



(Incorporated on July 31, 1922 under the Companies Act, 1913 - Now Companies Act, 2013)

Our bank is engaged in Banking Services and Activities since 1922. At present our Bank is categorized as a scheduled commercial bank within the meaning of the RBI Act and has received a license for banking operations from the RBI on October 07, 1978. RBI has included our Bank in the second schedule of the RBI Act and a corresponding notification was published in the Official Gazette of India (Part III – Section 4) on December 30, 1978.

Registered Office: G.B. Pant Road, Naini Tal-236001  
Corporate Office: 7 Oaks Building, Malli Tal, Naini Tal-263001  
Corporate Identity Number: U65923UR1922PLC000234  
Contact Person: Mr. Mahesh Goyal (Chief Financial Officer)  
Mr. Vivek Sah (Company Secretary)  
website: www.nainitalbank.co.in e-mail id: cs@nainitalbank.co.in and nainitalbank.rights23@kfintech.com  
Telephone: (05942)-233739  
Registrar to the Issue - M/s K Fin Technologies Limited

**For Private Circulation to the Eligible Shareholders of The Nainital Bank Limited (Our “Bank” Or The “Issuer”) Only**

Issue of up to 4,00,00,000 equity shares of Face Value Rs. 10.00 each (“rights equity shares”) of our Bank for cash at a price of Rs. 25.00 per rights equity share (“issue price”) including a premium of Rs. 15.00 per rights equity share aggregating up to Rs. 100.00 crore on a rights basis to the eligible shareholders of the bank in the ratio of 1 rights equity share for 1.94 fully paid-up equity shares held by such eligible shareholder on the record date, that is, Tuesday, February 21, 2023 (“issue”). For further details, kindly refer to the “Terms of the Issue”. The entire issue price for the rights equity shares is payable on application.

**Issuer’s Absolute Responsibility**

The Nainital Bank Limited, having made all reasonable inquiries, accepts responsibility for and confirms that this Offer Document contains all information with regard to the Bank and the Offer, which is material in the context of this Offer, that the information contained in this Offer Document is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

**General Risks**

Investment in equity and equity related securities involves a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Bank and the Issue including the risks involved.

**Issue Programme**

<b>Issue Opens On</b>	<b>Last Date For Receipt Of Request For Split Application Forms</b>	<b>Issue Closes On</b>
March 01, 2023	March 07, 2023	March 16, 2023

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## SECTION I - GENERAL

This Prospectus for Rights Issue uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below, and references to any legislation, statute, regulation, rules, guidelines or policies shall be to such legislation, statute, regulation, rule, guidelines or policy as amended from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Prospectus but not defined herein, shall have, to the extent applicable, the meanings ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder.

### **General Definitions/Abbreviations**

<b>Term</b>	<b>Description</b>
ACT	<i>The Companies Act, 2013 and subsequent amendments thereof.</i>
B.R. ACT	<i>Banking Regulation Act.</i>
ARTICLES	<i>Articles of Association of the Company</i>
A.Y.	<i>Assessment Year</i>
BOARD	<i>Board of Directors of the Company</i>
Company/Issuer/Nainital Bank	<i>The Nainital Bank Limited</i>
CAF	<i>Composite Application Form</i>
CDSL	<i>Central Depository Services Limited</i>
EPS	<i>Earnings Per Share</i>
FEMA	<i>Foreign Exchange Management Act, 1999</i>
FII	<i>Foreign Institutional Investors</i>
FY	<i>Financial Year</i>
HUF	<i>Hindu Undivided Family</i>
LOF	<i>Letter of Offer</i>
NAV	<i>Net Asset Value</i>
NSDL	<i>National Securities Depository Limited</i>
NRI'S	<i>Non-Resident Indians</i>
OCB'S	<i>Overseas Corporate Bodies</i>
PAT	<i>Profit after Tax</i>
PBIDT	<i>Profit before Interest, Depreciation and Tax</i>
PBT	<i>Profit Before Tax</i>
RBI	<i>Reserve Bank of India</i>
IT ACT	<i>Income tax act 1961</i>
PAN	<i>Permanent account number/general index register</i>
REGISTRAR	<i>Registrar to the issue</i>
ROC	<i>Registrar of companies</i>
SEBI	<i>Securities and Exchange Board of India</i>
STPI	<i>Software Technology Park of India</i>
STQC	<i>Standardization Testing and Quality Certification</i>

### **Industry/Project Related Terms, Definitions and Abbreviation**

<b>Term</b>	<b>Description</b>
AB	<i>Agribusiness banking</i>
AFI	<i>Affordable finance institutions</i>
AFS	<i>Available for Sale</i>
ALCO	<i>Asset Liability Management Committee</i>
ALM	<i>Asset liability management</i>
ANBC	<i>Adjusted net bank credit</i>
APES	<i>Aadhar Payment Enabled System</i>
APLVC	<i>Annual Performance Linked Variable Compensation</i>
ATM	<i>Automated teller machine</i>
BOB	<i>Bank of Baroda</i>

<i>BBB</i>	<i>Branch and business banking</i>
<i>BC</i>	<i>Business correspondent</i>
<i>BCC</i>	<i>Board Credit Committee</i>
<i>BI</i>	<i>Business Intelligence</i>
<i>C&amp;IB</i>	<i>Corporate and institutional banking</i>
<i>CAR</i>	<i>Capital Adequacy Ratio</i>
<i>CASA</i>	<i>Current Account &amp; Savings Account</i>
<i>CB</i>	<i>Commercial banking</i>
<i>CBS</i>	<i>Core Banking Solution</i>
<i>CET I</i>	<i>Common Equity Tier I</i>
<i>CGTMSE</i>	<i>Credit Guarantee Fund Trust for Medium and Small Enterprises</i>
<i>CRR</i>	<i>Cash Reserve Ratio</i>
<i>CSR</i>	<i>Corporate social responsibility</i>
<i>CTC</i>	<i>Cost-to-company</i>
<i>CTS</i>	<i>Cheque Truncation System</i>
<i>D</i>	<i>Doubtful</i>
<i>D&amp;O</i>	<i>Directors' &amp; Officers' Liability Insurance</i>
<i>DB &amp; FI</i>	<i>Development banking and financial inclusion</i>
<i>DCM</i>	<i>Debt capital markets</i>
<i>ECC</i>	<i>Executive Credit Committee</i>
<i>FATCA</i>	<i>U.S. Foreign Account Tax Compliance Act</i>
<i>FD</i>	<i>Fixed deposit</i>
<i>FIGU</i>	<i>Financial Institutions &amp; Government Undertakings</i>
<i>FMCG</i>	<i>Fast Moving Consumer Goods</i>
<i>"FOREX" or "Forex"</i>	<i>Foreign exchange</i>
<i>HFT</i>	<i>Held for trading</i>
<i>HRMS</i>	<i>Human Resource Management System</i>
<i>ICAAP</i>	<i>Internal Capital Adequacy Assessment Process</i>
<i>IGU</i>	<i>Indian Golf Union</i>
<i>IMPS</i>	<i>Interbank Mobile Payment Service</i>
<i>IRS</i>	<i>U.S. Internal Revenue Service</i>
<i>IVR</i>	<i>Interactive Voice Response</i>
<i>JLG</i>	<i>Joint liability group</i>
<i>KVP</i>	<i>Kisan Vikas Patra</i>
<i>KYC-AML</i>	<i>Know Your Customer - Anti Money Laundering</i>
<i>L</i>	<i>Loss</i>
<i>LC</i>	<i>Letter of credit</i>
<i>LMS</i>	<i>Learning Management System</i>
<i>MCC</i>	<i>Management Credit Committee</i>
<i>MFI</i>	<i>Micro-finance institutions</i>
<i>MIS</i>	<i>Management Information System</i>
<i>MSME</i>	<i>Micro, small and medium enterprises</i>
<i>NBL</i>	<i>Nainital Bank Limited</i>
<i>NACH</i>	<i>National Automated Clearing House</i>
<i>NBFC</i>	<i>Non-banking financial company</i>
<i>NGO</i>	<i>Non-government Organization</i>
<i>NII</i>	<i>Net interest income</i>
<i>NIM</i>	<i>Net interest margin</i>
<i>NOC</i>	<i>National Operating Center</i>
<i>NPA</i>	<i>Non-performing asset</i>
<i>NSC</i>	<i>National Savings Certificate</i>
<i>ORMC</i>	<i>Operational Risk Management Committee</i>
<i>OS</i>	<i>Operating System</i>
<i>P2P</i>	<i>Procurement to payment</i>
<i>PAC</i>	<i>Product Approval Committee</i>
<i>PESOP</i>	<i>Performance employee stock option program</i>
<i>PML Act</i>	<i>Prevention of Money Laundering Act, 2002</i>
<i>POS</i>	<i>Point of sale</i>
<i>PSU</i>	<i>Public Sector Units</i>
<i>PTRC</i>	<i>Psychoanalytic Therapy &amp; Research Centre</i>
<i>RBS</i>	<i>The Royal Bank of Scotland, N.V.</i>
<i>RD</i>	<i>Recurring deposits</i>
<i>RIDF</i>	<i>Rural Infrastructure Development Fund</i>

<i>RMCB</i>	<i>Risk Management Committee of the Board</i>
<i>RPC</i>	<i>Regional Processing Centers</i>
<i>S</i>	<i>“Standard”</i>
<i>SS</i>	<i>“Sub-standard”</i>
<i>SHG</i>	<i>Self-help group</i>
<i>SLR</i>	<i>Statutory Liquidity Ratio</i>
<i>SME</i>	<i>Small and medium enterprises</i>
<i>Tier I capital instrument</i>	<i>Tier I capital instruments as defined under the guidelines on capital adequacy issued by the RBI</i>
<i>Tier II capital instrument</i>	<i>Tier II capital instruments as defined under the guidelines on capital adequacy issued by the RBI</i>
<i>UIDAI</i>	<i>Unique Identification Authority of India</i>
<i>WRF</i>	<i>Warehouse receipt financing</i>

<b>Term</b>	<b>Description</b>
<i>Additional Tier I capital</i>	<i>Comprises of Innovative perpetual debt instruments and perpetual non-cumulative preference shares eligible for inclusion in Tier I Capital which comply with the specified current regulations as reduced by equity investments in subsidiaries, (under transition provisions) reciprocal investments capital of banking, financial and insurance entities, deferred tax assets (under transition provisions), intangible assets (under transition provisions).</i>
<i>API</i>	<i>Application programming interface.</i>
<i>AUM</i>	<i>Assets under management.</i>
<i>Average yield on investments</i>	<i>Interest income on investments divided by average of month end balances of investments.</i>
<i>Average cost of deposits</i>	<i>Interest expense on deposits divided by average of month end balances of deposits.</i>
<i>Average cost of borrowings</i>	<i>Interest expense on borrowings divided by average of month end balances of borrowings.</i>
<i>Base Rate</i>	<i>Minimum lending rate set by our Bank in accordance with applicable laws and regulations.</i>
<i>Basel Committee</i>	<i>Basel Committee on Banking Supervision.</i>
<i>Basel II</i>	<i>Revised framework on “International Convergence of Capital Measurement and Capital Standards” by RBI for International Settlements.</i>
<i>Basel III</i>	<i>A global regulatory framework for more resilient banks and banking systems (December 2010 (rev. June 2011)) published by the Bank for International Settlements. RBI issued guidelines on the implementation of Basel III capital regulations in India on May 2, 2012 and revised pursuant to Master Circular - Basel III Capital Regulations issued by RBI, dated July 1, 2015</i>
<i>BCA</i>	<i>Baseline credit assessment.</i>
<i>MCB</i>	<i>Management Committee of Board</i>
<i>BNA</i>	<i>Bunch Note Acceptors/Recyclers.</i>
<i>BPLR</i>	<i>Benchmark prime lending rate.</i>
<i>Bps</i>	<i>Basis points.</i>
<i>BSM</i>	<i>Bank-subsidiary model.</i>
<i>BSMG</i>	<i>Balance sheet management group.</i>
<i>CAGR</i>	<i>Compounded annual growth rate (calculated by taking the nth root of the total percentage growth rate, where n is the number of years in the period being considered).</i>
<i>CASA Ratio</i>	<i>Ratio of current account (demand deposit) saving account to deposits</i>
<i>CCO</i>	<i>Chief credit officer</i>
<i>CBLO</i>	<i>Collateralized borrowing and lending obligations.</i>
<i>CD</i>	<i>Certificate of deposit.</i>
<i>CDR</i>	<i>Corporate debt restructuring.</i>
<i>CET1</i>	<i>Common equity tier 1.</i>
<i>CP</i>	<i>Commercial paper.</i>
<i>CRAR</i>	<i>Capital to risk-weighted asset ratio.</i>
<i>CRM</i>	<i>Credit risk mitigation.</i>
<i>CRO</i>	<i>Chief risk officer</i>
<i>CTS</i>	<i>Cheque truncation system.</i>
<i>DICGC</i>	<i>Deposit Insurance and Credit Guarantee Corporation</i>
<i>Director FIU</i>	<i>Director, Financial Intelligence Unit, India.</i>
<i>DP</i>	<i>Counter-cyclical (dynamic) provisioning.</i>
<i>DRI</i>	<i>Differential rate of interest.</i>
<i>EaR</i>	<i>Earnings at risk</i>
<i>ECC</i>	<i>Executive Credit Committee</i>
<i>ECR</i>	<i>Export credit refinance</i>
<i>ECS</i>	<i>Electronic clearing services.</i>
<i>EEFC</i>	<i>Exchange earners' foreign currency.</i>
<i>EFT</i>	<i>Electronic funds transfer.</i>
<i>EL</i>	<i>Expected loss.</i>
<i>ELC</i>	<i>Emerging large corporates</i>
<i>EPDS</i>	<i>Electronic Public Distribution System.</i>
<i>ERP</i>	<i>Enterprise resource planning.</i>
<i>FCNR Account</i>	<i>Foreign currency non-resident account.</i>
<i>FCNR(B)</i>	<i>Foreign currency non-resident (banks).</i>

FIMMDA	Fixed Income Money Market and Derivative Association.
GIFT City	Gujarat International Finance Tec-City, Gujarat.
Gross advances	Advances plus provision for NPA
Gross NPA/ GNPA's	Gross non-performing assets/ Gross Non Performing Advances.
HQLAs	High quality liquid assets.
HTM	Held to maturity.
IAD	Internal Audit Department.
IBA	Indian Banks Association.
IBU	International Banking Unit.
IMF	International Monetary Fund.
IRACP	Income recognition, asset classification and provisioning.
IST	Indian Standard Time.
KYC	Know your customer.
LAF	Liquidity adjustment facility.
LCR	Liquidity coverage ratio.
LE	Large Exposure.
LFAR	Long form audit report.
MCLR	Marginal cost of funds-based lending rate.
Moody's	Moody's Investors Services Limited
MSE	Micro and small enterprises.
MSF	Marginal standing facility.
NBFC	A Non-Banking Financial Company (NBFC) is a company registered under the Companies Act, 1956 or Companies Act, 2013 engaged in the business of loans and advances, acquisition of shares/stocks/bonds/debentures/securities issued by Government or local authority or other marketable securities of a like nature, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of immovable property. A non-banking institution which is a company and has principal business of receiving deposits under any scheme or arrangement in one lump sum or in installments by way of contributions or in any other manner, is also a non-banking financial company (Residuary non-banking company).
NAV	Net Worth as at the end of the year / number of equity shares outstanding at the end of the year.
NDTL	Net demand and time liabilities.
NEFT	National electronic fund transfer.
Net interest income	Interest earned less interest expended; for the computation, please refer to the section entitled "Our Business" on page 176.
Net interest margin	Ratio of interest earned less interest expended to daily average interest-earning assets, which include daily average balances of advances, investments, balances with the banks and money at call, and short notice and contribution made to Rural Infrastructure Development Fund by the Bank
Net NPA	NPAs (net of provisions).
Net Total Income	Net interest income and other income.
NNPA	Net Non-Performing assets/ Net Non-performing advances.
NOCs	National operating centers.
Non-Interest Income	Non-interest income is presented as 'Other Income' in Financial Statements.
NPA provisioning coverage	Ratio of NPA provision to gross NPA.
NPI	Non-performing investments as defined by the Master Circular on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks dated July 1, 2015.
NRNR	Non-resident non repatriable.
NSFR	Net stable funding ratio.
OTS	One time settlement.
Operating Profit	Summation of Interest earned and Other Income less Interest expended and Operating Expense
PCR	Provisioning coverage ratio.
PFIC	Passive foreign investment company.
PSBs	Public sector banks.
PVBs	Private sector banks.
RAROC	Risk adjusted return on capital.
RBAP	Risk Based Audit Plan.
RBI Basel III Capital	Guidelines issued by RBI on the implementation of Basel III capital regulations in India
RBS	Risk Based Supervision.
Repo Rate	Re-purchase option rate; the annual rate at which RBI lends to other banks in India.
Reverse Repo Rate	The rate at which RBI borrows money from banks in India.
RFC Account	Resident foreign currency account.
RIDF	Rural infrastructure development fund
RMC	Risk Monitoring Committee
RMD	Risk Management Department.
ROA	Return on assets (the ratio of net profit to monthly balances outstanding assets).
ROE	Return on equity (the ratio of net profit to Monthly average shareholders' equity).
RTGS	Real time gross settlement.
URBAN Banking	A dedicated rural and inclusive banking channel.

<i>RWA</i>	<i>Risk-weighted assets</i>
<i>S&amp;P</i>	<i>Standard and Poor's.</i>
<i>S4A</i>	<i>Scheme for sustainable structuring of stressed assets</i>
<i>SCBs</i>	<i>Scheduled commercial banks.</i>
<i>SDR</i>	<i>Strategic Debt Restructuring Scheme</i>
<i>Shared Service Provider</i>	<i>A third-party service provider appointed by Issuer.</i>
<i>SGL</i>	<i>Subsidiary general ledger.</i>
<i>SLBC</i>	<i>State Level Bankers' Committee.</i>
<i>SLR</i>	<i>Statutory liquidity ratio.</i>
<i>Slippage Ratio</i>	<i>New accretion to gross NPA for the period in proportion to standard advances at the beginning of the period.</i>
<i>SMEs</i>	<i>Small and medium-sized enterprises.</i>
<i>SUCBs</i>	<i>Scheduled urban co-operative banks.</i>
<i>TCFD</i>	<i>Task Force on Climate related Financial Disclosures.</i>
<i>Tier I capital</i>	<i>The core capital of a bank which provides the most permanent and readily available support against unexpected losses. It comprises paid up capital and reserves consisting of statutory reserves, free reserves and capital reserves representing surplus arising out of sale of assets, innovative capital instruments (like innovative perpetual debt instruments and perpetual non-cumulative preference shares eligible for inclusion in Tier I Capital which comply with the specified regulatory requirements) as reduced by equity investments in subsidiaries, deferred tax assets, intangible assets, and losses in the current period and those brought forward from the previous period.</i>
<i>Tier II bonds</i>	<i>Unsecured subordinated bonds issued for Tier II capital adequacy purposes.</i>
<i>Tier II capital</i>	<i>The undisclosed free reserves, investment reserves, hybrid debt capital instruments (like perpetual cumulative preference shares, redeemable non-cumulative preference shares, redeemable cumulative preference shares eligible for inclusion in Tier II Capital which comply with the specified regulatory requirements) and subordinated debt eligible for inclusion in Tier II Capital which comply with the specified regulatory requirements, revaluation reserves (at a discount of 55.0%), general provisions and loss reserves (allowed up to a maximum of 1.2% of risk-weighted assets).</i>
<i>Total net income</i>	<i>Net interest income plus other income</i>
<i>VaR</i>	<i>Value at Risk.</i>
<i>UPI</i>	<i>Unified Payment Interface.</i>
<i>Yield on advances</i>	<i>Interest income on advances divided by average of month end balances of advances.</i>
<i>YTM</i>	<i>Yield to maturity.</i>



## OFFER DOCUMENT SUMMARY

The following is a general summary of the terms of the Offer, certain disclosures included in this Prospectus is not exhaustive, nor does it purport to contain a summary of all the disclosures or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Prospectus, including “Risk Factors”, “The Offer”, “Capital Structure”, “Objects of the Offer”, “Industry Overview”, “Our Business”, “Outstanding Litigation and Material Developments”, “Offer Procedure” and “Description of Equity Shares and Terms of Articles of Association”.

### Summary of our primary business and the industry in which we operate

We are one of the oldest private sector banks in India with a history of almost 100 years. We have presence in -5- States namely, Uttarakhand, Uttar Pradesh, Haryana, Rajasthan, and Delhi & NCR. We offer a wide range of banking and financial services primarily to micro, small and medium enterprises, agricultural and retail customers. As of December 31, 2022, we have 166 branches, out of which 43 branches are in Urban (26%), 23 branches in Metro (21%), 34 branches in Semi-Urban (20%) and 54 branches in Rural (33%) area. As of December 31, 2022, our overall customer base was approximately 11 Lac.

### Summary of the industry in which we operate

The Indian banking sector is significantly under-penetrated which provides immense opportunities for banks and other financial institutions. The banking sector enjoyed healthy deposit growth of ~10% CAGR between Fiscals 2015 and 2022 according to sources. Traditionally, public banks have accounted for the major proportion of the banking credit outstanding. However, low profitability, weak capital position, low operational efficiency, and increase in stressed loans in the past few years led to slowdown in their loan growth. As a result, public banks gradually lost market share to private banks, which were relatively well capitalized and had higher degree of operational efficiency according to sources.

### Our Promoter

Our Bank is a professionally managed bank and as per applicable guidelines Bank of Baroda is having 98.57% stake in NBL and may be classified as promoter of the Bank.

### Offer Size

Offer	<i>Up to 4,00,00,000 Equity Shares at Rs. 25.00 per Equity Share</i>
Authorization	<i>The Offer has been authorized by our Board pursuant to its resolution dated November 05, 2022 and February 21, 2023.</i>

### Issuances of Equity Shares made in the last one year for consideration other than cash

Our Bank has not issued any Equity Shares through bonus issue or for consideration other than cash in the one year preceding the date of this Draft Prospectus.

### Split or Consolidation of Equity Shares in the last one year

Our Bank has not undertaken a split or consolidation of the Equity Shares in the one year preceding the date of this Draft Prospectus for Rights Issue.

### Details of Listing Arrangements

Our Bank is an unlisted Private Sector bank.

### Summary of Financial Information

The following details of our capital, net worth, the net asset value per Equity Share and total borrowings for Fiscals 2020, 2021, 2022 and December 2022 are derived from the Financial Statements:

(In Crore)

	2020	2021	2022	December 2022
Equity Share Capital	77.50	77.50	77.50	77.50
Net Worth	556.00	572.61	607.04	635.91
Total Borrowings	Nil	Nil	Nil	Nil

The following details of our total income, net profit and earnings per Equity Share (basic and diluted) for the Fiscals 2020, 2021, 2022 and are as per the Financial Statements:

(In Crore)

	2020	2021	2022	December 2022
Total Income	727.69	642.20	602.63	434.15
Net Profit	(68.07)	1.26	28.93	50.20
Earnings Per Share				
Basic	(8.78)	0.16	3.73	6.48
Diluted	(8.78)	0.16	3.73	6.48

### Summary of outstanding Legal Proceedings

A summary of outstanding litigation or legal proceedings involving our Bank and our Directors as of the date of this Draft Prospectus is provided below:

	No. of cases outstanding	Amount involved (In Lac)
<b>Legal proceedings involving our Bank</b>		
Litigation involving Equity Shares of our Bank	Nil	0.00
Actions by regulatory and statutory authorities	Nil	0.00
Criminal proceedings against our Bank	04	0.00
Criminal proceedings by our Bank	98	8409.14
Direct and indirect tax proceedings	3	132.00
Material civil proceedings	824	36152.87
<b>Legal proceedings involving our present Directors</b>		
Actions by regulatory and statutory authorities	Nil	0.00
Criminal proceedings against our Directors	Nil	0.00
Criminal proceedings by our Directors	Nil	0.00
Criminal proceedings by our Directors	Nil	0.00
Material civil proceedings	Nil	0.00

The gist of the outstanding proceedings are given in Section V - Disclosures Chapter of this Letter of Offer.

## FORWARD-LOOKING STATEMENTS

This Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “propose”, “project”, “will”, “will continue”, “will pursue” “seek to”, “shall” or other words or phrases of similar import. Similarly, statements whether made by us or any third parties that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to, *inter alia*, regulatory changes pertaining to the industries in India in which we operate and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate.

Certain important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- the impact of an outbreak of any contagious diseases (including the prolonged outbreak of COVID-19);
- our ability to manage our portfolio of NPAs or NPIs;
- any non-compliance with laws, rules and regulations applicable to us (including the observations or guidelines by RBI);
- our indebtedness and conditions imposed by our financing arrangements (including any exercise of rights by our lenders for any of our breaches of restrictive covenants contained in our financing arrangements);
- any material default by our borrowers;
- the impact of any negative publicity which may affect customers’ confidence (including the receipt of any whistle blower complaints); and
- general political economic and business conditions in India.
- divestment or change in shareholding pattern.

For further discussion on factors that could cause actual results to differ from expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated. There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Forward-looking statements reflect current views as of the date of this Prospectus and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Bank, our Directors nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

## SECTION II – RISK FACTORS

### General Risk

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment decision in relation to the Equity Shares. If anyone or some combination of the following risks were to occur, our business, results of operations, financial condition, cash flows and prospects could suffer and the price of the Equity Shares could decline and you may lose all or part of your investment. Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below. We have described the risks and uncertainties that our management believes are material but the risks set out in this Offer Document may not be exhaustive or complete and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future.

This section should be read together with “Industry Overview”, “Our Business”, “Selected Statistical Information” and “Management’s discussion and analysis of financial condition and results of operations of our Bank” as well as the restated financial statements, including the notes thereto, and other financial information included elsewhere in the Offer Document.

In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue including the merits and the risks involved.

### Risk Factors & Management’s Perception Thereof

Investors should consider the following risk factors together with all other information included in this Letter of Offer carefully, in evaluating the Bank and its business before making any investment decision. Any projections, forecasts and estimates contained herein are forward looking statements and are based on certain assumptions that Bank considers reasonable. This Letter of Offer contains forward-looking statements that involve risks and uncertainties. Such statements can be identified by the use of forward-looking terminology such as “may”, “believes”, “will”, “expect”, “anticipate”, “visualize”, “estimate”, “continue”, “plan”, “likely” or other similar words. Actual results could differ from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the following risk factors and elsewhere in this Letter of Offer.

However, there are a few risk factors where the impact is not quantifiable and hence the same has not been disclosed in such risk factors. This Letter of Offer also includes statistical and other data regarding the Indian Banking industry. This data was obtained from industry publications, reports and other sources that Bank believe to be reliable. Bank has not independently verified such data.

### Internal Risk Factors

***1. Any increase in our portfolio of NPAs, RBI-mandated provisioning requirements or restructured advances could materially and adversely affect our business and future financial performance.***

As on March 31 - 2020, 2021, 2022 and the quarter ended December 31, 2022, our Gross Non-Performing Assets (“**Gross NPA**”) were Rs. 536.03 Crore (13.02%), Rs. 650.67 Crore (16.15%), Rs. 507.95 Crore (12.10%) and Rs. 464.81 Crore (10.69%) and Bank’s NPAs (Net of Provisions) (“**Net NPA**”) represented Rs. 184.14 Crore (4.89%), Rs. 206.93 Crore (5.77%), Rs. 163.61 Crore (4.25%) and Rs. 117.82 (2.94%) respectively.

If there is any deterioration in the quality of our security or further ageing of the assets after being classified as non-performing, an increase in provisions will be required. This increase in provisions may adversely impact our financial performance. Our NPAs can be attributed to several factors, including inconsistent industrial growth, the high level of debt in the financing of projects and capital structures of companies in India and the high interest rates in the Indian economy, which reduces the profitability of some of our borrowers.

In addition to the above, under the directed lending norms of RBI, we are required to extend 40.00% of our adjusted net bank credit to certain eligible sectors, which are categorized as ‘priority sectors’. We may experience an increase in NPAs in our lending to priority sectors, particularly with regard to loans that are granted to the agriculture and small and micro enterprises, where the borrowers are most vulnerable to economic difficulties.

The bank makes all out efforts to recover bad loans but bank cannot assure complete success and also fresh additions to NPA's may not be ruled out.

Our total gross standard restructured advances as of March 31 - 2020, 2021, 2022 and as at December 31, 2022 were Rs. 3.93 Crore, Rs. 19.21 Crore, Rs. 68.69 Crore, Rs. 45.20 Crore, respectively. We restructure assets based on borrower's potential to restore its financial health; however, there can be no assurance that borrowers will be able to meet their obligations under restructured advances as per regulatory requirements and certain assets classified as restructured, may be classified as delinquent. Any resulting increase in delinquency levels may adversely impact our business, financial condition and results of operations;

With the guidelines introduced an asset classification category of "special mention accounts", which comprises cases that are not yet restructured or classified as nonperforming but which exhibit early signs of stress, as specified through various parameters. Banks in India are also required to share data with each other on certain categories of special mention accounts, set up joint lenders' forums and formulate action plans for resolution of these accounts. Failure to do so may result in accelerated provisioning for such cases.

Further, guidelines issued by the RBI relating to the identification and classification of NPAs may result in an increase in our loans classified as nonperforming and provisioning requirements. Any review on asset quality by the regulator, during specific or general inspection, can result in additional classification of our loans as NPAs thus increasing our provisioning requirements and adversely impacting our profitability in the future. If we are not able to adequately control or reduce the level of non-performing assets, or if the RBI continues to impose increasingly stringent requirements, the overall quality of our loan portfolio could deteriorate, which may have a material adverse effect on our business, financial condition and results of operations.

The Bank has given thrust for the recovery of Non-Performing Assets and arresting the growth of fresh Non-Performing Assets.

## **2. *Our financial performance may be materially and adversely affected by fluctuating interest rates.***

Net Interest Income (NII) represents the excess of interest earned from interest-earning assets (such as performing loans and investments) over the interest paid on interest bearing customer deposits and borrowings. Our net interest margin for Fiscals 2020, 2021, 2022 and as of December 31, 2022 were 2.72%, 2.77%, 2.98% and 3.18% respectively.

Interest rates are sensitive to many factors beyond our control, including the RBI's monetary policy and domestic and international economic and political conditions, as well as other factors. Volatility and changes in market interest rates could disproportionately affect the interest we earn on our assets as compared to the interest we pay on our liabilities. The difference could result in an increase in interest expense relative to interest income leading to a reduction in net interest income. Accordingly, volatility in interest rates could materially and adversely affect our business and financial performance. An increase in interest rates may also adversely affect the rate of growth of important sectors of the Indian economy, such as corporate, retail, and agricultural sectors, which may materially and adversely impact our business. Such increase in the interest rates may lead to inability of the borrowers to repay the loan amount. Any consequent increase in the delinquency rates will mean that the interest income from such advances will no longer accrue and this will further affect our net interest income.

Our cost of funds is sensitive to interest rate fluctuations, which exposes us to the risk of reduction in spreads. In addition, attracting customer deposits in the Indian banking industry is competitive. The rates that we must pay to attract deposits are determined by numerous factors such as the prevailing interest rate structure, competitive landscape, Indian monetary policy, and inflation. If we fail to achieve or sustain continued growth of our deposit base, we may be forced to rely more heavily on more expensive sources of funding, such as the wholesale market, which could materially and adversely affect our profitability and business. In addition, interest-earning assets tend to re-price more quickly than interest-bearing liabilities. Increases in interest rates applicable to our liabilities, without concurrent or corresponding increases in interest rates applicable to our interest-bearing assets, may result in a decline in our net interest income, which could materially and adversely affect our business and financial results.

Furthermore, in the event of rising interest rates, our borrowers may not be willing to pay correspondingly higher interest rates on their borrowings and may choose to repay/pre-pay their loans with us, particularly if they are able to switch to more competitively priced loans offered by other banks. Our inability to retain customers as a result of rising interest rates may adversely impact our earnings in future periods. Similarly, in the event of falling interest rates, we may face more challenges in retaining our customers if we are unable to offer competitive rates on deposits as compared to other

banks in the market which could materially and adversely affect our business and financial results.

### **3. Capital Structure of the Bank.**

Our Bank is having a complex capital structure where Bank of Baroda is holding 98.57% stake. This shareholding has been permitted by Reserve Bank of India as a special case. Banks are subject to compliance of section 19 (2) of The Banking Regulation Act, 1949, Master Direction Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 and other laws applicable for the time being in force. Any change in the shareholding pattern in the future may have an impact on the business growth of the Bank.

### **4. The COVID-19 pandemic has had and may continue to have certain adverse effects on our business, operations, cash flows and financial condition and the continuing impacts of COVID-19 are unpredictable and cannot be predicted.**

The global impact of the COVID-19 pandemic has been rapidly evolving and public health officials and governmental authorities have responded by taking measures, including in India where our operations are based, such as prohibiting people from assembling in large numbers, instituting quarantines, restricting travel, issuing “stay-at-home” orders and restricting the types of businesses that may continue to operate, among many others. On March 14, 2020, India declared COVID-19 as a “notified disaster” for the purposes of the Disaster Management Act, 2005 and imposed a nationwide lockdown beginning in March 2020. The initial lockdown lasted until the end of May 2020, and was extended periodically by varying degrees by state governments and local administrations. The lifting of the lockdown across various regions has been regulated with limited and progressive relaxations being granted for movement of goods and people, and calibrated re-opening of businesses and offices, in certain places. Recently, throughout March and April 2021, due to an increase in the number of daily COVID-19 cases, several state governments in India re-imposed lockdowns, curfews and other restrictions to curb the spread of the virus. As a result of the detection of new strains and subsequent waves of COVID-19 infections in several states in India as well as throughout various parts of the world, we may be subject to further reinstatements of lockdown protocols or other restrictions, which may adversely affect our business operations.

