



**NORTH EAST SMALL FINANCE BANK LIMITED**  
**Guwahati, Assam (CIN : U65100AS2016PLC017505)**  
**BALANCE SHEET AS AT 31ST MARCH 2023**

PARTICULARS	Schedule No.	As at	(INR in '000)
		March 31, 2023	As at Mar 31, 2022
CAPITAL AND LIABILITIES			
Capital	1	34,68,468	30,76,114
Reserves and Surplus	2	(24,36,006)	(3,43,584)
Deposits	3	2,03,96,300	1,52,87,836
Borrowings	4	41,17,500	44,48,500
Other Liabilities and Provisions	5	15,58,133	10,51,119
TOTAL		2,71,04,395	2,35,19,985
ASSETS			
Cash and Balance with Reserve Bank of India	6	15,04,537	8,09,310
Balance with Banks and Money at call & short notice	7	40,38,298	19,70,165
Investments	8	34,82,944	27,72,158
Advances	9	1,60,32,595	1,62,72,284
Fixed Assets	10	2,86,131	2,83,079
Other Assets	11	17,59,890	14,12,989
TOTAL		2,71,04,395	2,35,19,985

Contingent Liabilities

12

Bill for collection

Significant Accounting Policies and notes to the financial statement 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 Digitally signed by  
 PRAVINCHANDRA JOSHI  
 Date: 2023.06.26 11:55:31  
 +05'30'

**Ketan Kumar Joshi**  
 Chief Financial Officer  
 M. No. 056916

**RAM KRISHNA GARG**  
 Digitally signed by  
 RAM KRISHNA GARG  
 Date: 2023.06.26  
 15:47:57 +05'30'  
**Ram Krishna Garg**  
 Chairman  
 DIN : 02164119

**Place : Guwahati**  
**Date : June 26 ,2023**

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

SAMVIT KUMAR Digitally signed by  
 SAMVIT KUMAR GURTOO  
 Date: 2023.06.26 17:38:10  
 +05'30'

**CA Samvit Kumar Gurtoo**  
 Partner  
 Membership No - 090758  
 UDIN- 23090758BGZDFM9329

**Place : Guwahati**  
**Date : June 26 ,2023**

**RUPALI KALITA**  
 Digitally signed by  
 RUPALI KALITA  
 Date: 2023.06.26  
 15:14:52 +05'30'  
**Rupali Kalita**  
 Managing Director & CEO  
 DIN : 02114098

**Tapan Kumar Hazarika**  
 Digitally signed by  
 Tapan Kumar Hazarika  
 Date: 2023.06.26  
 12:41:18 +05'30'  
**Tapan Kumar Hazarika**  
 Independent Director  
 DIN : 08088195

**NORTH EAST SMALL FINANCE BANK LIMITED**  
**Guwahati, Assam (CIN : U65100AS2016PLC017505)**  
**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2023**

PARTICULARS	Schedule No.	For the Year Ended March 31, 2023	(INR in '000) For the Year Ended March 31, 2022
<b>I. INCOME</b>			
Interest Earned	13	29,76,867	31,41,593
Other Income	14	3,75,915	1,42,314
<b>TOTAL</b>		<b>33,52,782</b>	<b>32,83,907</b>
<b>II. EXPENDITURE</b>			
Interest Expended	15	14,13,309	12,20,555
Operating Expenses	16	18,00,011	14,20,695
Provisions and Contingencies		22,69,520	18,74,655
<b>TOTAL</b>		<b>54,82,840</b>	<b>45,15,905</b>
<b>III. PROFIT</b>			
<b>Net Profit After Tax</b>		<b>(21,30,058)</b>	<b>(12,31,998)</b>
Add; Balance in Profit & Loss Account Brought Forward from Previous Year		(7,59,696)	4,72,301
<b>TOTAL</b>		<b>(28,89,754)</b>	<b>(7,59,697)</b>
<b>IV. APPROPRIATIONS</b>			
Transfer to Statutory Reserve		-	-
Transfer from Investment Fluctuation Reserve		10,009	-
Balance Carried to Balance Sheet		(28,99,763)	(7,59,697)
<b>TOTAL</b>		<b>(28,89,754)</b>	<b>(7,59,697)</b>
<b>EPS (Basic)</b>		<b>(7.26)</b>	<b>(4.20)</b>
<b>EPS (Diluted)</b>		<b>(7.24)</b>	<b>(4.20)</b>

Significant Accounting Policies and notes to the financial statements 17 & 18  
Schedules referred to above form an integral part of the Profit & Loss Account

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

For and on behalf of the Board of Directors

KETAN KUMAR  
Digitally signed by KETAN KUMAR PRAVINCHANDRA  
JOSHI  
Date: 2023.06.26 12:03:26  
+05'30'

**Ketan Kumar Joshi**  
Chief Financial Officer  
M. No. 05906  
Digitally signed by  
RAM KRISHNA  
GARG  
Date: 2023.06.26  
15:53:22 +05'30'

**Dr Ram Krishna Garg**  
Chairman  
DIN : 02164119

**Place : Guwahati**  
**Date : June 26 , 2023**

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

SAMVIT KUMAR  
Digitally signed by SAMVIT KUMAR GURTOO  
Date: 2023.06.26 17:39:13  
+05'30'

**CA Samvit Kumar Gurtoo**  
Partner  
Membership No - 090758  
UDIN- **23090758BGZDEM9329**

**Place : Guwahati**  
**Date : June 26 , 2023**

**RUPALI KALITA**  
Digitally signed  
by RUPALI KALITA  
Date: 2023.06.26  
15:15:52 +05'30'

**Rupali Kalita**  
Managing Director & CEO  
DIN : 02114098

Tapan Kumar  
Hazarika  
Digitally signed by  
Tapan Kumar Hazarika  
Date: 2023.06.26  
13:28:02 +05'30'

**Tapan Kumar Hazarika**  
Independent Director  
DIN : 08088195



**NORTH EAST SMALL FINANCE BANK LIMITED**  
**Guwahati, Assam (CIN : U65100AS2016PLC017505)**  
**SCHEDULES FORMING PART OF BALANCE SHEET**

PARTICULARS	(INR in '000)	
	As at March 31, 2023	As at Mar 31, 2022
<b>SCHEDULE 1 - Share Capital</b>		
<b>Authorised Share Capital:*</b>		
Equity Share Capital 70,00,00,000 Shares of INR.10 each (Previous Year 70,00,00,000 Shares of INR 10 each)	70,00,000	70,00,000
Non-cumulative Compulsorily Convertible Preference Share Capital (CCPS):		
30,00,00,000 CCPS of INR 10 each (Previous Year 30,00,00,000 CCPS of INR 10 each)	30,00,000	30,00,000
	<b>1,00,00,000</b>	<b>1,00,00,000</b>
* As on the date of signing of Balance Sheet, the Authorised capital stands at 60,00,00,000 Equity shares of INR 10 each and 10,00,00,000 CCPS of INR 10 each.		
<b>Issued, Subscribed and Paid up Capital</b>		
Equity Share Capital- 32,77,00,276 Shares of INR.10 each (29,40,96,317 shares of INR 10 each)	32,77,003	29,40,963
Non-cumulative Compulsorily Convertible Preference Share Capital (CCPS)- 1,9146,531 shares of INR 10 each (1,35,15,114 shares of INR 10 each)	1,91,465	1,35,151
<b>Total</b>	<b>34,68,468</b>	<b>30,76,114</b>
<b>SCHEDULE 2 - Reserves and Surplus</b>		
<b>I. Statutory Reserve</b>		
Opening Balance	1,97,658	1,97,658
Additions during the year	-	-
<b>Closing Balance</b>	<b>1,97,658</b>	<b>1,97,658</b>
<b>II. Investment Fluctuation Reserve</b>		
Opening Balance	1,20,719	1,20,719
Additions during the year	-	-
Less: Drawdown to P&L appropriation during the year	10,009	-
<b>Closing Balance</b>	<b>1,10,710</b>	<b>1,20,719</b>
<b>III. Share premium</b>		
Opening Balance	97,736	-
Addition during the year	47,646	97,736
<b>Closing Balance</b>	<b>1,45,382</b>	<b>97,736</b>
<b>IV. Balance in Profit and Loss Account</b>	(28,89,754)	(7,59,697)
<b>Total (I to IV)</b>	<b>(24,36,006)</b>	<b>(3,43,584)</b>
<b>SCHEDULE 3 - Deposits</b>		
<b>A.I. Demand Deposits</b>		
(i) From Banks	3,561	17,012
(ii) From Others	8,56,955	5,96,865
<b>II. Savings Bank Deposits</b>	83,68,442	51,32,311
<b>III. Term Deposits</b>		
(i) From Banks	40,49,668	22,30,224
(ii) From Others	71,17,674	73,11,424
<b>Total (I to III)</b>	<b>2,03,96,300</b>	<b>1,52,87,836</b>
B.I. Deposits of Branches in India	2,03,96,300	1,52,87,836
B.II. Deposits of Branches outside India	-	-
<b>Total (B.I and B.II)</b>	<b>2,03,96,300</b>	<b>1,52,87,836</b>
<b>SCHEDULE 4 - Borrowings</b>		
<b>I. Borrowings in India</b>		
i) Reserve Bank of India	-	-
ii) Other Banks	23,65,000	-
iii) Other Institutions and Agencies	17,52,500	44,48,500
iv) Others (Non-Convertible Redeemable Debentures)	-	-
<b>Total</b>	<b>41,17,500</b>	<b>44,48,500</b>
<b>II. Borrowings outside India</b>	-	-
<b>Total (I and II)</b>	<b>41,17,500</b>	<b>44,48,500</b>

