



INDEPENDENT AUDITOR'S REPORT

The Members

Capital Small Finance Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **CAPITAL SMALL FINANCE BANK LIMITED** ("the Bank"), which comprise the Balance sheet as at March 31, 2023, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information (hereafter referred to as the "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Banking Regulations Act, 1949 as well as Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under Section 133 of the Act read with Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2023, and profit, and its cash flows for the year ended on that date

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Bank in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

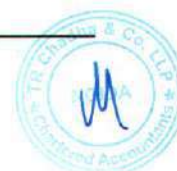
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Description of KAM	Auditor's Response
1.	Identification of non-performing advances and provisioning for advances Advances form a material portion of the Bank's assets, and the quality of the Bank's loan portfolio is measured in terms of the	We considered the Bank's accounting policies for NPA identification, and provisioning and assessing compliance with the IRAC norms prescribed by the RBI read with the RBI guidelines relating to COVID-19 Regulatory Packages.

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	<p>proportion of non-performing assets (NPAs) to the total loans and advances. Identification, classification and provisioning of NPAs are governed by the prudential norms on Income Recognition and Asset Classification (“IRAC”) issued by the Reserve Bank of India (RBI) which include rule-based and judgmental factors. Management is also required to make estimates of stress, recoverability issues, and security erosion in respect of specific borrowers or groups of borrowers, on account of specific factors that may affect such borrowers/group.</p> <p>A material error or omission in the process of NPA identification or provisioning may result in a material misstatement of the financial statements, and also potentially result in a non-compliance of applicable regulatory guidelines. In view of the significance of this area to the overall audit of financial statements, it has been considered as a key audit matter.</p>	<p>We tested the operating effectiveness of the controls (including application and IT dependent controls, NPA automation) for borrower wise classification of loans in the respective asset classes viz., standard, sub-standard, doubtful and loss with reference to their days-past-due (DPD) status (including consideration of the moratorium on loans offered under the Regulatory Package).</p> <p>We have considered the “SMA” reports submitted by the Bank to the RBI’s (CRILC) and made inquiries of personnel in the Bank’s credit and risk departments regarding indicators of stress or the occurrence of specific event(s) of default or other factors affecting the loan portfolio / particular loan product category, that may affect NPA identification and/or provisioning.</p> <p>We performed test of details on the provisioning made against respective asset classes as at balance sheet date, and consistency of such provisioning with the Bank’s accounting policies and applicable regulatory provisioning requirements.</p> <p>We made inquiries of management regarding any effects considered on the NPA identification and / or provisioning, resulting from observations raised by the RBI during their annual inspection of the Bank’s operations.</p> <p>We performed analytical procedures which considered both financial and non-financial parameters, in relation to identification of NPAs and provisioning there against.</p> <p>We tested the arithmetical accuracy of computation of provision for advances.</p>
2.	<p>IT systems and controls</p> <p>The reliability and security of IT systems plays a key role in the business operations of the Bank. Large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. These systems also play a key role in the financial accounting and reporting process of the Bank.</p> <p>Due to the pervasive nature and complexity of the IT environment and considering that changes in key processes have been implemented in recent past, we have</p>	<p>Our audit procedures included the following, among others:</p> <ul style="list-style-type: none"> • Testing of IT general controls, application controls and IT dependent manual controls. • Tested the design and operating effectiveness of the Bank’s IT access controls over the information systems that are critical to financial reporting. • We considered the control environment relating to various interfaces, configuration and other application controls identified as key to our audit.

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	<p>ascertained IT systems and controls as a key audit matter.</p>	<ul style="list-style-type: none"> • In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting. • Where deficiencies were identified, we tested compensating controls or performed alternate procedures.
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Information Other than the Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the Director's Report but does not include the financial statements and our auditor's report thereon. The Director's Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Director's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Those Charged with Governance.

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

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank and provisions of Section 29 of the Banking Regulation Act, 1949, and circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act and RBI Guidelines for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the Financial Statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore, the key

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audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and section 133 of the Act, and related rules issued thereunder.
2. As required by sub-section (3) of Section 30 of the Banking Regulation Act, 1949, we report that:
 - a) We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
 - c) The key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein. We have visited 21 branches for the purpose of our Audit covering 36.97% of the gross advances as on March 31, 2023, as required under the relevant RBI Circular in this regard.
3. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting policies prescribed by RBI.
 - e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) the Bank, as detailed in Schedule 12 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31st March 2023;
 - (ii) The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Bank does not have any derivative contracts as at March 31, 2023;
 - (iii) there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.
 - (iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other persons / entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Bank from any persons / entities, including foreign entities ("Funding Parties"), that the Bank has directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (c) Based on the audit procedures which we have considered reasonable and appropriate in the circumstances and according to the information and explanations provided to us by the Management in this regard, nothing has come to our notice that has caused us to believe that the representations made by the Management under sub-clause (a) and (b) above contain any material misstatement.
 - (v) The dividend declared or paid by the Bank during the year is in accordance with Section 123 of the Companies Act, 2013.
 - (vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from 1st April 2023 to the Bank and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31st March 2023.



T R Chadha & Co LLP
Chartered Accountants



- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, the Bank is a Banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under Section 197 of the Act do not apply.

For T R Chadha & Co LLP

Chartered Accountants

Firm's Registration No.: 006711N/ N500028

Hitesh Garg

Partner

Membership No.: 502955

UDIN: 23502955BGQPWX8122

Place: Noida

Date: 19th May 2023



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“Annexure A” as referred to in paragraph 3(f) of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to financial statements of Capital Small Finance Bank Limited (“the Bank”) as of 31 March 2023 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Bank’s management is responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal controls over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Bank’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system with reference to financial statements and their operating effectiveness. Our audit of internal financial control with reference to financial statements included obtaining an understanding of internal financial control with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank’s internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls Over Financial Reporting

A Bank’s internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank’s internal financial control with reference to financial statements includes those policies and procedures that:

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures

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of the Bank are being made only in accordance with authorizations of management and directors of the Bank; and

- c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Bank has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with respect to financial statements were operating effectively as at 31 March 2023, based on the internal controls over financial reporting criteria established by the Bank considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For T R Chadha & Co LLP

Chartered Accountants

Firm Regn No. 006711N / N500028

Hitesh Garg
(Partner)

M. No. 0502955

Place: Noida

Date: 19th May 2023

UDIN-23502955BGQPWX8122



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FINANCIAL STATEMENTS

Financial Year 2022-23

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CAPITAL SMALL FINANCE BANK LIMITED

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E-mail : investorrelations@capitalbank.co.in

CIN: U65110PB1999PLC022634



Balance Sheet

BALANCE SHEET AS ON MARCH 31, 2023

(₹ IN THOUSANDS)


Particulars	Schedule	As on March 31, 2023	As on March 31, 2022
CAPITAL AND LIABILITIES			
Capital	1	3,42,525	3,40,441
Reserves and Surplus	2	57,63,582	48,17,374
Deposits	3	6,56,06,212	6,04,63,591
Borrowings	4	72,13,833	49,84,300
Other Liabilities and Provisions	5	9,81,595	9,33,506
Total		<u>7,99,07,747</u>	<u>7,15,39,212</u>
ASSETS			
Cash and Balances with Reserve Bank of India	6	46,26,522	36,39,949
Balances with Banks and Money at Call and Short Notice	7	41,82,094	65,50,617
Investments	8	1,48,85,810	1,35,70,627
Advances	9	5,42,86,883	4,63,48,002
Fixed Assets	10	8,25,930	8,35,866
Other Assets	11	11,00,508	5,94,151
Total		<u>7,99,07,747</u>	<u>7,15,39,212</u>
Contingent Liabilities	12	5,64,740	4,56,217
Bills for Collection		-	-

Significant Accounting Policies and Notes forming part of the Financial Statements 17 & 18

The schedules referred to above form an integral part of the Balance Sheet. The Balance Sheet has been prepared in conformity with Form A to the Third Schedule of the Banking Regulation Act, 1949.

As per our report of even date

For **TR Chadha & Co. LLP**
Chartered Accountants
FRN: 006711N/N500028



Hitesh Garg
Partner
Membership No.:502955

Date : May 19, 2023
Place : New Delhi



For and on behalf of The Board of
Capital Small Finance Bank Limited



Sarvjit Singh Samra
Managing Director &
Chief Executive Officer
DIN: 00477444


Munish Jain
Chief Financial Officer &
Chief Operating Officer

Date : May 19, 2023
Place : Jalandhar



Rakesh Soni
Director
DIN: 07262045

Amit Sharma
Company Secretary
Membership No. FCS10888



Gurpreet Singh Chug
Director

DIN: 01003380



Profit & Loss Account

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2023

(₹ IN THOUSANDS)

Particulars	Schedule	Year Ended March 31, 2023	Year Ended March 31, 2022
INCOME			
Interest Earned	13	67,60,075	57,82,177
Other Income	14	4,94,748	5,41,853
Total		72,54,823	63,24,030
EXPENDITURE			
Interest Expended	15	35,40,237	32,29,361
Operating Expenses	16	22,27,538	19,62,529
Provisions and Contingencies (Refer Note 25 of Schedule 18)		5,51,086	5,06,451
Total		63,18,861	56,98,341
PROFIT			
Net Profit for the year		9,35,962	6,25,689
Profit brought forward		16,70,211	12,62,883
Total		26,06,173	18,88,572
APPROPRIATIONS			
Transfer to Statutory Reserve		2,33,991	1,56,422
Transfer to Special Reserve		34,539	18,043
Transfer (from)/to Revenue and Other Reserves (Investment Reserve Account)		(7,568)	138
Transfer (from)/to Revenue and Other Reserves (Investment Fluctuation Reserve)		(20,842)	16,556
Dividend		34,234	27,202
Balance carried over to Balance Sheet		23,31,819	16,70,211
Total		26,06,173	18,88,572
EARNINGS PER SHARE			
Basic (₹)		27.35	18.41
Diluted (₹)		27.21	18.22
Face value (₹)		10.00	10.00

Significant Accounting Policies and Notes forming part of the Financial Statements 17 & 18

The schedules referred to above form an integral part of the Balance Sheet. The Balance Sheet has been prepared in conformity with Form A to the Third Schedule of the Banking Regulation Act, 1949.

As per our report of even date

For **TR Chadha & Co. LLP**
Chartered Accountants
FRN: 006711N/N500028



Hitesh Garg
Partner
Membership No.:502955

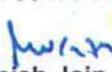
Date : May 19, 2023
Place : New Delhi



For and on behalf of The Board of
Capital Small Finance Bank Limited



Sarvjit Singh Samra
Managing Director &
Chief Executive Officer
DIN: 00477444



Munish Jain
Chief Financial Officer &
Chief Operating Officer

Date : May 19, 2023
Place : Jalandhar

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Rakesh Soni
Director
DIN: 07262045

DIN: 07262045



Gurpreet Singh Chug
Director

DIN: 01003380



Amit Sharma
Company Secretary
Membership No. FCS 10888

Membership No. FCS 10888



Cash Flow Statement

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(₹ IN THOUSANDS)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Taxes	12,41,564	8,44,893
Adjustment For:		
Depreciation Charge on Fixed Assets	2,06,670	1,61,160
Loan Loss Provision	2,45,484	2,87,247
(Profit)/Loss on Sale of Fixed Assets	(103)	57
Employee Stock Option Expense	26,709	38,350
Depreciation/(Reversal of depreciation) on Investments	13,398	(245)
	<u>17,33,722</u>	<u>13,31,462</u>
Adjustment For:		
Decrease/(Increase) in Term Deposits with other Banks	23,26,033	(7,22,312)
(Increase) in Investments	(13,28,581)	(14,47,863)
(Increase) in Advances	(81,85,634)	(92,57,161)
Increase in Deposits	51,42,621	82,52,891
(Increase) in Other Assets	(4,94,479)	(28,135)
Increase/(Decrease) in Other Liabilities & Provisions	75,446	(28,390)
	<u>(7,30,872)</u>	<u>(18,99,508)</u>
Direct Taxes Paid (net of refunds)	(3,43,568)	(2,07,899)
NET CASH FLOW (USED IN) OPERATING ACTIVITIES	<u>(10,74,440)</u>	<u>(21,07,407)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,97,644)	(1,34,935)
Proceeds from Sale of Fixed Assets	1,013	3,392
NET CASH FLOW (USED IN) INVESTING ACTIVITIES	<u>(1,96,631)</u>	<u>(1,31,543)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds from equity shares issued under preferential allotment on Private Placement basis / ESOP allotment	19,855	13,075
Net Proceeds from the new issue of Unsecured Redeemable Non Convertible Bonds/(Redemption of Bonds)	2,61,300	2,26,200
Net Increase/(Decrease) in Borrowings / Refinance	19,68,233	(14,09,100)
Dividend Payment	(34,234)	(27,202)
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES	<u>22,15,154</u>	<u>(11,97,027)</u>
Net Increase / (Decrease) in Cash & Cash Equivalents	<u>9,44,083</u>	<u>(34,35,977)</u>
Cash & Cash Equivalents in the beginning of the year	39,75,298	74,11,275
Cash & Cash Equivalents at the end of the year	49,19,381	39,75,298

NOTES :

- The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016.
- Figures in brackets indicate cash outflow.

