

INDEPENDENT AUDITOR'S REPORT

To the Members of Capital Small Finance Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Capital Small Finance Bank Limited ("the Bank"), which comprise the Balance Sheet as at March 31, 2021, and the Profit and Loss Account, 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.

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 the 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, 2021, and profit, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 (ICAI) 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 opinion.

Emphasis of Matter

We draw attention to Note 3.3 of the of Schedule 18 to the financial statements, which describes the extent to which the Covid-19 pandemic will continue to impact the Bank's financial statements will depend on future developments, which are uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. 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.



Identification of Non-Performing Asset ('NPA') and Provision on Advances

Refer Schedule 9, Schedule 17(7), and Schedule 18(3.1) to the financial statements.

Significant value of Assets for the Bank, with outstanding Loans and Advances amounting to:

Total Loans and Advances (Net of Provision) as at March 31, 2021: Rs. 3,726.89 crores

Gross NPA as at March 31, 2021: Rs. 78.24 crores

Provision for NPA as at March 31, 2021: Rs. 36.10 crores

Key Audit Matter	How our audit addressed the key audit matter
<p>Identification of NPA and measurement of provision on account of NPA is made based on the assessment of various criteria stipulated in the Reserve Bank of India ("the RBI") guidelines on 'Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances' ("IRAC"). The Bank is required to have in place a Board approved policy as per the IRAC guidelines for NPA identification and provision.</p> <p>The IRAC guidelines stipulate the requirement to identify NPA through defined criteria such as past due status, out of order status etc. Provisions in respect of such NPAs are made based on minimum provisioning levels prescribed under the IRAC and Bank's internal credit policy. The provision for NPAs are also based on the valuation of the security available. Further, NPA classification is made borrower wise whereby if one facility to the borrower becomes NPA, then all facilities to such a borrower will be treated as an NPA.</p>	<p>Our audit procedures in respect of this area included:</p> <ol style="list-style-type: none"> 1. Verified the design and operating effectiveness of key internal controls (including application controls) over approval, recording and recovery of loans, monitoring process for overdue/ stressed accounts, identification of NPA, measurement of provision on account of NPA and valuation of security and collateral against loans. Verified application controls includes testing of automated controls, reports and system reconciliations. 2. Evaluated the governance process and review of controls over identification of NPA, measurement of provision and basis of provisioning in accordance with the Bank's policy.



The Bank is also required to apply its judgement to determine the identification and provision required against NPA by applying quantitative as well as qualitative factors. The risk of identification of NPA is affected by factors like stress and liquidity concerns in certain sectors.

The Bank has framed policies in line with the RBI's guidelines vide 'COVID-19 - Regulatory Package' and 'COVID-19 Regulatory Package - Asset Classification and Provisioning' thereby providing moratorium as a relief measure to the borrowers and creating required provisions against these reliefs.

Additionally, the Bank has considered the impact of judgment, on identification of NPA and provision thereof, which was vacated as per Honorable Supreme Court Order on March 23, 2021 and the RBI circular dated April 7, 2021 in that connection.

We have identified 'Identification of NPA and Provisioning on Advances' as a key audit matter in view of the significant level of estimation involved, as well as the stringent compliances laid down by the RBI in this regard.

3. An inclusive list of substantive procedures performed is as below:

- For borrowers, assessed the appropriateness of asset classification and adequacy of related provisioning by performing procedures such as computation of overdue ageing, assessment of borrower level NPA identification and verification of applicable provision rates as per IRAC norms and Bank's Policy on test check basis;
- Verified performing loans on test check basis to assess whether they should be classified as NPA;
- Reviewed the valuation of collateral as carried out by the Bank on test check basis;
- Performed inquiries with the Management of the Bank to ascertain if there were indicators of stress, perceived credit risk or occurrence of an event of default in any particular class of borrowers, product category or loan account that warrants NPA assessment;
- Verified standard and overdue accounts on test check basis to assess compliance with the RBI guidelines vide its circulars 'COVID-19 - Regulatory Package' and 'COVID-19 Regulatory Package - Asset Classification and Provisioning'.
- Selected and tested samples of accounts which were restructured under MSME restructuring circular and Resolution Framework for Covid 19-related stress circular for their compliance with the RBI directions.



- Selected samples of accounts which were not declared as NPA due to the interim order of Honorable Supreme Court order and later on due to the vacation of the interim order and the RBI circular in that connection to ensure the asset classification of borrower accounts has been continued as per the extant RBI instructions/IRAC norms.
4. Verified the disclosures in accordance with relevant accounting standards and the RBI requirements relating to NPA.

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, and the Banking Regulation Act, 1949 and the circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time ("the RBI Guidelines"). 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; main



judgments 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 the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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 scepticism 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)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has 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 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 relevant 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. Since 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. However, during the course of our audit we visited 10 branches.
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, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 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".
 - 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 does not have any pending litigations which would impact its financial position;
 - 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, 2021;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank



- 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 MSKC & Associates (Formerly known as R K Kumar & Co)
Chartered Accountants
ICAI Firm Registration Number: 001595S

Tushar Kurani

Tushar Kurani
Partner

Membership Number: 118580
UDIN: 21118580AAAACG8367



Mumbai
May 11, 2021

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF CAPITAL SMALL FINANCE BANK LIMITED

[Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of Capital Small Finance Bank Limited on the Financial Statements for the year ended March 31, 2021]

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 March 31, 2021 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 Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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) (the "Guidance Note"). 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.

Auditor's 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 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. 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 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 internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls 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 with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) 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 of the bank are being made only in accordance with authorizations of management and directors of the bank; and (3) 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 with reference to financial statements, 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, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note.

For MSKC & Associates (Formerly known as R K Kumar & Co)

Chartered Accountants

ICAI Firm Registration Number: 001595S

Tushar Kurani



Tushar Kurani

Partner

Membership Number: 118580

UDIN: 21118580AAAACG8367

Mumbai

May 11, 2021

Capital Small Finance Bank 

FINANCIAL STATEMENTS

As on March 31, 2021

CAPITAL SMALL FINANCE BANK LIMITED

MIDAS Corporate Park, 3rd Floor, 37, G.T. Road, Jalandhar-144001, Punjab

Tel.:0181-5051111, 5052222 | Fax: 0181-5053333

E-mail : compliance@capitalbank.co.in

CIN: U65110PB1999PLC022634

Balance Sheet

FINANCIAL STATEMENTS

As on March 31, 2021

BALANCE SHEET AS ON MARCH 31, 2021

(₹ IN THOUSANDS)

Particulars	Schedule	As on March 31, 2021	As on March 31, 2020
CAPITAL AND LIABILITIES			
Capital	1	3,39,107	3,38,072
Reserves and Surplus	2	41,68,797	37,29,729
Deposits	3	5,22,10,700	4,44,66,233
Borrowings	4	61,67,200	42,09,200
Other Liabilities and Provisions	5	8,26,578	5,55,532
Total		<u>6,37,12,382</u>	<u>5,32,98,766</u>
ASSETS			
Cash and Balances with Reserve Bank of India	6	72,17,237	22,12,330
Balances with Banks and Money at Call and Short Notice	7	56,86,994	59,45,162
Investments	8	1,21,22,519	1,05,18,746
Advances	9	3,72,68,860	3,30,83,085
Fixed Assets	10	8,65,540	9,06,236
Other Assets	11	5,51,232	6,33,207
Total		<u>6,37,12,382</u>	<u>5,32,98,766</u>
Contingent Liabilities	12	3,83,508	3,70,710
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 MSKC & Associates
(Formerly known as R.K.Kumar & Co.)
Chartered Accountants
Firm Registration Number: 001595S

Tushar Kurani

Tushar Kurani
Partner
Membership No.: 118580

Date : May 11, 2021
Place : Mumbai

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

Sarvjit Singh Samra
Sarvjit Singh Samra
Managing Director
DIN: 00477444

Muhish Jain
Muhish Jain
Chief Operating Officer &
Chief Financial Officer

Date : May 11, 2021
Place : Jalandhar

Dinesh Gupta
Dinesh Gupta
Director
DIN: 00475319

Amit Sharma
Amit Sharma
Company Secretary
Mem. No. FCS10888

Gurpreet Singh Chug
Gurpreet Singh Chug
Director
DIN: 01003380

Profit & Loss Account

FINANCIAL STATEMENTS

As on March 31, 2021

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2021

(₹ IN THOUSANDS)