KETAN  
KUMAR  
PRAVINCHA  
NDRA JOSHI

Digitally signed by  
KETAN KUMAR  
PRAVINCHANDRA  
JOSHI  
Date: 2023.06.26  
11:57:57 +05'30'



**NORTH EAST SMALL FINANCE BANK LIMITED**  
**Guwahati, Assam (CIN : U65100AS2016PLC017505)**  
**SCHEDULES FORMING PART OF BALANCE SHEET**

PARTICULARS	(INR in '000)	
	As at March 31, 2023	As at Mar 31, 2022
<b>Secured Borrowings included in I and II above</b>	<b>41,17,500</b>	<b>42,06,000</b>
<b>SCHEDULE 5 - Other Liabilities and Provisions</b>		
I. Interest Accrued	77,219	1,16,603
II. Provision for Standard Assets*	3,67,048	5,71,929
III. Provision for taxation (net of advance tax)	-	-
IV. Unsecured Redemable Non convertible Subordinated Tier II Bonds in the nature of Promissory Note.	1,90,000	-
V. Floating Provision against loans	1,50,000	1,50,000
VI. Others (Including Provisions other than Loans & Advances and share application money)	7,73,866	2,12,587
<b>Total (I to VI)</b>	<b>15,58,133</b>	<b>10,51,119</b>
<b>*Provision on standard assets include INR 14,553 thousands towards Covid 2-0 restructured advances. (Previous Year INR 4,91,539 thousands. ) and INR 2,17,098 towards restructuring done under natural calamity. (Previous Year NIL.)</b>		
<b>SCHEDULE 6 - Cash and Balance with Reserve Bank of India</b>		
I. Cash in hand	1,43,088	1,42,697
II. Balances with Reserve Bank of India		
i) In Current Accounts	13,61,449	6,66,613
ii) In Other Accounts	-	-
<b>Total (I and II)</b>	<b>15,04,537</b>	<b>8,09,310</b>
<b>SCHEDULE 7 : Balances with Banks and Money at Call and Short Notice</b>		
A. In India		
I Balances with banks		
i) In Current Accounts	88,298	3,70,165
ii) In Other Deposit Accounts	39,50,000	11,00,000
II) Term Money/Money at call and short notice		
i) With banks	-	5,00,000
ii) With other Institutions	-	-
<b>Total</b>	<b>40,38,298</b>	<b>19,70,165</b>
B. Outside India	-	-
<b>Total (II)</b>	<b>-</b>	<b>-</b>
<b>Total (I and II)</b>	<b>40,38,298</b>	<b>19,70,165</b>
<b>SCHEDULE 8 - Investments</b>		
I. Investments in India		
i) Government Securities	34,82,944	27,72,158
ii) Others (Investment in Mutual Funds)	-	-
<b>Total (I)</b>	<b>34,82,944</b>	<b>27,72,158</b>
II. Investments Outside India	-	-
<b>Total (II)</b>	<b>-</b>	<b>-</b>
<b>Total (I and II)</b>	<b>34,82,944</b>	<b>27,72,158</b>
Gross Investments	34,82,944	27,72,158
Less : Provision for Investments	-	-
<b>Net Investments</b>	<b>34,82,944</b>	<b>27,72,158</b>

KETAN  
KUMAR  
PRAVINCHA  
NDRA JOSHI

Digitally signed by  
KETAN KUMAR  
PRAVINCHANDRA  
JOSHI  
Date: 2023.06.26  
11:58:46 +05'30'



**NORTH EAST SMALL FINANCE BANK LIMITED**  
Guwahati, Assam (CIN : U65100AS2016PLC017505)  
**SCHEDULES FORMING PART OF BALANCE SHEET**

PARTICULARS	(INR in '000)	
	As at March 31, 2023	As at Mar 31, 2022
<b>SCHEDULE 9 - Advances</b>		
A. i) Cash Credits, Overdrafts and Loans repayable on demand	3,28,490	6,88,445
ii) Term Loans	1,57,04,105	1,55,83,839
<b>Total</b>	<b>1,60,32,595</b>	<b>1,62,72,284</b>
B. i) Secured by Tangible Assets	1,05,51,344	59,49,236
ii) Covered by Banks/Government Guarantees	-	-
iii) Unsecured	54,81,251	1,03,23,048
<b>Total</b>	<b>1,60,32,595</b>	<b>1,62,72,284</b>
C.I. Advances in India		
i) Priority Sectors*	1,47,42,553	1,47,43,739
ii) Public Sectors		
iii) Banks		
iv) Others	12,90,042	15,28,545
<b>Total C.I</b>	<b>1,60,32,595</b>	<b>1,62,72,284</b>
* Please also refer note no 23.1 of schedule 18		
C.II. Advances outside India	-	-
<b>Total C.II</b>	<b>-</b>	<b>-</b>
<b>Total C (I and II)</b>	<b>1,60,32,595</b>	<b>1,62,72,284</b>
<b>SCHEDULE 10 - Fixed Assets</b>		
<b>I. Owned Assets :</b>		
a) Premises	-	-
b) Fixed Assets (Including Furnitures and Fixtures)		
At the beginning of the year	6,04,491	5,20,464
Additions during the year	89,886	89,304
Deductions during the year	6,069	5,278
<b>Total (I)</b>	<b>6,88,308</b>	<b>6,04,491</b>
<b>II) Depreciation</b>		
At the beginning of the year	3,21,412	2,15,669
Charge for the year	81,858	1,06,644
Deductions during the year	1,093	901
<b>Total (II)</b>	<b>4,02,177</b>	<b>3,21,412</b>
<b>Net Block (I - II)</b>	<b>2,86,131</b>	<b>2,83,079</b>
<b>Total</b>	<b>2,86,131</b>	<b>2,83,079</b>
<b>SCHEDULE 11 - Other Assets</b>		
i. Interest Accrued	11,11,203	10,85,396
ii. Tax paid in advance (net of provision for tax)	47,742	1,55,624
iii. Deferred Tax Assets	4,09,907	16,279
iv. Others	1,91,038	1,55,690
<b>Total</b>	<b>17,59,890</b>	<b>14,12,989</b>
<b>SCHEDULE 12 - CONTINGENT LIABILITIES</b>		
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.	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Note:- Also refer Note No 31 of Schedule 18</b>		

KETAN  
KUMAR  
PRAVINCHA  
NDRA JOSHI

Digitally signed by  
KETAN KUMAR  
PRAVINCHANDRA  
JOSHI  
Date: 2023.06.26  
11:59:05 +05'30'



**NORTH EAST SMALL FINANCE BANK LIMITED**  
**Guwahati, Assam (CIN : U65100AS2016PLC017505)**  
**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

(INR in '000)

PARTICULARS	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
<b>SCHEDULE 13 - Interest Earned</b>		
I. Interest on Advances	25,43,233	28,97,057
II. Income on Investments	2,29,146	1,86,304
III. Interest on Balances with RBI and Other Inter-Bank Funds	1,95,689	58,228
IV. Other interest Income	8,799	4
<b>Total (I to IV)</b>	<b>29,76,867</b>	<b>31,41,593</b>
<b>SCHEDULE 14 - Other Income</b>		
I. Commission, Exchange & Brokerage	2,40,652	1,23,721
II. Profit on sale of Investments	9,780	
Less: Loss on Sale of Investments	(26,202)	(33,057)
III. Profit/(Loss) on sale of land, buildings and other assets	(308)	(297)
IV. Miscellaneous Income	1,51,993	51,947
<b>Total (I to IV)</b>	<b>3,75,915</b>	<b>1,42,314</b>
<b>SCHEDULE 15 - Interest Expended</b>		
I. Interest on Deposits	10,97,963	7,91,397
II. Interest on all other borrowings	3,15,346	4,29,158
<b>Total (I to II)</b>	<b>14,13,309</b>	<b>12,20,555</b>
<b>SCHEDULE 16 - Operating Expenses</b>		
I. Payments and Provisions for Employees	9,43,499	7,89,114
II. Rent, Taxes and Lighting	1,11,027	95,359
III. Printing and Stationery	18,629	12,677
IV. Advertisement and Publicity	12,748	8,816
V. Depreciation on Bank's property	81,859	1,06,644
VI. Director's Fees's, Allowances & Expenses	6,680	4,489
VII. Auditors fees and expenses	4,000	3,611
VIII. Law Charges	149	150
IX. Postage, Telegrams, Telephones, etc.	5,381	6,514
X. Repairs and Maintenance	74,171	47,766
XI. Insurance	19,310	17,338
XII. Other expenditure	2,87,358	1,56,649
XIII. IT Cost (FIS)	2,35,200	1,71,568
<b>Total (I to XIII)</b>	<b>18,00,011</b>	<b>14,20,695</b>