As per our report of even date

 For **TR Chadha & Co. LLP**
 Chartered Accountants
 FRN: 006711N/N500028


Hitesh Garg
 Partner
 Membership No.:502955

 Date : May 19, 2023
 Place : New Delhi

 For and on behalf of The Board of
Capital Small Finance Bank Limited

Sarvjit Singh Samra
 Managing Director &
 Chief Executive Officer
 DIN: 00477444

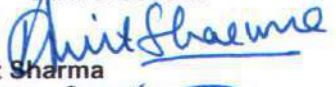

Munish Jain
 Chief Financial Officer &
 Chief Operating Officer

 Date : May 19, 2023
 Place : Jalandhar

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Rakesh Soni
 Director
 DIN: 07262045


Gurpreet Singh Chug
 Director
 DIN: 01003380


Amit Sharma
 Company Secretary
 Membership No. FCS 10668

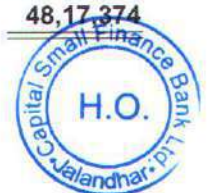
 Date : May 19, 2023
 Place : Jalandhar


Schedules

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS AS ON MARCH 31, 2023

(₹ IN THOUSANDS)

Particulars	As on March 31, 2023	As on March 31, 2022
SCHEDULE - 1 CAPITAL		
Authorised Capital	5,00,000	5,00,000
5,00,00,000 equity shares of ₹10 each		
Issued, Subscribed and Paid-up Capital		
3,42,52,454 equity shares issued of ₹10 each fully paid-up (Previous year 3,40,44,091 equity shares of ₹10 each)	3,42,525	3,40,441
Total	3,42,525	3,40,441
SCHEDULE 2 - RESERVES AND SURPLUS		
I Statutory Reserves		
Opening Balance	7,29,606	5,73,184
Additions during the year	2,33,991	1,56,422
Deductions during the year	-	-
Total	9,63,597	7,29,606
II Capital Reserve		
Opening Balance	159	159
Additions during the year	-	-
Deductions during the year	-	-
Total	159	159
III Special Reserve		
Opening Balance	36,418	18,376
Additions during the year	34,539	18,042
Deductions during the year	-	-
Total	70,957	36,418
IV Share Premium		
Opening Balance	22,33,888	22,06,855
Additions during the year	42,557	27,033
Deductions during the year	-	-
Total	22,76,445	22,33,888
V Revenue and Other Reserves		
Opening Balance	1,47,092	1,07,340
Additions during the year	26,709	55,044
Deductions during the year	(53,196)	(15,292)
Total	1,20,605	1,47,092
VI Balance in Profit & Loss Account	23,31,819	16,70,211
Grand Total	57,63,582	48,17,374



Schedules

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS AS ON MARCH 31, 2023

(₹ IN THOUSANDS)

Particulars	As on March 31, 2023	As on March 31, 2022
SCHEDULE 3 - DEPOSITS		
A I Demand Deposits		
i) From Banks	11,398	21
ii) From others	24,00,243	23,28,957
II Saving Bank Deposits	2,50,67,321	2,31,65,032
III Term Deposits		
i) From Banks	2,62,044	8,09,361
ii) From others	3,78,65,206	3,41,60,220
Total (I+II+III)	6,56,06,212	6,04,63,591
B I Deposits of branches in India	6,56,06,212	6,04,63,591
II Deposits of branches outside India	-	-
Total	6,56,06,212	6,04,63,591
SCHEDULE 4 - BORROWINGS		
I Borrowings in India		
i) Reserve Bank of India	-	-
ii) Other Banks	-	-
iii) Other Institutions and Agencies	48,05,133	28,36,900
iv) Unsecured Redeemable Non-Convertible Bonds (Subordinated Debt - Tier II Capital)	20,18,700	17,57,400
v) Hybrid Debt Capital instrument issued as Debentures	3,90,000	3,90,000
II Borrowings outside India	-	-
Total (I+II)	72,13,833	49,84,300
Secured Borrowings included in I & II above	48,05,133	28,36,900
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I Bills Payable	3,58,275	3,33,769
II Inter-office adjustments (net)	-	3,977
III Interest accrued	58,899	55,514
IV Provision for taxes (net of taxes paid in advance/TDS)	-	26,089
V Others (including provisions)	2,81,649	2,30,117
VI Contingent provision against standard assets	2,82,772	2,84,040
Total	9,81,595	9,33,506
SCHEDULE 6 - CASH AND BALANCE WITH RESERVE BANK OF INDIA		
I Cash in hand (including Cash at ATM & Foreign Currency Notes)	10,52,992	5,52,569
II Balance with Reserve Bank of India		
a) In current accounts	32,23,530	25,17,380
b) In other accounts	3,50,000	5,70,000
Total (I+II)	46,26,522	36,39,949



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SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS AS ON MARCH 31, 2023

(₹ IN THOUSANDS)

Particulars	As on March 31, 2023	As on March 31, 2022
SCHEDULE 7 - BALANCE WITH BANKS AND MONEY AT CALL & SHORT NOTICE		
I. In India		
I) Balance with Banks		
a) In current accounts	2,92,859	3,35,349
b) In other deposit accounts	38,89,235	62,15,268
II) Money at call and short notice		
a) With Banks	-	-
b) With other Institutions	-	-
Total (I)	<u>41,82,094</u>	<u>65,50,617</u>
II Outside India		
a) In current accounts	-	-
b) In other deposit accounts	-	-
c) Money at call and short notice	-	-
Total (II)	-	-
Grand Total(I+II)	<u>41,82,094</u>	<u>65,50,617</u>
SCHEDULE 8 - INVESTMENTS		
I Investments in India in		
i) Government securities	1,48,70,406	1,35,55,223
ii) Other approved securities	-	-
iii) Shares	15,404	15,404
iv) Debentures and Bonds	-	-
v) Subsidiaries and/or joint ventures	-	-
vi) Others	-	-
Total (I)	<u>1,48,85,810</u>	<u>1,35,70,627</u>
II Investments outside India in		
i) Government securities (including Local Authorities)	-	-
ii) Subsidiaries and/or joint ventures abroad	-	-
iii) Other Investments	-	-
Total (II)	-	-
Grand Total(I+II)	<u>1,48,85,810</u>	<u>1,35,70,627</u>
III Gross value of Investments	1,48,99,208	1,35,70,627
Provision for Depreciation	(13,398)	-
Net Value of Investments	<u>1,48,85,810</u>	<u>1,35,70,627</u>



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SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS AS ON MARCH 31, 2023

(₹ IN THOUSANDS)

Particulars	As on March 31, 2023	As on March 31, 2022
SCHEDULE 9 - ADVANCES		
A i) Bills Purchased and Discounted	-	-
ii) Cash Credits, Overdrafts and Loans Repayable on Demand	2,52,28,540	2,30,48,886
iii) Term Loans	2,90,58,343	2,32,99,116
Total	5,42,86,883	4,63,48,002
B i) Secured by Tangible Assets	5,35,20,559	4,52,58,791
ii) Covered by Bank / Government Guarantees	6,88,687	9,72,508
iii) Unsecured	77,637	1,16,703
Total	5,42,86,883	4,63,48,002
C I) Advances in India		
i) Priority Sector (Refer Note 4.2 of Schedule 18)	3,49,60,671	3,22,99,603
ii) Public Sector	-	-
iii) Banks	-	-
iv) Other	1,93,26,212	1,40,48,399
Total (I)	5,42,86,883	4,63,48,002
II) Advances outside India		
i) Due from Banks	-	-
ii) Due from Others	-	-
a) Bills Purchased & Discounted	-	-
b) Syndicated Loans	-	-
c) Others	-	-
Total (II)	-	-
Grand Total (I+II)	5,42,86,883	4,63,48,002

SCHEDULE 10 - FIXED ASSETS

I. Premises

At cost as on 31st March of the preceeding year	1,07,641	64,524
Additions during the year	-	43,117
Deductions during the year	-	-
Total	1,07,641	1,07,641

Depreciation

As at 31st March of the preceeding year	723	-
Charge for the year	1,367	723
Total	2,090	723
Net Block I	1,05,551	1,06,918



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SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS AS ON MARCH 31, 2023

(₹ IN THOUSANDS)

Particulars	As on March 31, 2023	As on March 31, 2022
II. Other Fixed Assets (including furniture & fixtures)		
At cost as on 31st March of the preceeding year	17,28,695	16,46,161
Additions during the year	1,97,644	91,817
Deductions during the year	(3,462)	(9,283)
Total	<u>19,22,877</u>	<u>17,28,695</u>
Depreciation		
As at 31st March of the preceeding year	9,99,747	8,45,145
Charge for the year	2,05,303	1,60,437
Reversed on sale	(2,552)	(5,835)
Total	<u>12,02,498</u>	<u>9,99,747</u>
Net Block II	<u>7,20,379</u>	<u>7,28,948</u>
Total (I & II)	<u>8,25,930</u>	<u>8,35,866</u>

SCHEDULE 11 - OTHER ASSETS

I Inter-office adjustments (net)	-	-
II Interest accrued	3,68,725	3,91,535
III Taxes paid in advance/TDS (net of provision for taxes)	277	-
IV Stationery & Stamps	5,762	3,638
V Non-banking assets acquired in satisfaction of claims	-	-
VI Others (includes deposits amounting to ₹ 4,92,927 (Thousands) as on March 31, 2023 placed on account of shortfall in priority sector target & ₹ 2,400 (Thousands) as on March 31, 2022)	7,25,744	1,98,978
Total	<u>11,00,508</u>	<u>5,94,151</u>

SCHEDULE 12 - CONTINGENT LIABILITIES

I Claims against the Bank not acknowledged as debts	12,208	-
II Liability for partly paid investments	-	-
III Liability on account of outstanding forward exchange contracts	-	-
IV Guarantees given on behalf of constituents		
(a) In India	4,72,526	3,70,491
(b) Outside India	-	-
V Acceptances, endorsements and other obligations	14,791	13,643
VI Other items for which Bank is contingently liable	65,215	72,083
Total	<u>5,64,740</u>	<u>4,56,217</u>



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SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS FOR YEAR ENDED MARCH 31, 2023

(₹ IN THOUSANDS)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
SCHEDULE 13 - INTEREST EARNED		
I Interest/discount on advances/bills	53,28,584	43,73,015
II Income on investments	9,76,184	8,60,235
III Interest on balance with Reserve Bank of India and inter-bank funds	4,48,441	5,48,880
IV Others	6,866	47
Total	67,60,075	57,82,177
SCHEDULE 14 - OTHER INCOME		
I Commission, exchange and brokerage	4,69,205	4,26,341
II Profit on sale of investments (Net)	4,743	29,500
III Profit/(Loss) on revaluation of investments (Net)	(13,398)	245
IV Profit/(Loss) on sale of land, building & other assets (Net)	103	(57)
V Profit on Exchange Transactions (Net)	33,923	27,488
VI Income earned by way of dividends etc.	-	-
VII Miscellaneous income	172	58,336
Total	4,94,748	5,41,853
SCHEDULE 15 - INTEREST EXPENDED		
I Interest on Deposits	31,14,332	28,54,207
II Interest on Reserve Bank of India/Inter-Bank Borrowings	26,002	1,225
III Others	3,99,903	3,73,929
Total	35,40,237	32,29,361
SCHEDULE 16 - OPERATING EXPENSES		
I Payments to and provisions for employees	11,79,824	10,65,603
II Rent, Taxes and Lighting	2,75,742	2,59,095
III Printing and Stationery	32,282	24,017
IV Advertisement and Publicity	10,422	3,807
V Depreciation on Bank's property	2,06,670	1,61,160
VI Directors Fees, Allowances & Expenses	9,434	4,950
VII Auditors' Fees and Expenses	7,571	8,272
VIII Law charges	-	-
IX Postage, Telegrams, Telephones etc.	39,473	32,899
X Repairs and Maintenance	87,525	76,300
XI Insurance	82,335	82,897
XII Other expenditure	2,96,260	2,43,529
Total	22,27,538	19,62,529



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SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

1 Corporate Information

Capital Small Finance Bank Limited ('the Bank') a banking company incorporated under The Companies Act, 1956, is engaged in providing a wide range of banking and financial services including retail & commercial banking and treasury operations. The Bank is governed by the Banking Regulation Act, 1949. The name of the Bank has been included in the Second Schedule to the Reserve Bank of India Act, 1934 vide Reserve Bank of India ('the RBI' or 'RBI') notification dated February 16, 2017. The Bank operates in India and does not have any branch outside India.

2 Basis of Preparation

The accompanying financial statements have been prepared under the historical cost convention and on accrual basis except where otherwise stated, and in compliance with the generally accepted accounting principles in India ("Indian GAAP") and in accordance with statutory requirements prescribed under the Banking Regulation Act 1949, circulars and guidelines issued by the RBI from time to time (RBI guidelines), Accounting Standards referred to in Section 133 of the Companies Act, 2013 (the Act) read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment rules, 2016 to the extent applicable and practices prevailing within the banking industry in India. The financial statements are presented in Indian Rupees rounded off to the nearest thousands unless otherwise stated.

3 Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results could differ from estimates and the differences between the actual results and the estimates are recognized prospectively in the year in which the results are known/ materialized.



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4 Property, Plant and Equipment and Depreciation

- 4.1** Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment if any. The cost of an asset comprises its purchase price and any cost directly attributable to bringing the asset to its working condition and location for its intended use. Subsequent expenditure on fixed assets after its purchase is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.
- 4.2** Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Leasehold improvements are amortized over the duration of the primary lease period or useful life whichever is less.
- 4.3** Intangible assets are amortized on a straight line basis over their estimated useful life. The amortization period is reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.
- 4.4** The rates of depreciation for key fixed assets, which are not lower than the rates, calculated on the basis of the useful life specified in the Schedule II of the Companies Act 2013, is as follows:

Asset	Depreciation rate per annum
Computers	33.33%
Automated Teller Machines (ATMs)	9.50%
Mobile Phones	33.33%
Cash Sorting Machines	33.33%
Software and System Development Expenditure	20%



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- 4.5** All other Assets are depreciated on the rates, calculated on the basis of useful life specified in the Schedule II of the Companies Act 2013, as detailed below:

Asset	Depreciation rate per annum
Plant and Machinery	6.33%
Office Equipment	19.00%
Furniture & Fixture	9.50%
Motor Car	11.88%
Two Wheeler	9.50%
Cycle	9.50%

- 4.6** Assets purchased/sold during the year are depreciated on a pro-rata basis.
- 4.7** An item of fixed assets is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on de-recognition is recognized in the Profit and Loss account.
- 4.8** Gains or losses arising from disposal or retirement of tangible fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized on net basis, within "Other Income" as Profit/(Loss) on sale of fixed assets, as the case maybe, in the Profit and Loss account in the year of disposal or retirement.
- 4.9** Assets individually costing up to ₹5,000/- are depreciated fully in the year of acquisition. Further, profit on sale of premises by the Bank is appropriated to capital reserve, net of transfer to Statutory Reserve and taxes, in accordance with RBI guidelines.