In an effort to contain the impact of the COVID-19 pandemic on the financial services sector and provide some relief to borrowers, the RBI released guidelines relating to the COVID-19 regulatory package on March 27, 2020, April 17, 2020 and May 23, 2020. This included a three-month moratorium on the payment of all principal amounts and interest falling due between March 1, 2020 and May 31, 2020. The RBI subsequently extended the moratorium on loan instalments by another three months, from June 1, 2020 to August 31, 2020. We offered moratorium on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers.

Moratoriums were availed by borrowers against loans amounting to Rs. 851.61 Crore in respect of which we made provisions of Rs. 4.13 Crore as on 30.09.2020. In addition, our Bank offered an ‘Emergency Line of Credit’ under which it sanctioned 784 working capital term loans aggregating to Rs. 74.04 Crore up to March 31, 2021. On April 7, 2021, the RBI issued further instructions to the banks to refund or adjust ‘interest on interest’ for all borrowers during the moratorium period, in effect cancelling any charge of compound interest during the moratorium period. Accordingly, we refunded the interest for 18515 borrowers against outstanding interest of 1.49 Crore. As at March 31, 2021, a provision of 3.40 Crore was made to meet our obligation towards refunding interest to eligible borrowers as prescribed by the RBI, which was marginally higher than the amount of the provision arrived at as per the mechanism prepared by the IBA.

The IBC was also amended effective June 5, 2020 to impose an embargo on initiation of corporate insolvency resolution proceedings for defaults arising on or after March 25, 2020 for a period of six months, which was initially extended until December 24, 2020 and thereafter until March 24, 2021. The Amendments to the IBC also restricted resolution professional from filing applications before the NCLT in relation to fraudulent or wrongful trading in respect of such defaults against which the initiation of corporate insolvency resolution process was suspended on account of the above embargo during such period. On August 6, 2020, the RBI permitted lenders to implement a resolution plan, with asset classification benefits, for eligible corporate and individual borrower segments impacted by COVID-19. Through a circular dated August 6, 2020, the RBI permitted the restructuring of loans for micro, small and medium enterprises (“MSMEs”) while continuing to classify such assets as standard. On May 5, 2021 following the second wave, the RBI permitted lending institutions to offer a limited window to individual borrowers and small businesses to implement

resolution plans in respect of their credit exposures while classifying such credit exposures as 'standard' upon implementation of the resolution plan. Restructuring under such framework may be invoked up to September 30, 2021 and implemented within 90 days thereafter. As of March 31, 2022 we had restructured advances to 262 borrowers for whom the outstanding amount was Rs. 44.86 Crore. On September 3, 2020, the Supreme Court of India ordered a standstill on NPA recognition due to a number of pleas filed before it regarding issues relating to the extension of the loan moratorium and interest charges. On March 23, 2021, in response to various writ petitions filed by corporate bodies, business associations and individuals, the Supreme Court of India issued a judgment rejecting pleas for, among other things, the extension of the moratorium and the ordering of a complete interest waiver. The Supreme Court of India also lifted the temporary freeze on NPA classification by banks and financial institutions.

The COVID-19 pandemic has affected and may continue to affect our business, financial condition, results of operations and cash flows in a number of ways, including, among others, the following:

- It may lead to closure of our branches for unpredictable periods of time or require us to operate with limited personnel, all of which would restrict our ability to engage with existing and new customers to market our product and services offerings, carry out KYC and other customer due diligence processes, process loan applications and disbursements and collect loan repayments. Although, banks were declared essential services, some of our branches were temporarily closed during the initial wave of the COVID-19 pandemic, while others operated with reduced working hours and a limited workforce during this time as per instructions received from local authorities;
- It may lead to an overall deterioration in the economy with decreased business activity which could adversely affect our business as a whole, and in particular our revenue from fee based services;
- it may lead to a reduction in the value of collateral provided for our Bank's loans, leading to higher than anticipated losses on default;
- it may result in a decline in disbursements on account of our target customers' (amongst others, daily wage earners, self-employed individuals and street vendors) operations being disrupted;
- there could be potential increase in our NPA levels due to possible deterioration in the credit quality of our customers;
- there could be uncertainty regarding the conditions that must be satisfied before government authorities completely lift "stay-at-home" orders and further imposition of such orders;
- the potential negative impact on the health and safety of our personnel, particularly because a number of them were and could in future be afflicted by COVID-19, could result in a deterioration in our ability to ensure business continuity during this disruption; and
- we may face increased risks emanating from an increase in number of individuals working from home such as issues relating to productivity, connectivity and oversight challenges.

The extent to which the COVID-19 pandemic impacts our business and results will depend on future developments, which are highly uncertain and cannot be predicted, such as new information which may emerge concerning the severity of the coronavirus, the actions taken globally to contain the coronavirus or treat its impact and vaccine distribution and effectiveness rates, among others. Further, the effect on our business, operations and financial performance may be difficult to predict and may vary significantly from that estimated by our management from time to time, and any action to contain or mitigate such effect, whether government-mandated or opted by us may not have the anticipated impact or may fail to achieve its intended purpose altogether. Existing insurance coverage may not provide protection for all costs that may arise from all such possible events.

As India is a developing country with limited medical resources and certain places with dense populations, the effects of COVID-19 in India are of a greater magnitude, scope and duration than those experienced to date in other countries. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the other risks described in this section. Any intensification of the COVID-19 pandemic or any future outbreak of another highly infectious or contagious disease may adversely affect our business, results of operations and financial condition.

**5. Any non-compliance with mandatory AML and KYC policies could expose us to additional liability and harm our business and reputation.**

In accordance with the requirements applicable to Banks, we are mandated to comply with applicable anti-money laundering (“**AML**”) and know your client (“**KYC**”) regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML and KYC policies and procedures. While we have ALM software and adopted various policies and procedures aimed at collecting and maintaining all AML and KYC related information from our customers in order to detect and prevent the use of our banking networks for illegal money laundering activities, there may be instances where we may be used by other parties in attempts to engage in money laundering and other illegal or improper activities.

Although, we believe that we have adequate internal policies, processes and controls in place to prevent and detect AML activity and ensure KYC compliance, and have taken necessary corrective measures, there can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties by the relevant government agencies to whom we report. Our business and reputation could suffer if any such parties use or attempt to use us for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements.

**6. *Any inability to attract and retain talented professionals may materially and adversely impact our business.***

Our performance and success depend largely on our ability to nurture and retain the continued service of our management team and skilled personnel. There is significant competition for management and other skilled personnel in the banking industry. We are dependent on our key personnel. Further, we do not have a keyman insurance policy to cover for loss of our skilled personnel. We are dependent on our key personnel for smooth operations of our business activities. Attracting and retaining talented professionals is a key element of our strategy and we believe it to be a significant source of competitive advantage. Additionally, should the banking industry move towards incentive-based pay schemes, we may not be as competitive as other Banks. This may increase the possibility of our skilled personnel moving to more attractive employment opportunities. There is no assurance that we will be able to continue our successful hiring of talented and key personnel in the future. The loss of key personnel or our inability to replace such personnel effectively may materially and adversely affect our ability to grow and operate our various business functions in an efficient manner.

The bank’s Human Resource Development (HRD) department aims at bringing in new talent to meet the growing challenges in dynamic scenario in Banking sector. Attempts have been made to recruit skilled and professional candidates and impart training to upgrade their skills. The attrition rate in the key management positions in the Bank is almost negligible.

**7. *We rely extensively on our information technology systems and the telecommunications network in India, which require significant investment and expenditure for regular maintenance, upgrades and improvements. Any failure in our information technology systems may materially and adversely affect our business, financial condition and results of operations.***

Our information technology systems are a critical part of our business that help us manage, among other things, our risk management, deposit servicing and loan origination functions, as well as our increasing portfolio of products and services. We are heavily reliant on our technology systems in connection with financial controls, risk management and transaction processing. In addition, our delivery channels include ATMs, mobile banking, and internet banking. Our offline and online business channels are dependent on a dense, comprehensive telecommunications network in India. While deregulation and liberalization of telecommunications laws have prompted the steady improvement in local and long-distance telephone services, telephone network coverage and accessibility are still intermittent in many parts of India. Failure by the Indian telecommunications industry to improve network coverage to meet the demands of the rapidly growing economy may affect our ability to expand our customer base, acquire new customers or service existing customers by limiting access to our services and products. This may materially and adversely affect our business, financial condition and results of operations. We use our information systems and the internet to deliver services to, and perform transactions on behalf of, our customers and we may need to regularly upgrade our systems, including our software, back-up systems and disaster recovery operations, at substantial cost so that it remains competitive. Our hardware and software systems are also subject to damage or incapacitation by human error, natural disasters, power loss, sabotage, computer viruses and similar events or the loss of support services from third parties such as internet backbone providers. So far, we have not experienced widespread disruptions of service to our customers, but there can be no assurance that we will not encounter disruptions in the future due to substantially increased numbers of customers and



transactions, or for other reasons. Any inability to maintain the reliability and efficiency of our systems could adversely affect our reputation, and our ability to attract and retain customers. In the event we experience system interruptions, errors or downtime (which could result from a variety of causes, including changes in customer use patterns, technological failure, changes to systems, linkages with third-party systems and power failures), we are unable to develop necessary technology or any other failure occurs in our systems, this may materially and adversely affect our business, financial condition and results of operations.

8. ***Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, capital expenditure, long-term target payout ratios, growth & investment opportunities, current capital ratios, current & prospective financial performance and other macro & micro-economic factors.***

The details of dividend paid by our Bank in the last three Fiscals are as follows:

**Financial Year Dividend Per Share**

2021-22 - @ 05% (Rs. 0.50)

2020-21 - @ 00% (Rs. 0.00)

2019-20 - @ 00% (Rs. 0.00)

2018-19 - @ 05% (Rs. 0.50)

2017-18 - @ 18% (Rs. 1.80)

Our ability to pay dividends in the future will depend on our earnings, financial condition and capital requirements (as impacted by Basel III). Further, dividends distributed by us will attract taxes as made applicable by the GOI. Dividends that we have paid in the past may not be reflective of the dividends that we may be able to pay in the future.

9. ***If we are unable to adapt to rapid technological changes, our business, future financial performance could suffer.***

Our future success and ability to compete with other banks will depend, in part, on our ability to respond to technological advances and emerging banking industry standards and practices on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that our bank will successfully upgrade or implement new technologies effectively or adapt its transaction processing systems to customer requirements or emerging industry standards. If our Bank is unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market/ technological conditions, customer requirements or technological changes, the future financial performance of our bank could be materially affected.

10. ***We may face labour disruptions that could interfere with our operations. Any such disruption in future may have a material adverse effect on our business, financial condition or results of operation.***

We are exposed to the risk of strikes and other industrial actions. As of December 31, 2022, we have 1045 employees and 116 Management Trainees. Majority of our employees are members of Nainital Bank Staff Association (NBSA) affiliated with All India Banks Employee Association (AIEBA) and Nainital Bank Officers Association (NBOA) affiliated with Indian National Bank Officers' Congress (INBOC).

Although we believe that we have good industrial relations with our employees and the unions, we cannot guarantee that our employees will not undertake or participate in strikes, work stoppage or other industrial action in the future. Any such employee unrest events could disrupt our operations, possibly for a significant period of time, result in increased wages and other benefits or otherwise have a material adverse effect on our business, financial condition, cash flows or results of operation.

11. ***Negative publicity could damage our reputation and adversely impact our business and financial results.***

Reputational risk, or the risk to our business, earnings and capital from negative publicity, is inherent in our business. The reputation of the financial services industry in general has been closely monitored as a result of the financial crisis and other matters affecting the financial services industry. Negative public opinion about the financial services industry generally or us specifically, could adversely affect our ability to attract and retain customers. Negative publicity can result from our actual or alleged conduct in any number of activities, including lending practices, foreclosure practices, corporate governance, regulatory compliance, sharing or inadequate protection of customer information, and actions taken by government regulators and community organizations in response to that conduct. We distribute several third-party products, including life insurance, general insurance etc. We also work in partnership with third parties, including business correspondents in the financial inclusion businesses. We have no control over the actions of such third parties.

Any failure on the part of such third parties, including any failure to comply with applicable regulatory norms, any regulatory action taken against such parties or any adverse publicity relating to such party could, in turn, result in negative publicity about us and adversely impact our brand and reputation.

- 12. *We operate in a highly competitive environment and our ability to grow depends on our ability to compete effectively. The grant of new banking licenses to private sector entities may materially and adversely affect our business, financial condition and results of operations.***

The Indian banking industry is highly competitive. We face strong competition in all our lines of business from much larger Indian and foreign commercial banks, non-banking financial companies, financial service firms and other entities operating in the Indian financial sector. We compete directly with large Government controlled public sector banks, major private sector banks and foreign banks with branches in India. Mergers among public sector banks may result in enhanced competitive strengths in pricing and delivery channels for the merged entities. Further, a number of the private sector banks in India have a larger customer base and greater financial resources than us, giving them a substantial advantage by enabling economies of scale and improving organizational efficiencies.

The RBI has liberalized the licensing regime and intends to issue licenses on an on-going basis, subject to the qualification criteria. RBI has been issuing licenses to non-banking finance company, microfinance institutions, small finance bank and payment banks. We also compete with foreign banks with operations in India. The competitors include a number of large multinational banks and financial institutions as well as non-banking financial companies and housing finance companies. These factors may result in a material adverse effect on our business, financial condition and results of operations.

- 13. *A major part of our branch network is concentrated in Northern India and thereby exposing us to regional risks.***

At present, most of the branch Banking operations is situated in States of Uttarakhand, Uttar Pradesh, Haryana, Rajasthan and the National Capital Region (NCR), this leads to regional concentration risk since most of the advances are in this area only. If the credit or deposit business in these regions slows down significantly, our Bank's assets and liabilities in other regions do not correspondingly increase, our operations and financials could be adversely affected.

- 14. *Non-Compliance with RBI's Risk-Based Supervision Model and RBI inspection/observations may have a material adverse effect on our business, financial condition or results of operation.***

The RBI conducts periodic on-site/off-site inspections on all matters addressing our banking operations and relating to, among other things, our Bank's portfolio, risk management systems, credit concentration risk, counterparty credit risk, internal controls, credit allocation and regulatory compliance. During the course of finalization of this inspection report, the RBI inspection team shares its findings and recommendations with us and provides us an opportunity to provide clarifications, additional information and, where necessary, justification for a different position, if any, then that observed by the RBI. The RBI incorporates such findings in its final inspection report and, upon final determination by the RBI of the inspection results, we are required to take actions specified therein by the RBI to its satisfaction, including, without limitation, requiring us to make provisions, impose internal limits on lending to certain sectors and tighten controls and compliance measures and restricting our lending and investment activities. Any significant deficiencies identified by the RBI that we are unable to rectify to the RBI's satisfaction could lead to sanctions and penalties imposed by the RBI, as well as expose us to increased risks. Our Bank has been subjected to the risk-based supervision model which has been implemented by the RBI across the banking industry. Bank is fulfilling the requirements of risk-based supervision process and we may be required to comply with additional requirements to improve various aspects of our operations. Any failure to meet regulatory requirements could materially and adversely affect our reputation, business, financial condition, cash flows, results of operations, pending applications or requests with the regulators and our ability to obtain the regulatory permits and approvals required to expand our business.

- 15. *Most of our branches are located on leased premises. We may not be able to renew the lease agreements for our branches upon favorable terms or at all which could have a material adverse effect on our business and results of operations.***

At present, we have 166 branches and 12 ATMs. Only 5 premises are owned by us and the rest are leased premises. If we are unable to renew the relevant lease agreements, or if such agreements are renewed on unfavorable terms and conditions, we may be required to relocate operations. We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under these lease agreements. This may cause a disruption in our operations or result in increased costs, or both, which may materially and adversely affect our business, financial

condition and results of operations.

- 16. *The Government of India (“GoI”) has in the past and may in the future direct us to implement certain schemes that are aimed at serving the interest of farmers and/or a cross section of the public. Such schemes may not necessarily be aimed at maximizing our profits and may adversely affect our business, financial condition and results of operations.***

RBI has taken certain measures towards universal financial inclusion. Government of India launched various scheme for comprehensive financial inclusion known as "Prasadhan Mantri Jan Dhan Yojna" (PMJDY) with the objectives of providing universal access to banking facilities, providing basic banking accounts with overdraft facility of Rs. 10000/- and RuPay debit cards to all households, conducting financial literacy programmes, creation of credit guarantee fund, micro-insurance and unorganized sector pension schemes.

To strengthen the financial inclusion efforts and increase the penetration of insurance and pension coverage in the country, the Government of India has launched social security schemes namely Pradhan Mantri Surksha Bima yojna, Pradhan Mantri Jeevan Jyoti Bima and Atal Pension Yojna. we provide special schemes under which credit facilities and loans are extended to person belonging to weaker sections like PMSVANidhi (PM Street Vendor's Atma Nirbhar Nidhi), DRI (Differential rate of interest) schemes, which is aimed at facilitating the GOI's initiative to empower them. such schemes and credit facilities provided to members of the weaker section may not be as profitable as compared to lending in the non-priority sector. Due to the above reasons, our business and result of operations may get adversely affected.

- 17. *Concentration of deposits from certain depositors in future, may exposes us to liquidity risk, the crystallization of which could materially and adversely affect our business, financial condition, cash flows result of operations and prospects.***

The deposits of the Bank for March 31, 2020, 2021, 2022 and quarter ended December 31, 2022 were Rs. 7679.42 Crore, Rs. 7412.59 Crore, Rs. 7485.87 Crore and Rs. 7367.67 Crore respectively. If any or a substantial number of our top depositors withdraw their deposits or do not roll over their time deposits upon maturity, we may be required to seek more expensive sources of funding, including paying higher interest rates in order to attract and/or retain further deposits, and we cannot assure you that we will be able to obtain additional funding on commercially reasonable terms as and when required. In such an event, our Bank's liquidity position, financial condition, cash flows, results of operations, and the price of the Equity Shares may be materially and adversely affected.

- 18. *We have previously been penalized for not being in compliance with the RBI circulars and may face further penalties from the RBI and/or other regulatory bodies that govern us in cases of non-compliance in future.***

For reasons beyond our control, the Bank was subjected to penalties for non-compliance as mentioned the Draft Prospectus mentioned in Disclosures Section. We cannot assure you that we will not be subjected to such penalties in the future.

- 19. *There are operational risks associated with the banking industry, including the risk of fraud or other misconduct by employees etc., which when realized may have an adverse impact on our results.***

We are vulnerable to many types of operational risks, including the risk of fraud or other misconduct by employees or outsiders, unauthorized transactions by employees or operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems. Though we carefully recruit all our employees, we may be held liable for the fraudulent acts committed by our employees.

We maintain our Data Centre at Noida, Disaster Recovery Site at Mumbai and Near Disaster Recover Centre at Noida for our core banking and other applications. In the event that our primary data center at Noida shuts down for any reason the system in Mumbai is configured to come into operation for ensuring business continuity. However, if for any reason, the switch over to the back-up system does not take place or if a calamity occurs in both Noida and Mumbai such that our business is compromised at both centers, our operations would be adversely affected.

## **20. *Lending Risks***

The lending risk involves inability or unwillingness of a customer or counter party to meet the commitments in relation to lending, trading, settlement and other financial transactions. Though diversified loan portfolio is managed by personnel with experience in the respective areas and has in place appropriate Credit Appraisal/Control mechanism and Risk Management System, these procedures may fail. Also, certain factors that are beyond Bank's control may increase credit

risk. Any such failures or developments may have negative impact on its working results.

The Bank has given major thrust in following spheres -

- a. Diversification of Lending/Advance portfolio.
- b. Up gradation of skill of the staff engaged in appraisal of credit proposals.
- c. Developing rating Models for various retail lending schemes of the Bank.
- d. Bank has established an independent and well equipped Department of Risk Management.
- e. Close monitoring of Branches' Credit portfolio and Loan Assets.
- f. Bank has undertaken "Risk Based Internal Audit" of the Branches.

## **21. Asset Liability Mis-Match**

As on 31st December, 2022 the Bank has residual maturity wise Asset Liability mismatch of Rs. (-) 117.23 Crore for 8 to 14 days, Rs. (-)482.43 Crore for 3 months to 6 months, Rs. (-)690.62 crore for 6 months to 1 year, Rs. (-)810.61 Crore for 1 year to 3 years and Rs. (-)436.86 crore for over 15 years respectively. In case, Bank is unable to find new deposits or roll over of deposited funds by the customer, liquidity position of the Bank may be severely affected. The Cumulative Mismatch as a % to Cumulative Outflows of first four RBI prescribed regulatory buckets i.e., 1-day bucket was 893.82%, 2-7 days' bucket was 276.97%, 8-14 days was 136.83% and 15-30 days was 138.87% against the prescribed tolerance limits of (-)5%, (-)10%, (-)15% and (-)20% respectively.

Bank has a well-defined ALM policy with Contingency Funding Plan to meet any exigencies. The Bank is rigorously monitoring its funds position on regular basis and assesses mismatches of its Asset Liability position and takes remedial measures by prompt and accurate decisions on priority basis. Bank is following all the prescribed regulatory guidelines on Asset Liability Management.

## **22. Investments**

The Gross Investments of the Bank as of March 31, 2020, 2021, 2022 and quarter ending December 31, 2022 were Rs. 1676.21 Crore, Rs. 2322.09 Crore, Rs. 2305.76 Crore and Rs. 2157.40 Crore respectively. Further the yield on investments for the same fiscals were 7.38%, 6.49%, 6.51% and 6.78% respectively.

Net Income from treasury operations for the Fiscals 2020, 2021, 2022 and quarter ending December 31, 2022 were Rs. 136.88 Crore, Rs. 164.25 Crore, Rs. 167.61 Crore and Rs. 119.97 Crore respectively.

The Bank has made concerted efforts to increase its CD. Ratio. CD Ratio of the Bank for the Fiscals 2020, 2021, 2022 and quarter ending December 31, 2022 were 53.62%, 54.35%, 56.26% and 59.10% respectively.

To achieve corporate goals of improvement in the CD ratio, the Bank has launched several customer friendly retail lending schemes. A lot of emphasis has been given for sustained growth in Advance portfolio and having less dependency upon Treasury profits in future. The Bank has also tied up for Insurance business with National Insurance Company Limited, Life Insurance Corporation of India, HDFC Life Insurance, India First Insurance and Reliance Nippon Life Insurance and Care Health Insurance to increase/ boost its fee based income.

## **23. Regulatory Provisions**

Any amendments in the payment of Gratuity Act, 1972 and wage settlement of Banking Personnel with Indian Banks' Association on Pension may increase the liability on the Bank towards funding of these dues, which may have adverse effect on profitability of the Bank.

## **24. Marginal Cost of Funds Based Lending Rate (MCLR)**

Marginal Cost of Funds Based Lending Rate (MCLR) methodology is being used by commercial banks for setting lending. It has modified the existing base rate system since April 2016 onwards.

As per the guidelines by the RBI, banks have to fix Marginal Cost of Funds based Lending Rate (MCLR) which will be

the internal benchmark for lending rates. Based upon this MCLR, interest rate for different types of customers should be fixed in accordance with their riskiness.

Our Bank has implemented Marginal Cost of Funds Based Lending Rate (MCLR) w.e.f 1<sup>st</sup> April 2016. Our Bank has decided to compute MCLR at monthly / quarterly basis as per RBI directives.

According to the RBI guidelines, actual lending rates will be determined by adding the components of spread to the MCLR. Spread means that banks can charge higher interest rate depending upon the riskiness of the borrower. Existing loans and credit limits linked to the Base Rate may continue till repayment or renewal, as the case may be. Existing borrowers will also have the option to move to the Marginal Cost of Funds based Lending Rate (MCLR) linked loan at mutually acceptable terms.

Any fluctuation in the MCLR will have impact on the income/profitability of the Bank.

- 25. *We are currently significantly dependent on Retail, MSME and Agri-financing, customers and any adverse developments in these segments could adversely affect our business, results of operations, financial condition and cash flows.***

We offer banking products and services to retail, MSME, agricultural and corporate customers. Our retail asset products include home loans, personal loans, auto loans, educational loans, business loans as well as security-backed loans of various types to our retail customers. Our MSME portfolio consists primarily of various loan products to our MSME customers such as manufacturing, traders and services sector. Our loans to the agricultural sector include loans to individual farmers, group of farmers, agriculture businesses and agriculture corporates. For corporate customers, we offer various loans to corporates, with our assortment of banking products and services including working capital, term financial, trade financial, structured finance services, foreign exchange business funding in domestic and foreign currencies.

Our lending products are primarily focused on Retail, MSME and Agri-financing (“RAM”) customers. Accordingly, a reduction in or failure to grow our RAM customer base could lead to losses and adversely affect our business and results of operations. Additionally, any decline in business, or in demand for our banking products could adversely affect our business, results of operations, financial condition and cash flows.

- 26. *We may not be able to maintain or grow our CASA ratio in accordance with our strategy, which may result in higher cost of funds, and which may materially affect our financial condition and results of operations.***

Our CASA ratio was 32.83%, 38.14%, 40.62% and 40.07% for March 31, 2020, 2021, 2022 and December 31, 2022 portraying improvement in CASA ratio. We have followed a segmental approach to grow our CASA ratio by revamping our existing CASA products and by introducing of new products. However, attracting customer deposits in the Indian market is competitive. Recently, apart from public and private sector banks, we have also started facing competition from small finance banks and payment banks. Banks are now free to fix differential interest rates on savings deposits for various value buckets. In future, we may also be forced to increase interest rates for our CASA products to remain competitive and there is no guarantee that from such move we will be able to enhance our customer base enough to compensate for the increase in interest rates. If we fail to maintain or grow our CASA ratio, it will result in a higher cost of funds, and will impact our Bank’s financial condition and results of operations may be materially and adversely affected.

- 27. *We undertake fee based activities and our financial performance may be adversely affected by an inability to generate income from such activities.***

One of the components of our revenue are the fees that we charge for our products and services. The fees we charge our customers can depend upon a number of factors that are, in part, within our control, which can include our overall business strategy, our expenses related to a particular transaction type, the volume of transactions for a product or service (where the greater the number of expected transactions will typically result in us getting a smaller fee, and vice versa), or promotions that we may be running at any given time. Further, they are also dependent upon a number of external factors, which can include general macro-economic conditions, the supply or demand for a product and service, regulatory instructions (such as in the case of interchange fees), changes in general banking activity and competitive

factors. Competitive factors in particular, have and may continue to have an adverse effect on our ability to charge higher fees to improve our margins.

If we are unable to manage and plan for the factors within and out of our control, we may not adequately set our fee structure to cover all or some of our costs or miss revenue generating opportunities, or even where adequately set, we may miss opportunities to increase volume, each of which may adversely affect our business, financial condition, results of operations and cash flows.

**28. *We have received and may in the future receive multiple anonymous whistle blower complaints, which may adversely affect our reputation which could consequently adversely impact our business, financial condition and results of operation.***

We have received and may in the future receive multiple anonymous whistle blower complaints, which may adversely affect our reputation which could consequently adversely impact our business, financial condition and results of operation. We have a policy for addressing whistle blower complaints received. The policy lays down the procedure for reporting any event/information in relation to any unethical practices, and the process to be followed for handling such reports is also detailed. Further, the policy also provides for protection of whistle blowers' identity. However, we face the risk of inadvertently dismissing allegations which may prove to be plausible, at a later date.

## **External Risk Factors**

**1. *Sensitivity to the economy and extraneous factors.***

The Bank's performance is highly correlated to the performance of the economy and the financial markets. The health of the economy and the financial markets in turn depends on the domestic economic growth, the state of the global economy and business and consumer confidence, among other factors. Any event disturbing the dynamic balance of these diverse factors would directly or indirectly affect the performance of the Bank including the quality and growth of its assets.

**2. *We are exposed to various industry sectors. Deterioration in the performance of any of the industry sectors where we have significant exposure may adversely impact our business.***

Our credit exposure to borrowers is dispersed across various sectors including, infrastructure, iron and steel, food and food products, chemicals and chemical products, construction and other industries. Despite monitoring our level of exposure to sectors and borrowers, any significant deterioration in the performance of a particular sector driven by events not within our control, such as natural calamities, regulatory action or policy announcements by central or state government authorities, would adversely impact the ability of borrowers within that industry to service their debt obligations to us. As a result, we would experience increased delinquency risk which may have a material adverse effect on our business, financial condition, results and cash flow.

**3. *Natural disasters could have a negative impact on the Indian Economy and damage our facilities.***

Natural disasters such as floods; earthquakes or famines have in the past had a negative impact on the Indian economy. If any such event were to occur, our business could be affected due to the event itself or due to our inability to effectively manage the effects of the particular event. Potential effects include the damage to infrastructure and the loss of business continuity or business information. In the event that our facilities are affected by any of these factors, our operations may be significantly interrupted, which may materially and adversely affect our business, financial condition and results of operations.

**4. *You will have to adhere to the Master Direction of Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023 for acquisition of shares in the Bank.***

Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023, requires that any person who intends to make an acquisition which is likely to result in major shareholding in a banking company, is required to seek previous approval of the Reserve Bank by submitting an application to the Reserve Bank. As per definition in Clause 3.1 (e) "major shareholding" means "aggregate holding" of five per cent or more of the paid-up share capital or voting rights in a banking company by a person. Further, subsequent to such acquisition, if at any

point in time the aggregate holding falls below five per cent, the person will be required to seek fresh approval from the Reserve bank if the person intends to again raise the aggregate holding to five percent or more of the paid-up share capital or total voting rights of the banking company (as per sub-section (1) of Section 12B of B R Act, 1949).

**5. *Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, results of operations, financial condition and prospects.***

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For instance, the Taxation Laws (Amendment) Act, 2019, a tax legislation issued by India's Ministry of Finance effective as of September 20, 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this legislation, companies can henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which reduces the rate of income tax payable to 22% subject to compliance with conditions prescribed, from the erstwhile 25% or 30% depending upon the total turnover or gross receipt in the relevant period. Any such future amendments may affect our other benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability. The Finance Act, 2020 ("**Finance Act**"), amongst others things, provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax ("**DDT**"), will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident and likely be subject to tax deduction at source. We may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

Further, the Government of India has announced the union budget for Fiscal 2021, pursuant to which the Finance Bill, 2021 ("**Finance Bill**"), has introduced various amendments. The Finance Bill has received assent from the President of India on March 28, 2021, and has been enacted as the Finance Act, 2021. With the assent of the Finance Act 2021, there is a possibility that we may become subject to *inter alia* additional compliances and increased associated costs. For instance, with effect from July 1, 2021, higher tax deducted at source may become applicable in the event of a failure of certain compliances such as linking Aadhar with permanent account numbers. We have not fully determined the impact of these recent and proposed laws and regulations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

**6. *Political instability or changes in the government in India or in the governments of the states where we operate could cause us significant adverse effects.***

Our Bank is incorporated in India and currently derives all of its revenues from operations in India and all of our assets are located in India. Consequently, our performance, market price and liquidity of our Equity Shares may be affected by changes in control, government policies, taxation, social and ethnic instability, social/civil unrest and other political and economic developments affecting India. Our business is also impacted by regulations and conditions in the various states in India where we operate. The Government of India has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. The current government has announced that its general intention is to continue India's current economic and financial sector liberalization and deregulation policies. However, there can be no assurance that such policies will be continued, and a significant change in the government's policies could affect business and economic conditions in India, and could also adversely affect our financial condition, cash flows and results of operations. Any political instability could affect specific laws and policies affecting foreign investment. A significant change in the government's policies, in particular, those relating to the banking sector in India, could adversely affect our business, cash flows, results of operations, financial condition, prospects and could cause the price of our Equity Shares to decline.

7. ***We are subject to regulatory, economic, social, and political uncertainties and other factors beyond our control. Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could materially and adversely affect our business, results of operations, financial condition, cash flows and projected growth.***

We are incorporated in India and we conduct our corporate affairs and our business in India. Consequently, our business, operations and financial performance may be affected by interest rates, government policies, taxation, social and ethnic instability, and other political and economic developments affecting India. Factors that may adversely affect the Indian economy, and hence our results of operations may include:

- any exchange rate fluctuations, imposition of currency controls, and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India, and scarcity of financing for our expansions;
- prevailing income conditions among Indian customers and Indian corporations; epidemic or any other public health issue in India or in countries in the region or globally, including in India's various neighboring countries;
- macroeconomic factors and central bank regulations, including in relation to interest rate movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- political instability, including terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries; civil unrest, acts of violence, regional conflicts or situations or war may adversely affect the financial markets;
- international business practices that may conflict with other customs or legal requirements to which we are subject, including anti-bribery and anti-corruption laws;
- logistical and communication challenges;
- downgrading of India's sovereign debt rating by rating agencies;

8. ***Acts of terrorism and other similar threats to security could adversely affect our business, cash flows, results of operations and financial condition.***

Increased political instability, evidenced by the threat or occurrence of terrorist attacks, enhanced national security measures, conflicts in several regions in which we operate, strained relations arising from these conflicts and the related decline in customer confidence may hinder our ability to do business. Any acts of terrorism or acts of similar nature in the future may disrupt our operations or those of our customers. These events have had, and may continue to have, an adverse impact on the global economy and customer confidence, which could, in turn, adversely affect our revenue, operating results and financial condition. The impact of these events on the volatility of global financial markets could increase the volatility of the market price of our securities and may limit the capital resources available to us and to our customers.

