iv) Tier 2 capital	3,32,929	1,82,313
v) Total capital (Tier 1 + Tier 2)	28,94,374	37,11,644
vi) Total Risk Weighted Assets (RWAs)	1,69,76,858	1,74,89,745
vii) CET I Ratio (CET I ratio as a percentage of RWAs)	15.09%	20.18%
viii) Tier 1 Ratio (Tier 1 Capital as a percentage of RWAs)	15.09%	20.18%
ix) Tier 2 Ratio (Tier 2 Capital as a percentage of RWAs)	1.96%	0.0104
x) Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital)	17.05%	21.22%
xi) Leverage Ratio	10.91%	15.68%
xii) Percentage of the shareholding of		
a) Government of India	0.00%	0.00%
b) State Government	-	-
c) Sponsor Bank	-	-
xiii) Amount of paid up equity capital raised during the year	2,40,000	-
xiv) Amount of non-equity Tier 1 capital raised during the year	-	-
xv) Amount of Tier 2 capital raised during the year	-	-



NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam

Schedule 18 - Notes to Financial Statement

2. Investments

₹ in '000

2.1 Details of Investments

Particulars	As at March 31, 2022	As at March 31, 2021
I Value of Investments		
(i) Gross Value of Investments		
(a) In India	27,72,158	31,36,792
(b) Outside India,	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India,	-	-
(iii) Net Value of Investments		
(a) In India	27,72,158	31,36,792
(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, 2022			As at March 31, 2021		
	HTM	AFS	HFT	HTM	AFS	HFT
i) Government securities	15,37,766	4,38,654	-	12,93,025	10,28,650	-
ii) Other approved securities	7,95,738	-	-	8,15,117	-	-
iii) Shares	-	-	-	-	-	-
iv) Debentures and bonds	-	-	-	-	-	-
v) Mutual Funds	-	-	-	-	-	-
vi) Subsidiaries and /or Joint ventures	-	-	-	-	-	-

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

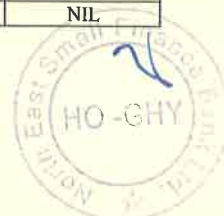
Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the period	Outstanding as on March 31, 2022
Securities sold under repos				
i. Government securities	10,307	3,43,019	53,349	-
ii. Corporate debt securities	-	-	-	-
Securities purchased under reverse repos				
i. Government securities	10,002	19,50,024	28,091	5,00,000
ii. Corporate debt securities	-	-	-	-

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	NIL	NIL	NIL	NIL
ii. Corporate debt securities	NIL	NIL	NIL	NIL
Securities purchased under reverse repos				
i. Government securities	NIL	NIL	NIL	NIL
ii. Corporate debt securities	NIL	NIL	NIL	NIL

2.4 Non-SLR Investment Portfolio:

(i) Issuer Composition of Non SLR Investments as on 31.03.2022 :

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





NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam

Schedule 18 - Notes to Financial Statement

2.4 Non-SLR Investment Portfolio:

₹ in '000

(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

(ii) Non-performing Non-SLR investments:

The Bank does not have any non performing non-SLR Investments as on March 31, 2022 (Previous year : NIL)

2.5 During the period ended March 31, 2022 and March 31, 2021 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, 2022 (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, 2022 (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, 2022 (Previous Year : NIL)

3. Asset Quality

3.1 Non- Performing Assets

Particulars	March 31, 2022	March 31, 2021
(i) Net NPAs to Net Advances (%)	3.56%	6.81%
Movement of Gross NPAs		
(a) Opening Balance	19,16,624	2,62,850
(b) Additions (Fresh NPAs) during the year	9,74,369	17,00,752
Sub-total (A)	28,90,993	19,63,603
(c) Reductions during the period:		
(i) Up-gradations	1,494	16,074
(ii) Recoveries (excluding recoveries made from upgraded accounts)	1,84,179	30,904
(iii) Technical/ Prudential Write-offs	8,06,088	-
(iv) Write-offs other than those under (iii) above	-	-
Sub-total (B)	9,91,761	46,979
Closing Balance (A-B)	18,99,232	19,16,624

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, 2022	March 31, 2021
Movement of Net NPAs		
(a) Opening balance	11,24,510	1,62,114
(b) Additions during the period	4,18,210	9,62,395
(c) Reductions during the year period (Write Off)	9,68,370	-
(d) Closing balance	5,74,350	11,24,510
Movement of provision for NPAs (excluding provision for standard assets)		
(a) Opening balance	7,92,114	1,00,736
(b) Provisions made during the period	13,64,772	6,91,379
(c) Provision on Technical written off account including other write back	8,32,004	-
(d) Closing balance	13,24,882	7,92,114

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, 2022 (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, 2022 (Previous Year : NIL)





NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam

Schedule 18 - Notes to Financial Statement
3.4. Provision for standard assets

₹ in '000

Bank has followed the prudential norms on income recognition, asset classification and provisions.