Particulars	Schedule	Year Ended March 31, 2021	Year Ended March 31, 2020
INCOME			
Interest Earned	13	51,14,388	45,81,348
Other Income	14	4,58,578	4,29,550
Total		55,72,966	50,10,898
EXPENDITURE			
Interest Expended	15	31,28,278	28,55,120
Operating Expenses	16	17,29,589	16,33,331
Provisions and Contingencies (Refer Note 10-Schedule 18)		3,07,256	2,68,626
Total		51,65,123	47,57,077
PROFIT			
Net Profit for the year		4,07,843	2,53,821
Profit brought forward		9,87,724	8,37,669
Total		13,95,567	10,91,490
APPROPRIATIONS			
Transfer to Statutory Reserve		1,01,961	63,455
Transfer to Special Reserve		6,923	1,119
Transfer from Investment Reserve Account		(138)	-
Transfer to Investment Fluctuation Reserve		23,938	31,937
Dividend		-	6,018
Tax on Dividend		-	1,237
Balance carried over to Balance Sheet		12,62,883	9,87,724
Total		13,95,567	10,91,490
EARNINGS PER SHARE			
Basic (₹)		12.04	8.18
Diluted (₹)		11.98	8.16
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 MSKC & Associates
(Formerly known as R.K.Kumar & Co.)
Chartered Accountants
Firm Registration Number: 001595S

Tushar Kurani
Tushar Kurani
Partner
Membership No.: 118580

Date : May 11, 2021
Place : Mumbai

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

Sarjit Singh Samra
Sarjit Singh Samra
Managing Director
DIN: 00477444

Munish Jain
Munish Jain
Chief Operating Officer &
Chief Financial Officer

Date : May 11, 2021
Place : Jalandhar

Dinesh Gupta
Dinesh Gupta
Director
DIN: 00475319

Gurpreet Singh Chug
Gurpreet Singh Chug
Director
DIN: 01003380

Amit Sharma
Amit Sharma
Company Secretary
Mem. No. FCS10888

Cash Flow Statement

FINANCIAL STATEMENTS

As on March 31, 2021

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

(₹ IN THOUSANDS)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Taxes	5,37,368	3,45,822
Adjustment For:		
Depreciation Charge on Fixed Assets	1,64,924	1,53,373
Loan Loss Provision	1,77,486	1,76,690
(Profit)/Loss on Sale of Fixed Assets	(16)	175
Employee Stock Option Expense	22,121	16,125
Depreciation on Investments	245	(65)
	<u>9,02,128</u>	<u>6,92,120</u>
Adjustment For:		
(Increase) in Term Deposits with other Banks	(11,59,628)	(1,44,891)
(Increase) in Investments	(16,04,019)	(19,07,454)
(Increase) in Advances	(43,74,216)	(71,67,852)
Increase in Deposits	77,44,467	77,93,653
Decrease in Other Assets	81,024	46,493
Increase in Other Liabilities & Provisions	2,82,000	1,617
	<u>18,71,756</u>	<u>(6,86,314)</u>
Direct Taxes Paid (net of refunds)	(1,28,575)	(1,12,807)
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	<u>17,43,181</u>	<u>(7,99,121)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,29,261)	(2,25,631)
Proceeds from Sale of Fixed Assets	5,051	1,036
NET CASH FLOW USED IN INVESTING ACTIVITIES	<u>(1,24,210)</u>	<u>(2,24,595)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net Proceeds from equity shares issued under preferential allotment on private placement basis / ESOP allotment	10,140	13,01,891
Net Proceeds from the new issue of Unsecured Redeemable Non Convertible Bonds/(Redemption of Bonds)	3,14,000	(1,69,600)
Net Increase/(Decrease) in Borrowings / Refinance	16,44,000	7,95,000
Dividend Payment (Including Corporate Dividend Tax)	-	(7,255)
NET CASH FLOW FROM FINANCING ACTIVITIES	<u>19,68,140</u>	<u>19,20,036</u>
Net Increase In Cash & Cash Equivalents	<u>35,87,111</u>	<u>8,96,320</u>
Cash & Cash Equivalents in the beginning of the year	38,24,164	29,27,844
Cash & Cash Equivalents at the end of the year	74,11,275	38,24,164

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 bracket indicates cash outflow.

As per our report of even date
For MSKC & Associates
(Formerly known as R.K.Kumar & Co.)
Chartered Accountants
Firm Registration Number: 001595S

Tushar Kurani
Tushar Kurani
Partner
Membership No.: 118580

Date : May 11, 2021
Place : Mumbai

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

Sarvjit Singh Samra
Sarvjit Singh Samra
Managing Director
DIN: 00477444

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Chief Operating Officer &
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Dinesh Gupta
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Company Secretary
Mem. No. FCS10888

Gurpreet Singh Chug
Gurpreet Singh Chug
Director
DIN: 01003380

Schedules

FINANCIAL STATEMENTS

As on March 31, 2021

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS AS ON MARCH 31, 2021

(₹ IN THOUSANDS)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
SCHEDULE - 1 CAPITAL		
Authorised Capital	5,00,000	3,50,000
5,00,00,000 equity shares of Rs. 10 each (Previous year 3,50,00,000 equity shares of Rs. 10 each)		
Issued, Subscribed and Paid-up Capital		
3,39,10,681 equity shares issued of Rs. 10 each fully paid-up (Previous year 3,38,07,217 equity shares of Rs. 10 each)	3,39,107	3,38,072
Total	3,39,107	3,38,072
SCHEDULE 2 - RESERVES AND SURPLUS		
I Statutory Reserve		
Opening Balance	4,71,223	4,07,769
Additions during the year	1,01,961	63,455
Total	5,73,184	4,71,224
II Capital Reserve		
Opening Balance	159	159
Total	159	159
III Special Reserve		
Opening Balance	11,453	10,334
Additions during the year	6,923	1,119
Total	18,376	11,453
IV Investment Reserve Account		
Opening Balance	13,143	13,142
Deductions during the year	138	-
Total	13,005	13,142
V Investment Fluctuation Reserve		
Opening Balance	44,011	12,074
Additions during the year	23,938	31,937
Total	67,949	44,011
VI Securities Premium Account		
Opening Balance	21,85,890	9,37,265
Additions during the year	20,965	12,89,007
Deductions during the year	-	40,381
Total	22,06,855	21,85,891
VII Revenue and Other Reserve Account		
Opening Balance	16,125	-
Additions during the year	22,121	16,125
Deductions during the year	11,860	-
Total	26,386	16,125
VIII Balance in Profit & Loss Account	12,62,883	9,87,724
Grand Total	41,68,797	37,29,729

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FINANCIAL STATEMENTS

As on March 31, 2021

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS AS ON MARCH 31, 2021

(₹ IN THOUSANDS)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
SCHEDULE 3 - DEPOSITS		
A I Demand Deposits		
i) From Banks	647	2,200
ii) From others	20,72,016	13,30,971
II Saving Bank Deposits	1,88,53,682	1,48,13,572
III Term Deposits		
i) From Banks	5,65,446	17,22,667
ii) From others	3,07,18,909	2,65,96,823
Total	<u>5,22,10,700</u>	<u>4,44,66,233</u>
BI Deposits of branches in India	5,22,10,700	4,44,66,233
II Deposits of branches outside India	-	-
Total	<u>5,22,10,700</u>	<u>4,44,66,233</u>
SCHEDULE 4 - BORROWINGS		
I Borrowings in India		
i) Reserve Bank of India	-	8,10,000
ii) Other Banks	-	-
iii) Other Institutions and Agencies	42,46,000	17,92,000
iv) Unsecured Redeemable Non-Convertible Bonds (Subordinated debt - Tier II Capital)	15,31,200	12,17,200
v) Hybrid Debt Capital instrument issued as Debentures	3,90,000	3,90,000
II Borrowings outside India	-	-
Total	<u>61,67,200</u>	<u>42,09,200</u>
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I Bills Payable	4,19,056	1,79,627
II Inter-office adjustments (net)	-	362
III Interest accrued	53,591	56,323
IV Others (including provisions)	1,79,119	1,33,452
V Contingent provision against standard assets	1,74,812	1,85,768
Total	<u>8,26,578</u>	<u>5,55,532</u>
SCHEDULE 6 - CASH AND BALANCE WITH RESERVE BANK OF INDIA		
I Cash in hand (including Cash at ATM)	5,79,611	6,10,171
II Balance with Reserve Bank of India		
a) In current accounts	19,17,626	16,02,159
b) In other accounts	47,20,000	-
Total	<u>72,17,237</u>	<u>22,12,330</u>

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FINANCIAL STATEMENTS

As on March 31, 2021

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS AS ON MARCH 31, 2021

(₹ IN THOUSANDS)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
SCHEDULE 7 - BALANCE WITH BANKS AND MONEY AT CALL & SHORT NOTICE		
I. In India		
I) Balance with Banks		
a) In current accounts	1,94,038	1,12,189
b) In other deposit accounts	54,92,956	43,33,328
II) Money at call and short notice		
a) With Banks	-	-
b) With other Institutions	-	14,99,645
Total (I)	<u>56,86,994</u>	<u>59,45,162</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>56,86,994</u>	<u>59,45,162</u>
SCHEDULE 8 - INVESTMENTS		
I Investments in India in		
i) Government securities	1,21,07,360	1,05,18,746
ii) Other approved securities	-	-
iii) Shares	15,404	-
iv) Debentures and bonds	-	-
v) Subsidiaries and/or joint ventures	-	-
vi) Others (Certificate of deposits, money market based mutual funds)	-	-
Total (I)	<u>1,21,22,764</u>	<u>1,05,18,746</u>
II Investments outside India in		
i) Government securities	-	-
ii) Subsidiaries and/or joint ventures abroad	-	-
iii) Other Investments	-	-
Total (II)	-	-
Grand Total(I+II)	<u>1,21,22,764</u>	<u>1,05,18,746</u>
III Gross value of Investments	1,21,22,764	1,05,18,746
Less : Provision for Depreciation	245	-
Net Value of Investments	<u>1,21,22,519</u>	<u>1,05,18,746</u>