9. ***Public companies in India, including us, will be required to prepare financial statements under IND-AS. We have not determined with any degree of certainty the impact of such adoption on our financial reporting.***

The Ministry of Corporate Affairs (MCA), in 2015, had notified the Companies (Indian Accounting Standards IND AS) Rules 2015, which stipulated the adoption and applicability of IND AS in a phased manner beginning from the Accounting period 2016-17. As per said notification banks were required to comply with these standards from April 01, 2018 onwards i.e. during Phase-III of IND-AS implementation, however, RBI vide notification No. DBR.BP.BC.No.29/21.07.001/2018-19 dated March 22, 2019, has deferred the applicability of these standards till further notice.

Further, RBI from time to time have been instructing Banks to be in preparedness for implementation of Indian Accounting Standards (Ind AS) and submit Proforma Ind AS Financial Statements from the half year ended September 30th, 2016 onwards. These Proforma Statements are for the regulatory analysis purpose and may not necessarily be completely IND AS compliant or indicative of the trial format to be specified in the third schedule to the Banking Regulation Act 1949. In-order to comply with the fresh instructions of Reserve Bank of India vide their email letter dated August 08, 2021, advising Banks to submit the Proforma Ind AS Financial Statements for half year ended September 30 and full year ended March 31, within 2 months from the end of the period to which they pertain. Our Bank has complied



the same and submitted the Proforma IND AS Financial Statements for the half year ended September 2022 on 30<sup>th</sup> November 2022 after placing the same before steering committee of the Bank.

While we have been discussing the possible impact of IND-AS on our financial reporting, the nature and extent of such impact is still uncertain. Further, the new accounting standards will change, among other things, our methodology for estimating allowances for expected loan losses and for classifying and valuing our investment portfolio and our revenue recognition policy. For estimation of expected loan losses, the new accounting standards may require us to calculate the present value of the expected future cash flows realizable from our advances, including the possible liquidation of collateral (discounted at the loan's effective interest rate). This may result in recognizing allowances for expected loan losses in the future which may be higher or lower than under current Indian GAAP. There can be no assurance, therefore, that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IND-AS than under Indian GAAP. In our transition to IND-AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems.

**10. *If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our merchants, partners and customers and our profits might decline.***

Inflation rates could be volatile and we may face high inflation in the future as India had witnessed in the past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries, and other expenses relevant to our business. Further, high inflation leading to higher interest rates may also lead to a slowdown in the economy and adversely impact credit growth. Consequently, we may also be affected and fall short of business growth and profitability. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our operating expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected. While the India Government through the RBI has previously initiated economic measures to combat high inflation rates, it is unclear whether these measures will remain in effect, and there can be no assurance that Indian inflation levels will not rise in the future.

**11. *Financial difficulty and other problems in certain financial and other Non-Banking Financial Institutions in India could materially adversely affect our business.***

We are exposed to the risks of the Indian financial system. The financial difficulties faced by certain Indian financial and non-banking financial institutions could materially adversely affect our business because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Such “systemic risk” may materially adversely affect financial intermediaries, such as clearing agencies, banks, NBFCs, securities firms and exchanges with which we routinely interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks a materially adversely affect our business. Our transactions with these financial institutions and other nonbanking financial institutions expose us to various risks in the event of default by a counterparty, which can be exacerbated during periods of market illiquidity.

**Risks Related to the Offer**

**1. *Investors can be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares or dividend paid thereon.***

Under current Indian tax laws and regulations, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Further, we cannot predict whether any tax laws or other regulations impacting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have an adverse effect on our business, financial condition, results of operations and cash flows.

**2. *Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and any restrictive covenants of our financing arrangements.***

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements, if any. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. In addition, the declaration and payment of dividends is subject to relevant RBI regulations (including RBI circular dated May 4, 2005, as amended). RBI may also restrict the payment of dividends through circulars. For instance, with a view that banks conserve capital in an environment of heightened uncertainty caused by COVID-19, RBI through its circulars dated April 17, 2020 and December 4, 2020 prohibited banks from paying dividends for Fiscal 2020. More recently, RBI through its circular dated April 22, 2021, has allowed payment of dividend of not more than 50% of the dividend payout ratio determined under the RBI's circular dated May 4, 2005. Similar restrictions may be imposed in the future and we cannot assure you that we will be able to pay dividends in the future.

**3. *Investors will not be able to sell or trade our Equity Shares directly in the open market.***

The Equity Shares are not listed on the Stock Exchanges. The Allotment of Equity Shares in this Offer and the credit of such Equity Shares to the applicant's demat account with depository participant does not permit direct trading of Equity Shares. There can be no assurance or timelines within which the Equity Shares of the Bank will be listed with the Stock Exchanges.

**4. *Proposed funding requirements and deployment of Net Proceeds shall be at the discretion of the Board.***

We intend to utilize the Net Proceeds to augment our Tier-I capital base to meet our future capital requirements, which are expected to arise out of growth in our assets, primarily our loans/advances and investment portfolio, and to ensure regulatory requirements on capital adequacy prescribed by the RBI from time to time. For further details, see "*Objects of the Offer*". Our management will have broad discretion to use the Net Proceeds. Various risks and uncertainties, including those set forth in this section, may limit or delay our efforts to use of the Net Proceeds to achieve profitable growth in our business. Accordingly, the use of the Net Proceeds may also not result in the growth of our business or increased profitability.

**5. *Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors.***

Under applicable regulations for foreign exchange, which are currently in force in India, transfer of shares between non-residents and residents are permitted (subject to certain restrictions), subject to compliance with the valuation and reporting requirements specified under applicable provisions of law. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions, then prior approval of the relevant regulatory authority is required. Further, acquisition of shares in a bank are subject to applicable law and additional requirements prescribed by the RBI. Please be guided by RBI Master Direction for Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained with or without any particular terms or conditions. Our ability to raise any foreign capital under the FDI route is therefore constrained by Indian law, which may adversely affect our business growth, financial condition, cash flows, results of operations and prospects.

## SECTION – III (INTRODUCTION OF THE ISSUE)

### Introduction to the Offer

Dear Shareholder(s),

Your Board of Directors are pleased to make an offer to -

*Issue of up to 4,00,00,000 equity shares of face value Rs. 10.00 each (“rights equity shares”) of our Bank for cash at a price of Rs. 25.00 per rights equity share (“issue price”) including a premium of Rs. 15.00 per rights equity share aggregating up to Rs. 100.00 crore on a rights basis to the eligible shareholders of our bank in the ratio of 1 rights equity share for 1.94 fully paid-up equity shares held by such eligible shareholder on the record date, that is, February 21, 2023 (“issue”). For further details, kindly refer to the “Terms of the Issue”. The entire issue price for the rights equity shares is payable on application.*

Rights Equity Shares being offered by our Bank	4 Crore Equity Shares
Rights Entitlement	1:1.94
Record Date	February 21, 2023
Face Value per Equity Share	Rs. 10.00
Issue Price	Rs. 25.00
Issue Size	Rs. 100 Crore
Equity Shares Issued and outstanding prior to the Issue	7.75 Crore
Equity Shares subscribed and outstanding prior to the Issue	7.75 Crore
Equity Shares paid up and outstanding prior to the Issue	7.75 Crore
Equity Shares Issued and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	11.75 Crore
Equity Shares paid-up and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	11.75 Crore
Offer opens on	March 01, 2023
Last date for receipt of requests for split application forms	March 07, 2023
Offer closes on	March 16, 2023

*The Offer has been authorized by our Board pursuant to its resolution dated February 21, 2023.*

### Terms of Payment

On the Issue application (i.e., along with the CAF)	Rs. 25.00, which constitutes 100% of the Issue Price payable
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### Minimum Subscription

If the Bank does not receive the minimum subscription of 90% of the Issue or the subscription level falls below 90%, after the Issue Closing Date on account of drafts/pay orders/cheques being returned unpaid or withdrawal of applications, our Bank shall refund the entire subscription amount received within 15 days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, the Bank shall pay interest for the delayed period at rates prescribed under applicable laws.

### Underwriting Arrangement

The present Rights Issue is not underwritten.

### Credit Rating

Since the present issue is of equity shares, credit rating is not required.

### Trustees

This being an issue of equity shares, appointment of Trustees is not required.

## Letters of allotment/refund orders

The Bank will issue electronically or dispatch the Letter of Allotment/Share Certificates and/or Letter of Regret, along with the Refund Order if any, within prescribed time period from the date of closure of the Issue. If such amount is not repaid within prescribed time limit as stipulated under Companies Act, 2013, the Bank shall pay interest on the same as per applicable laws. The Bank will ensure that the dispatch of Letter of Allotment/Share Certificates and/or Letter of Regret, along with the Refund Order would be sent by registered post/speed post to the sole/first applicant's registered address and adequate funds for the purpose shall be made available by the issuer Bank in this regard. Such refund order shall be marked "Account Payee Only" and would be drawn in favour of sole/first applicant.

## Undertaking by the bank

The Bank undertakes:

- a) That the complaints received in respect of the Issue shall be attended to by the Bank expeditiously and satisfactorily;
- b) That the funds required for honoring of the refund orders sent by registered post/speed post shall be made available in current account of the Bank, maintained with any Scheduled Commercial Bank and/or a Nationalized Bank.
- c) That the certificates of the securities/refund orders shall be dispatched within specified time.

## Capital Structure

- Presently the Authorized Capital of the Bank is Rs. 150 Crore divided in to 15 Crore equity shares of Rs. 10.00 each and Paid-Up/Subscribed Capital of the Bank is Rs. 77.50 Crore divided into 7.75 Crore equity shares.
- This Right Issue offers fresh 4 Crore Equity Shares to the existing shareholders of the Bank.
- The Capital structure of the Bank after the proposed Right Issue shall be as follows -

	<b>SHARE CAPITAL</b>	<b>Nominal Value (Rs.)</b>	<b>Share Premium (Rs.)</b>	<b>Total Value (Rs.)</b>
<b>A.</b>	<b>Authorized</b> 15 Crore Equity Shares of Rs. 10.00 each	150,00,00,000	-	150,00,00,000
<b>B.</b>	<b>Issued, Subscribed and Fully Paid Up</b> 7.75 Crore Equity Shares of Rs. 10 Each (with previous issues at premium)	77,50,00,000	77,50,00,000	155,00,00,000
<b>C.</b>	<b>Present Issue</b> 4 Crore Equity shares of Rs. 10.00 each and at a premium of Rs. 15.00 each	40,00,00,000	60,00,00,000	100,00,00,000
<b>(B+C)</b>	<b>Total Paid Up Capital after the Offer</b> 11.75 Crore equity shares of Rs. 10.00 each	<b>117,50,00,000</b>	<b>137,50,00,000</b>	<b>255,00,00,000</b>

## Notes to Capital Structure:

1. The equity shares offered through this offer shall be fully paid-up.
2. The details of the previously six Rights Issues are as under -
  - a. First Right Issue was opened on the April 10, 2000 and closed on April 29, 2000 offering 25,00,000 Equity Shares for Rs. 10.00 each.
  - b. Second Right Issue was opened on the 21 February, 2003 and closed on the March 22, 2003 offering 1,00,00,000 Equity Shares for Rs. 20.00 each (Rs. 10.00 Face Value and Rs. 10 as Premium).

- c. Third Right Issue was opened on the February 24, 2005 and closed on the March 23, 2005 for 1,50,00,000 Equity Shares for Rs. 20.00 each (Rs. 10.00 Face Value and Rs. 10 as Premium).
- d. Fourth Right Issue was opened on the August 03, 2009 and closed on the September 2, 2009 offering 1,50,00,000 Equity Shares for Rs. 20.00 each (Rs. 10.00 Face Value and Rs. 10 as Premium).
- e. Fifth Right Issue was opened on March 05, 2011 and closed on March 21, 2011 offering 2,25,00,000 Equity Shares for Rs. 20.00 each (Rs. 10.00 Face Value and Rs. 10 as Premium).
- f. Sixth Right Issue was opened on February 15, 2017 and closed on March 23, 2017 offering 1,00,00,000 Equity Shares for Rs. 24.00 each (Rs. 10.00 Face Value and Rs. 14 as Premium).

d) *Share Premium Account*

A.	Share Premium Account		No. of Shares	Balance of Share Premium Amount	Cumulative Balance Amount
	Before the Offer	After the Offer			
	Year			Opening Balance	1,50,00,000.00
1.	2000		25,00,000	-	1,50,00,000.00
2.	2003		1,00,00,000	10,00,00,000.00	11,50,00,000.00
3.	2005		1,50,00,000	14,50,00,000.00	26,00,00,000.00
4.	2009		1,50,00,000	15,00,00,000.00	41,00,00,000.00
5.	2011		2,25,00,000	22,50,00,000.00	63,50,00,000.00
6.	2017		1,00,00,000	14,00,00,000.00	77,50,00,000.00
	Share Premium as on December 31, 2022				77,50,00,000.00
7.	2023 - Proposed Right Issue of Shares 4 Crore Equity Shares (Rs. 10.00 Face Value + Rs. 15.00 Share Premium)		4,00,00,000	60,00,00,000.00	60,00,00,000.00
	Share Premium Post Issue				137,00,00,000.00

e) *Top Ten Shareholders of the Bank*

SN.	Name of the Shareholder	No of Shares	% of Issued Capital
1.	Bank of Baroda and its nominees	76392430	98.57
2.	Jindal Polymer Products (P) Ltd)	36256	.046
3.	Sanjay Rawal	31586	.040
4.	Kamakshi Rawal	31586	.040
5.	Indra Dev	30462	.039
6.	Pramod Kumar Upreti	20846	.026
7.	Dr. D.P. Gangola	18056	.023
8.	Mohan Chandra Joshi	18000	.023
9.	Tara Chandra Upreti	17985	.023
10.	Sunil Kumar Sah	16875	.021

## **Objects**

The offer is being made in order to meet the future capital requirements, which are expected to arise out of growth in our Bank's assets, primarily our Bank's loans/advances and investment portfolio and to ensure compliance/s with regulatory requirements on capital adequacy prescribed by the RBI from time to time and therefore Bank intends to raise Rs. 100.00 Crore of fresh Capital by issuing fresh Equity Shares through Rights Issue basis.

Presently the Authorized Capital of the Bank is Rs. 150 Crore divided into 15 Crore equity shares of Rs. 10.00 each and Paid-Up/Subscribed Capital of the Bank is Rs. 77.50 Crore divided into 7.75 Crore equity shares.

In view of the above, the Bank has decided to raise its Paid-Up/Subscribed Capital to Rs. 117.50 Crore by issuing 4 Crore fresh equity shares to the existing shareholders of the Bank on rights issue basis.

## **Utilization of Issue Proceeds**

The Board of Directors declares that -

1. All monies received out of the Issue shall be transferred to a separate bank account;
2. Details of all monies utilized out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue proceeds remain unutilized, under an appropriate separate head in the balance sheet of our Bank indicating the purpose for which such monies have been utilized; and
3. Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Bank indicating the form in which such unutilized monies have been invested.

## **Government/RBI Approvals**

As per extant guidelines right Issue is subject to statutory compliance of the RBI, Master Direction, provisions of Foreign Exchange Management Act, 1999 (FEMA), Foreign Investment Policy of Government of India for Private Sector Banks and Companies Act, 2013.

Nainital Bank and its Parent Bank - Bank of Baroda has received directions from the RBI for infusion of fresh capital. Therefore, no further approvals from any Government Authority are required by the bank to undertake the activities save and except those approvals, which may be required to be taken in the normal course of business from time to time. It must be understood that in issuing the said directions, the Government of India and Reserve Bank of India do not undertake any responsibility for the financial soundness of the undertaking or for the correctness of any of the statements made or opinions expressed in this regard.

## **Basis of the Offer Price**

The Issue has been authorized by way of a resolution passed by our Board on February 21, 2023 pursuant to Section 62 of the Companies Act. The Bank hired two independent valuers namely Mrs. Rashmi Shah (Registered Valuers) and M/s Navigant Corporate Advisors Limited (Merchant Banker) for ascertaining the price of the shares. After taking into consideration the financials, future growth and the mode of raising capital from the existing members i.e., Rights Issue, they have priced the shares at Rs. 24.84 - rounded off to Rs. 25.00 and Rs. 25.00 respectively. The Board on February 21, 2023 has therefore decided to offer 4 Crore shares through Rights Issue 2023 at Rs. 25.00 per equity share which is below the Book Value as of December 31, 2022. Please note that the valuation has been done for arriving at a price for this Rights Issue 2023 only and the shares are offered at discounted value of the Book Price as on December 31, 2022.

The Book Value per Share for the Fiscals 2018, 2019, 2020, 2021, 2022 and December 31, 2022 were Rs. 77.65, Rs. 80.52, Rs. 71.74, Rs. 73.88, Rs. 78.33 and Rs. 84.78 respectively.

The Earning Per Share for the Fiscals 2018, 2019, 2020, 2021, 2022 and December 31, 2022 were Rs. 6.31, Rs. 3.47, Rs. (8.78), Rs. 0.16, Rs. 3.73 and Rs. 8.64 respectively.

## **Appraising Entity**

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or

financial institution or any other independent agency.

### **Statutory Declaration/disclaimer from offerors and the bank**

Investors may note that the Company (Bank) and the Offers accept no responsibility for statements made otherwise than in this Offer Document or in the advertisement or any other material issued by or at the instance of the Company or the Offers and anyone placing reliance on any other source of information would be doing so at his/her own risk

### **Disclaimer in respect of Jurisdiction:**

This offer is being made in India to persons resident in India (including Indian nationals resident in India who are major, Hindu undivided families, Companies, Corporate bodies and Societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Societies/Trusts registered under the Societies Registration Act, 1860, or any other Trust law and who are authorized under their constitution to hold and invest in shares. This offer document does not, however, constitute an offer to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction. Any person into whose possession this Offer Document comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of the Courts situated in Nainital only and/or as laid down in Companies Act, 2013.

### **Impersonation**

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who:*

- a) *Makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447”.*

Section 447 of the Companies Act provides for punishment for fraud which *inter alia* states punishment of imprisonment for a term which shall not be less than six months but which may extend to ten years and shall be liable to a fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.

### **Declaration by the Bank:**

The Offer or accepts full responsibility for the accuracy of the information given in this Offer Document and confirms that to the best of his knowledge and belief, there are no other facts the omission of which makes any statement in the Offer Document misleading, and he further confirms that he has made all reasonable enquiries to ascertain such facts.

In the opinion of the Directors of the Bank, there are no circumstances that have arisen since the date of the last financial statement disclosed in the Offer Document, that materially or adversely affect or are likely to affect the performance or profitability of the Bank or value of its assets or its ability to pay its liabilities within the next -12- months.

The Bank shall make all information available to the members at large and no selective or additional information would be available for a section of the members in any manner whatsoever.

The Directors declare and confirm that no information/material likely to have a bearing on the decision of members in respect of the equity shares offered in terms of this offer document has been suppressed/withheld and or incorporated in the manner that would amount to mis-statement/mis-representation and in the event of its transpiring at any point of time till allotment/refund, as the case may be that any information/material has been suppressed/withheld and or incorporated in the manner that would amount to mis-statement/mis-representation, without prejudice to the provisions of Section 34 of the Companies Act, 2013.

## SECTION IV - ABOUT OUR BANK

### General Information of the Bank

The bank was promoted by the veteran freedom fighters Late Bharat Ratna Pandit Govind Ballabh Pant, Late Shri Mathura Dutt Pande, Late Shri Parma Sah and others in the year 1922 to cater to the Banking needs of the hill region of then United Provinces. In the year 1973, RBI directed that Bank of Baroda, a premier public sector Bank should manage the affairs of NBL. The Bank under the guidance of Bank of Baroda extended its operations to other cities of Uttar Pradesh, Haryana, Rajasthan, Delhi and state of Uttarakhand.

The Bank has been carrying on commercial Banking activities including mobilizing deposits from small investors and deploying the funds in accordance with the guidelines stipulated by RBI. Mindful of its obligations, the Bank has pioneered several innovative schemes of credit to every section of the society.

The growth in operations and scale of activities of the Bank has been accompanied by commensurate increase in its financial strength. The Bank in association with Bank of Baroda is maintaining a healthy track record of growth and profitability.

### Organization Structure

The Bank's operational structure comprises of branches, regional offices and corporate office having a hierarchical relation with each other. Correspondingly, the management functions of the Bank are organized into tiers viz. Branch Management, Regional Management and Corporate Management.

At the corporate level, Bank's strategic plans for development and growth are formulated and finalized by the Board of Directors headed by Non-Executive Chairman. Further, MD & CEO is the operation head of the Bank. Bank's functions are divided into three broad areas: Administration, Planning and Operations. The MD & CEO is assisted by Chief Financial Officer, Chief Operating Officer, Chief Risk Officer, Chief Technology Officer, Chief Compliance Officer, Vice Presidents and Associate Vice Presidents, who is responsible for general administration, implementation of policy decisions taken by the Board and the directions of the RBI, GOI, and IBA etc.

### Bank's philosophy with respect to corporate governance

Good Corporate Governance relates to systems of supervision and monitoring that maximize long-term shareholder value of a company, apart from addressing in the interest of all other stakeholders in the enterprise. It is also a combination of three key elements viz:

1. Transparency - a commitment that the business is managed along transparent lines
2. Disclosure - of all relevant financial and non-financial information in an easily understood manner
3. Supervision and monitoring - of the Bank's activities by a professionally competent and independent Board of Directors.

Good Corporate Governance also depends on the ability of the management of the Bank's to build trust with customers and investors and such trust should enable them to repose faith in the management of the Bank that the Bank will be managed properly will successfully perpetuate its business, will protect and enhance the capital of its investors and will increase corporate value for its shareholders.

### Corporate Vision

The Corporate philosophy of the Bank is: "Profitability and Competence"

The corporate vision of the Bank is:

- To meet growing aspirations of the customers of the Bank
- To bring about total customer's satisfaction providing quality service
- To promote socio-economic strength
- To post a satisfactory return on equity investment through a sustained profitable growth
- To meet the economic and career aspirations of the employees of the Bank
- A strong hold on grass root customer base.



## **Productivity**

Business per branch for the Fiscals 2020, 2021, 2022 and period ending December 31, 2022 were Rs. 83.66 Crore, Rs. 71.50 Crore, Rs. 70.89 Crore and Rs. 70.61 Crore respectively.

## **ALM System**

The Reserve Bank advised Banks to put in place an ALM System and set up internal asset liability management committees (ALCOs) at the top management level to oversee its implementation. The Reserve Bank also released ALM system guidelines for all India Financial Institutions. As per guidelines, Banks and such institutions were required to prepare statements on liquidity gaps and interest rate sensitivity at specified periodic intervals.

The Bank has set up a Board level committee for monitoring asset liability and risk management, on daily and fortnightly basis, for statements of structural liquidity and short-Term Dynamic Liquidity and monthly interest rate sensitivity are generated and monitored closely for any mismatches of assets and liabilities. The committee is also monitoring the pricing of the products, liquidity risks and other market risks associated with funds management. These reports are generated through ALM software.

## **Mission Statement**

The mission statement of the Bank is **'To emerge as a customer centric National Bank and become the most preferred Bank for its products, services, technology, efficiency and financials'**.

## **Nature & Interest of Directors**

The directors of the Bank are not interested under the provisions of Section 184 of the Companies Act, 2013. Directors may be deemed to be interested to the extent of fees payable to them for attending Board Meetings or any other committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable under the Articles/resolutions adopted by the Board of Directors.

## **Human Resource Development**

The Bank strongly believes that well trained and motivated manpower alone can render effective service and take the Bank to new heights both in terms of improving productivity and responding more effectively to the emerging future challenges. Accordingly, the Bank is taking all requisite steps in this regard. The promotion of human resources is a focal point of the Bank in regard to manpower development. The Board of Directors of the Bank meets regularly and monitors HRD issue and also take decisions for the same.

## **Systems and Technology**

The Bank has introduced fully computerized activities at all 166 Branches of the Bank.

## **Inspection and Concurrent Audit**

The Inspection Division is functioning with the objective of effective control at reasonable cost. The division also assists the Audit committee of the Board.

The Bank is complying with the directives for coverage of audit of total Banking business i.e., Deposits and advances under Concurrent Audit.

## **Vigilance**

With a view to create awareness in branches about the importance of prevention in vigilance matters, Bank is educating employees at all levels. Bank is also deputing its officers to various institutions like NIBSCOM and NIBM Pune etc. for training.

## **Risk Based Supervision (RBS)**

The Department of Banking Supervision (DBS) at RBI has adopted a Risk Based Supervisory (RBS) approach for Review of

Supervisory Processes of Commercial Banks. The RBS framework has been named as “Supervisory Program for Assessment of Risk and Capital (SPARC)” and one of its important components/ tools employed in the process is the “Integrated Risk and Impact Scoring (IRISc)” Model. RBS is driven by Offsite as well as Onsite supervision which requires a Bank to put in place robust systems for data collection and compilation process and reporting. From March 2016 RBS framework has been rolled out by RBI in our Bank from earlier CAMELS framework.

SPARC is risk focused and intended to increase the effectiveness of the supervisory process. The two major areas of assessment under SPARC are Risk and Capital Assessment. The risk assessment for a Bank covers the inherent risks, risks due to gaps in controls for the inherent risks, risks due to gaps in the Governance & Oversight as also the culture and degree of compliance to regulatory requirements. These assessments together determine the Aggregate Risk for a Bank. The Aggregate Risk and Capital Available together determine the Risk of Failure Score (RoFS) for a Bank.

In order to strengthen the RBS submission, Bank has implemented board approved necessary action plan i.e. formation of committees to validate the data before submission to RBI, put in place plan for documentation of data sources, data collation, data owners, responsible Department/Divisions/ sub-Divisions, plan for maker/checker system for ensuring data integrity, data validation/ assurance, put in place plan for training/ sensitization plan for the concerned officials on Risk Based systems. Our Bank has been successfully submitting the data under RBS.

### **Redressal of Investor & Customer Grievances**

The Bank ordinarily attempts to dispose off the complaints with in one week of receipt of complaints. The Company Secretary supervises the process of redressal of grievances. Complaint letter should be either type written or legibly hand written quoting folio number, application number, number of equity shares applied for, name and address of the first applicant, name of the Bank and branch where application was submitted with date thereof.

Customer satisfaction is the key for business development in today’s banking scenario. It is, therefore, our endeavor to extend efficient & courteous services to our clients. Head Office has been issuing circulars from time to time and monitoring the customer issues closely so that no room is allowed for any chance of complaint at branch level. In case there is any complaint at branch level, top priority is given to settle the same at the earliest. On receipt of any complaint, from various channels like Email, letters, Banking Ombudsman, CPGRAMS portal and online Grievance Redressal Portal, bank enquires the details from the complainant over telephone and also from the Branch Head of the complainant customer. Branch Heads are then sensitized and advised to meet the complainant/customer and try to resolve the complaint immediately. Most of the complaints are accordingly resolved. In certain cases, wherever deemed necessary, Head Office also deposes senior officials to the branches to investigate the complaint in order to resolve the issue amicably.

### **Main objects of our Bank**

The object for the Company is established are -

- a) To make advances to customers and others without security and upon such terms as the Company may approve and generally to act as Bankers for customers and others.
- b) To make advances on such credit accounts to persons giving proper security or giving a guarantee of one or more sufficient parties or on mortgage of real and immovable property or on the movable property of any description.
- c) To make, purchase, accept endorse, execute and discount, promissory notes, bill-of exchange, handiest and other negotiable instrument.
- d) To receive deposit of cash and allow interest thereon at such rate as from time to time shall be fixed by the Board of Directors.
- e) To purchase and sell coin, bullion and Government securities.
- f) To invest and deal with the money of the Company not immediately required in or upon such securities and in such manner as may from time to time be determined.
- f-1) to commence new business of engaging in marketing and distribution of financial, investment or other products including securities, stocks, shares, debentures, bonds, units, certificates or services offered by the Company and/or by company, body corporate, mutual fund, Government, State, public body or authority after obtaining necessary approvals/license as may be required.
- g) To carry out other branches of business usually transacted by Bankers including money agency (subject always to such rules and restrictions as the members at any ordinary meeting or at any extra ordinary meeting may from time to time direct

or sanction) but the company shall not engage in mercantile speculations or in the purchase of real estate except when the company is compelled to do so as a mortgagee or pledgee of property or in the execution of its own decree or under a private contract with a mortgagor or debtor to the company and to sell, improve, manage, develop term to account, exchange, let on rent or otherwise the said property. Provided always that nothing herein contained shall be held to preclude the company from either purchasing in fee simple or purchasing, acquiring, constructing, maintaining and altering any building or works necessary or convenient for the purpose of the company or from taking on term of years premises suitable for the purpose of their business or from purchasing and selling securities of Government of India or State Governments or other Statutory Authorities or Gold or Silver Bullion or approved shares, bills or debentures.

- h) To borrow, raise or take up money for the purpose of the Company's business.
- i) The doing all such other things as are incidental or conducive to the attainment of the above objects.
- j) To amalgamate, sell or in any other manner deal with or dispose of the property, assets or undertaking of the Company, or any part thereof for such consideration as the Company may think fit and in particular for shares, debentures and other securities of any other Company having objects altogether or in part similar to those of this Company and in the event of amalgamation with or absorption in any such other Company to have such shares, securities or debentures issued or allotted to the Share-holders of this Company.
- k) To open, establish, maintain and operate currency chests and small coin depots on such terms and conditions as may be required by the Reserve Bank of India (RBI) and enter into all administrative or other arrangements for undertaking such functions with Reserve Bank of India.

### **Key Awards, Accreditations and Recognition**

We have been recognized in India with certain awards and recognition, such as:

#### **A. Institutional Excellence**

- Awarded best Private Sector Bank in MSME category by ASSOCHAM on 14.12.201
- Best performing Private Bank awarded 3<sup>rd</sup> in the category of average Aadhar generation and update, by UIDAI at Goa.

#### **B. Technology Innovation and Service**

- Technology (MeiTY) has felicitated our bank with first highest digital payment transactions award (Utkarsh Digidhan Award 2020-21) under Small and Micro Private Sector Bank.
- Technology (MeiTY) has felicitated our bank with first highest digital payment transactions award (Utkarsh Digidhan Award 2022-23) under Small and Micro Private Sector Bank.

### **Time/Overrun Cost**

As of the date of this Draft Prospectus, our Bank has not experienced any instances of time/cost overrun in its business operations.

### **Defaults or Rescheduling/Restructuring of Borrowings with Financial Institutions/Banks**

As of the date of this Prospectus, there have been no defaults or re-scheduling/re-structuring with any financial institutions or banks.

### **Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation etc. in the last 10 years**

As of the date of this Draft Prospectus, our Bank has not made any material acquisitions or divestments of business/undertakings, mergers, amalgamation, any revaluation of assets, etc. in the last 10 years.

### **Holding Company**

As of the date of this Draft Prospectus, Bank of Baroda is our Holding Company.

## Subsidiaries and Joint Ventures of our Bank

As of the date of this Draft Prospectus, our Bank has no subsidiaries and/or joint ventures.

## Significant Strategic and Financial Partners

As of the date of this Draft Prospectus, our Bank has no strategic or financial partners.

## Shareholders' Agreements

As on the date of this Draft Prospectus, there are no subsisting shareholders' agreements.

## Agreements with Key Managerial Personnel, Director, or any other Employee

There are no agreements entered into by a Key Managerial Personnel or Director or any other employee of our Bank, either by themselves or on behalf of any other person, with any shareholder or any other third party regarding compensation or profit sharing in connection with dealings in the securities of our Bank.

## Remuneration to Non-Executive Directors and Independent Directors

Pursuant to a resolution of our Board, our Non-Executive and Independent Directors are entitled to receive a sitting fee of ₹20,000 for attending each Board Meeting and ₹10,000 for attending each Committee meeting of our Board apart from other out of pocket expenses that shall be paid in addition to the sitting fees. Our Non-Executive Part Time Chairman is being paid ₹70,000 per month as remuneration and is also being paid Sitting Fees as mentioned above.

## Key Highlights of Performance of the Bank

<i>Particulars</i>	<i>In Crore</i>		
	<i>31.12.2022</i>	<i>31.03.2022</i>	<i>31.03.2021</i>
<i>Demand deposit</i>	370.97	463.77	439.15
<i>Savings bank deposit</i>	2581.13	2,577.34	2,388.06
<i>Casa deposit</i>	2952.1	3,041.11	2,827.21
<i>Share of casa deposit to total deposit</i>	40.07%	40.62%	38.14%
<i>Retail deposit</i>	5465.14	5,425.05	5,228.00
<i>Term deposit</i>	4415.57	4,444.76	4,585.38
<i>Retail term deposit</i>	3980.13	4,160.68	4,200.80
<i>Total deposit</i>	7367.67	7,485.87	7,412.59
<i>Bulk deposit</i>	435.44	284.08	384.58
<i>Advances (gross)</i>	4354.33	4,211.79	4,028.59
<i>Retail advances</i>	2168.78	1,920.81	1,474.43
<i>Retail advances excl. Labod</i>	2019.99	1,774.19	1,319.99
<i>MSME</i>	1213.54	1,265.76	1,275.32
<i>Corporate</i>	77.20	116.79	421.29
<i>Agriculture</i>	888.40	862.32	846.28
<i>Others</i>	6.39	46.11	11.27
<i>Total business</i>	11722.00	11,697.66	11,441.18
<i>Intt. Paid</i>	227.62	312.11	362.15
<i>Intt. Received</i>	429.56	561.99	593.13
<i>Cost of deposit %</i>	4.20	4.34	5.02
<i>Yield on advances %</i>	8.06	8.24	8.36
<i>Net Intt. Income- NII</i>	202.15	249.88	230.98
<i>N I M %</i>	3.18	2.98	2.77
<i>Operating profit</i>	55.68	100.3	118.25
<i>Net profit</i>	50.20	28.93	1.26
<i>Business per employee</i>	11.22	13.58	12.3

<b>Gross NPA</b>	464.81	507.95	650.67
<b>% Of NPA to gross advances</b>	10.69	12.1	16.15
<b>Net NPA</b>	117.82	163.61	206.93
<b>Net NPA % to net advances</b>	2.94	4.25	5.77
<b>PCR (%)</b>	74.33	67.72	64.77
<b>C.D. Ratio (%)</b>	59.10	56.26	54.35
<b>CRAR - Basel iii (%)</b>	15.04	14.05	13.67
<b>Return on Asset (r-o-a)%</b>	0.79	0.34	0.02
<b>Cost Income Ratio (c-i-r)%</b>	66.30	65.47	57.78
<b>Return on Equity (r-o-e)%</b>	7.64	4.77	0.21

#### A. Composition of the Board of Directors as on date of Letter of Offer

Under our Articles of Association, our Bank is authorized to have a minimum of seven and maximum of 10 Directors. As on the date of this Draft Prospectus, our Board comprises 8 Directors. The 8 Directors comprise one Executive Director (MD & CEO), Five Independent Directors (including Part Time Independent Chairman and Woman Director) and Two Non-Executive Non-Independent Director. The present composition of our Board and its committees is in accordance with the corporate governance requirements provided under the Companies Act, 2013 and the RBI Governance Framework.