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, 2022	March 31, 2021
The amount of provision held on standard assets*	82,004	61,595

* Includes accelerated provision on SMA-0 @2.5%, SMA-1 @5% and SMA-2 @7.5% in place of RBI Norms of 0.40% w.e.f 1st April 2021 basis Board approved policy

3.5. Divergence in Asset Classification and Provisioning for NPAs

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, has directed that banks shall make suitable disclosures, if either or both of the conditions are satisfied -

- the additional provisioning for NPAs assessed by RBI exceeds 10 percent of the reported profit before provisions and contingencies for the reference period, and
- the additional gross NPAs identified by RBI exceed 15 percent of the published incremental Gross NPAs for the reference period

Divergence as observed by RBI during last two financial years is given as under:

Sl No.	RBI AFI 2021 Particulars	(INR in '000) Amount
1	Gross NPAs as on March 31, 2021 as reported by the bank	19,16,624
2	Gross NPAs as on March 31, 2021 as assessed by RBI	19,16,624
3	Divergence in Gross NPAs (2-1)	-
4	Net NPAs as on March 31, 2021 as reported by the bank	11,24,510
5	Net NPAs as on March 31, 2021 as assessed by RBI	8,25,410
6	Divergence in Net NPAs (5-4)	-2,99,100
7	Provision for NPAs as on March 31, 2021 as reported by the bank	7,92,114
8	Provision for NPAs as on March 31, 2021 as assessed by RBI	10,91,214
9	Divergence in Provisioning (8-7)	2,99,100
10	Reported Net Profit after Tax (PAT) for the year ended	71,825
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2021 after taking into account the divergence in provisioning	-2,27,274

Sl No.	RBI AFI 2020 Particulars	(INR in '000) Amount
1	Gross NPAs as on March 31, 2020 as reported by the bank	2,62,850
2	Gross NPAs as on March 31, 2020 as assessed by RBI	10,84,179
3	Divergence in Gross NPAs (2-1)	8,21,329
4	Net NPAs as on March 31, 2020 as reported by the bank	1,62,114
5	Net NPAs as on March 31, 2020 as assessed by RBI	7,37,045
6	Divergence in Net NPAs (5-4)	5,74,930
7	Provision for NPAs as on March 31, 2020 as reported by the bank	1,00,736
8	Provision for NPAs as on March 31, 2020 as assessed by RBI	3,47,135
9	Divergence in Provisioning (8-7)	2,46,399
10	Reported Net Profit after Tax (PAT) for the year ended March 31, 2020	1,25,891
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2020 after taking into account the divergence in provisioning	82,069

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. However under Covid 2.0 stress resolution vide RBI circular RBI/2020-21/16 DOR No BP.BC/3/21 04.048/2020-21 dt 5th May 2021 bank has restructured 3,18,389 accounts aggregating to INR 87,76,847 thousands. Accordingly bank has created an overall provision of 10% for these accounts amounting to INR 8,77,685 thousands. During current year bank has recovered an amount of INR 20,79,124 thousands and written back the provision to the extent of INR 2,33,533 thousands, as the recovery in these accounts are more than 20%.

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 30th September 2021 (A)	Of (A), aggregate debt that slipped into NPA during the year	Of (A) amount written off during the year	Of (A) amount paid by the borrowers during the year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this year
Personal Loans / Individual Loans	87,76,847	6,16,513	NIL	20,79,123	60,60,367
Corporate persons	NIL	NIL	NIL	NIL	NIL
Of which MSME's	NIL	NIL	NIL	NIL	NIL
Others	NIL	NIL	NIL	NIL	NIL
Total	87,76,847	6,16,513	-	20,79,123	60,60,367

Note: Bank has not collected any processing fees on restructured loans under Covid 2.0



NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam

Schedule 18 - Notes to Financial Statement

₹ in '000

3.7. Particulars of Accounts Restructured

Disclosure on accounts subjected to Restructuring for the year ended March 31, 2022

During the year, Bank has not restructured any advances other than those stated in Para 3.6

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

Sr No.	Type of Restructuring		Under CDR Mechanism	Under SME debt restructuring mechanism	Others			Total		
	Asset Classification		Total Provision	Total Provision	Standard	NPA Provision	Total Provision	Standard	NPA Provision	Total Provision
1	Restructured Accounts as on April 1, 2020 of the FY (opening figures)	No. of	-	-	-	42,801	42,801	-	42,801	42,801
		Amount	-	-	-	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	-	-	-	-	-	-	-	-
		Amount	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the year	No. of	-	-	-	588	588	-	588	588
		Amount	-	-	-	(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	-	-	-	-	-	-	-	-
		Amount	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of	-	-	-	18,405	18,405	-	18,405	18,405
		Amount	-	-	-	(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	-	-	-	20,085	20,085	-	20,085	20,085
		Amount	-	-	-	(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	-	-	-	3,723	3,723	-	3,723	3,723
		Amount	-	-	-	(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	-	-	-	-	-	-	-	-
		Amount	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-



NORTH EAST SMALL FINANCE BANK LIMITED
 Guwahati, Assam

₹ in '000

Schedule 18 - Notes to Financial Statement

4. Business Ratios

Particulars	March 31, 2022	March 31, 2021
Interest income as a percentage of working funds	14.03%	13.85%
Non interest income as a percentage of working funds	0.64%	0.79%
Operating profit as a percentage of working funds	2.87%	2.26%
Return on assets (average)	-5.50%	0.32%
Business (deposit plus advance) per employee (Rs in '000)	14,345	11,745
Profit per employee (Rs in '000)	-540	35

Note:

- 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)

5. Asset Liability Management

Maturity Pattern of certain items of assets and liabilities as at March 31, 2022:

Sl. no.	Maturity buckets	Loans & advances	Investments	Deposits	Borrowings
1	1 day	31,897	7,76,338	96,949	NIL
2	2 days to 7 days	1,93,631	23,645	2,01,961	NIL
3	8 days to 14 days	2,24,782	32,647	2,15,916	NIL
4	15 days to 30 days	5,35,527	5,59,928	5,08,930	52,500
5	31 days to 3 month	18,59,399	1,88,099	15,89,854	9,92,500
6	Over 3 month & upto 6 month	31,40,827	3,07,838	15,02,908	58,500
7	Over 6 month & upto 1 year	44,41,639	2,50,209	31,80,571	12,17,500
8	Over 1 year & upto 3 years	48,90,459	6,23,465	79,17,824	20,20,000
9	Over 3 years & upto 5 years	9,11,734	7,698	52,774	1,07,500
10	Over 5 years	42,390	2,292	20,149	-
		1,62,72,284	27,72,158	1,52,87,836	44,48,500

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	NIL
2	2 days to 7 days	36,662	29,503	2,24,184	NIL
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	NIL
		1,65,46,628	31,36,792	1,27,72,308	58,49,333

- The maturity of 'Loans & Advances' has been determined on the basis of ultimate maturity date of the loans for FY 2020-21 and on the basis of monthly installments due for FY 2021-22
- The bank has classified the maturity pattern of the term deposits as per residual maturity and that of Savings and Current Deposits as per RBI benchmark guidelines.
- The bucketing is made as per the guidelines issued by Reserve Bank of India as well as ALM policy of the Bank.
- The Bank has no foreign currency assets & liabilities as on March 31, 2022

6. Exposure

6.1. Exposure to Real Estate Sector:

Particulars	March 31, 2022	March 31, 2021
a) Direct exposure	Nil	Nil
i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	2,844	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	Nil	Nil
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
- Residential	Nil	Nil
- Commercial Real Estate	Nil	Nil
Total (A)	2,844	1,000
b) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil
Total (B)		
Total (A+B)	2,844	1,000



Schedule 18 - Notes to Financial Statement
6.2. Exposure to Capital Market

Particulars	March 31, 2022	March 31, 2021
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;	Nil	Nil
ii. Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	Nil
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;	Nil	Nil
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;	Nil	Nil
v. Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
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;	Nil	Nil
vii. Bridge loans to companies against expected equity flows / issues;	Nil	Nil
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;	Nil	Nil
ix. Financing to stockbrokers for margin trading;	Nil	Nil
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)	Nil	Nil
xi. Others (Financial Guarantees)	Nil	Nil
Total Exposure to Capital Market	Nil	Nil

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, 2022 (Previous Year : NIL)

Risk Category	Exposure (net) as at March 31, 2022	Provision held as at March 31, 2021	Exposure (net) as at March 31, 2022	Provision held as at March 31, 2021
Insignificant	Nil	Nil	Nil	Nil
Low	Nil	Nil	Nil	Nil
Moderate	Nil	Nil	Nil	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
Restricted	Nil	Nil	Nil	Nil
Off-credit	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil

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

During the year ended March 31, 2022, Single Borrower Limit (SBL)/Group Borrower Limit (GBL) to State Bank of India Group exceeded the limits from 12.10.2021 to 25.10.2021 due to Fixed Deposits by Treasury amounting to Rs.80.04 Crore and Mutual Fund Investment of Rs.35 Crore with SBI Mutual Fund. This was a solitary instance of parking of excess liquidity for a short period of time and was subsequently ratified by ALCO & Risk Management Committee of Board.

6.5. Unsecured Advances

The Bank has not extended any project advances where the collateral is an intangible asset such as a charge over rights, licenses, authorizations, etc. The Unsecured Advances as at March 31, 2022 of ₹ 1,03,23,048 ('000) (March 31, 2021 of ₹ 1,29,92,428 ('000)) disclosed in Schedule 9B(iii) are without any collateral or any other security.

6.6. Details of factoring exposure

There is no factoring exposure of the Bank as at March 31, 2022 (Previous Year : NIL).

6.7. Disclosure of penalties imposed by RBI

During the year ended March 31, 2022, 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, 2022	March 31, 2021
Provision towards Non Performing Assets	12,14,772	6,67,988
Provision towards Standard Assets*	5,10,334	(72,662)
Floating provision against advances**	1,50,000	-
Utilisation of Adhoc Provision against advances***	(23,391)	(1,98,506)
Provision made towards income tax****	14,504	20,329
Deferred Tax asset	8,436	23,681
Provision for Risk, Insurance & Welfare	NIL	NIL
Total	18,74,655	4,40,830

Schedule 18 - Notes to Financial Statement

*Provision on standard assets include INR 4,91,539 thousands towards Covid 2-0 restructured advances. (Previous year NIL).

**Bank has created an additional Floating Provision to the tune of INR 1,50,000 thousands during FY 2021-22 basis Board approval.

***Bank has utilised INR 23,391 thousands of Adhoc Provision outstanding as at 31st March 2021 against fresh slippages in line with RBI circular dated 5th may 2021.

****In view of losses, Bank has not created Income Tax Provision for FY 2021-22. The amount of INR 14,504 thousands has been paid as Income Tax for FY 2020-21 in response to demand raised by Income Tax Department.

8.1 Adhoc Provision:

Particulars	March 31, 2022	March 31, 2021
a) Opening Balance in the Adhoc Provision account	23,391	64,600
b) The quantum of Adhoc provisions made during the current year	-	81,951
c) Amount of drawdown made during the current year	23,391	1,23,161
d) Closing balance in the Adhoc provisions account	-	23,391

8.2 Floating Provision:

Particulars	March 31, 2022	March 31, 2021
a) Opening Balance in the Floating Provision account	-	-
b) The quantum of floating provisions made during the current year	1,50,000	-
c) Amount of drawdown made during the current year	-	-
d) Closing balance in the Floating provisions account	1,50,000	-

9. Drawdown from Reserves

The Bank has not drawdown from reserves during the year ended March 31, 2022 (Previous year: NIL)

9.1 Investment Fluctuation Reserve

During the year ended March 31, 2022 the bank has not made any appropriation to the investment fluctuation reserve from the Profit and Loss Account due to losses. However, the balance in IFR covers 2% of AFS as well as HFT investment of the Bank in line with RBI circular RBI/2017-18/147 DBR No.BP BC 102/21.04.048/2017-18 dated April 2, 2018.