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As on March 31, 2021

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS AS ON MARCH 31, 2021

(₹ IN THOUSANDS)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
SCHEDULE 9 - ADVANCES		
A i) Bills Purchased and Discounted	-	4,923
ii) Cash Credits, Overdrafts and Loans Repayable on Demand	1,94,38,516	1,86,70,928
iii) Term Loans	1,78,30,344	1,44,07,234
Total	<u>3,72,68,860</u>	<u>3,30,83,085</u>
B i) Secured by Tangible Assets	3,62,31,282	3,27,83,732
ii) Covered by Bank / Government Guarantees	8,39,907	-
iii) Unsecured	1,97,671	2,99,353
Total	<u>3,72,68,860</u>	<u>3,30,83,085</u>
C I) Advances in India		
i) Priority Sector (Refer Note 8.6 of Schedule 18)	2,55,77,631	2,29,13,646
ii) Public Sector	-	-
iii) Banks	-	106
iv) Other	1,16,91,229	1,01,69,333
Total (I)	<u>3,72,68,860</u>	<u>3,30,83,085</u>
II) Advances outside India		
i) Due from Banks	-	-
ii) Due from Others	-	-
a) Bills Purchased & Discounted	-	-
b) Syndicated Loans	-	-
c) Others	-	-
Total (II)	<u>-</u>	<u>-</u>
Grand Total (I+II)	<u>3,72,68,860</u>	<u>3,30,83,085</u>
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
At cost as on 31st March of the preceeding year	64,524	64,524
Add : Additions during the year	-	-
Less : Deductions during the year	-	-
Total	<u>64,524</u>	<u>64,524</u>
Depreciation	-	-
As at 31st March of the preceeding year	-	-
Charge for the year	-	-
Total	<u>-</u>	<u>-</u>
Net Block I	<u>64,524</u>	<u>64,524</u>
II. Other Fixed Assets (including furniture & fixtures)		
At cost as on 31st March of the preceeding year	15,30,627	13,08,523
Add : Additions during the year	1,29,261	2,25,631
Less : Deductions during the year	13,727	3,527
Total	<u>16,46,161</u>	<u>15,30,627</u>

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FINANCIAL STATEMENTS

As on March 31, 2021

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS AS ON MARCH 31, 2021

(₹ IN THOUSANDS)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Depreciation		
As at 31st March of the preceeding year	6,88,913	5,37,858
Charge for the year	1,64,924	1,53,373
Less : Reversed on sale	8,692	2,316
Total	8,45,145	6,88,915
Net Block II	8,01,016	8,41,712
Total (I & II)	8,65,540	9,06,236
SCHEDULE 11 - OTHER ASSETS		
I Inter-office adjustments (net)	-	-
II Interest accrued	4,07,867	4,91,132
III Taxes paid in advance/TDS (net of provision for taxes)	15,694	14,800
IV Stationary & Stamps	2,909	2,494
V Others	1,24,762	1,24,781
Total	5,51,232	6,33,207
SCHEDULE 12 - CONTINGENT LIABILITIES		
I Claims against the Bank not acknowledged as debts	-	-
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	3,27,140	3,21,331
(b) Outside India	-	-
V Acceptances, endorsements and other obligations	13,160	13,559
VI Other items for which Bank is contingently liable	43,208	35,820
Total	3,83,508	3,70,710
SCHEDULE 13 - INTEREST EARNED		
I Interest/discount on advances/bills	37,24,312	33,06,594
II Income on investments	8,46,810	7,29,051
III Interest on balance with Reserve Bank of India and inter-bank funds	5,43,266	5,45,673
IV Others	-	30
Total	51,14,388	45,81,348
SCHEDULE 14 - OTHER INCOME		
I Commission, exchange and brokerage	2,95,523	2,88,410
II Profit/(Loss) on sale of investments (Net)	83,993	57,125
III Profit/(Loss) on revaluation of investments (Net)	-	-

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FINANCIAL STATEMENTS

As on March 31, 2021

SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS AS ON MARCH 31, 2021

(₹ IN THOUSANDS)

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
IV Profit/(Loss) on sale of land, building & other assets(Net)	16	(175)
V Profit/(Loss) on Exchange Transactions(Net)	20,760	35,800
VI Income earned by way of dividends etc.	-	-
VII Miscellaneous income	58,286	48,390
Total	4,58,578	4,29,550
SCHEDULE 15 - INTEREST EXPENDED		
I Interest on Deposits	27,83,139	25,38,390
II Interest on Reserve Bank of India/Inter-Bank Borrowings	20,031	6,436
III Others	3,25,108	3,10,294
Total	31,28,278	28,55,120
SCHEDULE 16 - OPERATING EXPENSES		
I Payments to and provisions for employees	9,04,305	8,46,420
II Rent, Taxes and Lighting	2,58,649	2,49,650
III Printing and Stationery	21,987	31,459
IV Advertisement and Publicity	1,757	3,822
V Depreciation on Bank's property	1,64,924	1,53,373
VI Directors Fees, Allowances & Expenses	2,320	2,670
VII Auditors' Fees and Expenses	4,890	4,875
VIII Law charges	50	16
IX Postage, Telegrams, Telephones etc.	28,566	25,570
X Repairs and Maintenance	61,380	52,178
XI Insurance	70,718	57,461
XII Other expenditure	2,10,043	2,05,837
Total	17,29,589	16,33,331

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SCHEDULE 17: SIGNIFICANT ACCOUNTING POLICIES APPENDED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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 & financial services including retail banking, commercial banking and treasury operations. The Bank is governed by the Banking Regulation Act, 1949 and the Companies Act, 2013. 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.

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.

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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 to the Companies Act, 2013, is as follows:

Asset	Depreciation rate per annum
Computers	33.33%
Mobile Phones	33.33%
Cash Sorting Machines	33.33%
Software and System Development Expenditure	20%

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

Asset	Depreciation rate per annum
Office Equipment	6.33%
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 asset 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 & 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 & the carrying amount of the asset and are recognized on net basis, within "Other Income" as Profit/(Loss) on sale of fixed asset, as the case maybe, in the Profit & Loss account in the year of disposal or retirement.

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5 IMPAIRMENT OF ASSETS

The carrying amount of assets is reviewed at the Balance Sheet date to determine whether 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 & Loss account to the extent the carrying amount of assets exceeds its estimated recoverable amount.

6 INVESTMENTS

Classification and valuation of the Bank's investments are carried out in accordance with the 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/or 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 & 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. Any premium on acquisition of the security is amortized over the balance period to maturity. The amortized amount is classified under Interest earned – Income on investments (Item II of Schedule 13). The book value of the security is reduced to the extent of amount amortized during the relevant accounting period. Diminution, other than temporary, is determined and provided for each investment individually.

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.

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- 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 the Primary Dealers Association of India (PDAI) jointly with the 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 the 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 & Loss 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 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.
- 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, repo and reverse repo 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.

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6.5 Broken period Interest

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

6.6 Transfer/Shifting of Security between Categories

Transfer/shifting 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'.

7.5 Amounts recovered during the year against bad debts written off in earlier years are credited to the Profit & 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 & Loss account to the extent such provisions were charged to the Profit & 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. Restructuring of an account is done at a borrower level.

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7.8 The moratorium granted as part of COVID-19 Regulatory package announced by RBI, to the borrowers is not accounted as restructuring of loans.

7.9 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 fee received for the sale of PSLCs is recorded as 'Miscellaneous Income'.

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

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 the 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

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additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial losses/ gains are recognized in the Profit and Loss Account in the year in which they arise. Payment obligations under the Group Gratuity scheme are managed through 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 is measured using the intrinsic value method and recognized, together with a corresponding increase in the 'stock options outstanding account' under 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.

10.5 The Code on Social Security, 2020 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 is in the process of evaluating the financial impact, if any.

11 LEASE

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

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

12 SEGMENT REPORTING

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

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.

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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.

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 applicable 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
- ✓ a present obligation arising from a past event which is not recognized as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

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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.

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, 2021**1 CAPITAL**

1.1 Capital to risk-weighted asset ratio ('Capital Adequacy Ratio') of the Bank, as on March 31, 2021 has been calculated by using the capital measurement approaches as detailed below:

1.1.1 Credit Risk has been measured by using 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".

1.1.2 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.