SN.	Name and Designation	DIN No.	Date of Appointment	Occupation	Other Directorships/LLP	Holding
1.	<b>Mr. N.K. Chari</b> (Non-Executive Chairman) Panchavati Village Bijraula, Naukuchiatal Nainital	7409731	08.06.2020	Retd. DMD SBI  Professional Banker	Nil	Nil
2.	<b>Mr. Nikhil Mohan</b> (MD & CEO) Naini Bank House Mall Road Nainital	9655509	01.07.2022	DGM - BOB Service	Nil	Nil
3.	<b>Mrs. Binita Shah</b> (Independent Director) 25, Lane 3, Teg bahadur Road, Dalanwalah Dehradun	1538965	17.12.2019	Agriculture & Entrepreneur	Supa Biotech (P) Ltd	Nil
4.	<b>Mr. Manoj Sharma</b> (Independent Director) D-802, Suncity Heights Sector 54, Golf Course RD Gurugram	9085665	09.04.2021	Retd. CGM RBI	Nil	Nil
5.	<b>Mr. U C Nahta</b> (Independent Director) T16, Green Park Extension, New Delhi	8533075	29.07.2021	Retd. Government Official - MCA	Nil	Nil
6.	<b>Mr. Neelam Damodharan</b> (Independent Director) Flat 806, Building 13 Skyi Song Birds Bhugaon Talmulshi Dist. Pune	7759291	23.04.2022	Retd. ED BOI  Professional Banker	GIC Housing Finance Ltd.	Nil
7.	<b>Mr. Sanjeev Dobhal</b> (Non-Executive Director) Flat A-2 Sky Crapper building, Sind Work, CHS	10055078	23.02.2023	CGM - BOB  Service	Nil	Nil

	Bhulabhai Desai Road Mumbai					
8.	<b>Mr. Rakesh Nema</b> <b>(Non-Executive Director)</b> Flat No. T 901 Aparna Cyberzon Nallagandla Serilingampally Hyderabad, 500019	7207816	23.02.2023	GM – BOB  Service	Nil	150

## Brief Profile of Directors

### Mr. N.K. Chari (Non-Executive Independent Chairman)

Career Banker with 39 years of varied experience in Banking Operations and Credit in the biggest bank of India, State Bank of India (SBI). Was on deputation as Managing Director to State Bank of Mysore (SBM) an Associate of SBI, from June 2016 and led it through a seamless merger with the parent bank as on 31<sup>st</sup> March 2017. After completing formalities post-merger for data and human resources assimilation with SBI, reverted to SBI and retired as Deputy Managing Director (DMD) on 31<sup>st</sup> August 2017.

Strong banking background with wide experience in branch banking, performance budgeting, monitoring and control over branches and regions, in various capacities. Handling of Retail and Corporate Credit in both domestic and international scenarios. HR management as part of every assignment held. Close interactions in various positions with Board of Directors. Constant association with Department of Financial Services, Government of India on banking issues.

Served as the Chief Operating Officer (DMD) in National Banking Group, the Retail Network of SBI. This Network covered 16000 branches across the Nation with business level of Rs 17,000 billion (November 2015 to May 2016). Headed Mid Corporate Vertical of SBI, dealing with a Loan Book aggregating Rs 2,500 billion (November 2013 to October 2015). Regional Head of SBI (Chief General Manager (CGM), Chandigarh Circle) covering the 4 Northern Indian States of Jammu and Kashmir, Punjab, Haryana and Himachal Pradesh with 1100 branches and Rs 1,100 billion in business (November 2011 to October 2013). Head of Nepal SBI Bank Ltd - an overseas subsidiary of SBI - as Managing Director for 4 years from September 2007 to October 2011. During this tenure, took the branches from 15 to 50, employees from 200 to 600 and achieved threefold business. Transformed the bank to become a Top Tier Bank in Nepal and the best overseas subsidiary of SBI.

Previous Directorships -

MD of State Bank of Mysore. Permanent Invitee to the Board in SBI as DMD. Part of Local Board as CGM Chandigarh. MD of Nepal SBI Ltd, Kathmandu. Also held Directorships in two subsidiaries of SBI, SBI Cards and Payment Services (Credit Card Company) and SBI Capital Market Securities (Dealing in Securities Market).

### Mr. Nikhil Mohan (Managing Director & CEO)

During his 23 years of Banking career, he has worked as Branch Heads in Nandurbar- Maharashtra, Bareilly-UP, Hajipur-Bihar and London-United Kingdom. Apart from that he also had the distinction of establishing the Retail Loan Factory (known as CPC at that time) and Marketing Department in Bareilly and Pune District Region as its 1st Regional Head. Prior to taking charge of this Bank, he was heading the Mumbai Metro West Region of Bank of Baroda, which is PAN India 2nd largest Region of the Bank in terms of total Business. He was also discharging his duty as Executive Secretary of one of the Executive Directors of Bank of Baroda from 2017 to 2019.

He has till date, worked in various Branches, Regional Offices at Bareilly and Patna, Zonal Offices of Western UP, Bareilly and UPU, Lucknow, Corporate office and at Overseas Centre at UK.

### Mrs. Binita Shah (Independent Director)

Leads SARG Vikas Samiti, a not for profit organization since 2005 for the promotion of Organic and Biodynamic Agriculture across three states of the country. SARG works with 100,000 farmers' country wide. SARG is a training partner with the Skill Development Mission, Uttarakhand as well as with the National Skill Development Council, GOI since 2016. SARG is a Regional Council & Service Provider for Paramparik Krishi Vikas Yojna (PKVY) for Organic Agriculture in Maharashtra, Uttarakhand & MP.

She is Secretary - Sustainable Development Forum Uttarakhand. Independent consultant with Uttarakhand Agriculture Marketing Board. International Consultant with number of Organic Food Export companies. Founder member Biodynamic Association of India, Bangalore. Founder member All India Biodynamic and Organic Association of India, Indore. India Representative in 'Circle of Representatives' International Biodynamic Forum, Geotheanum, Switzerland. Consultant with UNDP State office Uttarakhand for preparation of Strategy for Organic Uttarakhand 2018-19. She is also Founder member and CEO of the (first ever in the country) State Uttarakhand Organic Commodity Board (UOCB), Dehradun.

**Mr. Manoj Sharma (Independent Director)**

Retired as Chief General Manager from Reserve Bank of India. Has vast Regulatory and Supervisory experience - on - site & Policy making. Extensive hands-on Policy & Operational experience of new Risk based Supervisory Approach. Major role in redefining Policy on detection, mitigation and reporting of frauds. Headed the Quick Response Team of Frauds. Have internal & external knowledge transfer on Conceptual and Operational aspects of RBS model.

He possesses expertise in conceptualization, design and implementation of Risk Based Supervisory approach for Scheduled Commercial Banks in India. Headed RBI team for implementing the small bank variant RBO model for assessment of small foreign banks - from conceptualization, design to stabilization of the model. Have expertise in Policy Making, Quality Assurance Functions and related aspects of SPARC process. Headed Internal Working Group for bringing out the framework on fraud detection, monitoring and reporting for Banks in India. Have experience in Risk Based Supervision of Foreign Banks, Public Banks, Private Sector Banks etc.

**Mr. U. C. Nahta (Independent Director)**

Ministry of Corporate Affairs, Government of India as a Class I officer in the Ministry. Retired in August 2014 at the scale of Additional Secretary to the Govt. of India (Served for about 16 years at the Level of Joint Secretary and above) at various important positions. He had held various Senior positions in the Ministry including Director of Investigation & Inspection, Regional Director, Registrar of Companies etc. August 2014 to August 2019 Member, Competition Commission of India- at the level of Secretary to the Government of India.

**Professional Exposure**

Corporate Governance Advisory, Corporate & Management Consultancy, CSR Advisory, Companies Act 2013, Advisory services in corporate laws, Accounting and related areas, Capital markets and financial services, Arbitration under the Arbitration and Conciliation Act, Mediation under Companies Act, 2013, National Company Law Tribunal matters, Competition Laws including The Competition Act, 2002 etc.

**Mr. Neelam Damodharan (Independent Director)**

He was Executive Director in Bank of India from 16<sup>th</sup> Feb 2017 to 30<sup>th</sup> Nov. 2019 and was in-charge of - Human Resources Development/Management, Learning and Development, Credit Monitoring, Recovery, International Operations, Mid Corporate Business, MSME, Retail Banking, Fraud Risk Management and Disciplinary action.

In Bank of India, he was also a Member of various committees of the Board:

Management Committee of the Board, Audit Committee of the Board, HR Committee of the Board, NPA Recovery Committee of the Board, Risk Management Committee of the Board, Executive Committee of the Board, IT Committee of the Board, Customer Service Committee of the Board, Executive Member of ALCO, Chairman, Learning & Development Governing Council of BOI and Executive Member of Policy Committee.

He was Chairman, BOI Merchant Bankers Ltd for 2.5 years, Director, BOI (New Zealand) Ltd. for 2.5 years and Non-Executive Director on New India Assurance Co Ltd the Board - 2 years (Appointed by GOI) - 14.08.2017 to 11.10.2019.

He is a former General Manager of Bank of Baroda with and was associated with the Bank for 34 years.

**Highlights of career in Bank of Baroda:**

General Manager (International Operations), General Manger (USA Operations), GM/ Zonal Head (TN & Kerala Zone), Regional Manager (Baroda, Kanpur and Kerala), Dy./ Asst. General Manager (Sharjah and Dubai), Asst. General Manager

(MSME), Corporate Office, Branch Head of 6 different branches across India and Director, Bank of Baroda (New Zealand) Ltd (A Subsidiary of BoB)

He is/was a Guest Faculty in NIBM on invitation and External member of Special Staff Accountability Committee (DMD Level) of IDBI.

**Mr. Sanjeev Dobhal (Non-Executive Non-Independent Director)**

He possesses degree in Master in Science and is CAIIB (IIBF). He is presently posted in Mumbai and is a Chief General manager in Bank of Baroda.

During his career he has worked as Branch Head, Secretary to Board and Committees, was looking after Business Process Engineering Projects, Planning Vertical, Wealth Vertical, Facility Management & BPR. He was also a Zonal Head of Rajkot Zone. Presently he is looking after Subsidiaries & JVs, Project BOBNOWW & Special Projects with additional charge of IT Strategy & Development.

**Mr. Rakesh Nema (Non-Executive Non-Independent Director)**

He possesses Postgraduate in Applied Physics and Computer Applications, DIP in Computer (Advanced), JAIIB, CAIIB, Anti-Money Laundering and KYC and has certification in IT Security.

He joined as a Manager in Bank of Baroda on 07.08.2000 Mumbai Corporate Office. Portfolios handled by him are IT Compliance (2006-2009), IT Projects (2009-2014) and Digital Banking (2017-2018). On 25.03.2019 he took charge of Bank of Baroda Disaster Recovery Site, Hyderabad and also took charge as DGM, IT Operations (2019-2022). On 01<sup>st</sup> August 2022 he took charge as Head of IT Operations- General Manager, IT Operations, Bank of Baroda.

He was early associated with Nainital Bank as a Non-executive Director from June 26, 2015 till December 22, 2017.

**B. Our Management (Administrative)**

SN.	Name	Job Profile
1.	Mr. Arun Kumar (Chief Operating Officer)	All matters relating to Bank’s operations
2.	Mr. Sanjay Lal Sah (Vice President)	All matters relating to Credit
3.	Mr. Raman Gupta (Vice President)	All matters pertaining to Human Resource and Legal
4.	Mr. Mahesh Chandra Jindal (Chief Compliance Officer)	All matters related to Compliances
5.	Mr. Sachin Kumar (Chief Risk Officer)	All matters relating to Risk
6.	Mr. Deepak Singh Bisht (Chief Technology Officer)	All matters relating to IT
7.	Mr. Pushkar Dutt Bhatt (Vice President)	All matter related to recovery and Credit Monitoring
8.	Mr. Rahul Pradhan (Associate Vice President)	All matter related to Operations
9.	Mr. Manoj Dalakoti (Associate Vice President)	All matters relating to Credit Monitoring Department
10.	Mr. Sanjay Gupta (Associate Vice President)	All matters relating to Planning and Premises
11.	Mr. Punkaj Tandon (Chief of Internal Vigilance)	All matters relating to Vigilance
12.	Mr. SVSS Jankiraman (Head of Inspection)	All matters related to Inspection and Internal Audit
13.	Mr. Asheesh Sah (Economist)	All matters relating to Investment and Treasury



### C. Key Managerial Personnel

The details of the present key managerial personnel are as under:

SN.	Name	Job Profile	Designation	Holding
1.	<b>Mr. Nikhil Mohan</b> Managing Director & Chief Executive Officer The Nainital Bank Limited Head Office, Seven Oaks Mallital, Nainital-263001	Responsible for overall formulation of strategic plans for development and growth of the Bank.	Managing Director & Chief Executive Officer	Nil
2.	<b>Mr. Mahesh Goyal</b> Chief Financial Officer The Nainital Bank Limited Head Office, Seven Oaks Mallital, Nainital-263001	Responsible for general administration, implementation of Policy decisions taken by Board and directives of Reserve Bank of India etc.	Chief Financial Officer	Nil
3.	<b>Mr. Vivek Sah</b> Company Secretary The Nainital Bank Limited Head Office, Seven Oaks Mallital, Nainital-263001	A vital link between the Bank and its Board of Directors, shareholders, government and regulatory authorities. Responsible for ensuring that Board procedures are both followed and regularly reviewed.	Company Secretary	2973

### D. Central Statutory Auditor of the Bank - Dharam Raj & Company

### E. Corporate Governance - Board Committees

Our Bank has constituted the following committees of the Board in terms of the Listing Regulations and the Companies Act 2013:

- a. Audit Committee of Board (ACB)
- b. Risk Management Committee of Board (RMCB)
- c. Nomination and Remuneration and Human Resource Committee (NRHRC)
- d. Stakeholders' Relationship Committee (SRC)
- e. Corporate Social Responsibility Committee (CSR)
- f. IT Strategy & Digital Promotion Committee (IT&DC)
- g. Recovery Committee of Board (RCB)
- h. Management Committee of Board (MCB)
- i. Large Value Fraud Committee (LVF)
- j. Non-Co-Operative Borrower Committee (NCB)
- k. Wilful Defaulter Committee (WD)

### F. Our Group Company/ies

As on the date of the prospectus, Nainital Bank is not having any subsidiaries, joint ventures etc. of its own. Nainital Bank's parent and holding company is Bank of Baroda with 98.57% stake and we are categorized under the group companies of Bank of Baroda.

### G. Dividend Distribution Policy

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our Shareholders, at their discretion, subject to the provisions of the Banking Regulation Act and regulations made thereunder, the RBI Act and the regulations and guidelines made thereunder, the Articles of Association and other applicable laws, including the Companies Act, 2013.

Bank; (c) any interim dividend paid; (d) Basel III capital requirements; (e) cash flow required to meet contingencies; (f) dividend payout trends; and (g) other factors and/or material events which the Board may consider.

As per our dividend distribution policy, our Bank may not distribute dividend in case it does not meet any of the eligibility conditions, including any regulatory restrictions placed on our Bank. Our Bank shall use any of the electronic modes of payment facility approved by the Reserve Bank of India for the payment of the dividends. Where it is not possible to use electronic mode of payment, 'payable-at-par' warrants or cheques will be issued to the eligible shareholders.

Our bank follows RBI circular RBI/2004-05/451 DBOD.NO.BP.BC.88/21.02.067/2004-05 dated May 04, 2005 and directives of RBI for Dividend Distribution in the Bank.

## SECTION V - DISCLOSURES

### Penalties/Litigation/Disputes/Defaults/Criminal Cases

#### Summary of Penal Actions by Regulatory Authorities for last Three Years

SN	Penalty Authority	Penalty Amount	Reason for Penalty	Date of imposition
1	RBI Kanpur	60450.00	Non-compliance to the terms in para 2(iv) of Master Circular DCM (CC) No. G-2/03.41.01/2021-22 dated April 01, 2021 on "Scheme of Penalties for bank branches based on performance in rendering customer service to the members of public"	04.11.2022
2	Banking Ombudsman	10000.00	As advised by Banking Ombudsman to pay compensation to applicant as Bank failed to update the CIBIL status despite the loan amount was fully paid	08.09.2022
3	FIU-IND	25000.00	Failure to put in place an effective mechanism to detect and report suspicious transactions reportable as STRs- violation of section 12 of the act read with rule 5(2) and 7(3) of the PML Rules, 2005.	30.03.2022
4	RBI Kanpur	46450.00	Non-compliance to the terms in para 2(iv) of Master Circular DCM (CC) No. G-2/03.41.01/2021-22 dated April 01, 2021 on "Scheme of Penalties for bank branches based on performance in rendering customer service to the members of public".	18.01.2022
5	RBI Kanpur	50000.00	Transaction entries dated 22.03.2021, reported on 23.03.2021 on CYM CC Portal of RBI, RBI imposed penalty due to delayed reporting as per RBI Circular DCM(CC) No.G-4/03.35.01/2019-20 dated 01.07.2019.	18.05.2021
6	RBI Kanpur	195736.00	Transaction entries dated 22.04.2021,23.04.2021 & 26.04.2021 reported on 27.04.2021 on CYM CC Portal of RBI, RBI imposed penalty due to delayed reporting as per RBI Circular DCM (CC) no.G-4/03.35.01/2019-20 dated 01.07.2019.	02.06.2021
7	Department Of Enforcement, RBI, Mumbai	5600000.00	Non-compliance with RBI by the Nainital Bank Limited observed with respect to statutory inspection based on its financial position as on 31 March 2019.	28/10/2021
8	Department Of Enforcement, RBI, Mumbai	10000000.00	Violations of regulatory guidelines by the Nainital Bank Limited observed with respect to non-compliance to Risk Mitigation Plan of inspection for Supervisory Evaluation 2016 and 2017.	13.05.2019
9	RBI Kanpur	2603.00	Delay in daily reporting, reporting of 11.11.2020 was done by Currency Chest on 12.11.2020	25.11.2020

#### Cases against the bank not acknowledged as debts

SN.	Name of the Branch	Name of the Party	Nature of the Case	Amount Involved (In Rs.)
1	Muzaffarnagar	Sahkari Ganna Samitte Limited	Complaint Under the Consumer Dispute Acts, 1986	171185.00
2	Pilibhit	Amar Jeet Kaur & Preetam Singh Chabra	Complaint Under the Consumer Dispute Acts, 1986	110220.00
3	Pitampura Delhi	Chemical Centre (India)	Delhi High Court	760407.00
4	Muzaffarnagar	Muzaffarnagar Development Authority	Complaint Under the Consumer Dispute Acts, 1986	582437.00
5	Dehradun	Puneet Tandon	Complaint Under the Consumer Dispute Acts, 1986	1395500.00

6	P.K. Road, New Delhi	Chandraksh Pant	Complaint Under the Consumer Dispute Acts, 1986	1000000.00
7	Dehradun	Smt. Vidya Agarwal	Nainital High Court	10351050.00
			<b>Total</b>	14370799.00

#### Income Tax proceeding which are pending before respective authorities

SN	Authority	Amount Involved	Issue under consideration	Assessment Year
1	Revenue Department has filed an appeal before Uttarakhand High Court	Rs. 17.15 Lac Contingent Liability Rs. 5.83 Lac	The IT Department preferred an appeal before High Court against order of ITAT deleting disallowance of Rs. 1716318 as per Sec 14A read with rule 8D.	2008-09
2	Revenue Department has filed an appeal before Uttarakhand High Court	Rs. 3.78 Crore Contingent Liability Rs. 1.26 Crore	The Department has preferred an appeal before high court against the order of ITAT in "ITA 5018/DEL/2017 wherein the dispute pertains to disallowance u/s 14A Rs. 3,78,67,352.	2011-12
3	Bank has filed an appeal before CIT (Appeals) gains the impugned order levying Rs. 10.26 Lac demand.	Rs. 10.26 Lac	The assessment was completed by NFAC, at an Income of Rs. 785701136/- as per assessment order u/s 143(3) of I. T. Act, 1961 dated 14.09.2021 and demand of Rs. 10,26,638/- has been created as per Notice of Demand dated 14.09.2021. Against the addition the assessee has e-filed an appeal before Hon'ble Commissioner of Income Tax (Appeals), N.F.A.C. on 22.09.2021 vide e-filing acknowledgement number 553327660220921. The said appeal is still pending for adjudication. Further the Bank has applied for stay of demand before jurisdictional A.O.	2018-19

#### Civil Litigation

Total number of cases filed by the Bank pending before DRT, Civil Court and High Court as on 31.12.2022 are 824 in which the aggregate amount involved is Rs. 36152.87 Lac. Furthermore, there are total of 7 cases against the Bank not acknowledge as debt pending before various consumer courts, forums and High Court in which the aggregate amount involved is Rs. 143.70 Lac. The Bank has made the required provision in the said cases against the Bank. In addition to above, a Writ petition no. W.P. (C) No. 1547/2023 along with application for interim directions has been filed before Hon'ble High Court of Delhi, by Nainital Bank Officers Association through Mr. Peeyoosh Payal, General Secretary, Nainital Bank Officers Association, (one of the employee union of the Bank) against Union of India, through its Secretary, Ministry of Finance, Department of Financial Services, Bank of Baroda, through its Managing Director & CEO, Reserve Bank of India, through its Director and The Nainital Bank Limited, G.B. Pant Road, Nainital, against the divestment proposal of Bank of Baroda in Nainital Bank.

#### Criminal Litigation

Criminal proceedings (04) in number are pending against employees, ex-employees and officials of our Bank, originating from the actions while performing the actions of the Bank. Furthermore, the Bank has also initiated criminal proceedings in 98 incidents against the borrowers, guarantors and other people in which the amount involved is Rs. 8409.14 Lac. Furthermore, in the said 98 incidents the Bank has also furnished the FMR-1 to RBI.

## **SARFAESI Action**

Our bank has issued 553 notices under section 13(2) of SARFAESI Act, 2002 out of 801 eligible accounts for SARFAESI action as on 31.01.2023 in relation to recovery of amount against defaulting borrowers, involving an aggregate amount of Rs. 127.11 Crore. Further, 196 notices issued under section 13(4) of SARFAESI Act, 2002 involving an amount of Rs. 93.71 Crores.

## **Other than the above**

1. There are no Pending litigation's in which the promoters are involved, no defaults to the financial institutions/Banks, no non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and no arrears on cumulative preference shares by the promoters and the companies/firms promoted by the promoters except as mentioned herein for the last 10 years.
2. Further, there are no cases of pending litigations, defaults, etc. in respect of companies/ firms/ventures with which the promoters were associated in the past but are no longer associated.
3. -
  - a) There are no litigations against the bank or against any other bank whose outcome could have a materially adverse effect on the position of the bank.
  - b) Further, there are no other litigations against the promoter or directors involving violation of statutory regulations or criminal offence.
4. -
  - a) There are no pending proceedings initiated for economic offences against the directors, the promoters, companies and firms promoted by the promoters.
  - b) There are no past cases in which penalties were imposed by the concerned authorities.
5. There are no outstanding litigations, defaults, etc., pertaining to matters likely to affect operations and finances of the company and prosecution under any enactment in respect of The Companies Act, 2013.
6. There are no pending litigations, defaults, no non-payment of statutory dues, proceedings initiated for economic offences/Civil offences, no disciplinary action has been taken by the Board/stock exchanges against the company/ Promoters and their other business ventures.

## SECTION VI - FINANCIAL HIGHLIGHTS

### Past Financial Performance & Accounting Policies

The Financial Highlights of the Company as per the Audited accounts of the Company for the past Five years as under:

#### Balance Sheet & Profit and Loss Account

(In Crore)

<i>Particulars</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>Dec. 2022</i>
<b>Balance Sheet</b>						
<b>CAPITAL &amp; LIABILITIES</b>						
<i>Capital</i>	77.5	77.5	77.5	77.5	77.5	77.50
<i>Reserve &amp; Surplus</i>	544.06	566.28	504.8	511.55	545.78	595.98
<b>Deposit</b>	<b>7331.87</b>	<b>7286.19</b>	<b>7679.43</b>	<b>7412.59</b>	<b>7485.88</b>	<b>7367.66</b>
<i>Demand Deposit</i>	347.71	344.98	367.05	439.15	463.77	730.97
<i>Savings Bank Deposit</i>	2097.99	2114.80	2154.17	2388.06	2577.35	2581.12
<b>CASA Deposit</b>	<b>2445.7</b>	<b>2459.78</b>	<b>2521.22</b>	<b>2827.21</b>	<b>3041.11</b>	<b>2952.09</b>
<i>Term Deposit</i>	4886.18	4826.41	5158.21	4585.38	4444.76	4415.57
<i>Borrowing</i>	0.0028	0.0060	0.00	0.00	0.00	0.00
<i>Other Liabilities &amp; Provision</i>	161.25	171.79	178.66	180.62	228.70	192.63
<b>Total</b>	<b>8114.69</b>	<b>8101.76</b>	<b>8440.39</b>	<b>8182.26</b>	<b>8337.86</b>	<b>8233.78</b>
<b>ASSETS</b>						
<i>Cash &amp; Balance with RBI</i>	385.70	413.13	329.44	341.57	320.97	354.63
<i>Balances with Bank &amp; Money at Call &amp; Short Notice</i>	2490.04	2412.65	2286.16	1579.15	1342.29	1233.21
<i>Investments</i>	1704.76	1533.53	1676.22	2319.01	2291.10	2122.24
<i>Advances (Net)</i>	3363.93	3515.75	3828.99	3647.70	3916.83	4065.57
<i>Fixed Assets</i>	33.81	32.71	41.28	32.84	75.46	83.29
<i>Other Assets</i>	136.45	193.99	278.30	261.99	391.21	374.81
<b>Total</b>	<b>8114.69</b>	<b>8101.76</b>	<b>8440.39</b>	<b>8182.26</b>	<b>8337.86</b>	<b>8233.78</b>
<b>Profit &amp; Loss</b>						
<i>Interest Income</i>	617.29	653.21	687.02	593.13	561.99	429.56
<i>Other Income</i>	35.47	29.09	40.67	45.99	40.64	4.58
<b>Total (A)</b>	<b>652.76</b>	<b>682.30</b>	<b>727.69</b>	<b>639.12</b>	<b>602.63</b>	<b>434.14</b>
<i>Interest Expended</i>	411.41	425.88	453.03	362.13	312.11	227.62
<i>Operating Expenses</i>	143.67	147.11	162.43	161.82	190.22	150.86
<b>Total (B)</b>	<b>555.08</b>	<b>572.99</b>	<b>615.46</b>	<b>523.95</b>	<b>502.32</b>	<b>378.47</b>
<i>Gross/Operating Profit C=A-B</i>	<b>97.68</b>	<b>109.31</b>	<b>112.23</b>	<b>115.17</b>	<b>100.30</b>	<b>55.67</b>
<i>Provision &amp; Contingencies (D)</i>	48.79	82.42	180.30	113.91	71.37	5.47
<b>Net Profit E=C-D</b>	<b>48.89</b>	<b>26.89</b>	<b>(68.07)</b>	<b>1.26</b>	<b>28.93</b>	<b>50.20</b>

**Audited Financial Statement as on 31<sup>st</sup> December 2022**
*(In Thousands)*

<b>CAPITAL AND LIABILITIES</b>	<b>Sch.</b>	<b>As on 31.12.2022</b>	<b>As on 31.03.2022</b>	<b>As on 31.12.2021</b>
<b>Capital</b>	<b>1</b>	7,75,000	7,75,000	7,75,000
<b>Reserves &amp; Surplus</b>	<b>2</b>	59,59,822	54,57,824	57,60,451
<b>Deposits</b>	<b>3</b>	7,36,76,684	7,48,58,785	7,27,84,600
<b>Borrowings</b>	<b>4</b>	-	-	-
<b>Other Liabilities &amp; Provisions</b>	<b>5</b>	19,26,322	22,86,979	18,48,894
	<b>Total</b>	8,23,37,828	8,33,78,588	8,11,68,945
<b>ASSETS</b>				
<b>Cash &amp; Balances With Reserve Bank of India</b>	<b>6</b>	35,46,354	32,09,750	30,02,661
<b>Balances with Banks &amp; Money at call and Short Notice</b>	<b>7</b>	1,23,32,130	1,34,22,893	1,37,38,800
<b>Investments</b>	<b>8</b>	2,12,22,474	2,29,10,966	2,29,03,977
<b>Advances</b>	<b>9</b>	4,06,55,775	3,91,68,277	3,76,90,592
<b>Fixed Assets</b>	<b>10</b>	8,32,978	7,54,622	5,50,868
<b>Other Assets</b>	<b>11</b>	37,48,117	39,12,080	32,82,047
	<b>Total</b>	8,23,37,828	8,33,78,588	8,11,68,946
<b>Contingent Liabilities</b>	<b>12</b>	7,98,920	9,75,167	11,49,454
<b>Bills for collection</b>		-	-	-
<b>Significant Accounting Policies</b>	<b>17</b>	-	-	-
<b>Notes on Accounts</b>	<b>18</b>	-	-	-
<b>Schedules referred above form an integral part of BS</b>		-	-	-

**Profit & Loss account for the period ended 31<sup>st</sup> December 2022**
*(In Thousands)*

<b>I. INCOME</b>	<b>Sch.</b>	<b>Period Ended 31.12.2022</b>	<b>Year Ended 31.03.2022</b>	<b>Period Ended 31.12.2021</b>
Interest Earned	<b>13</b>	42,95,635	56,19,884	42,33,484
Other Income	<b>14</b>	45,828	4,06,377	3,25,879
	<b>Total</b>	43,41,463	60,26,261	45,59,363
<b>II. EXPENDITURE</b>				
Interest Expended	<b>15</b>	22,76,201	31,21,100	23,63,341
Operating Expenses	<b>16</b>	15,08,501	19,02,134	13,73,624
Provisions & Contingencies		54,762	7,13,701	2,33,372
	<b>Total</b>	38,39,464	57,36,935	39,70,337
<b>III. PROFIT</b>				
Net profit for the year		5,01,999	2,89,326	5,89,026
Profit available for appropriation		5,01,999	2,89,326	5,89,026
<b>IV. APPROPRIATIONS</b>				
Statutory Reserve		-	72,332	-
Revenue & Other Reserves:			-	
i) Investment Reserve Account		33,471	(29,904)	
ii) General reserve				
iii) special reserve				
Interim Dividend Paid				
Dividend Tax on Interim Dividend Paid				
Proposed Dividend			38,750	
Dividend Tax (including surcharge & edu. cess)				
Balance Carried over to Balance Sheet		4,68,528	2,08,148	5,89,026

	<b>Total</b>	5,01,999	2,89,326	5,89,026
Earnings per share (Rs)				
Basic		6.48	3.73	7.60
Diluted		6.48	3.73	7.60

### Statement of cash flow for the period ended 31<sup>st</sup> December 2022

(In Thousands)

	<b>Period Ended 31.12.2022</b>	<b>Year Ended 31.03.2022</b>
<b>A. Cash flow from operating activities:</b>		
Net profit before taxes	5,46,599	2,90,353
Adjustments for:		
Depreciation on fixed Assets	1,07,932	67,453
Depreciation on investment Written back	2,04,826	1,15,891
Provision made on Investment	-	91,757
Provision in respect of NPA.	17,457	4,25,250
Provision for standard assets restr.	(30,403)	76,162
Provision for other items.		
Profit (Loss) on sale of fixed Assets.	238	(57)
Deferred Tax for Current year	41,055	7,154
Excess Provision written back		-
	8,87,704	10,73,963
Adjustment for :		
(Increase)/Decrease in investments	14,83,665	1,63,293
(Increase)/Decrease in advances	(14,87,498)	(26,91,273)
(Increase)/Decrease in other assets	1,63,965	(12,92,174)
Increase/(Decrease) in Borrowings	-	
Increase/(Decrease) in deposits	(11,82,101)	7,32,898
Increase/(Decrease) in other liabilities and provisions	(3,88,767)	(27,859)
Direct Taxes paid.	(44,600)	(1,027)
Net cash from operating activities (A)	(5,67,632)	(20,42,179)
<b>B. Cash flow from investing activities:</b>		
(Increase)/Decrease in fixed Assets	(1,86,527)	(4,93,654)
Changes in Trade related investments	-	-
Dividend received from subsidiaries/others	-	-
Net Cash from investing activities (B)	(1,86,527)	(4,93,654)
<b>C. Cash flow from financing activities</b>		
Share Capital	-	-
Share Premium	-	-
Unsecured Redeemable Bonds	-	-
Dividend	-	(38,750)
Interest paid/payable on unsecured redeemable bonds	-	-
Net Cash from financing activities (C)	-	(38,750)
Net increase in cash & cash equivalents (A)+(B)+(C)	(7,54,159)	(25,74,582)
Opening Cash & cash equivalents	1,66,32,643	1,92,07,225
Closing Cash & cash equivalents	1,58,78,484	1,66,32,643