9.2 Statutory Reserve

The Bank has not made any appropriation out of profits for the year ended March 31, 2022 to the statutory reserve due to losses pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000

10. Disclosure of Complaints
a) Customer Complaints

Particulars	March 31, 2022	March 31, 2021
1) Number of complaints pending at beginning of the year	1	8
2) Number of complaints received during the year	231	471
3) Number of complaints disposed during the year	228	478
3.1) Of which, number of complaints rejected by the bank	NIL	NIL
4) Number of complaints pending at the end of the year	3	1

b) Awards passed by the Banking Ombudsman:

Particulars	March 31, 2022	March 31, 2021
a) No. of unimplemented Awards at the beginning of the year	NIL	NIL
b) No. of Awards passed by the Banking Ombudsman during the year	NIL	NIL
c) No. of Awards implemented during the year	NIL	NIL
d) No. of unimplemented Awards at the end of the year	NIL	NIL

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'2022					
ATM/Debit Cards	0	104	0.95% decrease	3	0
Internet/Mobile/Electronic	0	58	49.12 % decrease	0	0
Account opening/difficulty in	0	0	100% decrease	0	0
Loans and advances	0	17	63.83% decrease	0	0
Staff Behaviour	0	6	62.5% decrease	0	0
Others	1	46	50% decrease	0	0
Total	1	231	50.75% decrease	3	0
PREVIOUS YEAR: 31st March'2021					
ATM/Debit Cards	1	105	328 % increase	0	0
Internet/Mobile/Electronic	1	114	278 % increase	0	0
Account opening/difficulty in	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

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, 2022 (Previous Year : NIL)

12 Provisioning Coverage Ratio

The Provision Coverage Ratio (PCR) of the Bank is 79.38% as on March 31, 2021 (Previous year 43.69%).



NORTH EAST SMALL FINANCE BANK LIMITED
 Guwahati, Assam

₹ in '000

Schedule 18 - Notes to Financial Statement

13. Bancassurance Business

The Bank has commenced Bancassurance Business during the FY 2021-22. The details are as below -

S.No	Name of the Insurance Company	March 31,2022			March 31,2021		
		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	1923	36,268	3,156	3329	68,468	9,624
2	Bajaj Alliance General Insurance Company Limited	109643	50,910	7,342	198497	75,826	13,731
3	HDFC Life Insurance	1165	1,28,174	8,309	668	69,737	6,118
4	SBI General Insurance Company Limited	25	358	27	7	68	5
5	POS COMMISSION (ATOM TECHNOLOGIES)	-	-	-	-	-	22
6	BILL DESK & OTHERS	-	-	-	-	-	28
	Total	1,12,756.00	2,15,709	18,834	2,02,501	2,14,099	29,527

14. Concentration of deposits, advances, exposures and NPAs

14.1. Concentration of deposits:

Particulars	March 31, 2022	March 31, 2021
Total deposits of twenty largest depositors	57,54,921	45,52,730
Total Deposits	1,52,87,836	1,27,72,308
Percentage of deposits of twenty largest depositors to total deposits of the Bank	38%	36%

14.2. Concentration of Advances:

Particulars	March 31, 2022	March 31, 2021
Total advances to twenty largest customers	6,04,316	1,21,564
Total Advances	1,74,46,716	1,65,46,629
Percentage of Advances of twenty largest borrowers to total advances of the Bank	3.46%	0.73%

Advances are computed as per the definition of Credit Exposure including derivatives as prescribed in Master Circular on Exposure Norms DBR No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

14.3. Concentration of exposures:

Particulars	March 31, 2022	March 31, 2021
Total exposure to twenty largest borrowers/customers	83,038	89,372
Percentage of exposures of twenty largest customers to total exposure of the Bank on borrowers/ customers	0.48%	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, 2022	March 31, 2021
Total Exposure to top four NPA accounts	1,108	644

15. Sector-wise Advances

Sector	As at March 31,2022			As at March 31,2021		
	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	48,95,985	8,18,253	16.71%	58,98,211	8,19,201	13.89%
2. Advances to Industries Sector eligible as PSL	19,31,345	98,126	5.08%	14,39,029	78,322	5.44%
3. Services	70,17,617	9,33,292	13.30%	81,19,804	9,70,933	11.96%
4. Personal Loans and others	20,72,887	47,489	2.29%	13,81,771	47,630	3.45%
Sub-Total (A)	1,59,17,835	18,97,160	11.92%	1,68,38,814	19,16,086	11.38%
B. Non Priority Sector						
1. Agricultural and Allied Activities	-	-	-	-	-	-
2. Industry	-	-	-	-	-	-
3. Services	-	-	-	-	-	-
4. Personal loans and others	15,29,331	2,072	0.14%	4,76,538	538	0.11%
Sub-Total (B)	15,29,331	2,072	0.14%	4,76,538	538	0.11%
Total	1,74,47,166	18,99,232	10.89%	1,73,15,352	19,16,624	11.07%

"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

Particulars	March 31, 2022	March 31, 2021
Opening Balance of Technical /Prudential written off accounts as at Apr 1	80,270	81,321
Add: Technical/ Prudential write offs during the year	8,08,613	-
Sub Total (A)	8,88,883	81,321
Less : Recoveries made from previously technical/ prudential written offs account during the year (B)	3,003	1,051
Closing Balance as at March 31 (A-B)	8,85,880	80,270



Schedule 18 - Notes to Financial Statement
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 five members where three 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.