Ratio of capital to risk-weighted assets	Year ended March 31, 2021	Year ended March 31, 2020
1. CRAR (%)	19.80%	19.11%
2. CRAR - Tier I Capital (%)	14.27%	14.00%
3. CRAR - Tier II Capital (%)	5.53%	5.11%
4. Leverage Ratio	6.67%	7.27%

1.2 Movement in Capital during the year is as below:

(₹ in thousands)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
1. Amount of equity (Face Value) raised on private placement under preferential allotment/ allotment of employee stock options	1,035	53,265
2. Amount of debt raised as Upper Tier-II capital	Nil	Nil
3. Amount of subordinated debt raised as Tier-II capital (Lower Tier-II capital)	3,14,000	Nil

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1.3 Tier I Capital Infusion

During the year ended March 31, 2021, the Bank has allotted 1,03,464 equity shares to employees of the Bank in form of employee stock option as per the ESOP plan of the Bank.

During the year ended March 31, 2020, the Bank has issued and allotted 16,08,508 Equity Shares on June 25, 2019 and 37,17,966 Equity Shares on November 22, 2019 of ₹10/- each at a premium of ₹242/- (i.e. at the total issue price of ₹252/-) per Equity Share aggregating to ₹13,42,271 thousand on a private placement basis under preferential allotment to Financial Institutional Investors i.e. Amicus Capital Private Equity I LLP, Amicus Capital Partners India Fund I, Pi Ventures LLP and Oman India Joint Investment Fund II.

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

(₹ in thousands)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening Balance	3,38,072	2,84,807
Addition pursuant to Amount of equity raised on private placement basis under preferential allotment	1,035	53,265
Closing Balance	3,39,107	3,38,072

1.4 Proposed Dividend

For the year ended March 31, 2021, the Board of Directors, on its meeting held on May 11, 2021 recommended a dividend of ₹0.80 per share. The recommendation made is in accordance with the circular issued by the Reserve Bank of India on Declaration of Dividend by Banks vide circular no. RBI/2021-22/23 DOR.ACC.REC.7/21.02.067/2021-22, dated April 22, 2021.

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 for the year ended March 31, 2021. However, the Bank has reckoned proposed dividend in determining capital funds for computing capital adequacy ratio as on March 31, 2021.

For the year ended March 31, 2020, no dividend was declared by the Bank in accordance with the circular issued by the Reserve Bank of India dated April 17, 2020.

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1.5 Tier 2 Capital

Issue

During the year ended March 31, 2021, the Bank has raised Unsecured Redeemable Non-Convertible Lower Tier II Bond, detailed as below:

(₹ in thousands)

Series	Date of Allotment	Coupon (%)	Tenure	Amount
Series XVIII	18-Nov-20	9.25%	10 Years	314,000

During the year ended March 31, 2020, the Bank has not raised any Tier 2 Capital.

Maturity

During the year ended March 31, 2021, there has been no maturity under the Tier 2 Capital.

During the year ended March 31, 2020, the Unsecured Redeemable Non-Convertible Lower Tier II Bonds have matured, detailed as below:

Series	Date of Maturity	Coupon (%)	Amount
Series I	17-Sep-19	11.00%	50,300
Series II	29-Sep-19	11.00%	36,000
Series III	24-Oct-19	11.00%	27,800
Series IV	27-Mar-20	10.00%	55,500

Maturity Profile of total debentures outstanding as on March 31, 2021:**Unsecured Redeemable Non-Convertible Lower Tier II Bonds**

(₹ in thousands)

Series	Amount	Maturity Date
11% Tier II Bonds Series V	57,100	4-Jun-21
11% Tier II Series VI	30,200	18-Jun-21
11% Tier II Bonds Series VII	60,400	25-Aug-22
11% Tier II Bonds Series VIII	50,300	4-May-23
11% Tier II Bonds Series IX	31,000	20-May-23
11% Tier II Bonds Series X	94,700	24-May-24
10.50% Tier II Bonds Series XII	1,20,000	17-Feb-26
9.75% Tier II Bonds Series XIV	1,59,000	25-Nov-26

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9.25% Tier II Bonds Series XV	2,09,500	15-May-28
10% Tier II Bonds Series XVI	1,80,000	28-Feb-29
10% Tier II Bonds Series XVII	2,25,000	31-Mar-29
9.25% Tier II Bonds Series XVIII	3,14,000	18-Nov-30
TOTAL	15,31,200	

Unsecured Redeemable Non-Convertible Upper Tier II Bonds

(₹ in thousands)

Series	Amount	Maturity Date
11.75% Upper Tier II Bonds Series XI	1,40,000	31-Mar-30
11.75% Upper Tier II Bonds Series XIII	2,50,000	30-Mar-31
TOTAL	3,90,000	

1.6 Creation/Reversal of Investment Reserve Account

During the year ended March 31, 2021, the Bank has reversed ₹138 thousand from the Investment Reserve Account against the depreciation provided on investment in equity share, net of applicable taxes and statutory reserve requirement. No amount has been transferred to the Investment Reserve Account.

During the year ended March 31, 2020, the Bank has not transferred any amount to/from the Investment Reserve Account.

1.7 Creation of Investment Fluctuation Reserve

During the year ended March 31, 2021, in terms of circular number RBI/2017-18/147.DBR.No. BP.BC.102/21.04.048/2017-18 dated April 02, 2018, the Bank has appropriated an amount of ₹23,938 thousand (₹31,937 thousand during the year ended March 31, 2020) to Investment Fluctuation Reserve. The total amount appropriated to Investment Fluctuation Reserve as on March 31, 2021 is ₹67,949 thousand (during the year ended March 31, 2020 ₹44,011 thousand).

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2 Investments

(₹ in thousands)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
1. Value of Investments		
i. Gross Value of Investments		
a) In India	1,21,22,764	1,05,18,746
b) Outside India	Nil	Nil
ii. Provision for Investments		
a) In India	245	Nil
b) Outside India	Nil	Nil
iii. Net Value of Investments		
a) In India	1,21,22,519	1,05,18,746
b) Outside India	Nil	Nil
2. Movement of Provision for Depreciation held towards Investments		
i. Opening Balance	Nil	65
ii. Provisions made during the year	445	705
iii. Write-off/(write-back) of excess provisions during the year	(200)	(770)
iv. Closing Balance	245	Nil

2.1 Repo/Reverse Repo

During the year ended March 31, 2021

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 thousands)

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, 2021 (Face Value)
Securities sold under repo:				
1. Government Securities	-	10,99,745	3,85,888	-
2. Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repo:				
1. Government Securities	-	74,69,499	36,88,019	47,20,000
2. Corporate Debt Securities	-	-	-	-

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During the year ended March 31, 2020

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

(₹ in thousands)

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, 2020 (Face Value)
Securities sold under repo:				
1. Government Securities	-	11,59,885	1,13,046	8,10,000
2. Corporate Debt Securities	-	-	-	-
Securities purchased under reverse repo:				
1. Government Securities	-	37,98,431	8,54,957	14,99,645
2. Corporate Debt Securities	-	-	-	-

2.2 Non-SLR Investment Portfolio

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

During the year ended March 31, 2021

(₹ in thousands)

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	15,404	15,404	-	-	15,404

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v.	Subsidiaries/ Joint Ventures	-	-	-	-	-
vi.	Others	-	-	-	-	-
vii.	Provision held towards depreciation	245	245	-	-	245
	Total	15,159	15,159	-	-	15,159

During the year ended March 31, 2020

The Bank does not hold any investment in Non-SLR category as on March 31, 2020.

2.2.2 Non performing Non-SLR investments

The Bank does not have any non-performing Non-SLR investment during the year ended March 31, 2021 and year ended March 31, 2020.

2.3 Shifting of Investments**During the year ended March 31, 2021**

The Bank, after approval of the Board of Directors, has transferred government securities within the categories as stated below:

(₹ in thousands)

Category		Book Value	Market Value
From	To		
Held to Maturity	Available for Sale	11,67,881	12,63,406
Total		11,67,881	12,63,406

During the year ended March 31, 2020

The Bank has not shifted any investment during the year ended March 31, 2020.

2.4 Derivatives

The Bank has not undertaken any derivative business during the year ended March 31, 2021 and year ended March 31, 2020.

2.5 Security Receipts

The Bank does not hold any investment in Security Receipts during the year ended March 31, 2021 and year ended March 31, 2020.

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3 Asset Quality

3.1 Non-Performing Asset

(₹ in thousands)

Particulars	Year ended March	Year ended March
	31, 2021	31, 2020
i. Net NPAs to Net Advances (%)	1.13%	1.25%
ii. Movement of NPAs (Gross)		
Opening balance	5,85,069	3,39,556
Additions during the year	2,48,532	4,21,900
Reductions during the year	51,168	1,76,387
Closing balance	7,82,433	5,85,069
iii. Movement of NPAs (Net)		
Opening balance	4,12,497	2,42,204
Additions during the year	45,917	3,10,070
Reductions during the year	36,993	1,39,777
Closing balance	4,21,421	4,12,497
iv. Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	1,72,572	97,352
Provisions made during the year	2,02,615	1,11,830
Write-off/ write-back of excess provisions	14,175	36,610
Closing balance	3,61,012	1,72,572

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3.2 Restructuring of Accounts

Restructuring under RBI guidelines on "Resolution Framework for COVID-19-related Stress"

(₹ in thousands)

Type of borrower	Number of accounts where resolution plan has been implemented under this window	exposure to accounts mentioned at (A) before implementation of the plan	Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan#
	(A)	(B)	(C)	(D)	(E)
Personal Loans	26	41,413	-	-	6,754
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	26	41,413	-	-	6,754

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

The Bank has created provision on borrower level.