5 Impairment of Assets

The carrying amount of fixed assets is reviewed at the Balance Sheet date to determine if there are any indications of impairment based on internal / external factors. In case of impaired assets, the impairment loss i.e. the amount by which the carrying amount of the asset exceeds its recoverable value is charged to the Profit and Loss account to the extent the carrying amount of assets exceeds its estimated recoverable amount.



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6 Investments

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

6.1 Categorization of Investments

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

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

6.2 Classification of Investments

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

Investments outside India are classified under three groups viz., (i) Government Securities (Including local authorities), (ii) Subsidiaries and/or Joint Ventures abroad and (iii) Other Investments.

6.3 Acquisition cost

6.3.1 Brokerage, commission, etc. pertaining to investments, paid at the time of acquisition is charged to the Profit and Loss account.

6.3.2 Cost of investments is computed based on the weighted average cost method.

6.4 Valuation of Investments

6.4.1 Held to Maturity – Each security in this category is carried at its acquisition cost or amortized cost. Any premium on acquisition of the security is amortized over the balance period to maturity. The amortized amount is classified under Interest earned – Income on investments (Item II of Schedule 13). The book value of the security is



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- reduced to the extent of amount amortized during the relevant accounting period. Diminution, other than temporary, is determined and provided for each investment individually.
- 6.4.2** Held for Trading – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.
- 6.4.3** Available for Sale – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification, is ignored, while net depreciation is provided for.
- 6.4.4** Market value of government securities (excluding treasury bills) is determined on the basis of the prices / YTM declared by Primary Dealers Association of India (PDAI) jointly with Financial Benchmark India Private Limited (FBIL).
- 6.4.5** Treasury bills are valued at carrying cost, which includes discount amortized over the period to maturity.
- 6.4.6** Unquoted equity shares are valued at the break-up value, if latest balance sheet is available or at ₹1 as per the RBI guidelines.
- 6.4.7** Security purchase and sale transactions are recorded under Settlement Date method of accounting.
- 6.4.8** Provision for non-performing investments is made in conformity with RBI guidelines.
- 6.4.9** Profit in respect of investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account.
- 6.4.10** In the event, provisions created on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, the excess is credited to the Profit and Loss account and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provisions) is appropriated to an Investment Reserve Account (IRA). The balance in IRA account is used to meet provision on account of depreciation in AFS and HFT categories by transferring an equivalent amount to the Profit and Loss Appropriation account as and when required.



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- 6.4.11** Units of the scheme of Mutual Funds are valued at the lower of cost and Net asset value (NAV) provided by the respective schemes of Mutual Funds.
- 6.4.12** In accordance with the RBI guidelines, repurchase and reverse repurchase transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively.
- 6.4.13** Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

6.5 Broken period Interest

Broken period interest on debt instruments is treated as a Revenue item.

6.6 Transfer of Security between Categories

Transfer of Securities from one category to another is carried out as per the RBI guidelines at acquisition cost or book value or market value, whichever is lower on the date of transfer and the depreciation, if any, on such transfer is fully provided for.

7 Advances

- 7.1** Advances are classified as per the RBI guidelines into standard, sub-standard, doubtful and loss assets. Advances are stated net of specific loan loss provision.
- 7.2** Specific provisions for non-performing advances and floating provisions are made in conformity with the RBI guidelines.
- 7.3** In addition, the Bank considers accelerated provisioning based on past experience, evaluation of securities and other related factors.
- 7.4** Provisions on Standard Assets are made @ 0.40% of the outstanding advances. Further, as per the RBI guidelines, the standard asset provisioning on individual housing loans sanctioned on and after June 7, 2017, is made @ 0.25%. However, provision for banks direct advances to agriculture and SME sectors is made @ 0.25%, medium enterprises sector is made @ 0.4%, commercial real estate sector is made @ 1% and housing loans at teaser rates @ 2% in pursuance to the RBI circulars issued from time to time. Further the same is shown under the head 'Other Liabilities and Provisions'.



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- 7.5** Amounts recovered during the year against bad debts written off in earlier years are credited to the Profit and Loss account.
- 7.6** Provision no longer considered necessary in the context of the current status of the borrower as a performing asset, are written back to the Profit and Loss account to the extent such provisions were charged to the Profit and Loss account.
- 7.7** The Bank considers a restructured account as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advance / securities, which would generally include, among others, alteration of repayment period / repayable amount / the amount of instalments / rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made and classification thereof is as per the extant RBI guidelines. Provision for restructuring is considered at borrower level.
- 7.8** The Bank enters into transactions for the sale/purchase of Priority Sector Lending Certificates (PSLCs) through the RBI platform. There is no transfer of risks or loan assets. The net fee received for the sale of PSLCs is recorded as 'Miscellaneous Income' and the net expense paid on purchase of PSLC is recorded as 'Miscellaneous Expense'.

8 Net Profits

The Net Profits have been arrived at after:

- Provisions for Income Tax in accordance with the statutory requirements.
- Provisions on Advances
- Adjustments to the value of Investments
- Other usual and necessary provisions.



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9 Revenue recognition

Income is accounted on Accrual basis except in the following cases:

- Income on Non-Performing Assets is recognized on realization basis as per the RBI guidelines.
- Interest which remains overdue for 90 days on securities not covered by Government Guarantee is recognized on realization basis as per RBI guidelines.
- Commission (other than on Deferred Payment Guarantees and Government Transactions), Exchange and Brokerage are recognized on realization basis. However, Commission, Exchange and Brokerage on loan accounts is recognized as and when charged to the borrower account.
- Interest on Overdue Bills is recognized on Realization Basis as per the RBI guidelines.

10 Employee benefits

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

10.2 Gratuity: Every employee is entitled to a benefit equivalent to 15 days' salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Bank or retirement, whichever is earlier. The benefits vest after five years of continuous service.

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



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arise. Payment obligations under the Group Gratuity scheme are managed through a fund maintained by ICICI Prudential Life Insurance under separate Trust set up by the Bank.

10.3 Compensated absences: Provision for compensated absences is made on the basis of actuarial valuation as at the Balance Sheet date. The actuarial valuation is carried out using the Projected Unit Credit Method.

10.4 Share-based payments: The measurement and disclosure of Employee Stock Options offered by the Bank is as per the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

The cost of equity-settled transactions for stock options granted after the period ending March 31, 2021 is measured using the fair value method and for stock options granted prior to such period, is measured using the intrinsic value method. The costs are recognized, together with a corresponding increase in the Schedule 2- Revenue & Other Reserves Account. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Bank's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

11 Lease

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

11.2 Lease rentals under operating lease are charged to the Profit and Loss account on straight line basis over the lease term in accordance with AS-19, Leases.



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12 Segment Reporting

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per the RBI guidelines.

Business Segment

The Bank's business has been segregated into four segments namely Treasury, Wholesale Banking, Retail Banking and other Banking Operations.

Geographical Segment

Since the business operations of the Bank are primarily concentrated in India, the Bank is considered to operate only in the domestic segment.

13 Earnings per Share

- 13.1** Earnings per share is calculated by dividing the Net Profit or Loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.
- 13.2** Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding as at end of the year except when its results are anti-dilutive.

14 Taxes

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



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Current tax assets and liabilities and deferred tax assets and liabilities are off-set when they relate to income taxes levied by the same taxation authority, when the Bank has a legal right to off-set and when the Bank intends to settle on a net basis.

Current tax assets and liabilities and deferred tax assets and liabilities are calculated at the rates u/s section 115BAA of the Income Tax Act, 1961. Accordingly, as per Section 115JB, Minimum Alternate Tax (MAT) is not applicable.

15 Provisions and Contingent Liabilities & Contingent Assets

- 15.1** A provision is recognized when there is a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- 15.2** A disclosure of contingent liability is made when there is:
- possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
 - present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- 15.3** When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.
- 15.4** Contingent assets, if any, are not recognized in the financial statements since this may result in the recognition of income that may never be realized.



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- 15.5** In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure to this effect is made in the financial statements. In case of remote possibility, neither provision nor disclosure is made in the financial statements.

16 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand (including balance in ATM), balances with the RBI, balances with other banks in current accounts and money at call and short notice.

17 Transaction involving Foreign Exchange

- 17.1** All transactions in foreign currency are recognized at the exchange rate as notified by the Foreign Exchange Dealers Association of India (FEDAI).
- 17.2** Foreign currency monetary items are reported using the exchange rate prevailing at the Balance Sheet date.
- 17.3** Non-monetary items which are measured in terms of historical cost denominated in foreign currency are reported using the exchange rate as notified by Foreign Exchange Dealers Association of India (FEDAI) at the date of transaction. Non-monetary items which are measured at Fair Value or other similar value denominated in a foreign currency are translated using the exchange rate at the date when such value is determined.
- 17.4** Exchange differences arising on settlement of monetary items or on reporting of such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or expense in the year in which they arise.



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SCHEDULE 18 - NOTES ON ACCOUNTS APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

1 CAPITAL

1.1 Regulatory Capital

Capital to risk-weighted asset ratio ('Capital Adequacy Ratio') of the Bank has been computed in accordance with the Reserve Bank of India ('RBI') circular no DBR. NBD. No.26/ 16.13.218/2016-17, dated October 06, 2016 on "Operating Guidelines for Small Finance Banks".

The Bank has followed Basel II Standardized Approach for credit risk, in accordance with the RBI circular no DBR. NBD. No.26/ 16.13.218/2016-17, dated October 06, 2016 on "Operating Guidelines for Small Finance Banks". Market Risk and Operation Risk has not been considered for measurement of Capital Adequacy Ratio as per the letter issued by the Reserve Bank of India vide reference number DBR.NBD.No.4502/16.13.218/2017-18 dated November 08, 2017 to all the small finance banks.

The total Capital Adequacy Ratio of the Bank as at March 31, 2023 is 18.87% (previous year: 18.63%) against the regulatory requirement of 15% as prescribed by RBI. No Capital Conservation Buffer and Counter - Cyclical Capital Buffer is applicable on Small Finance Bank (SFB) as per operating guidelines issued on SFB by RBI.

1.1.1 Composition of Regulatory Capital

(₹ in crores)

S. No.	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
1.	Common Equity Tier 1 Capital (CET 1)	586.47	490.86
2.	Additional Tier 1 Capital	-	-
3.	Tier 1 Capital (1+2)	586.47	490.86
4.	Tier 2 Capital	221.80	201.70
5.	Total Capital (Tier 1 + Tier 2)	808.27	692.56
6.	Total Risk Weighted Assets (RWAs)	4,284.43	3,716.90
7.	CET 1 Ratio (CET 1 as a percentage of RWAs)	13.69%	13.21%



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8.	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	13.69%	13.21%
9.	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	5.18%	5.42%
10.	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	18.87%	18.63%
11.	Leverage Ratio	7.21%	6.73%
12.	Percentage of the shareholding of (a) Government of India (b) State Government (c) Sponsor Bank	-	-
13.	Amount of paid-up equity capital raised during the year	0.21	0.13
14.	Amount of non-equity Tier 1 capital raised during the year of which		
	(a) Basel III compliant Perpetual Non-Cumulative Preference Shares	-	-
	(b) Basel III compliant Perpetual Debt Instruments	-	-
15.	Amount of Tier 2 capital raised during the year	32.17	31.35

1.1.2 Tier I Capital Infusion

During the year ended March 31, 2023, the Bank has allotted 2,08,363 equity shares to employees of the Bank in form of employee stock option as per the ESOP plans of the Bank.

During the year ended March 31, 2022, the Bank has allotted 1,33,410 equity shares to employees of the Bank in form of employee stock option as per the ESOP plan of the Bank.