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	
	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	
	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



Schedule 18 - Notes to Financial Statement

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

B. Quantitative Disclosure

Quantitative Disclosures (Covers only Whole Time Directors/ CEO/Other Risk Takers*)	March 31, 2022	March 31, 2021
g) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	4 meetings were held . Aggregate remuneration INR 3,20,000/-	5 meetings were held, Aggregate remuneration - Rs , 1,50,000/-
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	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 and Remuneration to part time chairman at the rate of Rs.40,000/- per Board meeting and at the rate of Rs 20,000/- per committee meeting respectively w.e.f July 2021. An amount of Rs. 3,649 thousands was paid as sitting fees and remuneration to Independent Directors during the FY 21-22 .Following is the sitting fees paid to the Independent directors -

Name of Director	March 31, 2022	March 31, 2021
AG Varughese.	550	120
Arun Prakash Sandilya	30	290
Bhaskar Jyoti Sarma	-	290
Bhaskar Jyoti Sarma (Remuneration as Part time Chairman)	-	1,300
Deep Chandra Joshi	-	70
Gautam Barua	570	190
Manjula Saikia Bhuyan	410	60
PVSLN Murthy	30	70
Ranjit Goswami	-	160
S R Meena	180	-
Sistla Prabhakar	320	-
Tapan Kr Hazarika	520	-
R K Garg	520	-
R K Garg (Remuneration as Part Time Chairman)	519	-
Suvalaxmi Chakraborty	-	30
Total	3,649	2,580



Schedule 18 - Notes to Financial Statement
20. Disclosures relating Securitization

Sl. No.	Particulars	March 31, 2022	March 31, 2021
1	No. of SPVs Sponsored by the bank for securitization transaction	NIL	NIL
2	Total amount of Securitized assets as per books of the SPVs sponsored by the bank	NIL	NIL
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	NIL	NIL
	Others	NIL	NIL
	b) On Balance Sheet exposures		
	First Loss (Cash Collateral)	NIL	NIL
	Others (Credit Enhancement)	NIL	NIL
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)	NIL	NIL
	Others	NIL	NIL
	Exposure to Third Party Securitization		
	First Loss	NIL	NIL
	Others	NIL	NIL
	b) On Balance Sheet Exposures		
	Exposure to own Securitization		
	First Loss	NIL	NIL
	Others	NIL	NIL
	Exposure to Third Party Securitization		
	First Loss	NIL	NIL
	Others	NIL	NIL

21. Intra Group Exposures

Particulars	March 31, 2022	March 31, 2021
Total amount of intra- group exposure	NIL	NIL
Total amount of top-20 intra-group exposure	NIL	NIL
Percentage of Intra Group Exposure to Total Exposure of the Bank on borrower/customer	NIL	NIL
Details of Breach of Limit on Intra Group exposure and Regulatory action thereon, if any	NIL	NIL

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

Particulars	March 31, 2022	March 31, 2021
Opening balance of amounts transferred to DEAF	NIL	NIL
Add: Amounts transferred during the period	NIL	NIL
Less: Amounts reimbursed by DEAF towards claims	NIL	NIL
Closing balance of amounts transferred to DEAF	NIL	NIL

23.1 Priority sector lending certificates

The Bank sold PSLCs during FY 2021-22

Particulars	Year ended March 31, 2022		Year ended March 31, 2021	
	PSLC Purchased	PSLC Sold	PSLC Purchased	PSLC Sold
PSLC Small & Marginal Farmers	NIL	NIL	NIL	10,00,000
PSLC Micro Enterprise	NIL	10,00,000	NIL	15,00,000
TOTAL PSLC	NIL	10,00,000	NIL	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, 2022	March 31, 2021
Opening provision	3,211	2,479
Provision during the year	1,692	745
Utilization / Write back of provision	-	(13)
Closing provision	4,903	3,211

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.

NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam

₹ in '000

Schedule 18 - Notes to Financial Statement

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, 2020	By January 1, 2021	By January 1, 2022
Minimum LCR	90%	100%	100%

Quantitative disclosures on LCR for the period ended March 31, 2022 :