Digitally signed by  
**KETAN KUMAR**  
**PRAVINCHANDRA**  
**RA JOSHI**  
 Date: 2023.06.26  
 12:02:23 +05'30'

**NORTH EAST SMALL FINANCE BANK LIMITED**  
**CASH FLOW STATEMENT FOR THE HALF YEAR ENDED MARCH 31, 2023**

₹ in '000

PARTICULARS	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	(25,16,436)	(12,09,058)
Adjustment For:		
(Profit)/Loss on sale of Fixed Assets	308	297
Fair value gain on SG securities	26,202	4,472
Contingent Provisions for Standard Assets	(2,04,881)	5,10,334
Adhoc Provision against NPA	-	1,26,609
Depreciation & Amortisation	81,858	1,06,644
Drawdown from Investment fluctuation reserve	(10,009)	
Provision for Non Performing / Bad Assets	28,60,779	12,14,772
<b>Operating Profit before Working Capital Changes</b>	<b>2,37,821</b>	<b>7,54,070</b>
Adjustments for:		
Decrease/(Increase) in Other Assets	39,476	(7,54,835)
Decrease/(Increase) in Term Deposits with other Banks	2,01,000	(3,70,893)
Increase/(Decrease) in Other liabilities and Provisions	7,11,894	1,76,893
Decrease/(Increase) in Advances	(26,21,090)	(9,40,426)
Decrease/(Increase) in Investments	(7,36,987)	3,60,162
Increase/(Decrease) in Deposits	51,08,464	25,15,528
<b>Cash generated from / (used) in Operations:</b>	<b>27,02,757</b>	<b>9,86,428</b>
Taxes Paid	-	(1,00,000)
<b>Net Cash Flow from / (used) in Operating Activities</b>	<b>(A) 29,40,578</b>	<b>16,40,498</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(89,886)	(89,304)
Sale of Fixed Assets	4,668	4,377
<b>Net Cash Flow used in Investing Activities</b>	<b>(B) (85,218)</b>	<b>(84,927)</b>
Borrowings		
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase/(Decrease) in Capital (net)	2,60,818	2,40,000
Increase/(Decrease) in Share Premium	1,79,182	-
Increase/(Decrease) in Borrowings (Net)	(3,31,000)	(14,00,833)
<b>Net Cash Flow from / (Used in) Financing Activities</b>	<b>(C) 1,09,000</b>	<b>(11,60,833)</b>
<b>Net Increase / (Decrease) in Cash or Cash Equivalents (A+B+C)</b>	<b>29,64,360</b>	<b>3,94,737</b>
Opening Cash and Cash Equivalents	19,78,475	15,83,738
<b>Cash and Cash Equivalents at the end of the year</b>	<b>49,42,835</b>	<b>19,78,475</b>
<b>Break up cash and cash equivalent</b>		
Cash and Balance with RBI	15,04,537	8,09,310
Balance in current account with other banks	88,298	3,70,165
Deposits	33,50,000	2,99,000
Money at Call & Short Notice	-	5,00,000
<b>Total Cash &amp; Cash Equivalent</b>	<b>49,42,835</b>	<b>19,78,475</b>

Significant Accounting Policies and notes to the financial statements 17 & 18

**Notes:**

- The above Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard 3 of Cash Flow Statement.
- The Cash & Cash equivalent does not include INR 600,000 Thousands (Previous Year INR 801,000 Thousands) deposits having maturity more than 12 months.
- Figures in bracket indicate cash outflow.

KETAN KUMAR  
 PRAVINCHANDRA  
 RA JOSHI  
Digitally signed by KETAN KUMAR PRAVINCHANDRA RA JOSHI  
 Date: 2023.06.26 12:00:10 +05'30'



**NORTH EAST SMALL FINANCE BANK LIMITED**

**CASH FLOW STATEMENT FOR THE HALF YEAR ENDED MARCH 31, 2023**

For and on behalf of the Board of Directors

KETAN KUMAR  
PRAVINCHANDRA  
RA JOSHI

Digitally signed by  
KETAN KUMAR  
PRAVINCHANDRA JOSHI  
Date: 2023.06.26  
12:01:07 +05'30'

**Ketan Kumar Joshi**  
Chief Financial Officer  
M. No. 056916

**RAM  
KRISHNA  
GARG**

Digitally signed by  
RAM KRISHNA GARG  
Date: 2023.06.26  
5:51:28 +05'30'

**Ram Krishna Garg**  
Chairman  
DIN : 02164119

**RUPALI  
KALITA**

Digitally signed  
by RUPALI KALITA  
Date: 2023.06.26  
15:17:02 +05'30'

**Rupali Kalita**  
Managing Director & CEO  
DIN : 02114098

**Tapan  
Kumar  
Hazarika**

Digitally signed by  
Tapan Kumar  
Hazarika  
Date: 2023.06.26  
13:29:21 +05'30'

**Tapan Kumar Hazarika**  
Independent Director  
DIN : 08088195

**Place : Guwahati**

**Date : June 26 , 2023**

As per our audit report of even date

**For Baweja & Kaul**

Chartered Accountants

**Firm Registration Number : 005834N**

SAMVIT KUMAR  
GURTOO

Digitally signed by  
SAMVIT KUMAR GURTOO  
Date: 2023.06.26 17:40:16  
+05'30'

**CA Samvit Kumar Gurtoo**

Partner

Membership No - 090758

UDIN- 23090758BGZDFM9329

**Place : Guwahati**

**Date : June 26 , 2023**



**NORTH EAST SMALL FINANCE BANK LIMITED**

Guwahati, Assam (CIN : U65100AS2016PLC017505)

**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 confirms 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 non-performing 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.

**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.

**NORTH EAST SMALL FINANCE BANK LIMITED**

Guwahati, Assam (CIN : U65100AS2016PLC017505)

**Schedule 17- Significant Accounting Policies****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 face value.

**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 (CIN : U65100AS2016PLC017505)**

**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 lost 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 its 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

<b>Asset</b>	<b>Useful Life as per</b>
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 (CIN : U65100AS2016PLC017505)**

**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 2% of HFT & AFS 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 (CIN : U65100AS2016PLC017505)**

**Schedule 18 -Notes to Financial Statement**

₹ in '000

**1. Capital :**

**1.1 Capital Infusion (Tier -I Capital)**

During the year ended March 2023, Bank has received an amount of INR 2,60,818 thousands (Previous Year- INR 1,42,264 thousands) as capital funds as under at a premium of INR 1,79,182 thousands (Previous year INR 97,735 thousands)

Name of Investor	Number of Equity Shares	Number of CCPS	Respective Consideration
Nordic Microfinance initiative Fund III KS	2,96,384	56,31,298	1,00,000.00
M-SWASTH	29,638	5,63,122	9,999.86
Mr. Kechangulie Rio	1,48,192	28,15,649	50,000.00
Garagepreneurs Internet Pvt Ltd (Slice)	8,29,750	1,57,67,760	2,79,999.99

As on 31st March 2023, the total no of equity shares as well as total no of CCPS including the above fresh infusion is as under:-

Particulars	Number of Equity Shared	Number of CCPS	Amount of Equity Capital	Amount of CCPS
Opening Balance as on 01.04.2022	29,40,96,317	1,35,15,114	29,40,963	1,35,151
Add Fresh issuance during the period	3,36,03,959	2,47,77,829	3,36,040	2,47,778
<b>Sub Total</b>	<b>32,77,00,276</b>	<b>3,82,92,943</b>	<b>32,77,003</b>	<b>3,82,929</b>
Less converted into equity shares	-	(1,91,46,412)	-	(1,91,464)
<b>Closing Balance as on 31.03.2023</b>	<b>32,77,00,276</b>	<b>1,91,46,531</b>	<b>32,77,003</b>	<b>1,91,465</b>

**1.2 Capital Infusion (Tier -II Capital)**

During the year to augment Regulatory Capital, Bank has issued Unsecured Redeemable Non convertible Subordinate Tier-II Bonds in the nature of promissory notes for a period of 63 months @ 14% payable semi annually. These bonds are rated by CRISIL as BBB-/ with stable outlook. Prior approval from RBI is required for these bonds at the time redemption.