### Schedule 1 - Capital

(In Thousands)

	<b>As on 31/12/2022</b>	<b>As on 31/03/2022</b>	<b>As on 31/12/2021</b>
Authorized Capital (15,00,00,000 Equity Shares) of Rs. 10/- each (Previous Year 15,00,00,000 Equity Shares of Rs. 10/- each)	15,00,000	15,00,000	15,00,000
Issued, Subscribed, Called Up and Paid up capital 775,00,000 Equity Shares of Rs. 10/- each (Bank of Baroda holds 98.57%)	7,75,000	7,75,000	7,75,000



<b>Total</b>	<b>7,75,000</b>	<b>7,75,000</b>	<b>7,75,000</b>
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### Schedule 2 - Reserves & Surplus

*(In Thousands)*

	As on 31/12/2022	As on 31/03/2022	As on 31/12/2021
<b>I Statutory Reserve :</b>			
Opening Balance	17,44,216	16,71,885	16,71,885
Addition during the year		72,331	
<b>Closing Balance</b>	<b>17,44,216</b>	<b>17,44,216</b>	<b>16,71,885</b>
<b>II Capital Reserve :</b>	1,61,316	1,62,413	1,63,192
<b>a) Revaluation Reserve</b>			
Opening Balance	1,62,413	1,64,418	1,64,418
addition/deletion during the year -	(1,097)		
Depreciation on account of revaluation of premises transferred to Profit & Loss Account		(2,005)	(1,226)
<b>Closing Balance</b>	<b>1,61,316</b>	<b>1,62,413</b>	<b>1,63,192</b>
<b>B) Others</b>	-	-	-
addition during the year	-	-	-
<b>Closing Balance</b>	-	-	-
<b>III Share Premium :</b>			
Opening Balance	7,75,000	7,75,000	7,75,000
Addition During the Year	-	-	-
Deduction During the Year*	-	-	-
<b>Closing Balance</b>	<b>7,75,000</b>	<b>7,75,000</b>	<b>7,75,000</b>
<b>IV Revenue &amp; Other Reserves</b>			
<b>(i) Investment Fluctuation Reserve :</b>			
Opening Balance	2,12,474	1,20,717	1,20,717
Addition During the Year	-	91,757	60,900
Less: Transferred To General Provision	-	-	-
<b>Closing Balance</b>	<b>2,12,474</b>	<b>2,12,474</b>	<b>1,81,617</b>
<b>(ii) Other Reserve:</b>			
Opening Balance	22,97,884	20,87,731	20,87,731
Addition : Transferred from Profit & Loss Account	1,097	2,10,153	1,226
Deduction:	-	-	-
<b>Closing Balance</b>	<b>22,98,981</b>	<b>22,97,884</b>	<b>20,88,957</b>
<b>Investment Reserve A/C</b>	<b>43,949</b>	<b>10,478</b>	<b>35,416</b>
<b>special reserve u/s 36(1) (VIII) Of Income Tax Act, 1961</b>			
	2,55,358	2,55,358	2,55,358
<b>Addition During the Year</b>			
<b>Closing Balance</b>	<b>2,55,358</b>	<b>2,55,358</b>	<b>2,55,358</b>
<b>Total (IV)</b>	<b>28,10,762</b>	<b>27,76,194</b>	<b>25,61,348</b>
<b>V Balance in Profit &amp; Loss Account</b>			
	4,68,528		5,89,026
<b>Total (I,II,III, IV &amp; V )</b>	<b>59,59,822</b>	<b>54,57,824</b>	<b>57,60,451</b>

### Schedule 3 - Deposits

*(In Thousands)*

	As on 31/12/2022	As on 31/03/2022	As on 31/12/2021
A I) Demand Deposits			
i) From Banks	16,634	9,911	7,742
ii) From Others	36,93,065	46,27,820	38,65,899
<b>Total</b>	<b>37,09,699</b>	<b>46,37,731</b>	<b>38,73,641</b>

II) Savings Bank Deposits	2,58,11,267	2,57,73,441	2,44,07,058
III) Term Deposits			
i)From Banks	30,49,130	37,23,925	35,84,851
ii)From Others	4,11,06,588	4,07,23,688	4,09,19,050
Total	4,41,55,718	4,44,47,613	4,45,03,901
Total ( I, II & III)	7,36,76,684	7,48,58,785	7,27,84,600
B I)Deposits of Branches in India	7,36,76,684	7,48,58,785	7,27,84,600
II)Deposits of Branches outside India			
Total ( I & II )	7,36,76,684	7,48,58,785	7,27,84,600

#### Schedule 4 - Borrowings

(In Thousands)

	As on 31/12/2022	As on 31/03/2022	As on 31/12/2021
Borrowings in India	-	-	-
i)Reserve Bank Of India			
ii)Other Banks			
iii)Other Institutions and Agencies			
Borrowings outside India			
Total ( I & II)	-	-	-
III Secured Borrowings Included in I above	-	-	-

#### Schedule 5 - other liabilities and provisions

(In Thousands)

	As on 31/12/2022	As on 31/03/2022	As on 31/12/2021
I Bills Payable	2,12,055	2,94,996	1,79,174
II Inter Office Adjustments(Net)	-	-	-
III Interest Accrued	1,10,923	1,18,058	84,096
IV Others(Including Provisions)	16,03,344	18,73,925	15,85,624
Total( I,II ,III & IV )	19,26,322	22,86,979	18,48,894
NOTE: Subordinated Debts raised in Tier II Capital	Nil	Nil	Nil

#### Schedule 6 - Cash and Balances with Reserve Bank of India

(In Thousands)

	As on 31/12/2022	As on 31/03/2022	As on 31/12/2021
Cash in hand (Including foreign currency notes)	2,30,772	2,92,266	2,06,446
Balances with Reserve Bank of India			
In Current Accounts ii)In Other Accounts	33,15,582	29,17,484	27,96,215
Total ( I & II )	35,46,354	32,09,750	30,02,661

#### Schedule 7 - Balances with banks & money at call and short notice

(In Thousands)

	As on 31/12/2022	As on 31/03/2022	As on 31/12/2021
I In India Balances with Banks			
In Current Accounts	1,70,530	1,47,293	1,77,900
In Other Deposit Accounts	1,10,61,600	1,14,25,600	1,15,60,900
Total	1,12,32,130	1,15,72,893	1,17,38,800
ii)Money at call and short notice			

With banks	2,00,000	6,00,000	-
With other institutions	9,00,000	12,50,000	20,00,000
Total	11,00,000	18,50,000	20,00,000
Total ( i & ii )	1,23,32,130	1,34,22,893	1,37,38,800
II Outside India	NIL	NIL	NIL
Total ( I & II )	1,23,32,130	1,34,22,893	1,37,38,800

#### Schedule 8 - Investments

(In Thousands)

	As on 31/12/2022	As on 31/03/2022	As on 31/12/2021
I Investments in India(Gross)	2,15,73,968	2,30,57,633	2,29,43,601
Less : Provision for Depreciation	3,51,494	1,46,667	39,624
<b>Net Investments in India</b>	<b>2,12,22,474</b>	<b>2,29,10,966</b>	<b>2,29,03,977</b>
Break Up			
i) Government Securities	2,00,29,426	2,08,15,629	2,07,06,683
ii) Other Approved Securities			
iii) Shares			
iv) Debentures and Bonds	11,93,048	18,54,581	19,56,489
v) Subsidiaries and/or Joint Ventures			
vi) Others(units of UTI , other mutual funds, commercial papers)	-	2,40,756	2,40,805
Total	<b>2,12,22,474</b>	<b>2,29,10,966</b>	<b>2,29,03,977</b>
II Investments outside India	Nil	Nil	Nil
<b>Total ( I &amp; II )</b>	<b>2,12,22,474</b>	<b>2,29,10,966</b>	<b>2,29,03,977</b>

#### Schedule 9 - Advances

(In Thousands)

	As on 31/12/2022	As on 31/03/2022	As on 31/12/2021
A i) Bills Purchased and Discounted	42,860	4,390	7,172
ii) Cash Credit ,Overdrafts , Loans repayable on demand	2,23,69,652	2,03,21,409	2,08,98,536
iii)Term Loans	1,82,43,263	1,88,42,478	1,67,84,884
Total	4,06,55,775	3,91,68,277	3,76,90,592
B i)Secured by Tangible Assets	3,95,79,279	3,62,71,937	3,66,70,655
ii)Covered by Bank/Govt. Guarantees		8	139
iii)Unsecured	10,76,496	28,96,332	10,19,798
Total	4,06,55,775	3,91,68,277	3,76,90,592
C I)Advances in India			
i)Priority Sector	2,00,73,877	1,86,35,847	1,96,38,298
Net Priority Sector	2,00,73,877	1,86,35,847	1,96,38,298
ii)Public Sector	1,16,915	1,985	4,639
iii)Banks			
iv)Others	2,04,64,983	2,05,30,445	1,80,47,655
Total	4,06,55,775	3,91,68,277	3,76,90,592
II)Advances outside India			-
Total	4,06,55,775	3,91,68,277	3,76,90,592

#### Schedule 10 - Fixed Assets

(In Thousands)

	As on 31/12/2022	As on 31/03/2022	As on 31/12/2021
I Premises At cost/revalued amount as on 31st March of the preceding year	2,22,266	2,20,799	2,20,798
Addition during the Period Deduction during the Period		1,468	1,468

Depreciation to date (including incremental depreciation due to revaluation)	30,421	29,047	28,546
Closing Block I	1,91,845	1,93,220	1,93,720
II Other Fixed Assets (including Furniture & Fixtures)			
At cost as on 31st March of the preceding year	10,87,706	5,95,503	5,95,503
Addition during the period	1,86,465	4,92,425	2,65,084
Deductions during the period	175	222	136
Depreciation to date	6,32,863	5,26,304	5,03,303
Closing Block II	6,41,133	5,61,402	3,57,148
<b>Total</b>	8,32,978	7,54,622	5,50,868

#### Schedule 11 - Fixed Assets

(In Thousands)

	As on 31/12/2022	As on 31/03/2022	As on 31/12/2021
I Inter Office Adjustment (Net)	55,718	97,293	53,679
II Interest Accrued	7,11,719	6,61,882	7,50,579
III Tax Paid in advance/tax deducted at source	51,925	2,08,260	1,03,907
IV Stationery and Stamps	63	41	39
V Non-banking assets acquired in satisfaction of claims	-	-	-
VI Others	29,28,692	29,44,604	23,73,843
Total ( I,II,III, IV, V & VI)	37,48,117	39,12,080	32,82,047

#### Schedule 12 - Contingent Liabilities

(In Thousands)

	As on 31/12/2022	As on 31/03/2022	As on 31/12/2021
I Claims against the Bank not acknowledged as Debts	2,978	4,754	4,754
II Liability against frauds	-	-	-
III Guarantees given on behalf of constituents - in INDIA	4,94,778	6,76,626	8,48,642
IV Acceptances, Endorsements and Other Obligations	865	11,807	18,092
V Other items for which the bank is contingently liable	3,00,299	2,81,980	2,77,966
Total ( I, II,III,IV & V )	7,98,920	9,75,167	11,49,454

#### Schedule 13 - Interest Earned

(In Thousands)

	As on 31/12/2022	As on 31/03/2022	As on 31/12/2021
I Interest/Discount on Advances/Bills	25,24,570	33,08,186	24,83,197
II Income on Investments (Net ) (less amount amortized during the year)	11,51,866	15,56,006	11,67,593
III Interest on Balances with Reserve Bank Of India and other Inter Bank Placements	5,15,018	7,06,477	5,48,517
IV Others	1,04,181	49,215	34,177
Total ( I,II,III & IV )	42,95,635	56,19,884	42,33,484

#### Schedule 14 - Other Income

(In Thousands)

	As on 31/12/2022	As on 31/03/2022	As on 31/12/2021
I Commission, Exchange & Brokerage	11,201	27,621	18,769
II Profit / Loss on sale of investments Less: Loss on sale of investments	17,562	96,659	75,855
III. Profit on revaluation of investments Less: Loss on revaluation of investments	(2,10,058)	(53,282)	(8,848)
IV Profit on sale of land, buildings and other assets	238	57	(19)

Less: Loss on sale of land, buildings and other assets			
V Miscellaneous Income	2,14,481	3,18,604	2,28,514
VI Third party commission	12,404	16,718	11,608
Total (I, II, III, IV, V, VI )	45,828	4,06,377	3,25,879

### Schedule 15 - Interest Expended

(In Thousands)

I	As on 31/12/2022	As on 31/03/2022	As on 31/12/2021
II Interest on Deposits	22,75,911	31,21,087	23,63,341
II Interest on RBI / Inter Bank	290	13	
III Others	-	-	-
<b>Total (I, II, &amp; III)</b>	<b>22,76,201</b>	<b>31,21,100</b>	<b>23,63,341</b>

### Schedule 16 - Operating Expenses

(In Thousands)

	As on 31/12/2022	As on 31/03/2022	As on 31/12/2021
I Payments to and Provisions for Employees	8,32,971	11,32,660	8,36,520
II Rent, Taxes and Lighting	1,27,630	1,67,690	1,27,134
III Printing and Stationery	4,689	11,492	7,628
IV Advertisement and Publicity	8,797	2,803	2,909
V Depreciation on Bank's Property	1,07,932	67,453	43,911
Less: Depreciation adjusted from Capital reserve on account of revaluation of premises			
VI Director's Fees Allowances and Expenses	1,838	2,110	1,263
VII Auditor's Fees & Expenses (including Branch Auditor's fee & expenses)	1,141	6,024	2,166
VIII Law Charges	5,486	8,275	6,643
IX Postage, Telegrams, Telephones etc.	6,233	11,736	8,289
X Repairs and Maintenance	6,764	13,315	21,381
XI Insurance	65,032	82,922	62,155
XII Other Expenditure	3,39,988	3,95,654	2,53,625
<b>Total (I TO XII)</b>	<b>15,08,501</b>	<b>19,02,134</b>	<b>13,73,624</b>

### Schedule 17 - Significant Accounting Policies

#### 1. Background

The Nainital Bank Limited, incorporated in Nainital, Uttarakhand in the year 1922, is a banking company governed by the Banking Regulation Act, 1949 and is engaged in providing a wide range of banking and financial services.

#### 2. Basis of preparation

The financial statements are prepared following the going concern concept, on historical cost basis and conform to the Generally Accepted Accounting Principles (GAAP) in India which encompasses applicable statutory provisions, regulatory norms prescribed by the Reserve Bank of India (RBI) from time to time, notified Accounting Standards (AS) issued under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014, to the extent applicable and current practices prevailing in the banking industry in India. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

#### 3. Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the

reported amount of assets and liabilities (including contingent liabilities) as of date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to the accounting estimates is recognized prospectively in the current and future periods unless otherwise stated.

#### **4. Investments**

**4.1** Investments are categorized into three categories -

- (i) Held to Maturity (HTM),
- (ii) Held for Trading (HFT) and
- (iii) Available for Sale (AFS)

with sub-classification under each category viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures & Bonds, (v) Subsidiaries and Joint Ventures and (vi) Others – Units of Mutual Funds, Certificate of Deposits, Commercial Paper, Security Receipts and other investments, in accordance with RBI guidelines.

The category under which the investments would be classified is decided at the time of acquisition. Investments which the bank intends to hold till maturity are classified as “Held to Maturity”. Investments which are primarily held for sale within 90 days from the date of purchase are classified as “Held for Trading”.

As per RBI guidelines, HFT Securities which remain unsold for a period of 90 days are classified as AFS Securities on that date. Investments which are not classified in either of the above two categories are classified as “Available for Sale”. Shifting of securities among the categories is accounted at the least of the acquisition cost / book value / market price prevailing on the date of shifting and depreciation, if any, on such shifting is fully provided for. Investments classified under HTM category are carried at acquisition cost. Any premium on acquisition of government securities are amortized over the remaining maturity of the security on a straight line basis. Investments classified under the AFS and HFT categories are marked-to-market. The market / fair value of quoted investments included in the ‘AFS’ and ‘HFT’ categories is measured with respect to the Market Price of the Scrip as available from the trades / quotes on the stock exchanges, SGL account transactions, price list of RBI or prices declared by Financial Benchmark India Private Limited, periodically. Net depreciation, if any, within each category of investment classification is recognized in Profit and Loss Account. The net appreciation, if any, under each category of Investment is ignored, except in cases where provision for diminution other than temporary is created, the book value of individual securities is not changed consequent to the periodic valuation of Investments.

The Bank follows settlement date method of accounting for purchase / sale of investments and weighted average cost method for determining cost and accounting of profit on sale of investments. Brokerage, commission and securities transaction tax (STT) etc., pertaining to investment, paid at the time of acquisition are charged to the profit and loss account. Broken period interest on debt instruments and government securities is treated as a revenue item. Treasury Bills, Commercial Paper and Certificate of Deposits, being discounted instruments, are valued at carrying cost. Units of Mutual Funds are valued at the latest repurchase price / NAV declared by the Mutual Fund. In case of unquoted bonds, debentures and preference shares where interest / dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by Financial Benchmarks India Pvt. Ltd. (FBIL)/Fixed Income Money Market and Derivatives Association of India (FIMMDA) and suitably marked up for credit risk applicable to the credit rating of the instrument. Non Performing Investments are identified and valued based on RBI guidelines. Sale / Redemption of Investments Profit or loss on sale / redemption in respect of securities in HFT and AFS category is included in the Profit and Loss account. Profit on sale / redemption of investments in HTM category is included in the Profit and Loss Account and is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve, as per RBI guidelines.

#### **4.2** Investment fluctuation reserve

To ensure building up of adequate reserves and protect against increase in yields, RBI through circular number RBI/2017-18/147 DBR.No.BP.BC.102/21.04.048/2017- 18 dated April 2, 2018, advised all banks to create an IFR with effect from the FY 2018-19.

Transfer to IFR will be lower of the following (i) net profit on sale of investments during the year or (ii) net profit for the year less mandatory appropriations, until the amount of IFR is at least 2% of the HFT and AFS portfolio, on a continuing basis.

#### **5. Advances and Provisions thereon**

Advances are classified as standard and non-performing assets and provisions are made as per the prudential norms prescribed by RBI. Advances stated in the Balance Sheet are net of provisions, interest suspense, claims received from credit guarantee institutions and recoveries pending appropriation and held in sundry account. Interest on non-performing advances is transferred to an unrealized interest account and not recognized in profit and loss account until received. Amounts recovered against debts written off is recognized as income and provisions no longer considered

necessary based on the current status of the borrower, is reversed to the profit and loss account. In respect of restructured / rescheduled assets, provision is made in accordance with RBI guidelines, including diminution in the fair value of the assets to be provided on restructuring, as applicable.

Provision for standard assets, is made in accordance with the guidelines and at levels stipulated by RBI from time to time. Transfer of advances through inter-bank participation is undertaken with and without risk in accordance with RBI guidelines. In case of participation with risk, the aggregate amount of participation sold / purchased by the Bank is reduced from / included in advances. In case of participation without risk, the aggregate amount of participation sold / purchased by the Bank is classified under borrowings / investments.

## 6. Fixed Assets

Premises and other fixed assets are accounted for at historical cost as reduced by depreciation written off. The cost includes cost of purchase and all expenditure such as site preparation, installation cost, expenditure incurred for development of software, and GST (net of ITC). Subsequent expenditure incurred on the assets already in use are capitalized only when it increases the future benefits from such assets or their functioning capacity.

### Revaluation of Fixed Assets

Premises are revalued periodically (every 3<sup>rd</sup> year) by two independent valuers, to reflect current market valuation. Appreciation, if any, on revaluation is credited to Revaluation Reserve under Capital Reserves. Additional Depreciation on the revalued asset is charged to the Profit and Loss Account and appropriated from the Revaluation Reserves to Other Revenue Reserve. A decrease in the carrying amount of an asset arising on revaluation should be charged to the statement of profit and loss. However, the decrease should be debited directly revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

## 7. Depreciation

7.1 Depreciation on Fixed Assets [other than those referred in Paragraph 7.2] is provided in accordance with Schedule II to the Companies Act, 2013 as per written down value method, as per following table, except in case of revalued assets, in respect of which depreciation is provided on the basis of estimated useful life of these revalued assets

SN.	Description of Fixed Assets	Method of charging depreciation/ Amortization	Useful Life (Years)	Depreciation/ amortization rate
1.	Computers (End user device such as laptop, desktop)	Straight Line Method	3	33.33% Per annum
2.	Computer software's, forming an integral part of hardware	Straight Line Method	3	33.33% Per annum
3.	Servers and networks/Network devices (Data Centers/ Data Recovery Centre etc.)	Straight Line Method	6	16.67 % Per annum
4.	Intangible Assets	Straight Line Method	6	16.67 % Per annum
5.	General furniture and fittings	Written Down Value method	10	25.89 % Per annum
6	Office Equipment's	Written Down Value method	5	45.07 % Per annum
7	Plant and Machinery	Written Down Value method	15	18.10 % Per annum
8	Vehicles - Motor cycles, Scooters and other 2 wheelers	Written Down Value method	10	25.89 % Per annum
9	Vehicles - Motor Cars and other four wheelers	Written Down Value method	8	31.23 % Per annum

7.2 Depreciation on Computers (Laptops/Desktop/Printer) and Software forming an integral part of Computer Hardware, is provided on Straight Line Method at the rate of 33.33% p.a., as per the guidelines of RBI. Depreciation on additions is provided proportionately from the date of purchase/put to use.

## 8. Employee Benefits

## 8.1 PROVIDENT FUND

Provident fund is a statutory obligation as per The Nainital Bank Limited PF Rules, the Bank pays fixed contribution at pre-determined rates. The obligation of the Bank is limited to such fixed contribution. The contributions are charged to Profit and Loss Account. The fund is managed by The Nainital Bank Limited Provident Fund Trust.

## 8.2 GRATUITY

Gratuity liability is a statutory obligation being higher of gratuity payment as per The Nainital Bank Limited Gratuity Fund Rules and Regulations and Payment of Gratuity Act 1972. This is provided for on the basis of an actuarial valuation. +

## 8.3 PENSION

Pension liability is a defined benefit obligation under The Nainital Bank Ltd (Employees) Pension Regulations 1995, and is provided for on the basis of actuarial valuation, for the employees who have joined Bank up to 31.03.2010 and opted for pension. The pension liability is funded by The Nainital Bank Limited (Employees) Pension Fund Trust.

**New Pension Scheme** which is applicable to employees enrolled under the scheme is a defined contribution scheme, Bank pays fixed contribution at pre-determined rate and the obligation of the Bank is limited to such fixed contribution. The contribution is charged to Profit and Loss Account.

## 8.4 Wage revision

The wage revision of Bank employees takes place after every five years through bilateral talks between Indian Bank Association (IBA), (a representative body of management of Banks) and Employees Unions & Officers' Associations. The last wage revision had become applicable w.e.f. November 01, 2017.

## 9. Revenue Recognition

Income and Expenditure are generally accounted on accrual basis, except otherwise stated. Interest/other charges from loans, advances and investments other than on non-performing assets, are recognized on accrual basis. Interest income on nonperforming Advances/Investments are recognized upon realization, as per prudential norms prescribed by RBI.

Recoveries made in non-performing advances are appropriated as under:

- a) In case of Non-Performing assets, the recoveries are appropriated in the order of charges, interest and principal dues;
- b) In case of One Time Settlement accounts the recoveries are first adjusted to principal balance. In compromise settlement cases / sale to Asset Reconstruction Companies (ARC), sacrifice on settlement is accounted at the time of closure of account.

Commission on bank guarantees / letters of credit, locker rent, banc assurance and third party products, Priority Sector Lending Certificate trading, annual fee on cards are accounted on receipt basis.

Processing/other fees collected on loans approved / disbursed, along with related loan acquisition costs are recognized at inception renewal of the facility.

Dividend income and interest on Income Tax refund is recognized when the right to receive payment is established. Goods & Service Tax input credit is accounted for in the books within the time limit prescribed under CGST Rules, 2017, as amended.

## 10. Taxes on Income

Income Tax expense comprises of current tax provision made after due consideration of the judicial pronouncements and legal opinion (i.e. the amount of tax for the period determined in accordance with the Income Tax Act, 1961, the rules framed there under and considering the material principles set out in Income Computation and Disclosure Standards) and the net change in the deferred tax asset or liability during the year.

Deferred income taxes recognize timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are recognized in the books of account to the extent of their future reversibility. Deferred Tax Liabilities are recognized fully in the year of accrual. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.



## 11. Earnings Per Share

The bank reports basic and diluted earnings per equity share in accordance with the AS 20 (Earnings per Share) issued by the ICAI. Basic earnings per equity share have been computed by dividing net income by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

## 12. Provisions, Contingent Liabilities and Contingent Assets

As per AS 29 (Provisions, Contingent Liabilities and Contingent Assets) issued by the ICAI, the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realised.

## 13. Segment Reporting

The Bank recognizes the Business Segment as the Primary reporting segment and Geographical segment as the Secondary reporting segment in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by ICAI.

## 14. Cash and Cash Equivalent

Cash and cash equivalents include cash in hand, balances with the Reserve Bank of India, balances with other banks and money at call and short notice.

## 15. Corporate Social Responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013 is recognized in the Profit and Loss Account.

## Schedule 18: Notes to Accounts Forming Part of Balance Sheet

### 1. Regulatory Capital

#### a) Composition of Regulatory Capital

(In Crore)			
SN.	Particulars	31st Dec 2022	31st Dec 2021
i)	Common Equity Tier 1 Capital (CET 1)	617.53	563.96
ii)	Additional Tier 1 capital	0.00	0.00
iii)	Tier 1 capital (i + ii)	617.53	563.96
iv)	Tier 2 capital	45.46	38.63
v)	Total capital (Tier 1+Tier 2)	662.99	602.59
vi)	Total Risk Weighted Assets (RWAs)	4407.55	4440.03
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	14.01%	12.70%
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	14.01%	12.70%
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	1.03%	0.87%
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	15.04%	13.57%
xi)	Leverage Ratio	7.24%	6.71%
xii)	Percentage of the shareholding of a. Government of India, b. State Government c. Sponsor Bank	NIL	NIL
xiii)	Amount of paid-up equity capital raised during the year	NIL	NIL
xiv)	Amount of non-equity Tier 1 capital raised during the year	NIL	NIL

xv)	Amount of Tier 2 capital raised during the year	NIL	NIL
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## b) Draw down from Reserves

In compliance of RBI Master Direction on Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021. Bank had utilized an amount of Rs. 1.05 Crores during 1<sup>st</sup> quarter of the Financial Year out of opening balance.

Further during 2<sup>nd</sup> quarter and 3<sup>rd</sup> quarter, in view of MTM losses being recovered, the Bank has appropriated an amount of Rs. 2.54 Crore and Rs. 1.85 Crore respectively towards investment Reserve Account (IRA), thereby making the closing balance in said reserve account to Rs. 4.39 Crore.

## 2. Asset Liability Management

Maturity pattern of certain items of assets and liabilities as on 31st December 2022

(In Crore)												
	Day 1	2 to 7 days	8 to 14 days	15 to 30 Days	31 days to 2 months	Over 2 Months and to 3 months	Over 3 Months and up to 6 Months	Over 6 months and upto 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 years	Total
Deposits	49.48 (60.32)	201.44 (186.57)	224.56 (204.85)	128.64 (181.50)	268.43 (263.04)	376.75 (435.26)	833.56 (819.60)	1900.20 (1732.92)	3291.35 (3287.35)	77.37 (89.28)	15.91 (17.77)	7367.69 (7278.46)
Advances	180.90 (75.22)	82.33 (99.85)	97.25 (118.54)	192.24 (213.21)	108.92 (119.18)	488.39 (116.65)	65.02 (56.09)	144.23 (119.13)	1615.59 (1719.84)	400.59 (421.00)	690.12 (710.35)	4065.58 (3769.06)
Investments	745.62 (0.00)	0.00 (0.00)	0.00 (24.72)	125.05 (0.00)	46.16 (73.58)	29.41 (20.58)	142.71 (132.42)	323.18 (116.06)	610.19 (262.32)	53.95 (661.78)	45.98 (998.94)	2122.25 (2290.40)
Borrowings	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Foreign Currency assets	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Foreign Currency liabilities	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)

## b. Liquidity Coverage Ratio (LCR)

		Q1 2022-2023		Q2 2022-2023		Q3 2022-23	
		Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>							
1.	Total High Quality Liquid Assets (HQLA)	2101.77	2101.77	2137.46	2137.46	2072.11	2072.11
<b>Cash Outflows</b>							
2.	Retail deposits and deposits from small business customers, of which:	5525.70	354.17	5530.74	364.94	5545.53	406.06
(i)	Stable deposits	3967.93	198.40	3762.74	188.14	2969.77	148.49
(ii)	Less stable deposits	1557.77	155.78	1768.01	176.80	2575.76	257.58
3.	Unsecured wholesale funding, of which:	1523.75	815.07	1526.97	814.15	1415.44	684.23
(i)	Operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Non-operational deposits (all counterparties)	1523.75	815.07	1526.97	814.15	1415.44	684.23

(iii)	Unsecured debt	0.00	0.00	0.00	0.00	0.00	0.00
4.	Secured wholesale funding	0.00	0.00	0.00	0.00	0.00	0.00
5.	Additional requirements, of which	578.42	31.57	649.14	35.90	890.93	51.61
(i)	Outflows related to derivative exposures and other collateral requirements	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00
(iii)	Credit and liquidity facilities	578.42	31.57	649.14	35.90	890.93	51.61
6.	Other contractual funding obligations	208.78	208.78	180.11	180.11	149.58	149.58
7.	Other contingent funding obligations	126.30	3.79	128.76	3.86	121.72	3.65
8.	<b>Total Cash Outflows</b>	7962.95	1413.38	8015.72	1398.96	8123.21	1295.14
<b>Cash Inflows</b>							
9.	Secured lending (e.g. reverse repos)	0.00	0.00	0.00	0.00	0.00	0.00
10.	Inflows from fully performing exposures	176.64	172.99	276.37	260.23	377.45	275.59
11.	Other cash inflows	175.70	87.85	151.06	75.53	128.54	64.27
12.	<b>Total Cash Inflows</b>	352.34	260.84	427.43	335.76	505.99	339.86
			<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>		<b>Total Adjusted Value</b>
13	Total HQLA	2101.77	2101.77	2137.46	2137.46	2072.11	2072.11
14.	Total Cash Outflows less Total Cash Inflows	7610.61	1152.54	7588.29	1063.20	7617.23	955.28
15.	25% of Total Cash outflows	1990.74	353.35	2003.93	349.74	2030.80	323.78
16.	Total Net Cash Outflows [Higher of 14 or 15]	7610.61	1152.54	7588.29	1063.20	7617.23	955.28
17.	Liquidity Coverage Ratio (%) (HQLA/Total net Cash Outflows)		<b>182.36%</b>		<b>201.04%</b>		<b>216.91%</b>

### Qualitative-

The Basel Committee for Banking Supervision (BCBS) had proposed the liquidity coverage ratio (LCR) in order to ensure that a bank has an adequate stock of unencumbered high quality liquid assets (HQLA) to survive a significant liquidity stress lasting for a period of 30 days. LCR is defined as a ratio of HQLA to the total net cash outflows estimated for the next 30 calendar days. As per the RBI guidelines the minimum LCR required to be maintained by banks shall be implemented in the phased manner from January 1, 2015 as given below.

Starting from January 1	2015	2016	2017	2018	2019
Minimum LCR	60%	70%	80%	90%	100%

Further due to Covid 19 pandemic RBI has revised the LCR guidelines w.e.f. 17.04.2020, details as given below:

<b>From date of circular to September 30, 2020</b>	80%
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<b>Oct 1, 2020 to March 31, 2021</b>	90%
<b>April 1, 2021 onwards</b>	100%

The LCR has two components:

- (a) The value of the stock of high-quality liquid assets (HQLA) in stressed conditions.  
(b) Total net cash outflows: The term “Total net cash outflows” is defined as “Total expected cash outflows” minus “Total expected cash inflows” in the specified stress scenario for the subsequent 30 calendar days (the stressed period).

LCR = Stock of High Quality Liquid Assets/Total Net Cash Outflows over the next 30 calendar days  $\geq$ 100%

### **High Quality Liquid Assets (HQLA)**

Liquid assets comprise of high quality assets that can be readily sold or used as collateral to obtain funds in a range of stress scenarios. They should be unencumbered i.e. without legal, regulatory or operational impediments. Assets are considered to be high quality liquid assets if they can be easily and immediately converted into cash at little or no loss of value.

Bank’s composition of HQLA mainly consists of government securities in excess of minimum Statutory Liquidity Ratio (SLR), the extent allowed under the Marginal Standing Facility (MSF) and the Facility to Avail Liquidity for LCR (FALLCR). Additionally, cash, balances in excess of cash reserve requirement with RBI. Level 2 HQLA primarily consisted of AA- and above rated corporate bonds and commercial papers.

Bank’s Cash Outflow mainly consists of Retail Deposit, Unsecured Wholesale Funding, and Funding from other legal entity customers, Undrawn Committed Credit & Liquidity Facilities, Guarantees Letter Of Credit & Trade Finance, and Other Contractual Outflows.