Restructuring under RBI guidelines on "Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances"

(₹ in thousands)

As on March 31, 2021		As on March 31, 2020	
No. of accounts restructured	Amount	No. of accounts restructured	Amount
132	8,07,095	-	-

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Restructuring of Accounts (other than under Covid -19 and MSME restructuring schemes) during the year ended March 31, 2021

(₹ in thousands)

Sr No.	Type of Restructuring	Under CDR Mechanism				Under SME Debt restructuring Mechanism				Others				Total							
		Standard	Sub Standard	Doubtful	Total	Standard	Sub Standard	Doubtful	Total	Standard	Sub Standard	Doubtful	Total	Standard	Sub Standard	Doubtful	Total				
1	Restructured Accounts as on April 1, 2020	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2	Fresh restructuring during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3	Upgradations to restructured standard category during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which ceases to attract	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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	higher provisioning and/or additional risk weight at the end of the year and hence need not be shown as restructured standard advances at the beginning of the year	Provision thereon																			
5	Downgradations of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	Write-offs of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7	Restructured Accounts as on March 31, 2021	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
			Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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Restructuring of Accounts (other than under Covid -19 and MSME restructuring schemes) during the year ended March 31, 2020

(₹ in thousands)

Sr No.	Type of Restructuring	Under CDR Mechanism			Under SME Debt restructuring Mechanism			Others			Total			
		Standard	Sub Standard	Doubtful	Standard	Sub Standard	Doubtful	Standard	Sub Standard	Doubtful	Standard	Sub Standard	Doubtful	Total
1	Restructured Accounts as on April 1, 2019	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations to restructured standard category during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which ceases to attract	No. of Borrowers	-	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-

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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, 2021 and year ended March 31, 2020.

3.3 Impact on account of COVID-19 on Advances

Consequent to the outbreak of the COVID-19 pandemic, the Government of India, on March 24, 2020, introduced a strict 21-day lockdown. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases.

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The slowdown during the year led to a decrease in loan originations, the sale of third party products, the use of cards by customers and the efficiency in collection efforts. This may lead to a rise in the number of customer defaults and consequently an increase in provisions there against. The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Bank's results will depend on ongoing as well as future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by us.

3.4 Disclosure on provision created as per RBI circular on COVID19 Regulatory Package - Asset Classification and Provisioning dated April 17, 2020

(₹ in thousands)

S. No	Particulars	Amount
1	Respective amount in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the circular*	22,78,675
2	Respective amount where asset classification benefits is extended*	12,77,688
3	Provisions made in terms of paragraph 5 of the circular	1,32,000
4	Provisions adjusted during the respective accounting periods against slippages in terms of paragraph 6 of the circular.	(1,32,000)
5	Residual provision as on March 31, 2021 in terms of paragraph 6 of the circular.	-

*As on May 31, 2020

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3.5 Provision on Standard Asset*(₹ in thousands)*

Particulars	Year ended March 31, 2021*	Year ended March 31, 2020 #
Provisions towards Standard Assets	(10,955)	1,01,470

The cumulative provision towards standard assets held by the Bank as at the year ended March 31, 2021 amounts to ₹1,74,812 thousand (year ended March 31, 2020 ₹1,85,768 thousand).

* During the year ended March 31, 2021, the general provision against standard assets includes provision of ₹53,369 thousand created in accordance with RBI Circular "Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances" and "Resolution Framework for COVID-19-related Stress".

During the year ended March 31, 2020, the general provision against standard assets includes provision of ₹77,000 thousand created in accordance with RBI Circular 'COVID19 Regulatory Package - Asset Classification and Provisioning' and 'COVID-19 – Regulatory Package'.

3.6 Refund/adjust 'interest on interest' to borrowers

The Reserve Bank of India, vide its notification dated April 7, 2021, has advised the banks to refund/adjust 'interest on interest' to borrowers. The methodology for calculation of such interest on interest has recently been circulated by the Indian Banks' Association on April 19, 2021.

The Bank is working on the guidelines received in this regard for its effective implementation. As on March 31, 2021, the Bank has created a liability of ₹14,300 thousand towards estimated interest relief and reduced the same from the interest income.

3.7 Technical Write-Offs

There were nil technical write-offs during the year ended March 31, 2021 and year ended March 31, 2020.

3.8 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, 2021 and year ended March 31, 2020.

3.9 Purchase/Sale 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, 2021 and year ended March 31, 2020.

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4 Business Ratios

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
i. Interest Income as a percentage to Working Funds*	8.65%	9.24%
ii. Non-interest income as a percentage to Working Funds*	0.78%	0.87%
iii. Operating Profit** as a percentage to Working Funds*	1.21%	1.05%
iv. Return on Assets@	0.69%	0.51%
v. Business (Deposits plus advances) # per employee^ (₹ in thousands)	54,890	48,424
vi. Profit per employee (Operating Profit)^ (₹ in thousands)	440	333

* Working funds has 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 12 months of the financial 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 closing deposits and advances excluding inter-bank deposits.

^ Productivity ratios are based on average number of employees.

5 Asset Liability Management

Maturity Pattern of certain items of Assets & Liabilities as on March 31, 2021 is as under:

(₹ in thousands)

	Next Day	2-7 Days	8-14 days	15 to 30 Days	31 days and Upto 2 Months	over 2 months and upto 3 months	over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Above 5 Years	Total
CY Loans & Advances	110592	30687	99802	5108929	429348	478109	1454337	2854417	20942203	3895966	1864470	37268860
PY	-	-	-	-	-	5121253	1234731	2532910	19245184	3532990	1416017	33083085
CY Investment	2467416	60453	38768	202622	74280	76684	243856	366295	3689620	51845	4850680	12122519
PY	2632901	37518	21157	71915	183558	246677	356898	769661	2821629	72814	3304018	10518746
CY Deposits	212098	293840	116309	988119	418240	344429	1372821	2058630	20466777	59780	25879657	52210700
PY	1713062	215693	116795	413438	1055271	1389073	2044791	4199653	15387893	224318	17706246	44466233

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CY Borrowing PY	16000	-	835000	-	51000	138300	653000	730000	2051700	214700	1477500	6167200
	-	-	110000	-	26000	26000	678000	566000	1343700	176000	1283500	4209200
CY Foreign Currency Assets PY	-	-	-	-	-	-	-	-	-	-	-	-
	7276	-	-	-	-	-	-	-	-	-	-	7276

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.

6 Exposures

6.1 Exposure to Real Estate Sector

Particulars	(₹ in thousands)	
	Year ended March 31, 2021	Year ended March 31, 2020
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	23,60,372	18,91,007
b. Others	37,43,613	25,64,978
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;	19,92,512	1,940,899
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).	1,13,215	1,31,225
Total Exposure to Real Estate Sector	82,09,712	65,28,109

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6.2 Exposure to Capital Market

(₹ in thousands)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
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;	15,404	-
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	15,404	-

6.3 Risk Category Wise Country Exposure

The Bank is operating in the state of Punjab, Union Territory of Chandigarh, Haryana, Rajasthan and Delhi. Hence, the Bank does not have country risk exposure as on March 31, 2021 and March 31, 2020.

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6.4 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, 2021 and year ended March 31, 2020.

6.5 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, 2021 and year ended March 31, 2020.

6.6 Details of factoring exposure

The factoring exposure of the Bank as at March 31, 2021 and March 31, 2020 is Nil.

7 Accounting for employee share based payments

7.1 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 September 27, 2019, for granting equity stock options to its employees and directors (other than independent directors).

7.2 The stock options will be equity settled.

7.3 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.

7.4 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.

7.5 The details of the scheme are as under:

Scheme	Date of Grant	Vesting	Exercise Period	Exercise Price per option	Method of Settlement
CSFB ESOP 2018	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

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7.6 Activity in the options outstanding under the CSFB ESOP 2018 plan:

Particulars	March 31, 2021 (Number of Options)	March 31, 2020 (Number of Options)
Options outstanding, beginning of year	6,50,496	-
Granted during the year	-	6,50,496
Exercised during the year	1,03,464	-
Forfeited / Lapsed during the year	81,521	-
Options outstanding, end of year	4,65,511	6,50,496
Options exercisable	38,823	-

7.7 The fair value of stock option granted was ₹212.63/-. Discounted cash flow method has been used for computing the fair value.