**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, 2023	As at March 31, 2022
i) Common Equity Tier I Capital (CET 1)	4,87,815	25,61,444
ii) Additional Tier I Capital	-	-
(ii) Additional Tier I Capital (%)		
iii) Tier 1 capital (i + ii)	4,87,815	25,61,444
iv) Tier 2 capital	5,22,437	3,32,929
v) Total capital (Tier 1 + Tier 2)	10,10,252	28,94,374
vi) Total Risk Weighted Assets (RWAs)	1,77,38,184	1,69,76,858
vii) CET 1 Ratio (CET 1 ratio as a percentage of RWAs)	2.75%	15.09%
viii) Tier 1 Ratio (Tier 1 Capital as a percentage of RWAs)	2.75%	15.09%
ix) Tier 2 Ratio (Tier 2 Capital as a percentage of RWAs)	2.75%	1.96%
x) Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as % of RWAs)	5.50%	17.05%
xi) Leverage Ratio	1.83%	10.91%
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 share capital raised during the year	4,40,000	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	1,90,000	-

Digitally signed by  
**KETAN KUMAR**  
**PRAVINCHANDRA**  
**JOSHI**  
Date: 2023.06.26  
12:08:18 +05'30'

**2. Investments**
**2.1 Details of Investments**

Particulars	As at March 31, 2023	As at March 31, 2022
1. Value of Investments		
(i) Gross Value of Investments		
(a) In India	34,82,944	27,72,158
(b) Outside India,	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India,	-	-
(iii) Net Value of Investments		
(a) In India	34,82,944	27,72,158
(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, 2023			As at March 31, 2022		
	HTM	AFS	HFT	HTM	AFS	HFT
i) Government securities	27,13,407	-	-	15,37,766	4,38,654	-
ii) Other approved securities (State Govt)	7,69,537	-	-	7,95,738	-	-
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, 2023
<b>Securities sold under repos</b>				
i. Government securities	-	-	-	-
ii. Corporate debt securities	-	-	-	-
<b>Securities purchased under reverse repos</b>				
i. Government securities	-	-	-	-
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, 2022
<b>Securities sold under repos</b>				
i. Government securities	10,307	3,43,019	53,349	-
ii. Corporate debt securities	-	-	-	-
<b>Securities purchased under reverse repos</b>				
i. Government securities	10,002	19,50,024	28,091	5,00,000
ii. Corporate debt securities	-	-	-	-

**2.4 Non-SLR Investment Portfolio:**

(i) Issuer Composition of Non SLR Investments as on 31.03.2023 :

SLN	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

**2.4 Non-SLR Investment Portfolio:**

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

SLN	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, 2023 (Previous year : NIL)



**Schedule 18 -Notes to Financial Statement**

₹ in '000

**2.5 Shifting of securities from AFS to HTM**

Particulars of Securities	March 31, 2023		March 31, 2022	
	Book value	Market value	Book value	Market value
Total of HTM securities before shifting of AFS to HTM	25,75,006	25,21,037	-	-
Total of AFS Securities shifted to HTM	4,31,055	4,25,279	-	-
Percentage of securities transferred from AFS to HTM	16.74%		-	-

**2.6. Derivatives**

The Bank did not have any transactions in derivative instruments during the year ended March 31, 2023 (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, 2023 (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, 2023 (Previous Year : NIL)

**2.9 Disclosure on IFR Drawdown**

During the period, Bank has draw down an amount of INR 10,009 thousands (excluding income tax) from Investment Fluctuation Reserve to offset the MTM losses arising out of AFS portfolio of the bank in line with RBI master directions dated 25th August 2021(updated as on 8th April 2022). Bank has also shifted all their securities available under AFS to HTM category at market value as permitted by board of directors.

**3. Asset Quality**
**3.1 Non- Performing Assets**

Particulars	March 31, 2023	March 31, 2022
(i) Net NPAs to Net Advances (%)	1.71%	3.56%
<b>Movement of Gross NPAs</b>		
(a) Opening Balance	18,99,232	19,16,624
(b) Additions (Fresh NPAs) during the year	26,65,174	9,74,369
<b>Sub-total (A)</b>	<b>45,64,406</b>	<b>28,90,993</b>
(c) Reductions during the period:		
(i) Up-gradations	7,058	1,494
(ii) Recoveries	1,00,049	1,84,179
(iii) Technical/ Prudential Write-offs	9,83,983	8,06,088
(iv) Write-offs other than those under (iii) above	-	-
<b>Sub-total (B)</b>	<b>10,91,090</b>	<b>9,91,761</b>
<b>Closing Balance (A-B)</b>	<b>34,73,316</b>	<b>18,99,232</b>

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, 2023	March 31, 2022
<b>Movement of Net NPAs</b>		
(a) Opening balance	5,74,350	11,24,510
(b) Additions during the period	(2,22,744)	4,18,210
(c) Reductions during the year period	79,968	9,68,370
(d) Closing balance	<b>2,71,638</b>	<b>5,74,350</b>
<b>Movement of provision for NPAs (excluding provision for standard assets)</b>		
(a) Opening balance	13,24,882	7,92,114
(b) Provisions made during the period	28,87,918	13,64,772
(c) Provision on Technical written off account including other write back	10,11,122	8,32,004
(d) Closing balance	<b>32,01,678</b>	<b>13,24,882</b>

**3.2. Particulars of Accounts Restructured**

The Bank does not have any restructured account as on and for the year ended March 31, 2020 (Previous Year : NIL).

**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, 2023 (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, 2023 (Previous Year : NIL)

**3.4. Provision for standard assets**

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, 2023	March 31, 2022
The amount of provision held on standard assets*	3,67,048	82,004

\* 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

**NORTH EAST SMALL FINANCE BANK LIMITED**  
Guwahati, Assam (CIN : U65100AS2016PLC017505)

**Schedule 18 -Notes to Financial Statement**

₹ in '000

**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 -

- a) In case the additional provisioning for NPAs assessed by RBI exceeds 10 percent of the reported profit before provisions and contingencies for the reference period, and  
b) 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 2022	RBI AFI 2022	RBI AFI 2021
	Particulars	Amount (INR in '000) as on	Amount (INR in '000) as on 31st
1	Gross NPAs as reported by the bank	-	19,16,624
2	Gross NPAs as assessed by RBI	-	19,16,624
3	Divergence in Gross NPAs (2-1)	-	-
4	Net NPAs as reported by the bank	-	11,24,510
5	Net NPAs as assessed by RBI	-	8,25,410
6	Divergence in Net NPAs (5-4)	-	(2,99,100)
7	Provision for NPAs as reported by the bank	-	7,92,114
8	Provision for NPAs 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 after taking into account the divergence in provisioning.	-	(2,27,274)

No Divergence has been reported by Reserve Bank of India in their AFI for the FY 2021-22.

**3.6. Resolution of Stressed Assets**

In line with 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

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	51,450	NIL	14,84,465	5,04,391
Corporate persons	NIL	NIL	NIL	NIL	NIL
Of which MSME's	NIL	NIL	NIL	NIL	NIL
Others	NIL	NIL	NIL	NIL	NIL
<b>Total</b>	<b>87,76,847</b>	<b>51,450</b>	<b>-</b>	<b>14,84,465</b>	<b>5,04,391</b>

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

**3.7 Resolution Plan under Flood identified as natural calamity in the State of Assam**

During the period, Govt. of Assam Revenue Department issued a notification no RDM-16015/100/2022-ESTT (HQ)-REB-Revenue & D.M. 1/40199/2022 dated 2nd August

The position of flood restructuring accounts are as under

Asset Class	Position as on March 31, 2023		Position as on March 31, 2022	
	Nos of account	INR in '000'	Nos of account	INR in '000'
Standard Regular	59,743	12,11,063	-	-
Standard Irregular(SMA-0)	7,554	2,39,215	-	-
Standard PNPA-Stage I(SMA-1)	4,912	2,03,884	-	-
Standard PNPA-Stage II(SMA-2)	410	11,789	-	-
Sub Standard	813	32,500	-	-
Doubtful	61,518	18,95,687	-	-
<b>Grand Total</b>	<b>1,34,950</b>	<b>35,94,138</b>	<b>-</b>	<b>-</b>

**3.8 Particulars of Accounts Restructured**

**Disclosure on accounts subjected to Restructuring for the year ended March 31, 2023**

During the year, Bank has not restructured any advances other than those stated in Para 3.7

KETAN  
KUMAR  
PRAVINCHANDRA  
JOSHI  
Date: 2023.06.26  
12:09:17 +05'30'