The cash Inflow mainly consists of amount received from Retail & Small Business Counterparties, amount to be received from Non-Financial Wholesale Counterparties, amount to be received from Financial Institutions & RBI, and from Other Contractual Cash Inflows.

The net cash outflows are calculated by applying RBI prescribed outflow factors to the various categories of liabilities as well as to undrawn commitments, partially offset by inflows from assets maturing within 30 days.

The average LCR for the quarter ended December 2022 was 216.91% comfortably above RBI prescribed minimum requirement i.e.100%. Average cash outflows were Rs.1295.14 Crore, Average cash inflows were Rs.339.86 Crores. Average High Quality Liquid Assets were Rs.2072.11 Crores of the quarter ended December' 2022.

### **c. NSFR Disclosure Standards**

#### **NSFR Qualitative Disclosure**

The RBI guidelines stipulated the implementation of NSFR effective from 1st October 2021 at a consolidated level with disclosure from quarter ended December 2021. Accordingly, the bank is computing the Consolidated NSFR. The NSFR is defined as the amount of Available Stable Funding relative to the amount of Required Stable Funding;

NSFR= (Available Stable Funding (ASF)) / (Required Stable Funding (RSF))

Available stable funding (ASF) is measured based on the broad characteristics of relative stability of funding sources, including contractual maturity of its liabilities and the differences in the tendency of different types of funding providers to withdraw their funding. Required Stable Funding (RSF) is a function of the liquidity characteristics and residual maturities of the various assets held by the bank including Off-Balance Sheet (OBS) exposures.

The table attached herewith sets out the un-weighted and weighted value of the NSFR components as on 31<sup>st</sup> December'2022

based on audited financials.

At a consolidated level, the NSFR of the bank comes out to 179.86% as on 31<sup>st</sup> December'2022 against the requirement of 100% as per RBI guidelines.

To promote the consistency and usability of disclosures related to the NSFR and to enhance market discipline, bank is required to publish its NSFR according to a common template given by RBI. Bank is therefore required to publish this disclosure along with the publication of financial statements (i.e. typically quarterly or semi-annually), irrespective of whether the financial statements are audited. The NSFR information is calculated on a consolidated basis and presented in Indian Rupee.

Data must be presented as quarter-end observations. Both un-weighted and weighted values of the NSFR components are to be disclosed unless otherwise indicated. Weighted values are calculated as the values after applying ASF (Available stable funding) or RSF (Required stable funding) factors.

RBI in its circular dated 05.02.2021 decided that NSFR guidelines will come into effect from October 1,2021.

(In Crore)

<b>Appendix II</b>						
<b>NSFR Disclosure Template-31.12.2022</b>						
<b>Unweighted value by residual maturity</b>						
		<b>No maturity</b>	<b>&lt; 6 months</b>	<b>6 months to &lt; 1yr</b>	<b>≥ 1yr</b>	<b>Weighted value</b>
ASF Item						
1	Capital: (2+3)	662.99	0.00	0.00	0.00	662.99
2	Regulatory capital	662.99	0.00	0.00	0.00	662.99
3	Other capital instruments	0.00	0.00	0.00	0.00	0.00
4	Retail deposits and deposits from small business customers: (5+6)	2,692.27	1,478.85	1,450.71	0.00	5,205.19
5	Stable deposits	1,702.20	596.24	612.45	0.00	2,765.34
6	Less stable deposits	990.07	882.61	838.26	0.00	2,439.85
7	Wholesale funding: (8+9)	51.12	93.09	360.14	0.00	252.18
8	Operational deposits	0.00	0.00	0.00	0.00	0.00
9	Other wholesale funding	51.12	93.09	360.14	0.00	252.18
10	Other liabilities: (11+12)	0.00	582.25	0.00	761.89	773.72
11	NSFR derivative liabilities		0.00	0.00	0.00	
12	All other liabilities and equity not included in the above categories	0.00	582.25	0.00	761.89	773.72
13	Total ASF (1+4+7+10)					<b>6,894.08</b>
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)					
15	Deposits held at other financial institutions for operational purposes	17.97	0.00	0.00	0.00	8.98
16	Performing loans and securities: (17+18+19+21+23)	0.00	4,791.03	852.80	1,252.30	2,785.63
17	Performing loans to financial institutions secured by Level 1 HQLA	0.00	0.00	0.00	0.00	0.00
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing	0.00	0.00	0.00	0.00	0.00

	loans to financial institutions						
19	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	0.00	2,273.42	106.50	515.03	1,556.35	
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	0.00	0.00	0.00	0.00	
21	Performing residential mortgages, of which:	0.00	111.75	19.20	607.22	464.32	
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0.00	111.75	19.20	607.22	464.32	
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	0.00	2,405.87	727.10	130.05	764.96	
24	Other assets: (sum of rows 25 to 29)	0.00	1058.22	0.00	0.00	1035.14	
25	Physical traded commodities, including gold		0.00	0.00	0.00	0.00	
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		0.00	0.00	0.00	0.00	
27	NSFR derivative assets		0.00	0.00	0.00	0.00	
28	NSFR derivative liabilities before deduction of variation margin posted		0.00	0.00	0.00	0.00	
29	All other assets not included in the above categories	0.00	1,058.22	0.00	0.00	1,035.14	
30	Off-balance sheet items		107.69	0.00	0.00	3.23	
31	<b>Total RSF (14+15+16+24+30)</b>					<b>3,832.98</b>	
32	<b>Net Stable Funding Ratio (%)</b>					<b>179.86%</b>	

### 3. Investments

#### a) Composition of Investment Portfolio as at 31<sup>st</sup> December 2022

(In Crore)

	Investments in India						Investments outside India			
	Govt. Securities	Other approved Securities	Shares	Debentures/ Bonds	Others	Total Investment in India	Govt. Securities	Others	Total Investment outside India	Total Investments
<b>Held to Maturity</b>										
Gross	1218.74	0.00	0.00	0.00	0.00	1218.74	0.00	0.00	0.00	1218.74
Less: Provision for non-performing investments (NPI)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net</b>	<b>1218.74</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1218.74</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1218.74</b>
<b>Available for Sale</b>										

Gross	808.07	0.00	0.00	125.39	5.20	938.66	0.00	0.00	0.00	938.66
Less: Provision for depreciation and NPI	23.87			6.08	5.19	35.14	0.00	0.00	0.00	35.14
<b>Net</b>	<b>784.20</b>	<b>0.00</b>	<b>0.00</b>	<b>119.30</b>	<b>0.00</b>	<b>903.51</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>903.51</b>
<b>Held for Trading</b>										
Gross	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Provision for depreciation and NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Investments</b>	<b>2026.81</b>	<b>0.00</b>	<b>0.00</b>	<b>125.39</b>	<b>5.20</b>	<b>2157.40</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2157.40</b>
Less: Provision for non-performing investments	0.00			0.54	0.00	0.54				0.54
Less: Provision for depreciation	23.87			5.54	5.20	34.61				34.61
<b>Net</b>	<b>2002.94</b>	<b>0.00</b>	<b>0.00</b>	<b>119.31</b>	<b>0.00</b>	<b>2122.25</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2122.25</b>

#### Composition of Investment Portfolio as at 31<sup>st</sup> December 2021

(Amount in Crore)

	Investments in India						Investments outside India			
	Govt. Securities	Other approved Securities	Shares	Debentur Bonds	Others	Total Investment in India	Govt. Securities	Others	Total Investment outside India	Total Investments
<b>Held to Maturity</b>										
Gross	1278.81	0.00	0.00	0.00	0.00	1278.81	0.00	0.00	0.00	1278.81
Less: Provision for non-performing investments (NPI)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net</b>	<b>1278.81</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1278.81</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1278.81</b>
<b>Available for Sale</b>										
Gross	795.82	0.00	0.00	219.73	0.00	1015.55	0.00	0.00	0.00	1015.55
Less: Provision for depreciation and NPI	3.96	0.00	0.00	0.00	0.00	3.96	0.00	0.00	0.00	3.96
<b>Net</b>	<b>791.86</b>	<b>0.00</b>	<b>0.00</b>	<b>219.73</b>	<b>0.00</b>	<b>1011.59</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1011.59</b>
<b>Held for Trading</b>										
Gross	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Provision for depreciation and NPI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Investments</b>	<b>2074.63</b>	<b>0.00</b>	<b>0.00</b>	<b>219.73</b>	<b>0.00</b>	<b>2294.36</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2294.36</b>

Less: Provision for non-performing investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Provision for depreciation	3.96	0.00	0.00	0.00	0.00	3.96	0.00	0.00	0.00	3.96
<b>Net</b>	<b>2070.67</b>	<b>0.00</b>	<b>0.00</b>	<b>219.73</b>	<b>0.00</b>	<b>2290.40</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2290.40</b>

**b) Movement of Provisions for Depreciation and Investment Fluctuation Reserve**

**(In Crore)**

<b>(i)</b>	<b>Movement of provisions held towards depreciation on investments</b>	<b>31<sup>st</sup> December 2022</b>	<b>31<sup>st</sup> December 2021</b>
(a)	Opening Balance	8.41	3.08
(b)	Add: Provisions made during the year	21.00	0.88
(c)	Less: Write off / write back of excess provisions during the year	0.00	0.00
(d)	Closing Balance	29.41	3.96
<b>(ii)</b>	<b>Provisions for Security Receipts</b>		
(a)	Opening Balance	5.72	0.00
(b)	Add: Provisions made during the quarter	0.00	0.00
(c)	Less: Recovery during the quarter	0.52	0.00
(d)	Closing Balance	5.20	0.00
<b>(iii)</b>	<b>Movement of provisions for NPI</b>		
(a)	Opening Balance	0.54	0.00
(b)	Add: Provisions made during the quarter	0.00	0.00
(c)	Less: Recovery during the quarter	0.00	0.00
(d)	Closing Balance	0.54	0.00

**(In Crore)**

<b>Movement in Investment Fluctuation Reserve</b>	<b>31<sup>st</sup> December 2022</b>	<b>31<sup>st</sup> December 2021</b>
Opening Balance	21.25	12.07
Add: Amount transferred*	0.00	6.09
Less: Drawdown	0.00	0.00
Closing balance	21.25	18.16
Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	2.26%	1.79%
Closing balance of investments in AFS and HFT/Current category	<b>938.66</b>	<b>1015.55</b>

**c) Sale and transfers to/from HTM category**

**Details of Transfer of Securities to/from HTM portfolio to AFS in excess of 5%: NIL.**

**d. Non-SLR investment portfolio:**

**i) Non-performing non-SLR investments**

**(In Crore)**

<b>S.No.</b>	<b>Particulars</b>	<b>31<sup>st</sup> December 2022</b>	<b>31<sup>st</sup> December 2021</b>
a)	Opening balance	0.54	0.00
b)	Additions during the year since 1st April	0.00	0.00
c)	Reductions during the above period	0.00	0.00
d)	Closing balance	0.54	0.00
e)	Total provisions held	0.54	0.00

**i) Issuer composition of non-SLR investments**



(In Crore)

SN.	Issuer	Amount		Extent of Private Placement		Extent of 'Below Investment Grade' Securities		Public Issue		Extent of 'Unrated' Securities		Extent of 'Unlisted' Securities	
		31th Decem-ber 2022	31th Decem-ber 2021	31th Decem-ber 2022	31th Decem-ber 2021	31th Decem-ber 2022	31th Decem-ber 2021	31th Decem-ber 2022	31th Decem-ber 2021	31th Decem-ber 2022	31th Decem-ber 2021	31th Decem-ber 2022	31th Decem-ber 2021
a)	PSUs	40.00	40.00	40.00	15.00	0.00	0.00	0.00	25.00	0.00	0.00	0.00	0.00
b)	FIs	24.99	30.90	24.99	30.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c)	Banks	24.82	29.82	24.82	29.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d)	Private Corporates	0.54	34.92	0.54	34.92	0.54	0.00	0.00	0.00	0.54	0.00	0.54	0.00
e)	Subsidiaries/ Joint Ventures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f)	Others	40.23	84.09	40.23	19.97	0.00	0.00	0.00	64.12	0.00	0.00	5.19	0.00
g)	Provision held towards depreciation	11.28	0.00	11.28	0.00	0.54	0.00	0.00	0.00	0.54	0.00	5.73	0.00
	<b>Total</b>	<b>119.30</b>	<b>219.73</b>	<b>119.30</b>	<b>130.61</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>89.12</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

e) Repo transactions (in face value terms) - The Bank had not entered into any Repo or reverse repo transactions during the current quarter and the same quarter of last year.

#### 4. Asset quality

a) (i) Classification of advances and provisions held as on December 31<sup>st</sup> 2022:

(In Crore)

	Standard	Non-Performing			Total
	Total Standard Advances	Sub- standard	Doubtful	Loss	Total Non-Performing Advances
<b>Gross Standard Advances and NPAs</b>					
Opening Balance	3690.37	126.62	356.99	24.34	507.95@
Add: Additions during the year					88.72
Less: Reductions during the year*					131.86
Closing balance	3884.91	84.37	356.92	23.52	464.81#
*Reductions in Gross NPAs due to:					
i) Upgradation					77.64
ii) Recoveries (excluding recoveries)					49.92

from upgraded accounts)						
iii) Technical/ Prudential Write-offs					1.37	
iv) Write-offs other than those under (iii) above					2.93	
<b>Provisions (excluding Floating Provisions)</b>						
Opening balance of provisions held	25.94	20.72	236.10	24.34	281.16	307.10
Add: Fresh provisions made during the year					39.93	
Less: Excess provision reversed/ Write-off loans					38.46	
Closing balance of provisions held	22.89	12.88	246.29	23.46	282.63	305.52
<b>Net NPAs</b>						
Opening Balance					163.61	
Add: Fresh additions during the year					0	
Less: Reductions during the year					45.79	
Closing Balance					117.82	

@ Excludes Interest suspense of Rs. 13.47 Crore

# Excludes interest suspense of Rs. 4.61 Crore

	(In Crore)				
	Standard	Non-Performing			Total
	Total Standard Advances	Sub- standard	Doubtful	Loss	Total Non-Performing Advances
<b>Floating Provisions</b>					
Opening Balance					62.85
Add: Additional provisions made during					0

the year						
Less: Amount drawn down during the year						0
Closing balance of floating provisions						62.85
<b>Technical write-offs and the recoveries made thereon</b>						
Opening balance of Technical/ Prudential written-off accounts						137.68
Add: Technical/ Prudential write-offs during the year						1.37
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						0.28
Closing balance						138.77

ii) Classification of advances and provisions held as on December 31<sup>st</sup> 2022.

	(In Crore)					Total
	Standard	Non-Performing			Total Non-Performing	
	Total Standard Advances	Sub-standard	Doubtful	Loss	Advances	
<b>Gross Standard Advances and NPAs</b>						
Opening Balance	3377.92	166.09	385.86	98.72	650.67	4028.59
Add: Additions during the year					110.39	
Less: Reductions during the year*					215.09	

Closing balance	3516.46	172.30	301.19	72.48	545.97	4062.43
*Reductions in Gross NPAs due to:						
i) Upgradation					88.68	
ii) Recoveries (excluding recoveries from upgraded accounts)					44.62	
iii) Technical/ Prudential Write-offs					76.66	
iv) Write-offs other than those under (iii) above					5.13	
<b>Provisions (excluding Floating Provisions)</b>						
Opening balance of provisions held	18.32	25.08	95.84	237.68	358.60	376.92
Add: Fresh provisions made during the year					0.00	
Less: Excess provision reversed/ Write-off loans					78.89	
Closing balance of provisions held	25.74	26.06	181.41	72.24	279.71	305.45
<b>Net NPAs</b>						
Opening Balance					206.93	
Add: Fresh additions during the year					0	
Less: Reductions during the year					17.18	
Closing Balance					189.75	
	<b>Standard</b>	<b>Non-Performing</b>			<b>Total</b>	
	<b>Total Standard Advances</b>	<b>Sub-standard</b>	<b>Doubtful</b>	<b>Loss</b>	<b>Total Non-Performing Advances</b>	
<b>Floating Provisions</b>						
Opening Balance						62.85
Add: Additional provisions made during the year						0
Less: Amount drawn down during the year						0
Closing balance of floating provisions						62.85
<b>Technical write-offs and the recoveries made thereon</b>						
Opening balance of Technical/ Prudential written-off accounts						18.62
Add: Technical/ Prudential write-offs during the year						76.66
Less: Recoveries made from previously technical/prudential written-off accounts during the year						0.00
Closing balance						95.28

<b>Ratios (in per cent)</b>	<b>31<sup>st</sup> December 2022</b>	<b>31<sup>st</sup> December 2021</b>
Gross NPA to Gross Advances	10.69	13.44
Net NPA to Net Advances	2.94	5.12
Provision coverage ratio	74.33	62.74

(ii) Sector-wise Advances and Gross NPAs

	<b>31<sup>st</sup> December 2022</b>	<b>31<sup>st</sup> December 2021</b>

S N	Sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
<b>i)</b>	<b>Priority Sector</b>						
a)	Agriculture and allied activities	884.82	158.43	17.90	923.95	163.77	17.72
b)	Advances to industries sector eligible as priority sector lending	376.98	136.90	36.31	402.70	144.89	35.98
c)	Services	625.02	68.99	11.04	674.97	78.66	11.65
d)	Personal Loan	364.62	15.51	4.25	389.63	20.90	5.36
	Subtotal (i)	<b>2251.44</b>	<b>379.83</b>	<b>16.87</b>	<b>2391.25</b>	<b>408.22</b>	<b>17.07</b>
<b>ii)</b>	<b>Non-priority Sector</b>						
a)	Agriculture and allied activities	1.99	1.19	59.80	4.60	1.19	25.87
b)	Industry	67.17	15.13	22.52	107.79	62.23	57.73
c)	Services	219.48	22.97	10.46	317.14	29.05	9.16
d)	Personal Loan	1809.64	45.69	2.52	1241.64	45.28	3.65
	Sub-total (ii)	<b>2098.28</b>	<b>84.98</b>	<b>4.05</b>	<b>1671.17</b>	<b>137.75</b>	<b>8.24</b>
	<b>Total (I + ii)</b>	<b>4349.72</b>	<b>464.81</b>	<b>10.69</b>	<b>4062.42</b>	<b>545.97</b>	<b>13.44</b>

**b) Particulars of resolution plan and restructuring**

i) Particulars of resolution plan implemented vide circular DBR.No.BP.BC.45/21.04.048/2018-19 dated June 7, 2019 - NIL

ii) Details of accounts subjected to restructuring

		Agriculture and allied activities		Corporates (excluding MSME)		Micro, Small and Medium Enterprises (MSME)		Retail (excluding agriculture and MSME)		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Standard	Number of borrowers	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Gross Amount (₹ crore)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Provision held (₹ crore)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-standard	Number of borrowers	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Gross Amount (₹ crore)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Provision held (₹ crore)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Doubtful	Number of borrowers	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Gross Amount (₹ crore)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Provision held (₹ crore)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Number of borrowers	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Total	Gross Amount (₹ crore)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Provision held (₹ crore)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

(iii) In accordance with RBI Circular No. DBR.No.BP.BC.18/21.04.048/2018-19 dated **01.01.2019**, RBI circular No DOR. No. BP. BC. 34/21.04.048/2019-20 dated **11.02.2020** & RBI circular No DOR. No. BP. BC/4/21.04.048/2020-21 **dated 06.08.2020 on 'Restructuring of Advances - Micro, Small and Medium Enterprises (MSME) Sector' (One Time Restructuring)**, the details of MSME restructured borrowers as on 31.12.2022 is as under:

(In ₹ Crore)

No of Accounts	Amount as on 31 <sup>st</sup> December 2022	Provision Held
2	10.66	0.10

(iv) In accordance with RBI circular No DOR.STR.REC.12/21.04.048/2021-22 dated **05.05.2021** & RBI circular No DOR.STR.REC.21/21.04.048/2021-22 dated **04.06.2021** on Resolution Framework 2.0 – Resolution of Covid-19 related stress of **Micro, Small and Medium Enterprises (MSMEs)**, the details of accounts restructured is as under.

(In ₹ Crore)

No of Accounts	Funded O/s as on 31.12.2022	Provision Held
115	16.53	1.78

(v) In accordance with the RBI Cir. No. DOR.STR.REC.11/21.04.048/2021-22 dated **05.05.2021** on “Resolution Framework – 2.0: Resolution of COVID – 19 **related stress of Individuals<sup>1</sup> and Small Business<sup>2</sup>**”, the number of borrower accounts where modification were sanctioned and implemented and the aggregate exposure to such borrowers are as under:-

(In Crore)

No of Accounts	Aggregate exposure as on 31.12.2022	Provision Held
145	17.67	1.91

(1. Individual covers only Personal Loan segment as per RBI circular No DOR. No. BP.BC/3/21.04.048/2020-21 dated August 6, 2020 and now covered in to para 5(a) of RBI circular No DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021.

2. Small Business (including retail trade and wholesale trade) extended to individual which were covered under MSME as per RBI circular No DOR. No. BP.BC/4/21.04.048/2020-21 dated August 6, 2020 and now covered in to para 5(b) of RBI circular No DOR.STR.REC.11/21.04.048/2021-22 dated May 5, 2021.)

(vi) Disclosure as per the RBI Cir. No. DOR.STR.REC.11/21.04.048/2021-22 dated 05.05.2021 on “Resolution Framework – 2.0: Resolution of COVID – 19 related stress of Individuals and Small Business”, is as under: -

Sl. No	Description	Individual Borrowers		Small businesses	Total
		Personal Loans	Business Loans		
(A)	Number of requests received for invoking resolution process under Part A	122	7	16	145
(B)	Number of accounts where resolution plan has been implemented under this window	122	7	16	145
(C)	Exposure to accounts mentioned at (B) before implementation of the plan (In ₹ Crore)	12.22	0.49	4.96	17.67
(D)	Of (C), aggregate amount of debt that was converted into other securities	---	---	---	---
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	---	---	---	---
(F)	Increase in provisions on account of the implementation of the resolution plan (Rs. in Crore)	1.36	0.05	0.50	1.91

**(vii) Details of Loan Assets subjected to restructuring during financial year 2020-21, status as on 31<sup>st</sup> December 2022:**  
**Rs. In Crores**

		<b>Restructured amount</b>	<b>Date of restructure</b>	<b>Provision</b>
1	AVM Resorts Private Limited	0.45	31.03.2021	0.05
2	L P Greens	10.21	31.03.2021	0.05

c) 1. Divergence in asset classification and provisioning

1. In compliance RBI circular on “Disclosure of Divergence in Asset Classification and Provisioning” ref. no. RBI/2022-23/130 DOR.ACC.REC.No.74/21.04.018/2022-23 dated, October 11, 2022, there is NIL amount which is above threshold.

**(ii) Divergence in Capital Elements:**

The RBI has observed a divergence of Rs. 19.00 Crore in its inspection report for the financial year ended March 2022. “As per para 4.4.1 of Master Circular DBR.No.BP.BC.1/21.06.201/2015- 16 dated July 1, 2015 on ‘Basel III Capital Regulations’, intangible assets should be deducted from Common Equity Tier 1 (CET1) capital”

Accordingly, the Bank has calculated CRAR and Tier-1 capital after reducing intangible assets having amount of Rs. 21.44 Crore as on December 31<sup>st</sup> 2022.

d) Disclosure of transfer of loan exposures – The Bank has not transferred any loan exposure in Current Financial year and the corresponding period during Last Financial year.

e) Fraud accounts

Particulars	<b>31<sup>st</sup> Dec 2022</b>	<b>31<sup>st</sup> Dec 2021</b>
Number of frauds reported during F.Y.	2	11
Amounts Involved in Fraud (in ₹ Cr)	0.20	73.38
Amount of Provisions made for such frauds (in ₹ Cr)	0.16	5.59
Provisions held at the end of the F.Y. (in ₹ Cr)	0.16	5.59
Amount of Unamortised provision debited from ‘other reserves’ as at the end of F.Y. (in ₹ Cr)	NIL	NIL

f) Disclosure under Resolution Framework for COVID-19-related Stress

Details of Resolution plan implemented under Resolution Framework for COVID 19 related stress as per RBI circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 06.August 2020 as of March 31, 2022.

**(In Crore)**

Type of borrower	Exposure to accounts classified as standard consequent to implementation of Resolution Plan – Position as at the end of the Previous half-year i.e 30.09.2021 (A)	Of (A), Aggregate debt that slipped into NPA during the half-year	Of (A), amount written off during the half-year	Of (A), amount paid by the borrowers during the half-year	Exposure to accounts classified as standard consequent to implementation of Resolution Plan – Position as at the end of this half-year (A)
Personal Loans					
Corporate persons*					
Of which, MSMEs			NIL		
Others					
Total					

5. Exposures

**a) Exposure to real estate sector**

(In Crore)

<b>Lending to Sensitive Sector</b>		
Exposure to Real Estate		
<b>Category</b>	31.12.2022	31.12.2021
<b>a) Direct exposure</b>		
<b>(i) Residential Mortgages –</b>	<b>(In Crore)</b>	
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (*Individual housing loans classified as Priority Sector as per RBI guidelines may be shown separately)	919.76	797.34
	(314.56)	(344.70)
<b>(ii) Commercial Real Estate –</b>		
**Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	68.50	80.51
<b>(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures –</b>		
a. Residential,		
b. Commercial Real Estate.		
<b>b) Indirect Exposure</b>	0.00	0.00
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		
<b>Total Exposure to Real Estate Sector</b>	<b>988.26</b>	<b>877.85</b>
<b>**Exposure to Commercial Real Estate includes</b>		
-Funded Exposure -----63.06 CR		
-Non Funded Exposure-----5.44CR		
<b>*include staff housing loans.</b>		

**b) Exposure to capital market - NIL**

**c) Risk category-wise country exposure – Not Applicable**

**d) Unsecured advances**

(In Crore)

<b>Particulars</b>	<b>31<sup>st</sup> Dec 2022</b>	<b>31<sup>st</sup> Dec 2021</b>
Total unsecured advances of the bank	107.65	101.98
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	NIL	NIL
Estimated value of such intangible securities	NIL	NIL

**e) Factoring exposures – NIL**

**f) Intra Group Exposures:**



(In Crore)

Particulars	31 <sup>st</sup> December 2022			31 <sup>st</sup> December 2021		
	Fund Based	Investment Based	Total	Fund Based	Investment Based	Total
Total Amount of Intra Group Exposures	<i>NIL</i>	<i>NIL</i>	<i>NIL</i>	<i>NIL</i>	<i>NIL</i>	<i>NIL</i>
Total amount of Top 20 Intra Group Exposures	<i>NIL</i>	<i>NIL</i>	<i>NIL</i>	<i>NIL</i>	<i>NIL</i>	<i>NIL</i>
Percentage of intra-group exposures to total exposure of the bank on borrowers / customers	<i>NIL</i>	<i>NIL</i>	<i>NIL</i>	<i>NIL</i>	<i>NIL</i>	<i>NIL</i>
Details of breach of limits on intra-group exposures and regulatory action thereon, if any	<i>NIL</i>	<i>NIL</i>	<i>NIL</i>	<i>NIL</i>	<i>NIL</i>	<i>NIL</i>

Related party Disclosure – (Accounting Standard - 18):

(In Crore)

Nature of Transaction	Parent (as per ownership or control)	Parent's Subsidiaries	Parents Associates/ Joint ventures	Key Management Personnel	Relatives of Key Management Personnel	Total
<b>Interest Earned</b>	0.38					<b>0.38</b>
<b>Other Income</b>						
<b>Commission Income</b>		0.057				<b>0.057</b>
<b>Dividend Paid</b>	3.82*					<b>3.82</b>
<b>Commission Paid</b>	0.0026					<b>0.0026</b>
<b>Remuneration</b>				0.19		<b>0.19</b>
<b>Rendering of services</b>						
<b>Deposits (CASA) - Placements - Received</b>	11.24	0.12	193.53			<b>11.24 0.12 193.53</b>
<b>Deposits (Term)</b>						
<b>Investments: - Call Money</b>	20					<b>20</b>
Advances IBPC Issued IBPC Participated						
<b>Non-funded commitments At the year end</b>	0.95					<b>0.95</b>

\*Relating to Financial Year 2021-22.

The maximum balances payable to/receivable from the related parties of the Bank during the quarter ended 30<sup>st</sup> December, 2022 are given below:

(In Crore)

Items/ Related Party	Parent (as per Ownership or control)	Parents Subsidiaries	Parents Associates/ Joint ventures #	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposit Received		0.12	193.53			193.65
Placement of deposits	11.24					11.24
Advances *						
Investments						
Non-funded commitments						
Call Lending	20					
Swap/Forwards Contract						
Investment of related party in Hybrid Capital/ Bonds of the Bank						
Payable under management contracts						
Other receivables (net)		0.05				0.05
Other payables (net)						
Non Funded (BG)	0.95					

**Names of the related parties and their relationship with the Bank:**

(i)	Parent	:	<b>Bank of Baroda (Major Shareholder with 98.57% equity)</b>
(ii)	Key Management Personnel	(I)	Shri Dinesh Pant (Managing Director & CEO) till June 30, 2022 Shri Nikhil Mohan (Managing Director & CEO) with effect from July 01, 2022
(iii)	Parent's Subsidiary		<b>Domestic Non-Banking Subsidiaries of Parent Bank</b>
		(I)	Baroda Global Shared Services Limited
		(II)	BOB Financial Solutions Limited (formerly known as BOB cards Limited)
		(III)	BOB Capital Markets Ltd
		(IV)	Baroda Asset Management India Limited
		(V)	Baroda BNP Paribas Trustee India Private Limited (Formerly Baroda Trustee India Private Limited)
		(VI)	India First Life Insurance Company Limited
		(VII)	Baroda Sun Technologies Ltd
		(VIII)	Baroda BNP Paribas Asset Management India Private Limited
			<b>Overseas Subsidiaries</b>
		(I)	Bank of Baroda (Botswana) Ltd.
		(II)	Bank of Baroda (Kenya) Ltd.
		(III)	Bank of Baroda (Uganda) Ltd.
		(IV)	Bank of Baroda (Guyana) Ltd.
		(V)	Bank of Baroda (New Zealand) Ltd.
(VI)	Bank of Baroda (Tanzania) Ltd.		
(VII)	Bank of Baroda (UK) Ltd.		
iv)	Parents' Associates	(I)	Baroda Uttar Pradesh Gramin Bank
		(II)	Baroda Rajasthan Kshetriya Gramin Bank
		(III)	Baroda Gujrat Gramin Bank
	Parents' Associates (Overseas)	(iv)	Indo-Zambia Bank Ltd. (Lusaka)
v)	Parents' Joint Ventures	(I)	India Infradebt Limited

	(II)	India International Bank (Malaysia) Bhd.
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**g)** Unhedged foreign currency exposure - NIL

6. Concentration of deposits, advances, exposures and NPAs

**a)** Concentration of deposits

(In Crore)

Particulars	31 <sup>st</sup> Dec 2022	31 <sup>st</sup> Dec 2021
Total deposits of the twenty largest depositors	609.15	744.93
Percentage of deposits of twenty largest depositors to total deposits of the bank	8.27%	10.23%

**b)** (i) Concentration of advances

(In Crore)

Particulars	31 <sup>st</sup> Dec 2022	31 <sup>st</sup> Dec 2021
Total advances to the twenty largest borrowers	316.85	483.36
Percentage of advances to twenty largest borrowers to total advances of the bank	7.27%	11.54%

(ii) Provision on Standard Advances

(In Crore)

Item	31 <sup>st</sup> Dec 2022	31 <sup>st</sup> Dec 2021
Provisions towards Standard Assets	19.08	16.89
Provision for Covid Relief Accounts	-	--
Provision for Restructured Accounts	3.81	8.85
Total Provision for Standard Accounts	22.89	25.74

C ) Concentration of exposures

(In Crore)

Particulars	31 <sup>st</sup> Dec 2022	31 <sup>st</sup> Dec 2021
Total exposure to the twenty largest borrowers/customers	484.01	684.92
Percentage of exposures to the twenty largest borrowers/ customers to the total exposure of the bank on borrowers/Customers	9.98%	14.08%

d) Concentration of NPAs

(In Crore)

	31 <sup>st</sup> Dec 2022	31 <sup>st</sup> Dec 2021
Total Exposure to the top twenty NPA accounts	216.69	192.36
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	46.62	35.23

7. Derivatives – The Bank did not enter into the derivative transactions during the current year and previous year.

8. Disclosures relating to securitization – The bank had not sold any financial assets directly to Securitization / Reconstruction Company for Asset Reconstruction

The Bank being a member of Committee of Creditors in a consortium finance lent to M/s Benlon India Limited (NPA) (other members - State Bank of India, Punjab National Bank, Bank of Baroda, Indian Bank, Nainital Bank Ltd. and Hero Fincorp Ltd.), In view of the Corporate Insolvency Resolution Process CIRP initiated by National Company Law Tribunal (NCLT) against the said NPA account the Bank had received "Security receipts" (SR's) of Rs. 5.72 Crore from "Prudent ARC Ltd." in its Investment books which are fully provided as on December 2022, further the bank had realized Rs. 0.52 Crore from principal amount.

Further the Bank also received Optionally Convertible Debentures (OCD) of M/s Benlon India Limited (NPA account) amounting Rs. 54.00 lacs in its Investment Books. Since M/s Benlon India Limited was already classified as NPA by the bank as on 28-02-2019, the investment in Optionally Convertible Debentures OCD of M/s Benlon India Limited percolated to Non-Performing Investments (NPI). Accordingly, the Bank has provided provision of Rs 54.00 lacs against such Optionally Convertible Debentures (OCD) of M/s Benlon India Limited as on 31.12.2022.