7.8 The Bank measures the cost of ESOP using the intrinsic value method. Had the Bank used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed as indicated below:

(₹ in thousands)

Particulars	Amount
Profit after tax as reported	4,07,843
Add: ESOP cost using intrinsic value method (net of tax)	16,554
Less: ESOP cost using fair value method (net of tax)	(30,706)
Profit after tax (adjusted)	3,93,691
Earnings Per Share -	
Basic	
- As reported	12.04
- Adjusted for ESOP using fair value method	11.63
Diluted	
- As reported	11.98
- Adjusted for ESOP using fair value method	11.51

8 Concentration of Deposits, Advances, Exposures and NPAs

8.1 Concentration of Deposits

(₹ in thousands)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Total Deposits of twenty largest depositors	19,29,315	33,99,372
Percentage of Deposits of twenty largest depositors to Total Deposits of the Bank	3.70%	7.64%

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8.2 Concentration of Advances

(₹ in thousands)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Total Advances to twenty largest borrowers	27,38,497	26,80,616
Percentage of Advances to twenty largest borrowers to Total Advances of the Bank	5.70%	6.81%

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.

8.3 Concentration of Exposures

(₹ in thousands)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Total Exposure to twenty largest borrowers/customers	27,38,497	26,80,616
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Bank on Borrowers/customers	5.70%	6.81%

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.

8.4 Concentration of NPAs

(₹ in thousands)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Total Exposure to top four NPA accounts	2,13,403	2,24,603

8.5 Movement of NPAs

(₹ in thousands)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gross NPAs as on first day of the year	5,85,069	3,39,556
Additions (fresh NPAs) during the year	2,48,532	4,21,900
Sub Total (A)	8,33,601	7,61,456

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Less:		
i. Upgradations	16,528	1,44,269
ii. Recoveries(excluding recoveries made from upgraded accounts)	34,487	32,055
iii. Write-offs	153	63
Sub Total (B)	51,168	1,76,387
Gross NPAs as on last day of the year	7,82,433	5,85,069

8.6 Sector-wise Advances

(₹ in thousands)

Sr. No.	Sector	Year ended March 31, 2021			Year ended March 31, 2020		
		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	1,42,32,112	2,94,956	2.07	1,27,44,444	2,04,510	1.60
2	Industry(Micro & small, Medium and large)	18,02,316	49,873	2.77	19,56,418	32,901	1.68
3	Services	73,83,432	1,40,488	1.90	64,10,995	71,397	1.11
4	Personal Loans	-	-	-	-	-	-
5	Others	23,74,617	6,677	0.28	19,07,649	4,853	0.25
	Sub-total (A)	2,57,92,477	4,91,994	1.91	2,30,19,506	3,13,661	1.36
B) Non - Priority Sector							
1	Agriculture & allied activities	-	-	-	-	-	-
2	Industry(Micro & small, Medium and large)	57,346	-	0.00	1,14,205	-	-
3	Services	9,26,823	1,84,200	19.87	9,51,263	2,00,063	21.03
4	Personal Loans	1,62,461	4,074	2.51	2,16,669	2,511	1.16
5	Others	1,06,90,765	1,02,165	0.96	89,54,014	68,834	0.77
	Sub-Total (B)	1,18,37,395	2,90,439	2.45	1,02,36,151	2,71,408	2.65
	TOTAL (A+B)	3,76,29,872	7,82,433	2.08	3,32,55,657	5,85,069	1.76

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8.7 Details of Priority Sector Lending Certificates (PSLC)

(₹ in thousands)

Type of PSLC	Year ended March 31, 2021		Year ended March 31, 2020	
	PSLC bought during the year	PSLC sold during the year	PSLC bought during the year	PSLC sold during the year
Agriculture	-	66,50,000	-	52,00,000
Small and Marginal Farmers	16,50,000	-	7,00,000	-
Micro enterprises	-	-	-	-
General	5,00,000	-	-	-
Total	21,50,000	66,50,000	7,00,000	52,00,000

8.8 Overseas Assets, NPAs and Revenue

The Bank does not hold any overseas asset/NPA as at March 31, 2021 and March 31, 2020. No overseas operations were undertaken during the year ended March 31, 2021 and March 31, 2020, hence revenue from overseas operations is Nil.

8.9 Off Balance Sheet SPVs sponsored

The Bank does not hold any sponsored Off Balance sheet SPVs during the year ended March 31, 2021 and March 31, 2020.

9 Bancassurance Business

(₹ in thousands)

Fee/remuneration received	Year ended March 31, 2021	Year ended March 31, 2020
1. Life insurance	53,798	52,811
2. General Insurance	22,024	20,086

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10 Provisions and Contingencies

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

(₹ in thousands)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Provisions towards Taxes	1,29,525	92,001
Provisions towards Standard Assets	(10,955)	1,01,470
Provision towards Non-performing Advances	1,88,441	75,220
Depreciation on Investments	245	(65)
Total	3,07,256	2,68,626

11 Staff Retirement Benefits

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 thousands)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Defined benefit obligation liability		
Opening Obligations	53,110	40,533
Service Cost	9,880	8,771
Interest Cost	3,649	3,113
Actuarial (Gain)/Loss	(821)	3,117
Liabilities extinguished on settlement	-	-
Benefits Paid	(1,302)	(2,424)
Obligations at last date of the year	64,516	53,110
Plan Assets at fair value		
Opening Plan Assets, at fair value	54,275	40,736
Expected return on plan assets	3,935	2,994
Actuarial Gain/(Loss)	2,990	1,111
Assets distributed on settlement		
Contributions	4,900	11,858
Benefits Paid	(1,302)	(2,424)

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Plan Assets at fair value at last date of the year		
Fair Value of Plan Assets at the end of the year	64,797	54,275
Present Value of the defined benefit obligation at the end of the year	64,516	53,110
Asset/(Liability) at last date of the year	281	1,165
Experience adjustments on Plan Liabilities	(1,819)	(2,480)
Experience adjustments on Plan Assets	2,990	1,111
Cost for the year		
Service Cost	9,880	8,771
Interest Cost	3,649	3,113
Expected Return on Plan Assets	(3,935)	(2,994)
Actuarial (Gain)/Loss	(3,811)	2,006
Net Cost	5,783	10,896
Investment details of Plan Assets		
Plan assets are invested in insurer managed funds.		
Assumptions		
Interest Rate	6.90%	6.87%
Salary escalation rate	5.00%	5.25%
Estimated rate of return on plan assets	6.90%	7.25%

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

(₹ in thousands)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Earned Leaves	31,148	35,038
Sick Leaves	8,821	8,882
Total Actuarial Liability	39,969	43,920
Assumptions		
Discount Rate	6.90%	6.87%
Salary Escalation Rate	5.00%	5.25%

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

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12 Miscellaneous

12.1 Amount of Provisions made for Income tax during the year

(₹ in thousands)

Particulars	Year ended	Year ended
	March 31, 2021	March 31, 2020
Income Tax	1,27,681	1,12,954
Deferred Tax	1,844	(20,953)

12.2 Disclosure of Penalties Imposed by the RBI

There has been no penalty imposed by the RBI during the year ended March 31, 2021 and year ended March 31, 2020.

13 Segment Reporting

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

(₹ in thousands)

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Particulars										
Revenue	1474069	1331849	402267	386187	3595628	3178101	101002	114761	5572966	5010898
Result	132198	269296	18298	4499	837915	465430	86564	102261	1074975	841486
Unallocated Expenses									537607	495664
Operating Profit									537368	345822
Income Taxes									129525	92001
Extraordinary profit/Loss	-	-	-	-	-	-	-	-	-	-
Net Profit									407843	253821
Other Information :										
Segment Assets	22747461	16848301	3941075	3796551	36574871	32337702	15920	15681	63279327	52998235
Unallocated Assets									433056	300531
Total Assets									63712382	53298766

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Segment Liabilities	-	813448	1331650	3293954	55819942	43415093	-	-	57151592	47522495
Unallocated Liabilities									2052886	1708470
Total Liabilities									59204478	49230965

Note:

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

14 Related Party Disclosure

- i. **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

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.

Associates/ Joint Ventures/ Others:

- a. Capital Foundation Trust

Enterprises where KMP/relatives of KMP have significant control/influence:

- d. Midland Microfin Limited

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- ii. The balances payable to/receivable from the related parties of the Bank as on March 31, 2021 are given below:

(₹ in thousands)

Items/ Related Party	Parent	Subsidiary	Associates/ Joint Ventures/ Others	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings						
CY	-	-	-	1,000	14,700	15,700
PY	-	-	-	1,000	12,700	13,700
Deposits						
CY	-	-	3,552	11,246	31,766	46,564
PY	-	-	1,878	5,548	30,310	37,736
Placement of Deposits						
CY	-	-	-	-	-	-
PY	-	-	-	-	-	-
Advances						
CY	-	-	-	-	-	-
PY	-	-	-	91	-	91
Investments						
CY	-	-	-	-	-	-
PY	-	-	-	-	-	-
Non funded commitments						
CY	-	-	-	-	-	-
PY	-	-	-	-	-	-
Leasing / HP arrangements availed						
CY	-	-	-	-	-	-
PY	-	-	-	-	-	-
Leasing / HP arrangements provided						
CY	-	-	-	-	-	-
PY	-	-	-	-	-	-

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- iii. The maximum balances payable to/receivable from the related parties of the Bank for the year ended March 31, 2021 are given below:

(₹ in thousands)