**Schedule 18 - Notes to Financial Statement**

**4. Business Ratios**

Particulars	March 31, 2023	March 31, 2022
Interest income as a percentage of working funds	10.73%	14.03%
Non interest income as a percentage of working funds	1.36%	0.64%
Operating profit as a percentage of working funds	0.50%	2.87%
Return on assets (average)	-7.68%	-5.50%
Business (deposit plus advance) per employee (Rs in '000)	18,152	14,345
Profit per employee (Rs in '000)	-979	-540

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, 2023:

Sl. no.	Maturity buckets	Loans & advances	Investments	Deposits	Borrowings
1	1 day	37,232	19,11,506	2,33,653	-
2	2 days to 7 days	2,19,178	17,706	4,50,358	-
3	8 days to 14 days	2,54,037	12,336	3,57,648	-
4	15 days to 30 days	5,88,973	29,904	12,15,967	52,500
5	31 days to 3 month	21,53,842	1,12,625	8,23,932	1,75,000
6	Over 3 month & upto 6 month	29,84,306	2,35,580	15,91,538	6,27,500
7	Over 6 month & upto 1 year	49,69,413	6,44,112	27,15,984	20,80,000
8	Over 1 year & upto 3 years	41,90,778	4,93,782	1,28,77,800	11,82,500
9	Over 3 years & upto 5 years	6,25,813	21,675	1,10,514	-
10	Over 5 years	9,023	3,718	18,906	-
		<b>1,60,32,595</b>	<b>34,82,944</b>	<b>2,03,96,300</b>	<b>41,17,500</b>

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	NIL
		<b>1,62,72,284</b>	<b>27,72,158</b>	<b>1,52,87,836</b>	<b>44,48,500</b>

- The maturity of 'Loans & Advances' has been determined on the basis of ultimate maturity date of the loans for FY 2021-22 and on the basis of monthly/fortnightly installments
- 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, 2023

**6. Exposure**

**6.1. Exposure to Real Estate Sector:**

Particulars	March 31, 2023	March 31, 2022
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;	4,754	2,844
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
<b>Total (A)</b>	<b>4,754</b>	<b>2,844</b>
b) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil
<b>Total (B)</b>		
<b>Total (A+B)</b>	<b>4,754</b>	<b>2,844</b>

**Schedule 18 - Notes to Financial Statement**

**6.2.Exposure to Capital Market**

Particulars	March 31, 2023	March 31, 2022
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
<b>Total Exposure to Capital Market</b>	<b>Nil</b>	<b>Nil</b>

**6.3.Risk category wise country exposure**

Since the outside country exposure is nil, no provision is required to be maintained on country exposure for the year ended March 31, 2023 (Previous Year : NIL)

Risk Category	Exposure (net) as at March 31, 2023	Provision held as at March 31, 2022	Exposure (net) as at March 31, 2023	Provision held as at March 31, 2022
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
<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

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

The Bank did not exceed Single Borrower Limit (SBL)/ Group Borrower Limit (GBL) during the year ended March 31, 2023.

**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 (net of provision) as at March 31, 2023 of 67,13,472 ('000) (March 31, 2022 of 1,03,23,048 ('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, 2023 (Previous Year : NIL).

**6.7. Disclosure of penalties imposed by RBI**

During the year ended March 31, 2023, Reserve Bank of India has Imposed a monetary penalty of INR 3,950 thousands vide their letter dated 3rd February 2023 due to Failure of (i) classify borrowal accounts as NPAs, leading to significant divergence between the reported and assessed NPAs as on March 31, 2020 and (ii) make Pillar 3 disclosures for FY 2020-21 in its Annual Report and website (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, 2023	March 31, 2022
Provision towards Non Performing Assets	28,60,779	12,14,772
Provision towards Standard Assets*	(2,04,881)	5,10,334
Floating provision against advances	-	1,50,000
Utilisation of Adhoc Provision against advances	-	(23,391)
Provision made towards income tax**	7,251	14,504
Deferred Tax asset	(3,93,629)	8,436
Provision for Risk, Insurance & Welfare	NIL	NIL
<b>Total</b>	<b>22,69,520</b>	<b>18,74,655</b>

\*Provision on standard assets include INR 2,17,098 thousands towards Flood restructured advances. (Previous year INR NIL) and write back of provision amounting to INR 4,75,372 thousands towards covid -2 restructured advances.

\*\*In view of losses, Bank has not created Income Tax Provision for FY 2022-23. The amount of INR 7,251 thousands mainly includes the Tax adjustments for Assessment Year 2020-21 on receipt of assessment order u/s 143(1)(a).

**NORTH EAST SMALL FINANCE BANK LIMITED**  
Guwahati, Assam (CIN : U65100AS2016PLC017505)

₹ in '000

**Schedule 18 - Notes to Financial Statement**

**8.1 Adhoc Provision:**

Particulars	March 31, 2023	March 31, 2022
a) Opening Balance in the Adhoc Provision account	-	23,391
b) The quantum of Adhoc provisions made during the current year	-	-
c) Amount of drawdown made during the current year	-	23,391
<b>d) Closing balance in the Adhoc provisions account</b>	-	-

**8.2 Floating Provision:**

Particulars	March 31, 2023	March 31, 2022
a) Opening Balance in the Floating Provision account	1,50,000	-
b) The quantum of floating provisions made during the current year	-	1,50,000
c) Amount of drawdown made during the current year	-	-
<b>d) Closing balance in the Floating provisions account</b>	<b>1,50,000</b>	<b>1,50,000</b>

**9. Drawdown from Reserves (Other than Investment Fluctuation Reserve)**

The Bank has not drawdown from reserves during the year ended March 31, 2023 (Previous year: NIL)

**9.1 Investment Fluctuation Reserve**

During the year ended March 31, 2023 the bank has not made any appropriation to the investment fluctuation reserve from the Profit and Loss Account due to losses. However, Bank do not have any portfolio under AFS as well as HFT as on 31st March 2023.

**9.2 Statutory Reserve**

The Bank has not made any appropriation out of profits for the year ended March 31, 2023 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, 2023	March 31, 2022
1) Number of complaints pending at beginning of the year	3	1
2) Number of complaints received during the year	244	231
3) Number of complaints disposed during the year	245	229
3.1) Of which, number of complaints rejected by the bank	NIL	NIL
4) Number of complaints pending at the end of the year	2	3

**b) Awards passed by the Banking Ombudsman:**

Particulars	March 31, 2023	March 31, 2022
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
<b>CURRENT YEAR: 31st March'2023</b>					
ATM/Debit Cards	3	135	29.81% increase	2	1
Internet/Mobile/Electronic Banking	0	56	3.45% decrease	0	0
Account opening/difficulty in operation of	0	27	Increase	0	0
Loans and advances	0	7	58.82% decrease	0	0
Staff Behaviour	0	1	83.33% decrease	0	0
Others	0	18	60.87% decrease	0	0
<b>Total</b>	<b>3</b>	<b>244</b>	<b>5.63% increase</b>	<b>2</b>	<b>1</b>
<b>PREVIOUS YEAR: 31st March'2022</b>					
ATM/Debit Cards	0	104	0.95% decrease	3	0
Internet/Mobile/Electronic Banking	0	58	49.12 % decrease	0	0
Account opening/difficulty in operation of	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
<b>Total</b>	<b>1</b>	<b>231</b>	<b>50.75% decrease</b>	<b>3</b>	<b>0</b>

**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, 2023 (Previous Year : NIL)

**12 Provisioning Coverage Ratio**

The Provision Coverage Ratio (PCR) of the Bank is 94.86 % as on March 31, 2023 (Previous year 79.38%).