**Breakup of Investment in SRs (Security Receipts):**

**(In Crore)**

Particulars		SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i)	Book value of SRs backed by NPAs sold by the bank as underlying	5.20	0.00	0.00
	Provision held against (i)	5.20	0.00	0.00
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	0.00	0.00	0.00
	Provision held against (ii)	0.00	0.00	0.00
<b>Total (i) + (ii)</b>		<b>5.20</b>	<b>0.00</b>	<b>0.00</b>

9. Off Balance Sheet SPV sponsored -NIL

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

**(In Crore)**

SNo.	Particulars	31 <sup>st</sup> Dec 2022	31 <sup>st</sup> Dec 2021
i)	Opening balance of amounts transferred to DEA Fund	<b>25.36</b>	<b>22.52</b>
ii)	Add: Amounts transferred to DEA Fund during the year	3.69	2.79
iii)	Less: Amounts reimbursed by DEA Fund towards claims	0.34	0.32
iv)	Closing balance of amounts transferred to DEA Fund	<b>28.71</b>	<b>24.99</b>

11. Disclosure of complaints

Particulars	31 <sup>st</sup> Dec 2022	31 <sup>st</sup> Dec 2021
Complaints received by the Bank from its customers		
No. of complaints pending at the beginning of the year	0	3
Add: No. of complaints received during the year	390	178
Less: No. of complaints disposed during the year	373	180
Of which, number of complaints rejected by the bank	6	0
No. of complaints pending at the end of the year	17	1

**Total customer complaints and ATM transaction disputes:**

Particulars	31 <sup>st</sup> Dec 2022	31 <sup>st</sup> Dec 2021
No. of complaints pending at the beginning of the year	12	14
Add: No. of complaints received during year	3767	1261
Less: No. of complaints redressed during year	3775	1262
No. of complaints pending at the end of the year	4	13

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

Particulars	31 <sup>st</sup> Dec 2022	31 <sup>st</sup> Dec 2021
Maintainable complaints received by the Bank from Office of ombudsman		
No. of complaints received by the bank from OBOs	38	26
No. of complaints resolved in favour of the bank by BOs	38	26
No. of complaints resolved through conciliation/mediation/advisories issued by BOs	0	0
No. of complaints resolved after passing of Awards By BOs against the Bank.	0	0
Number of awards unimplemented within the stipulated time (other than those appealed)	0	0
Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in BO Scheme 2018 and covered within the ambit of the Scheme.		

**Top five grounds of complaints received by the bank from customers**

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaint spending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Current Financial Year till Dec 2022					
Ground - 1	ATM/Debit Cards	3767	298.73%	4	0
Ground - 2	Loans and advances	64	290.91%	0	2
Ground - 3	Internet/Mobile/Electronic Banking	101	194.23%	0	0
Ground - 4	Account opening/difficulty in operation of accounts	37	148.00%	0	1
Ground - 5	Facilities for customers visiting the branch/adherence to prescribed working hours by the branch, etc.	0	0	0	0
	<b>Others</b>	98	116.67%	0	0
<b>Total</b>		4067	278.75%	0	3
Last Financial Year till Dec 2021					
Ground - 1	ATM/Debit Cards	1261	(-VE)%	13	0
Ground - 2	Loans and advances	22	33.33%	1	0
Ground - 3	Internet/Mobile/Electronic Banking	52	10%	0	0
Ground - 4	Account opening/difficulty in operation of	25	0.00%	0	0

	accounts				
<b>Ground - 5</b>	Facilities for customers visiting the branch/adherence to prescribed working hours by the branch, etc.	15	00.00%	0	0
	<b>Others</b>	84	28.57%	14	1
<b>Total</b>		1459	(-VE)%		1

## 12. Disclosure of penalties imposed by the Reserve Bank of India

### a) Disclosure of penalties imposed by RBI / Overseas Regulators

(In Lac)

Particulars	Nature of Breach	31 <sup>st</sup> Dec 2022		31 <sup>st</sup> Dec 2021	
		No of Cases	Amount	No of Cases	Amount
Penalties Imposed by RBI	Regulatory & Operational	01	0.60	01	58.45
Penalty imposed by FIU-IND		01	0.25	NIL	NIL
Penalties Imposed on Overseas territories by their respective regulators		NIL	NIL	NIL	NIL

### b) Disclosure on imposition of penalty for bouncing of SGL forms

Period	Date of bouncing SGL form	Amount	Remarks
December 2022	NIL	NIL	NIL
December 2021	NIL	NIL	NIL

### c) Disclosure of penalty imposed by RBI in a reverse repo transaction (Applicable for Defaulting participant). Nil

### d) Details of any other penalty imposed by RBI under the various provisions of:

- 1) Banking Regulation Act, 1949 - NIL
- 2) Payment and Settlement Act, 2007 - NIL
- 3) Government Securities Act, 2006 – NIL

## 13. Disclosures on remuneration

(Applicable to Banking Companies, including Foreign Banks operating in India)

Banks are required to make disclosure on remuneration of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers on an annual basis at the minimum, in their Annual Financial Statements. Banks shall make the disclosures in table or chart format and make disclosures for previous as well as the current reporting year. Further, private sector banks and foreign banks (to the extent applicable), shall disclose the following information:

Type of disclosure		Information	
<b>Qualitative</b>	(a)	Information relating to the composition and mandate of the Nomination and Remuneration Committee.	Present composition of NRC Committee Members - 1. Binita Shah - Chairperson 2. N.K. Chari - Member 3. Manoj Sharma - Member
	(b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	The Bank has formulated and adopted the Remuneration Policy for Non-Executive Chairperson and Non-Executive Directors of the Bank in terms of the relevant

		provisions of Section 178 of the Companies Act, 2013, the relevant Rules made thereunder, rules relating to Corporate Governance and the Guidelines issued by the RBI in this regard.
(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.	Nomination and remuneration committee undertakes risk evaluation based on industry standards and risk profile of the Bank.
(d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	The Nomination & Remuneration and Human Resource Committee (NRHR) considers, the skill set, knowledge, regional and industry experience, track record, expertise and other relevant information and adherence to the fit and proper norms by each Director, before making appropriate recommendations to the Board with regard to their appointment/re-appointment, which is designed to provide the Board with Members who have diverse knowledge, practical experience and requisite set of skills to serve the business interests of the Bank and enhance the overall effectiveness of the Board. In terms of the Policy for Board of Directors, the NRHR assesses the 'Fit and Proper' status of the Director, before considering his candidature for appointment/re-appointment as a Director of the Bank and annually i.e. as at 31st March every year
<b>Type of disclosure</b>		<b>Information</b>
(e)	A 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.	Bank has a compensation policy with due incorporation of all such covenants
(f)	Description of the different forms of variable remuneration (i.e., cash and types of share-linked instruments) that the bank utilizes and the rationale for using these different forms.	Bank has a compensation policy with due incorporation of all such covenants

			<b>Current Year</b>	<b>PreviousYear</b>
<b>Quantitativedisclosures</b> (The quantitative disclosures should only coverWhole Time	(g)	Number of meetings held by the Nomination and Remuneration Committee during the financial year and remuneration paid to its members.	3	5

Directors/ Chief Executive Officer/ Material Risk Takers)	(h)	(i) Number of employees having received a variable remuneration award during the financial year. (ii) Number and total amount of sign-on/joining bonus made during the financial year. (iii) Details of severance pay, in addition to accrued benefits, if any.	NA	NA
	(i)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and sharelinked instruments and other forms. (ii) Total amount of deferred remuneration paid out in the financial year.	NA	NA
	(j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	NA	NA
	(k)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	NA	NA
		(ii) Total amount of reductions during the financial year due to ex post explicit adjustments. (iii) Total amount of reductions during the financial year due to ex post implicit adjustments.	NA	NA
	(l)	Number of MRTs identified.	NA	NA
	(m)	(i) Number of cases where malus has been exercised. (ii) Number of cases where clawback has been exercised. (iii) Number of cases where both malus and clawback have been exercised.	NA	NA
General Quantitative Disclosure	(n)	The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	NA	NA

The remuneration paid to non-executive Chairman during current financial year is Rs. 6,30,000/-, and to the MD & CEO is Rs. 18,98,869/-

#### 14. Other Disclosures

##### a) Business ratios



Item	31 <sup>st</sup> Dec 2022	31 <sup>st</sup> Dec 2021
i. Interest Income as a percentage to Working Funds (%)	6.77%	6.76%
ii. Non-interest income as a percentage to Working Funds(%)	0.40%	0.53%
iii. Operating Profit as a percentage to Working Funds(%)	0.88%	1.33%
iv. Return on Assets(%)	0.79%	0.94%
v. Business (Deposits plus Advances excluding Bank deposits) per employee (Rs. in crore)	12.48	12.95
vi. Net Profit per employee (Rs. in crore)	0.05	0.06
VII Net Interest Margin	3.18%	2.99%
VIII Cost of Deposits	4.20%	4.39%
IX Yield on Advances	8.06%	8.29%
X Yield on Investment	6.78%	6.60%

**b) Banc assurance business**

The total income of the bank in respect of bank assurance business was **Rs. 1.22 Crore** during the period ended 31<sup>st</sup> December 2022 with details as under:

(In Crore)

SNo.	Insurance Company	Amount	
		31 <sup>st</sup> Dec 2022	31 <sup>st</sup> Dec 2021
1.	Exide Life Insurance Company Ltd.	0.85	0.73
2.	National Insurance Company Ltd	0.07	0.10
3.	India First Life Insurance Co. Ltd	0.10	0.05
4.	Life Insurance Corp of India	0.01	0.03
5.	Future Generali Insurance Ltd.	0.16	0.15
6.	Care Health Insurance	0.03	NIL
	<b>Total</b>	<b>1.22</b>	<b>1.06</b>

The total income of the bank in respect of other products was 0.01 crores during the period ended 31.12.2022, with details as under.

(In Crore)

SNo.	Company	Amount	
		31 <sup>st</sup> Dec 2022	31 <sup>st</sup> Dec 2021
1.	Weizmann Forex Ltd.	NIL	NIL
2.	Stock Holding Corporation of India Ltd.	NIL	NIL
3.	Atal Pension Yojna	NIL	NIL
4.	BOB Financial Solutions Limited	0.01	NIL
	<b>Total</b>	<b>0.01</b>	<b>NIL</b>

**c) Marketing and distribution**

NIL

**d) Disclosures regarding Priority Sector Lending Certificates (PSLCs) – NIL**

**e) Reserves and Surplus**

Statutory Reserve pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000, the Balance in statutory reserve account as on December 31<sup>st</sup> 2022 is Rs. 174.42 Crore.

Capital Reserve - Capital Reserve includes appreciation arising on revaluation of immovable properties,

Investment Fluctuation Reserve - In accordance with RBI guidelines, banks are required to create an Investment Fluctuation Reserve (IFR) equivalent to 2% of their HFT and AFS investment portfolios, within a period of three years starting fiscal 2019, subject to profit availability after statutory appropriation, as at the end of December 2022 the Bank has maintained such reserve amounting to Rs. 21.25 Crore, which is equal to 2.26% of HFT & AFS portfolio.

**f) Accounting Standard -19 - "Lease" Premises taken on operating lease are given below**

The operating leases primarily comprise office premises, which are renewable at the option of the Bank.

i) The following table sets forth, for the period indicated, the details of future rental payments on Premises taken on Non-Cancellable operating leases:

<b>(In Crore)</b>	
<b>Particulars -Lease Rent Obligations</b>	<b>31<sup>st</sup> December 2022</b>
Not later than one year	1.30
Later than one year and not later than five years	3.42
Later than five years	1.56
<b>Total</b>	<b>6.28</b>

g) Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies (Accounting Standard -5)

(i) Prior Period Items: During the year, there were no material prior period income / expenditure items.

(ii) Accounting policy: During the year the Bank has refined the accounting policy relating to depreciation on high end servers/networks (viz data centres) and CBS application (FINACLE 10), having estimated life of 6 years as per Companies Act, 2013 and shall be depreciated as per Straight Line Method over a period of 6 years.

h) Provisions and contingencies:

<b>(In Crore)</b>		
<b>Provision debited to Profit and Loss Account</b>	<b>Current Year</b>	<b>Previous Year</b>
Provisions/(Reversal of provision) for NPI	NIL	NIL
Provision /(Reversal of provision) towards NPA	1.75	(1.81)
Provision made towards Income tax	4.46	10.50
<b>Other Provisions and Contingencies</b>		
- Standard Advance/(Reversal of provision)	(3.04)	7.42
- Provision /(Reversal of provision) for Security Receipt	(0.52)	NIL
- Miscellaneous Provisions	0.50	0.01
- Provision for claims against the bank not acknowledged as debt	0.21	0.96
- Provision for Deferred Tax	4.11	0.66
- Investment Fluctuation Reserve	NIL	6.09
- Investment Reserve Account	NIL	(0.50)
-Provision for Interest Payable on Overdue TDR accounts	(1.99)	NIL
<b>Grand Total</b>	<b>5.48</b>	<b>23.33</b>

i) **Implementation of IFRS converged Indian Accounting Standards (IndAS)**

The Ministry of Corporate Affairs (MCA), in 2015, had notified the Companies (Indian Accounting Standards (IND AS) Rules 2015, which stipulated the adoption and applicability of IND AS in a phased manner beginning from the Accounting period 2016-17, as per said notification banks were required to comply with these standards from 01<sup>st</sup> April 2018 onwards i.e. during Phase-III of IND-AS implementation, however, RBI vide notification no. “**DBR.BP.BC.No.29/21.07.001/2018-19**” dated March 22<sup>nd</sup>, 2019, has deferred the applicability of these standards till further notice.

Further RBI from time to time have been instructing Banks to be in preparedness for implementation of Indian Accounting Standards (Ind AS), and submit Proforma Ind AS Financial Statements from the year ended September 30th, 2016 onwards. These Proforma Statements are for the regulatory analysis purpose and may not be necessarily be completely IND AS compliant or indicative of the trial format to be specified in the third schedule to the Banking Regulation Act 1949.

Our Bank is regularly submitting half yearly proforma IND AS to RBI within stipulated time.

j) Disclosure of facilities granted to directors and their relatives

The Bank has not granted any facility whether fund based or non-fund based (guarantees, letters of credit, etc.) to the directors, their relatives, companies or firms in which they are interested.

k) Payment of DICGC Insurance Premium

(In Crore)

SNo.	Particulars	31 <sup>st</sup> Dec 2022	31 <sup>st</sup> Dec 2021
i)	Payment of DICGC Insurance Premium	4.22	4.87
ii)	Arrears in payment of DICGC premium	NIL	NIL

**D) Disclosure on amortization of expenditure on account of enhancement in family pension of employees of banks**

The Bank had estimated the additional liability on account of revision in family pension for employees covered as per IBA Joint Note/Bipartite settlement dated November 11, 2020, amounting to Rs. 28.45 lakhs. RBI vide their Circular no. "RBI/2021-22/105 DOR.ACC.REC.57/21.04.018/2021-22" dated 4th October 2021, has permitted Banks to amortize the said additional liability over a period of not exceeding 5 (five) years, beginning with financial year ending 31st March 2022, subject to a minimum of 1/5th of the total amount being expensed every year.

Bank did not opt the said option and charged the entire amount to the Profit & Loss account for the FY ended 31<sup>st</sup> March 2022.

**m) Defined Benefit Plans (Funded Obligation - Pension, Leave Encashment and Gratuity)**

**a) Change in present value of Defined Benefit Obligation**

(In Crore)

Particulars	Pension		Leave Encashment		Gratuity	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Opening Defined Benefit Obligation	367.64	349.89	17.19	18.67	31.91	33.61
Opening Adjusted						
Add- Acquisition Adjustment						
Add: Interest Cost	19.88	18.29	0.93	0.97	1.72	1.75
Add : Past Service Cost						
Add: Current Service Cost	3.24	3.65	1.32	1.00	1.40	1.40
Benefits Paid	(3.56)	(10.56)	(2.26)	(4.14)	(4.55)	(6.13)
Add: Actuarial (Gain)/ loss on obligation	(14.83)	(2.54)	5.68	1.48	(.98)	1.84
<b>Closing Defined Benefit Obligation</b>	<b>372.37</b>	<b>358.73</b>	<b>22.86</b>	<b>17.98</b>	<b>29.50</b>	<b>32.47</b>

**b) Change in Fair value of Plan Assets**

(In Crore)

Particulars	Pension		Leave Encashment		Gratuity	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Opening Fair Value of plan assets	122.36	142.02	17.74	17.19	31.32	34.46
Opening Adjusted						
Add- Expected Return on Plan Assets	10.21	7.77	0.86	0.75	3.14	1.26
Add- Expected Return on Plan Assets						
Add- Contributions	10.00	12.35	0	4.22	0	2.45
Less- Benefits	24.82	29.24	2.26	4.14	4.55	6.13

Paid						
Add- Actuarial gain/(-)loss						
Closing Fair Value of Plan Assets	117.75	132.90	16.34	18.02	29.91	32.04

**c) Amount recognized in the Balance Sheet**

**(In Crore)**

Particulars	Pension		Leave Encashment		Gratuity	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
a) Closing Defined Benefit Obligation	372.37	358.73	22.86	17.98	29.51	32.48
b) Closing Fair Value of Plan Assets	117.76	132.90	16.34	18.02	29.92	32.03
c) Difference	254.61	225.83	6.52	(0.04)	(0.41)	0.45
d) Unrecognized transitional liability						
e) Liability Recognized in the BS	254.61	225.83	6.52	(0.04)	(0.41)	0.45

**d) Amount recognized in the Profit & Loss Account**

**(In Crore)**

Particulars	Pension		Leave Encashment		Gratuity	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
a) Current Service Cost	3.24	3.65	1.32	1.00	1.40	1.40
b) Past Service Cost	-	-				
c) Interest Cost	19.88	18.29	0.93	0.97	1.72	1.75
d) Expected Return on Plan Assets	(6.61)	(7.42)	(0.96)	(0.89)	(1.69)	(1.80)
e) Net Actuarial Loss/gain(-)	(18.43)	(2.89)	5.78	1.62	(2.43)	2.38
f) Expenses Recognized in P&L	(1.92)	11.63	7.07	2.69	(0.99)	3.74

**e) Principal Actuarial Assumptions**

Particulars	Pension		Leave Encashment		Gratuity	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Discount rate	7.38	6.95	7.38	6.95	7.38	6.95
Salary Escalation Rate	5.00	5.00	5.00	5.00	5.00	5.00
Expected Rate of Return on plan Assets	6.50	6.50	6.50	6.50	6.50	6.50

**Accounting for Taxes on Income (Accounting Standard 22)****n) Current Tax**

In view of the newly introduced section 115BAA in the Income Tax Act 1961 (“Act”) vide the Taxation Laws (Amendment) Ordinance 2019 dated September 20, 2019, the bank had opted for new tax regime from Financial year 2019-20 i.e. Assessment year 2020-21, and decided to continue with the same in current financial year, accordingly effective tax rate is 25.168%.

The bank has made a provision for income tax as tabulated below:

**(In Crore)**

Item	31 <sup>st</sup> Dec 2022	31 <sup>st</sup> Dec 2021
Provision for Income Tax	4.46	10.50

**B) Deferred Tax (AS-22)**

The deferred tax Liability stood at Rs 8.20 Crore as at December 31<sup>st</sup> 2022, (previous year Rs. 3.39 Crore). Major components of Deferred Tax Liabilities are as under:

**(In Crore)**

Components	Closing balance (Amount in Crores)	DTA @25.168%	DTL @ 25.168%
Provision Related to wage revision	0.81	0.21	NIL
Provision For Ex-Gratia	2.35	0.59	NIL
Provision For LFC	1.74	0.44	NIL
Provision For baggage	0.11	0.03	NIL
Reserves created as per section 36(1)(viii) of Income Tax Act, 1961	25.94	NIL	6.53
Difference in WDV's as per Income Tax Act & Books	11.66	NIL	2.94
<b>Total DTA/ DTL (CURRENT YEAR)</b>		<b>1.27</b>	<b>9.47</b>
Net DTL as on 31 <sup>st</sup> March 2022			8.20
Opening Balance of DTL as on 31 <sup>st</sup> March 2022			4.09
Amount charged to PL a/c during the year			4.11

**o) Technological advancements**

The Bank had upgraded its Core Banking System (CBS) FINCRAFT with industry specific and more robust CBS application “FINACLE10.X” and had migrated to new CBS with effect from 11<sup>th</sup> February 2022 last year. The detailed breakup of cost incurred and depreciation claimed on the project is tabulated below:

**(In Crore)**

SN.	Particulars	Amount capitalized as per AS-10 and other applicable regulations	Depreciation till December 2022	Book Value as on December 2022
1	Tangible items viz high end servers, networks and devices.	32.93	5.65	27.28
2.	Intangible items viz Licences, implementation, customisation of new CBS/treasury and other ancillary/Third Party modules	24.24	2.80	21.44
	<b>Grand Total</b>	<b>57.17</b>	<b>8.45</b>	<b>48.72</b>

p) Segment Reporting (Accounting Standard 17)

**Part A: Business segments**

(In Crore)

<b>Business Segments</b>	<b>Treasury</b>	<b>Corporate/ Wholesale Banking</b>	<b>Retail Banking</b>	<b>Other Banking Operation</b>	<b>Total</b>
<b>Particulars</b>	<b>31<sup>ST</sup> DEC 2022</b>	<b>31<sup>ST</sup> DEC 2022</b>	<b>31<sup>ST</sup> DEC 2022</b>	<b>31<sup>ST</sup> DEC 2022</b>	<b>31<sup>ST</sup> DEC 2022</b>
<b>Revenue</b>	168.44 (179.20)	2.69 (44.39)	260.70 (231.70)	2.31 (1.53)	434.14 (456.82)
<b>Result</b>	48.33 (53.68)	0.44 (10.97)	71.13 (56.73)	2.31 (1.53)	122.21 (122.91)
<b>Unallocated expenses</b>					67.55 (53.51)
<b>Total profit before tax</b>					54.66 (69.40)
<b>Income taxes</b>					4.46 (10.50)
<b>Extraordinary profit/ loss</b>					0.00 (0.00)
<b>Net profit</b>					50.20 (58.90)
<b>Segment assets</b>	3527.39 (3820.85)	884.08 (658.10)	3739.01 (3582.86)	0.00 (0.00)	8150.48 (8061.81)
<b>Unallocated assets</b>					83.30 (55.08)
<b>Total assets</b>					8233.78 (8116.89)
<b>Segment liabilities</b>	3261.23 (3499.03)	827.66 (615.18)	3497.05 (3349.34)	0.00 (0.00)	7585.94 (7463.55)
<b>Unallocated liabilities</b>					647.84 (653.34)
<b>Total liabilities</b>					8233.78 (8116.89)

**Note: Figures in bracket indicates previous year figures (i.e December 2021 figures)**

**q) Covid -19 Regulatory Impact:**

In the aftermath of COVID-19 pandemic, the economy is still in the stage of revival. The impact of COVID-19, including changes in customer behavior and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The Bank's results will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

On account of continuous volatility in financial market, the Bank has considered internal and external sources of information including economic forecasts and industry reports up to the date of approval of financial results in determining the impact on various elements of its financial statements including recoverability of advances & provision thereon, investment valuation, other assets and liabilities of the Bank. Given the uncertainty because of COVID-19 pandemic, the Bank is continuously monitoring any material change in future economic condition which may impact the Bank's

operations and its financial results depending on the developments which may differ from that estimated as at the date of approval of these financial results.

**r) Statement of contingent Liability & Provisions (Accounting Standard 29)**

**(In Crore)**

Item	Provision As per AS – 29							
	Amt. for which the Bank is contingently Liabile	Provision as at the beginning of the Year	Addition during the year	Amount used during the year	Unused amount reversed during the year	Provision as at the close of the year	Major assumption regarding future events	Remarks
Claims against the Bank not acknowledged as debt*	1.44 (1.57)	1.09 (0.06)	0.05 (1.03)	NIL NIL	NIL NIL	1.14 1.09		
Guarantees issued on behalf of constituents	49.48 (84.86)	NIL	NIL	NIL	NIL	NIL		
Acceptance Endorsements and other obligations	0.09 (1.81)	NIL	NIL	NIL	NIL	NIL		
Other items, for which the Bank is contingently liable	30.03 (27.80)	NIL	NIL	NIL	NIL	NIL		

Figures in bracket represents the amount outstanding as at 31<sup>st</sup> December 2021

\*Such liabilities are dependent upon the outcome of court/arbitration/out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligations, development and raising of demand by concerned parties respectively.

**s) Earnings Per Share-**

Particulars		31 <sup>st</sup> Dec 2022	31 <sup>st</sup> Dec 2021
a)	Earnings per share	6.48	7.60
	Basic	6.48	7.60
	Diluted	6.48	7.60
b)	Amount used as numerator (Profit after tax) (Rs. In Crores)	50.20	58.90
c)	Nominal value of shares	Rs. 10/ share	Rs. 10/ share
d)	Weighted average number of equity shares used as the denominator	7.75 Crore	7.75 Crore

**t) Additional Disclosures:**

- Re-grouping & Re-classification: Previous year's figures have been regrouped where necessary to conform to current year's classification.
- Payment to Micro, Small & Medium Enterprises under the Micro, Small & Medium Enterprises Development Act, 2006: There have been no reported cases of delayed payments of the principal amount or interest due thereon to Micro & Small Enterprises and hence disclosure for payment of interest on delayed payments to MSME is not applicable.

## **Report on Limited Review of Interim Financial Information**

We have reviewed the accompanying Statement of unaudited financial results of **The Nainital Bank Limited ('the Bank')** for the Quarter and Nine months ended December 31, 2022 (attached herewith). The Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by the Reserve Bank of India ("RBI") from time to time. Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In the conduct of our review, in addition to -4- branches reviewed by us, we have relied on the review reports received from the concurrent auditors of -23- branches. Apart from these review reports, in the conduct of our review, we have also relied upon the returns received from -138- un-reviewed branches of the bank. These review reports cover 50.39% (of which 18.89% covered by us) of advance portfolio of the Bank. Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the state of affairs of the entity as at December 31, 2022 and of its results of operations and its cash flows for the nine months' period then ended in accordance with the applicable accounting standards and other recognized accounting practices and policies, guidelines and directions issued by the Reserve Bank of India.

For **Dharam Raj & Co.**  
Chartered Accountants



## SECTION VII – TERMS OF THE PRESENT OFFER

This Section applies to all Applicants. You should carefully consider all the information in this Prospectus, including the risks and uncertainties described, before making an investment decision in relation to the Equity Shares. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue including the merits and the risks involved. The Bank shall not be liable for any amendments, modifications or changes in applicable laws which may occur after the date of the Letter of Offer.

Fresh Equity Shares proposed to be issued on rights basis, are subject to the terms and conditions contained in the Letter of Offer, CAF, the provisions of the Memorandum and Articles of Association of our Bank, the provisions of The Companies Act, 2013, FEMA, SEBI Regulations if any applicable, guidelines, notifications and regulations for issue of capital issued by the Government of India and/or any other statutory and/or regulatory authorities from time to time, and the terms and conditions as stipulated in the allotment advice or the security certificate.

On submission of such documents/records confirming the legal and beneficial ownership of the Equity Shares with regard to these cases, to the satisfaction of the Issuer, the Issuer shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to the Rights Equity Shares with respect to these Rights Entitlement at the Issue Price per Equity Share as mentioned which shall be in accordance with the provisions of the Companies Act, 2013 and all other applicable laws in force.

### *The Offer*

The Offer comprises of issuance of 4,00,00,000 (Four Crore) Fresh Equity Shares to all the existing shareholders on Rights Basis. The record date for this issue is February 21, 2023. All rights and obligations of the Eligible Equity Shareholders in relation to applications and refunds pertaining to the Issue shall apply to Renouncee(s) as well.

#### **1. Authority for the Offer**

The present Rights Offer of Equity Shares of Rs. 10.00 each for cash and at a premium of Rs. 15.00 each, to the equity shareholders of the bank as on the Record Date February 21, 2023, is made pursuant to the resolution passed by the Board of Directors of the bank at its meeting held on February 21, 2023.

#### **2. Basis of Offer**

The Rights Equity Shares are being offered for subscription for cash to those existing Eligible Equity Shareholders, whose names appear on the register of members of our Bank/Registrar & Share Transfer Agent at the close of business hours on the Record Date, i.e. [February 21, 2023].

#### **3. Rights Entitlement**

The Eligible Equity Shareholders shall be entitled to apply for 1 equity share for every 1.94 equity share as held on the Record Date. The entitlement of shares as per the prescribed proportion shall be rounded off to the nearest whole number.

Persons who may acquire Rights Entitlements or come into possession of the Letter of Offer or CAF are advised to consult their own legal advisors as to restrictions applicable to them and to observe such restrictions. The Letter of Offer may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized. No action has been or will be taken that would permit the offering of the Equity Shares or Rights Entitlements pursuant to the Issue to occur in any jurisdiction other than India, or the possession, circulation or distribution of the Letter of Offer or CAF in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, Letter of Offer or CAF may not be distributed or published in or from any jurisdiction except under circumstances that will result in compliance with applicable law and procedures of and in any such jurisdiction. Recipients of the Letter of Offer, Letter of Offer or CAF, including Eligible Equity Shareholders and Renouncees, are advised to consult their legal counsel prior to applying for the Rights Entitlement and additional Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

#### **4. Principal terms and conditions of the rights shares**

##### **a. Face Value**

Each Rights Equity Share will have the face value of Rs. 10 each.

**b. Issue Price**

Each Rights Equity Share shall be offered at an Issue Price of Rs. 25 for cash (Rs. 10.00 as face value and Rs. 15.00 as premium) per Equity Share. The Issue Price has been arrived at after consultation between our Bank and -1- Independent Registered Valuer (FCA Rashmi Shah) and -1- Independent Merchant Banker (M/s Navigant Corporate Advisors Limited).

**c. Ranking of equity shares**

The equity shares to be issued shall be subject to the Memorandum and Articles of Association of the Bank and shall rank **paripassu** with the existing equity shares of the Bank, save and except that they shall rank for dividend, if any, which may be declared, pro-rata for the period from the date the new equity shares are allotted. All the shares being offered through this Offer Document will have similar Rights as in the case of the original shares held by the Member/s, with regard to dividend and all other Rights of Shareholders, from the date of allotment.

**d. Persons/Bodies Eligible for Making Applications**

- Indian nationals resident in India who are major, in single or joint names (not more than three).
- Hindu Undivided Families in the individual name of the Karta.
- Companies, Corporate bodies and Societies registered under the applicable law in India and authorized to invest in the shares.
- Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Commercial Banks and Regional Rural Banks; Co-operative Banks may also apply as per applicable laws.
- Trusts registered under Societies Registration Act, 1860, or any other Trust law and are authorized under their constitution to hold and invest in shares.

**e. Rights of the Eligible Equity Shareholder**

The Rights Equity Shares allotted in this Issue shall rank *pari passu* with the existing Equity Shares in all respects including dividend. Subject to applicable laws, the Eligible Equity Shareholders of our Bank shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote/poll in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Rights Equity Shares; and
- Such other rights as may be available to a shareholder of a public company under the Companies Act, 2013 and Memorandum and Articles of Association.

**f. Issue of shares in Dematerialized Mode**

The bank has entered into a tripartite agreement with National Securities Depository Limited and KFin Technologies Limited and with Central Depository Services (India) Limited and KFin Technologies Limited for providing Electronic Connectivity and other supportive services.

Applicants can seek allotment in dematerialized mode. Application from any applicant without relevant details of his/her depository account are liable to be rejected. Application Form from any Applicant without following details of his / her depository account are liable to be rejected:

- An Applicant applying for Equity Shares must have beneficiary account with NSDL/CDSL prior to making application.
- The Applicant must necessarily fill in the details (including beneficiary account number and Depository Participant's Identification Number) appearing in the Composite Application Form (CAF).
- Equity shares allotted to the Applicant will be credited in electronic form directly to the beneficiary account

(with Depository Participant) of the Applicant.

- Names in the Application form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the Depository account of the Applicant (s)
- If incomplete/incorrect details are given under the heading 'Depository Account Details' in the Application Form, it is liable to be rejected.
- The Applicant is responsible for the correctness of his / her demographic details given in the Application form vis-à-vis those with his / her Depository Participant.
- The Applicants are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them, pursuant to the issue.

**g. Offer Entitlement**

As your name appears on the Register of Members of the Company as on Tuesday, February 21, 2023, you are entitled to this Offer on the basis mentioned above. The number of equity shares to which you are entitled as a shareholder of the Company is shown in the Application Form.

**h. Acceptance of Offer**

You may accept the offer and apply for the equity shares hereby offered to you wholly or in part by filling Part A of the enclosed Composite Application Form (CAF) and submit the same along with the full application money payable to the Banker to the issue at any of the collection centres as mentioned in the end of CAF or by using the R-WAP facility as explained in Point XIV (C) of Annexure A of this letter of offer before the close of the business hours on 1700 hours, Thursday, March 16, 2023. The members at centres not covered by the branches of collection centres can send their CAFs together with the cheque drawn at par on a local bank at Hyderabad/Demand Draft/Pay Order payable at Hyderabad to the Registrar to the Issue by Registered Post or Speed Post. CAF can be sent to the Banker/Collection Centres of the issue only through Registered Post/Speed Post so as to reach them on or before the closure of the issue. Any application sent to the Banker to the Issue through any other mode or received after the offer closing date shall be liable to be rejected. For further details on the mode of payment, see "Mode of Payment for Resident Equity Shareholders / Investors" and "Mode of Payment for Non-Resident Equity Shareholders / Investors". Please refer point no. XIV of Annexure A as enclosed in this Letter of Offer.