Items/ Related Party	Parent	Subsidiary	Associates/ Joint Ventures/ Others	Key Management Personnel	Relatives of Key Management Personnel	Total
Borrowings						
CY	-	-	-	1,000	14,700	15,700
PY	-	-	-	1,500	15,100	16,600
Deposits						
CY	-	-	4,045	24,558	71,585	100,188
PY	-	-	4,558	65,092	123,129	1,92,779
Placement of Deposits						
CY	-	-	-	-	-	-
PY	-	-	-	-	-	-
Advances						
CY	-	-	-	71	149	220
PY	-	-	-	4,346	113	4,459
Investments						
CY	-	-	-	-	-	-
PY	-	-	-	-	-	-
Non funded commitments						
CY	-	-	-	-	-	-
PY	-	-	-	-	-	-
Leasing / HP arrangements availed						
CY	-	-	-	-	-	-
PY	-	-	-	-	-	-
Leasing / HP arrangements provided						
CY	-	-	-	-	-	-
PY	-	-	-	-	-	-

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- iv. The details of transactions of the Bank with its related parties during the year ended March 31, 2021 are given below:

(₹ in thousands)

Items/ Related Party	Parent	Subsidiary	Associates/ Joint Ventures/ Others	Key Management Personnel	Relatives of Key Management Personnel	Total
Purchase of fixed assets	CY	-	-	-	-	-
	PY	-	-	-	-	-
Sale of fixed assets	CY	-	-	-	-	-
	PY	-	-	-	-	-
Interest paid	CY	-	61	713	3,894	4,668
	PY	-	56	774	3,581	4,411
Interest received	CY	-	-	-	1	1
	PY	-	-	64	1	65
Receiving of Services	CY	-	-	4,528	15,849	20,377
	Leasing	-	-	-	-	-
	PY	-	-	4,477	15,752	20,229
	CY	-	-	25,242	1,696	26,938
Salary	-	-	-	-	-	
PY	-	-	-	25,672	1,274	26,946
Management Contracts	CY	-	-	-	-	-
	PY	-	-	-	-	-
CSR Expense/ Contribution	CY	-	6,150	-	-	6,150
	PY	-	5,250	-	-	5,250

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

In accordance with paragraph 5 of AS-18, the Bank has not disclosed certain transactions with entities related to the relatives of KMPs as they are in the nature of banker-customer relationship.

15 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 a summary of future minimum lease rental commitments for such non-cancellable operating leases.

Particulars	(₹ in thousands)	
	Year ended March 31, 2021	Year ended March 31, 2020
Not later than one year	13,910	15,486
Later than One year and not later than five years	31,003	24,864
Later than five years	38,650	29,780
Total Minimum lease rental commitments	83,563	70,130

Total lease rental expenditure under cancellable and non-cancellable operating leases debited to Profit & Loss Account during the year ended March 31, 2021 is ₹168,286 thousand (during year ended March 31, 2020 ₹169,400 thousand)

Finance Lease

The Bank has not taken any asset under finance lease during the year ended March 31, 2021 and year ended March 31, 2020.

16 Earnings Per Share

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Net profit after tax available for equity shares (₹ in thousands)	4,07,843	2,53,821
Weighted average number of equity shares	3,38,61,909	3,10,46,437
Weighted average number of equity shares for diluted earnings	3,40,41,782	3,11,16,679
Basic Earnings per share (₹)	12.04	8.18

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Diluted Earnings per share (₹)	11.98	8.16
Face Value per share (₹)	10	10

17 Deferred Tax Asset

Other Assets include deferred tax asset of an amount equal to ₹37,639 thousand (year ended March 31, 2020 ₹39,482 thousand) as detailed below:

(₹ in thousands)

Particulars	Year ended March	Year ended March
	31, 2021	31, 2020
Deferred Tax Liabilities	17,283	19,318
Depreciation on Fixed Assets	12,658	16,436
Special Reserve under section 36(i) (viii)	4,625	2,882
Deferred Tax Assets	54,922	58,800
Loan Loss Provisions	43,997	46,754
Others	10,925	12,046
Deferred Tax Liabilities/(Assets) (Net)	(37,639)	(39,482)

18 Provision Coverage Ratio

Particulars	Year ended	Year ended
	March 31, 2021	March 31, 2020
Ratio of Provisioning to Gross Non Performing Assets	46.14%	29.50%

19 Disclosure of Complaints

19.1 Customer Complaints pertaining to Retail Payment Channels (RTGS/NEFT, Automated Teller Machine (ATM)/Point of Sale (POS) Transactions/Ecommerce Transactions, BBPS, IMPS, etc.)

S.no.	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	Complaints received by bank from its customers		
1	Number of complaints pending at beginning of the year	4	15
2	Number of complaints received during the year*	762	630
3	Number of complaints disposed during the year	758	641
3.1	Of which, number of complaints rejected by the bank	216	147
4	Number of complaints pending at the end of the year	8	4

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	Maintainable complaints received by the Bank from the OBOs		
5	Number of maintainable complaints received by the bank from OBOs	5	4
5.1	<i>Of 5, number of complaints resolved in favor of the bank by BOs</i>	-	-
5.2	<i>Of 5, number of complaints resolved through conciliation/ mediation/ advisories issued by BOs</i>	-	1
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, 722 complaints (600 previous year) are related to acquiring banks during the current year ending March 31, 2021.

19.2 Customer Complaints other than above:

S.no.	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
	Complaints received by bank from its customers		
1	Number of complaints pending at beginning of the year	1	6
2	Number of complaints received during the year	291	159
3	Number of complaints disposed during the year	289	164
3.1	<i>Of which, number of complaints rejected by the bank</i>	52	5
4	Number of complaints pending at the end of the year	3	1
	Maintainable complaints received by the Bank from the OBOs		
5	Number of maintainable complaints received by the bank from OBOs	28	20
5.1	<i>Of 5, number of complaints resolved in favor of the bank by BOs</i>	10	3
5.2	<i>Of 5, number of complaints resolved through conciliation/ mediation/ advisories issued by BOs</i>	5	9
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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19.3 Top 5 grounds of Complaints received by the Bank

During the year ended March 31, 2021

1. Grounds of Complaints	Ground - 1	Ground - 2	Ground - 3	Ground - 4	Ground - 5	Other Complaints	Total
	ATM/Debit Cards	Internet/Mobile/ Electronic Banking	Foreclosure Charges	Loans & Advances	Staff Behaviour		
2. Number of complaints pending at the beginning of the year	4	-	1	-	-	-	5
3. Number of complaints received during the year	483*	333*	43	43	35	116	1053
4. % increase/ decrease in the number of complaints received over the previous year	(17.86)%	389.70%	290.91%	13.16%	600%	46.84%	33.46%
5. Number of complaints pending at the end of the year	6	1	3	-	-	1	11
6. Of 5, number of complaints pending beyond 30 days	-	-	3^	-	-	1^	4

* 722 complaints are related to acquiring banks ^Representation raised with OBO office/other bank

During the year ended March 31, 2020

1. Grounds of Complaints	Ground - 1	Ground - 2	Ground - 3	Ground - 4	Ground - 5	Other Complaints	Total
	ATM/Debit Cards	Internet/Mobile/ Electronic Banking	Loans & Advances	Account opening/ difficulty in operations	Foreclosure Charges		
2. Number of complaints pending at the beginning of the year	16	2	-	-	1	2	21
3. Number of complaints received during the year	588*	68*	38	22	11	62	789
4. % increase/ decrease in the number of complaints received over the previous year	6.52%	1600%^	442.86%	266.67%	10%	195.24%	31.50%
5. Number of complaints pending at the end of the year	4	-	-	-	1	-	5
6. Of 5, number of complaints pending beyond 30 days	-	-	-	-	-	-	-

* 600 complaints are related to acquiring banks ^ The Mobile Banking app was launched in March 2019

19.4 Awards Passed by the Banking Ombudsman

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
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	-	-

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20 Drawdown from Reserves

(₹ in thousands)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Investment Reserve Account	138	-
Securities Premium Account	-	*40,381
Revenue & Other Reserves Account	**11,860	-

*The drawdown from the Securities Premium is against the share issue expenses incurred on the equity capital raised during the year.

**The drawdown from Revenue and Other Reserves Account is against the ESOPs allotted during the year.

21 Transfer to Depositor Education and Awareness Fund (DEAF)

The Bank has transferred ₹8,806 thousand (Previous Year ₹8,451 thousand) to the Depositor Education and Awareness Fund (DEAF) during the year ended March 31, 2021 as per the details below:

(₹ in thousands)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance of amount transferred to DEAF	34,025	25,849
Add: Amount transferred to DEAF during the year	8,806	8,451
Less: Amounts reimbursed by DEAF towards claims	1,167	275
Closing balance of amounts transferred to DEAF	41,664	34,025

22 Movement in Floating provisions

The Bank has not created or utilized any floating provisions during the year ended March 31, 2021 and March 31, 2020. The floating provisions were nil as on March 31, 2021 and March 31, 2020.

23 Securitization transactions

The Bank has not done any securitization transactions during the year ended March 31, 2021 and March 31, 2020.