KETAN  
KUMAR  
PRAVINCHA  
NDRA JOSHI

Digitally signed by  
KETAN KUMAR  
PRAVINCHANDRA  
JOSHI  
Date: 2023.06.26  
12:22:54 +05'30'

**Schedule 18 - Notes to Financial Statement**

**13. Bancassurance Business**

The Bancassurance Business of the Bank during the FY 2022-23 are as below -

SL. No	Name of the Insurance Company	March 31,2023			March 31,2022		
		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	2,062	49,481	5,451	1,923	36,268	3,156
2	Bajaj Alliance General Insurance Company Limited	97,424	44,537	6,771	1,09,643	50,910	7,342
3	HDFC Life Insurance	2,105	1,88,951	11,637	1,165	1,28,174	8,309
4	SBI General Insurance Company Limited	6	679	51	25	358	27
5	M-Swasth Solutions Pvt Limited	1,39,293	43,086	6,462	-	-	-
6	HDFC Ergo General Insurance Company Limited	1	473	19	-	-	-
	<b>Total</b>	<b>2,40,891</b>	<b>3,27,207</b>	<b>30,391</b>	<b>1,12,756</b>	<b>2,15,709</b>	<b>18,834</b>

**14. Concentration of deposits, advances, exposures and NPAs**

**14.1. Concentration of deposits:**

Particulars	March 31, 2023	March 31, 2022
Total deposits of twenty largest depositors	85,74,676	57,54,921
Total Deposits	2,03,96,300	1,52,87,836
Percentage of deposits of twenty largest depositors to total deposits of the Bank	42%	38%

**14.2. Concentration of Advances:**

Particulars	March 31, 2023	March 31, 2022
Total advances to twenty largest customers	2,04,785	6,04,316
Total Advances	1,90,84,274	1,74,46,716
Percentage of Advances of twenty largest borrowers to total advances of the Bank	1.07%	3.46%

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, 2023	March 31, 2022
Total exposure to twenty largest borrowers/customers*	1,93,426	83,038
Percentage of exposures of twenty largest customers to total exposure of the Bank on borrowers/ customers	0.93%	0.48%

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, 2023	March 31, 2022
Total Exposure to top four NPA accounts	1,977	1,108

**15. Sector-wise Advances**

Sector	As at March 31,2023			As at March 31,2022		
	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
<b>A. Priority Sector</b>						
1. Agricultural and Allied Activities	29,55,692	13,60,696	46.04%	48,95,985	8,18,253	16.71%
2. Advances to Industries Sector eligible as PSL	32,74,981	2,53,875	7.75%	19,31,345	98,126	5.08%
3. Services	69,95,059	16,39,226	23.43%	70,17,617	9,33,292	13.30%
4. Personal Loans and others	41,07,024	2,03,886	4.96%	20,72,887	47,489	2.29%
<b>Sub-Total (A)</b>	<b>1,73,32,756</b>	<b>34,57,683</b>	<b>19.95%</b>	<b>1,59,17,835</b>	<b>18,97,160</b>	<b>11.92%</b>
<b>B. Non Priority Sector</b>						
1. Agricultural and Allied Activities	-	-	-	-	-	-
2. Industry	-	-	-	-	-	-
3. Services	-	-	-	-	-	-
4. Personal loans and others	17,51,518	15,633	0.89%	15,29,331	2,072	0.14%
<b>Sub-Total (B)</b>	<b>17,51,518</b>	<b>15,633</b>	<b>0.89%</b>	<b>15,29,331</b>	<b>2,072</b>	<b>0.14%</b>
<b>Total</b>	<b>1,90,84,274</b>	<b>34,73,316</b>	<b>18.20%</b>	<b>1,74,47,166</b>	<b>18,99,232</b>	<b>10.89%</b>

"The bank has compiled the sector-wise advances mentioned above by using pivot table from the advances list extracted from the financial accounting system. To comply with PSL guidelines, during the year, bank has purchased PSLC of INR 44,00,000 thousands (Previous year NIL) to meet PSL targets under Agri & SME segment. A reference can be made to note no 23.1 of this schedule.

**16. Technical or Prudential Write Offs**

Particulars	March 31, 2023	March 31, 2022
Opening Balance of Technical /Prudential written off accounts as at Apr 1	8,85,880	80,270
Add: Technical/ Prudential write offs during the year	9,83,983	8,08,613
<b>Sub Total (A)</b>	<b>18,69,863</b>	<b>8,88,883</b>
Less : Recoveries made from previously technical/ prudential written offs account during the year (B)	58,169	3,003
<b>Closing Balance as at March 31 (A-B)</b>	<b>18,11,694</b>	<b>8,85,880</b>

**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	As applicable
Retirement/Statutory Benefits	Special Allowance	This would be the adjusting component of CTC basis the (Special allowances could additionally be a part of this component)
	Provident Fund (PF)	As mandated by Law
	Gratuity	As mandated by Law
Ex-gratia	Insurance	Medical/Personal Accident/ Life Insurance
	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 allowances 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, 2023	March 31, 2022
g) Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	6 meetings were held . Aggregate remuneration INR 4,00,000/-	4 meetings were held . Aggregate remuneration INR 3,20,000/-
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 @ Rs. 40,000/- per Board meeting and @ Rs.20,000/- per sub committee meeting respectively w.e.f July 2021. Apart from this, Part time chairman is paid a monthly remuneration of Rs. 1,00,000/-. Bank has also reimbursed an expenses of INR 360 thousands to Part Time Chairman for carrying out office related works (Previous Year 520 thousands). Following are the details of sitting fees & remuneration paid to the Independent directors & Part Time Chairman.

Name of Director	March 31, 2023	March 31, 2022
AG Varughese.	180	550
Arun Prakash Sandilya	-	30
Gautam Barua	780	570
Manjula Saikia Bhuyan	720	410
PVSLN Murthy	-	30
S R Meena	60	180
Sistla Prabhakar	960	320
Tapan Kr Hazarika	940	520
Manas Bid	160	-
James Brown	300	-
Pradeep Kr Nath	320	-
R K Garg (Reimbursement of expenses upto 31.12.22.)	360	520
R K Garg (Sitting fees & Remuneration as Part Time Chairman)	2,220	519
<b>Total</b>	<b>7,000</b>	<b>3,649</b>

**Schedule 18 - Notes to Financial Statement**

**20. Disclosures relating Securitization**

Sl. No.	Particulars	March 31, 2023	March 31, 2022
1	No. Of SPV's 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, 2023	March 31, 2022
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, 2023	March 31, 2022
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**

Bank's transaction of PSLCs during FY 2022-23

Particulars	Year ended March 31, 2023		Year ended March 31, 2022	
	PSLC Purchased	PSLC Sold	PSLC Purchased	PSLC Sold
PSLC Small & Marginal Farmers	31,00,000	NIL	NIL	NIL
PSLC Micro Enterprise	13,00,000	NIL	NIL	10,00,000
<b>TOTAL PSLC</b>	<b>44,00,000</b>	<b>NIL</b>	<b>NIL</b>	<b>10,00,000</b>

**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, 2023 is NIL (Previous Year: NIL)

**24. Movement in provision for frauds included under other liabilities**

Particulars	March 31, 2023	March 31, 2022
Opening provision	4,903	3,211
Provision during the year	175	1,692
Utilization / Write back of provision	-	-
Closing provision	<b>5,078</b>	<b>4,903</b>

**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 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 (CIN : U65100AS2016PLC017505)

₹ 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 1,2021	By January 1,2022	By January 1,2023
Minimum LCR	100%	100%	100%

**Quantitative disclosures on LCR for the period ended March 31,2023 :**

Particulars	Quarter ended March		Quarter ended December		Quarter ended September		Quarter ended June	
	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted
<b>High Quality Liquid Assets</b>								
1. Total High Quality Liquid Assets (HQLA)	-	42,12,809	-	70,31,172	-	31,64,139	-	36,11,042
<b>Cash Outflows</b>								
2. Retail deposits and deposits from small business customers, of which :	1,02,42,886	7,19,998	97,45,621	6,88,700	92,17,855	6,61,189	83,81,384	6,09,635
i) Stable deposits	60,85,817	3,04,291	57,17,240	2,85,862	52,11,931	2,60,597	45,70,063	2,28,503
ii) Less stable deposits	41,57,069	4,15,707	40,28,381	4,02,838	40,05,924	4,00,592	38,11,321	3,81,132
3. Unsecured wholesale funding, of which	69,03,852	40,56,616	1,47,76,389	73,88,054	52,27,630	29,58,841	57,54,862	32,38,760
i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
ii) Non-operational deposits (all counterparties)	69,03,852	40,56,616	1,47,76,389	73,88,054	52,27,630	29,58,841	57,54,862	32,38,760
iii) Unsecured debt	-	-	-	-	-	-	-	-
4. Secured Wholesale funding	-	52,500	-	52,500	-	52,500	-	58,500
5. Additional requirements, of which	-	-	-	-	-	-	-	-
i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
5. Other contractual funding obligations	3,60,582	3,60,581	3,01,941	3,01,941	3,34,818	3,34,818	2,60,820	2,60,820
6. Other contingent funding obligations	-	-	-	-	-	-	-	-
<b>7. Total Cash Outflows</b>	-	51,89,695	-	84,31,196	-	40,07,348	-	41,67,716
<b>Cash Inflows</b>								
8. Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
9. Inflows from fully performing exposures	43,355	43,355	56,872	56,872	1,76,995	1,76,995	2,35,148	2,35,148
10. Other cash inflows	24,66,250	19,16,540	39,00,876	33,62,532	22,39,757	17,38,136	19,40,874	15,60,724
<b>11. Total Cash Inflows</b>	25,09,605	19,59,895	39,57,748	34,19,404	24,16,752	19,15,131	21,76,022	17,95,872
<b>12. TOTAL HQLA</b>	-	42,12,809	-	70,31,172	-	31,64,139	-	36,11,042
<b>13. Total Net Cash Outflows</b>	-	32,29,800	-	50,11,792	-	20,92,217	-	23,71,844
<b>14. Liquidity Coverage Ratio (%)</b>		130%		140%		151%		152%