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Movement in the paid-up equity share capital of the Bank is as below:

(₹ in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening Balance	34.04	33.91
Addition pursuant to Amount of equity raised on private placement basis under preferential allotment	0.21	0.13
Closing Balance	34.25	34.04

1.1.3 Tier 2 Capital Infusion/Redemption

Issue

During the year ended March 31, 2023, the Bank has raised Unsecured Redeemable Non-Convertible Lower Tier II Bond, detailed as below:

(₹ in crores)

Series	Date of Allotment	Coupon (%)	Tenure	Amount
Series XX	12-May-22	9.25%	10 Years	32.17

During the year ended March 31, 2022, the Bank has raised Unsecured Redeemable Non-Convertible Lower Tier II Bond, detailed as below:

(₹ in crores)

Series	Date of Allotment	Coupon (%)	Tenure	Amount
Series XIX	29-Jun-21	9.25%	10 Years	31.35

Maturity

During the year ended March 31, 2023, the following Unsecured Redeemable Non-Convertible Lower Tier II Bonds has matured:

(₹ in crores)

Series	Date of Maturity	Coupon (%)	Amount
Series VII	25-Aug-22	11.00%	6.04



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During the year ended March 31, 2022, the following Unsecured Redeemable Non-Convertible Lower Tier II Bonds have matured:

(₹ in crores)

Series	Date of Maturity	Coupon (%)	Amount
Series V	04-Jun-21	11.00%	5.71
Series VI	18-Jun-21	11.00%	3.02

1.1.4 Maturity Profile of total bonds outstanding as on March 31, 2023:

Unsecured Redeemable Non-Convertible Lower Tier II Bonds

(₹ in crores)

Series	Amount	Maturity Date
11% Tier II Bonds Series VIII	5.03	04-May-23
11% Tier II Bonds Series IX	3.10	20-May-23
11% Tier II Bonds Series X	9.47	24-May-24
10.50% Tier II Bonds Series XII	12.00	17-Feb-26
9.75% Tier II Bonds Series XIV	15.90	25-Nov-26
9.25% Tier II Bonds Series XV	20.95	15-May-28
10% Tier II Bonds Series XVI	18.00	28-Feb-29
10% Tier II Bonds Series XVII	22.50	31-Mar-29
9.25% Tier II Bonds Series XVIII	31.40	18-Nov-30
9.25% Tier II Bonds Series XIX	31.35	29-Jun-31
9.25% Tier II Bonds Series XX	32.17	12-May-32
TOTAL	201.87	



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Unsecured Redeemable Non-Convertible Upper Tier II Bonds

(₹ in crores)

Series	Amount	Maturity Date
11.75% Upper Tier II Bonds Series XI	14.00	31-Mar-30
11.75% Upper Tier II Bonds Series XIII	25.00	30-Mar-31
TOTAL	39.00	

1.1.5 Proposed Dividend

For the year ended March 31, 2023, the Board of Directors, in its meeting held on May 19, 2023 recommended a dividend of ₹1.20 (₹1.00 per share for the year ended March 31, 2022) per equity share having face value of ₹10 each. The recommendation made is in accordance with the guidelines issued by the Reserve Bank of India on declaration of dividend by banks.

According to the AS 4 - 'Contingencies and events occurring after the balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not accounted proposed dividend (including tax) as a liability. However, the Bank has reckoned proposed dividend in determining capital funds for computing capital adequacy ratio as on March 31, 2023.

1.1.6 Drawdown from Reserves

(₹ in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Revenue & Other Reserves Account		
Investment Fluctuation Reserve Account (IFR)	2.08	-
ESOP Reserve	2.48	1.53
Investment Reserve Account	0.76	-

The draw down in the IFR is as per the RBI guidelines and the Bank has maintained IFR of 2% and above as a percentage of closing balance of investments in AFS and HFT category.

The draw down in the ESOP Reserve is on account of ESOPs issued during the year in terms of ESOP plans of the Bank.

The draw down from the Investment Reserve Account is against the depreciation provided on investment, net of applicable taxes and statutory reserve requirement.



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2 Asset Liability Management

2.1 Maturity Pattern of certain items of Assets & Liabilities as on March 31, 2023 and as on March 31, 2022

(₹ in crores)

		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 up to 1 year	Over 1 year and up to 3 years	Over 3 years and up to 5 years	Over 5 Years	Total
Loans & Advances	March 2023	201.75	164.80	165.85	164.49	65.84	70.51	212.42	485.84	2,954.12	627.22	315.85	5,428.69
	March 2022	175.33	149.18	146.67	147.04	51.02	54.21	165.55	312.65	2,627.63	533.91	271.61	4,634.80
Investment	March 2023	258.15	15.44	5.86	52.59	20.58	19.06	35.94	54.73	605.68	100.72	319.83	1,488.58
	March 2022	248.39	7.57	2.44	43.38	8.12	10.32	23.16	44.13	433.12	6.57	529.86	1,357.06
Deposits	March 2023	174.41	47.41	31.55	277.23	105.44	105.69	205.92	307.77	3,238.50	530.35	1,536.34	6,560.62
	March 2022	26.36	36.17	13.96	231.18	47.48	57.82	130.71	315.23	2,382.42	7.96	2,797.07	6,046.36
Borrowing	March 2023	-	29.98	5.25	-	13.38	7.75	123.25	126.51	203.99	15.90	195.37	721.38
	March 2022	-	-	6.93	-	6.93	6.93	66.83	70.58	149.13	27.90	163.20	498.43
Foreign Currency Assets	March 2023	-	-	-	-	-	-	-	-	-	-	-	-
	March 2022	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	March 2023	-	-	-	-	-	-	-	-	-	-	-	-
	March 2022	-	-	-	-	-	-	-	-	-	-	-	-

Classification of Assets and Liabilities under the maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the Reserve Bank of India.



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2.2 Liquidity Coverage Ratio (LCR)

Qualitative Disclosure

The Liquidity Coverage Ratio (LCR) measures a bank's liquidity risk profile, ensures that a bank has an adequate stock of unencumbered high-quality liquid assets that can be easily and immediately converted into cash, in financial markets, at no or little loss of value. The LCR requirements are designed to ensure banks maintain an adequate level of readily available, high-quality liquid assets, or HQLA, that can quickly and easily be converted into cash to meet any liquidity needs that might arise during a 30-day period of liquidity stress.

The LCR is the percentage resulting from dividing the bank's stock of high-quality assets by the estimated total net cash outflows over a 30 calendar day stress scenario. The minimum liquidity coverage ratio required for is 100%. In other words, the stock of high-quality assets must be at least as large as the expected total net cash outflows over the 30-day stress period. The Bank adheres to RBI guidelines 'Basel III Framework on Liquidity Standards – on Liquidity Coverage Ratio (LCR)', Liquidity Risk Monitoring Tools and the LCR Disclosure Standards that are applicable to banks in India. As per the RBI directions, the Banks are prescribed to maintain minimum LCR of 100% from January 01, 2021 onwards.

The Bank during the quarter ended March 31, 2023 maintained average HQLA of ₹1594.99 crores against the average net cash outflows of ₹741.93 crores. The entire HQLA was Level 1 HQLA. The average LCR of the Bank for the quarter ended March 31, 2023 was 214.98%, which is well above the regulatory threshold of 100%.

HQLA primarily included 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.

For the purposes of LCR computation, the Bank has considered all inflows and outflows that may have a quantifiable impact under the liquidity stress scenario.



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Quantitative Disclosure

The table below sets out the average LCR of the Bank for year ended March 2023 and all the four quarters of financial year 2022-23:

(₹ in crores)

	Quarter Ended June 30, 2022		Quarter Ended Sept 30, 2022		Quarter Ended Dec 31, 2022		Quarter Ended March 31, 2023	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
Liquidity Coverage Ratio (LCR)								
High Quality Liquid Assets								
1		1,640.20		1,374.26		1,668.11		1,594.99
Cash Outflows								
2	Retail deposits and deposits from small business customers, of which:							
(i)	1,677.80	83.89	1,718.41	85.92	1,789.77	89.49	1,835.49	91.77
(ii)	3,711.84	371.18	3,807.20	380.72	4,032.85	403.29	4,063.34	406.33
3	Unsecured wholesale funding, of which:							
(i)	Operational deposits (all counterparties)							
(ii)	694.71	395.09	640.28	345.72	632.56	319.59	630.60	322.62

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The table below sets out the average LCR of the Bank for year ended March 2022 and all the four quarters of financial year 2021-22:

(₹ in crores)

	Quarter Ended June 30, 2021		Quarter Ended Sept 30, 2021		Quarter Ended Dec 31, 2021		Quarter Ended March 31, 2022	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
Liquidity Coverage Ratio (LCR)								
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)		1,837.75		1,640.69		1,937.52		1,701.93
Cash Outflows								
Retail deposits and deposits from small business customers, of which:								
(i) Stable deposits	1,567.26	78.36	1,674.95	83.75	1,715.93	85.80	1,739.71	86.99
(ii) Less stable deposits	3,175.68	317.57	3,193.76	319.38	3,456.83	345.68	3,534.13	353.41
Unsecured wholesale funding, of which:								
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	314.49	131.18	319.21	141.92	540.75	303.08	742.42	417.38
(iii) Unsecured debt	-	-	-	-	-	-	-	-
4 Secured wholesale funding	0.38	-	1.08	-	0.84	-	1.06	-

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3 Investments 3.1 Composition of Investment Portfolio

As on March 31, 2023

Particulars	Investments in India						Investments outside India				Total Investments		
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total Investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others		Total Investments outside India	
Held to Maturity													
Gross	1,171.60	-	-	-	-	-	-	1,171.60	-	-	-	-	1,171.60
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-	-
Net	1,171.60	-	-	-	-	-	-	1,171.60	-	-	-	-	1,171.60
Available for Sale													
Gross	316.78	-	1.54	-	-	-	-	318.32	-	-	-	-	318.32
Less: Provision for depreciation and NPI	1.34	-	-	-	-	-	-	1.34	-	-	-	-	1.34
Net	315.44	-	1.54	-	-	-	-	316.98	-	-	-	-	316.98
Held for Trading													
Gross	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Investments	1,488.38	-	1.54	-	-	-	-	1,489.92	-	-	-	-	1,489.92
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	1.34	-	-	-	-	-	-	1.34	-	-	-	-	1.34
Net	1,487.04	-	1.54	-	-	-	-	1,488.58	-	-	-	-	1,488.58

(₹ in crores)



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As on March 31, 2022

(₹ in crores)

Particulars	Investments in India				Investments outside India				Total Investments			
	Government Securities	Other Approved Securities	Shares	Debtures and Bonds	Subsidiaries and/or joint ventures	Others	Government securities (including local authorities)	Subsidiaries and/or joint ventures		Others	Total Investments outside India	
Held to Maturity												
Gross	989.28	-	-	-	-	-	-	-	-	-	-	989.28
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	989.28	-	-	-	-	-	-	-	-	-	-	989.28
Available for Sale												
Gross	366.24	-	1.54	-	-	-	-	-	-	-	-	367.78
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	366.24	-	1.54	-	-	-	-	-	-	-	-	367.78
Held for Trading												
Gross	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-	-
Total Investments	1,355.52	-	1.54	-	-	-	-	-	-	-	-	1,357.06
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	1,355.52	-	1.54	-	-	-	-	-	-	-	-	1,357.06



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3.2 Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(₹ in crores)

	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
i.	Movement of provisions held towards depreciation on investments		
a)	Opening balance	-	0.02
b)	Add: Provisions made during the year	4.37	0.02
c)	Less: Write off/ write back of excess provisions during the year	(3.03)	(0.04)
d)	Closing balance	1.34	-
ii.	Movement of Investment Fluctuation Reserve		
a)	Opening balance	8.45	6.79
b)	Add: Amount transferred during the year	-	1.66
c)	Less: Drawdown	2.08	-
d)	Closing balance	6.37	8.45
iii.	Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/ Current category	2.00%	2.30%

3.3 Sale and Transfer of Investments

During the year ended March 31, 2023 and March 31, 2022, there is no sale/transfer of securities to/from HTM categories exceeding 5% of the book value of the investments held in HTM category at the beginning of the year, which requires the disclosure as per the RBI guidelines.

However, the Bank after approval of the Board of Directors, at the beginning of the accounting year, has transferred government securities within the categories as stated below:

During the year ended March 31, 2023

(₹ in crores)

Category		Book Value of Securities transferred	Market Value Securities transferred
From	To		
Held to Maturity	Available for sale	35.46	36.49
Total		35.46	36.49

The Bank has not sold any security from HTM category during the year.



Schedules

During the year ended March 31, 2022

(₹ in crores)

Category		Book Value of Securities transferred	Market Value Securities transferred
From	To		
Available for Sale	Held to Maturity	25.98	27.01
Held to Maturity	Available for sale	91.38	96.74
Total		117.36	123.75

The Bank has not sold any security from HTM category during the year.

3.4 Non-SLR Investment Portfolio

3.4.1 Issuer composition of Non-SLR investments as on last date of the year

As on March 31, 2023

(₹ in crores)

S. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
1.	2.	3.	4.	5.	6.	7.
i.	PSUs	-	-	-	-	-
ii.	FIs	-	-	-	-	-
iii.	Banks	-	-	-	-	-
iv.	Private Corporates	1.54	1.54	-	-	1.54
v.	Subsidiaries/ Joint Ventures	-	-	-	-	-
vi.	Others	-	-	-	-	-
vii.	Provision held towards depreciation	-	-	-	-	-
Total		1.54	1.54	-	-	1.54



Schedules

As on March 31, 2022

(₹ in crores)

S. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
1.	2.	3.	4.	5.	6.	7.
i.	PSUs	-	-	-	-	-
ii.	FIs	-	-	-	-	-
iii.	Banks	-	-	-	-	-
iv.	Private Corporates	1.54	1.54	-	-	1.54
v.	Subsidiaries/ Joint Ventures	-	-	-	-	-
vi.	Others	-	-	-	-	-
vii.	Provision held towards depreciation	-	-	-	-	-
	Total	1.54	1.54	-	-	1.54

3.4.2 Non performing Non-SLR investments

The Bank does not have any non-performing Non-SLR investment during the year ended March 31, 2023 and March 31, 2022.



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3.5 Repo/ Reverse Repo

During the year ended March 31, 2023

The Bank has undertaken MSF, Tri-party repo/reverse repo, Automated Sweep In Sweep Out (ASISO) during the year with Clearing Corporation of India Ltd. (CCIL) and RBI as part of money market operations.