**i. Renunciation**

This Offer shall be deemed to include a right exercisable by you to renounce the equity shares offered to you either in full or in part in favour of any other person(s). Such renouncee(s) can only be Indian Nationals (including minor through their natural/legal guardian)/Limited Companies incorporated under/governed by the Companies Act, 2013, Statutory Corporations/Institutions, Trust (Registered under the Indian Trust Act, 1882), Societies (registered under the Societies Registration Act, 1860 or any other applicable laws) and provided that such Trust/Society is authorized under its constitution/rules/byelaws to hold Shares in a Bank and cannot be a Partnership Firm, Foreign Nationals or nominees of any of them (unless approved by RBI or relevant authorities) or any other persons not approved by the Board of Directors.

Any renunciation from Resident Indian Shareholder(s) to Non-Resident Indian(s) or Overseas Body Corporate(s) is subject to the provisions of FEMA and other RBI directives as applicable from time to time. Any request for the allotment of equity shares by the renounce (s) in whose favour renunciation has been exercised shall be subject to the condition that the Board/Committee of Directors of the Bank authorized in this behalf by the Board of Directors, shall have absolute discretion to reject such request for allotment, without assigning any reasons thereof.

The members are entitled to renounce all or any part of their Rights Shares only in the favour of existing member(s) of the Company (hereinafter referred to as "Renouncee"). Members are advised to carefully read the procedure for renouncement as described in detail in Annexure A. The members who neither accept their Rights Shares nor renounce the same in favour of other existing and non-existing members shall be presumed that they are not interested in the offer and have not exercised their rights entitlement.

**j. Additional Equity Share**

You are also eligible to apply for additional equity shares over and above the number of equity shares offered to you provided you have applied for all the equity shares offered to you without renouncing them in whole or in part in

favour of any other person(s).

The application for additional equity shares shall be considered and allotment shall be made at the absolute discretion of the Board/Committee of Directors of the Bank authorized in this behalf by the Board of Directors having the power to reject any such application for additional equity shares without assigning any reasons and in the event of over subscription, the allotment will be subject to the clause mentioned under 'Basis of Allotment'.

**k. How to apply**

You may apply for the equity shares offered wholly or in part as may be desired by you, by filling in the enclosed Composite Application Form and submit the same in accordance with the above. The Application Form should be complete in all respects.

You can also apply by using the R-WAP facility as explained in Point XIV (C) of Annexure A of this letter of offer.

The procedure and guidelines for making application, renouncement, payment and refund etc. have been stipulated in detail in Annexure A.

The members are also requested to carefully read the general instructions before filling the CAF as stipulated in Annexure B.

The members are requested to read the Letter of Offer carefully before taking any action. The instructions as contained in the annexures as mentioned above are an integral part of the Letter of Offer and must be carefully followed. CAF should be completed in all respect. Any omission / incomplete CAF shall lead to rejection of the application.

**l. Mode of payment and Other Conditions**

For details on the mode of payment, see "Mode of Payment for Resident Equity Shareholders/Investors" and "Mode of Payment for Non-Resident Equity Shareholders/Investors". Please refer point no. XIV of Annexure A as enclosed with this Letter of Offer.

**m. Mode of Payment through RWAP**

All payments against the Application Forms shall be made by internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through Cheque/Demand Draft or internet banking or UPI facility if applying through RWAP.

**n. a) Non receipt of Application Form**

In case if original Application Form is not received, or is misplaced by the shareholder, the Registrar to the issue will, on the request of the shareholder, issue a duplicate Application Form. The applicant shareholder should furnish the DP ID, Client ID, his/her full name and address to the Registrar. It may be noted that those who are making the application in duplicate form shall not utilize the original Application Form, even if it is received / found subsequently. In case the original and duplicate Application Form is lodged for subscription, allotment will be made on the basis of the duplicate Application Form and the original Application Form will be ignored.

**b) Last date for submission of Application Form**

The last date for receipt of Application Form is Thursday, March 16, 2023. If the relevant Application Form is not received by the aforesaid last date, the offer contained in this Offer Document shall be deemed to have been declined and the Board/ Committee shall be at liberty to dispose of such equity shares on such terms and conditions as it may deem appropriate.

Application for Rights shares/acceptance of offer/renouncement of shares along with the cheques/DDs shall reach or be deposited at the collection centres of the banker to the Issue. List of collection centers is given at the end of CAF.

**c) Incomplete application**

Application Forms, which are not complete or are not accompanied with the full payment, are liable to be rejected.

**o. Basis of Allotment**

The basis of allotment shall be finalized by the Board of Directors of the Bank or Committee of Directors of the Bank authorized in this behalf by the Board of Directors.

1. The Board of Directors or the Committee of Directors as the case may will allot the equity shares, in the following order of priority:
  - a) Full allotment to the equity Shareholders who have applied for their Rights entitlement either in full or in part and also to the renounee (s) who have applied for equity shares renounced in their favour either in full or in part (subject to other provisions contained under the paragraph titled “Renunciation”).
  - b) Allotment to the equity Shareholders who having applied for their full Rights entitlement of equity shares offered to them have applied for additional equity shares provided there is a surplus available after full allotment under (a) above and shall be at the absolute discretion of the Board or the Committee of the Directors of the Bank authorized in this behalf by the Board and the decision of the Board or the Committee shall be final and binding.
  - c) To the renounee(s) who having applied for all the equity shares renounced in their favour and have also applied for additional equity shares, provided there is surplus available after making full allotment under (a) and (b) above.
2. In the event of over subscription against the Rights Offer, allotment will be considered on an equitable basis with reference to the number of equity shares held on the Record Date, within the overall size of the Rights Offer at the sole discretion of the Board of Directors. No over subscription shall be retained by the Bank, except to the extent required for purpose of rounding off.
3. After taking into account the full allotment under 1(a) above, if there is any unsubscribed portion, the Offer shall be deemed to be “under subscribed”. In that event, allotment shall be made in terms of 1(b) and 1(c) above.
4. After taking into account the allotments made under 1(a), 1(b) and 1(c) above, if there is still any under subscription, the unsubscribed portion shall be disposed off by the Board/Committee of Directors authorized in this behalf by the Board of Directors upon such terms and conditions and to such person/persons and in such manner as the Board/Committee of Directors may, in its absolute discretion, deem fit.

**p. Disposal of applications and application money**

In the event of shares not being allotted in full, the excess amount paid on application will be refunded to the applicant within 15 days of the date of closure of the Offer. The Board/ Allotment Committee reserves its full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason. In case an application is rejected in full, the whole of the application money received will be refunded and where an application is accepted in part the excess money will be refunded after adjusting the amount payable for the shares allotted. All refunds will be made within 15 days of the date of closure of the offer.

## **Annexure - A**

### **Procedure and Guidelines for making application, renouncement, payment and refund, etc.**

#### **1. Procedure for Application**

The CAF along with the Letter of Offer will be issued to all existing members, at their email address registered with the Registrar and whose name appear in the Register of Members of the Company/beneficial owner as per NSDL & CDSL as on the Record Date i.e., Tuesday, February 21, 2023. In case the email ID is not registered, the CAF along with the letter of offer will be issued at their addresses registered with the Registrar. In case the original CAF is not received by any member or is misplaced, the member may request the Registrar to the Issue for issuance of a duplicate CAF as per procedure described in clause (XI).

#### **2. Acceptance of the Rights Shares**

Members may accept the offer by applying for the Rights Shares offered in the Rights Issue either full or in part by filling Part A of the enclosed CAF and submitting the same along with the application money at the collection centres before the closure of the issue. Part A of the CAF shall not be used by any person(s) other than those in whose favour this Offer has been made. Use of CAF by unauthorized person will render the application invalid.

#### **3. Option to Subscribe**

The shares will be allotted in demat form only.

#### **4. How to Apply**

Applications should be made by filling the enclosed CAF in original or by using the R-WAP facility. The enclosed CAF should be duly filled in all respects. Registrar to the issue shall accept the applications sent by Registered Post or Speed Post. No application shall be accepted by the Registrar to the issue sent through any other mode. The CAF consists of four parts:

**Part A: FORM OF APPLICATION BY ELIGIBLE MEMBERS**

**Part B: FORM FOR RENUNCIATION**

**Part C: FORM OF APPLICATION BY RENOUNCEE(S)**

**Part D: REQUEST FOR SPLIT APPLICATION FORM (SAF)**

#### **5. Option available to Members**

The CAF clearly indicates the number of Rights Shares that the member is entitled to apply for in the Rights Issue. Regarding the Rights Shares, the member shall have the following options:

- apply for his entitlement of Rights Shares in full;
- apply for his entitlement of Rights Shares in part;
- apply for his entitlement of Rights Shares in part and renounce the other part of the Rights Shares to existing and non-existing members;
- renounce the entitlement of Rights Shares in full to existing or non-existing members.

#### **6. Renunciation**

Pursuant to the Articles of Association of company and in terms of section 62(1) members shall have the right to renounce their Rights Shares in full or in part in favour of one or more existing members. Shareholders may also renouncee the shares in favour of non-existing member.

#### **7. Any application made by any of the following applicants will be liable to be rejected**

- More than three persons including joint holders;
- Minors (unless it is through their legal guardian);
- Any person situated or having jurisdiction where the offering in terms of this Letter of Offer could be illegal or require compliance with securities laws.

## 8. Renounees

You are requested to send the CAF with their signatures duly attested from a bank to avoid rejections due to signature mismatch.

## 9. Procedure for renunciation:

- **To renounce the whole entitlement to one person being the existing or non-existing member of the Company**

To renounce Rights Share(s) in whole, please complete Part B of the CAF. In case of joint holding, all joint holders must sign Part B of the CAF.

The person in whose favour renunciation has been made should complete and sign Part C of the CAF. In case of joint renounees, all joint renounees must sign Part C of the CAF. Renounee(s) shall not be entitled to further renounce their entitlement in favour of any other person.

- **To renounce in part/or renounce the whole to more than one person(s)**

To subscribe rights shares in part and to renounce the balance right shares or to renounce the entire offer in favour of two or more renounees, the CAF must be first split into requisite number of forms. In such a case, please indicate requirement of Split Application Forms (SAF) in the space provided for this purpose in Part D of the CAF. The request for split of CAF must reach the Registrar to the issue on or before Tuesday, March 07, 2023. On receipt of the required number of SAF the procedure as mentioned in paragraph 'A' above shall have to be followed. Only the members to whom the Letter of Offer has been addressed to, and not the renounee(s) shall be entitled to renounce and to apply for SAF. Request by the member(s) for the SAF should reach the Registrar to the Issue on or before closing of business hours of the aforesaid date. SAF(s) will be sent to the applicant(s) by post at the applicant's risk and the Company/ Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Members has an option to split the CAF only once.

In case the signature of the member(s), who has/have renounced the Rights Shares/split application forms, does not match with the Specimen Signature(s) registered with Company or its Registrar to the Issue, such application shall be liable to be rejected.

- **Renounee(s)**

The person(s) in whose favour the Rights Shares are renounced should fill in and sign Part C of the CAF, duly signed by the original member in Part-B and submit the same along with the application money to collection centres/Registrar to the issue, as mentioned on the reverse of the CAFs on or before the closure of the issue i.e., Thursday, March 16, 2023. Any CAF received after closure of the Issue will be liable to be rejected and the Company/Registrar to the Issue will not be responsible for such rejection in any manner.

- **Change and/or introduction of additional holders**

Members can change and/or introduce additional holders to the right issue. However, such additional holders must be an existing member of the Company. Members can apply for Rights Shares jointly with any other person(s), not more than three, who is/are already members. Even a change in the sequence of the name of joint holders will amount to renunciation and the procedure, as stated above shall have to be followed.

The summary of options available to the members is presented below. Members may exercise any of the following options with regard to the Rights Shares offered in the Rights Issue, using the enclosed CAF:

Options Available	Action Required
1. Accept whole or part of your Rights Entitlement without renouncing the Balance	Fill in and sign Part A (All joint holders must sign in the same sequence).

2. Renounce your Rights Entitlement in full to one person (Joint Renounees are considered as one).	Fill in and sign Part B (all joint holders must sign in the same sequence) indicating the number of equity shares renounced and hand it over to the Renounee. The Renounee must fill in and sign Part C (All joint Renounees must sign).
3. Accept a part of your Rights Entitlement and renounce the balance to one or more Renounee(s) OR Renounce your Rights Entitlement of all equity shares offered to you to more than one Renounee.	Fill in and sign Part D (all joint holders must sign in the same sequence) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below: <b>i.</b> For the equity shares you wish to accept, if any, fill in and sign Part A. <b>ii.</b> For the equity shares you wish to renounce, fill in and sign Part B indicating the number of equity shares renounced and hand it over to the Renounee <b>iii.</b> Each of the Renounee should fill in and sign Part C for the equity shares accepted by them.
4. Introduce a Joint holder (must be an existing member) or change the Sequence of Joint holders.	This will be treated as a renunciation. Fill in and sign Part B and the Renounee must fill in and sign Part C.

#### 10. Basis for allotment

Subject to the provisions contained in the Letter of Offer and the Articles of Association, the Board/Allotment Committee shall proceed with the allotment of equity shares after the closure of Issue within the prescribed time. The unsubscribed part of the Rights Issue including the applications rejected for any reasons, as ascertained after the Last Date will be disposed of by the Board/Allotment Committee of the Company in the manner as it may deem fit and proper.

#### 11. Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the member, the Registrar to the Issue of the Company will issue a duplicate CAF upon request by the member, the request inter-alia should contain DP ID and Client ID and his / her full name and address. The request for duplicate CAF should be made well in time to ensure that completed duplicate CAF is submitted before the closure of the issue. Those who are making the application in the duplicate CAF shall not use the original CAF for any purpose including renunciation, even if it is received / found subsequently. Upon issuance of duplicate CAF, the original CAF stands cancelled automatically. In the event any member sends multiple applications, the most recent application shall be considered valid.

#### 12. Plain Paper Application

An eligible member who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Right Issue on plain paper. Such application on plain paper together with the application money shall be sent by Registered Post or Speed Post directly to the Registrar of issue. The application on plain paper, shall be duly signed by the member including joint holders, if any, in the same sequence and as per specimen signature recorded with the Depositories and shall reach the office of the Registrar before the closure of the issue. The plain paper application shall contain the following minimum particulars: 1). Name of the Company, i.e. The Nainital Bank Limited; 2). Name and address of the eligible member including joint holders; 3). DP and Client ID; 4). Number of equity shares held as on the Record Date i.e. Tuesday, February 21, 2023; 5). Number of equity shares entitled to; 6). Number of equity shares applied for; 7). Total amount paid at the rate of Rs. 25/- per share, including premium of Rs. 15 per share; 8). Particulars of cheque/demand draft 9). Saving/current account number and name and address of the bank, MICR Code, RTGS, IFSC Code of the Bank where the eligible member will be depositing the refund order.

#### 13. Applications under Power of Attorney

In case of applications made under a Power of Attorney or by Limited Companies or Bodies Corporate or Registered Societies or Mutual Funds or Trusts, the certified true copy of the relevant Power of Attorney or relevant resolution or



authority to make the application, as the case may be, together with a certified copy of the Memorandum and Articles of Association and/or Bye-Laws must be attached with CAF, failing which the applications shall be liable to be rejected.

#### 14. Modes of Payment for the Issue:

A. Mode of payment for Resident shareholder or Non Resident shareholder who are exercising the right issue on Non- Repatriable basis:

- All cheques/demand drafts/pay orders accompanying the CAF should be drawn in favour of “**The Nainital Bank Limited - Rights Issue 2023**”.

B. Mode of payment for Non-Resident shareholders applying on Repatriable basis:

- As regards the application by non-resident members / Investors, the following conditions shall apply:

- Individual Non-Resident Indian applicants who are permitted to subscribe for equity shares by applicable local securities laws can also obtain application forms from the following address: KFIN Technologies Limited, Selenium Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad; Contact Person: Mr. M. Murali Krishna.
- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares are restricted by applicable laws.
- All non-resident investors should draw the cheques/demand drafts/pay orders in favour of “The Nainital bank Limited – Rights Issue 2023”, crossed “A/c Payee only” for the full application amount be submit along with the CAF at the collection centres or to the Registrar to the Issue.

C. Set out below is the procedure followed using the R-WAP:

- Resident Investors should visit **R-WAP (accessible at <https://rights.kfintech.com>)** and fill the online Application Form available on R-WAP in electronic mode. Please ensure to provide correct DP ID, Client ID, Folio number (only for resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date), PAN details and all other details sought for while submitting the online Application Form.
- Non-Resident Investors are not eligible to apply in this Issue through R-WAP.
- Only resident Investors are eligible to apply in this Issue through R-WAP.
- The Investors should ensure that application process is verified through the email/mobile number. Post due verification, the Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Rights Equity Shares to be applied for. Please note that the Application Money will be determined based on number of Rights Equity Shares applied for.
- The Investors who are renounees should select the category of ‘Renounee’ at the application page of R-WAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renounees shall also be required to provide the required Application details, such as total number of Rights Equity Shares to be applied for.
- Investors applying in the Issue through UPI facility should accept the debit/payment request in the relevant mobile application for which the UPI ID details were provided.
- Prior to making an application, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the bank account are less than total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash mode mechanism in accordance with the SEBI Rights Issue Circulars.
- The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. Applications made using payment from third party bank accounts will be rejected.
- Verification in respect of Application through Investors’ own bank account, shall be done through the latest beneficial position data of our Company containing Investor’s bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.
- The Application Money collected through applications made on the R-WAP will be credited to the account opened by our Bank.

#### 15. Application with repatriation benefits:

- By Indian Rupee drafts purchased from abroad and payable at Hyderabad or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate).

- The non-resident investors opting for direct fund transfer/telegraphic transfers should contact the Registrar to the Issue for relevant details.
  - By local cheque/demand drafts/pay orders payable at Hyderabad out of funds held in Non-Resident External Account (NRE) or FCNR Account maintained with banks authorized to deal in foreign currency in India, along with documentary evidence in support of remittance.
  - FIIs/ FPIs must remit funds from a permissible account.
  - Non-resident investors applying with repatriation benefits should draw cheques / demand drafts in favour of "**The Nainital Bank Limited - Rights Issue 2023**" and must be crossed 'account payee only' for the full application amount which should be submitted along with the CAF to the Bankers to issue or to the Registrar to the issue.
  - Investors may note that where payment is made by drafts purchased from NRE/FCNR accounts as the case may be, an Account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. Otherwise, the application shall be treated as one on non- repatriation basis.
  - In the case of NRI Investors who remit their application money from funds held in FCNR / NRE Accounts, refunds and other disbursements, if any, shall be credited to such account details of which should be furnished in the appropriate columns in the CAF. In the case of NRI Investors who remit their application money through Indian Rupee drafts from abroad, refunds and other disbursements, if any, will be made in U.S. Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. The Company or the Registrar to the Issue or the Banker to the Issue will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the Investor's bankers
  - As far as non-residents holding equity shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Hyderabad. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
  - All cheques/demand drafts/pay orders drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of " The Nainital Bank Limited - Rights Issue 2023". Duly completed CAF together with the amount payable on application shall be deposited with the Collecting Bank/Registrar to the issue indicated on the reverse of the CAFs before the closure of the issue. Each CAF must be accompanied by a separate cheque/demand draft/pay order.
- 16. Incomplete application:** CAFs which are not complete or not complying with the technical requirements or are not accompanied with the full application money shall be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any.
- 17. Bank details of the Applicant/renounee:** Investors are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held along with the branch name, MICR No., IFSC Code, in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any. Application not containing such details is liable to be rejected.
- 18. CAF Number on the Cheque/Bank Draft:** To avoid any misuse of instruments, the applicants are advised to write the CAF number and name of the sole/first applicant on the reverse of the cheque/demand draft/pay order.
- 19. Allotment/Refund:** The Registrar to the issue will issue and dispatch allotment advice and will arrange to credit the shares to their beneficiary account, as the case may be along with refund orders, if any, within a period of 15 days from the closure of the issue. The refund shall be sent through NECS / RTGS to members who have provided their relevant bank details and to other members through physical Refund Order by Registered Post/ Speed Post to the address registered with the Company. If the relevant bank details provided by the members are different from the details registered with the registrar to the issue, refund shall be made in the relevant bank account mentioned in CAF.
- 20. Mode of payment of Refund:** Applicants/renounee should note that mismatch of account information on CAF and in records could result in delays in credit of refunds to applicants at the applicant's sole risk and the Company/Registrar to the Issue shall not have any responsibility or liability for the same. The payment of refund, if any, would be done through the Demand Drafts/NEFT/NECS/RTGS as the case may be. These demand drafts will be payable at par at the places of their registered address. The same would be marked 'A/c Payee only' and would be drawn in favour of the sole/first applicant. Bank charges, if any, for encashing such cheques or pay orders will be borne by the Applicants/renounee.

## **Annexure - B**

### **General Instructions for Applicants/Renouncee**

1. Please read the instructions printed on the CAF carefully.
2. Application should be made on the printed CAF provided by the Company and should be complete in all respects. The CAF which are incomplete and/or which are not, in conformity with the terms of the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of Bank and other charges, if any. The CAF must be filled in English. Name of all the applicants, details of occupations, addresses, father's/husband's name, Bank Details, PAN and email must be filled in block letters. The CAF together with the cheque /demand draft/pay order should be submitted to the collection centre(s). Applications without full application money to be paid for equity shares are liable to be rejected.
3. Except for applications on behalf of the Central and State Government, the officials appointed by the courts, all Investors /Members, and in the case of application in joint names, each of the joint Investors, should mention in the CAF his/her PAN number allotted under the Income Tax Act, 1961, irrespective of the amount of the application. CAFs without copy of PAN will be considered incomplete and will be liable to be rejected.
4. It is mandatory to provide the information of your savings/current account number and the name of the bank with whom such account is held, MICR No., RTGS, IFSC Code in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any. Application not containing such details is liable to be rejected.
5. All payment should be made by cheque/demand draft/pay orders only. For further details on the mode of payment, see "Mode of Payment for Resident Equity Shareholders/Investors" and "Mode of Payment for Non-Resident Equity Shareholders/ Investors" as mentioned in instruction no. XIV of Annexure A as enclosed in this Letter of Offer. In case payment is affected in contravention of this, the application may be deemed invalid and will be liable to be rejected. The application money, after deducting bank charges, if any, will be refunded and no interest will be paid thereon.
6. The members must sign the CAF as per the Specimen Signature recorded with the Company. Signatures should be either in English or Hindi or, in any other language specified in the Eighth Schedule of the Constitution of India. It is recommended to get the signatures duly attested from any bank to avoid rejections due to signature mismatch.
7. In case of applications made under a Power of Attorney or by Limited Companies or Bodies Corporate or Registered Societies or Mutual Funds or Trusts, the certified true copy of the relevant Power of Attorney or the relevant resolution or authority to make the application, as the case may be, together with a certified copy of the Memorandum and Articles of Association and / or Bye-Laws must be attached with CAF, failing which the applications will be liable to be rejected.
8. In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order, as per the specimen signature(s) recorded with the Company/Registrar to the Issue. In case of joint investors who are Renouncees, the number of investors should not exceed three. In case of joint investors, all communication will be addressed to the first Investor including the refund order, if any.
9. All communication in connection with application for the equity shares, including any change in address of the members should be addressed to the Registrar to the Issue prior to the date of Allotment, quoting the name of the first/sole Investor, folio numbers and CAF number.
10. Investors must write their CAF number at the back of the cheque/demand draft/pay order.
11. The investors shall use only one mode of payment per application. The payment shall be made by either cheque or demand draft or pay orders drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub- member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
12. Each CAF shall be accompanied by a separate cheque/demand draft/pay-orders. Outstation cheques/demand drafts/pay orders or post-dated cheques and postal money orders will not be accepted and applications accompanied by such outstation cheques/outstation demand drafts/pay-orders/money orders or postal orders will be rejected. Only one instrument per CAF shall be accepted.

13. Acknowledgement receipt will be issued for the applications received in person at the collection centre(s). The collection centre(s) will acknowledge receipt of the applications received in person by stamping and returning the Acknowledgment Slip attached at the bottom of the CAF. No receipt will be issued for the applications received through the Registered Post or Speed Post to Registrar to the issue.
14. Application(s) received from non-resident / NRIs, for allotment of Right Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, in the matter of refund of application money, allotment of equity shares, interest, export of share certificates etc. In case a non-resident or NRI member has specific approval from the RBI, in connection with his shareholding, such member should enclose a copy of such approval in the CAF.
15. **Grounds for Technical Rejections:** Investors are advised to note that applications are liable to be rejected on technical grounds, including a). Amount paid does not tally with the amount payable; b). Bank account details (for refund) are not given and the same are not available with the Registrar; c). Age of Investor(s) not given (in case of Renounees); d). Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value; e). In case of the CAF under Power of Attorney or by Limited Companies or Bodies Corporate or Registered Societies or Mutual Funds or Trusts, relevant documents are not submitted; f). the signature of the member as per the records of the Registrars to Offer / Company does not match with the one given on the CAF; g). CAFs are not submitted by the shareholders within the time prescribed i.e. on or before the closure of offer; h). CAFs not duly signed by the sole/joint shareholders: i). CAFs accompanied by Outstation cheques / post-dated cheques / money order / postal order / outstation demand draft / pay orders; j). CAFs submitted by Renounees where Part B of the CAF is incomplete or is unsigned; k). In case of joint holding, all joint holders must sign Part 'B' of the CAF; l). Applications by Renounees who are persons not competent to contract under the Indian Contract Act, 1872, including minors; and m). Duplicate / Multiple CAFs, including cases where an shareholder submits CAFs along with a plain paper application; and n). Applications by ineligible non-residents (including on account of restriction or prohibition under applicable local laws).

Please read the Letter of Offer and the instructions contained therein and in the CAF carefully before filling the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

16. In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the member within a period of 15 (fifteen) days from the closure of the issue. For further instructions, please read the CAF carefully.
17. **Allotment Advices along with Share Certificates/Refund Orders:** The Registrar will issue and dispatch Allotment Advice / or Letters of Regret along with refund order, if any, within a period of 15 (fifteen) days from the Issue Closing Date. Members residing at centers where clearing houses are managed by the RBI will get refunds through National Electronic Clearing Service ("NECS") / RTGS / NEFT except where Members have not provided the details required to send electronic refunds. Members to whom refunds are made through electronic transfer of funds will be sent a letter through Ordinary Post / email intimating them about the mode of credit of refund within 15 (fifteen) days of the closure of the issue. The Allotment Advice along with Share certificates / Refund Order would be sent by Registered Post or Speed Post to the sole / first members at the address registered with the Company. Such refund orders would be payable at par. The same would be marked 'A/c Payee only' and would be drawn in favour of the sole / first member.
18. **Nomination:** In terms of Section 72 of the Companies Act, 2013, Nomination facility is available in respect of the equity shares. A member can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of equity shareholders, who are individuals, a sole equity shareholder or the first named equity shareholder, along with other Joint equity shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to 'the equity shares'. A person, being a nominee, becoming entitled to the equity shares by reason of the death of the Original equity shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the equity shares. Where the nominee is a minor, the equity shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the equity share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the equity shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Fresh nominations can be made only in the prescribed form available on request at our Registered Office/ Registrar to the Issue. The Investor can make the nomination by filling in the relevant portion of the CAF. Only one nomination would be applicable for one folio. Hence, in case the shareholder(s) has already registered the nomination with the Company, no further nomination needs to be

made for Equity Shares that may be allotted in the Issue under the same folio. However, if the member has mentioned the details of nomination in the CAF, the nomination mentioned in the CAF shall override the nomination already registered with the Company / registrar to the issue.

- 19. Impersonation:** Any person who makes in a fictitious name an application to a Bank / Registrar to the issue for acquiring, or subscribing for, any shares therein, or otherwise induces a Bank / Registrar to the issue to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with the applicable penalties under the relevant statutes.

As a matter of abundant caution, attention of applicants is specifically drawn to the provisions of Section 38 of the Companies Act, 2013, which is reproduced below.

“Any person who -

- a. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- b. makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- c. otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447 of the Companies Act, 2013.”

## **20. Offer to Non-Resident members/Applicants**

Any allotment of shares to non-resident members of the Company will be subject to any approvals or intimations as may be required under the applicable laws including that of the Foreign Investment Promotion Board (‘FIPB’) and the Reserve Bank of India (‘RBI’).

As per Regulation 6 of Notification No. FEMA 20/200-RB dated May 3, 2000, the RBI has given general permission to Indian companies to issue rights shares to non-resident members, subject to the fulfillment of certain specified conditions.

[By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Further, the RBI in its Master Circular on Foreign Investment in India dated July 01, 2015, has reiterated that erstwhile OCBs which are incorporated outside India and are not under adverse notice of the Reserve Bank can make fresh investments under the FDI Scheme as incorporated non-resident entities, with the prior approval of the Reserve Bank, if the investment is through the Automatic Route. However, before making any fresh FDI under the FDI scheme, an erstwhile OCB should through their AD bank, take a onetime certification from RBI that it is not in the adverse list being maintained with the Reserve Bank of India.]

This Letter of Offer and CAF will be dispatched to non-resident members at their addresses registered with the Company.

## **21. Renunciation**

Any renunciation by or in favour of Non-Residents is subject to the renouncer(s) / renounee(s) obtaining the requisite approval of the FIPB, if required and / or necessary permission of the IRDAI approval if required, RBI, if required under FEMA and such permissions should be attached to the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected. Applicants renouncing the Right Shares in favour of non-resident may seek extension from the Company for the period involved in obtaining necessary approvals from the FIPB or RBI or any other authority. However, such application for extension must reach the Company before the Closing Date.

For guidance on the application process through R-WAP and resolution of difficulties faced by investors, you are advised to read the frequently asked question (FAQ) on the website of the registrar at <https://rights.kfintech.com>.

- 22.** Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

❖ our Bank at [www.nainitalbank.co.in](http://www.nainitalbank.co.in);

- ❖ the Registrar at [www.kfintech.com](http://www.kfintech.com) ;
- ❖ the Registrar's web-based application platform at <https://rights.kfintech.com> ("R-WAP").

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://rights.kfintech.com>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our bank (i.e., [www.nainitalbank.co.in](http://www.nainitalbank.co.in)).

### **23. Other important links and helpline**

The Investors can visit following links for the below-mentioned purposes:

- ❖ Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: <https://rights.kfintech.com>.
- ❖ Updation of Indian address/ e-mail address/ mobile number in the records maintained by the Registrar or our Company: <https://rights.kfintech.com>.
- ❖ Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: <https://rights.kfintech.com>.
- ❖ Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: <https://rights.kfintech.com>.

### **24. Don'ts for Investor applying through R-WAP**

- a. Do not apply from bank account of third parties.
- b. Do not apply if you are a non-resident Investor.
- c. Do not apply from non-resident account.
- d. Do not apply from corporate account

## **SECTION VIII - OTHER INFORMATION**

### **Material Documents for Inspection**

The following documents which are or may be deemed material shall be available for inspection at the Head Office of the Bank between 10.00 am to 12.00 noon on any working day from the date of the Letter of Offer until the Closure of the issue.

1. Memorandum and Articles of Association of the Bank.
2. Copy of Resolution passed by the Board of directors meeting held on February 21, 2023.
3. Copies of the Annual Reports of the Company for the Financial Year 2017-2018, 2018-2019, 2019-2020, 2020-2021 and 2021-2022.
4. Copy of Financial Statements for Financial Year 2019-2020, 2020-2021, 2021-2022 and December 31, 2022.
5. Agreement entered between the Bank and the registrar and Share Transfer Agent (RTA).
6. Valuation Report by Independent Valuers (Registered Valuer and Merchant Banker).

### **Declaration**

No statement in this letter of offer shall contravene any of the provisions of Companies Act, 2013, Banking Regulation Act, 1949 and any other law applicable for the time being in force.

In the opinion of the Board of Directors of the Bank there have not arisen, since the date of the last financial statement disclosed in this Letter of Offer any circumstances that materially and adversely affected or is likely to affect the business or the profitability of the company or the value of its assets or its ability to pay its liabilities within the next twelve months.

## Declaration by the Directors and Management

We hereby certify that as to the best of our knowledge and belief, no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013, guidelines issued by the Reserve Bank of India, SEBI Act or the rules made thereunder or regulations issued thereunder, as the case may be. All the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., have been duly complied with.

We further certify that all disclosures made in this Letter of Offer are true and correct.

### Signed by the Directors of our Bank

<b>Mr. N.K. Chari</b> <b>(Non-Executive Independent Chairman)</b>	<b>Mr. Nikhil Mohan</b> <b>(Managing Director &amp; CEO)</b>
<b>Mrs. Binita Shah</b> <b>(Non-Executive Independent Director)</b>	<b>Mr. Manoj Sharma</b> <b>(Non-Executive Independent Director)</b>
<b>Mr. U C Nahta</b> <b>(Non-Executive Independent Director)</b>	<b>Mr. Neelam Damodharan</b> <b>(Non-Executive Independent Director)</b>

<b>Mahesh Goyal</b> <b>(Chief Financial Officer)</b>	<b>Vivek Sah</b> <b>(Company Secretary)</b>
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**Date:** February 21, 2023

**Place:** Nainital

#### Note:

The Bank accepts no responsibility for statements made otherwise than in the letter of offer or in the advertisement or any other material issued by or at the instance of the company and the Lead manager and that anyone placing any reliance on any other source of information would be doing so at his / her / their own risk.

#### By Order of the Board of Directors

#### For The Nainital Bank Limited

**(Nikhil Mohan)**  
**Managing Director and Chief Executive Officer**

**Date:** February 21, 2023

**Place:** Nainital

**Enclosed:** Composite Application Form (CAF)



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