Particulars	Quarter ended March 31, 2022		Quarter ended December 31, 2021		Quarter ended September 30, 2021		Quarter ended June 30, 2021	
	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted
High Quality Liquid Assets								
1. Total High Quality Liquid	-	28,87,908	-	33,44,441	-	28,33,082	-	30,28,124
Cash Outflows								
2. Retail deposits and deposits	75,71,794	5,51,388	70,92,176	5,14,464	66,95,280	4,85,153	66,52,214	4,86,777
i) Stable deposits	41,15,836	2,05,792	38,95,063	1,94,753	36,87,500	1,84,375	35,68,885	1,78,444
ii) Less stable deposits	34,55,958	3,45,596	31,97,113	3,19,711	30,07,781	3,00,778	30,83,329	3,08,333
3. Unsecured wholesale funding,	24,06,899	16,83,080	42,56,982	23,41,558	30,85,240	17,94,191	36,14,112	17,68,771
i) Operational deposits (all	-	-	-	-	-	-	-	-
ii) Non-operational deposits (all	24,06,899	16,83,080	42,56,982	23,41,558	30,88,666	17,94,191	36,14,112	17,68,771
iii) Unsecured debt	-	-	-	-	-	-	-	-
4. Secured Wholesale funding	-	12,52,959	-	2,68,333	-	3,53,443	-	2,95,764
5. Additional requirements, of	-	-	-	-	-	-	-	-
i) Outflows related to derivative	-	-	-	-	-	-	-	-
ii) Outflows related to loss of	-	-	-	-	-	-	-	-
iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding	1,53,079	1,53,079	68,872	68,872	57,943	57,943	48,851	48,851
7. Other contingent funding	-	-	-	-	-	-	-	-
8. Total Cash Outflows	-	36,40,507	-	31,93,229	-	26,90,729	-	26,00,162
Cash Inflows								
9. Secured lending (e.g. reverse	40,290	-	8,333	-	-	-	-	-
10. Inflows from fully performing	8,961	8,961	3,946	3,946	7,990	7,990	15,024	15,024
11. Other cash inflows	20,87,109	16,69,544	19,45,484	17,05,936	8,54,511	7,43,661	8,15,913	6,09,031
12. Total Cash Inflows	21,36,360	16,78,506	19,57,763	17,09,882	8,62,501	7,51,651	8,30,937	6,24,055
13. TOTAL HQLA	-	28,87,908	-	33,44,441	-	28,33,082	-	30,28,124
14. Total Net Cash Outflows	-	19,62,001	-	14,83,347	-	19,39,078	-	19,76,107
15. Liquidity Coverage Ratio	-	147%	-	225%	-	146%	-	153%

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	-	40,62,719	-	36,85,669	-	39,42,291	-	34,78,425
Cash Outflows								
2. Retail deposits and 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
i) 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
ii) Less stable deposits	36,15,184	3,61,518	30,13,128	3,01,313	24,53,678	2,45,368	22,79,467	2,27,947
3. Unsecured 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
i) Operational deposits (all	-	-	-	-	-	-	-	-
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	-	5,45,257	-	1,79,333	-	4,97,942	-	1,18,980
5. Additional requirements, of	-	-	-	-	-	-	-	-
i) Outflows related to derivative	-	-	-	-	-	-	-	-
ii) Outflows related to loss of	-	-	-	-	-	-	-	-
iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding	74,613	74,613	49,953	49,953	2,60,215	2,60,215	3,01,156	3,01,156
7. Other contingent funding	-	-	-	-	-	-	-	-
8. Total Cash Outflows	-	30,89,148	-	26,69,394	-	32,94,862	-	28,67,540
Cash Inflows								
9. Secured lending (e.g. reverse	-	-	-	-	-	-	-	-
10. Inflows from fully performing	16,385	16,385	14,281	14,281	12,000	12,000	6,173	6,173
11. Other cash inflows	12,13,339	10,82,465	6,17,768	5,49,616	7,98,178	7,49,850	8,96,229	8,77,783
12. Total Cash Inflows	12,29,724	10,98,850	6,32,049	5,63,897	8,10,178	7,61,850	9,02,402	8,83,955
13. TOTAL HQLA	-	40,62,719	-	36,85,669	-	39,42,291	-	34,78,425
14. Total Net Cash Outflows	-	19,90,298	-	21,05,496	-	25,33,012	-	19,83,585
15. Liquidity Coverage Ratio (%)	-	204%	-	175%	-	156%	-	175%

In accordance with RBI guidelines, the weighted and unweighted amounts are calculated by taking simple daily average for all quarters of the year.

NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam

Schedule 18 - Notes to Financial Statement

₹ in '000

26. Notes on Compliances with Accounting Standards

26.1 Earnings per Share:

Particulars	March 31, 2022	March 31, 2021
Net profit after tax (₹)	(12,31,998)	71,825
Weighted average shares outstanding – Basic (Nos.)	2,93,385	2,93,385
Weighted average shares outstanding – Diluted (Nos.)	2,93,424	2,93,385
Nominal Value of Equity Shares (₹)	10	10
Earnings per share – Basic (₹)	(4.20)	0.24
Earnings per share – Diluted (₹)	(4.20)	-

26.2 Segment Reporting

Particulars	Treasury		Retail Banking		Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Segment Revenue	6,03,516	16,95,618	30,52,724	29,69,197	36,56,241	46,64,814
Segment Results	5,86,797	14,43,064	2,15,976	(4,08,685)	8,02,475	10,41,825
Unallocated Expenses					1,59,819	5,29,170
Operating Profits					6,42,657	5,12,655
Tax Expenses (including deferred tax)					22,940	44,010
Extraordinary profit/loss	-	-	-	-	-	-
Net profit/(Loss)					(12,31,998)	71,825
Other Information:						
Segment Assets	28,76,948	39,91,453	1,80,95,496	1,78,93,751	2,09,72,444	2,18,85,203
Unallocated Assets					25,47,541	6,98,247
Total Assets					2,35,19,985	2,25,83,451
Segment Liabilities	27,51,810	33,59,123	1,79,13,271	1,53,85,436	2,06,65,081	1,87,44,558
Unallocated Liabilities					1,22,374	1,14,366
Total Liabilities					2,07,87,455	1,88,58,924

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 ₹ 67,760 thousands (31-Mar-21 - ₹ 59,813 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 -

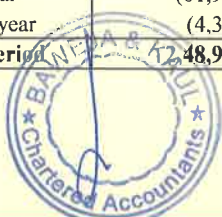
Particulars	March 31, 2022	March 31, 2021
Not later than one year	562	59,333
Later than one year but not later than five years	81,767	2,57,439
Later than 5 years	2,90,781	1,53,170
The total of minimum lease payments recognized in the Profit and Loss Account for the year	67,760	59,813