(₹ in crores)

Particulars	Minimum Outstanding during the year (Face Value)	Maximum Outstanding during the year (Face Value)	Daily Average outstanding during the year (Face Value)	Outstanding as on March 31, 2023 (Face Value)
Securities sold under repo:				
1. Government Securities	8.00	199.97	40.97	29.98
2. Corporate Debt Securities	-	-	-	-
3. Any other securities	-	-	-	-
Securities purchased under reverse repo:				
1. Government Securities	20	200	19.04	-
2. Corporate Debt Securities	-	-	-	-
3. Any other securities	-	-	-	-

During the year ended March 31, 2022

The Bank has undertaken MSF, Tri-party repo/reverse repo, Automated Sweep In Sweep Out (ASISO) and Long Term Repo transactions during the year with Clearing Corporation of India Ltd. (CCIL) and RBI as part of money market operations.

(₹ in crores)

Particulars	Minimum Outstanding during the Year (Face Value)	Maximum Outstanding during the Year (Face Value)	Daily Average outstanding during the Year (Face Value)	Outstanding as on March 31, 2022 (Face Value)
Securities sold under repo:				
1. Government Securities	-	60.00	3.45	-
2. Corporate Debt Securities	-	-	-	-
3. Any other securities	-	-	-	-
Securities purchased under reverse repo:				
1. Government Securities	27.00	898.00	468.87	57.00
2. Corporate Debt Securities	-	-	-	-
3. Any other securities	-	-	-	-

3.6 Security Receipts

The Bank does not hold any investment in Security Receipts during the year ended March 31, 2023 and March 31, 2022.

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4 Asset Quality 4.1 Classification of advances and provisions held As on March 31, 2023

(₹ in crores)

	Standard		Non-performing			Total Non-performing Advances	Total
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Loss		
Gross Standard Advances and NPAs							
Opening balance	4,571.57	50.65	66.48	-	-	117.13	4,688.70
Add: Additions during the year						154.37	
Less: Reductions during the year*						118.88	
Closing balance	5,354.65	48.30	104.32	-	-	152.62	5,507.27
*Reductions in Gross NPAs due to:							
i) Upgradation						98.06	
ii) Recoveries (excluding recoveries from upgraded accounts)						20.70	
iii) Technical/Prudential Write Offs						-	
iv) Write Offs other than those under iii) above						0.12	
Provisions (excluding Floating Provisions)							
Opening balance of provisions held	28.40*	12.06	41.84	-	-	53.90	82.30
Add: Fresh provisions made during the year						46.03	
Less: Excess provision reversed/ Write-off loans						21.35	
Closing balance of provisions held	28.28*	10.34	68.24	-	-	78.58	106.86
Net NPAs							

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Opening balance				63.23
Add: Fresh additions during the year		24.63		108.34
Less: Reductions during the year				97.52
Closing balance		36.09		74.05
Floating Provisions				
Opening Balance				-
Add: Additional provisions made during the year				-
Less: Amount drawn down during the year				-
Closing balance of floating provisions				-
Technical write-offs and the recoveries made thereon				
Opening balance of Technical/Prudential written-offs accounts				-
Add: Technical/ Prudential write-offs during the year				-
Less: Recoveries made from previously technical/prudential written-off accounts during the year				-
Closing balance				-

*During the year ended March 31, 2023, the general provision against standard assets includes provision of ₹ 10.41 crore (year ended March 31, 2022 amounts to ₹13.42 crore) created in accordance with RBI Circular "Micro, Small and Medium Enterprises (MSME) sector --Restructuring of Advances" and "Resolution Framework for COVID-19-related Stress" issued on August 06, 2020 and May 05, 2021.



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As on March 31, 2022

(₹ in crores)

	Standard			Non-performing			Total
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Total Non-performing Advances		
Gross Standard Advances and NPAs							
Opening balance	3,684.74	23.96	54.28	-	78.24	3,762.98	
Add: Additions during the year					78.11		
Less: Reductions during the year*					39.22		
Closing balance	4,571.57	50.65	66.48	-	117.13	4,688.70	
*Reductions in Gross NPAs due to:							
i) Upgradation					32.96		
ii) Recoveries (excluding recoveries from upgraded accounts)					6.19		
iii) Technical/Prudential Write Offs					-		
iv) Write Offs other than those under iii above					0.07		
Provisions (excluding Floating Provisions)							
Opening balance of provisions held	17.48*	6.03	30.07	-	36.10	53.58	
Add: Fresh provisions made during the year					28.05		
Less: Excess provision reversed/ Write-off loans					10.25		
Closing balance of provisions held	28.40*	12.06	41.84		53.90	82.30	



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Net NPAs					
Opening balance	17.93	24.21	42.14		
Add: Fresh additions during the year			50.06		
Less: Reductions during the year			28.97		
Closing balance	38.59	24.63	63.23		
Floating Provisions					
Opening Balance					-
Add: Additional provisions made during the year					-
Less: Amount drawn down during the year					-
Closing balance of floating provisions					-
Technical write-offs and the recoveries made thereon					
Opening balance of Technical/Prudential written-offs accounts					-
Add: Technical/ Prudential write-offs during the year					-
Less: Recoveries made from previously technical/prudential written-off accounts during the year					-
Closing balance					-

* During the year ended March 31, 2022, the general provision against standard assets includes provision of ₹13.42 crore (year ended March 31, 2021 amounts to ₹5.34 crore) created in accordance with RBI Circular "Micro, Small and Medium Enterprises (MSME) sector –Restructuring of Advances" and "Resolution Framework for COVID-19-related Stress" issued on August 06, 2020 and May 05, 2021.



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4.2 Sector-wise Advances and Gross NPAs

(₹ in crores)

Sr. No.	Sector	Year ended March 31, 2023			Year ended March 31, 2022		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A) Priority Sector							
1	Agriculture & allied activities	2,137.45	62.68	2.93%	1,780.74	43.54	2.44%
2	Advances to industries sector eligible as - of which advances to Textile Industry - advances to Iron/Steel and Metal	188.32	5.37	2.85%	226.03	3.27	1.45%
		17.99	1.10	6.11%	27.96	0.05	0.19%
		37.48	1.36	3.63%	38.55	-	-
3	Services - of which advances to Traders	658.73	26.03	3.95%	839.27	33.06	3.94%
		386.82	14.34	3.71%	479.57	22.36	4.66%
4	Personal Loans	-	-	-	-	-	-
5	Others	555.83	2.44	0.44%	414.12	0.86	0.21%
	Sub-total (A)	3,540.33	96.52	2.73%	3,260.16	80.73	2.48%
B) Non - Priority Sector							
1	Agriculture & allied activities	-	-	0.00%	-	-	-
2	Industry	-	-	0.00%	4.46	-	-
3	Services - of which advances to Traders	171.93	18.12	10.54%	44.22	17.49	39.56%
		157.52	18.11	11.50%	27.32	17.49	64.04%
		8.26	1.36	16.46%	11.17	1.07	9.62%
4	Personal Loans	1,786.75	36.62	2.05%	1,368.69	17.84	1.30%
5	Others - of which advances to NBFCs	382.93	5.80	1.51%	297.6	8.41	2.83%
	Sub-Total (B)	1,966.94	56.10	2.85%	1,428.54	36.40	2.55%
	TOTAL (A+B)	5,507.27	152.62	2.77%	4,688.70	117.13	2.50%

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4.3 Ratios

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Gross NPA to Gross Advances	2.77%	2.50%
Net NPA to Net Advances	1.36%	1.36%
Provision Coverage Ratio	51.48%	46.02%

4.4 Overseas Assets, NPAs and Revenue

The Bank does not hold any overseas asset/NPA as at March 31, 2023 and March 31, 2022. No overseas operations were undertaken during the year ended March 31, 2023 and March 31, 2022, hence revenue from overseas operations is Nil.

4.5 Impact on account of COVID-19 on Advances

The impact of COVID-19 over the last two to three years has led to substantial impact on the economic activities. The extent to which any new wave of COVID-19 will impact the Bank's results is uncertain as it depends upon the future trajectory of the pandemic.

4.6 Restructuring of Accounts

4.6.1 Disclosure on Prudential Framework on Resolution of Stressed Assets, dated June 07, 2019

The Reserve Bank of India has issued guidelines on Prudential Framework on Resolution of Stressed Assets, dated June 07, 2019. The Bank has not restructured any account under the framework during the year ended March 31, 2023 and March 31, 2022.



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4.6.2 Restructuring under “Resolution Framework – 1.0: Resolution Framework for COVID-19-related Stress” and “Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses” is as under:

During the year ended March 31, 2023:

(₹ in crores)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as on September 30, 2022 (A) ¹	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 ²	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as on March 31, 2023
Personal Loans	24.02	3.07	-	2.77	18.18
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	2.86	0.20	-	0.36	2.29
Total	26.88	3.27	-	3.13	20.47

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

¹ includes requests received till September 30, 2021 implemented subsequently

² Net of increase in exposure during the period

During the year ended March 31, 2022:

(₹ in crores)

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as on September 30, 2021 (A) ¹	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 ²	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as on March 31, 2022
Personal Loans	28.49	1.60	-	0.48	26.41
Corporate persons*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	3.40	-	-	0.29	3.11
Total	31.89	1.60	-	0.77	29.52

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

¹ includes requests received till September 30, 2021 implemented subsequently

² Net of increase in exposure during the period



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4.6.3 Particulars of Accounts Restructured (other than under Covid -19 and MSME restructuring schemes)

(₹ in crores)

Particulars	Agriculture and allied activities		Corporate (excluding MSME)		Micro, Small and Medium Enterprises (MSME)		Retail (excluding agriculture and MSME)		Total	
	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022	March 2023	March 2022
Standard										
Number of borrowers	-	-	-	-	-	-	-	-	-	-
Gross Amount	-	-	-	-	-	-	-	-	-	-
Provisions held	-	-	-	-	-	-	-	-	-	-
Sub-Standard										
Number of borrowers	-	-	-	-	-	-	-	-	-	-
Gross Amount	-	-	-	-	-	-	-	-	-	-
Provisions held	-	-	-	-	-	-	-	-	-	-
Doubtful										
Number of borrowers	-	-	-	-	-	-	-	-	-	-
Gross Amount	-	-	-	-	-	-	-	-	-	-
Provisions held	-	-	-	-	-	-	-	-	-	-
Total										
Number of borrowers	-	-	-	-	-	-	-	-	-	-
Gross Amount	-	-	-	-	-	-	-	-	-	-
Provisions held	-	-	-	-	-	-	-	-	-	-



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4.7 Details of loans transferred/acquired under the master directions of Reserve Bank of India on Transfer of Loan Exposures dated September 24, 2021 updated as on December 05, 2022

The Bank has not transferred/acquired any stressed loan or loan not in default during the year.

4.8 Details of loans to any intermediary for onward lending to third party

The Bank has not given any loan to any intermediary for onward lending to third party during the year ended March 31, 2023 and March 31, 2022.

4.9 Fraud Accounts

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Number of frauds reported	-	-
Amount involved in fraud (₹ in crores)	-	-
Amount of provision made for such frauds (₹ in crores)	-	-
Amount of Unamortized provision debited from 'other reserves' as at the end of the year (₹ in crores)	-	-

4.10 Sale of Financial Asset under Securitization/Asset Reconstruction

The Bank has not sold any financial asset to Securitization/ Reconstruction Company for Asset Reconstruction during the year ended March 31, 2023 and March 31, 2022.

4.11 Sale/Purchase of Non-performing financial assets

The Bank has not purchased/sold any Non-performing financial assets from/to other banks during the year ended March 31, 2023 and March 31, 2022.

4.12 Letter of comfort

The Bank has not issued any letter of comfort during the year ended March 31, 2023 and year ended March 31, 2022.

4.13 Credit Default Swaps

The Bank has not entered into any Credit Default Swaps (CDS) during the year ended March 31, 2023 and year ended March 31, 2022.



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4.14 Divergence in the asset classification and provisioning for NPAs

The Inspection for Supervisory Evaluation (ISE) was conducted by Reserve Bank of India under Section 35 of Banking Regulation Act 1949 for reference period of March 31, 2022. As per RBI circular No. DOR.ACC.REC.No.74/21.04.018/2022-23 dated October 11, 2022, for the financial statements for the financial year ending March 31, 2023, in case the additional provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies and additional gross NPAs identified by RBI exceeds 10% of published incremental gross NPAs for the reference period, then the banks are required to disclose divergence from prudential norms on income recognition, assets classification and provisioning.

In view of the above, the details relating to divergence between the non-performing advances reported by the Bank, and as assessed by Reserve Bank of India as on March 31, 2022, in the format as prescribed by the Reserve Bank of India, are as below:

(₹ in crores)

Sr. No.	Particulars	Amount
1	Gross NPAs as on March 31, 2022 as reported by the Bank	117.13
2	Gross NPAs as on March 31, 2022 as assessed by RBI	154.36
3	Divergence in Gross NPAs (2-1)	37.23
4	Net NPAs as on March 31, 2022 as reported by the Bank	63.23
5	Net NPAs as on March 31, 2022 as assessed by RBI	91.01
6	Divergence in Net NPAs (5-4)	27.78
7	Provisions for NPAs as on March 31, 2022 as reported by the Bank	53.90
8	Provisions for NPAs as on March 31, 2022 as assessed by RBI	63.36
9	Divergence in provisioning (8-7)	9.45
10	Reported Profit before Provisions and Contingences for the year ended March 31, 2022	113.22
11	Reported Net Profit after Tax (PAT) for the year ended March 31, 2022	62.57
12	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2022 after considering the divergence in provisioning	53.99

The financial impact of the above divergence, as applicable as on date has been accounted for while preparation of the financial results for the year ending March 31, 2023. However, the Bank is in the process of filing representation to the Reserve Bank of India w.r.t. the divergence amounting to ₹18.64 crores.