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

Particulars	Quarter ended March		Quarter ended December		Quarter ended September		Quarter ended June	
	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted
<b>High Quality Liquid Assets</b>								
1. Total High Quality Liquid Assets (HQLA)	-	28,87,908	-	33,44,441	-	28,33,082	-	30,28,124
<b>Cash Outflows</b>								
2. Retail deposits and deposits from small business customers, of which :	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, of which	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 counterparties)	-	-	-	-	-	-	-	-
ii) Non-operational deposits (all counterparties)	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 which	-	-	-	-	-	-	-	-
i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding obligations	1,53,079	1,53,079	68,872	68,872	57,943	57,943	48,851	48,851
7. Other contingent funding obligations	-	-	-	-	-	-	-	-
<b>8. Total Cash Outflows</b>	-	36,40,507	-	31,93,229	-	26,90,729	-	26,00,162
<b>Cash Inflows</b>								
9. Secured lending (e.g. reverse repos)	40,290	-	8,333	-	-	-	-	-
10. Inflows from fully performing exposures	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
<b>12. Total Cash Inflows</b>	21,36,360	16,78,506	19,57,763	17,09,882	8,62,501	7,51,651	8,30,937	6,24,055
<b>13. TOTAL HQLA</b>	-	28,87,908	-	33,44,441	-	28,33,082	-	30,28,124
<b>14. Total Net Cash Outflows</b>	-	19,62,001	-	14,83,347	-	19,39,078	-	19,76,107
<b>15. Liquidity Coverage Ratio (%)</b>		147%		225%		146%		153%

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 (CIN : U65100AS2016PLC017505)

**Schedule 18 -Notes to Financial Statement**

₹ in '000

**26. Notes on Compliances with Accounting Standards**

**26.1 Earnings per Share:**

Particulars	March 31, 2023	March 31, 2022
Net profit after tax (₹)	(21,30,058)	(12,31,998)
Weighted average shares outstanding – Basic (Nos.)	2,94,096	2,93,385
Weighted average shares outstanding – Diluted (Nos.)	2,94,325	2,93,424
Nominal Value of Equity Shares (₹)	10	10
Earnings per share – Basic (₹)	(7.26)	(4.20)
Earnings per share – Diluted (₹)	(7.24)	(4.20)

**26.2 Segment Reporting**

Particulars	Treasury		Retail Banking (Including digital banking*)		Total	
			Retail banking			
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Segment Revenue	8,67,712	6,03,516	24,76,579	26,80,687	33,52,782	32,83,907
Segment Results	8,22,665	5,86,797	(4,20,670)	2,15,976	4,10,486	8,02,475
Unallocated Expenses					2,71,024	1,59,819
<b>Operating Profits</b>					<b>1,39,462</b>	<b>6,42,657</b>
Tax Expenses (including deferred tax)					(3,86,378)	22,940
Extraordinary profit/loss		-		-		-
<b>Net profit/(Loss)</b>					<b>(21,30,058)</b>	<b>(12,31,998)</b>
Other Information:						-
Segment Assets	37,26,503	28,76,948	1,84,42,438	1,80,95,496	2,21,68,941	2,09,72,444
Unallocated Assets					49,35,454	25,47,541
<b>Total Assets</b>					<b>2,71,04,395</b>	<b>2,35,19,985</b>
Segment Liabilities	55,83,236	27,51,810	2,03,70,027	1,79,13,271	2,59,53,263	2,06,65,081
Unallocated Liabilities					1,18,670	1,22,374
<b>Total Liabilities</b>					<b>2,60,71,933</b>	<b>2,07,87,455</b>

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.

Note 4 \*Segment particulars relating to digital banking unit is included under retail banking unit and not reported separately due to materiality .

**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 ₹ 73,409 thousands (31-Mar-23 ₹ 67,760 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, 2023	March 31, 2022
Not later than one year	16,879	61,480
Later than one year but not later than five years	66,450	2,31,108
Later than 5 years	36,017	80,522
The total of minimum lease payments recognized in the Profit and Loss Account for the year	73,409	67,760

**26.4 Deferred tax**

Particulars of (Asset)/ Liability	March 31, 2023	March 31, 2022
Depreciation	(4,535)	(6,704)
Provision not allowed under Income Tax Act, 1961	(3,79,735)	-
Expense allowed on cash basis under Income Tax Act, 1961	(25,636)	(9,575)
Others	-	-
<b>Total</b>	<b>(4,09,907)</b>	<b>(16,279)</b>

**26.5 Fixed Assets**

Particulars	Tangible		Intangible		Total	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Opening balance	2,48,990	2,55,032	34,088	49,763	2,83,079	3,04,795
Additions during the year	76,739	60,274	13,147	29,030	89,886	89,304
Depreciation charge for the year	(57,560)	(61,938)	(23,204)	(44,705)	(80,765)	(1,06,643)
Disposal of Assets during the year	(6,069)	(4,377)	-	-	(6,069)	(4,377)
<b>Balance at the end of the period</b>	<b>2,62,100</b>	<b>2,48,990</b>	<b>24,031</b>	<b>34,088</b>	<b>2,86,131</b>	<b>2,83,079</b>

**Schedule 18 -Notes to Financial Statement**

₹ in '000

**26.6 Related Party Transactions**

As per AS 18 Related party Disclosures notified under section 133 of the companies Act 2013, read together with Paragraph 7 of the Companies (Accounts) Rule 2014, the related parties of the Bank during the year ended March 31, 2023 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 Sanjeeb Kumar Mishra - Company Secretary (From 01/04/2022 to 30/07/2022)
Director	Ram Krishna Garg- Independent Director & Part Time Chairman Gautam Barua- Independent Director Manjula Saikia Bhuyan- Independent Director
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

**a) Transactions during the year**

Particulars	For the year ended March 31, 2023				For the year ended March 31, 2022			
	Holding Company	Director	Key Management Personnel	Relatives of KMP	Holding Company	Director	Key Management Personnel	Relatives of KMP
<b>Liabilities</b>								
Term Deposit	(11,773)	8,700	2,209	(1,056)	(1,553)	5,160	802	(5,607)
Saving Deposit (Net of withdrawal)	-	(2,599)	(680)	(153)	-	4,173	(103)	208
<b>Assets</b>								
Long Term Deposit receivables	1,635	-	-	-	2,949	-	-	-
<b>Expense</b>								
<b>Interest paid on deposits:</b>								
RGVN (North East) Microfinance Limited	7,870	-	-	-	10,594	-	-	-
Ram Krishna Garg	-	2	-	-	-	0	-	-
Gautam Barua	-	1,256	-	-	-	703	-	-
Manjula Saikia Bhuyan	-	218	-	-	-	146	-	-
Ketan Kumar Joshi	-	-	6	-	-	-	21	-
Rupali Kalita	-	-	724	-	-	-	608	-
Mukesh Singh verma	-	-	-	-	-	-	11	-
Sanjeeb Kumar Mishra	-	-	2	-	-	-	3	-
Kiran Kalita	-	-	-	45	-	-	-	95
Sangeeta Ketan Joshi	-	-	-	102	-	-	-	98
Hemant Kumar Joshi	-	-	-	13	-	-	-	36
Suresh Kumar Singh	-	-	-	-	-	-	-	1
Sita Devi Singh	-	-	-	-	-	-	-	2
<b>Net Interest paid on Deposits</b>	<b>7,870</b>	<b>1,475</b>	<b>731</b>	<b>161</b>	<b>10,594</b>	<b>849</b>	<b>643</b>	<b>232</b>
<b>Payment of Remuneration:*</b>								
Rupali Kalita	-	-	5,562	-	-	-	5,087	-
Mukesh Singh verma	-	-	-	-	-	-	832	-
Sanjeeb Kumar Mishra	-	-	657	-	-	-	1,470	-
Ketan Kumar Joshi	-	-	5,358	-	-	-	5,285	-
<b>Total Remuneration</b>	<b>-</b>	<b>-</b>	<b>11,577</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,674</b>	<b>-</b>
<b>Reimbursement of Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* 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, 2023				For the year ended March 31, 2022			
	Holding Company	Director	Key Management Personnel	Relatives of KMP	Holding Company	Director	Key Management Personnel	Relatives of KMP
<b>Outstanding as at Year end</b>								
Deposits	1,08,950	22,084	9,996	1,922	1,20,661	15,983	8,470	3,131
Other Liabilities and Provisions	-	-	-	-	-	-	-	-
<b>Receivable as at year end</b>								
Other Assets	1,635	-	-	-	2,949	-	-	-