26.4 Deferred tax

Particulars of (Asset)/ Liability	March 31, 2022	March 31, 2021
Depreciation	(6,704)	(6,366)
Provision not allowed under Income Tax Act, 1961	-	-
Expense allowed on cash basis under Income Tax Act, 1961	(9,575)	(17,090)
Others	-	(1,259)
Total	(16,279)	(24,715)

26.5 Fixed Assets

Particulars	Tangible		Intangible		Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Opening balance	2,55,032	2,36,542	49,763	47,867	3,04,795	2,84,409
Additions during the year	60,274	77,680	29,030	28,866	89,304	1,06,546
Depreciation charge for the year	(61,938)	(57,666)	(44,705)	(26,970)	(1,06,643)	(84,636)
Disposal of Assets during the year	(4,377)	(1,524)	-	-	(4,377)	(1,524)
Balance at the end of the period	1,248,990	2,55,032	1,23,499	49,763	2,83,079	3,04,795



NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam

Schedule 18 - Notes to Financial Statement
26.6 Related Party Transactions

₹ in '000

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, 2022 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 (Suspended from 15/07/2021) Sanjeeb Kumar Mishra - Company Secretary (From 20/09/2021)
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, 2022			For the period ended March 31, 2021		
	Holding Company	Key Management Personnel	Relatives of KMP	Holding Company	Key Management Personnel	Relatives of KMP
Liabilities						
Term Deposit	(1,553)	802	(5,607)	3,334	2,722	(1,204)
Saving Deposit (Net of withdrawal)	-	(103)	208	-	20	182
Assets						
Long Term Deposit receivables	2,949	-	-	3,149	-	-
Expense						
Interest paid on deposits:						
RGVN (North East) Microfinance Limited	10594	-	-	9,703	-	-
Ketan Kumar Joshi	-	21	-	-	16	-
Rupali Kalita	-	608	-	-	497	-
Mukesh Singh verma	-	11	-	-	5	-
Sanjeeb Kumar Mishra	-	3	-	-	-	-
Kiran Kalita	-	-	95	-	-	65
Sangeeta Ketan Joshi	-	-	98	-	-	392
Hemant Kumar Joshi	-	-	36	-	-	237
Suresh Kumar Joshi	-	-	1	-	-	3
Sita Devi Singh	-	-	2	-	-	29
Simpal Kumari	-	-	-	-	-	157
Net Interest paid on Deposits	10,594	643	232	9,703	518	883
Payment of Remuneration:*						
Rupali Kalita	-	5,087	-	-	4,085	-
Mukesh Singh verma	-	832	-	-	2,777	-
Sanjeeb Kumar Mishra	-	1,470	-	-	-	-
Ketan Kumar Joshi	-	5,285	-	-	5,046	-
Total Remuneration		12,674			11,908	
Reimbursement of Expenses	200					

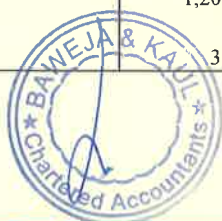
* The above remuneration excludes Bonus, Leave encashment & Gratuity

b) Balance outstanding as at year end are as follows

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	Holding Company	Key Management Personnel	Relatives of KMP	Holding Company	Key Management Personnel	Relatives of KMP
Outstanding as at Year end						
Deposits	1,20,661	8,470	3,131	1,21,964	7,771	8,531
Other Liabilities and Provisions	-	-	-	-	-	-
Receivable as at year end						
Other Assets	2,949	-	-	3,149	-	-

c) Maximum Balance outstanding during the year

Particulars	For the year ended March 31, 2022			For the year ended March 31, 2021		
	Holding Company	Key Management Personnel	Relatives of KMP	Holding Company	Key Management Personnel	Relatives of KMP
Deposits	1,20,661	8,470	3,131	1,21,964	7,771	8,531
Other Liabilities and Provisions	-	-	-	-	-	-
Other Assets	3,149	-	-	3,149	-	-



NORTH EAST SMALL FINANCE BANK LIMITED
 Guwahati, Assam

Schedule 18 - Notes to Financial Statement

₹ in '000

26.7 Employee Shared Based Payments

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

26.8 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, 2022	March 31, 2021
Contribution towards provident fund	41,305	42,217
Contribution towards ESIC	7,555	8,300
Contribution towards Pension fund	NIL	NIL

(ii) Defined benefit plan

Contribution to Gratuity Fund:

Details of defined benefit plan of gratuity are given below:

Particulars	March 31, 2022	March 31, 2021
Opening Balance of Present value of obligation	64,026	52,466
Obligation transferred on account of BTA	-	-
Interest Cost	4,063	3,460
Current service cost	11,556	11,043
Benefits paid	(1,769)	(1,911)
Actuarial Loss/ (Gain) on obligation	(10,257)	(1,033)
Closing Balance of Present value of obligation	67,619	64,026

Expense recognised in profit and loss account

Particulars	March 31, 2022	March 31, 2021
Current service cost	11,556	11,043
Interest Cost	4,063	3,460
Expected return on plan assets	(6,966)	(5,748)
Net Actuarial loss recognised in the year	(8,774)	(1,033)
Income recognised in profit and loss account	(121)	7,723

Net Liability/(Asset) recognized in the Balance Sheet

Particulars	March 31, 2022	March 31, 2021
Fair value of plan assets	1,21,770	1,09,785
Present value of defined obligation	67,619	64,026
Excess of plan assets over present value of obligation	54,150	45,759
Net Asset recognized in balance sheet	54,150	45,759