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5 Exposures

5.1 Exposure to Real Estate Sector

(₹ in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
1. Direct exposure		
i. Residential Mortgages – Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	-	-
a. Individual Housing Loans eligible for inclusion in Priority Sector advances	536.66	394.84
b. Others	620.06	489.63
ii. Commercial Real Estate – Lending secured by mortgages on commercial real estate (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;	305.31	278.56
iii. Investments in Mortgage Backed Securities (MBS) and other securitized exposures –		
a. Residential	-	-
b. Commercial Real Estate	-	-
2. Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	49.94	9.27
Total Exposure to Real Estate Sector	1,511.97	1,172.30



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5.2 Exposure to Capital Market

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
i. direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	1.54	1.54
ii. advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity oriented mutual funds;	-	-
iii. advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	-	-
iv. advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	-	-
v. secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi. loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii. bridge loans to companies against expected equity flows/issues;	-	-
viii. underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
ix. financing to stockbrokers for margin trading;	-	-
x. all exposures to venture capital funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	1.54	1.54



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5.3 Risk Category Wise Country Exposure

The Bank is operating in the state of Punjab, Union Territory of Chandigarh, Haryana, Rajasthan, Himachal and Delhi. Hence, the Bank does not have any country risk exposure.

5.4 Unsecured Advances against Intangible Assets

The Bank has not extended any advance against intangible securities such as charge over the rights, licenses, authority etc. during the year ended March 31, 2023 and March 31, 2022.

5.5 Details of factoring exposure

The factoring exposure of the Bank as at March 31, 2023 and March 31, 2022 is Nil.

5.6 Intra group exposure

The Bank has no intra group exposure during the year ended March 31, 2023 and March 31, 2022.

5.7 Unhedged Foreign currency exposure

The Bank does not have any unhedged foreign currency exposure as on March 31, 2023 and on March 31, 2022.

5.8 Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the Bank

The Bank has not exceeded the prudential exposure limits for Single Borrower Limit (SBL) and Group Borrower Limit (GBL) during the year ended March 31, 2023 and March 31, 2022.

6 Concentration of Deposits, Advances, Exposures and NPAs

6.1 Concentration of Deposits

(₹ in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Total Deposits of twenty largest depositors	255.34	285.92
Percentage of Deposits of twenty largest depositors to total Deposits of the Bank	3.89%	4.73%



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6.2 Concentration of Advances

(₹ in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Total Advances to twenty largest borrowers	327.67	345.23
Percentage of Advances to twenty largest borrowers to total Advances of the Bank	5.39%	6.53%

Concentration of advances has been calculated by taking the total credit exposure to the top twenty borrowers identified on the basis of the RBI circular on Exposure Norms.

6.3 Concentration of Exposures

(₹ in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Total Exposure to twenty largest borrowers/customers	327.67	345.23
Percentage of Exposures to twenty largest borrowers/customers to total Exposure of the Bank on Borrowers/customers	5.39%	6.53%

Concentration of exposures has been calculated by taking the total credit and investment exposure to the top twenty borrowers identified on the basis of the RBI circular on Exposure Norms.

6.4 Concentration of NPAs

(₹ in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Total Exposure to the top twenty NPA accounts	58.22	61.39
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs	38.15%	52.41%



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7 Derivatives

The Bank has not undertaken any derivative business during the year ended March 31, 2023 and March 31, 2022.

8 Securitization transactions

The Bank has not done any securitization transactions during the year ended March 31, 2023 and year ended March 31, 2022.

9 Off Balance Sheet SPVs sponsored

The Bank does not hold any sponsored off-balance sheet SPVs during the year ended March 31, 2023 and March 31, 2022.

10 Transfer to Depositor Education and Awareness Fund (DEAF)

The Bank has transferred ₹1.36 crore during the year ended March 31, 2023 and ₹1.04 crore for the year ended March 31, 2022 to the Depositor Education and Awareness Fund (DEAF) as per the details below:

(₹ in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening balance of amount transferred to DEAF	5.17	4.17
Add: Amounts transferred to DEAF during the year	1.36	1.04
Less: Amounts reimbursed by DEAF towards claims	0.19	0.04
Closing balance of amounts transferred to DEAF	6.34	5.17



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11 Segment Reporting

Segment details in compliance with AS-17 and pursuant to the Reserve Bank of India guidelines, are as under:

(₹ in crores)

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Particulars	141.60	143.89	54.19	45.58	515.03	429.98	14.67	12.95	725.48	632.40
Revenue	(1.97)	6.61	2.95	3.94	191.64	124.72	12.47	11.17	205.10	146.44
Result										
Unallocated Expenses									80.94	61.95
Operating Profit (PBT)									124.16	84.49
Income Taxes									30.56	21.92
Extraordinary profit/loss										
Net Profit									93.60	62.57
Other Information:										
Segment Assets	1,949.79	2,075.15	541.80	509.11	5,452.43	4,525.34	0.57	0.82	7,944.59	7,110.42
Unallocated Assets									46.19	43.50
Total Assets									7,990.77	7,153.92
Segment Liabilities	29.98	-	146.08	156.29	6,938.02	6,245.63	-	0.02	7,114.08	6,401.94
Unallocated Liabilities									266.08	236.20
Total Liabilities									7,380.16	6,638.14

Note:

- The Bank is operating in domestic segment, so there is only one geographic segment.
- Inter Segment transactions are based on transfer pricing as determined by the management consent.



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12 Related Party Disclosure

12.1 Related parties as per Accounting Standard 18

Key Management Personnel:

- a. Mr. Sarvjit Singh Samra – Managing Director
- b. Mr. Munish Jain – Chief Operating Officer & Chief Financial Officer
- c. Mr. Amit Sharma – Company Secretary
- d. Mr. S.K. Dhawan – Head of Credit (KMP from October 22, 2021 to February 09, 2023)
- e. Mrs. Richa Mahajan – Chief Compliance Officer (KMP from October 22, 2021 to February 09, 2023)
- f. Mr. Raghav Aggarwal – Chief Risk Officer (KMP from October 22, 2021 to February 09, 2023)

Relatives of Key Management Personnel:

- a. **Mr. Sarvjit Singh Samra:** Mr. Amarjit Singh Samra, Mr. Amardeep Samra, Mrs. Surinder Kaur Samra, Mrs. Navneet Samra, Mrs. Amarpreet Kaur Hayer, Mr. Shahbaz Singh Samra, Mr. Sangram Singh Samra and Sarvjit Singh Samra HUF.
- b. **Mr. Munish Jain:** Mr. Kimti Lal Jain, Mr. Vishal Jain, Mrs. Usha Jain, Mrs. Ruchi Jain, Mrs. Ritu Jain, Mr. Aagam Jain, Mr. Gaurish Jain and Munish Jain HUF.
- c. **Mr. Amit Sharma:** Mr. Mangal Chand Sharma, Mrs. Bimla Sharma, Mrs. Gitika Sharma, Mr. Kunal Sharma, Miss Amayra Sharma, Mrs. Poonam Sharma, Mrs. Seema Sharma, Mr. Ajay Sharma and Mrs. Sheetal Sharma.
- d. **Mr. S.K. Dhawan:** Mrs. Jeewan Asha, Mrs. Sujata Dhawan, Mrs. Rajni Dhawan, Mr. Vijay Kumar Dhawan, Mr. Ashwani Kumar Dhawan, Mr. Arun Kumar Dhawan and Mr. Anil Kumar Dhawan.
- e. **Mrs. Richa Mahajan:** Mr. Gaurav Mahajan, Mr. Arnav Mahajan, Miss Arshia Mahajan, Mrs. Neelam Sehgal, Mr. R.K. Sehgal and Mr. Akhil Sehgal.
- f. **Mr. Raghav Aggarwal:** Mr. Sunil Aggarwal, Mrs. Indu Aggarwal, Mrs. Himani Mittal and Mr. Karan Aggarwal

Associates/ Joint Ventures/ Others:

- a. Capital Foundation Trust



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12.2 The balances payable to/receivable from the related parties of the Bank as on March 31, 2023 are given below:

(₹ in crores)

Items/ Related Party		Parent	Subsidiary	Associates/ Joint Ventures/ Others	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings	March 2023	-	-	-	0.89	2.00	2.89
	March 2022	-	-	-	0.24	1.92	2.16
Deposits	March 2023	-	-	1.67	1.45	5.31	8.43
	March 2022	-	-	0.82	1.43	3.94	6.19
Placement of Deposits	March 2023	-	-	-	-	-	-
	March 2022	-	-	-	-	-	-
Advances	March 2023	-	-	-	0.73	0.02	0.74
	March 2022	-	-	-	0.81	0.02	0.83
Investments	March 2023	-	-	-	-	-	-
	March 2022	-	-	-	-	-	-
Non funded commitments	March 2023	-	-	-	-	-	-
	March 2022	-	-	-	-	-	-
Leasing / HP arrangements availed	March 2023	-	-	-	-	-	-
	March 2022	-	-	-	-	-	-
Leasing / HP arrangements provided	March 2023	-	-	-	-	-	-
	March 2022	-	-	-	-	-	-



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12.3 The maximum balances payable to/receivable from the related parties of the Bank for the year ended March 31, 2023 are given below:

(₹ in crores)

Items/ Related Party		Parent	Subsidiary	Associates/ Joint Ventures/ Others	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings	March 2023	-	-	-	0.89	2.02	2.91
	March 2022	-	-	-	0.40	2.32	2.72
Deposits	March 2023	-	-	1.90	2.52	7.89	12.31
	March 2022	-	-	1.04	2.74	9.95	13.73
Placement of Deposits	March 2023	-	-	-	-	-	-
	March 2022	-	-	-	-	-	-
Advances	March 2023	-	-	-	1.21	0.05	1.27
	March 2022	-	-	-	0.95	0.02	0.97
Investments	March 2023	-	-	-	-	-	-
	March 2022	-	-	-	-	-	-
Non-funded commitments	March 2023	-	-	-	-	-	-
	March 2022	-	-	-	-	-	-
Leasing/ HP arrangements availed	March 2023	-	-	-	-	-	-
	March 2022	-	-	-	-	-	-
Leasing/ HP arrangements provided	March 2023	-	-	-	-	-	-
	March 2022	-	-	-	-	-	-

For a person being a KMP for the current year or part thereof, the consideration paid during the complete financial year has been disclosed.



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12.4 The details of transactions of the Bank with its related parties during the year ended March 31, 2023 are given below:

(₹ in crores)

Items/ Related Party		Parent	Subsidiary	Associates/ Joint Ventures/ Others	Key Management Personnel	Relatives of Key Management Personnel	Total
Purchase of fixed assets	March 2023	-	-	-	-	-	-
	March 2022	-	-	-	-	-	-
Sale of fixed assets	March 2023	-	-	-	-	-	-
	March 2022	-	-	-	-	-	-
Interest paid	March 2023	-	-	0.00	0.17	0.47	0.65
	March 2022	-	-	0.01	0.09	0.41	0.51
Interest received	March 2023	-	-	-	0.05	0.00	0.05
	March 2022	-	-	-	0.05	-	0.05
(Leasing)	March 2023	-	-	-	0.48	1.68	2.16
	March 2022	-	-	-	0.45	1.59	2.04
Receiving of Services	March 2023	-	-	-	4.99	0.25	5.25
	March 2022	-	-	-	3.63	0.23	3.86
(Salary)	March 2023	-	-	-	-	-	-
Management Contracts	March 2022	-	-	-	-	-	-
CSR Expense/ Contribution	March 2023	-	-	1.15	-	-	1.15
	March 2022	-	-	0.77	-	-	0.77

For a person being a KMP for the current year or part thereof, the consideration paid during the complete financial year has been disclosed.



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13 Leases

Operating Leases

The Bank has commitments under long term non-cancellable operating leases primarily for premises. The terms of renewal and escalation clauses are those normally prevalent in the agreements of similar nature. Following is the summary of future minimum lease rental commitments for such non-cancellable operating leases:

(₹ in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Not later than one year	0.80	1.08
Later than One year and not later than five years	2.27	1.90
Later than five years	4.21	3.05
Total Minimum Lease Rental Commitments	7.27	6.03

Total lease rental expenditure under cancellable and non-cancellable operating leases debited to Profit & Loss Account during the year ended March 31, 2023 is ₹18.03 crore and during the year ended March 31, 2022 is ₹16.97 crore.

Finance Lease

The Bank has not taken any asset under finance lease during the year ended March 31, 2023 and March 31, 2022.

14 Earnings Per Share

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Net profit after tax available for equity shares (₹ in crore)	93.60	62.57
Weighted average number of equity shares	3,42,23,457	3,39,95,016
Weighted average number of equity shares for diluted earnings	3,43,99,201	3,43,38,552
Basic Earnings per share (₹)	27.35	18.41
Diluted Earnings per share (₹)	27.21	18.22
Face Value per share (₹)	10.00	10.00



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15 Disclosure of Complaints

15.1 Customer Complaints pertaining to Retail Payment Channels (including RTGS/NEFT, Automated

Teller Machine (ATM)/Point of Sale (POS) Transactions/Ecommerce Transactions, BBPS, IMPS, etc.)

S.No.	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Complaints received by bank from its customers		
1	Number of complaints pending at beginning of the year	11	8
2	Number of complaints received during the year*	1,305	1,439
3	Number of complaints disposed during the year	1,303	1,436
3.1	<i>Of which, number of complaints rejected by the bank</i>	484	444
4	Number of complaints pending at the end of the year	13	11
	Maintainable complaints received by the Bank from the OBOs		
5	Number of maintainable complaints received by the Bank from OBOs	10	5
5.1	<i>Of 5, number of complaints resolved in favor of the bank by OBOs</i>	7	1
5.2	<i>Of 5, number of complaints resolved through conciliation/ mediation/ advisories issued by Bos</i>	3	4
5.3	<i>Of 5, number of complaints resolved after passing of Awards by BOs against the bank</i>	-	-
6	Number of awards unimplemented within the stipulated time (other than those appealed)	-	-

*Out of the above complaints, 1,212 complaints (1,379 previous year) are related to acquiring banks during the current year ending March 31, 2023.