**c) Maximum Balance outstanding during the year**

Particulars	For the year ended March 31, 2023				For the year ended March 31, 2022			
	Holding Company	Director	Key Management Personnel	Relatives of KMP	Holding Company	Director	Key Management Personnel	Relatives of KMP
Deposits	1,08,950	22,084	9,996	1,922	1,20,661	15,983	8,470	3,131
Other Liabilities and Provisions	-	-	-	-	-	-	-	-
Other Assets	1,635	-	-	-	3,149	-	-	-

KETAN KUMAR PRAVINCHANDRA JOSHI  
Date: 2023.06.26 12:26:48 +05'30'

**NORTH EAST SMALL FINANCE BANK LIMITED**

Guwahati, Assam (CIN : U65100AS2016PLC017505)

**Schedule 18 - Notes to Financial Statement**
**₹ in '000**
**26.8 Employee Shared Based Payments**

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

**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, 2023	March 31, 2022
Contribution towards provident fund	40,112	41,305
Contribution towards ESIC	15,228	7,555
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, 2023	March 31, 2022
Opening Balance of Present value of obligation	67,619	64,026
Obligation transferred on account of BTA	-	-
Interest Cost	4,460	4,063
Current service cost	9,800	11,556
Benefits paid	(8,684)	(1,769)
Actuarial Loss/ (Gain) on obligation	8,299	(10,257)
Closing Balance of Present value of obligation	81,494	67,619

Expense recognised in profit and loss account

Particulars	March 31, 2023	March 31, 2022
Current service cost	9,800	11,556
Interest Cost	4,460	4,063
Expected return on plan assets	(8,031)	(6,966)
Net Actuarial loss recognised in the year	8,299	(8,774)
Income recognised in profit and loss account	14,528	(121)

Net Liability/(Asset) recognized in the Balance Sheet

Particulars	March 31, 2023	March 31, 2022
Fair value of plan assets	1,21,770	1,21,770
Present value of defined obligation	81,494	67,619
Excess of plan assets over present value of obligation	46,483	54,150
Net Asset recognized in balance sheet	46,483	54,150

Change in Fair Value of Plan Assets during the year

Particulars	March 31, 2023	March 31, 2022
Opening balance of fair value of plan assets	1,21,770	1,09,785
Plan assets acquired under BTA	-	-
Expected return on plan assets	8,031	6,966
Actual Company Contributions	6,860	8,271
Benefits paid	(8,684)	(1,769)
Actuarial gain/(loss) return on plan assets	-	(1,484)
Closing balance of fair value of plan assets	1,27,977	1,21,770

Actuarial assumptions used



**NORTH EAST SMALL FINANCE BANK LIMITED**  
Guwahati, Assam (CIN : U65100AS2016PLC017505)

**Schedule 18 - Notes to Financial Statement**

**₹ in '000**

Particulars	March 31, 2023	March 31, 2022
Discount Rate	7.30%	6.60%
Expected Return on plan assets	7.30%	6.60%
Expected rate of salary increase	5.00%	3.00%
Employee Attrition rate		
Upto 30 Yrs	20.93%	20.93%
31-44 yrs	13.36%	13.36%
Above 44 yrs	9.90%	9.90%

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, 2023	March 31, 2022
(Gain)/Loss on Plan Liabilities	3,662	(2,270)
% of Opening Plan Liabilities	12.10%	-3.50%
(Gain)/Loss on Plan Assets	-	1,484
% of Opening Plan Assets	0.0%	-1.40%

(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, 2023	March 31, 2022
Privileged Leave (Actuarial Liability) at the beginning of the year	30,169	35,292
Privileged Leave (Actuarial Liability) at the end of the year	33,443	30,169
Actuarial assumptions		
Discount Rate	7.30%	6.60%
Salary Escalation rate	5.00%	3.00%

**26.9 Contingent Liabilities**

There are no contingent liabilities as on March 31, 2023 (Previous Year : NIL) read with Note No 31.

**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. The amount of INR 4,484 (thousands) towards CSR expenses pertains to Financial Year 2021-22.

Particulars	March 31, 2023	March 31, 2022
a) Gross amount required to be spent by the Bank during the year	-	5,740
b) Amount spent during the year	4,484	5,716

**28.** 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, 2023. (Previous Year - NIL)

KETAN  
KUMAR  
PRAVINCHAN  
DRA JOSHI  
Digitally signed by  
KETAN KUMAR  
PRAVINCHANDRA  
JOSHI  
Date: 2023.06.26  
12:29:03 +05'30'



**NORTH EAST SMALL FINANCE BANK LIMITED**  
**Guwahati, Assam (CIN : U65100AS2016PLC017505)**

**Schedule 18 - Notes to Financial Statement**

**₹ in '000**

**29.** 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.

**30. Investor education and protection fund**

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

**31.** The Holding Company of the Bank had received income tax demand order of Rs. 35,25,135 thousands from income tax authorities for the financial year 2016-17(Assessment year 2017-18) before the formation of the Bank on 17/10/2017. This majorly includes the demand towards Share capital raised by the Holding Company during the assessment year, cash deposits done during the period of demonetization 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 favorable 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 crystallization 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 Income Tax Department has passed an ex parte assessment order with a demand. As per the GAAP principles of accounting, any event occurring in the books of Holding Company cannot be shown in the books of the subsidiary company. Hence it is shown as a Note to Accounts in its financial statements of the Bank.

**32. Disclosure under Rule 11 (e) of the Companies (Audit and Auditors) Rules, 2014 :**

The Bank, as part of its normal banking business, grants loans and advances to its constituents including foreign entities with permission to lend / invest / provide guarantee or security or the like in other entities identified by such constituents. Similarly, the Bank accepts deposits from its constituents, who may instruct the Bank to lend / invest / provide guarantee or security or the like against such deposit in other entities identified by such constituents.

These transactions are part of Bank's normal banking business, which is conducted after exercising proper due diligence including adherence to "Know Your Customer" guidelines as applicable in respective jurisdiction. Other than the nature of transactions described above, the Bank has not advanced / lent / invested / provided guarantee or security to or in any other person with an understanding to lend / invest / provide guarantee or security or the like to or in any other person. Similarly, other than the nature of transactions described above, the Bank has not received any funds from any other person with an understanding that the Bank shall lend / invest / provide guarantee or security or the like to or in any other person.

**33 Additional Disclosure on Material Item inline with RBI circular No DOR.ACC.REC.No.91/21.04.018/2022-23**

**33.1 Disclosure on material item under subhead "Miscellaneous Income" exceeding 1% of Total Income:**

Particulars	March 31, 2023	March 31, 2022
Recovery from Technically W/off account	57,999	-

**33.2 Disclosure on material item under subhead "Other Expenditure" exceeding 1% of Total Income:**

Particulars	March 31, 2023	March 31, 2022
Expenses on A/c of GST Reverse Charge	40,859	33,010
Office-Security	46,497	46,117

**33.3 Disclosure on material item under subhead "other Liabilities and Provisions-Others" exceeding 1% of Total Assets:**

Particulars	March 31, 2023	March 31, 2022
RTGS Settlement A/C	4,61,053	-

**33.4 Disclosure on material item under subhead "Other Assets-Others" exceeding 1% of Total Assets:**

Particulars	March 31, 2023	March 31, 2022
Nil	-	-



**NORTH EAST SMALL FINANCE BANK LIMITED**  
**Guwahati, Assam (CIN : U65100AS2016PLC017505)**

**Schedule 18 - Notes to Financial Statement**

**₹ in '000**

**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 PRAVINCHANDRA JOSHI  
RA JOSHI  
Digitally signed by KETAN KUMAR PRAVINCHANDRA JOSHI  
Date: 2023.06.26 12:29:33 +05'30'

**Ketan Kumar Joshi**  
Chief Financial Officer  
M. No. 056916

RAM KRISHNA GARG  
Dr. Ram Krishna Garg  
Chairman  
Digitally signed by RAM KRISHNA GARG  
Date: 2023.06.26 15:56:07 +05'30'

DIN : 02164119

**Place : Guwahati**  
**Date : June 26 , 2023**

As per our audit report of even date

**For Baweja & Kaul**  
Chartered Accountants  
**Firm Registration Number : 005834N**

SAMVIT KUMAR GURTOO  
Digitally signed by SAMVIT KUMAR GURTOO  
Date: 2023.06.26 17:41:50 +05'30'

**CA Samvit Kumar Gurtoo**  
Partner  
Membership No - 090758

UDIN - 23090758BGZDFM9329

**Place : Guwahati**  
**Date : June 26 , 2023**

RUPALI KALITA  
Digitally signed by RUPALI KALITA  
Date: 2023.06.26 15:18:25 +05'30'

**Rupali Kalita**  
Managing Director & CEO  
DIN : 02114098

Tapan Kumar Hazarika  
Digitally signed by Tapan Kumar Hazarika  
Date: 2023.06.26 13:30:12 +05'30'

**Tapan Kumar Hazarika**  
Independent Director  
DIN : 08088195