Change in Fair Value of Plan Assets during the year

Particulars	March 31, 2022	March 31, 2021
Opening balance of fair value of plan assets	1,09,785	87,157
Plan assets acquired under BTA	-	-
Expected return on plan assets	6,966	5,748
Actual Company Contributions	8,271	18,792
Benefits paid	(1,769)	(1,913)
Actuarial gain/(loss) return on plan assets	(1,484)	-
Closing balance of fair value of plan assets	1,21,770	1,09,785

Actuarial assumptions used

Particulars	March 31, 2022	March 31, 2021
Discount Rate	6.60%	6.35%
Expected Return on plan assets	6.60%	6.35%
Expected rate of salary increase	3.00%	5.00%
Employee Attrition rate		
Upto 30 Yrs	20.93%	16.08%
31-44 yrs	13.36%	11.12%
Above 44 yrs	9.90%	1.30%



NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam

Schedule 18 - Notes to Financial Statement

₹ in '000

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, 2022	March 31, 2021
(Gain)/Loss on Plan Liabilities	(2,270)	(426)
% of Opening Plan Liabilities	-3.50%	-0.80%
(Gain)/Loss on Plan Assets	1,484	-
% of Opening Plan Assets	-1.4%	-

(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, 2022	March 31, 2021
Privileged Leave (Actuarial Liability) at the beginning of the year*	35,292	25,486
Privileged Leave (Actuarial Liability) at the end of the year	30,169	35,292
Actuarial assumptions		
Discount Rate	6.60%	6.35%
Salary Escalation rate	3.00%	5.00%

26.09 Contingent Liabilities

There are no contingent liabilities as on March 31, 2022 (Previous Year : NIL) read with Note No 32 and 2.3.

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 any 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, 2022	March 31, 2021
a) Gross amount required to be spent by the Bank during the year	5,740	6,653
b) Amount spent during the year	5,716	9,055

28. Subordinated Debt

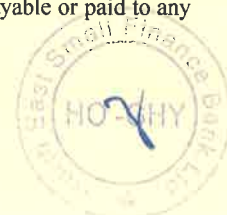
The Bank has no outstanding subordinated debt as on March 31, 2022 (Previous Year : NIL)

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, 2022

30. Based on the information available with the Company, 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.



NORTH EAST SMALL FINANCE BANK LIMITED
Guwahati, Assam**Schedule 18 - Notes to Financial Statement**

₹ in '000

32. 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 has filed an appeal against order before Commissioner of Income Tax (Appeals) and is hopeful of favourable decision as the additions are unsustainable.

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. However the Board of Directors of the bank has noted in its meeting held on 24th February 2021 that the Holding Company has not taken the issue seriously which resulted in passing of an ex-parte assessment order with huge demand. Board of Directors in its meeting held on 24th February 2021 has also raised this matter as a dispute with Holding Company. Any lapse/non-compliance of any law by the Holding Company cannot be treated as liability on the part of Subsidiary Company under Business Transfer Agreement (BTA). Bank has further taken up this matter, that Subsidiary Company disowns this liability, if crystallized and will invoke Clause No 16 of BTA pertaining to arbitration with the Holding Company vide its letter dated 26.03.2022.

33. Note on Extraordinary Situation of COVID-19 :

The "severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)", generally known as COVID-19 pandemic has led to an unprecedented level of disruption on socio-economic front across the country. In compliance with the RBI Circulars dated March 27, 2020, April 17, 2020 and May 23, 2020 with regard to providing relief to borrowers on account of the pandemic, the Bank laid down a policy duly approved by the Board of Directors and accordingly offered moratorium of loan instalments and interest payable by eligible borrowers. The 'second wave' which peaked in April 2021- May 2021 and subsided in June-July 2021. The 'third wave' of Covid-19 broke out at December end, which has impacted Banks operations mildly and level of uncertainty is currently reducing. In view of the same, the Bank has made regulatory and/or contingent provisions amounting to INR 64.18 crores as of March 2022 in respect of borrower accounts restructured in accordance with Resolution Framework for Covid-19 related stress vide RBI circular RBI/2020-21/16 DOR No BP.BC/3/21.04.048/2020-21 dt 5th May 2021. The provisions held by the Bank are higher than the provision required under the RBI Master Circular on Income Recognition and Asset Classification and the RBI Circulars on COVID- 19 Regulatory Package on Asset Classification and Provisioning and Resolution framework

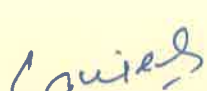
34. Prior period comparatives

Figures for the previous period have been regrouped and reclassified wherever necessary to confirm to the current year's presentation

For and on behalf of the Board of Directors



Ketan Kumar Joshi
Chief Financial Officer
M. No. 056916




Sanjeeb Kumar Mishra
Company Secretary
M.No - FCS6291



Rupali Kalita
Managing Director & CEO
DIN : 02114098



Dr Ram Krishna Garg
Chairman
DIN : 02164119



Tapan Kumar Hazarika
Independent Director
DIN : 08088195

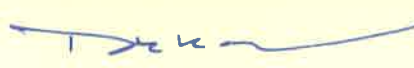
Place : Guwahati

Date : May 27, 2022

As per our audit report of even date

For Baweja & Kaul
Chartered Accountants

Firm Registration Number : 005834N



CA Dalip Kumar Kaul
Partner
Membership No - 083066

UDIN - 22083066 AJSWBT2075

Place : Guwahati

Date : May 27, 2022