15.2 Customer Complaints other than above

S.no.	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
	Complaints received by bank from its customers		
1	Number of complaints pending at beginning of the year	5	3
2	Number of complaints received during the year	199	297
3	Number of complaints disposed during the year	202	295
3.1	<i>Of which, number of complaints rejected by the bank</i>	52	86
4	Number of complaints pending at the end of the year	2	5
	Maintainable complaints received by the Bank from the OBOs		
5	Number of maintainable complaints received by the Bank from OBOs	11	18
5.1	<i>Of 5, number of complaints resolved in favor of the bank by BOs</i>	4	13
5.2	<i>Of 5, number of complaints resolved through conciliation/ meditation/ advisories issued by Bos</i>	6	6
5.3	<i>Of 5, number of complaints resolved after passing of Awards by BOs against the bank</i>	-	-
6	Number of awards unimplemented within the stipulated time (other than those appealed)	-	-



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15.3 Top 5 grounds of Complaints received by the Bank

During the year ended March 31, 2023

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 complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Ground - 1 Internet/Mobile/Electronic Banking	8	883*	(2.75)%	8	-
Ground - 2 ATM/Debit Cards	5	421*	(23.59)%	7	-
Ground - 3 Loans and Advances	2	49	(15.51)%	-	-
Ground - 4 Account Opening/ Difficulty in operation of accounts	-	43	30.30%	-	-
Ground - 5 Levy of charges without prior notice/ Excessive charges/ Foreclosure Charges	-	23	(42.50)%	-	-
Others (Complaints not covered in above top 5 grounds)	1	85	(41.78)%	-	-
Total	16	1,504	(13.36)%	15	-

* 1,212 complaints are related to acquiring banks

During the year ended March 31, 2022

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 complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Ground - 1 Internet/Mobile/Electronic Banking	1	908*	172.67%	8	-
Ground - 2 ATM/Debit Cards	6	551*	14.08%	5	-
Ground - 3 Loans and Advances	-	58	34.88%	2	-
Ground - 4 Levy of charges without prior notice/ Excessive charges/ Foreclosure Charges	3	40	(6.98)%	-	-
Ground - 5 Account Opening/ Difficulty in operation of accounts	-	33	6.45%	-	-
Others (Complaints not covered in above top 5 grounds)	1	146	21.67%	1	-
Total	11	1,736	64.86%	16	-

* 1,379 complaints are related to acquiring banks



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15.4 Awards Passed by the Banking Ombudsman

Particulars	Year ended	Year ended
	March 31, 2023	March 31, 2022
No of Unimplemented Awards at the beginning of the year	-	-
No. of Awards passed by the Banking Ombudsmen during the year	-	-
No. of Awards implemented during the year	-	-
No. of Unimplemented Awards at the end of the year	-	-

16 Disclosure of Penalties Imposed by the RBI

There has been no penalty imposed by the Reserve Bank of India on the Bank except that of ₹0.06 crore during the year ended March 31, 2023 for non-replenishment of ATMs in terms of RBI circular no. RBI/2021-22/84 DCM (RMMT) No. S153/11.01.01/2021-22 on Monitoring of Availability of Cash in ATMs dated August 10, 2021.

17 Remuneration

17.1 Qualitative Information with reference to Whole Time Directors / Managing Director & Chief Executive Officer/Material Risk Takers (MRT)

i) Nomination and Remuneration Committee

The Bank has constituted Nomination and Remuneration Committee (NRC) for overseeing and governing the compensation policies of the Bank. The committee oversees the framing, review and implementation of compensation policy of the Bank on behalf of the Board for Managing Director & Chief Executive Officer, Whole Time Directors & Material Risk Takers.

The Committee has four members including two members from Risk Management Committee of the Board. The majority of the members of the committee are independent non-executive Directors consisting of the following Members:

- Mr. Gurpreet Singh Chug, Chairman
- Mr. Rakesh Soni, Member
- Mr. Sham Singh Bains, Member
- Mr. Gurdeep Singh, Member



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ii) Philosophy and Key Objectives

The Compensation Policy ("the Policy") of the Bank aims at the Bank's philosophy to recruit, motivate, reward and retain employees who believe in, and live by, our culture and values. The Bank endeavors to encourage entrepreneurship by creating a working environment that motivates high performance so that all employees can positively contribute to the strategy, vision, goals and values of the Bank. The key objectives of the Policy are:

- To support the organization's strategy by helping to build a competitive, high performance and innovative company with an entrepreneurial culture that attracts, retains, motivates and rewards high-performing employees;
- To promote the achievement of strategic objectives within the company's risk appetite;
- To promote / support positive outcomes across the economic and social context in which the company operates and
- To promote an ethical culture and responsible corporate citizenship.
- To ensure that the remuneration of "MD & CEO", "Whole Time Directors" & Material Risk Takers is fair and reasonable in the context of overall Bank's remuneration.
- Adherence to principles of good corporate governance, as depicted in "best practice" and regulatory frameworks
- Make a clear distinction between levels of accountability and pay package.

iii) Fixed Pay

The fixed pay is the base element of the remuneration that reflects the employee's role or position in the Bank and is payable for doing the expected job, including but not limited to basic salary, statutory bonus, allowances, perquisites, profit in lieu of salary and any other component paid, measured on the cost to company basis. Guaranteed remuneration is paid on monthly basis and is normally benchmarked against the financial services market and is aligned to the expected operational performance.

iv) Variable Pay

The variable pay is the reward element of the remuneration, focused to create a performance culture in the Bank, is payable as a reward to individuals or teams for achieving strong results in terms of pre-determined goals. The variable remuneration of an employee(s) can be short term or long term depending upon the category of the employee(s): (1) Short Term Variable Remuneration is paid either on half yearly or yearly frequency on the basis of performance based scorecard or individual employee rating; or/and (2) Long Term Variable Remuneration is paid on more than annual frequency on the basis of longevity and long-term performance of the employee in the form of ESOPs only (including Cash Linked Stock Appreciation Rights).

- The variable pay should be:
 - Atleast 100% but not more than 200% of the fixed pay in case of Managing Director and CEO and Whole Time Director or as approved by the Reserve Bank of India;



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- Atleast 50% but not more than 70% (earlier 60%) of the fixed pay for executive overseeing one business line and atleast 75% (earlier 50%) but not more than 125% (earlier 70%) of the fixed pay for executive overseeing more than one business line in case of other MRTs.
- Out of above, 50% of the variable pay should be via non cash instruments. In case, any the executive, is barred by statute or regulation from grant of Share-linked Instruments, the whole amount can be paid via cash.
- Within the said range and as per the above ceiling, the NRC decides the short term variable pay %age for the period keeping in the view the various factors including but not limited to present and prospective capital position, market dynamics and risk position of the Bank.
- The variable pay is linked with the performance of the executive and performance of the Bank during the Period and accordingly the performance measurement is done basis various key performance indicators including:
 - Individual Rating;
 - Profitability Achievement;
 - Business Growth Achievement;
 - Credit Risk (NPA position, SMA 2 position);
 - Market Risk (LCR, Duration gap Analysis);
 - Solvency Risk (Leverage Ratio, Capital Adequacy Ratio)
- A minimum of 60% of the total variable pay (including at least 50% of the cash component if cash component is ₹25 Lacs or more), is deferred over a period of 3 years. Further, in case of various events, the deferred compensation is subject to the malus arrangement.

v) Guaranteed Bonus

The Bank does not allow any guaranteed bonus except bonus payable under the Payment of Bonus Act. Further, the Joining/Signing bonus is permissible in the context of hiring of executive in the form of ESOPs only and be limited to the first Period. Further, the Bank will not grant severance pay other than accrued benefits (gratuity, retiral benefits, etc.) except in case where it is mandatory by any statute.

vi) Hedging

The Bank does not provide any facility or funds or permit employees to insure or hedge their compensation structure to offset the risk alignment effects embedded in their compensation arrangement.



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17.2 Quantitative Information with reference to Whole Time Directors/Managing Director & Chief Executive Officer/Material Risk Takers

S. No.	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
A	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	Number of Meetings: 6 The Bank is paying remuneration to its NRC members, except Mr. Rakesh Soni, each amounting to ₹4 lacs per annum other than the sitting fees.	Number of Meetings: 6 No remuneration is being paid to members except the sitting fees.
B.1	Number of employees having received a variable remuneration award during the financial year.	2	2
B.2	Number and total amount of sign-on awards made during the financial year.	-	-
B.3	Details of guaranteed bonus, if any, paid as joining / sign on bonus	-	-
B.4	Details of severance pay, in addition to accrued benefits, if any.	-	-
C.1	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	Total amount of deferred remuneration as on March 31, 2023 (cumulative including the previous year remuneration) is <ul style="list-style-type: none"> Cash incentive ₹1.35 crores; and No. of Employee Stock Options 46,008 	Total amount of deferred remuneration as on March 31, 2022 (cumulative including the previous year remuneration) is <ul style="list-style-type: none"> Cash incentive ₹1.25 crore; and No. of Employee Stock Options 38,550
C.2	Total amount of deferred remuneration paid out in the financial year.	<ul style="list-style-type: none"> Cash incentive ₹0.13 crores; and No. of Employee Stock Options vested 6,417 	-
D	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	<ul style="list-style-type: none"> Fixed pay ₹2.52 crore Variable pay (cash) ₹1.08 crores for FY 2022-23 out of which ₹0.60 crores is deferred. Variable pay (ESOPs to MRT) 13,875 options out of which 13,875 options are deferred. The variable remuneration payable to MD & CEO shall be	<ul style="list-style-type: none"> Fixed pay ₹2.25 crore Variable pay (cash) ₹1.34 crore for FY 2021-22 out of which ₹0.67 crore is deferred. Variable pay (ESOPs to MRT) 19,299 options out of which 19,299 options are deferred. The variable remuneration payable to MD & CEO shall

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		paid subject to approval from the RBI.	be paid subject to approval from the RBI.
E.1	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Total amount of deferred remuneration as on March 31, 2023 (cumulative including the previous year remuneration) is <ul style="list-style-type: none"> Cash incentive ₹1.35 crores; and No. of Employee Stock Options 46,008 	Total amount of deferred remuneration as on March 31, 2022 (cumulative including the previous year remuneration) is <ul style="list-style-type: none"> Cash incentive ₹1.25 crore; and No. of Employee Stock Options 38,550
E.2	Total amount of reductions during the financial year due to ex- post explicit adjustments.	-	-
E.3	Total amount of reductions during the financial year due to ex- post implicit adjustments.	-	-
F	Number of MRTs identified	2	2
G.1	Number of cases where malus has been exercised.	-	-
G.2	Number of cases where claw back has been exercised.	-	-
G.3	Number of cases where both malus and claw back have been exercised.	-	-
H	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.	The Bank does not have any WTD.	The Bank does not have any WTD.

18 Disclosure on remuneration to Non-Executive Directors

Remuneration by way of sitting fees to the Non-Executive Directors for attending meetings of the Board and its committees during the year ended March 31, 2023 amounted to ₹0.28 crore and ₹0.36 crore during the year ended March 31, 2022.

Further, during the current year, the Bank has paid the remuneration amounting to ₹0.54 crore and ₹0.14 crore during the year ended March 31, 2022 to the Non-Executive Directors.



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19 Accounting for employee share-based payments

19.1 Capital Small Finance Bank Limited – Employees Stock Option Plan 2018 (“CSFB ESOP 2018”) was approved by the shareholders of the Bank, in the Annual General Meeting held on August 18, 2018 amended further on October 22, 2021, for granting equity stock options to its employees and directors (other than independent directors) and Capital Small Finance Bank Limited – Employees Stock Option Plan for Material Risk Takers (“CSFB ESOP for MRTs”) was approved by the shareholders of the Bank on July 11, 2020 amended further on October 22, 2021, for granting equity stock options to its material risk takers.

19.2 The stock options will be equity settled.

19.3 The accounting for stock options is in accordance with the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

19.4 The Nomination and Remuneration Committee of the Bank is empowered to administrate, implement and superintend the plan. Its powers include determination of eligible employees, determine the parameters for grant of options, vesting conditions, determination of exercise period, among others.