24 Letter of comfort

The Bank has not issued any letter of comfort during the year ended March 31, 2021 and March 31, 2020.

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25 Intra group exposure

The Bank has no intra group exposure during the year ended March 31, 2021 and March 31, 2020.

26 Unhedged Foreign currency exposure

The Bank does not have any unhedged foreign currency exposure as on March 31, 2021 and March 31, 2020.

27 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.

28 Unamortized Pension and Gratuity Liabilities

The Bank does not have any unamortized liability against pension and gratuity during the current year and previous year.

29 Remuneration

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

1. 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 Board of Directors in the meeting held on May 17, 2019 reconstituted the Nomination and Remuneration Committee. 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. Rakesh Soni, Chairman
- Mr. Sham Singh Bains, Member
- Mr. Gurdeep Singh, Member
- Mr. Gurpreet Singh Chug, Member

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2. 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.

3. 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.

4. 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 on not greater than 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).

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- The variable pay should be at least 50% but not more than:
 - 75% of the fixed pay in case of Managing Director and CEO and Whole Time Director;
 - 60% of the fixed pay for executive overseeing one business line and 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 year 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 year 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 INR 25 Lacs or more), is deferred over a period of 3 years.
- Deferred remuneration is spread out over the course of the deferral period and the first such vesting takes place after one year from the commencement of the deferral period and subsequently atleast on yearly basis to ensure a proper assessment of risks before the application of ex post adjustments.
- Further, in case of various events, the deferred compensation is subject to the malus arrangement.

5. 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 year. 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.

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6. 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.

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

S. No.	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	Number of Meetings: 2 No remuneration is being paid to members except the sitting fees.	Number of Meetings: 5 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	1
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, 2021 is: ➤ Cash incentive ₹71.75 lacs; and ➤ No of options granted 19,251	-
C.2	Total amount of deferred remuneration paid out in the financial year.	-	-
D	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	➤ Fixed pay ₹234.09 lacs ➤ Variable pay (cash) ₹127.65 lacs for FY 2020-21 out of which ₹71.75 lacs is deferred ➤ Variable pay (ESOPs to MRT) 19,251 options out of which 19,251 options are deferred	➤ Fixed pay ₹91.95 Lacs ➤ Variable pay (cash) ₹10.69 Lacs

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		The variable remuneration payable to MD & CEO shall be paid subject to approval from 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, 2021 is: ➤ Cash incentive ₹71.75 lacs; and ➤ No of options 19,251	-
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	Not Applicable
G.1	Number of cases where malus has been exercised.	-	-
G.2	Number of cases where clawback has been exercised	-	-
G.3	Number of cases where both malus and clawback 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.

30 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, 2021 amounted to ₹2,320 thousand (during the year ended March 31, 2020 ₹2,670 thousand).

Further, during the current year, the Bank has paid the remuneration amounting to ₹1,125 thousand (during the year ended March 31, 2020 ₹675 thousand) in the form of profit based commission to the Non-Executive Directors other than the Chairperson.

31 Credit Default Swaps

The Bank has not entered into any Credit Default Swaps (CDS) during the year ended March 31, 2021 and March 31, 2020.

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32 Corporate Social Responsibility

(₹ in thousands)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Total amount to be spent	6,106	5,245
Amount spent	6,150	5,250
Amount unspent	Nil	Nil

The Bank has formulated a trust in the name of Capital Foundation. The CSR expenses are taken care by the Capital Foundation. The above expenditure of ₹6,150 thousand (previous year ₹5,250 thousand) has been contributed to the Capital Foundation Trust during the year.

33 Description of Contingent Liabilities

Particulars	Description
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).

34 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.

35 Other Expenditure

Other expenditure includes amount paid for security & service charges amounting to ₹92,267 thousand (Previous Year ₹89,774 thousand) exceeding 1% of the total income of the Bank.

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36 Payment to Auditors

(₹ in thousands)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Audit Fees	4,000	3,400
Other Certificate Fees	650	-
Out of Pocket Expenses	240	1,475

37 Liquidity Coverage Ratio

Liquidity Coverage Ratio (LCR) is a measure to ensure that a bank has an adequate stock of unencumbered High Quality Liquid Assets (HQLA) to survive in a significant liquidity stress lasting for a period of 30 days. LCR is defined as a ratio of HQLA to the total net cash outflows estimated for the next 30 calendar days.

As per the RBI directions, the Banks are prescribed to maintain minimum LCR as per the following time frame:

Particulars	From January 1, 2020	From January 1, 2021
Minimum LCR	90%	100%

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The table below sets out the average LCR of the Bank for all the four quarters of financial year 2020-21:

Liquidity Coverage Ratio (LCR)		Quarter Ended				Quarter Ended		Quarter Ended	
		June 30, 2020		September 30, 2020		December 31, 2020		March 31, 2021	
		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)
(₹ in crore)									
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)		1,294.38		1,503.30		1,870.08		1,825.41
Cash Outflows									
2	Retail deposits and deposits from small business customers, of which:								
(i)	Stable deposits	2,072.75	103.64	2155.91	107.80	2,345.39	117.27	1,562.42	78.12
(ii)	Less stable deposits	1,770.08	177.01	1,852.28	185.23	2,339.39	233.94	2,970.58	297.06
3	Unsecured wholesale funding, of which:	-							

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(i)	Operational deposits (all counterparties)	0.01	-	0.01	-	0.01	-	0.01	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	359.14	129.07	307.47	132.97	173.59	123.20	332.36	144.49	-	-	-
(iii)	Unsecured debt	-	-	-	-	0.00	0.00	-	-	-	-	-
4	Secured wholesale funding	0.11	0.11	-	-	1.52	-	1.94	-	-	-	-
5	Additional requirements, of which											
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	204.99	15.33	229.64	17.94	243.07	18.18	233.31	17.40	-	-	-
6	Other contractual funding obligations	41.90	41.90	51.36	51.36	37.80	37.80	50.55	50.55	-	-	-
7	Other contingent funding obligations	36.40	1.16	31.27	1.02	33.65	1.09	37.44	1.20	-	-	-
8	Total Cash Outflows	468.22	468.22	496.32	496.32	531.48	531.48	588.82	588.82	-	-	-
Cash Inflows												
9	Secured lending (e.g. reverse repos)	148.46	108.80	271.19	-	536.23	-	521.98	-	-	-	-
10	Inflows from fully performing exposures	27.31	27.31	57.96	43.98	72.93	42.34	69.95	40.84	-	-	-
11	Other cash inflows	98.73	88.18	109.83	99.27	51.51	41.02	145.11	134.53	-	-	-

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12	Total Cash Inflows	274.50	224.29	438.98	143.25	660.67	83.36	737.04	175.37
13	Total HQLA		1,294.38		1503.30		1,870.08		1,825.41
14	Total Net Cash Outflows		243.93		353.07		448.11		413.47
15	Liquidity Coverage Ratio (%)		530.64%		425.78%		417.32%		441.49%

The Bank during the quarter ended March 31, 2021 maintained average HQLA of `1825.41 crores against the average net cash outflows of `413.47crores. The entire HQLA was Level 1 HQLA. The average LCR of the Bank for the quarter ended March 31, 2021 was 441.49%, 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 & the overseas central banks and marketable securities issued by foreign sovereigns form part of level 1 HQLA.

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.

The average weighted and unweighted amounts have been calculated considering simple average.

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The table below sets out the average LCR of the Bank for all the four quarters of financial year 2019-20

(₹ in crore)

Liquidity Coverage Ratio (LCR)	Quarter Ended June 30, 2019		Quarter Ended September 30, 2019		Quarter Ended December 31, 2019		Quarter Ended March 31, 2020	
	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)
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)		913.97		942.57		1,046.76		1040.39
Cash Outflows								
Retail deposits and deposits from small business customers, of which:								
(i) Stable deposits	806.06	40.30	826.24	41.31	859.74	42.99	850.85	42.54
(ii) Less stable deposits	2,496.79	249.68	2,651.28	265.13	2,768.09	276.81	2859.65	285.97
3 Unsecured wholesale funding, of which:								
(i) Operational deposits (all counterparties)	0.01	0.0	0.13	0.03	0.11	0.02	0.36	0.02
(ii) Non-operational deposits (all counterparties)	305.42	69.46	270.26	74.87	459.15	108.59	275.24	112.25
(iii) Unsecured debt	-	-	-	-	-	-	-	-
4 Secured wholesale funding								

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38 Comparative Figures

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

As per our report of even date

For MSKC & Associates
(Formerly known as R.K.Kumar & Co.)
Chartered Accountants
Firm Registration Number: 001595S



Tushar Kurani
Partner
Membership No.: 118580


Date : May 11, 2021
Place : Mumbai

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


Sarvjit Singh Samra
Managing Director
DIN: 00477444


Munish Jain
Chief Operating Officer &
Chief Financial Officer

Date : May 11, 2021
Place : Jalandhar


Dinesh Gupta
Director
DIN: 00475319


Gurpreet Singh Chug
Director
DIN: 01003380


Amit Sharma
Company Secretary
Mem. No. FCS10888