19.5 The details of the scheme are as under:

Scheme	Grant	Date of Grant	Vesting	Exercise Period	Exercise Price per option	Method of Settlement
CSFB ESOP 2018	Tranche 1	April 30, 2019	Graded Vesting: April 30, 2020- 25% April 30, 2021- 30% April 30, 2022- 45%	Twelve months from the date of vesting	₹98	Equity
CSFB ESOP for MRTs	Tranche 1	April 30, 2021	Graded Vesting: April 30, 2022- 33.33% April 30, 2023- 33.33% April 30, 2024- 33.33%	Twelve months from the date of vesting	₹10	Equity
CSFB ESOP 2018	Tranche 2	July 15, 2021	Sep 30, 2023- 100%	Twelve months from the date of vesting	₹98	Equity
CSFB ESOP 2018	Tranche 3	Sep 01, 2021	Aug 31, 2024- 100%	Twelve months from the date of vesting	₹98	Equity



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CSFB ESOP for MRTs	Tranche 2	April 30, 2022	Graded Vesting: April 30, 2023- 33.33% April 30, 2024- 33.33% April 30, 2025- 33.33%	Twelve months from the date of vesting	₹10	Equity
CSFB ESOP 2018	Tranche 4	June 15, 2022	Aug 31, 2024- 100%	Twelve months from the date of vesting	₹98	Equity
CSFB ESOP for MRTs	Tranche 3	April 30, 2023	Graded Vesting: April 30, 2024- 33.33% April 30, 2025- 33.33% April 30, 2026- 33.33%	Twelve months from the date of vesting	₹10	Equity

19.6 Activity in the options outstanding-

Under the CSFB ESOP 2018 plan-

Particulars	March 31, 2023 (Number of Options)	March 31, 2022 (Number of Options)
Options outstanding, beginning of the year	5,72,439	4,65,511
Granted during the year	76,000	3,26,750
Exercised during the year	2,01,946	1,33,410
Forfeited / Lapsed during the year	48,600	86,412
Options outstanding, end of the year	3,97,893	5,72,439
Options exercisable	54,893	47,940

Under CSFB ESOP for MRTs-

Particulars	March 31, 2023 (Number of Options)	March 31, 2022 (Number of Options)
Options outstanding, beginning of the year	19,251	-
Granted during the year	19,299	19,251
Exercised during the year	6,417	-
Forfeited / Lapsed during the year	-	-
Options outstanding, end of the year	32,133	19,251
Options exercisable	-	-



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19.7 The below table shows the fair value of options and inputs considered for calculating them as per the Black Scholes method:

Particulars	CSFB ESOP 2018 (Tranche 1)	CSFB ESOP 2018 (Tranche 2)	CSFB ESOP 2018 (Tranche 3)	CSFB ESOP 2018 (Tranche 4)
Date of grant	April 30, 2019	July 15, 2021	Sep 01, 2021	June 15, 2022
Fair value of option (₹)	132.17	181.18	185.29	222.93
Risk-free interest rate (%)	6.65%-6.99%	5.06%	5.14%	6.89%
Expected life (years)	1.50-3.50 years	2.71 years	3.50 years	2.71 years
Expected volatility (%)	31.53%-33.01%	44.03%	41.80%	43.67%
Expected dividend rate (%)	-	-	-	-

Particulars	CSFB ESOP for MRTs (Tranche 1)	CSFB ESOP for MRTs (Tranche 2)	CSFB ESOP for MRTs (Tranche 3)
Date of grant	April 30, 2021	April 30, 2022	April 30, 2023
Fair value of option (₹)	255.04	294.14	361.29
Risk-free interest rate (%)	4.13%-5.15%	4.96%-6.20%	6.79%-6.86%
Expected life (years)	1.50-3.50 years	1.50-3.50 years	1.50-3.50 years
Expected volatility (%)	42.07%-50.86%	44.64%-50.72%	37.20% - 46.14%
Expected dividend rate (%)	-	-	-



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19.8 The RBI vide its clarification dated August 30, 2021 on guidelines on compensation of whole-time directors/chief executive officers/material risk takers and control function staff, advised banks that the fair value of the share linked instruments on the date of grant should be recognized as an expense for all instruments granted after the period ending March 31, 2021. Accordingly, the Bank measures the cost of ESOP using the fair value method for stock options granted post March 31, 2021 including grant to the Material Risk Takers as a part of their variable compensation and uses the intrinsic value method for stock options granted prior to the said period.

Had the Bank used the fair value model to determine compensation for the grant made before March 31, 2021, there would have been nil incremental cost during year ended March 31, 2023; and for year ended March 31, 2022, its profit after tax and earnings per share as reported would have changed as indicated below:

(₹ in crores)

Particulars	Amount
Profit after tax as reported	62.57
Add: ESOP cost using intrinsic value method (net of tax)	1.53
Less: ESOP cost using fair value method (net of tax)	(1.77)
Profit after tax (adjusted)	62.33
Earnings Per Share -	
Basic	
- As reported	18.41
- Adjusted for ESOP using fair value method	18.34
Diluted	
- As reported	18.22
- Adjusted for ESOP using fair value method	18.02



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20 Staff Retirement Benefits

20.1 Reconciliation of opening and closing balance of the present value of the defined benefit obligation for the **gratuity benefit** of the Bank is as below:

(₹ in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Defined benefit obligation liability		
Opening Obligations	7.35	6.45
Service Cost	1.09	1.00
Interest Cost	0.53	0.45
Actuarial (Gain)/Loss	(0.21)	(0.19)
Liabilities extinguished on settlement	-	-
Benefits Paid	(0.27)	(0.35)
Obligations at last date of the year	8.49	7.35
Plan Assets at fair value		
Opening Plan Assets, at fair value	7.45	6.48
Expected return on plan assets	0.52	0.45
Actuarial Gain/(Loss)	(0.03)	(0.13)
Assets distributed on settlement		
Contributions	0.92	1.00
Benefits Paid	(0.27)	(0.35)
Plan Assets at fair value at last date of the year		
Fair Value of Plan Assets at the end of the year	8.59	7.45
Present Value of the defined benefit obligation at the end of the year	8.49	7.35
Asset/(Liability) at last date of the year	0.10	0.10
Experience adjustments on Plan Liabilities	0.06	(0.19)
Experience adjustments on Plan Assets	(0.03)	(0.13)
Cost for the year		
Service Cost	1.09	1.00
Interest Cost	0.53	0.45
Expected Return on Plan Assets	(0.52)	(0.45)
Actuarial (Gain)/Loss	(0.18)	(0.06)
Net Cost	0.92	0.93
Investment details of Plan Assets		
Plan assets are invested in insurer managed funds.		

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Assumptions		
Discount Rate	7.39%	7.26%
Salary escalation rate	5.00%	5.00%
Estimated rate of return on plan assets	7.39%	7.00%

The estimate of salary growth rate takes into account inflation, market dynamics, seniority, promotion and other relevant factors on long-term basis.

20.2 The actuarial liability of compensated absences of **accumulated earned and sick leaves** of the employees of the Bank is as below:

(₹ in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Earned Leaves	5.11	4.10
Sick Leaves	1.27	1.01
Total Actuarial Liability	6.38	5.11
Assumptions		
Discount Rate	7.39%	7.26%
Salary Escalation Rate	5.00%	5.00%

The estimate of salary growth rate takes into account of inflation, market dynamics, seniority, promotion and other relevant factors on long-term basis.

20.3 Liability towards Unamortized Pension

The Bank does not have any unamortized liability against pension during the year ended March 31, 2023 and year ended March 31, 2022.

20.4 The Code on Social Security, 2020

The Code on Social Security 2020 ('the Code') relating to employee benefits during employment and post-employment benefits has received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Bank will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective.



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21 Business Ratios

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
i. Interest Income as a percentage to Working Funds*	8.79%	8.46%
ii. Non-interest income as a percentage to Working Funds*	0.64%	0.79%
iii. Cost of Deposits	4.90%	5.02%
iv. Net Interest Margin##	4.19%	3.74%
v. Operating Profit** as a percentage to Working Fund	1.93%	1.66%
vi. Return on Assets@	1.22%	0.92%
vii. Business (Deposits plus advances) # per employee^ (₹ in crores)	6.92	6.50
viii. Profit per employee (Operating Profit)^ (₹ in crores)	0.09	0.07

Notes:

*Working funds have been reckoned as average of total assets as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949, during the year.

**Operating profit is the net profit for the year before provisions and contingencies.

@ Return on Assets is calculated with reference to monthly average working funds (Working funds taken as total of assets excluding accumulated losses, if any).

For the purpose of computation of business per employee business is calculated by adding deposits and advances excluding inter-bank deposits.

^ Productivity ratios are based on average number of employees.

Net Interest Margin has been computed based on the Net Interest income (Interest Income – Interest Expense) and average of total assets as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949, during the year.



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22 Bancassurance Business

(₹ in crores)

Fee/remuneration received	Year ended March 31, 2023	Year ended March 31, 2022
1. Life insurance	7.95	7.27
2. General Insurance	2.98	2.56

23 Marketing and Distribution

(₹ in crores)

Fee/remuneration received	Year ended March 31, 2023	Year ended March 31, 2022
Marketing and Distribution	-	-

24 Details of Priority Sector Lending Certificates (PSLC)

(₹ in crores)

Type of PSLC	Year ended March 31, 2023		Year ended March 31, 2022	
	PSLC bought during the year	PSLC sold during the year	PSLC bought during the year	PSLC sold during the year
Agriculture	-	500.00	-	985.00
Small and Marginal Farmers	535.00	-	345.00	-
Micro enterprises	-	-	-	-
General	-	-	-	-
Total	535.00	500.00	345.00	985.00

25 Provisions and Contingencies

The break-up of the provisions and contingencies included in profit and loss account is given hereunder:

(₹ in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Provisions towards Taxes#	30.56	21.92
Provisions towards Standard Assets	1.98	11.41
Provision towards Non-performing Advances	22.57	17.32
Total	55.11	50.65



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#Details of Provisions towards Taxes

(₹ in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Income Tax	31.72	24.97
Deferred Tax	(1.16)	(3.05)

26 Deferred Tax Asset/Liability

Other Assets include deferred tax asset of an amount equal to ₹7.97 crore for the year ended March 31, 2023 and ₹6.81 crore for the year ended March 31, 2022 as detailed below:

(₹ in crores)

Particulars	As on March 31, 2023	As on March 31, 2022
Deferred Tax Liabilities	1.79	1.71
Depreciation on Fixed Assets	-	0.80
Special Reserve under section 36(i)(viii)	1.79	0.91
Deferred Tax Assets	9.76	8.52
Loan Loss Provisions	7.12	7.15
Others	2.64	1.37
Deferred Tax Liabilities/(Assets) (Net)	(7.97)	(6.81)

27 Status of Ind AS Implementation

As per RBI circular RBI/2015 -16/315 DBR.BP.BC. No.76/21.07.001/2015-16 dated 11th February 2016 Implementation of Indian Accounting Standards (Ind AS), Banks are advised that scheduled commercial banks (excluding RRBs) shall follow the Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015, subject to any guideline or direction issued by the RBI in this regard. Banks in India currently prepare their financial statements as per the guidelines issued by the RBI, the Accounting Standards notified under section 133 of the Companies Act, 2013 and generally accepted accounting principles in India (Indian GAAP). In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of new Indian Accounting Standards (Ind AS), which were based on convergence with the International Financial Reporting Standards (IFRS), for scheduled commercial banks, insurance companies and non-banking financial companies (NBFCs). In March 2019, RBI deferred the implementation of Ind AS for banks till further notice as the recommended legislative amendments were under consideration of Government of India. The Bank had undertaken preliminary diagnostic analysis of the GAAP differences between Indian GAAP vis-a-vis Ind AS and shall proceed for ensuring the compliance as per applicable requirements and directions in this regard and the Bank is submitting Proforma Ind AS Financial Statements to the RBI on a half yearly basis.



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28 Payment of DICGC Insurance Premium

(₹ in crores)

S. No.	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
1.	Payment of DICGC Insurance Premium	7.31	7.62
2.	Arrears in payment of DICGC premium	-	-

29 Dues to Micro, Small and Medium Enterprises

On the basis of information and records available with the management and confirmation sought by the management from suppliers on their registration with the specified authority under MSMED, there have been no reported cases of delay in payments to Micro, Small and Medium Enterprises or of interest payments due to delay in such payments.

30 Corporate Social Responsibility

(₹ in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Total amount to be spent	1.15	0.77
Amount spent	1.15	0.77
Amount unspent	-	-

The Bank has formulated a trust in the name of Capital Foundation. The CSR expenses are taken care either by the Capital Foundation or directly by the Bank. The above expenditure of ₹1.15 crore and ₹0.77 crore for the year ended March 31, 2023 and March 31, 2022, respectively, has been contributed to the Capital Foundation Trust or has been spent directly by the Bank.

31 Description of Contingent Liabilities

Particulars	Description
Claims against the bank not acknowledged as debts	Includes liability created for taxation matter in respect of which appeal is pending. The Bank expects the outcome of the appeal to be favourable, based on decisions on similar issues in the previous years by the appellate authorities.
Guarantees given on behalf of constituents in India.	As a part of its commercial banking activities, the Bank issues bank guarantees on behalf of its customers.
Acceptances, endorsements and other obligations.	Includes Letters of credit issued on behalf of the customers that enhances the credit standing of the Bank's customers.
Other items for which Bank is contingently liable.	Includes capital commitments and amount transferred to the RBI under the Depositor Education and Awareness Fund (DEAF).



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32 Investor Education and Protection Fund

There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Bank.

33 Details of Other Heads exceeding 1%

33.1 Other Expenditure includes the below expenses that exceed 1% of the total income of the Bank:

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Other Expenditure		
Security and Service Charges	5.55*	6.50

*The value has been disclosed for comparative purpose. However, it does not exceed 1% of the total income of the Bank.

33.2 Miscellaneous Income and Commission, Exchange & Brokerage includes the below income that exceed 1% of the total income of the Bank:

(₹ in crore)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Other Income		
Miscellaneous Income	-	-
Commission Exchange and Brokerage:		
-Commission-Loan Processing Fees Charges	11.44	11.01
- Commission-Bancassurance (Life)	7.95	7.27

33.3 Other Liabilities and Provisions – Others (including Provisions) and Other Assets- Others does not include any item that exceeds 1% of the total assets of the Bank as on March 31, 2023 and as on March 31, 2022



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34 Payment to Auditors

(₹ in crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Audit Fees	0.51	0.45
Certificate Fees and other services	0.08	0.29*
Out of Pocket Expenses	0.05	0.05

*excludes ₹0.09 crore paid on behalf of Selling Shareholders.

35 Change in accounting estimate of useful life of Fixed Asset

During the year ended March 31, 2023, the Bank has revised the estimated useful life of Office Equipment and Automated Teller Machines (ATMs). Depreciation on these assets has been charged prospectively over the revised useful life of assets. Consequently, depreciation charged has been increased by ₹5.08 crores and profit after tax for the period ended March 31, 2023 was lower by ₹3.83 crores.

36 Comparative Figures

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



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